THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 8 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 4.
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

ZEDER INVESTMENTS LIMITED

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

CIRCULAR TO SHAREHOLDERS

Relating to:

– the approval of the Zeder Disposal in terms of the JSE Listings Requirements; and
– the approval of the Zeder Disposal in terms of the Companies Act;

and incorporating:

– the Notice of General Meeting; 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	Auditor and Independent Reporting Accountant	Independent Expert	Legal Adviser	Independent Sponsor
PSG CAPITAL	pwc	BDO	CDH CLIFFE DEKKER HOFMEYR	questco CORPORATE ADVISORY

Date of issue: 29 August 2019

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 Thursday, 29 August 2019 until Monday, 30 September 2019 (both days inclusive). A copy of this Circular will also be available on Zeder's website (www.zeder.co.za).

IMPORTANT LEGAL NOTES

The definitions and interpretations commencing on page 8 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.

CORPORATE INFORMATION

Directors
CA Otto (Chairman) *#
N Celliers (Chief Executive Officer)
JH le Roux (Financial Director)
WL Greeff *
PJ Mouton *
GD Eksteen *#
RM Jansen *#
ASM Karaan *#
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 61051, Marshalltown, 2107)

Legal Adviser
Cliffe Dekker Hofmeyr Incorporated
(Registration number 2008/018923/21)
11 Buitengracht Street
Cape Town, 8001
(PO Box 695, Cape Town, 8000)

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)

Auditor and Independent Reporting Accountant
PricewaterhouseCoopers Incorporated
(Registration number 1998/012055/21)
Capital Place
15 – 21 Neutron Avenue
Technopark
Stellenbosch, 7600
(PO Box 57, Stellenbosch, 7599)

Independent Expert
BDO Corporate Finance Proprietary Limited
(Registration number 1983/002903/07)
22 Wellington Road
Parktown
Johannesburg, 2196
(Private Bag X60500, Houghton, 2041)

Independent Sponsor
Questco Corporate Advisory Proprietary Limited
(Registration number 2011/106751/07)
1st Floor, Yellowwood House
Ballywoods Office Park
33 Ballyclare Drive, Bryanston
Johannesburg, 2191

TABLE OF CONTENTS

The definitions and interpretations commencing on page 8 apply to this table of contents.

ACTION REQUIRED BY SHAREHOLDERS

The definitions and interpretations commencing on page 8 apply to this action required by Shareholders section.

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.

The General Meeting will be held at Spier Wine Estate, Baden Powell Drive, Stellenbosch on Monday, 30 September 2019 at 10:00, at which General Meeting, Shareholders will be requested to consider and, if deemed fit, to pass, with or without modification, the Zeder Disposal Resolutions set out in the Notice of General Meeting attached to this Circular.

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

1.1 **Voting at the General Meeting**

1.1.1 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.

1.1.2 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.

1.1.3 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.

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

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

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

1.2.1.1 attend, speak and vote at the General Meeting; or

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

1.2.2 Your CSDP or Broker should then issue the necessary letter of representation to you for you or your proxy to attend, speak and vote at the General Meeting.

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

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

2.1.1 You may attend the General Meeting in person and may vote at the General Meeting.

2.1.2 Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the attached Form of Proxy (*grey*) 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 10:00 (South African time) on Thursday, 26 September 2019 or thereafter by handing such Form of Proxy (*grey*) to the chairman of the General Meeting or the Transfer Secretaries at 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 61051, Marshalltown 2107)
proxy@computershare.co.za

3. **SHAREHOLDERS' APPRAISAL RIGHTS**

   Shareholders who wish to exercise their rights in terms of section 164 of the Companies Act, in relation to the Zeder Disposal, are referred to **Annexure 8** of this Circular.

SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 8 apply to these salient dates and times.

	2019
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, 16 August
Circular incorporating the Notice of General Meeting and Form of Proxy *(grey)*, distributed to Shareholders on	Thursday, 29 August
Announcement of distribution of Circular and notice convening the General Meeting released on SENS on	Thursday, 29 August
Announcement of distribution of Circular and notice convening the General Meeting published in the South African press on	Friday, 30 August
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, 17 September
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, 20 September
For administrative reasons, Forms of Proxy (*grey*) in respect of the General Meeting to be received by the Transfer Secretaries by no later than 10:00 on	Thursday, 26 September
Last date and time for Shareholders to give notice in terms of section 164 of the Companies Act to Zeder, objecting to the Special Resolution approving the Zeder Disposal by 10:00 on	Monday, 30 September
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	Monday, 30 September
General Meeting held at 10:00 on	Monday, 30 September
Results of the General Meeting published on SENS on	Monday, 30 September
Results of the General Meeting published in the South African press on	Tuesday, 1 October
If the Zeder Disposal is approved by Shareholders:	
Last date on which Shareholders who voted against the Special Resolution may require Zeder to seek court approval in terms of section 115(3)(a) of the Companies Act, but only if the Special Resolution was opposed by at least 15% of the voting rights exercised thereon, on	Monday, 7 October
Last date on which Shareholders who voted against the Special Resolution can make application to the court in terms of section 115(3)(b) of the Companies Act on	Monday, 14 October
Last date for Zeder to send objecting Shareholders notices of the adoption of the Special Resolution approving the Zeder Disposal, in terms of section 164 of the Companies Act, on	Monday, 14 October

	2019
If Shareholders do not exercise their rights in terms of section 115(3)(a) and section 115(3)(b) of the Companies Act:	
Receipt of the Takeover Panel Compliance Certificate in respect of the Zeder Disposal	once all of the conditions to the Zeder Disposal have been fulfilled
Finalisation announcement in respect of the Zeder Disposal released on SENS on	the earlier of the date on which the Scheme has been finalised or the opening date of the Standby Offer

Notes:

1. The above dates and times are subject to amendment at the discretion of Zeder, with the approval of the Takeover Panel (where required). 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, 17 September 2019 will not be eligible to attend, participate in and vote at the General Meeting.
3. Shareholders who wish to exercise their Appraisal Rights are referred to **Annexure 8** to this Circular for purposes of determining the relevant timing for the exercise of their Appraisal Rights.
4. The exercise of Appraisal Rights may result in changes to the above salient dates and times and Shareholders will be notified separately of the applicable dates and times resulting from any such changes.
5. Shareholders who wish to exercise their right in terms of section 115(3) of the Companies Act, to require the approval of a court for the Zeder Disposal, should refer to **Annexure 8** to this Circular which includes an extract of section 115 of the Companies Act. Should Shareholders exercise their rights in terms of section 115(3) of the Companies Act, the dates and times set out above may change, in which case an updated timetable will be released on SENS.
6. 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.
7. 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.
8. 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.
9. 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;
"Announcement"	the announcement published by Zeder on SENS on 19 July 2019, in respect of the Zeder Disposal;
"Appraisal Rights"	the rights afforded to Shareholders in terms of section 164 of the Companies Act as set out in **Annexure 8** to this Circular;
"Bank Encumbrance"	the Encumbrance of the Zeder Disposal Shares in favour of FirstRand Bank as security for Zeder's obligations in respect of the Redeemable Preference Shares;
"Base Per Share Scheme Consideration"	R110.00 per Pioneer Foods Ordinary Share;
"Beneficial Ownership"	of a Pioneer Foods Ordinary Share, means the right and ability to directly or indirectly exercise, or determine, whether directly or indirectly, the manner of exercise of, the votes attaching to that Pioneer Foods Ordinary Share;
"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"	Capespan Group Limited (registration number 2008/016971/06), a public company incorporated under the laws of South Africa, in which Zeder Financial Services holds 89.48% of the total issued share capital;
"Cash Distribution"	a distribution of cash to shareholders in their capacity as such;
"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 Thursday, 29 August 2019 to Shareholders, including all annexures and enclosures hereto and incorporating the Notice of General Meeting and Form of Proxy (*grey*);
"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;

"Concert Parties"	of a person means any other person who "acts in concert" with that first-mentioned person, and the term "acts in concert" will have the meaning given to it in section 117(1)(b) of the Companies Act;
"Control"	by a person of a company means that person and its Concert Parties possess, whether directly or indirectly, the right and/or ability to direct or cause the direction of the management and/or policies of that company, whether through the ownership of securities, an agreement and/or otherwise. Without limiting the foregoing, a person will be regarded as having Control of a company if that person and its Concert Parties have, whether directly or indirectly, the right and/or ability to: (i) direct and determine the manner of exercise of 35% or more of the votes associated with securities of that company; and/or (ii) appoint or elect, or control the appointment or election of, directors of that company who direct and determine the manner of exercise of 50% or more of the votes at meetings of the board of directors of that company, and "Controlled" and "Controlling" shall have a corresponding meaning, provided that for purposes of the definition "Zeder Group" and "Pioneer Food Group", "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, as amended, 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;
"Dissenting Shareholders"	Shareholders who validly exercise their Appraisal Rights (if any) by giving written notice to Zeder objecting to the relevant Zeder Disposal Resolutions, voting against the relevant Zeder Disposal Resolutions and demanding, in terms of sections 164(5) and 164(8) of the Companies Act, that Zeder pay to them the fair value of their Shares;
"Distribution"	bears the meaning ascribed to it in the Companies Act;
"Documents of Title"	share certificates, certified transfer deeds, balance receipts or any other documents of title to Certificated Shares acceptable to Zeder;
"Encumbrance"	(i) a mortgage, pledge, hypothecation, lien, option, restriction, right of first refusal, right of pre-emption, right of retention, right of set-off, third party right or interest, assignment in security, title extension, trust arrangement, cession in security, security interest of any kind or any other encumbrance of any kind; and (ii) any other type of preferential transaction or agreement having, or which might have, the effect of Encumbering as contemplated in (i) above, whether or not subject to a condition precedent, and "Encumbered" and "Encumber" bear corresponding meanings;

"Excluded Pioneer Foods Shareholders"	the Subsidiaries of Pioneer Foods;
"Extraordinary Distribution"	any of the following: (i) a Cash Distribution (irrespective of the amount thereof) declared, distributed and/or paid by Pioneer Foods on Pioneer Foods Ordinary Shares and/or Pioneer Foods Class A Shares which does not coincide with, or approximate, in respect of date, either the annual final dividend or the interim dividend declared by Pioneer Foods on Pioneer Foods Ordinary Shares and/or Pioneer Foods Class A Shares for the Pioneer Foods financial year ending 30 September 2018 or the six-month period ending 31 March 2019 (respectively); (ii) the amount/s by which an annual final Cash Distribution declared, distributed and/or paid by Pioneer Foods for the Pioneer Foods financial year ending 30 September 2019 exceeds a total amount of (i) R2.19 per Pioneer Foods Ordinary Share and/or (ii) R0.657 per Pioneer Foods Class A Share; or (iii) the amount by which any semi-annual interim Cash Distribution declared, distributed or paid by Pioneer Foods for the Pioneer Foods financial year ending 30 September 2019 exceeds either (i) a total amount of R1.05 per Pioneer Foods Ordinary Share and/or (ii) R0.315 per Pioneer Foods Class A Share;
"Financial Markets Act"	the Financial Markets Act, 2012 (Act No. 19 of 2012), as amended;
"Firm Intention Announcement"	the joint firm intention announcement published by Pioneer Foods, PepsiCo and the PepsiCo Offeror on SENS dated 19 July 2019;
"FirstRand Bank"	FirstRand Bank Limited, acting through its Rand Merchant Bank division (registration number 1929/001225/06), a public company incorporated under the laws of South Africa;
"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 at 10:00 on Monday, 30 September 2019 at Spier Wine Estate, Baden Powell Drive, Stellenbosch, 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;
"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;
"Implementation Agreement"	the written agreement entitled "Implementation Agreement" entered into between PepsiCo and Pioneer Foods on or about 18 July 2019, as amended, in respect of the Transaction, including the Scheme and the Standby Offer, *inter alia* setting out the terms upon which Pioneer Foods will propose the Scheme to Pioneer Foods Shareholders and upon which the PepsiCo Offeror will make the Standby Offer, if applicable;

"Independent Board"	collectively, CA Otto, GD Eksteen and RM Jansen, being those Directors who have been appointed as the independent board of Zeder in relation to the Zeder Disposal for purposes of the Companies Act and the Companies Regulations;
"Independent Expert"	BDO Corporate Finance Proprietary Limited (registration number 1983/002903/07), a private company incorporated under the laws of South Africa, the particulars of which appear in the "*Corporate Information*" section of the Circular;
"Independent Expert Report"	the report prepared by the Independent Expert in connection with the Zeder Disposal, in accordance with the provisions of the Companies Act and the Companies Regulations, a copy of which is annexed to the Circular as **Annexure 6**;
"Independent Reporting Accountant"	PricewaterhouseCoopers Incorporated (registration number 1998/012055/21), a personal liability company incorporated under the laws of South Africa, the particulars of which appear in the "*Corporate Information*" section of the Circular;
"Irrevocable Undertaking"	the irrevocable undertaking concluded by Zeder, PepsiCo and the PepsiCo Offeror on or about 17 July 2019, in terms of which, *inter alia*, Zeder has undertaken in favour of PepsiCo and the PepsiCo Offeror, subject to the Irrevocable Undertaking Conditions, (i) to vote in its capacity as a shareholder of Pioneer Foods, in person or by proxy, all of the Zeder Disposal Shares in favour of the resolutions required and proposed by Pioneer Foods to approve the Transaction, which includes the Scheme and (ii) to accept the Standby Offer, if made;
"Irrevocable Undertaking Conditions"	the conditions precedent contained in the Irrevocable Undertaking, as set out in paragraph 6.2 below;
"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 40.90% of the total issued share capital;
"Last Practicable Date"	the last practicable date before finalisation of this Circular, which date was Wednesday, 14 August 2019;
"MOI"	the memorandum of incorporation of Zeder;
"Notice of General Meeting"	the notice of the General Meeting of Shareholders, forming part of this Circular;
"Ordinary Resolution"	the ordinary resolution which will be tabled at the General Meeting and in terms whereof Shareholders will, subject to the passing thereof, authorise the Zeder Disposal, as is required in terms of section 9 of the JSE Listings Requirements;
"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;

"PepsiCo"	PepsiCo, Inc., a corporation incorporated under the laws of the State of North Carolina, United States of America;
"PepsiCo Offeror"	Simba Proprietary Limited (registration number 1995/003667/07), a private company incorporated under the laws of South Africa, a wholly-owned Subsidiary of PepsiCo;
"Per Share Scheme Consideration"	the cash consideration payable for each Pioneer Foods Ordinary Share in terms of the Scheme or the Standby Offer, being an amount calculated in accordance with the following formula (or any higher consideration, if any, which the PepsiCo Offeror proposes from time to time, in its sole and absolute discretion):

A = the Base Per Share Scheme Consideration plus B plus C minus D

where:

A = the Per Share Scheme Consideration;

B = if the Scheme Implementation Date, or the relevant Standby Offer settlement date, is after 30 September 2019, the amount per Pioneer Foods Ordinary Share in respect of the final Cash Distribution for the Pioneer Foods financial year ending 30 September 2019, but only if and to the extent that (i) the final Cash Distribution is declared by Pioneer Foods after 30 September 2019, but prior to the Scheme Implementation Date, or the relevant Standby Offer settlement date, and (ii) the entitlement to such Cash Distribution vests in persons who are holders of Pioneer Foods Ordinary Shares as at a dividend participation record date which is on or after the Scheme Implementation Date, or the relevant Standby Offer settlement date, provided that the maximum amount of B shall be a total amount of R2.19 per Pioneer Foods Ordinary Share;

C = if the Scheme Implementation Date or the relevant Standby Offer settlement date, is after 31 March 2020, either:

(i) if the interim Cash Distribution for the 6 month period ending 31 March 2020 has been declared prior to the Scheme Implementation Date, or the relevant Standby Offer settlement date, the amount per Pioneer Foods Ordinary Share of that interim Cash Distribution, but only if and to the extent that the entitlement to such Cash Distribution vests in persons who are holders of Pioneer Foods Ordinary Shares as at a dividend participation record date which is on or after the Scheme Implementation Date, or the relevant Standby Offer settlement date; or

(ii) if the interim Cash Distribution for the 6 month period ending 31 March 2020 has not been declared prior to the Scheme Implementation Date, or the relevant Standby Offer settlement date, an amount of R1.05;

provided that the maximum amount of C shall be R1.05;

D = the total amount of any Extraordinary Distributions per Pioneer Foods Ordinary Share which are declared by Pioneer Foods prior to the Scheme Implementation Date, or the relevant Standby Offer settlement date, and which have been paid or are payable to persons who are holders of Pioneer Foods Ordinary Shares as at a date prior to the Scheme Implementation Date, or the relevant Standby Offer settlement date;

"Pioneer Food Group"	Pioneer Foods and its Subsidiaries from time to time;
"Pioneer Foods"	Pioneer Food Group Limited (registration number 1996/017676/06), a public company incorporated under the laws of South Africa, with its registered address at Glacier Place, 1 Sportica Crescent, Tygervalley, 7530, South Africa, the issued Pioneer Foods Ordinary Shares of which are listed on the main board of the JSE;
"Pioneer Foods Class A Shares"	class A ordinary shares in the issued share capital of Pioneer Foods, having a par value of R 0.10 each;
"Pioneer Foods Board"	the directors of Pioneer Foods as at the Last Practicable Date, whose names are set out in the "Corporate Information and Advisers" section of the Scheme Circular;
"Pioneer Foods Ordinary Shares"	ordinary shares in the issued share capital of Pioneer Foods, having a par value of R0.10 each. For the avoidance of doubt, the term Pioneer Foods Ordinary Share does not include Pioneer Foods Class A Shares;
"Pioneer Foods Shareholders"	the holders of Pioneer Foods Ordinary Shares;
"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 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;
"Quantum Foods"	Quantum Foods Holdings Limited (registration number 2013/208598/06), 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 30.81% of the total issued share capital;
"Rand" or "R"	South African Rand;
"Redeemable Preference Shares"	collectively, the Class A redeemable preference shares issued by Zeder to FirstRand Bank during October 2017 and the Class D redeemable preference shares issued by Zeder to FirstRand Bank during April 2018, which redeemable preference shares are subject to fixed nominal annual dividend rates of 7.73% compounded quarterly and 8.11% compounded quarterly, respectively, all of which are redeemable during October 2022;
"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;
"Scheme"	the scheme of arrangement in terms of section 114(1) of the Companies Act, proposed by the Pioneer Foods Board between Pioneer Foods and the Pioneer Foods Shareholders (other than the Excluded Pioneer Foods Shareholders), as more fully described in the Scheme Circular, in terms of which the PepsiCo Offeror will, if the Scheme becomes operative, acquire the Pioneer Foods Ordinary Shares (other than those held by Excluded Pioneer Foods Shareholders) for the Per Share Scheme Consideration, subject to any modification or amendment to the scheme of arrangement agreed to in writing by PepsiCo and Pioneer Foods and, if necessary, the Takeover Panel;

"Scheme Circular"	the circular to Pioneer Foods Shareholders, dated 29 August 2019, together with the annexures thereto, including the terms of the Scheme and the Standby Offer;
"Scheme Conditions"	the conditions precedent to the implementation of the Scheme, as set out in the Scheme Circular;
"Scheme Implementation Date"	the date on which the Scheme is to be implemented, to be announced on SENS, after the Scheme Conditions are fulfilled or waived (as the case may be);
"Scheme Meeting"	the meeting convened by Pioneer Foods requesting the Pioneer Foods Shareholders to consider, and if deemed fit, to approve the requisite resolutions required for the implementation of the Scheme;
"Shares"	ordinary no par value shares in Zeder;
"Shareholders"	the registered holders of Shares;
"South Africa"	the Republic of South Africa;
"Special Resolution"	the special resolution which will be tabled at the General Meeting and in terms whereof Shareholders will, subject to the passing thereof, authorise the Zeder Disposal, as is required in terms of section 112 read with section 115 of the Companies Act;
"Standby Offer"	the standby general offer by the PepsiCo Offeror to Pioneer Foods Shareholders, the full details of which are set out in Annexure 10 to the Scheme Circular, and as the context requires, the sale and purchase of Pioneer Foods Ordinary Shares arising from the acceptance of such offer;
"Standby Offer Trigger Event"	any of the following events, on the occurrence of which event the PepsiCo Offeror will be deemed to have made the Standby Offer: (i) any of the Scheme Conditions, as set out in the Scheme Circular, is not fulfilled and where applicable not waived; or (ii) the Scheme otherwise fails or lapses;
"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;
"Takeover Panel"	the Takeover Regulation Panel established in terms of section 196 of the Companies Act;
"Takeover Panel Compliance Certificate"	the compliance certificate to be issued by the Takeover Panel in terms of section 115(1)(b) and section 119(4)(b) of the Companies Act, in respect of the Zeder Disposal;
"The Logistics Group"	The Logistics Group Proprietary Limited (registration number 2015/376276/07), a private company incorporated under the laws of South Africa, in which Zeder Financial Services holds 97.35% of the total issued share capital;

"Transaction"	collectively, all of the transactions contemplated in the Implementation Agreement, which include the Scheme and the Standby Offer, as detailed in the Scheme Circular;
"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;
"U.S."	the United States of America;
"Zaad Holdings"	Zaad Holdings Limited (registration number 1991/000478/06), a public company incorporated under the laws of South Africa, in which Zeder Financial Services holds 95.35% 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 Disposal"	the disposal by Zeder Financial Services of the Zeder Disposal Shares to the PepsiCo Offeror on the terms set out in paragraph 6 of this Circular below and in the Scheme Circular;
"Zeder Disposal Consideration"	the total consideration due to Zeder in term of the Zeder Disposal, being the Per Share Scheme Consideration multiplied by the number of Zeder Disposal Shares;
"Zeder Disposal Resolutions"	collectively, the Ordinary Resolution and the Special Resolution;
"Zeder Disposal Shares"	58 250 788 Pioneer Foods Ordinary Shares held by Zeder Financial Services and any other Pioneer Foods Ordinary Shares over which any member of the Zeder Group acquires Beneficial Ownership from time to time;
"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
("**Zeder**")

Directors of Zeder

CA Otto (Chairman) *#
N Celliers (Chief Executive Officer)
JH le Roux (Financial Director)
WL Greeff *
PJ Mouton *
GD Eksteen *#
RM Jansen *#
ASM Karaan *#
NS Mjoli-Mncube *#

* Non-executive
# Independent

CIRCULAR TO SHAREHOLDERS

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

1.1 Shareholders are referred to the joint announcement of firm intention released by Pioneer Foods, PepsiCo and the PepsiCo Offeror, a wholly-owned Subsidiary of PepsiCo, on SENS on Friday, 19 July 2019 and in the press on Monday, 22 July 2019, in which it was announced that PepsiCo and Pioneer Foods have entered into the Implementation Agreement, pursuant to which the PepsiCo Offeror has delivered notice to Pioneer Foods of its firm intention to make an offer to acquire the Pioneer Foods Ordinary Shares by way of the Scheme (being a scheme of arrangement in terms of section 114 of the Companies Act) or if a Standby Offer Trigger Event occurs, by way of the Standby Offer, at a cash consideration of R110 plus certain dividend(s) per Pioneer Foods Ordinary Share (the detail of which is set out in the definition of the Per Share Scheme Consideration).

1.2 Should the Scheme be implemented, the PepsiCo Offeror will acquire the Pioneer Foods Ordinary Shares at the Per Share Scheme Consideration and as a consequence Pioneer Foods will become a Subsidiary of PepsiCo.

1.3 Should a Standby Offer Trigger Event occur, the Scheme will fail but the PepsiCo Offeror will make the Standby Offer to acquire all the Pioneer Foods Ordinary Shares at the Per Share Scheme Consideration in accordance with the provisions of Annexure 10 to the Scheme Circular.

1.4 Furthermore, Shareholders are referred to the announcement by Zeder released on SENS on Friday, 19 July 2019 and published in the press on Monday, 22 July 2019, advising that Zeder had entered into the Irrevocable Undertaking and has undertaken to vote in favour of the Transaction and the Scheme at the Scheme Meeting and to accept the Standby Offer, if made, which will result in Zeder and its Subsidiaries disposing of the Zeder Disposal Shares to the extent that the Scheme or the Standby Offer becomes unconditional.

1.5 Zeder, through its wholly-owned Subsidiary Zeder Financial Services, holds 26.26% of the total issued share capital of Pioneer Foods, which shareholding is equivalent to 28.21% of the Pioneer Foods shares entitled to vote on the Scheme and the related Transaction resolutions.

1.6 The Zeder Disposal constitutes a category 1 disposal for Zeder in terms of section 9 of the JSE Listings Requirements, as the value of the Zeder Disposal exceeds 30% of Zeder's market capitalisation, and therefore requires Shareholder approval by way of the Ordinary Resolution.

1.7 In addition, the Zeder Disposal constitutes the disposal of the greater part of the assets or undertaking of Zeder in terms of section 112 of the Companies Act, and therefore requires the approval of Shareholders by way of the Special Resolution.

1.8 The purpose of this Circular is to:

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

1.8.2 convene the General Meeting of Shareholders in order to consider and, if deemed fit, approve the Zeder Disposal Resolutions authorising the Zeder Disposal.

2. RATIONALE FOR THE ZEDER DISPOSAL

The rationale for the Zeder Disposal is best described in two separate parts:

2.1 firstly, the strategic benefits to Pioneer Foods, of a partnership with one of the world's leading food and beverage groups, was considered to be important and valuable to Pioneer Foods as a leading organisation that aims to continue growing its business in South Africa and on the African continent. To accommodate this new investment by PepsiCo, as requested, Zeder decided that it would not stand in the way of Pioneer Foods and its growth objectives; and

2.2 secondly, having regard for the reasons described in paragraph 2.1 above, the Independent Board considers the Zeder Disposal Consideration to be fair and reasonable and the Independent Board is of the opinion that the Zeder Disposal will release value for Shareholders and represent an attractive return on investment.

3. THE BUSINESS OF THE PIONEER FOOD GROUP

3.1 Pioneer Foods was incorporated in 1996 and listed on the JSE in 2008. Pioneer Foods is one of the leading fast-moving consumer goods company in South Africa, based on market capitalisation, producing and distributing a range of branded food and beverage products. The Pioneer Food Group operates mainly across South Africa, providing wholesale, retail and informal trade customers with products of a consistently high standard. Pioneer Foods exports to more than 60 countries across the globe.

3.2 The Pioneer Food Group operates a number of production facilities producing a range of products that includes some of the most recognisable and best loved brand names in South Africa, including the following power brands: Weet-Bix, Liqui-Fruit, Ceres, Sasko, Safari, Spekko and White Star.

3.3 The Pioneer Food Group has three main segments, namely:

3.3.1 ***Essential Foods***

The Essential Foods division (i) manufactures wheat and maize products such as pasta; (ii) packs rice, beans and other dried vegetables; and (iii) has large bakery operations.

3.3.2 ***Pioneer Foods Groceries***

Pioneer Foods Groceries Proprietary Limited produces, *inter alia*, breakfast cereals, rusks, cake mixes, baking aids, dried fruit products, nuts, sweet and savoury spreads, processed salads, carbonated soft drinks, long-life fruit juices, fruit concentrate mixtures and dairy fruit blends.

3.3.3 ***International***

The International division comprises a well-established fruit juice and industrial dried fruit export business with a footprint across Africa, Europe, North America, Asia and the Middle East. Furthermore, the division manages in-country breakfast cereals and fruit snacking operations in the United Kingdom, as well as joint venture bakery operations in Nigeria and milling and distribution joint ventures in Namibia and Botswana.

3.4 The equity-accounted, joint venture investments based in South Africa, Nigeria, Botswana, Kenya and Namibia do not form part of the Pioneer Food Group's segmental results, but are managed by its international division. These include:

3.4.1 Heinz Foods SA (previously 49.9%, until the Pioneer Food Group recently acquired the remaining interest);

3.4.2 Bowman Ingredients South Africa (50%);

3.4.3 Bokomo Namibia (50%);

3.4.4 Bokomo Botswana (50%);

3.4.5 Food Concepts Pioneer Limited, Nigeria (64%);

3.4.6 Alpen Food Company SA (50%);

3.4.7 Future Life Health Products (50%); and

3.4.8 Weetabix East Africa (49.8%).

4. THE BUSINESS OF ZEDER

4.1 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.

4.2 Zeder is a long-term investor that owns large, strategic interests in companies and plays an active role therein. It assists with the determination of appropriate long-term strategies, optimal allocation of capital and ongoing measurement and monitoring of performance. Zeder's underlying investment portfolio was valued at R10.78 billion on 28 February 2019.

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

4.3.1 ***Pioneer Foods***

Pioneer Foods is a leading food and beverage producer and distributor in Southern Africa, and details of its business is more fully set out in paragraph 3 of this Circular above.

4.3.2 ***Zaad Holdings***

Zaad is positioned as a strategic holding company that invests and operates in the specialised agri-inputs industry. It 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. Zaad has an annual turnover of over R1.3 billion.

4.3.3 ***Capespan and The Logistics Group***

Capespan is an unlisted group with a history spanning more than 70 years. The group has evolved and diversified in recent years to the extent that today it combines asset-intensive divisions, underpinned with strong net asset values, with earnings generating divisions that require fewer capital investments but offer scalable earnings growth optionality.

On 2 January 2019, Capespan completed the separation and unbundling of its logistics division to shareholders thereby ensuring that Zeder now owns two separate investments and that these companies will be managed and reported on separately going forward. Capespan will focus on its core business activities that include the production, procurement, distribution and marketing of fresh produce worldwide, while The Logistics Group will continue to operate its existing strategic logistical and terminal assets in South Africa and expand its service offering and capabilities to a broader customer and market base in southern Africa.

Collectively, Capespan and The Logistics Group has an annual turnover of over R5.5 billion and has operations in 12 countries, providing services and produce to more than 60 countries across four continents.

4.3.4 ***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 has an annual turnover of over R6.5 billion.

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

4.3.5 ***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 36 months has been on achieving acceptable operational efficiencies, while navigating an extremely volatile and challenging phase in the macro and business cycle of Zambia and related regional markets.

4.3.6 ***Quantum Foods***

Quantum Foods is a diversified feeds and poultry business providing quality animal protein to select South African and African markets. Quantum Foods has fully integrated egg and broiler businesses with access to superior genetics in both fields. The Feed Producing Unit has state-of-the-art manufacturing facilities and a strategic alliance with an international company to ensure cutting edge technology transfer. Quantum Foods has an annual turnover of over R4 billion.

Quantum Foods is listed on the main board of the JSE and its results can be viewed at *www.quantumfoods.co.za*.

5. PROSPECTS OF ZEDER AND PIONEER FOODS

5.1 Prospects of Zeder

5.1.1 Zeder's current core investments provide a perfect platform for it to pursue its growth strategy and give Zeder a good presence and impact across the agribusiness industry. Zeder remains actively involved with its underlying portfolio of companies and will continue to actively look at adding specific investments to its portfolio in strategic and sizable businesses, with proven track records and sound leadership.

5.1.2 The Board believes that, despite inevitable cyclicality, investing in the agribusiness industry should offer attractive long-term returns.

5.2 **Prospects of Pioneer Foods**

The intrinsic product value of the Pioneer Foods' portfolio is carefully positioned for growth through-the-cycle using active price-point and volume management, with leading positions in bread, cereals, long-life juices and maize meal, *inter alia*, across the market spectrum. With pricing recovery remaining constrained by muted consumer spending and competitive retail dynamics, pressure on operating margins is expected to continue in the short- to medium term. Pioneer Foods maintains a tight grip on costs and efficiencies, whilst ensuring that its brand remains in-reach and relevant to customers and consumers, thus strengthening the base for continued growth.

6. TERMS OF THE ZEDER DISPOSAL

6.1 **Overview of the Scheme, Standby Offer and the Zeder Disposal**

6.1.1 In terms of section 114(1) of the Companies Act, the Pioneer Foods Board proposes the Scheme as set out in the Scheme Circular between Pioneer Foods and the Pioneer Foods Shareholders (other than the Excluded Pioneer Foods Shareholders). The Scheme will be implemented by way of a scheme of arrangement in terms of sections 114 and 115 of the Companies Act to be proposed by the Pioneer Foods Board between Pioneer Foods and the Pioneer Foods Shareholders (other than the Excluded Pioneer Foods Shareholders).

6.1.2 If the Scheme is implemented, the PepsiCo Offeror will acquire all the Pioneer Foods Ordinary Shares (other than those held by the Excluded Pioneer Foods Shareholders) for the Per Share Scheme Consideration, whereupon Pioneer Foods will become a Subsidiary of PepsiCo.

6.1.3 Subject to the Irrevocable Undertaking Conditions, Zeder will vote in favour of the Scheme at the Scheme Meeting and, if the Scheme is implemented, dispose of the Zeder Disposal Shares to the PepsiCo Offeror in terms of the Scheme.

6.1.4 Alternatively, should a Standby Offer Trigger Event occur, the Standby Offer will become effective in accordance with the provisions of Annexure 10 to the Scheme Circular and, if the Standby Offer is implemented, Zeder will accept such Standby Offer and dispose of the Zeder Disposal Shares to the PepsiCo Offeror for the Per Share Scheme Consideration in terms of the Standby Offer.

6.2 **Irrevocable Undertaking Conditions and conditions precedent to the Zeder Disposal**

6.2.1 The undertakings given by Zeder in the Irrevocable Undertaking are subject to the following Irrevocable Undertaking Conditions:

6.2.1.1 the Zeder Disposal Resolutions to be proposed to the Shareholders, are approved by Shareholders as contemplated in section 115(2) of the Companies Act and section 9 of the JSE Listings Requirements;

6.2.1.2 if any Shareholder who voted against the Zeder Disposal Resolutions applies to court for a review of the Zeder Disposal in terms of section 115(3)(b) and section 115(6) of the Companies Act, either:

6.2.1.2.1 leave to apply to court for any such review is refused; or

6.2.1.2.2 if leave is so granted, the court refuses to set aside the Zeder Disposal Resolutions; and

6.2.1.3 unless Zeder waives this condition in a written notice to PepsiCo, either:

6.2.1.3.1 no Shareholder both (i) gives notice objecting to the Zeder Disposal Resolutions as contemplated in section 164(3) of the Companies Act and (ii) votes against the Zeder Disposal Resolutions at the General Meeting; or

6.2.1.3.2 if any Shareholder gives notice objecting to the Zeder Disposal Resolutions as contemplated in section 164(3) of the Companies Act and then votes against the Zeder Disposal Resolutions at the General Meeting, Shareholders holding no more than 15% of all of the issued Shares give such notice objecting to the Zeder Disposal Resolutions as contemplated in section 164(3) of the Companies Act and vote against the Zeder Disposal Resolutions at the General Meeting; or

6.2.1.3.3 if any Shareholder gives notice objecting to the Zeder Disposal Resolutions as contemplated in section 164(3) of the Companies Act and then votes against the Zeder Disposal Resolutions at the General Meeting in respect of more than 15% of all of the issued Shares, such Shareholders actually exercise their Appraisal Rights, by giving valid demands in terms of sections 164(5) to 164(8) of the Companies Act, in respect of no more than 15% of all of the issued Zeder ordinary shares within the maximum period permitted by the Companies Act.

6.2.2 To the extent that any Irrevocable Undertaking Conditions set out in paragraph 6.2 are not fulfilled or waived by Zeder (if legally permissible), then Zeder shall be entitled to terminate the Irrevocable Undertaking on written notice to PepsiCo.

6.2.3 The Zeder Disposal is subject to the following conditions precedent and will only be implemented if:

6.2.3.1 the Irrevocable Undertaking Conditions are fulfilled or, where capable of waiver, waived;

6.2.3.2 all the conditions precedent to the Scheme or the Standby Offer are fulfilled, or where capable of waiver, waived in accordance with their terms as set out in the Scheme Circular; and

6.2.3.3 the Takeover Panel issues the Takeover Panel Compliance Certificate in respect of the Zeder Disposal.

6.2.4 It is noted, in relation to the Takeover Panel Compliance Certificate, that in terms of section 201(3) of the Companies Act, the Takeover Panel, in exercising its powers and performing its functions, must not express any view or opinion on the commercial advantages or disadvantages of any transaction or proposed transaction.

6.2.5 An announcement will be released on SENS and published in the South African press as soon as possible after the fulfilment or non-fulfilment, as the case may be, of all of the Irrevocable Undertaking Conditions and the Scheme Conditions.

6.3 **Lapse of the Irrevocable Undertaking**

The Irrevocable Undertaking will lapse to the extent that certain events do not occur by specific dates set out in the Irrevocable Undertaking. An announcement will be published by Zeder on SENS in the event that the Irrevocable Undertaking lapses.

6.4 **The implementation date of the Zeder Disposal**

Subject to the fulfilment, or waiver where capable, of the conditions precedent to the Zeder Disposal as set out in paragraph 6.2.3, the Zeder Disposal will be implemented, and delivery and payment in respect of the Zeder Disposal Shares will take place, on the Scheme Implementation Date or the relevant Standby Offer settlement date, to be announced on SENS, after the Scheme Conditions or the conditions precedent to the Standby Offer are fulfilled or waived (as the case may be).

6.5 **Per Share Scheme Consideration, Zeder Disposal Consideration and application of the proceeds from the Zeder Disposal**

6.5.1 If the Scheme is implemented, Zeder will receive the Per Share Scheme Consideration for every one Zeder Disposal Share. If the Standby Offer is implemented, Zeder will receive a consideration equal to the Per Share Scheme Consideration for every one Zeder Disposal Share.

6.5.2 To the extent that the Zeder Disposal Shares are disposed of at only the Base Per Share Scheme Consideration, it is anticipated that Zeder will receive approximately R6.4 billion through the disposal of the Zeder Disposal Shares.

6.5.3 Zeder intends to apply the Zeder Disposal Consideration as follows:

6.5.3.1 firstly, Zeder will use a portion of the Zeder Disposal Consideration to settle and redeem the Redeemable Preference Shares;

6.5.3.2 secondly, Zeder will distribute a portion of the Zeder Disposal Consideration to Shareholders by way of a special dividend; and

6.5.3.3 thirdly, the remaining portion of the Zeder Disposal Consideration, following the reduction or settlement of debt and the distribution by way of a special dividend, will be used to invest in new opportunities or to re-invest in Zeder's existing underlying portfolio.

6.6 **Other significant terms of the Irrevocable Undertaking**

The Irrevocable Undertaking contains representations and confidentiality undertakings by Zeder in favour of PepsiCo and the PepsiCo Offeror which are standard for a transaction of this nature.

6.7 **Classification of the Zeder Disposal**

6.7.1 As the value of the Zeder Disposal exceeds 30% of Zeder's market capitalisation as at the date of the signature of the Irrevocable Undertaking, it meets the definition of a category 1 transaction as contemplated in section 9 of the JSE Listings Requirements. As a result, the Zeder 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.

6.7.2 In addition, the Zeder Disposal is regarded as a disposal of the greater part of the assets or undertaking of Zeder in terms of section 112 of the Companies Act and therefore constitutes an "*affected transaction*" that will require the approval of Shareholders by way of a special resolution which will require the support of at least 75% of the votes exercised on it, the appointment of an independent expert to compile a fairness opinion on the Zeder Disposal in terms of the Companies Regulations, as well as the issuance by the Takeover Panel of the Takeover Panel Compliance Certificate. Shareholders are referred to the fair and reasonable opinion of the Independent Expert set out in **Annexure 6** in relation to the Zeder Disposal.

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

6.8 **Shareholders' Appraisal Rights**

Shareholders who wish to exercise their rights in terms of section 164 of the Companies Act, in relation to the Zeder Disposal are referred to **Annexure 8** of this Circular.

6.9 **Shareholders' rights in terms of section 115 of the Companies Act**

Shareholders who wish to exercise their rights in terms of section 115(3) of the Companies Act, to make application to the court to review the Zeder Disposal, are referred to **Annexure 8** of this Circular.

6.10 **Special arrangements, undertakings or agreements**

Save for the Irrevocable Undertaking and the irrevocable undertakings by Shareholders referred to in paragraph 7 below, there are no agreements, arrangements or understandings between PepsiCo (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 Zeder Disposal or (as far as Zeder is aware) with Shareholders or persons who were Shareholders in the 12 months preceding the Zeder Disposal, which has any connection with or dependence upon the Zeder Disposal.

7. **IRREVOCABLE UNDERTAKINGS**

7.1 As set out in the Announcement and as at the date of the Announcement, the following Shareholders provided irrevocable undertakings to vote in favour of the Zeder Disposal Resolutions in respect of Shares held on the record date of the General Meeting:

Shareholder	**Number of Shares held**	**Percentage of the voteable issued Shares held**
PSG Group	748 354 891	43.76%
Allan Gray Proprietary Limited [1]	137 096 767	8.02%
Coronation Asset Management Proprietary Limited [2]	110 481 866	6.46%
PSG Asset Management Proprietary Limited [2]	26 959 533	1.58%
Associates of Norman Celliers	7 340 499	0.43%
Associates of Johann Le Roux	1 045 838	0.06%
Total	**1 031 279 394**	**60.31%**

Notes:

1. Allan Gray Proprietary Limited is the appointed discretionary investment manager of clients who are beneficial and/or registered holders of Shares. Allan Gray Proprietary Limited is not the beneficial owner of the Shares but has irrevocably undertaken to procure that its clients vote in favour of the Zeder Disposal Resolutions. The irrevocable undertaking is subject to the continuing mandates of Allan Gray Proprietary Limited's clients in their current form and in the absence of any instructions from its clients to the contrary.
2. The shareholding includes Shares held directly or indirectly by the entity and/or its clients.
3. Shareholders should note that certain of the shareholding percentages in the table above have changed since the date of the Announcement (in this regard refer to **Annexure 9**) and may change after the Last Practicable Date prior to the record date of the General Meeting.

7.2 **Dealings by providers of irrevocable undertakings**

Details regarding dealings by the Shareholders referred to in paragraph 7.1 of this Circular above, during the six-month period prior to the signature date of the Irrevocable Undertaking, being 17 July 2019 and during the period from 17 July 2019 up to the Last Practicable Date, are set out in **Annexure 9** to this Circular.

8. **FINANCIAL INFORMATION**

8.1 **Historical financial information of Pioneer Foods**

8.1.1 Extracts of the consolidated annual financial statements of Pioneer Foods for the years ended 30 September 2018, 30 September 2017 and 30 September 2016 are annexed hereto as **Annexure 1**.

8.1.2 Extracts of the consolidated interim financial statements of Pioneer Foods for the six-month period ended 31 March 2019 are annexed hereto as **Annexure 2**.

8.1.3 Copies of the aforementioned extracts of the consolidated annual financial statements and consolidated interim financial statements of Pioneer Foods 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 Thursday, 29 August 2019 until Monday, 30 September 2019 (both days inclusive).

8.2 **Historical financial information of Zeder**

8.2.1 Extracts of the consolidated annual financial statements of Zeder for the financial years ended 28 February 2019, 28 February 2018 and 28 February 2017 are annexed hereto as **Annexure 3**.

8.2.2 Copies of the aforementioned extracts of the consolidated annual financial statements of Zeder 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 Thursday, 29 August 2019 until Monday, 30 September 2019 (both days inclusive).

8.3 ***Pro forma* financial information of Zeder**

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

8.3.2 The *pro forma* consolidated financial effects set out below should be read in conjunction with the *pro forma* consolidated condensed income statement and the *pro forma* consolidated statements of comprehensive income and financial position as set out in **Annexure 4**, together with the assumptions upon which the financial effects are based, as indicated in the notes thereto in **Annexure 4**.

8.3.3 The Independent Reporting Accountant's report on the *pro forma* financial information of the Zeder Group appears in **Annexure 5** to this Circular.

8.3.4 The table below sets out the *pro forma* consolidated financial effects of the Zeder Disposal, based on the audited financial results for the financial year ended 28 February 2019 and on the assumption, for calculating the net asset value per Share and tangible asset value per Share, that the Zeder Disposal was effected on 28 February 2019. In respect of the attributable earnings per Share, headline earnings per Share and *recurring* headline earnings per Share it is assumed that the Zeder Disposal was effected on 1 March 2018.

	Results for the financial year ended 28 February 2019	**Zeder Disposal [2]**	***Pro forma* results after the Zeder Disposal**	**Change**
Net asset value per Share (cents)	475.7	100.7	576.4	21.2%
Tangible asset value per Share (cents)	436.4	100.7	537.1	23.1%
Attributable earnings per Share (cents)	5.2	93.9	99.1	1 805.8%
Headline earnings per Share (cents)	45.1	(11.3)	33.8	(25.1%)
Recurring headline earnings per Share (cents)	27.7	(10.6)	17.1	(38.3%)
Number of Shares in issue (*net of treasury Shares*) ('000)	1 701 879		1 701 879	
Weighted number of Shares ('000)	1 701 879		1 701 879	

Notes and Assumptions:

1. The "Results for the financial year ended 28 February 2019" column has been extracted from the published audited financial statements for the year ended 28 February 2019.
2. Further detailed notes and assumptions to the *pro forma* financial information of Zeder are set out in **Annexure 4**.

9. INFORMATION RELATING TO ZEDER

9.1 Share capital

The authorised and issued Share capital of Zeder, as at the Last Practicable Date, before and after the Zeder Disposal, are set out below:

	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)	**1 715 179 121**	7 060
Shares held in treasury [1]	(13 300 421)	(72)
Ordinary shares with no par value (net of treasury shares)	**1 701 878 700**	**6 988**

Note:

1. As at the Last Practicable Date, the Zeder Share Incentive Trust held 5 001 469 Shares in treasury and 8 298 952 Shares were held by executives of Zeder through loan funding provided by the Zeder Group.

9.2 Major Shareholders and interests

9.2.1 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	**43.63%**
Public Investment Corporation [1]	146 709 929	**8.55%**
Allan Gray Proprietary Limited [2]	138 574 874	**8.08%**
Coronation Asset Management Proprietary Limited [1]	110 047 191	**6.42%**
Total	**1 143 686 885**	**66.68%**

Notes:

1. The shareholding includes Shares held directly or indirectly by the entity and/or its clients.
2. Allan Gray Proprietary Limited is the appointed discretionary investment manager of clients who are beneficial and/or registered holders of Shares. Allan Gray Proprietary Limited is not the beneficial owner of the Shares.

9.2.2 There has been no change in the Controlling Shareholder nor 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.

9.3 Material changes

9.3.1 There have been no material changes in the financial or trading position of Zeder and its Subsidiaries since the publication of the audited financial statements for the financial year ended 28 February 2019, until the Last Practicable Date.

9.3.2 As far as the Board is aware, there have been no material changes in the financial or trading position of Pioneer Foods since the publication of the interim financial information for the six-month period ended 31 March 2019, until the Last Practicable Date.

9.4 Material Borrowings

9.4.1 Details of the material borrowings of Zeder and its Subsidiaries as well as the material borrowings of Pioneer Foods, as at the Last Practicable Date, are disclosed in **Annexure 7**.

9.4.2 As noted above a portion of the Zeder Disposal Consideration will be used to settle and redeem the Redeemable Preference Shares. All other payments due in respect of the material loans of Zeder's Subsidiaries set out in **Annexure 7** in the 12 months following the Last Practicable Date, will be paid from such Subsidiaries' free cash flow and no refinancing will be required.

9.5 **Material contracts**

9.5.1 Save for the Implementation Agreement, as far as the Board is aware, there have been no material contracts, entered into either verbally or in writing by Pioneer Foods 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 Pioneer Foods 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 Pioneer Foods and/or its Subsidiaries at the date of this Circular.

9.5.2 Save for the Irrevocable Undertaking and as set out below in this paragraph 9.5, 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.

9.5.3 During September 2018, Capespan disposed of its entire shareholding in the Joy Wing Mau Group in China for an aggregate purchase consideration of ¥566 million, amounting to R1.18 billion, at the exchange rate at the time. This enabled Capespan to inject capital into its core fruit and farming divisions and reduce debt levels.

9.5.4 During October 2017, Zeder issued secured Class A Redeemable Preference Shares to FirstRand Bank, which Class A Redeemable Preference Shares are subject to a fixed nominal annual dividend rate of 7.73% compounded quarterly and during April 2018, Zeder issued the secured Class D Redeemable Preference Shares to FirstRand Bank, which Class D Redeemable Preference Shares are subject to a fixed nominal annual dividend rate of 8.11% compounded quarterly, all of which are redeemable during October 2022. In terms of the Bank Encumbrance, Zeder pledged the Zeder Disposal Shares in favour of FirstRand Bank, as security for its obligations in respect of the Redeemable Preference Shares. FirstRand Bank has agreed to release the Bank Encumbrance on the Scheme Implementation Date or the date on which the Zeder Disposal Shares are disposed of in terms of the Standby Offer.

10. INFORMATION RELATING TO DIRECTORS

10.1 **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	69	Independent non-executive Chairman	1st Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600
Norman Celliers	45	Chief Executive Officer	2nd Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600
Johannes Hendrik le Roux	44	Financial Director	2nd Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600
Wynand Louw Greeff	49	Non-executive Director	1st Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600
Petrus Johannes Mouton	43	Non-executive Director	1st Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600
George Douglas Eksteen	77	Independent non-executive Director	703 Gouda Hof, Beach Road, Strand

Full name	Age	Capacity	Business Address
Rudolf Marthinus Jansen [1]	50	Independent non-executive Director	13 Bergbosch Street, Stellenbosch, 7600
Abdus Salam Mohammad Karaan	51	Independent non-executive Director	7 Tamboer Street, De Zalze, Golf Estate, R44, Stellenbosch, 7600
Nonhlanhla Sylvia Mjoli-Mncube	60	Independent non-executive Director	1570 High Street, Highgate Village, Dainfern, 2055

Notes:

1. RM Jansen was appointed as an independent non-executive Director on 29 January 2019.
2. All Directors are South African citizens.
3. None of the Directors are partners with unlimited liability.

10.2 **Directors' Interests in the issued Shares of Zeder**

10.2.1 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 last 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	–	7 340 499	–	7 340 499	0.43%
JH le Roux	–	1 045 838	–	1 045 838	0.06%
JF Mouton [1]	–	–	–	–	–
CA Otto	–	–	80 000	80 000	0.01%
WL Greeff	–	80 000	–	80 000	0.01%
PJ Mouton	–	–	–	–	–
GD Eksteen		6 427 512	506 073	6 933 585	0.40%
RM Jansen	–	–		–	–
ASM Karaan	–	–	–	–	–
NS Mjoli-Mncube	48 983	–	–	48 983	–
Total	**48 983**	**14 893 849**	**586 073**	**15 528 905**	**0.91%**

Notes:

1. During the prior year, Mr JF Mouton donated his Shares to the Jannie Mouton Foundation. These Shares were still held by the Foundation at the reporting date. Mr JF Mouton retired from the Board on 20 November 2018.

10.2.2 There have been no dealings in respect of beneficial holdings by Directors of Zeder in Shares between 28 February 2019 and the Last Practicable Date.

10.3 **Directors' remuneration**

The remuneration of the Directors will not be varied as a result of the Zeder Disposal. Subject to the special resolution set out in the Notice of General Meeting being passed by the requisite number of Shareholders voting in favour thereof, the members of the Independent Board will receive the market related fees for their role as independent board in relation to the Zeder Disposal.

10.4 **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 last 18 months) has any material beneficial interest, directly or indirectly in the Zeder Disposal or in any transactions that were:

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

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

10.5 **Service contracts of executive Directors**

10.5.1 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.

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

10.5.3 The duration of each executive Director's appointment is determined by the service contracts referred to in paragraph 10.5.1 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 20 of this Circular below.

11. 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 Zeder Disposal be adequate for at least 12 months from the date of issue of this Circular.

12. LITIGATION STATEMENT

There are no 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 or Pioneer Foods, respectively.

13. EXPENSES

13.1 The estimated costs of preparing and distributing this Circular, holding the General Meeting and implementing the Zeder Disposal, including the fees payable to professional advisers, are approximately R5 000 000, excluding Value Added Tax, and include the following:

		R
Transaction Adviser and Sponsor fees	PSG Capital	2 750 000
Independent Sponsor fees	Questco	75 000
Legal fees	Cliffe Dekker Hofmeyr	30 000
Printing, publication, distribution and advertising expenses	Ince	550 000
JSE documentation fees	JSE	60 000
Takeover Panel fees	Takeover Panel	200 000
Independent Reporting Accountant	PwC	270 000
Independent Expert	BDO Corporate Finance	150 000
Contingency		915 000
TOTAL		**5 000 000**

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

14. GENERAL MEETING AND VOTING

14.1 The General Meeting will be held at 10:00 on Monday, 30 September 2019 at Spier Wine Estate, Baden Powell Drive, Stellenbosch, to consider and, if deemed fit, to pass, with or without modification, the requisite Zeder Disposal Resolutions required to give effect to the Zeder Disposal.

14.2 The Notice of General Meeting is attached hereto and forms part of this Circular and contains the Zeder Disposal Resolutions to be considered at the General Meeting. Full details of the actions required by Shareholders are set out in the "Action required by Shareholders" section of this Circular.

14.3 The Ordinary Resolution for the approval of the Zeder Disposal in terms of the JSE Listings Requirements, set out in the Notice of General Meeting, is subject to more than 50% of the votes cast by the Shareholders, present in person or represented by proxy at the General Meeting, being cast in favour thereof.

14.4 The Special Resolution for the approval of the Zeder Disposal in terms of section 112 of the Companies Act, set out in the Notice of General Meeting, is subject to at least 75% of the votes cast by the Shareholders, present in person or represented by proxy at the General Meeting, being cast in favour thereof.

14.5 The special resolution for the approval of the proposed Independent Board fees.

15. INDEPENDENT EXPERT REPORT

15.1 The Independent Expert Report, prepared in accordance with the provisions of the Companies Act and the Companies Regulations, is reproduced in **Annexure 6** to this Circular.

15.2 Having considered the terms and conditions of the Zeder Disposal and based on the information set out in the Independent Expert Report, the Independent Expert has concluded that the terms and conditions of the Zeder Disposal are both fair and reasonable to Shareholders, as each of these terms is defined in the Companies Regulations.

16. THE VIEWS OF THE INDEPENDENT BOARD

16.1 In accordance with the Companies Regulations, the Board has appointed the Independent Board comprising of independent non-executive Directors of Zeder. The Independent Board has appointed the Independent Expert to compile a report on the Zeder Disposal.

16.2 The Independent Board, after due consideration of the Independent Expert Report, has determined that it will place reliance on the valuation performed by the Independent Expert for the purposes of reaching its own opinion regarding the Zeder Disposal, as contemplated in Companies Regulation 110(3)(b). The Independent Board has formed a view of the fair value range of Pioneer Foods, which accords with the range contained in the Independent Expert Report, in considering its opinion and recommendation.

16.3 The Independent Board is not aware of any factors which are difficult to quantify or are unquantifiable (as contemplated in Companies Regulation 110(6)) and has not taken any such factors into account, in forming its opinion.

16.4 The Independent Board, taking into account the Independent Expert Report, has considered the terms and conditions of the Zeder Disposal and the members of the Independent Board are unanimously of the opinion that the terms and conditions thereof are fair and reasonable to Shareholders and, accordingly, recommend that Shareholders vote in favour of the Zeder Disposal at the General Meeting.

16.5 As at the Last Practicable Date, the Board has not received any offers, as defined in section 117(1)(f) of the Companies Act.

17. INDEPENDENT BOARD’S RECOMMENDATION

17.1 The Independent Board has considered the terms and conditions of the Zeder Disposal and has considered the Zeder Disposal Resolutions set out in the Notice of General Meeting and is of the opinion that they are in the interests of Shareholders.

17.2 The Independent Board unanimously recommends that Shareholders vote in favour of the Zeder Disposal Resolutions to be proposed at the General Meeting.

17.3 The Directors, in their personal capacities, intend to vote the Shares beneficially owned by them in favour of the Zeder Disposal Resolutions to be proposed at the General Meeting.

18. **DIRECTORS' RESPONSIBILITY STATEMENT**

18.1 **Responsibility statement of the Directors in terms of the JSE Listings Requirements**

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.

18.2 **Responsibility statement of the Independent Board in terms of the Companies Regulations**

The Independent Board accepts responsibility for the information contained in this Circular which relates to Zeder and confirms that, to the best of its knowledge and belief, such information which relates to Zeder is true and the Circular does not omit anything likely to affect the importance of such information.

19. **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.

20. **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 Thursday, 29 August 2019, until Monday, 30 September 2019 (both days inclusive):

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

20.2 the historical financial information of Pioneer Foods for the financial years ended 30 September 2018, 30 September 2017 and 30 September 2016 included in **Annexure 1**;

20.3 the interim financial information of Pioneer Foods for the six-month period ended 31 March 2019 included in **Annexure 2**;

20.4 the historical financial information of Zeder for the financial years ended 28 February 2019, 28 February 2018 and 28 February 2017 as reproduced in **Annexure 3**;

20.5 the *pro forma* financial information of the Zeder Group, as reproduced in **Annexure 4**;

20.6 the Independent Reporting Accountant's report on the *pro forma* financial information of the Zeder Group, as reproduced in **Annexure 5**;

20.7 the Independent Expert Report, as reproduced in **Annexure 6**;

20.8 the Irrevocable Undertaking;

20.9 the written consents from each of the advisers referred to in paragraph 19;

20.10 a copy of this Circular and all annexures hereto;

20.11 a copy of the Scheme Circular and all annexures thereto, and

20.12 a copy of the approval letter issued by the Takeover Panel in respect of the Circular.

SIGNED AT STELLENBOSCH ON 29 AUGUST 2019 BY CA OTTO ON BEHALF OF THE DIRECTORS OF ZEDER INVESTMENTS LIMITED AND THE MEMBERS OF THE INDEPENDENT BOARD IN TERMS OF POWERS OF ATTORNEY SIGNED BY SUCH DIRECTORS

Chris Otto

CA Otto
Chairman of the Independent Board

N Celliers (Chief Executive Officer)

JH le Roux (Financial Director)

WL Greeff

PJ Mouton

GD Eksteen

RM Jansen

ASM Karaan

NS Mjoli-Mncube

HISTORICAL FINANCIAL INFORMATION OF PIONEER FOODS FOR THE FINANCIAL YEARS ENDED 30 SEPTEMBER 2018, 30 SEPTEMBER 2017 AND 30 SEPTEMBER 2016

BASIS OF PREPARATION

The consolidated statements of financial position, statements of comprehensive income, statements of changes in equity, statements of cash flows and notes of Pioneer Food Group Limited ("Pioneer Foods" or "the Company") for the years ending 30 September 2018, 30 September 2017 and 30 September 2016, have been extracted and compiled from the audited consolidated annual financial statements of Pioneer Foods, which are available on the Pioneer Foods website (www.pioneerfoods.co.za). The preparation of this Annexure 1 is the responsibility of the Zeder Board of Directors.

The historical financial information of Pioneer Foods has previously been audited by PricewaterhouseCoopers Inc. (Stellenbosch) and reported on without qualification for all of the aforementioned financial periods.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Pioneer Foods and its subsidiaries are involved in the manufacturing of food, beverages and related products for human and animal consumption. The various segments are highlighted in the operational review in the integrated report.

SHARE CAPITAL

The authorised share capital consists of 400 000 000 (2017: 400 000 000; 2016: 400 000 000) ordinary shares of 10 cents each and 18 130 000 (2017: 18 130 000; 2016: 18 130 000) class A ordinary shares of 10 cents each. At 30 September 2018 233 177 067 (2017: 233 379 445; 2016: 232 472 909) ordinary shares and 2 878 680 (2017: 3 174 920; 2016: 3 707 830) class A ordinary shares are in issue.

The movement in issued share capital is disclosed in note 22 to the Group annual financial statements. The Company issued the following listed ordinary shares of 10 cents each in terms of the management share appreciation rights scheme:

2018: 423 880 at an average of R121.54 per share
2017: 906 536 at an average of R163.49 per share
2016: 345 578 at an average of R167.24 per share

The Company bought back and cancelled 626 258 (2017: Nil; 2016: Nil) listed ordinary shares during the 2018 financial year at R108.34 (2017: Rnil; 2016: Rnil) per share.

There was no movement in the treasury shares held by a subsidiary. This subsidiary held 17 982 056 (2017: 17 982 056; 2016: 17 982 056) ordinary shares at 30 September 2018.

The Pioneer Foods Broad-Based BEE Trust held 10 745 350 (2017: 10 745 350; 2016: 10 745 350) ordinary shares at 30 September 2018.

The number of ordinary shares held by the Pioneer Foods management share incentive trust at 30 September 2018 is Nil (2017: Nil; 2016: 47 620). The share incentive trust sold 47 620 ordinary shares in 2017 (2016: 69 992) for R3 193 054 (2016: R1 630 338). In 2016, 612 000 ordinary shares were bought back and cancelled by Pioneer Food Group Limited for a consideration of R82 075 320.

The Company bought back and cancelled 296 240 (2017: 532 910; 2016: 526 470) class A ordinary shares during 2018 at a premium of R88.73 (2017: R129.82; 2016: R131.42) per share in addition to the par value of R0.10 per share.

BORROWINGS

For financial years ending 30 September 2018 and 30 September 2017

The syndicated borrowing facilities matured in September 2018 and new syndicated facility agreements were entered into. These agreements allow for bullet term facilities with three and five year terms of R500 million each, as well as a three year revolving credit facility of R250 million and a three year term bullet facility of GBP10 million. General working capital facilities amounting to a base of R1 billion, and a seasonal increase for a part of the year of a further R600 million, were obtained. Five year structured trade and headroom facilities (both for R500 million) were also entered into. These borrowings were obtained to refinance existing borrowings (including the matured R600 million bullet loan), to fund working capital and to fund expansions at Group legal entities.

The syndicated facilities are secured by pledges over inventory and trade receivables of Pioneer Foods Proprietary Limited, Pioneer Foods Groceries Proprietary Limited and Ceres Fruit Juices Proprietary Limited. Bank accounts of these entities were also ceded in favour of the security SPV. Bonds and notarial bonds are also registered over specific immovable properties and specific movable assets of these entities as indicated in note 25 of the Group annual financial statements.

Foods Concepts Pioneer Limited entered into a new six year funding arrangement amounting to NGN570 million with the Bank of Industry Limited in Nigeria. Monthly capital repayments will only commence after August 2019. The funding acquired will be used to finance the construction of a new bakery plant in Lagos. This loan is secured by a bank guarantee from First City Monument Bank PLC. The bakery equipment to be acquired will be encumbered up to an amount of NGN570 million.

No other material new borrowings were obtained by the Group. Other changes in borrowings mainly reflect repayments made in terms of agreements. For further detail of the borrowings obtained, refer to note 25 of the annual financial statements. For the carrying amounts of property, plant and equipment, inventories and trade and other receivables encumbered, refer to notes 12, 18 and 20 of the Group annual financial statements.

For financial year ending 30 September 2016

The Group entered into supplier contracts in terms of which equipment was capitalised to comply with the requirements of IFRIC 4 – Determining Whether an Arrangement Contains a Lease. The balance outstanding at 30 September 2016 on these borrowings was R42 376 838.

Bokomo Foods UK Limited obtained a revolving credit asset backed finance facility from the Royal Bank of Scotland during the 2016 financial year. This facility was mainly used to provide funding for the acquisition of Streamfoods Limited. The funding is secured primarily against trade and other receivables and inventories of Bokomo Foods UK Limited, however, does include security against the other assets of this entity should this be insufficient. The initial funding was for £7.84 million, however at 30 September 2016 the draw down against this facility amounted to £6.70 million. A similar facility was obtained by Streamfoods Limited to provide for future cash flows, however, at 30 September 2016 no draw down was made against this facility.

The three-year syndicated bullet facility of R400 million matured in September 2016 and was repaid.

Pioneer Foods obtained a R300 million vehicle and asset finance facility during the year ended 30 September 2014. This facility is used to finance the replacement of the Group's bakery delivery vehicle fleet. The vehicles are acquired in terms of instalment sale agreements. These borrowings are secured by the vehicles acquired in terms of these agreements. At 30 September 2016 the carrying amount of these borrowings amounted to R277 137 671.

No other material new borrowings were obtained by the Group. Other changes in borrowings mainly reflect repayments made in terms of agreements. For further detail of the borrowings obtained, refer to note 25 of the annual financial statements. For the carrying amounts of property, plant and equipment, inventories and trade and other receivables encumbered, refer to notes 12, 18 and 20 of the Group annual financial statements.

DIVIDENDS

A final gross dividend of 260 cents (2017: 260 cents; 2016: 260 cents) per ordinary share was declared. This is in addition to the interim gross dividend of 105 cents (2017: 105 cents; 2016: 105 cents) per ordinary share.

The interim dividend for the 2018 financial year amounted to R236 386 949 (2017: R235 897 532; 2016: R234 984 374) and the final dividend for the 2018 financial year will be approximately R583 910 046 (2017: R584 503 572: 2016: R582 146 370). The exact amount will be dependent on the number of shares in issue at the record date. These amounts include the dividends paid or payable to the Pioneer Foods Broad-Based BEE Trust.

The 10,745,350 Pioneer Foods shares held by the Pioneer Broad-Based BEE Trust are entitled to 20% of the gross interim and final dividends per share as indicated above, i.e. 21.0 cents per share for the 2018 financial year (2017: 21.0 cents; 2016: 21.0 cents) and 52.0 cents (2017: 52.0 cents; 2016: 52.0 cents) respectively. This gross interim dividend for the 2018 financial year amounted to R2 256 524 (2017: R2 256 524; 2016: R2 256 524) and the final dividend for the 2018 financial year will amount to R5 587 582 (2017: R5 587 582; 2016: R5 587 582).

For financial year ending 30 September 2018

The dividend is payable on 4 February 2019 to shareholders recorded as such in the share register of the Company on 1 February 2019 (the record date). The last date of trading cum dividend will be 29 January 2019.

For financial year ending 30 September 2017

The dividend is payable on 5 February 2018 to shareholders recorded as such in the share register of the Company on 2 February 2018 (the record date). The last date of trading cum dividend will be 30 January 2018.

For financial year ending 30 September 2016

The dividend is payable on 30 January 2017 to shareholders recorded as such in the share register of the Company on 27 January 2017 (the record date). The last date of trading *cum* dividend will be 24 January 2017.

DIRECTORS

The directors of the holding company, Pioneer Foods, are responsible for the activities and reports related to the Group. Full details of the directors appear in the integrated report.

LITIGATION STATEMENT

No litigation matters with potential material consequences existed at the reporting date.

EVENTS AFTER THE REPORTING PERIOD

Other than the matters raised in note 46 to the Group annual financial statements, no other events occurred after the reporting date that may have a material effect on the Group's results.

AUDITORS

PricewaterhouseCoopers Inc. will continue in office in accordance with section 90(6) of the Companies Act, Act 71 of 2008, as amended from time to time.

ACCOUNTING POLICIES

FOR THE YEARS ENDED 30 SEPTEMBER 2018, 2017 AND 2016

1. BASIS OF PREPARATION

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

The consolidated annual financial statements of the Group have been prepared in accordance with, and comply with, International Financial Reporting Standards ("IFRS") and the IFRS Interpretations Committee interpretations issued and effective at the time of preparing these financial statements, the Listings Requirements of the JSE Limited and the Companies Act of South Africa, Act 71 of 2008, as amended from time to time. These financial statements comply with the requirements of 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 consolidated annual financial statements are prepared on the historic cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss and liabilities for cash-settled share-based payment schemes.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2 to the consolidated annual financial statements.

1.1 New and amended accounting standards effective in 2018

The following amendments to standards have been adopted by the Group and became effective for the current reporting period beginning on 1 October 2017.

Amendment to IAS 7 – Cash flow statements (effective 1 January 2017)

The amendment introduces additional disclosure to enable users of financial statements to evaluate changes in liabilities arising from financing activities. Refer to note 43 of the consolidated annual financial statements for a reconciliation of changes in liabilities arising from financing activities.

Amendments to IAS 12 – Income taxes (effective 1 January 2017)

The amendments mainly clarify the requirements for recognising deferred income tax assets on unrealised losses and the accounting for deferred income tax where an asset is measured at fair value and that fair value is below the asset's tax base. The amendments do not change the underlying principles for the recognition of deferred income tax assets.

Annual Improvements 2014 – 2016 (effective 1 January 2017 or 1 January 2018)

The most notable amendment clarifies that the disclosure requirements of IFRS 12 – Disclosure of Interests in Other Entities are applicable to interest in entities classified as held for sale except for summarised financial information. Previously, it was unclear whether all other IFRS 12 requirements were applicable for these interests (retrospectively effective 1 January 2017).

Impact of the above amendments on the Group's financial statements

The above amendments and improvements did not have a material impact on the financial position and results of the Group.

1.2 New accounting standards that are not yet effective and have not been early adopted by the group

The following standards are not yet effective and have not been early adopted by the Group (the effective dates stated below refer to financial reporting periods beginning on or after the stated dates):

1. **BASIS OF PREPARATION (CONTINUED)**

1.2 **New accounting standards that are not yet effective and have not been early adopted by the group (continued)**

IFRS 9 – Financial Instruments (effective 1 January 2018)

This standard replaces IAS 39 and addresses the classification, measurement and derecognition of financial assets and liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets that replaces the current incurred loss model with an expected credit loss model.

An assessment of the expected impact from the adoption of an expected credit loss model indicates an increase in the provision for impairment of trade receivables of between R2.5 million and R4.5 million before income tax. Adoption of the standard is not expected to have a material impact on the classification or measurement of other financial assets and liabilities.

The Group intends to take the exemption allowed by IFRS 9 to continue to apply the hedging principles in terms of IAS 39.

IFRS 15 – Revenue from contracts with customers (effective 1 January 2018)

A new standard has been issued for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of goods or services transfers to customers.

Based on an initial assessment, the Group does not expect the adoption of the standard to have a material impact on its results or financial position.

IFRS 16 – Leases (effective 1 January 2019)

IFRS 16 will result in almost all leases being recognised on the balance sheet as the distinction between operating and finance leases is removed. Under the new standard, a right-of-use asset and related liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not change significantly.

The standard will affect primarily the accounting of the Group's operating leases. A project was launched to collate and analyse all relevant information timeously. The Group is still in the process of quantifying the impact. Adoption of this standard will have a significant impact on the Group. As at the reporting date the Group has non-cancellable operating lease commitments of R1.104 billion. Refer to note 33.1 of the consolidated annual financial statements.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods.

1.3 **Use of adjusted measures**

The measure explained in note 1.4 of the accounting policy (items of a capital nature) is presented as management believes it to be relevant to the understanding of the Group's financial performance. This measure is used for internal performance analysis and provides additional useful information on underlying trends to equity holders. This measure is not a defined term under IFRS and may therefore not be comparable with similarly titled measures reported by other entities. It is not intended to be a substitute for, or superior to, measures as required by IFRS.

1.4 **Items of a capital nature**

Income or expenditure of a capital nature on the face of the statement of comprehensive income, being all profit or loss items of a capital nature, is excluded in the calculation of headline earnings per share.

The principal items included under this measurement are: profits or losses on disposal and scrapping of property, plant and equipment, intangible assets and assets held-for-sale; impairments or reversal of impairments of property, plant and equipment, intangible assets and available-for-sale financial assets; and any non-trading items such as profits or losses on disposal of operations and subsidiaries.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Revenue recognition

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

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Income is recognised as follows:

Sale of goods

Sale of goods is recognised when a Group entity has delivered products to a customer; the customer has accepted the products and the collectability of the related receivables are reasonably assured. No element of financing is deemed present as sales are made within credit terms which are consistent with market practice. The sale of goods is the only income included in 'revenue' in profit or loss.

Sale of services

Sale of services is recognised in the accounting period in which the services are rendered, by reference to the completion of services provided as a proportion of the total services to be provided. The sale of services is included in 'other income' in profit or loss.

Interest income

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

Interest income on impaired loans and receivables is recognised using the original effective interest rate. Interest income is included in 'investment income' in profit or loss.

Dividend income

Dividend income is recognised when the right to receive payment is established. Dividend income is included in 'investment income' in profit or loss in the consolidated financial statements and in 'revenue' in the stand-alone financial statements of the holding company.

2.2 Segment reporting

An operating segment is a component of the Group that engages in business activities which may earn revenues and incur expenses and whose operating results are regularly reviewed by the Group's chief operating decision-maker, in order to allocate resources and assess performance and for which distinct financial information is available.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, this being the chief executive officer and the chief financial officer of the Group. The operating segments were identified and grouped together based mainly on the nature of their activities and the products offered by them.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Basis of consolidation

Subsidiaries

Subsidiaries are all entities (including structured 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 involvements 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 and are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

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 remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with *IAS 39 – Financial Instruments: Recognition and Measurement* either in profit or loss or as a charge to other comprehensive income. Contingent consideration that is classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

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

Intercompany transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

In the stand-alone financial statements of the holding company investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes directly attributable costs of investments.

Interest-free loans to subsidiaries, with no specific terms of repayment and with a definite intent not to demand repayment, are considered to be capital distributions to the subsidiary and are included in the carrying amount of the investment.

Changes in ownership interests in subsidiaries without change of control

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

2. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

2.3 **Basis of consolidation (continued)**

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in equity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Treasury shares

The cost of treasury shares is presented as a deduction from equity.

Associates

Associates are all entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

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

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount as part of the share of profit/(loss) of investments accounted for applying the equity method in profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only to the extent of unrelated investor's interest in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses arising in investments in associates are recognised in profit or loss. Accounting policies of associates have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and classified it as joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture (which includes any long-term interests, that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

2. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

2.3 **Basis of consolidation (continued)**

Joint arrangements (continued)

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

Consolidation of special purpose entities

The special purpose entities ("SPEs") established in terms of the B-BBEE equity transaction implemented in March 2012, have been consolidated in the Group results. The substance of the relationship between the Company and these entities has been assessed and the conclusion was made that they are controlled entities, mainly due to the fact that the Group retains residual or ownership risks relating to the SPEs.

2.4 **Foreign currency translation**

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which that entity operates ("the functional currency"). The consolidated financial statements are presented in South African rand, which is the Group's presentation and functional currency.

Transactions and balances

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

All other foreign exchange gains and losses are presented in profit or loss within 'other gains/ losses – net'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security.

Translation differences resulting from changes in amortised cost are recognised in profit or loss and other changes in the carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities, such as equities held at fair value through profit or loss, are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in other comprehensive income.

Group entities

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency of South African rand are translated into South African rand as follows:

- Assets and liabilities for each statement of financial position presented (including comparatives) are translated at the closing rate at the reporting date.
- Income and expenditure included in profit or loss for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenditure are translated at the exchange rates prevailing at the dates of the transactions).
- All resulting exchange differences are recognised as a separate component of other comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Foreign currency translation (continued)

Group entities (continued)

Exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are allocated to other comprehensive income on consolidation. When a foreign operation is partially disposed of or sold, such exchange differences are recognised in profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.5 Property, plant and equipment

Land and buildings mainly comprise factories, depots, warehouses, offices and silos. All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The carrying amount of a replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which it is incurred.

Land is not depreciated. Depreciation on buildings, machinery, vehicles, furniture and equipment is calculated on a straight-line basis at rates deemed appropriate to write off the cost of the assets to their residual values over their expected useful lives.

The expected useful lives are as follows:

• Buildings	10 – 25 years
• Plant, machinery and equipment	3 – 30 years
• Vehicles	3 – 20 years

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

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

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with the carrying amounts. These are included within 'items of a capital nature' in profit or loss.

2.6 Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired entity at the date of the acquisition. Goodwill arising from business combinations is included in 'intangible assets' whereas goodwill on acquisition of joint ventures and associates is included in 'investments in joint ventures' or 'investments in associates' respectively and is tested for impairment as part of the overall balance.

The excess of the purchase price over the carrying amount of non-controlling interest, when the Group increases its interest in an existing subsidiary, is recognised in equity. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

2. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

2.6 **Intangible assets (continued)**

Trademarks and intellectual property

Trademarks and intellectual property are shown at historical cost. Subsequently, these intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intellectual property has finite useful lives. The useful lives of trademarks are either finite or indefinite.

Intellectual property and trademarks with finite useful lives are amortised over their useful lives and assessed for impairment when there is an indication that the assets may be impaired. Amortisation is calculated using the straight-line method over these intangible assets' estimated useful lives of between 5 to 25 years.

Certain trademarks have been assessed to have indefinite useful lives, as presently there is no foreseeable limit to the period over which the assets can be expected to generate cash flows for the Group. Trademarks with indefinite useful lives are not amortised, but tested annually for impairment, either on an individual basis or as part of a cash-generating unit. The useful lives of these intangible assets are reviewed at the end of each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for these trademarks.

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of between two and ten years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets when the criteria of IAS 38 are met.

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

Computer software development costs recognised as assets are amortised over their estimated useful lives of between two and ten years.

2.7 **Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill, that have suffered impairment, are reviewed for possible reversal of impairment at each reporting date.

2.8 **Financial assets**

2.8.1 ***Classification***

The Group classifies its financial assets in the following categories:

- at fair value through profit or loss
- loans and receivables
- available-for-sale financial assets

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

2.8 Financial assets (continued)

2.8.1 *Classification*

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held-for-trading unless they are designated as hedges. The Group's financial instruments at fair value through profit or loss comprise 'derivative financial instruments' not earmarked for hedging. Assets in this category are classified as current assets if expected to be settled within 12-months; otherwise, they are classified as non-current.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for items with maturities greater than 12-months after the reporting date. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables', 'loans to joint ventures', 'loans to associates' and 'cash and cash equivalents' in the statement of financial position.

Available-for-sale financial assets

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

2.8.2 *Recognition and measurement*

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss are recognised in profit or loss in the period in which they arise.

Gains or losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income in the period in which they arise.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as 'items of a capital nature'. Dividend income from available-for-sale equity instruments is recognised in profit or loss as part of 'investment income' when the Group's right to receive payments is established.

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

2. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

2.8 **Financial assets (continued)**

2.8.3 ***Impairment***

The Group assesses at the end of each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Loans and receivables

For the loans and receivables category, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument’s fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Impairment testing on trade receivables is described in note 2.11 of the accounting policy.

Available-for-sale financial assets

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

2.8.4 ***Offsetting financial instruments***

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a current legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.9 **Derivative financial instruments and hedging activities**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as either cash flow or fair value hedges.

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

2. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

2.9 **Derivative financial instruments and hedging activities (continued)**

The fair values of various derivative instruments used for hedging purposes and detail on movements in the hedging reserve are disclosed in note 19 to the consolidated annual financial statements. The fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12-months after the reporting date and as a current asset or liability if the remaining maturity of the hedged item is less than 12-months from this date. Trading derivatives are classified as current assets or liabilities.

Fair value hedges

Fair value hedges cover the exposure to changes in the fair value of a recognised asset or liability, or an unrecognised firm commitment (except for foreign currency risk). Foreign currency risk of an unrecognised firm commitment is accounted for as a cash flow hedge.

The Group only applies fair value hedge accounting to hedge commodity price risk, i.e. changes in the fair value of fixed-price commodity purchase commitments, due to changes in the forward price in the market of the related commodity. Financial instruments designated as fair value hedges include commodity futures, option contracts and foreign exchange contracts.

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

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

Cash flow hedges

Cash flow hedges cover the exposure to variability in cash flows that are attributable to a particular risk associated with:

- a recognised asset or liability; or
- a highly probable forecast transaction; or
- the foreign currency risk in an unrecognised firm commitment.

Cash flow hedging instruments are mainly used to manage operational exposure to interest rate, foreign exchange and commodity price risks. Financial instruments designated as cash flow hedges include commodity futures and foreign exchange contracts.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within ‘other gains/losses – net’.

Amounts accumulated in other comprehensive income are recycled to profit or loss in the periods when the hedged item will affect profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or liability, the gains and losses previously deferred in other comprehensive income are transferred from other comprehensive income and included in the initial measurement of the cost of the asset or liability. The deferred amounts are ultimately recognised in ‘cost of goods sold’ in the case of inventory or in ‘depreciation’ in the case of property, plant and equipment.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss in other comprehensive income at that time remains in other comprehensive income and is recognised in profit or loss when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is recognised immediately in profit or loss within ‘other gains/losses – net’.

2. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

2.9 **Derivative financial instruments and hedging activities (continued)**

Embedded derivatives

Embedded derivatives are derivative instruments that are embedded in another contract or host contract. The Group separates an embedded derivative from its host contract and accounts for it separately, when its economic characteristics are not clearly and closely related to those of the host contract. These separated embedded derivatives are classified as trading assets or liabilities and marked to market through profit or loss, provided that the combined contract is not measured at fair value with changes through profit or loss.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in profit or loss within 'other gains/losses – net', except for changes in the fair value of the forward purchase contracts on own equity which is presented in profit or loss within 'other operating expenses'.

2.10 **Inventories**

Inventories are valued at the lower of cost or net realisable value. Cost in each category is determined as follows:

- raw material at actual cost on a weighted average cost basis;
- own manufactured products at direct raw material and labour cost plus an appropriate portion of production overheads, on a weighted average cost basis; and
- consumable and trading stock at actual cost on a weighted average cost basis.

The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Costs of inventories include the transfer from other comprehensive income of any gains or losses on qualifying cash flow hedges relating to purchases of raw materials.

2.11 **Trade receivables**

Trade receivables are amounts due from customers for merchandise sold or services performed in the normal course of business.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments, are considered indicators that the trade receivable is impaired.

The amount of the provision for impairment of trade receivables is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in profit or loss within 'other operating expenses'. The carrying amount of the asset is reduced through the use of an allowance account. When trade receivables are uncollectible, they are written off as 'other operating expenses' in profit or loss. Subsequent recoveries of amounts previously written off, are credited against 'other operating expenses' in profit or loss.

2. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

2.12 **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest rate method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12-months after the reporting date.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the statement of comprehensive income as 'finance costs'.

2.13 **Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within 12-months (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

2.14 **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Deposits held at call with banks and other short-term highly liquid investments are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. These deposits are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

2.15 **Current and deferred income tax**

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Current and deferred income tax (continued)

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

2.16 Share-based payments

Share-based compensation

The Group operates equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of share appreciation rights is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share appreciation rights granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of share appreciation rights that are expected to become exercisable. At each reporting date, the Group revises its estimates of the number of share appreciation rights that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to other comprehensive income.

The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium when share appreciation rights are exercised.

Broad-based employee share scheme

The Group operates a broad-based employee share scheme for qualifying employees, other than management qualifying for the share-based compensation plan. The cost of the share scheme is accounted for as a cash-settled share-based payment. In terms of the scheme, employees received class A ordinary shares with full voting rights and limited dividend rights until such time as a notional debt has been repaid.

Once the notional debt has been repaid, class A ordinary shares will have all rights similar to ordinary shares.

The cost of cash-settled transactions is measured initially at fair value at the grant date using the Actuarial Binomial Pricing Option Model, taking into account the terms and conditions upon which the instruments were granted. For further detail refer to note 23.1 of the consolidated annual financial statements.

The fair value of the employee services received in exchange for the issue of class A ordinary shares is recognised as an expense over the period until vesting with recognition of a corresponding liability. The liability is remeasured at each reporting date up to and including the settlement date with changes in fair value recognised in profit or loss.

2.17 Broad-based black economic empowerment ("B-BBEE") transactions

B-BBEE transactions where the Group receives or acquires goods or services as consideration for the issue of equity instruments of the Group, are treated as share-based payment transactions.

B-BBEE transactions, where employees are involved, are measured and accounted for on the same basis as share-based compensation (refer to note 2.16 of the accounting policy).

Transactions, in which share-based payments are made to parties other than employees, are measured by reference to the fair value of equity instruments granted if no specific goods or services are received. Vesting of the equity instrument granted occurs immediately and an expense and a related increase in equity are recognised on the date that the instrument is granted. No further measurement or adjustments are required as it is presumed that the BEE credentials are received upfront.

3. OTHER LESS SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting for leases: group company is the lessee

Finance leases

Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the commencement of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and the finance charges.

The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the lease payment is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance lease contracts are depreciated over the shorter of the lease term or the useful life of the assets.

Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are effectively retained by the lessor, are classified as operating leases. Payments made under operating leases (net of any incentive received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty, is recognised as an expense in the period in which termination takes place.

3.2 Accounting for leases: group company is the lessor

Operating leases

Operating lease assets are included in property, plant and equipment in the statement of financial position. These assets are depreciated over their expected useful lives on a basis consistent with similar property, plant and equipment. Rental income is recognised on a straight-line basis over the period of the lease.

3.3 Employee benefits

Retirement scheme arrangements

The policy of the Group is to provide retirement benefits for all its employees in the form of a defined contribution plan. A defined contribution plan is a retirement scheme under which the Group pays fixed contributions to a separate entity. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the retirement benefits relating to employee service in the current and prior periods.

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

Post-retirement medical benefits

The Group provides post-retirement medical benefits to some employees, some employed prior to 31 December 1994 and others prior to 31 March 1997, by way of a percentual contribution to their monthly costs. Such benefits are not available to employees employed after these dates. Provision is made for the total accrued past service cost.

Independent actuaries annually determine the accumulated post-retirement medical aid obligation and the annual cost of these benefits. The liability is calculated using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market rates on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related obligation.

3. **OTHER LESS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.3 **Employee benefits (continued)**

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they arise. Past service costs are recognised immediately in profit or loss.

Other long-term employee benefits

The Group provides for long-service awards that accrue to employees. Independent actuaries calculate the liability recognised in the statement of financial position in respect of long-service awards annually. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in profit or loss.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

In case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer.

Benefits falling due more than 12-months after the year-end reporting date are discounted to present value using the effective interest rate method.

Bonus plans

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Group's shareholders or segmental profits after certain adjustments, as well as meeting pre-determined targets relating to sales volumes, rand value of revenue, employee engagement survey results and BEE designated employment. The bonus is dependent on the achievement of pre-determined targets in relation to returns on specified net assets, i.e. a bonus pool is calculated based on economic profit. The Group recognises a provision when contractually obliged or where past practice has created a constructive obligation.

Leave pay

Annual leave entitlement is provided for over the period that the leave accrues. In terms of the Group's policy, employees are entitled to accumulate vested leave benefits not taken to a cap of 36 days. Any leave days vesting in excess of the cap are forfeited in the vesting month.

Statutory and non-statutory leave may not be converted to cash except at termination of employment.

3.4 **Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

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

3.5 **Dividend distribution**

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements when it is approved by the Board of directors and when it is no longer at discretion of the Company.

3. **OTHER LESS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.6 **Borrowing costs**

Borrowing costs are interest and other costs that the Group incurs in connection with the borrowing of funds. These include interest expenses calculated using the effective interest rate method, finance charges in respect of finance leases and exchange differences arising from foreign currency borrowings' interest cost.

Borrowing costs are expensed as incurred, except for borrowing cost directly attributable to the acquisition, construction or production of a qualifying asset in which case it is capitalised as part of the cost of that asset. The Group defines a qualifying asset as an asset that takes more than a year to prepare for its intended use or sale.

3.7 **Share capital**

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

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes	**2018 R'000**	2017 R'000	2016 R'000
Revenue	45	**20 151 853**	19 575 045	20 599 725
Cost of goods sold		**(14 356 322)**	(14 419 077)	(14 516 747)
Gross profit		**5 795 531**	5 155 968	6 082 978
Other income	3	**218 247**	153 595	138 967
Other gains/(losses) – net	3	**(20 859)**	(11 301)	30 785
Sales and distribution costs	4	**(2 779 199)**	(2 450 921)	(2 436 090)
Marketing costs	4	**(315 470)**	(329 573)	(265 154)
Administrative expenses	4	**(786 956)**	(728 896)	(661 011)
Other operating expenses	4	**(538 971)**	(632 679)	(572 547)
Items of a capital nature	5	**73 228**	(56 957)	21 343
Operating profit		**1 645 551**	1 099 236	2 339 271
Investment income	6	**27 987**	22 214	46 765
Finance costs	7	**(197 467)**	(196 805)	(167 256)
Share of (loss)/profit of joint ventures	15	**(13 770)**	53 901	98 032
Share of profit of associated companies	16	**13 811**	6 407	2 348
Profit before income tax		**1 476 112**	984 953	2 319 160
Income tax expense	8	**(398 998)**	(258 802)	(628 987)
Profit for the year (Sub-total)		**1 077 114**	726 151	1 690 173

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

	Notes	2018 R'000	2017 R'000	2016 R'000
Profit for the year (Sub-total)		**1 077 114**	726 151	1 690 173
Other comprehensive income/(loss) for the year				
Items that will not be reclassified to profit or loss:				
Re-measurement of post-retirement medical benefit obligations		**2 174**	1 566	935
Items that may subsequently be reclassified to profit or loss:				
Fair value adjustments to cash flow hedging reserve		**(12 178)**	115 746	(118 370)
For the year		**3 623**	(60 165)	134 684
Current income tax effect		**(5 658)**	17 518	(36 747)
Deferred income tax effect		**4 643**	(672)	(965)
Reclassified to profit or loss		**(20 537)**	220 924	(299 086)
Current income tax effect		**5 079**	(63 949)	85 624
Deferred income tax effect		**672**	2 090	(1 880)
Fair value adjustments on available-for-sale financial assets		**568**	4 037	(1 161)
For the year		**18 744**	8 203	1 633
Deferred income tax effect		**6 400**	634	110
Reclassified to profit or loss		**(24 576)**	(4 800)	(8 332)
Reversal of fair value adjustment against fair value reserve		**–**	–	5 428
Share of other comprehensive income of investments accounted for applying the equity method		**7 437**	15 946	(28 686)
Movement on foreign currency translation reserve				
Currency translation differences		**26 077**	7 636	(55 158)
Total comprehensive income for the year		**1 101 192**	871 082	1 487 733
Profit for the year attributable to:				
Owners of the parent		**1 072 600**	726 003	1 690 173
Non-controlling interest		**4 514**	148	–
		1 077 114	726 151	1 690 173
Total comprehensive income for the year attributable to:				
Owners of the parent		**1 090 857**	869 693	1 487 733
Non-controlling interest		**10 335**	1 389	–
		1 101 192	871 082	1 487 733
Earnings per ordinary share (cents)	9	**574.6**	390.3	912.1
Diluted earnings per ordinary share (cents)	9	**546.5**	366.0	846.9

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

	Notes	**2018 R'000**	2017 R'000	2016 R'000
ASSETS				
Non-current assets		**7 953 382**	7 447 775	7 011 690
Property, plant and equipment	12	**5 653 909**	5 356 965	4 763 380
Intangible assets	13	**1 200 001**	814 941	782 384
Biological assets	14	**–**	–	16 017
Investments in joint ventures	15	**580 586**	665 006	769 810
Loans to joint ventures	15	**14 448**	35 737	74 564
Investments in associates	16	**196 241**	198 410	16 877
Loans to associate	16	**–**	7 593	–
Derivative financial instruments	19	**128 687**	203 059	439 670
Available-for-sale financial assets	17	**77 912**	138 092	128 295
Trade and other receivables	20	**45 751**	15 433	16 783
Deferred income tax	26	**55 847**	12 539	3 910
Current assets		**6 587 690**	5 504 651	6 518 816
Inventories	18	**3 176 590**	3 033 085	3 212 500
Derivative financial instruments	19	**28 024**	50 995	57 612
Trade and other receivables	20	**2 244 104**	1 981 843	2 245 913
Current income tax		**10 202**	7 939	2 000
Cash and cash equivalents	21	**1 128 770**	430 789	1 000 791
Assets of disposal group classified as held for sale	53	**–**	20 019	–
Total assets		**14 541 072**	12 972 445	13 530 506

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018 (CONTINUED)

	Notes	**2018 R'000**	2017 R'000	2016 R'000
EQUITY AND LIABILITIES				
Capital and reserves attributable to owners of the parent		**8 379 678**	8 027 254	7 867 316
Share capital	22	**23 319**	23 340	23 249
Share premium		**2 537 963**	2 554 299	2 406 235
Treasury shares	22	**(1 186 401)**	(1 186 401)	(1 187 756)
Other reserves	24	**188 884**	213 104	253 275
Retained earnings		**6 815 913**	6 422 912	6 372 313
Non-controlling interest	28	**35 346**	25 011	–
Total equity		**8 415 024**	8 052 265	7 867 316
Non-current liabilities		**2 396 148**	1 645 388	2 344 814
Borrowings				
B-BBEE equity transaction third-party finance	25	**–**	433 141	449 612
Syndicated and other	25	**1 405 080**	265 583	883 675
Deferred income tax	26	**766 105**	674 388	582 382
Share-based payment liability	29	**112 768**	159 845	317 984
Provisions for other liabilities and charges	27	**112 195**	112 431	111 161
Current liabilities		**3 729 900**	3 274 792	3 318 376
Trade and other payables	30	**3 018 509**	2 388 864	2 037 618
Current income tax		**15 157**	24 733	30 353
Borrowings				
B-BBEE equity transaction third-party finance	25	**451 494**	33 679	35 733
Syndicated and other	25	**165 517**	777 520	617 731
Loan from joint venture	15	**21 040**	14 540	26 040
Derivative financial instruments	19	**32 864**	2 562	16 060
Dividends payable		**1 551**	598	615
Share-based payment liability	29	**23 768**	32 296	60 961
Accrual for forward purchase contracts on own equity	30	**–**	–	493 265
Total liabilities		**6 126 048**	4 920 180	5 663 190
Total equity and liabilities		**14 541 072**	12 972 445	13 530 506

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Share capital ordinary shares R'000	Share premium R'000	Treasury shares R'000	Other reserves Total R'000	Retained earnings R'000	Non-controlling interest R'000	Total equity R'000
Balance as at 1 October 2017	**23 340**	**2 554 299**	**(1 186 401)**	**213 104**	**6 422 912**	**25 011**	**8 052 265**
Profit for the year	–	–	–	–	1 072 600	4 514	1 077 114
Other comprehensive income for the year	–	–	–	16 083	2 174	5 821	24 078
Employee share scheme – repurchase of class A ordinary shares from leavers	–	(30)	–	–	–	–	(30)
Dividends paid – final and interim net of treasury shares	–	–	–	–	(681 376)	–	(681 376)
Transaction cost on shares bought back	–	–	–	–	(397)	–	(397)
Recognition of share-based payments – share appreciation rights	–	–	–	26 635	–	–	26 635
Deferred income tax on share-based payments	–	–	–	(15 419)	–	–	(15 419)
Ordinary shares issued – share appreciation rights	42	51 477	–	(51 519)	–	–	–
Shares bought back and cancelled	(63)	(67 783)	–	–	–	–	(67 846)
Balance as at 30 September 2018	**23 319**	**2 537 963**	**(1 186 401)**	**188 884**	**6 815 913**	**35 346**	**8 415 024**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Share capital ordinary shares R'000	Share premium R'000	Treasury shares R'000	Other reserves Total R'000	Retained earnings R'000	Non-controlling interest R'000	Total equity R'000
Balance as at 1 October 2016	23 249	2 406 235	(1 187 756)	253 275	6 372 313	–	7 867 316
Profit for the year	–	–	–	–	726 003	148	726 151
Other comprehensive income for the year	–	–	–	142 124	1 566	1 241	144 931
Employee share scheme – repurchase of class A ordinary shares from leavers	–	(53)	–	–	–	–	(53)
Disposal of shares of management share incentive scheme	–	–	–	–	1 838	–	1 838
Dividends paid – final and interim net of treasury shares	–	–	–	–	(678 464)	–	(678 464)
Employee share scheme – transfer tax on share transactions	–	–	–	–	(344)	–	(344)
Non-controlling interest acquired	–	–	–	–	–	23 622	23 622
Recognition of share-based payments – share appreciation rights	–	–	–	23 474	–	–	23 474
Deferred income tax on share-based payments	–	–	–	(57 561)	–	–	(57 561)
Ordinary shares issued – share appreciation rights	91	148 117	–	(148 208)	–	–	–
Movement of ordinary shares on share incentive trusts	–	–	1 355	–	–	–	1 355
Balance as at 30 September 2017	23 340	2 554 299	(1 186 401)	213 104	6 422 912	25 011	8 052 265

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Share capital ordinary shares R'000	Share premium R'000	Treasury shares R'000	Other reserves Total R'000	Retained earnings R'000	Non-controlling interest R'000	Total equity R'000
Balance as at 1 October 2015	23 275	2 430 540	(1 204 141)	460 472	5 248 473	12 417	6 971 036
Profit for the year	–	–	–	–	1 690 173	–	1 690 173
Other comprehensive income for the year	–	–	–	(203 375)	935	–	(202 440)
Employee share scheme – repurchase of class A ordinary shares from leavers	–	(53)	–	–	–	–	(53)
Disposal of shares of management share incentive scheme	–	–	–	–	67 321	–	67 321
Dividends paid – final and interim net of treasury shares	–	–	–	–	(634 045)	–	(634 045)
Employee share scheme – transfer tax on share transactions	–	–	–	–	(544)	–	(544)
Recognition of share-based payments – share appreciation rights	–	–	–	49 464	–	–	49 464
Deferred income tax on share-based payments	–	–	–	4 511	–	–	4 511
Ordinary shares issued – share appreciation rights	35	57 762	–	(57 797)	–	–	–
Shares bought back from management share incentive trust and cancelled	(61)	(82 014)	–	–	–	–	(82 075)
Movement of ordinary shares on share incentive trusts	–	–	16 385	–	–	–	16 385
Disposal of subsidiary	–	–	–	–	–	(12 417)	(12 417)
Balance as at 30 September 2016	23 249	2 406 235	(1 187 756)	253 275	6 372 313	–	7 867 316

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes	**2018 R'000**	2017 R'000	2016 R'000
Net cash flow from operating activities				
Net cash profit from operating activities	37	**2 072 528**	1 661 373	2 667 872
Working capital changes	38	**281 099**	751 692	(774 510)
Cash effect from hedging activities		**2 067**	165 826	(174 561)
Net cash generated from operations		**2 355 694**	2 578 891	1 718 801
Settlement of share-based payment liability		**(26 317)**	(69 235)	(69 244)
Cash effect of forward purchase contracts related to share-based payments		**25 547**	41 761	25 268
Settlement of accrual for forward purchase contracts on own equity		**–**	(493 265)	–
Income tax paid	40	**(364 351)**	(288 058)	(451 103)
		1 990 573	1 770 094	1 223 722
Net cash flow from investment activities		**(866 603)**	(957 463)	(982 945)
Additions to property, plant and equipment	12	**(252 672)**	(573 410)	(441 463)
Replacements of property, plant and equipment	12	**(328 368)**	(347 523)	(339 945)
Additions to intangible assets	13	**(45 183)**	(38 953)	(27 756)
Proceeds on disposal of property, plant, equipment and intangible assets	41	**106 633**	71 448	69 324
Proceeds on disposal of available-for-sale financial assets	42	**86 468**	17 114	15 267
Proceeds on disposal of joint venture		**–**	5 768	–
Proceeds on disposal of subsidiary	44	**–**	–	62 360
Business combinations	44	**(511 355)**	(8 664)	(146 881)
Loans repaid by/(granted to) joint ventures and associates		**35 382**	19 734	(33 759)
Investment in associate	16	**–**	(191 514)	–
Investment in available-for-sale financial assets and associates		**(7 544)**	(18 708)	(18 063)
Investments in joint ventures	15	**(15 000)**	–	(200 515)
Loans (granted to)/repaid by other parties		**(35 243)**	548	7 535
Interest received		**16 127**	18 741	42 679
Dividends received		**11 447**	3 246	4 086
Dividends received from joint ventures	15	**52 061**	84 710	24 186
Dividends received from associate	16	**20 644**	–	–
Sub-total		**1 124 000**	812 631	240 777

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

	Notes	**2018 R'000**	2017 R'000	2016 R'000
Sub-total		**1 124 000**	812 631	240 777
Net cash flow from financing activities		**(395 916)**	(932 740)	(1 204 904)
Proceeds from borrowings – new syndicated and other borrowings		**1 206 972**	–	–
(Repayments of)/proceeds from other borrowings		**(61 722)**	(52 704)	2 056
Repayment of syndicated bullet loans		**(600 000)**	–	(400 000)
Ordinary shares bought back		**(67 846)**	–	–
Treasury shares – share incentive trusts		**–**	3 193	1 631
Transaction cost on shares bought back		**(397)**	(344)	(544)
Interest paid		**(189 199)**	(200 645)	(170 099)
Dividends paid to Group ordinary shareholders	39	**(680 423)**	(678 481)	(633 900)
Dividends paid to class A ordinary shareholders	29	**(3 301)**	(3 759)	(4 048)
Effect of exchange rate changes on cash and cash equivalents		**3 009**	923	(7 034)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		**731 063**	(119 186)	(971 161)
Net cash, cash equivalents and bank overdrafts at beginning of year		**302 449**	421 635	1 392 796
Net cash, cash equivalents and bank overdrafts at end of year	21	**1 033 512**	302 449	421 635

1. ACCOUNTING POLICIES

The principal accounting policies incorporated in the preparation of these financial statements are set out in the section on accounting policies.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below

Key assumptions and critical judgements

Goodwill

The Group annually tests whether goodwill has suffered any impairment, in accordance with the accounting policy for goodwill. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. Refer to note 13 for key assumptions used.

Provisions for post-retirement medical benefits and long-service awards

These provisions are determined by annual actuarial calculations. Refer to note 27 for estimates used in these calculations.

Property, plant and equipment

These items are depreciated over their useful lives, taking into account the residual value at the end of the item's useful life. Residual values and useful lives are based on industry knowledge and past experience with similar assets.

Intangible assets with finite useful lives

These items are amortised over their useful lives that are based on industry knowledge and past experience with similar assets.

Intangible assets with indefinite useful lives

The Group has classified a number of its trademarks as trademarks with indefinite useful lives, as indicated in note 13. In arriving at the conclusion that a trademark has an indefinite life, management considers that the Group is a brands-based business with a diversified and expanding portfolio of premium household brands across all market segments of the Living Standards Measurement categories. The Group expects to acquire, hold and support these trademarks for an indefinite period. The Group supports its trademarks through consumer marketing spend and through significant investment in promotional support.

Indefinite life trademarks are assessed as such, as management believes there is no foreseeable limit over which the Group will continue to generate revenues from their continued use. Supporting this assumption is the fact that the brands held are established, well known, and can reasonably be expected to generate revenues beyond the Group's strategic planning horizon. In addition, the Group can continue to renew legal rights attached to such trademarks, without significant costs, and intends to do so beyond the foreseeable future.

Share-based payments

The fair value of employee services received in exchange for the grant of share appreciation rights or class A ordinary shares is determined by reference to the fair value of the share appreciation rights granted and the shares issued. Refer to note 23 for assumptions used in these calculations.

2. **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)**

Derivative financial instruments – forward purchase contracts on own equity

During 2016, the Group entered into forward purchase contracts on its own equity to hedge against the upside price risk of the Pioneer Food Group Limited share price that the Group is exposed to in respect of the cash-settled broad-based employee share scheme. Refer to notes 19 and 23.2.

The forward purchase contracts on own equity have been classified as derivative financial instruments. One of the characteristics of a derivative is that it has no initial net investment, or one that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

An amount of R493.3 million accrued to the counterparty at inception of the respective contracts on 8 July 2016 and was paid on 3 October 2016. This amount represented 79% of the market value of the shares at inception.

The Group is of the opinion that it meets the initial net investment criteria as this amount is smaller than, and does not approximate, the market price of the shares.

	2018 R'000	2017 R'000	2016 R'000
3. OTHER INCOME AND OTHER GAINS/(LOSSES) – NET			
3.1 Other income			
Administration fees received	**2 381**	2 288	2 224
Government grant amortisation	**4 191**	4 554	4 636
Rental income	**96 315**	103 774	105 155
Sundry income and commissions	**37 448**	32 538	26 952
Insurance claims received	**77 912**	10 441	–
	218 247	153 595	138 967
3.2 Other gains/(losses) – net			
Net gains			
Foreign exchange differences	**61 744**	13 600	10 632
Financial assets at fair value through profit or loss			
Fair value adjustments on foreign exchange contracts	**3 995**	13 603	18 740
Fair value adjustments on embedded derivatives	**–**	581	783
Cash flow hedging ineffective gains			
Fair value adjustments on foreign exchange contracts	**2 263**	11 689	525
Fair value adjustments on futures	**3 009**	3 458	37 678
Agricultural produce fair value adjustment	**–**	1 423	7 457
Total net gains	**71 011**	44 354	75 815
Net losses			
Foreign exchange differences	**(12 838)**	(20 241)	(4 619)
Financial assets at fair value through profit or loss			
Fair value adjustments on foreign exchange contracts	**(51 784)**	(22 539)	(33 775)
Fair value adjustments on embedded derivatives	**(1 991)**	(783)	–
Cash flow hedging ineffective losses			
Fair value adjustments on foreign exchange contracts	**(25 257)**	(3 307)	(6 636)
Fair value adjustments on futures	**–**	(8 785)	–
Total net losses	**(91 870)**	(55 655)	(45 030)
Other gains/(losses) – net	**(20 859)**	(11 301)	30 785

4. **SALES AND DISTRIBUTION COSTS, MARKETING COSTS, ADMINISTRATIVE EXPENSES AND OTHER OPERATING EXPENSES**

The following expenditure by nature is included in the line items as indicated above as well as within cost of goods sold.

	2018 R'000	2017 R'000	2016 R'000
Employee costs	**2 689 856**	2 547 223	2 283 167
Wages and salaries	**2 315 668**	2 115 890	2 013 872
Termination benefits	**14 593**	27 143	11 177
Other personnel costs	**132 958**	124 349	109 006
Pension costs	**169 910**	153 421	144 434
Share-based payments	**56 727**	126 420	4 678
Technical services from non-employees	**54 602**	56 030	47 824
Auditors' remuneration	**13 109**	12 867	10 845
Audit – current year	**11 997**	11 176	9 827
Audit – under/(over) provision previous year	**101**	(45)	(62)
Tax-related services	**871**	538	756
Other consultation services	**140**	1 198	324
Machine rental	**65 863**	56 149	47 453
Rental of vehicles	**10 579**	10 847	7 125
Rental of premises	**106 999**	89 283	66 786
Depreciation and amortisation (refer to notes 12 and 13)	**437 726**	386 723	341 603
Own assets	**399 198**	354 749	317 832
Leased assets	**2 649**	2 332	1 519
Intangible assets	**35 879**	29 642	22 252
Inventory written off	**183 657**	192 448	150 956
Change in provision for impairment of trade receivables – (gain)/loss	**(8 968)**	1 155	(8 280)
Change in allowance for outstanding credit notes – (gain)/loss	**(692)**	(6 153)	394
Research and development costs	**44 369**	38 097	32 072
Administration fees paid	**1 020**	943	1 305
Post-retirement medical benefits (refer to note 27)	**92**	115	118
Long-service awards (refer to note 27)	**7 311**	6 942	5 672
Actuarial loss/(gain)	**180**	336	(744)
Service costs	**7 131**	6 606	6 416
Share-based payments	**56 727**	126 420	4 678
Broad-based share incentive scheme	**(26 017)**	(113 863)	(22 874)
Fair value adjustment on forward purchase contracts on own equity	**56 109**	216 809	(21 912)
Management share appreciation rights	**26 635**	23 474	49 464
Transaction costs – business combinations	**7 095**	148	4 869

	2018 R'000	2017 R'000	2016 R'000
5. **ITEMS OF A CAPITAL NATURE**			
Net profit on disposal of property, plant, equipment and intangible assets	**28 567**	6 378	10 252
Gross	**35 214**	5 798	12 166
Tax effect	**(6 647)**	580	(1 914)
Net profit on disposal of available-for-sale financial assets	**19 209**	3 907	6 837
Gross	**24 576**	4 800	8 332
Tax effect	**(5 367)**	(893)	(1 495)
Net profit on disposal of subsidiary	**–**	–	19 674
Gross	**–**	–	24 183
Tax effect	**–**	–	(4 509)
Fair value adjustment of step-up from joint venture to subsidiary	**13 438**	(18 705)	–
Gross	**13 438**	(18 705)	–
Tax effect	**–**	–	–
Impairment of intangible assets (refer to note 13)	**–**	(15 087)	–
Gross	**–**	(20 954)	–
Tax effect	**–**	5 867	–
Impairment of goodwill (refer to note 13)	**–**	(10 150)	–
Gross	**–**	(10 150)	–
Tax effect	**–**	–	–
Impairment of available-for-sale financial assets	**–**	–	(23 338)
Gross	**–**	–	(23 338)
Tax effect	**–**	–	–
Net loss on disposal of equity-accounted investments	**–**	(19 038)	–
Gross	**–**	(17 746)	–
Tax effect	**–**	(1 292)	–
Items of a capital nature before those of joint ventures	**61 214**	(52 695)	13 425
Gross	**73 228**	(56 957)	21 343
Tax effect	**(12 014)**	4 262	(7 918)
Items of a capital nature of joint ventures	**(6 049)**	15 950	1 072
Gross	**(7 309)**	15 790	1 232
Tax effect	**1 260**	160	(160)
Total	**55 165**	(36 745)	14 497
Gross	**65 919**	(41 167)	22 575
Tax effect	**(10 754)**	4 422	(8 078)

		2018 R'000	2017 R'000	2016 R'000
6.	**INVESTMENT INCOME**			
	Interest income on financial assets: loans and receivables	**16 540**	18 968	42 679
	Joint ventures and associates	**1 693**	3 082	4 187
	Accretions of discount	**413**	227	605
	Call accounts and other	**14 434**	15 659	37 887
	Dividend income on available-for-sale financial assets	**11 447**	3 246	4 086
	Listed shares	**11 433**	3 246	4 086
	Unlisted shares	**14**	–	–
		27 987	22 214	46 765
7.	**FINANCE COSTS**			
	Interest cost on financial liabilities measured at amortised cost			
	Joint ventures and associates	**2 013**	1 880	1 344
	Borrowings	**76 051**	79 030	106 800
	Accretions of discount	**5 338**	719	–
	Provisions: unwinding of discount	**9 237**	9 698	9 269
	Call loans and bank overdrafts	**68 349**	75 468	16 167
	Redeemable preference shares B-BBEE equity transaction	**42 786**	44 267	45 788
	Borrowing costs capitalised	**(6 307)**	(14 257)	(12 112)
		197 467	196 805	167 256

	2018 R'000	2017 R'000	2016 R'000
8. **INCOME TAX EXPENSE**			
Current income tax	**358 749**	230 054	508 421
Current year	**359 722**	230 347	508 362
(Over)/under provision previous years	**(973)**	(293)	59
Deferred income tax			
Current year	**40 249**	28 733	120 320
Withholding tax on dividends			
Current year	**–**	15	246
	398 998	258 802	628 987

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the statutory rate of 28% (remained unchanged over financial years) as follows:

	2018 %	2017 %	2016 %
Standard rate for companies	**28.0**	28.0	28.0
Increase/(decrease) in rate:			
Exempt income (dividend income and government grants)	**(0.3)**	(0.2)	(0.1)
Over provision previous years	**(0.1)**	–	–
Non-deductible expenditure			
– Impairment of available-for-sale financial assets	**–**	–	0.3
– Finance cost on redeemable preference shares B-BBEE equity transaction	**0.8**	1.3	0.6
– Impairment of goodwill	**–**	0.3	–
– Once-off merger and acquisition costs	**–**	0.5	–
– Fair value adjustment of step-up from joint venture to subsidiary	**–**	0.5	–
– Disposal of equity-accounted investments	**–**	0.7	–
– Other	**0.9**	1.0	0.3
Impact of share-based payment gain on broad-based share incentive scheme	**(0.5)**	(3.2)	(0.3)
Other non-taxable income			
– Fair value adjustment of step-up from joint venture to subsidiary	**(0.3)**	–	–
– Other	**–**	(0.3)	–
Effect of capital gains tax	**(0.2)**	(0.5)	(0.2)
Investment allowance on industrial policy projects	**(1.3)**	–	–
Other differences	**–**	(0.1)	(0.3)
Share of profit from associates and joint ventures	**–**	(1.7)	(1.2)
Effective rate	**27.0**	26.3	27.1

	2018 R'000	2017 R'000	2016 R'000
Gross calculated tax losses of certain subsidiaries at the end of the financial year available for utilisation against future taxable income of those companies	**305 365**	17 747	19 982
Less: Utilised in reduction of deferred income tax	**(305 365)**	(17 747)	(19 982)
Net calculated tax losses carried forward	**–**	–	–
Tax relief at current tax rates	**–**	–	–

Utilisation of tax losses is dependent on sufficient taxable income being earned in the future by the subsidiaries concerned.

	2018 R'000	2017 R'000	2016 R'000

9. EARNINGS PER ORDINARY SHARE

Basic

The calculation of basic earnings per ordinary share is based on earnings attributable to owners of the parent:	**1 072 600**	726 003	1 690 173

Divided by the weighted average ordinary shares in issue during the year of 186 668 153 (2017: 186 009 206 2016: 185 304 032)

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potential dilutive ordinary shares. Share options and appreciation rights issued in terms of share incentive schemes have a dilutive effect on earnings per ordinary share. A calculation is made to determine the number of shares that could have been acquired at fair value (determined at the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options as well as share appreciation rights.

The calculation of diluted earnings per ordinary share is based on earnings attributable to owners of the parent:	**1 072 600**	726 003	1 690 173

Divided by the diluted weighted average ordinary shares in issue during the 2018 financial year of 196 274 705 (2017: 198 379 143; 2016: 199 582 540).

Headline earnings ("HE") is calculated based on Circular 4/2018 issued by the South African Institute of Chartered Accountants.

	2018 Number	2017 Number	2016 Number
Reconciliation of weighted average ordinary shares in issue during the year			
Weighted average ordinary shares	**186 668 153**	186 009 206	185 304 032
Adjusted for share options and appreciation rights	**–**	847 692	2 328 792
Adjusted for B-BBEE equity transaction deemed options	**9 606 552**	11 522 245	11 949 716
Weighted average ordinary shares for diluted earnings	**196 274 705**	198 379 143	199 582 540

9. **EARNINGS PER ORDINARY SHARE (CONTINUED)**

	2018 R'000	2017 R'000	2016 R'000
Reconciliation between earnings and headline earnings			
Earnings attributable to owners of the parent	**1 072 600**	726 003	1 690 173
Remeasurements (refer to note 5)			
Gross	**(65 919)**	41 167	(22 575)
Tax effect	**10 754**	(4 422)	8 078
Net of tax effect	**(55 165)**	36 745	(14 497)
Headline earnings	**1 017 435**	762 748	1 675 676
Headline earnings per ordinary share (cents)	**545.0**	410.1	904.3
Diluted earnings per ordinary share (cents)	**546.5**	366.0	846.9
Diluted headline earnings per ordinary share (cents)	**518.4**	384.5	839.6

10. **DIVIDEND PER ORDINARY SHARE**

Interim			
21.0 cents (2017: 21.0 cents; 2016: 21.0 cents) per ordinary share of the Pioneer Foods Broad-Based BEE Trust	**2 257**	2 257	2 257
105.0 cents (2017: 105.0 cents; 2016: 105.0 cents) per ordinary share of other shareholders	**234 130**	233 641	232 727
Final			
52.0 cents (2017: 52.0 cents; 2016: 52.0 cents) per ordinary share of the Pioneer Foods Broad-Based BEE Trust	**5 588**	5 588	5 588
260.0 cents (2017: 260.0 cents; 2016: 260.0 cents) per ordinary share of other shareholders	**578 322**	578 916	576 559
	820 297	820 402	817 131

Dividends payable are not accounted for until they have been declared by the Board of directors. The statement of changes in equity does not reflect the final dividend payable. The final dividend for the year will be accounted for as an appropriation of retained earnings in the following year.

The total rand value of the final dividend is an approximate amount. The exact amount is dependent on the number of shares in issue at the record date. The final dividend of the prior year was restated to the actual amount paid.

The 10,745,350 Pioneer Foods ordinary shares held by the Pioneer Foods Broad-Based BEE Trust are only entitled to 20% of the dividend.

	2018 R'000	2017 R'000	2016 R'000
11. DIRECTORS' REMUNERATION			
Non-executive directors			
Fees	**5 921**	4 979	3 434
Executive directors	**13 432**	16 564	9 585
Salaries	**9 644**	7 574	8 526
Retirement benefits	**1 275**	813	1 059
Bonuses and incentives	**2 513**	–	–
Restraint of trade payment	**–**	8 177	–
Prescribed officer	**–**	1 615	–
Salaries	**–**	1 457	–
Retirement benefits	**–**	158	–
Former executive director			
Restraint of trade payment	**6 933**	–	–
Annual remuneration	**26 286**	23 158	13 019
Paid by subsidiaries	**(20 365)**	(18 179)	(9 585)
Paid by the Company	**5 921**	4 979	3 434

	2018 Number '000	2017 Number '000	2016 Number '000
Executive directors' and prescribed officer's share incentive scheme			
At beginning of year	**1 029**	1 409	1 388
Change in directorship and in prescribed officer	**(156)**	220	–
Forfeited	**(98)**	(500)	–
Redeemed	**(96)**	(238)	(50)
New offer at R130.21 per share	**–**	–	68
New offer at R130.21 per share	**–**	–	3
New offer at R166.20 per share	**–**	138	–
New offer at R134.96 per share	**327**	–	–
Share appreciation rights at end of year	**1 006**	1 029	1 409
At R55.42 per share, exercisable up to 5 February 2023	**–**	4	–
At R64.52 per share, exercisable up to 9 February 2023	**–**	50	100
At R81.55 per share, exercisable up to 31 August 2019	**174**	500	613
At R81.55 per share, exercisable up to 28 February 2024	**–**	–	29
At R154.19 per share, exercisable up to 13 August 2020	**57**	81	95
At R154.19 per share, exercisable up to 13 February 2025	**–**	–	1
At R198.71 per share, exercisable up to 21 March 2021	**300**	150	500
At R130.21 per share, exercisable up to 15 February 2019	**–**	–	68
At R130.21 per share, exercisable up to 15 August 2021	**35**	66	3
At R166.20 per share, exercisable up to 22 August 2022	**113**	178	–
At R134.96 per share, exercisable up to 14 August 2023	**327**	–	–
Share appreciation rights at end of year	**1 006**	1 029	1 409

	2018 R'000	2017 R'000	2016 R'000

12. PROPERTY, PLANT AND EQUIPMENT

12.1 Property, plant and equipment – summary

	2018 R'000	2017 R'000	2016 R'000
Land and buildings	**1 747 541**	1 695 889	1 552 851
Plant, machinery and equipment	**3 401 643**	3 195 127	2 757 056
Vehicles	**504 725**	465 949	453 473
Net carrying value	**5 653 909**	5 356 965	4 763 380
Property, plant and equipment include items leased by the Group to third parties under operating leases with the following carrying amounts:			
Cost			
As at beginning of year	**93 207**	129 881	133 325
Additions	**7 341**	1 428	2 566
Transfers	**(25 946)**	(36 811)	(5 459)
Disposals	**(786)**	(1 291)	(551)
	73 816	93 207	129 881
Accumulated depreciation			
As at beginning of year	**55 229**	83 066	81 073
Charge for the year	**2 637**	3 720	4 139
Additions and transfers	**(13 201)**	(30 510)	(1 853)
Disposals	**(388)**	(1 047)	(293)
	44 277	55 229	83 066
Net carrying value	**29 539**	37 978	46 815

Refer to note 12.2 for further detail.

Property, plant and equipment in the course of construction amounts to R253 093 721 (2017: R351 660 954; 2016: R275 539 849).

A register with full detail of property, plant and equipment is available at the Company's registered office.

Refer to note 25 for detail of property, plant and equipment encumbered as security for borrowings from financial institutions.

Leased assets with a carrying value of R56 980 950 (2017: R59 630 083; 2016: R41 432 730) serve as security for capitalised lease agreements.

No major change in the nature of property, plant and equipment or change in the policy regarding the use thereof took place during the financial year.

During the financial year borrowing costs of R6 307 575 (2017: R14 256 659; 2016: R12 111 934) were capitalised against qualifying items of property, plant and equipment. The capitalisation rate used varied between 7.3% and 8.3% (2017: 8.3% and 8.5%; 2016: 8.0% and 8.7%)

Plant, machinery and equipment with a cost price of Rnil (2017: R20 529 656; 2016: R19 279 603) have been capitalised where the Group is a lessee under a finance lease. The lease terms range between 12 to 25 years.

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

12.1 Property, plant and equipment – summary (continued)

Change in estimates

During the current financial year, the Group reassessed the useful lives and residual values of items of property, plant and equipment in line with the accounting policy and IAS 16 – Property, Plant and Equipment.

The useful lives are estimated by management based on historic analysis, benchmarking and other available information. The residual values are based on the assessment of useful lives and other available information.

Based on the latest available and reliable information there was a change in the estimated useful lives and residual values of certain items of property, plant and equipment. The effect of these changes on the depreciation expense in the current year is an increase of R173 852 (2017: increase of R1 087 226; 2016 increase of R305 461).

	Own assets			Leased assets
	Land and buildings R'000	**Plant, machinery and equipment R'000**	**Vehicles R'000**	**Plant, machinery and equipment R'000**
12.2 Property, plant and equipment – detail				
30 September 2018				
Cost				
At 1 October 2017	**2 150 203**	**5 502 789**	**689 049**	**65 409**
Additions	**118 257**	**361 792**	**100 991**	**–**
Transfers	**222**	**1 450**	**(153)**	**–**
Business combinations	**28 304**	**145 576**	**375**	**–**
Borrowing costs capitalised	**1 532**	**4 775**	**–**	**–**
Foreign exchange adjustment	**550**	**9 404**	**134**	**–**
Disposals	**(76 977)**	**(50 470)**	**(28 453)**	**–**
Transferred from disposal group classified as held for sale	**–**	**7 100**	**145**	**–**
At 30 September 2018	**2 222 091**	**5 982 416**	**762 088**	**65 409**
Accumulated depreciation				
At 1 October 2017	**454 314**	**2 367 292**	**223 100**	**5 779**
Charge for the year	**50 048**	**301 745**	**47 405**	**2 649**
Transfers	**60**	**871**	**(66)**	**–**
Foreign exchange adjustment	**(162)**	**4 473**	**76**	**–**
Depreciation on disposals	**(29 710)**	**(41 510)**	**(13 261)**	**–**
Transferred from disposal group classified as held for sale	**–**	**4 883**	**109**	**–**
At 30 September 2018	**474 550**	**2 637 754**	**257 363**	**8 428**
Net carrying value at 30 September 2018	**1 747 541**	**3 344 662**	**504 725**	**56 981**
Total – 2018	**5 596 928**			**56 981**
Total property, plant and equipment – 2018	**5 653 909**			

12. **PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

12.2 **Property, plant and equipment – detail (continued)**

	Own assets			Leased assets
	Land and buildings R'000	Plant, machinery and equipment R'000	Vehicles R'000	Plant, machinery and equipment R'000
30 September 2017				
Cost				
At 1 October 2016	1 961 515	4 905 907	658 717	44 880
Additions	152 595	690 249	78 089	20 529
Transfers	25 421	(26 189)	425	–
Business combination	17 860	20 226	2 420	–
Borrowing costs capitalised	2 756	11 501	–	–
Foreign exchange adjustment	2 880	5 523	278	–
Disposals	(12 824)	(97 328)	(50 735)	–
Transferred to disposal group classified as held for sale	–	(7 100)	(145)	–
At 30 September 2017	2 150 203	5 502 789	689 049	65 409
Accumulated depreciation				
At 1 October 2016	408 664	2 190 284	205 244	3 447
Charge for the year	45 058	265 028	44 663	2 332
Transfers	1 987	(3 467)	374	–
Foreign exchange adjustment	1 682	2 933	87	–
Depreciation on disposals	(3 077)	(82 603)	(27 159)	–
Transferred to disposal group classified as held for sale	–	(4 883)	(109)	–
At 30 September 2017	454 314	2 367 292	223 100	5 779
Net carrying value at 30 September 2017	1 695 889	3 135 497	465 949	59 630
Total – 2017	5 297 335			59 630
Total property, plant and equipment – 2017	5 356 965			

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

12.2 Property, plant and equipment – summary (continued)

	Own assets			Leased assets
	Land and buildings R'000	Plant, machinery and equipment R'000	Vehicles R'000	Plant, machinery and equipment R'000
30 September 2016				
Cost				
At 1 October 2015	1 858 438	4 382 701	657 446	25 600
Additions	97 450	616 427	67 531	19 280
Transfers	38 640	(43 388)	–	–
Business combination	24 850	74 135	269	–
Disposal of subsidiary	(19 006)	(51 383)	(1 987)	–
Borrowing costs capitalised	1 834	10 278	–	–
Foreign exchange adjustment	(15 497)	(37 549)	(57)	–
Disposals	(25 194)	(45 314)	(64 485)	–
At 30 September 2016	1 961 515	4 905 907	658 717	44 880
Accumulated depreciation				
At 1 October 2015	356 465	1 990 041	204 107	1 928
Charge for the year	41 180	233 590	43 062	1 519
Transfers	1 010	(1 529)	–	–
Business combination	18 322	53 124	269	–
Disposal of subsidiary	(3 873)	(25 223)	(556)	–
Foreign exchange adjustment	(3 556)	(19 791)	(57)	–
Depreciation on disposals	(884)	(39 928)	(41 581)	–
At 30 September 2016	408 664	2 190 284	205 244	3 447
Net carrying value at 30 September 2016	1 552 851	2 715 623	453 473	41 433
Total – 2016	4 721 947			41 433
Total property, plant and equipment – 2016	4 763 380			

	2018 R'000	2017 R'000	2016 R'000
13. **INTANGIBLE ASSETS**			
Trademarks	**602 807**	349 292	355 043
Goodwill	**433 962**	331 283	302 846
Intellectual property	**32 534**	17 271	18 239
Computer software	**130 698**	117 095	106 256
Net carrying value	**1 200 001**	814 941	782 384
Refer to note 13.2 for further detail.			
The carrying values of the trademarks below are included in the following CGUs (in bold):			
Ceres Fruit Juices			
Ceres	**121 654**	121 654	121 654
Fruit Concentrate Mixtures			
Wild Island	**17 144**	17 144	17 144
W Daly and W Daly & Sons – 11 years (2017: 12 years; 2016: 13 years)	**4 584**	4 983	5 381
Spreads			
Marmite	**33 288**	33 288	33 288
Bovril	**33 886**	33 886	33 886
Pecks	**7 202**	7 202	19 245
Redro	**5 328**	5 328	14 239
Baking Aids			
Moir's	**55 741**	55 741	55 741
Smash	**21 506**	21 506	21 506
Tower	**2 116**	2 116	2 116
Maizena			
Maizena	**18 820**	18 820	18 820
ProNutro			
ProNutro	**3 450**	3 450	3 450
Nature's Source			
Nature's Source	**2 650**	2 650	2 650
Food concepts Pioneer			
Butterfields – 19 years (2017: 20 years)	**18 955**	19 966	–
Yum Yum – 19 years (2017: 20 years)	**8 492**	8 945	–
The Good Carb Food Company			
Lizi's	**191 604**	–	–
Ambient Foods			
Wellington's	**30 118**	–	–
Frozen Foods			
Today's	**10 571**	–	–
Mamas	**6 346**	–	–
Big Jack	**2 871**	–	–
Man's meal	**2 118**	–	–
Other – nil to 8 years (2017: nil to 9 years; 2016: nil to 10 years)	**4 363**	5 143	5 923
Less: Classified as assets held for sale			
Pecks	**–**	(7 202)	–
Redro	**–**	(5 328)	–
	602 807	349 292	355 043

All of the above-mentioned trademarks have indefinite remaining useful lives unless specifically indicated otherwise.

13. INTANGIBLE ASSETS (CONTINUED)

	2018 R'000	2017 R'000	2016 R'000
13.1 Intangible assets – summary			
Impairment test for goodwill and intangible assets			
Goodwill arising from a business combination is allocated, at acquisition, to the Group's CGUs that are expected to benefit from the business combination.			
The CGUs, to which a significant amount of goodwill have been allocated, are indicated separately below under each operating segment (in bold):			
Essential Foods	**3 280**	3 280	3 280
Groceries	**178 353**	178 353	188 503
SAD	**69 293**	69 293	69 293
Spreads	**40 755**	40 755	50 905
Maizena	**6 033**	6 033	6 033
Other	**5 877**	5 877	5 877
Fruit Concentrate Mixtures	**31 540**	31 540	31 540
Ceres Fruit Juices	**24 855**	24 855	24 855
International	**252 329**	149 650	111 063
Pioneer Foods (UK)	**28 676**	28 163	28 019
Streamfoods (UK)	**84 990**	83 475	83 044
Food Concepts Pioneer (Nigeria)	**38 012**	38 012	–
The Good Carb Food Company (UK)	**100 651**	–	–
	433 962	331 283	302 846

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management, covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

The CGUs have been allocated to the operating segments as set out in note 45.

Testing of CGUs for impairment

The Group tests a large number of CGUs for impairment due to a significant number of indefinite life trademarks as well as a significant number of CGUs to which goodwill have been allocated. These CGUs for which impairment tests were performed, operate in various industries, geographical areas, tax jurisdictions and countries (such as the United Kingdom and African countries) with varying degrees of entry barriers and risk profiles of industries. For this reason growth and discount rates used may vary.

Key assumptions used for value-in-use calculations:

CGUs of Pioneer Foods (UK) legal entities

Growth rate of 2.7% (2017: 2.0%; 2016: 1.5%)

Discount rates of 10.1% to 14.0% (2017: 9.5% to 14.9%; 2016: 11.0%)

Food Concepts Pioneer (Nigeria)

Growth rate of 5.3% (2017: 11.0%; 2016: Nil%)

Discount rate of 23.5% (2017: 36.4%; 2016: Nil%)

13. **INTANGIBLE ASSETS (CONTINUED)**

13.1 **Intangible assets – summary (continued)**

Other CGUs

Growth rate of 5.3% (2017: 5.0%; 2016: 5.0%)

Discount rates from 19.6% to 40.5% (2017: 24.0% to 31.1%; 2016: 24.7% to 31.8%)

These assumptions have been used for the analysis of each CGU within the business segment. Management determined the budgeted gross margins based on past performance and its expectations for market development. The growth rates used represent the long-term growth rate based on a medium-term outlook on forecasted inflation rates. The discount rates represent a pre-tax rate based on the weighted average cost of capital.

Impairment losses following the reclassification of the fish paste spreads business as assets held for sale in 2017

Goodwill amounting to R10 150 000 and the Redro and Pecks trademarks, amounting to R8 910 512 and R12 043 040 respectively, of the fish paste spreads business were impaired in 2017. The assets of this business were presented as "assets of a disposal group classified as held for sale" at 30 September 2017 in terms of *IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations*, following the Board's decision to dispose of this business. The fair values of the assets of this business were remeasured at fair value less costs to sell and consequently impairment losses were recognised.

The fair value less costs to sell was determined based on the income valuation approach. In terms of the income valuation approach, the discounted cash flow method is used to determine the present value of projected future cash flows for a cash generating unit ("CGU") using a rate of return that is commensurate with the risk associated with the business and the time value of money. This approach requires assumptions about revenue growth rates, operating margins, tax rates and discount rates. The assumptions regarding growth are based on the CGUs' internal forecasts for revenue, operating margins and cash flows for a period of five years and by application of a perpetual long-term growth rate thereafter. Past experience, economic trends as well as market and industry trends were taken into consideration.

The key assumptions used in performing the impairment tests were as follows:

Pre-tax discount rate of 18.0%

Perpetual growth rate of 5.0%

Income tax rate of 28.0%

During the 2018 financial year the Board revoked its decision to dispose of the assets related to the fish paste spreads business and its intention is to recover the carrying amounts of the related assets through continuing use. The Group believes that value remains to be unlocked and is committed to implementing operating efficiencies.

		Trademarks R'000	Goodwill R'000	Intellectual Property R'000	Computer Software R'000
13.2	**Intangible Assets – detail**				
	30 September 2018				
	Cost				
	At 1 October 2017	**427 675**	**399 492**	**33 359**	**349 721**
	Additions	**–**	**–**	**–**	**45 183**
	Transfers	**–**	**–**	**–**	**(1 519)**
	Business combinations	**241 477**	**99 522**	**17 462**	**–**
	Foreign exchange adjustment	**2 162**	**3 157**	**198**	**72**
	Disposals	**–**	**–**	**–**	**(1 258)**
	Transferred from disposal group classified as held for sale	**35 000**	**–**	**–**	**–**
	At 30 September 2018	**706 314**	**502 171**	**51 019**	**392 199**
	Accumulated amortisation				
	At 1 October 2017	**78 383**	**68 209**	**16 088**	**232 626**
	Charge for the year	**2 643**	**–**	**2 317**	**30 919**
	Transfers	**–**	**–**	**–**	**(865)**
	Foreign exchange adjustment	**11**	**–**	**80**	**79**
	Amortisation on disposals	**–**	**–**	**–**	**(1 258)**
	Transferred from disposal group classified as held for sale	**22 470**	**–**	**–**	**–**
	At 30 September 2018	**103 507**	**68 209**	**18 485**	**261 501**
	Net carrying value at 30 September 2018	**602 807**	**433 962**	**32 534**	**130 698**
	Total intangible assets – 2018	**1 200 001**			
	30 September 2017				
	Cost				
	At 1 October 2016	433 394	360 905	33 359	310 508
	Additions	–	–	–	38 953
	Transfers	–	–	–	343
	Business combination	29 278	38 012	–	–
	Foreign exchange adjustment	3	575	–	235
	Disposals	–	–	–	(318)
	Transferred to disposal group classified as held for sale	(35 000)	–	–	–
	At 30 September 2017	427 675	399 492	33 359	349 721
	Accumulated amortisation				
	At 1 October 2016	78 351	58 059	15 120	204 252
	Charge for the year	1 544	–	968	27 130
	Impairments	20 954	10 150	–	–
	Transfers	–	–	–	1 106
	Foreign exchange adjustment	4	–	–	165
	Amortisation on disposals	–	–	–	(27)
	Transferred to disposal group classified as held for sale	(22 470)	–	–	–
	At 30 September 2017	78 383	68 209	16 088	232 626
	Net carrying value at 30 September 2017	349 292	331 283	17 271	117 095
	Total intangible assets – 2017	814 941			

13. **INTANGIBLE ASSETS (CONTINUED)**

13.2 **Intangible Assets – detail (continued)**

	Trademarks R'000	Goodwill R'000	Intellectual Property R'000	Computer Software R'000
30 September 2016				
Cost				
At 1 October 2015	434 439	283 046	33 359	293 448
Additions	–	–	–	27 756
Transfers	–	–	–	4 748
Business combination	–	85 755	–	–
Disposal of subsidiary	(946)	(564)	–	–
Foreign exchange adjustment	(99)	(7 332)	–	(905)
Disposals	–	–	–	(14 539)
At 30 September 2016	433 394	360 905	33 359	310 508
Accumulated amortisation				
At 1 October 2015	78 192	58 059	13 694	194 275
Charge for the year	1 185	–	1 426	19 641
Transfers	–	–	–	519
Disposal of subsidiary	(946)	–	–	–
Foreign exchange adjustment	(80)	–	–	(202)
Amortisation on disposals	–	–	–	(9 981)
At 30 September 2016	78 351	58 059	15 120	204 252
Net carrying value at 30 September 2016	355 043	302 846	18 239	106 256
Total intangible assets – 2016	782 384			

	2018 R'000	2017 R'000	2016 R'000
14. **BIOLOGICAL ASSETS**			
Vineyards	**–**	–	16 017
For the purposes of the statement of financial position, biological assets are presented as follows:			
Non-current assets	**–**	–	16 017

The Group was engaged in dried fruit. This farm was disposed of during the 2017 financial year.

	2018 R'000	2017 R'000	2016 R'000
15. **INVESTMENTS IN AND LOANS TO/(FROM) JOINT VENTURES**			
15.1 **Investments in joint ventures – equity accounting**			
At beginning of year	**665 006**	769 810	524 135
Investment in joint ventures	**15 000**	–	200 515
Disposal of investments	**(36 362)**	(76 525)	–
Share of (loss)/profit after income tax	**(13 770)**	53 901	98 032
Share of other comprehensive income	**2 773**	2 530	(28 686)
Dividends received	**(52 061)**	(84 710)	(24 186)
At end of year	**580 586**	665 006	769 810

15. **INVESTMENTS IN AND LOANS TO/(FROM) JOINT VENTURES (CONTINUED)**

15.1 **Investments in joint ventures – equity accounting (continued)**

	Bokomo Botswana (Proprietary) Limited			Bokomo Namibia (Proprietary) Limited		
	2018 R'000	2017 R'000	2016 R'000	**2018 R'000**	2017 R'000	2016 R'000
Summarised statement of financial position						
As at 30 September						
Non-current assets	**160 109**	93 652	184 399	**89 111**	100 078	79 081
Current assets	**257 670**	287 583	265 402	**148 939**	153 236	157 800
Non-current liabilities	**(12 148)**	(10 861)	(18 168)	**(37 030)**	(43 433)	(44 633)
Current liabilities	**(55 175)**	(48 145)	(85 337)	**(42 763)**	(44 606)	(42 645)
Net assets	**350 456**	322 229	346 296	**158 257**	165 275	149 603
Reconciliation of carrying amount						
Opening carrying amount at 1 October	**322 229**	346 296	303 798	**165 275**	149 603	129 118
Investment in joint venture	**–**	–	–	**–**	–	–
Share of other comprehensive income	**5 547**	17 663	(27 775)	**–**	–	–
Dividend received	**(9 122)**	(104 420)	(18 373)	**–**	–	–
Profit/(loss) after income tax for the year	**31 802**	62 690	88 646	**(7 018)**	15 672	20 485
Subtotal	**350 456**	322 229	346 296	**158 257**	165 275	149 603
Disposal of investments	**–**	–	–	**–**	–	–
Closing net assets at 30 September	**350 456**	322 229	346 296	**158 257**	165 275	149 603
Group's share (%)	**50.0%**	50.0%	50.0%	**50.0%**	50.0%	50.0%
Group's share at 30 September	**175 216**	161 115	173 148	**79 129**	82 638	74 802
Property, plant and equipment	**(1)**	(2)	(2)	**–**	–	–
Goodwill	**–**	–	–	**–**	–	–
Trademarks	**–**	–	–	**–**	–	–
Customer relationships	**–**	–	–	**–**	–	–
Unrealised profit in closing stock	**(7 405)**	(3 598)	(4 818)	**(4 093)**	(3 543)	(3 118)
Deferred income tax on unrealised profit in closing stock	**2 073**	1 007	1 349	**1 146**	992	873
Deferred income tax on intangible assets	**–**	–	–	**–**	–	–
Deferred income tax on customer relationships	**–**	–	–	**–**	–	–
Cost to issue shares recognised against share premium	**–**	–	–	**44**	44	44
Disposal of investments	**–**	–	–	**–**	–	–
Carrying amount at 30 September	**169 883**	158 522	169 677	**76 226**	80 131	72 601

15. INVESTMENTS IN AND LOANS TO/(FROM) JOINT VENTURES (CONTINUED)

15.1 Investments in joint ventures – equity accounting (continued)

	Bokomo Botswana (Proprietary) Limited			Bokomo Namibia (Proprietary) Limited		
	2018 R'000	2017 R'000	2016 R'000	**2018 R'000**	2017 R'000	2016 R'000
Summarised statement of comprehensive income						
For the year ended 30 September						
Revenue	**929 007**	1 091 612	1 249 810	**543 446**	557 752	565 026
EBITDA	**47 638**	81 132	120 158	**3 046**	33 735	38 151
Depreciation, amortisation and impairment	**(6 333)**	(9 149)	(11 736)	**(9 329)**	(8 712)	(7 623)
Interest income	**1 050**	922	853	**262**	641	64
Finance costs	**(975)**	(1 692)	(1 183)	**(3 272)**	(3 734)	(4 479)
Income tax expense	**(9 578)**	(8 523)	(19 446)	**2 275**	(6 258)	(5 628)
Profit/(loss) after income tax	**31 802**	62 690	88 646	**(7 018)**	15 672	20 485
Group's share (%)	**50.0%**	50.0%	50.0%	**50.0%**	50.0%	50.0%
Share of net profit/(loss)	**15 901**	31 345	44 323	**(3 509)**	7 836	10 243
Eliminate intergroup unrealised profit on property, plant and equipment after income tax	**–**	–	–	**–**	–	–
Unrealised profit in closing stock after income tax	**(2 741)**	879	(32)	**(396)**	(306)	(965)
Depreciation on trademarks after income tax	**–**	–	–	**–**	–	–
Depreciation on intellectual property after income tax	**–**	–	–	**–**	–	–
Share of profit/(loss) after income tax	**13 160**	32 224	44 291	**(3 905)**	7 530	9 278
Share of other comprehensive income	**2 773**	8 831	(13 888)	**–**	–	–
Cash and cash equivalents	**12 677**	79 807	10 215	**18 386**	(7 609)	9 067

15. **INVESTMENTS IN AND LOANS TO/(FROM) JOINT VENTURES (CONTINUED)**

15.1 **Investments in joint ventures – equity accounting (continued)**

	Pioneer Foods Wellingtons (Proprietary) Limited			**Food Concepts Pioneer Limited**		
	2018 R'000	2017 R'000	2016 R'000	**2018 R'000**	2017 R'000	2016 R'000
Summarised statement of financial position						
As at 30 September						
Non-current assets	**–**	258 489	245 434	**–**	–	62 627
Current assets	**–**	371 426	416 146	**–**	–	15 000
Non-current liabilities	**–**	(132 966)	(170 103)	**–**	–	(5 556)
Current liabilities	**–**	(215 677)	(155 279)	**–**	–	(17 741)
Net assets	**–**	281 272	336 198	**–**	–	54 330
Reconciliation of carrying amount						
Opening carrying amount at 1 October	**281 272**	336 198	325 647	**–**	54 330	80 304
Investment in joint venture	**–**	–	–	**–**	–	–
Share of other comprehensive income	**–**	–	–	**–**	(12 134)	(29 598)
Dividend received	**–**	–	–	**–**	–	–
Profit/(loss) after income tax for the year	**(139 349)**	(54 926)	10 551	**–**	6 917	3 624
Subtotal	**141 923**	281 272	336 198	**–**	49 113	54 330
Disposal of investments	**(141 923)**	–	–	**–**	(49 113)	–
Closing net assets at 30 September	**–**	281 272	336 198	**–**	–	54 330
Group's share (%)	**49.9%**	49.9%	49.9%	**–**	50.1%	50.1%
Group's share at 30 September	**70 816**	140 354	167 762	**–**	24 605	27 219
Property, plant and equipment	**(1 451)**	(1 451)	(1 451)	**–**	–	–
Goodwill	**(26 455)**	(26 455)	(26 455)	**–**	32 201	32 201
Trademarks	**(9 579)**	(9 993)	(10 615)	**–**	19 911	20 756
Customer relationships	**–**	–	–	**–**	–	–
Unrealised profit in closing stock	**18**	–	(4)	**–**	–	–
Deferred income tax on unrealised profit in closing stock	**(3)**	2	1	**–**	–	–
Deferred income tax on intangible assets	**3 016**	3 016	3 016	**–**	(5 973)	(6 227)
Deferred income tax on customer relationships	**–**	–	–	**–**	–	–
Cost to issue shares recognised against share premium	**–**	–	–	**–**	–	–
Disposal of investments	**(36 362)**	–	–	**–**	(70 744)	–
Carrying amount at 30 September	**–**	105 473	132 254	**–**	–	73 949

15. **INVESTMENTS IN AND LOANS TO/(FROM) JOINT VENTURES (CONTINUED)**

15.1 **Investments in joint ventures – equity accounting (continued)**

	Pioneer Foods Wellingtons (Proprietary) Limited			**Food Concepts Pioneer Limited**		
	2018 R'000	2017 R'000	2016 R'000	**2018 R'000**	2017 R'000	2016 R'000
Summarised statement of comprehensive income						
For the year ended 30 September						
Revenue	**360 440**	751 391	760 824	**–**	139 762	111 762
EBITDA	**(178 330)**	(53 174)	35 445	**–**	8 871	(983)
Depreciation, amortisation and impairment	**(12 994)**	(22 013)	(18 188)	**–**	(3 071)	(6 413)
Interest income	**319**	840	–	**–**	82	228
Finance costs	**(1 615)**	(1 975)	(3 151)	**–**	(741)	(2 507)
Income tax expense	**53 271**	21 396	(3 555)	**–**	1 776	13 299
Profit/(loss) after income tax	**(139 349)**	(54 926)	10 551	**–**	6 917	3 624
Group's share (%)	**49.9%**	49.9%	49.9%	**–**	50.1%	50.1%
Share of net profit/(loss)	**(69 535)**	(27 408)	5 264	**–**	3 465	1 814
Eliminate intergroup unrealised profit on property, plant and equipment after income tax	**414**	621	621	**–**	–	–
Unrealised profit in closing stock after income tax	**13**	5	(3)	**–**	–	–
Depreciation on trademarks after income tax	**–**	–	–	**–**	(591)	(789)
Depreciation on intellectual property after income tax	**–**	–	–	**–**	–	–
Share of profit/(loss) after income tax	**(69 108)**	(26 782)	5 882	**–**	2 874	1 025
Share of other comprehensive income	**–**	–	–	**–**	(6 079)	(14 829)
Cash and cash equivalents	**–**	(38 609)	(586)	**–**	–	(98)
	Note 1				**Note 2**	

Notes:

1. Became a subsidiary on 1 June 2018 after control was obtained. Formerly known as Heinz Foods SA (Proprietary) Limited.
2. Became a subsidiary on 1 July 2017 after an increase in shareholding.

15. **INVESTMENTS IN AND LOANS TO/(FROM) JOINT VENTURES (CONTINUED)**

15.1 **Investments in joint ventures – equity accounting (continued)**

	Future Life Health Products (Proprietary) Limited			**Other**		
	2018 R'000	2017 R'000	2016 R'000	**2018 R'000**	2017 R'000	2016 R'000
Summarised statement of financial position						
As at 30 September						
Non-current assets	**38 461**	28 334	27 195	**229 467**	220 831	232 733
Current assets	**125 933**	142 506	98 562	**117 629**	106 944	125 199
Non-current liabilities	**–**	–	–	**(64 927)**	(59 981)	(89 833)
Current liabilities	**(43 171)**	(43 618)	(33 815)	**(71 412)**	(91 538)	(56 716)
Net assets	**121 223**	127 222	91 942	**210 757**	176 256	211 383
Reconciliation of carrying amount						
Opening carrying amount at 1 October	**127 222**	91 942	–	**176 256**	211 383	188 865
Investment in joint venture	**–**	–	67 990	**30 000**	–	39
Share of other comprehensive income	**–**	–	–	**–**	(454)	62
Dividend received	**(40 000)**	–	–	**(55 000)**	(65 000)	(29 999)
Profit/(loss) after income tax for the year	**34 001**	35 280	23 952	**59 501**	42 126	52 416
Subtotal	**121 223**	127 222	91 942	**210 757**	188 055	211 383
Disposal of investments	**–**	–	–	**–**	(11 799)	–
Closing net assets at 30 September	**121 223**	127 222	91 942	**210 757**	176 256	211 383
Group's share (%)	**50.0%**	50.0%	50.0%	**50.0%**	49.0% – 50.0%	49.0% – 50.0%
Group's share at 30 September	**60 612**	63 611	45 971	**105 380**	93 897	105 565
Property, plant and equipment	**–**	–	–	**–**	–	–
Goodwill	**74 521**	74 521	74 996	**–**	–	–
Trademarks	**118 450**	118 450	117 975	**3 834**	3 834	3 834
Customer relationships	**6 511**	7 420	8 328	**–**	–	–
Unrealised profit in closing stock	**–**	–	–	**(20)**	(1)	(20)
Deferred income tax on unrealised profit in closing stock	**–**	–	–	**6**	–	6
Deferred income tax on intangible assets	**(33 033)**	(33 033)	(33 033)	**–**	–	–
Deferred income tax on customer relationships	**(1 823)**	(2 077)	(2 332)	**–**	–	–
Cost to issue shares recognised against share premium	**–**	–	–	**39**	39	39
Disposal of investments	**–**	–	–	**–**	(5 781)	–
Carrying amount at 30 September	**225 238**	228 892	211 905	**109 239**	91 988	109 424

15. INVESTMENTS IN AND LOANS TO/(FROM) JOINT VENTURES (CONTINUED)

15.1 Investments in joint ventures – equity accounting (continued)

	Future Life Health Products (Proprietary) Limited			Other		
	2018 R'000	2017 R'000	2016 R'000	**2018 R'000**	2017 R'000	2016 R'000
Summarised statement of comprehensive income						
For the year ended 30 September						
Revenue	**284 344**	296 866	231 895	**386 454**	358 523	320 778
EBITDA	**45 544**	51 031	34 377	**98 287**	75 259	76 656
Depreciation, amortisation and impairment	**(3 184)**	(4 519)	(1 803)	**(13 220)**	(11 469)	(5 766)
Interest income	**5 147**	2 604	1 604	**3 779**	2 096	4 792
Finance costs	**(1)**	(5)	(917)	**(4 973)**	(7 490)	(2 933)
Income tax expense	**(13 505)**	(13 831)	(9 309)	**(24 372)**	(16 270)	(20 333)
Profit/(loss) after income tax	**34 001**	35 280	23 952	**59 501**	42 126	52 416
Group's share (%)	**50.0%**	50.0%	50.0%	**50.0%**	49.0% – 50.0%	49.0% – 50.0%
Share of net profit/(loss)	**17 000**	17 640	11 976	**29 751**	21 055	26 176
Eliminate intergroup unrealised profit on property, plant and equipment after income tax	**–**	–	–	**–**	–	–
Unrealised profit in closing stock after income tax	**–**	–	–	**(14)**	14	(51)
Depreciation on trademarks after income tax	**–**	–	–	**–**	–	–
Depreciation on intellectual property after income tax	**(654)**	(654)	(545)	**–**	–	–
Share of profit/(loss) after income tax	**16 346**	16 986	11 431	**29 737**	21 069	26 125
Share of other comprehensive income	**–**	–	–	**–**	(222)	31
Cash and cash equivalents	**43 826**	57 130	18 723	**5 247**	(8 967)	34 048
				Note 1		

Notes:

1. Amigear Ventures (Proprietary) Limited was disposed of on 1 April 2017.

15. INVESTMENTS IN AND LOANS TO/(FROM) JOINT VENTURES (CONTINUED)

15.1 Investments in joint ventures – equity accounting (continued)

	Total		
	2018 R'000	2017 R'000	2016 R'000
Summarised statement of financial position			
As at 30 September			
Non-current assets	**517 148**	701 384	831 469
Current assets	**650 171**	1 061 695	1 078 109
Non-current liabilities	**(114 105)**	(247 241)	(328 293)
Current liabilities	**(212 521)**	(443 584)	(391 533)
Net assets	**840 693**	1 072 254	1 189 752
Reconciliation of carrying amount			
Opening carrying amount at 1 October	**1 072 254**	1 189 752	1 027 732
Investment in joint venture	**30 000**	–	68 029
Share of other comprehensive income	**5 547**	5 075	(57 311)
Dividend received	**(104 122)**	(169 420)	(48 372)
Profit/(loss) after income tax for the year	**(21 063)**	107 759	199 674
Subtotal	**982 616**	1 133 166	1 189 752
Disposal of investments	**(141 923)**	(60 912)	–
Closing net assets at 30 September	**840 693**	1 072 254	1 189 752
Group's share (%)	**49.9% – 50.0%**	49.0% – 50.1%	49.0% – 50.1%
Group's share at 30 September	**491 153**	566 220	594 467
Property, plant and equipment	**(1 452)**	(1 453)	(1 453)
Goodwill	**48 066**	80 267	80 742
Trademarks	**112 705**	132 202	131 950
Customer relationships	**6 511**	7 420	8 328
Unrealised profit in closing stock	**(11 500)**	(7 142)	(7 960)
Deferred income tax on unrealised profit in closing stock	**3 222**	2 001	2 229
Deferred income tax on intangible assets	**(30 017)**	(35 990)	(36 244)
Deferred income tax on customer relationships	**(1 823)**	(2 077)	(2 332)
Cost to issue shares recognised against share premium	**83**	83	83
Disposal of investments	**(36 362)**	(76 525)	–
Carrying amount at 30 September	**580 586**	665 006	769 810

15. INVESTMENTS IN AND LOANS TO/(FROM) JOINT VENTURES (CONTINUED)

15.1 Investments in joint ventures – equity accounting (continued)

	Total		
	2018 R'000	2017 R'000	2016 R'000
Summarised statement of comprehensive income			
For the year ended 30 September			
Revenue	**2 503 691**	3 195 906	3 240 095
EBITDA	**16 185**	196 854	303 804
Depreciation, amortisation and impairment	**(45 060)**	(58 933)	(51 529)
Interest income	**10 557**	7 185	7 541
Finance costs	**(10 836)**	(15 637)	(15 170)
Income tax expense	**8 091**	(21 710)	(44 972)
Profit/(loss) after income tax	**(21 063)**	107 759	199 674
Group's share (%)	**49.9% – 50.0%**	49.0% – 50.1%	49.0% – 50.1%
Share of net profit/(loss)	**(10 392)**	53 933	99 796
Eliminate intergroup unrealised profit on property, plant and equipment after income tax	**414**	621	621
Unrealised profit in closing stock after income tax	**(3 138)**	592	(1 051)
Depreciation on trademarks after income tax	**–**	(591)	(789)
Depreciation on intellectual property after income tax	**(654)**	(654)	(545)
Share of profit/(loss) after income tax	**(13 770)**	53 901	98 032
Share of other comprehensive income	**2 773**	2 530	(28 686)
Cash and cash equivalents	**80 136**	81 752	71 369

	2018 R'000	2017 R'000	2016 R'000
15.2 Loans to/(from) joint ventures			
Non-current			
Interest-bearing loans			
Alpen Foods Company SA (Proprietary) Limited	**14 448**	13 063	11 772
Heinz Foods SA (Proprietary) Limited	**–**	–	38 118
Bokomo Namibia (Proprietary) Limited	**–**	–	2 000
Interest-free loans			
Heinz Foods SA (Proprietary) Limited	**–**	22 674	22 674
	14 448	35 737	74 564
Current			
Interest-bearing loans			
Bowman Ingredients (SA) (Proprietary) Limited	**(21 040)**	(14 540)	(26 040)
	(21 040)	(14 540)	(26 040)
	(6 592)	21 197	48 524

Loans are secured and interest-bearing, except where indicated otherwise, with no fixed terms of repayment. The interest rate at year-end applicable to interest-bearing loans was 10.0% (2017: 4.3% to 10.3%; 2016: 9.5% to 10.5%.)

Financial assets that are neither past due nor impaired are considered to be fully performing. The total carrying value of loans to joint ventures was fully performing at year-end. The credit quality of these fully performing loans is considered to be good based on historical default rates.

	2018 R'000	2017 R'000	2016 R'000

16. INVESTMENT IN AND LOANS TO ASSOCIATES

16.1 Investments in associates

	2018 R'000	2017 R'000	2016 R'000
At beginning of year	**198 410**	16 877	14 529
Investment in associate	**–**	191 514	–
Disposal of investment	**–**	(17 959)	–
Share of profit after income tax	**13 811**	6 407	2 348
Share of other comprehensive income	**4 664**	1 571	–
Dividend received	**(20 644)**	–	–
At end of year	**196 241**	198 410	16 877

Investments in associates from continuing operations consist of:

	Cottesloe Consultants (Proprietary) Limited		
	2018 R'000	2017 R'000	2016 R'000
Summarised statement of financial position			
As at 30 September			
Non-current assets	**–**	–	55 751
Current assets	**–**	–	33 375
Non-current liabilities	**–**	–	(17 083)
Current liabilities	**–**	–	(17 560)
Net assets	**–**	–	54 483
Reconciliation of carrying amount			
At beginning of year	**–**	54 483	45 092
Investment in associate	**–**	–	–
Share of other comprehensive income	**–**	–	–
Dividend received	**–**	–	–
Profit for the year	**–**	4 327	9 391
Subtotal	**–**	58 810	54 483
Disposal of investment		(58 810)	–
Closing net assets at 30 September	**–**	–	54 483
Group's share (%)	**–**	25%	25%
Group's share at 30 September	**–**	14 703	13 621
Goodwill	**–**	3 256	3 256
Trademarks	**–**	–	–
Unrealised profit in closing stock	**–**	–	–
Deferred income tax on unrealised profit in closing stock	**–**	–	–
Customer relationships	**–**	–	–
Deferred income tax on intangible assets	**–**	–	–
Deferred income tax on customer relationships	**–**	–	–
Disposal of investment	**–**	(17 959)	–
Carrying amount at 30 September	**–**	–	16 877

16. **INVESTMENT IN AND LOANS TO ASSOCIATES (CONTINUED)**

16.1 **Investments in associates (continued)**

	Cottesloe Consultants (Proprietary) Limited		
	2018 **R'000**	2017 R'000	2016 R'000
Summarised statement of comprehensive income			
For the year ended 30 September			
Revenue	**–**	35 157	70 081
Net profit after income tax	**–**	4 327	9 391
Group's share (%)	**–**	25%	25%
Share of associate net profit after income tax	**–**	1 082	2 348
Depreciation on customer relationships after income tax	**–**	–	–
Unrealised profit in closing stock after income tax	**–**	–	–
Share of profit after income tax	**–**	1 082	2 348
Share of other comprehensive income			
Translation reserve	**–**	–	–

16. INVESTMENT IN AND LOANS TO ASSOCIATES (CONTINUED)

16.1 Investments in associates (continued)

	Weetabix East Africa Limited		
	2018 R'000	2017 R'000	2016 R'000
Summarised statement of financial position			
As at 30 September			
Non-current assets	**40 371**	43 667	–
Current assets	**100 471**	106 621	–
Non-current liabilities	**(4 163)**	(18 588)	–
Current liabilities	**(33 849)**	(25 764)	–
Net assets	**102 830**	105 936	–
Reconciliation of carrying amount			
At beginning of year	**105 936**	–	–
Investment in associate	**–**	91 634	–
Share of other comprehensive income	**9 348**	3 150	–
Dividend received	**(41 378)**	–	–
Profit for the year	**28 924**	11 152	–
Subtotal	**102 830**	105 936	–
Disposal of investment	**–**	–	
Closing net assets at 30 September	**102 830**	105 936	–
Group's share (%)	**49.89%**	49.89%	–
Group's share at 30 September	**51 302**	52 852	–
Goodwill	**109 166**	109 166	–
Trademarks	**46 489**	46 489	–
Unrealised profit in closing stock	**(292)**	–	–
Deferred income tax on unrealised profit in closing stock	**82**	–	–
Customer relationships	**4 916**	5 500	–
Deferred income tax on intangible assets	**(13 947)**	(13 947)	–
Deferred income tax on customer relationships	**(1 475)**	(1 650)	–
Disposal of investment	**–**	–	–
Carrying amount at 30 September	**196 241**	198 410	–

16. **INVESTMENT IN AND LOANS TO ASSOCIATES (CONTINUED)**

16.1 **Investments in associates (continued)**

	Weetabix East Africa Limited		
	2018 R'000	2017 R'000	2016 R'000
Summarised statement of comprehensive income			
For the year ended 30 September			
Revenue	**180 319**	83 811	–
Net profit after income tax	**28 924**	11 152	–
Group's share (%)	**49.89%**	49.89%	–
Share of associate net profit after income tax	**14 430**	5 564	–
Depreciation on customer relationships after income tax	**(409)**	(239)	–
Unrealised profit in closing stock after income tax	**(210)**	–	–
Share of profit after income tax	**13 811**	5 325	–
Share of other comprehensive income			
Translation reserve	**4 664**	1 571	–
Loans to associates			
Non-current			
Interest-bearing loans			
Weetabix East Africa Limited	**–**	7 593	–

16. INVESTMENT IN AND LOANS TO ASSOCIATES (CONTINUED)

16.1 Investments in associates (continued)

	Total		
	2018 R'000	2017 R'000	2016 R'000
Summarised statement of financial position			
As at 30 September			
Non-current assets	**40 371**	43 667	55 751
Current assets	**100 471**	106 621	33 375
Non-current liabilities	**(4 163)**	(18 588)	(17 083)
Current liabilities	**(33 849)**	(25 764)	(17 560)
Net assets	**102 830**	105 936	54 483
Reconciliation of carrying amount			
At beginning of year	**105 936**	54 483	45 092
Investment in associate	**–**	91 634	–
Share of other comprehensive income	**9 348**	3 150	–
Dividend received	**(41 378)**	–	–
Profit for the year	**28 924**	15 479	9 391
Subtotal	**102 830**	164 746	54 483
Disposal of investment	**–**	(58 810)	–
Closing net assets at 30 September	**102 830**	105 936	54 483
Group's share (%)	**49.89%**	25% – 49.89%	25%
Group's share at 30 September	**51 302**	67 555	13 621
Goodwill	**109 166**	112 422	3 256
Trademarks	**46 489**	46 489	–
Unrealised profit in closing stock	**(292)**	–	–
Deferred income tax on unrealised profit in closing stock	**82**	–	–
Customer relationships	**4 916**	5 500	–
Deferred income tax on intangible assets	**(13 947)**	(13 947)	–
Deferred income tax on customer relationships	**(1 475)**	(1 650)	–
Disposal of investment	**–**	(17 959)	–
Carrying amount at 30 September	**196 241**	198 410	16 877
Summarised statement of comprehensive income			
For the year ended 30 September			
Revenue	**180 319**	118 968	70 081
Net profit after income tax	**28 924**	15 479	9 391
Group's share (%)	**49.89%**	25% – 49.89%	25%
Share of associate net profit after income tax	**14 430**	6 646	2 348
Depreciation on customer relationships after income tax	**(409)**	(239)	–
Unrealised profit in closing stock after income tax	**(210)**	–	–
Share of profit after income tax	**13 811**	6 407	2 348
Share of other comprehensive income			
Translation reserve	**4 664**	1 571	–
Loans to associates			
Non-current			
Interest-bearing loans			
Weetabix East Africa Limited	**–**	7 593	–

	2018 R'000	2017 R'000	2016 R'000
17. **AVAILABLE-FOR-SALE FINANCIAL ASSETS**			
Shares in other companies			
Listed			
At cost	**47 218**	101 208	94 707
Beginning of year	**101 208**	94 707	108 303
Disposals	**(61 534)**	(12 207)	–
Impairment of Quantum Foods shares held by BEE SPVs	**–**	–	(23 338)
Other movements	**7 544**	18 708	9 742
Fair value balance at end of year	**29 672**	35 504	32 101
Fair value balance at beginning of year	**35 504**	32 101	33 292
Reversal of fair value adjustment against fair value reserve of prior year	**–**	–	5 428
Fair value adjustment for year	**18 744**	8 203	1 633
Fair value adjustment reclassified to profit or loss	**(24 576)**	(4 800)	(8 252)
	76 890	136 712	126 808
Unlisted			
At cost	**1 022**	1 380	1 487
Beginning of year	**1 380**	1 487	101
Disposals	**(358)**	(107)	–
Other movements	**–**	–	1 386
Fair value balance at end of year	**–**	–	–
Fair value balance at beginning of year	**–**	–	80
Fair value adjustment reclassified to profit or loss	**–**	–	(80)
	1 022	1 380	1 487
Available-for-sale financial assets at fair value	**77 912**	138 092	128 295

A detailed register is available at the Company's registered office.

Available-for-sale financial assets are denominated in the Group's functional currency and no significant risk concentrations exist outside South Africa. The fair values of listed shares are based on their current bid prices in an active market. The fair values of unlisted shares are based on quoted prices in an "over-the-counter" market for these shares.

Fair value adjustments reclassified to profit or loss arise from the disposal of shares.

	2018 R'000	2017 R'000	2016 R'000
18. **INVENTORIES**			
Raw materials	**1 331 294**	1 347 379	1 539 196
Manufactured products	**1 412 476**	1 318 648	1 346 181
Packaging and consumables	**432 820**	367 058	327 123
	3 176 590	3 033 085	3 212 500

Inventory carried at net realisable value amounts to R2 413 491 (2017: R11 031 183; 2016: R2 230 583).

Inventories, with carrying values of R2 911 109 614 (2017: R2 956 426 550; 2016: R3 123 864 577) of certain Group companies are pledged as security for general and revolving banking facilities of some of the Group's subsidiaries. Refer to note 25 for further detail.

	2018 R'000	2017 R'000	2016 R'000
19. DERIVATIVE FINANCIAL INSTRUMENTS			
19.1 Derivative financial instruments – summary			
Embedded derivatives	**(1 410)**	581	783
Foreign exchange contracts – not earmarked for hedging	**(18 677)**	12 777	(2 638)
Foreign exchange contracts – cash flow hedges	**(5 748)**	6 795	(6 832)
Forward purchase contracts on own equity – not earmarked for hedging	**149 682**	231 339	489 909
	123 847	251 492	481 222
For the purposes of the statement of financial position derivative financial instruments are presented as follows:			
Non-current assets	**128 687**	203 059	439 670
Current assets	**28 024**	50 995	57 612
Current liabilities	**(32 864)**	(2 562)	(16 060)
	123 847	251 492	481 222

During the year ended 30 September 2016, the Group entered into forward purchase contracts on its own equity to hedge against the upside price risk of the Pioneer Food Group Limited share price that the Group is exposed to in respect of the cash-settled broad-based employee share scheme (for further detail refer to note 23.2).

The forward purchase contracts will be settled semi-annually during March and September in 21 tranches to coincide with the expected settlement of this share-based payment scheme. The last settlement will take place on 25 September 2026.

An amount of R493,265,496 was accrued for on the trade date (8 July 2016) and was paid to Investec Bank Limited (the counterparty) on 3 October 2016. Interest amounting to R9,513,943 was accrued as at 30 September 2016 and was included in trade and other payables at this date.

The forward purchase contracts will be settled in cash on the respective settlement dates. The amounts to be settled are calculated as the difference between a volume-weighted average price ("VWAP") of the Pioneer Food Group Limited share price prior to the settlement date and the forward price. In the event that this difference is positive, the counterparty will settle this difference with the Group; should the difference be negative, the Group is required to settle this difference with the counterparty. Any differences between the projected dividend as per the contract and the actual dividend paid is to be settled in cash between the parties.

Trading derivatives are classified as current assets or liabilities. The fair value of a hedging derivative is classified as a non-current asset or liability if the remaining time to maturity of the hedged item is more than 12 months, and as a current asset or liability if the remaining time to maturity of the hedged item is equal to or less than 12 months. The carrying values of derivative financial instruments represent their fair values at the reporting date.

Refer to note 19.2 for further detail.

19. **DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)**

	Foreign amount 2018 '000	Rand amount 2018 R'000	Fair value 2018 R'000
19.2 **Derivative financial instruments – detail**			
19.2.1 ***Derivative instruments earmarked for hedging (cash flow hedges)***			
19.2.1.1 *Commodity instruments*			
Futures (refer to note 1 below)			**7 684**
19.2.1.2 *Currency forward contracts*			
Purchases of foreign exchange contracts			**7 022**
US dollar	**61 505**	**871 661**	**7 194**
British pound	**–**	**–**	**–**
Euro	**172**	**2 865**	**(172)**
Sales of foreign exchange contracts			
US dollar	**10 753**	**154 870**	**(12 770)**
Base cost adjustment to stock on unrealised FEC gains			**(10 834)**
Hedging reserve (before income tax)			**(8 898)**
19.2.2 ***Other derivative instruments***			
19.2.2.1 *Currency forward contracts*			
Purchases of foreign exchange contracts			**3 976**
US dollar	**8 592**	**122 620**	**5 901**
British pound	**41**	**768**	**(33)**
Swiss franc	**32**	**474**	**14**
Euro	**6 570**	**110 780**	**(1 906)**
Sales of foreign exchange contracts			**(4 003)**
US dollar	**12 797**	**182 533**	**(4 232)**
British pound	**–**	**–**	**–**
Singapore dollar	**213**	**2 222**	**102**
Euro	**630**	**10 455**	**127**
Less: Ineffective part of FECs			**(18 650)**
19.2.2.2 *Embedded derivative financial instruments*			
Options – supplier purchase contracts			**(1 410)**
19.2.3 ***Forward purchase contracts on own equity***			**149 682**

Note 1: Disclosed within cash and cash equivalents.

19. **DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)**

	Foreign amount 2017 '000	Rand amount 2017 R'000	Fair value 2017 R'000
19.2 **Derivative financial instruments – detail**			
19.2.1 ***Derivative instruments earmarked for hedging (cash flow hedges)***			
19.2.1.1 *Commodity instruments*			
Futures (refer to note 1 below)			5 617
19.2.1.2 *Currency forward contracts*			
Purchases of foreign exchange contracts			7 960
US dollar	34 480	467 611	7 670
British pound	158	2 897	177
Euro	984	16 191	113
Sales of foreign exchange contracts			
US dollar	10 184	140 167	(1 165)
Base cost adjustment to stock on unrealised FEC gains			(4 397)
Hedging reserve (before income tax)			8 015
19.2.2 ***Other derivative instruments***			
19.2.2.1 *Currency forward contracts*			
Purchases of foreign exchange contracts			1 960
US dollar	3 635	49 485	989
British pound	851	15 513	187
Swiss franc	272	3 819	(3)
Euro	2 514	40 851	787
Sales of foreign exchange contracts			1 543
US dollar	5 404	73 382	1 803
British pound	546	9 887	(260)
Singapore dollar	–	–	–
Euro	–	–	–
Less: Ineffective part of FECs			9 274
19.2.2.2 *Embedded derivative financial instruments*			
Options – supplier purchase contracts			581
19.2.3 ***Forward purchase contracts on own equity***			231 339

Note 1: Disclosed within cash and cash equivalents.

19. **DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)**

	Foreign amount 2016 '000	Rand amount 2016 R'000	Fair value 2016 R'000
19.2 **Derivative financial instruments – detail**			
19.2.1 ***Derivative instruments earmarked for hedging (cash flow hedges)***			
19.2.1.1 *Commodity instruments*			
Futures (refer to note 1 below)			(160 209)
19.2.1.2 *Currency forward contracts*			
Purchases of foreign exchange contracts			(8 533)
US dollar	5 871	80 781	(731)
British pound	748	13 391	(1 949)
Euro	4 733	74 962	(5 436)
Australian dollar	1 026	10 865	(417)
Sales of foreign exchange contracts			
US dollar	1 636	23 230	1 701
FEC gains realised to be recycled in future periods			13 700
Base cost adjustment to stock on unrealised FEC losses			598
Hedging reserve (before income tax)			(152 743)
19.2.2 ***Other derivative instruments***			
19.2.2.1 *Currency forward contracts*			
Purchases of foreign exchange contracts			(3 170)
US dollar	3 536	49 222	(902)
British pound	38	688	(2 136)
Swiss franc	100	1 416	8
Euro	402	6 294	(140)
Sales of foreign exchange contracts			4 370
US dollar	2 232	31 356	4 370
Less: Ineffective part of FECs			(3 838)
19.2.2.2 *Embedded derivative financial instruments*			
Options – supplier purchase contracts			783
19.2.3 ***Forward purchase contracts on own equity***			489 909

Note 1: Disclosed within cash and cash equivalents.

	2018 R'000	2017 R'000	2016 R'000
20. **TRADE AND OTHER RECEIVABLES**			
Trade receivables	**2 090 749**	1 852 778	2 111 788
Allowance for outstanding credit notes	**(35 277)**	(33 719)	(39 872)
Provision for impairment	**(14 591)**	(10 640)	(6 802)
Net trade receivables	**2 040 881**	1 808 419	2 065 114
Employees	**274**	275	355
Prepayments	**61 782**	39 269	34 902
Receivables from related parties (refer to note 36)	**59 559**	48 858	68 189
Value-added tax	**65 156**	66 021	59 413
Loans	**37 167**	15 433	16 783
Other	**25 036**	19 001	17 940
	2 289 855	1 997 276	2 262 696
For the purposes of the statement of financial position trade and other receivables are presented as follows:			
Non-current assets	**45 751**	15 433	16 783
Current assets	**2 244 104**	1 981 843	2 245 913
	2 289 855	1 997 276	2 262 696

The carrying value of trade and other receivables approximates the fair value thereof at the reporting date.

An allowance for outstanding credit notes is accounted for based on past experience.

At year-end trade receivables with a carrying value of R1 702 075 331 (2017: R1 613 803 377; 2016: R2 065 114 124) of certain Group companies were pledged as security for general and revolving banking facilities of some of the Group's subsidiaries. Refer to note 25 for further detail.

Financial assets that are neither past due nor impaired are considered to be fully performing. The carrying amounts of fully performing financial assets included in trade and other receivables at year-end are:

	2018 R'000	2017 R'000	2016 R'000
National customers	**796 669**	735 783	850 355
Other customers	**1 115 578**	1 038 951	1 205 066
	1 912 247	1 774 734	2 055 421

The credit quality of fully performing financial assets included in trade and other receivables is supported by the high proportion of the carrying value that can be ascribed to national customers, especially in the formal retail sector. The credit quality of the customer base is considered to be good based on historical default rates.

Financial assets included in trade and other receivables that are outside their normal payment terms are considered to be past due. The following represents an analysis of the past due number of days of financial assets that are past due, but not impaired:

	2018 R'000	2017 R'000	2016 R'000
National customers			
Up to 30 days	**20 005**	3 472	3 781
31 to 60 days	**34 239**	9 096	2 661
61 to 90 days	**5 249**	1 501	427
91 to 120 days	**2 459**	131	575
More than 120 days	**2 862**	288	2 550
	64 814	14 488	9 994

20. **TRADE AND OTHER RECEIVABLES (CONTINUED)**

	2018 R'000	2017 R'000	2016 R'000
Other customers			
Up to 30 days	**128 265**	59 720	69 422
31 to 60 days	**41 515**	21 584	20 805
61 to 90 days	**11 136**	4 636	3 405
91 to 120 days	**3 165**	2 230	4 575
More than 120 days	**1 775**	14 594	4 759
	185 856	102 764	102 966
Total	**250 670**	117 252	112 960

Individually impaired receivables where indicators of impairment are present, comprise a number of non-material customers. The following trade receivables were impaired at year-end:

	2018 R'000	2017 R'000	2016 R'000
National customers	**–**	–	–
Other customers	**14 591**	10 640	6 802
	14 591	10 640	6 802

Interest charged on impaired trade receivables amounts to Rnil (2017: Rnil; 2016 Rnil).

Movements on the Group's provision for impairment of trade receivables are as follows:

	2018 R'000	2017 R'000	2016 R'000
At 1 October	**10 640**	6 802	12 340
Provision for impairment of receivables raised	**12 094**	10 220	3 750
Provision for impairment utilised during the year	**(1 029)**	(5 336)	(10 660)
Business combination	**–**	2 489	2 831
Unused amounts reversed	**(7 122)**	(3 729)	(1 370)
Foreign exchange translation adjustment	**8**	194	(89)
At 30 September	**14 591**	10 640	6 802

The Group holds a number of categories of collateral as security for trade receivable balances. These collateral categories include mortgage bonds and notarial bonds, credit insurance, cession of trade receivables, various guarantees and letters of credit.

Fair value of collateral held against trade receivables at year-end (limited to the individual trade receivable balance):

	2018 R'000	2017 R'000	2016 R'000
National customers	**–**	–	–
Other customers	**671 189**	627 183	818 275
	671 189	627 183	818 275

The carrying amount of the Group's trade receivables is denominated in the following currencies:

	2018 R'000	2017 R'000	2016 R'000
Covered by means of foreign exchange contracts	**193 372**	73 171	31 103
Euro	**10 369**	–	–
US dollar	**180 831**	73 171	31 103
Other currencies	**2 172**	–	–
Uncovered	**1 897 377**	1 779 607	2 080 685
Euro	**9 574**	17 248	19 150
British pound	**263 051**	208 324	189 979
US dollar	**40 009**	96 939	165 478
SA rand	**1 573 057**	1 442 516	1 701 646
Other currencies	**11 686**	14 580	4 432
Total	**2 090 749**	1 852 778	2 111 788

20. **TRADE AND OTHER RECEIVABLES (CONTINUED)**

	2018 R'000	2017 R'000	2016 R'000
The following balances, included in the summary above, are denominated in the functional currencies of the relevant entities:			
British pound	**263 051**	208 324	189 972

Other receivables are largely denominated in the Group's functional currency and no significant risk concentrations exist outside South Africa.

21. **CASH AND CASH EQUIVALENTS**

	2018 R'000	2017 R'000	2016 R'000
Cash at bank and on hand	**589 123**	157 019	377 334
Short-term bank deposits	**539 647**	273 770	623 457
	1 128 770	430 789	1 000 791

The effective interest rate at reporting date on short-term bank deposits was between 6.0% and 7.5% (2017: 6.8% and 7.7%; 2016: 7.0% and 7.9%)

For the purposes of the statement of cash flows, the year-end cash, cash equivalents and bank overdrafts comprise the following:

	2018 R'000	2017 R'000	2016 R'000
Cash and short-term deposits	**1 128 770**	430 789	1 000 791
Short-term borrowings	**(95 258)**	(128 340)	(579 156)
Bank overdrafts	**(95 258)**	(128 340)	(449)
Call loans	**–**	–	(578 707)
	1 033 512	302 449	421 635

The Group's cash equivalents and short-term deposits are placed with creditable financial institutions with appropriate credit ratings.

The carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:

	2018 R'000	2017 R'000	2016 R'000
Euro	**1 385**	6 036	8 339
British pound	**35 636**	34 544	16 288
US dollar	**1 323**	578	625
SA rand	**1 034 273**	373 992	970 635
Other currencies	**56 153**	15 639	4 904
Total	**1 128 770**	430 789	1 000 791
The following balances, included in the summary above, are denominated in the functional currencies of the relevant entities:			
British pound	**35 636**	34 544	16 288

The majority of the Group's cash and cash equivalents is denominated in the Group's functional currency and no significant risk concentrations exist outside South Africa.

The carrying amounts of cash and cash equivalents approximate their fair values at the reporting date.

At year-end bank accounts with a carrying value of R868 171 875 (2017: R241 070 860; 2016: R833 344 885) were ceded as security for general and revolving banking facilities of some of the Group's subsidiaries.

Restricted balances

Cash and cash equivalents include restricted balances of R45.6 million (2017: R28.2 million; 2016: R83.0 million). Restricted cash balances consist of initial margin balances with the JSE which serve as collateral for derivative positions held at year-end. This cash will only be accessible by the subsidiary company when the related derivative positions are closed. The subsidiary company has the discretion to close these derivative positions at any time.

	2018 R'000	2017 R'000	2016 R'000
22. **SHARE CAPITAL**			
Authorised – ordinary shares of 10 cents each			
400 000 000 (2017: 400 000 000; 2016: 400 000 000) ordinary shares	**40 000**	40 000	40 000
Authorised – class A ordinary shares of 10 cents each			
18 130 000 (2017: 18 130 000; 2016: 18 130 000) class A ordinary shares	**1 813**	1 813	1 813
Total issued and fully paid – ordinary shares of 10 cents each			
At beginning of year: 233 379 445 (2017: 232 472 909; 2016: 232 739 331) ordinary shares	**23 340**	23 249	23 275
Issued to management in terms of share appreciation rights scheme: 423 880 (2017: 906 536; 2016: 345 578) ordinary shares	**42**	91	35
Shares bought back and cancelled 626 258 (2017: Nil; 2016: Nil) ordinary shares	**(63)**	–	–
Shares bought back from management share incentive trust and cancelled: (2018: Nil; 2017: Nil; 2016: 612 000) ordinary shares	**–**	–	(61)
At end of year: 233 177 067 (2017: 233 379 445; 2016: 232 472 909) ordinary shares	**23 319**	23 340	23 249

Shares issued in terms of share appreciation rights scheme

During the year, the Company issued 423 880 (2017: 906 536; 2016: 345 578) ordinary shares of 10 cents each at an average of R121.54 (2017: R163.49; 2016: R167.24) per share in terms of the share appreciation rights scheme.

Shares issued in terms of the B-BBEE equity transaction

During 2012, the Company issued 28 691 649 shares to the value of R1 000 347 998 to special purpose vehicles ("SPVs") that were formed in terms of a B-BBEE equity transaction. In terms of the transaction 17 488 631 ordinary shares were issued to strategic BEE partners at a subscription price of R55.14 per share and 603 030 ordinary shares to current and former black directors of the Company at a subscription price of R58.04 per share. A further 10 599 988 shares were issued to the Pioneer Foods Broad-Based BEE Trust ("BEE Trust") at a subscription price of R0.10 per share. The BEE Trust also acquired a further 145 362 listed ordinary shares in 2015.

These SPVs are consolidated as wholly-owned subsidiaries in terms of IFRS and these issued shares of the Company are consequently treated as treasury shares of the Group. The B-BBEE equity transaction was in accordance with the Company's memorandum of incorporation and the Companies Act, Act 71 of 2008, as amended from time to time.

22. SHARE CAPITAL (CONTINUED)

	2018 R'000	2017 R'000	2016 R'000
Shares bought back and cancelled			
During the year, the Company bought back and cancelled 626 258 (2017: Nil; 2016: Nil) listed ordinary shares at R108.34 (2017: Rnil; 2016: Rnil) per share.			
Treasury shares of 10 cents each – nominal value			
Treasury shares held by management share incentive trust			
At beginning of year: Nil (2017: 47 620; 2016: 729 612) ordinary shares	**–**	5	73
Net treasury shares sold to participants: Nil (2017: 47 620; 2016: 69 992) ordinary shares	**–**	(5)	(7)
Net treasury shares sold to the Company: Nil (2017: Nil; 2016:612 000)	**–**	–	(61)
At end of year: Nil (2017: Nil; 2016: 47 620) ordinary shares	**–**	–	5
Treasury shares held by B-BBEE equity transaction participants			
At beginning and at end of year: 18 091 661 (2017: 18 091 661; 2016: 18 091 661) ordinary shares	**1 809**	1 809	1 809
Treasury shares held by Pioneer Foods Broad-Based BEE Trust			
At beginning and end of year: 10 745 350 (2017: 10 745 350; 2016: 10 745 350) ordinary shares	**1 075**	1 075	1 075
Treasury shares held by subsidiary			
At beginning and at end of year: 17 982 056 (2017: 17 982 056; 2016: 17 982 056) ordinary shares	**1 798**	1 798	1 798
Total treasury shares – nominal value			
At beginning of year	**4 682**	4 687	4 755
Ordinary shares sold by management share incentive trust (at strike price)	**–**	(5)	(7)
Ordinary shares bought back from management share incentive trust and cancelled	**–**	–	(61)
At end of year	**4 682**	4 682	4 687
Net listed ordinary share capital – nominal value			
Total issued and fully paid ordinary shares	**23 319**	23 340	23 249
Treasury shares held by management share incentive trust	**–**	–	(5)
Treasury shares held by B-BBEE equity transaction participants	**(1 809)**	(1 809)	(1 809)
Treasury shares held by Pioneer Foods Broad-Based BEE Trust	**(1 075)**	(1 075)	(1 075)
Treasury shares held by subsidiary	**(1 798)**	(1 798)	(1 798)
	18 637	18 658	18 562

The unissued ordinary shares in the Company, limited to 5% of the ordinary shares in issue at the last year-end date, are placed under the control of the directors until the next annual general meeting and they are authorised to issue any such shares as they may deem fit, subject to some restraints relating to the issue price.

22. **SHARE CAPITAL (CONTINUED)**

	2018 R'000	2017 R'000	2016 R'000
Treasury shares – carrying amount			
Consist of:			
Treasury shares held by management share incentive trust	**–**	–	1 355
Treasury shares held by B-BBEE equity transaction participants	**999 288**	999 288	999 288
Treasury shares held by Pioneer Foods Broad-Based BEE Trust	**24 000**	24 000	24 000
Treasury shares held by subsidiary	**163 113**	163 113	163 113
	1 186 401	1 186 401	1 187 756
Issued and fully paid – unlisted class A ordinary shares of 10 cents each held by employee share scheme trust			
At beginning of year: 3 174 920 (2017: 3 707 830; 2016: 4 234 300) class A ordinary shares	**318**	371	424
Bought back and cancelled: 296 240 (2017: 532 910; 2016: 526 470) class A ordinary shares	**(30)**	(53)	(53)
At end of year: 2 878 680 (2017: 3 174 920; 2016: 3 707 830) class A ordinary shares	**288**	318	371

Class A ordinary shares are not listed on the JSE. These shares have full voting rights, similar to those of ordinary shares.

	2018 Number '000	2017 Number '000	2016 Number '000
23. **SHARE-BASED PAYMENTS**			
23.1 **Management share incentive scheme (equity-settled)**			
Number of shares made available			
Shares under option in terms of option scheme:			
Number at end of year	**–**	–	48
Number at beginning of year	**–**	48	117
Redeemed	**–**	(48)	(69)
Number of options	**–**	–	48
At R31.42 per share, exercisable up to 11 February 2017	**–**	–	48

The weighted average share price at the exercise date, for shares options exercised during 2017, was R164.34 (2016: R149.23).

23. SHARE-BASED PAYMENTS (CONTINUED)

	2018 Number	2017 Number	2016 Number

23.2 Broad-based employee share scheme (cash-settled)

During 2006, the Group introduced a broad-based employee share scheme for all employees employed at that time, other than management qualifying for the share-based compensation scheme. In terms of the scheme, employees received class A ordinary shares with full voting rights and dividend rights equal to 30% of that of ordinary shares. Once the notional threshold debt has been repaid, class A ordinary shares will convert into ordinary shares.

In case of termination of employment prior to the final date the resultant actions depend on whether the employee is considered to be a 'good leaver' or an 'other leaver'.

An employee is considered to be a 'good leaver' if employment is terminated because of:

- death;
- permanent disability;
- retirement;
- retrenchment;
- sale of business;
- termination for a reason that in the discretion of the board has the effect of qualifying the employee as a 'good leaver'; and
- any other reason after the lapse of a period of five years

An employee is considered to be an 'other leaver' in the event that termination takes place within a period of five years for any reason other than that constituting a 'good leaver', or an employee fails to adhere to the provisions of the scheme. The period of five years ended at 31 January 2011, therefore subsequent to this date every leaver is regarded as a 'good leaver'.

The class A ordinary shares of 'good leavers' will be purchased by the Company at a price equal to the market value of an ordinary share, less the notional threshold debt. The purchase price will, at the option of the Company, either be settled in cash, or be utilised on behalf of the 'good leaver' to subscribe for ordinary shares at the market value of ordinary shares.

The class A ordinary shares of 'other leavers', purchased up to 31 January 2011, were purchased by the Company at R0.01.

23. SHARE-BASED PAYMENTS (CONTINUED)

23.2 Broad-based employee share scheme (cash-settled) (continued)

	2018 Number	2017 Number	2016 Number
Reconciliation of number of class A ordinary shares			
Balance at beginning of year	**3 174 920**	3 707 830	4 234 300
Good leavers – purchased by the Company	**(296 240)**	(532 910)	(526 470)
Balance at end of year	**2 878 680**	3 174 920	3 707 830
The estimated fair value of a class A ordinary share on 30 September 2018 was R59.90 (2017: R79.47; 2016: R140.78). The fair value per class A ordinary share was used to calculate the total cost of the scheme in terms of IFRS 2 – Share-based Payment. The gain accounted for during the current year amounted to R26 017 392 (2017: a gain of R113 862 639; 2016: a gain of R22 873 972).			
These fair values were calculated using the Actuarial Binomial Option Pricing Model. The principal assumptions were as follows:			
Ordinary share price at 30 September (cents per share)	**9 200**	11 275	17 387
Notional loan amount at 30 September (cents per share)	**3 281**	3 293	3 296
Prime rate at 30 September	**10.0%**	10.3%	10.5%
Expected volatility	**23.9% – 28.0%**	23.2% – 28.1%	22.0% – 28.2%
Expected duration to repay notional debt (years)	**Note 1**	Note 1	Note 1
Expected dividend yield	**2.5%**	2.5%	2.5%
Risk-free rate	**7.7% – 9.0%**	7.1% – 8.6%	7.6% – 9.0%
Expected volatility for the current year was determined by calculating the volatility of the share price of Pioneer Food Group Limited.			
The principal assumptions used to calculate the expected number of shares that will vest, are as follows:			
Expected rate of "leavers" (including "other leavers") (per annum)	**Note 1**	Note 1	Note 1

Note 1: All employees to have left the scheme by 2026 with an equal number leaving each year.

23. **SHARE-BASED PAYMENTS (CONTINUED)**

	2018 Number ’000	2017 Number ’000	2016 Number ’000
23.3 Management share appreciation rights scheme (equity-settled)			
The Group adopted a share appreciation rights scheme for qualifying management during the year ended 30 September 2008.			
The exercise of vested share appreciation rights entitles the employee to ordinary shares in Pioneer Food Group Limited. This number of shares is calculated by dividing the amount by which the share price, relating to the exercised share appreciation rights, appreciated from grant date to exercise date, by the share price at the exercise date.			
Number of share appreciation rights made available			
Number at beginning of year	**6 946**	8 719	8 459
Expired/forfeited	**(799)**	(872)	(250)
Redeemed	**(1 079)**	(1 700)	(541)
New allocation at R166.20 per share	**–**	799	–
New allocation at R134.96 per share	**1 824**	–	–
New allocation at R154.19 per share	**–**	–	24
New allocation at R130.21 per share	**–**	–	976
New allocation at R182.05 per share	**–**	–	51
Number at end of year	**6 892**	6 946	8 719
Number of share appreciation rights			
At R25.48 per share, exercisable up to 8 June 2018	**–**	48	51
At R24.20 per share, exercisable up to 26 February 2019	**20**	46	49
At R33.89 per share, exercisable up to 8 February 2020	**263**	291	336
At R48.74 per share, exercisable up to 7 February 2021	**71**	81	99
At R60.34 per share, exercisable up to 9 February 2022	**177**	193	302
At R60.34 per share, exercisable up to 16 February 2022 (BEE special grant)	**65**	87	239
At R55.42 per share, exercisable up to 5 February 2023	**158**	200	277
At R55.42 per share, exercisable up to 5 February 2023 (BEE special grant)	**16**	35	35
At R64.52 per share, exercisable up to 9 February 2023	**–**	50	100
At R72.67 per share, exercisable up to 31 May 2018	**–**	127	127
At R79.20 per share, exercisable up to 17 June 2023	**–**	22	22
At R80.41 per share, exercisable up to 30 September 2023	**19**	19	76
At R81.55 per share, exercisable up to 31 August 2019	**1 212**	2 478	3 824

23. **SHARE-BASED PAYMENTS (CONTINUED)**

23.3 **Management share appreciation rights scheme (equity-settled) (continued)**

	2018 Number '000	2017 Number '000	2016 Number '000
At R81.55 per share, exercisable up to 28 February 2024 (BEE special grant)	**231**	236	277
At R111.66 per share, exercisable up to 1 February 2020	**37**	73	73
At R154.19 per share, exercisable up to 13 August 2020	**514**	620	660
At R154.19 per share, exercisable up to 13 February 2025 (BEE special grant)	**82**	83	99
At R185.56 per share, exercisable up to 1 December 2021	**43**	52	52
At R198.71 per share, exercisable up to 21 March 2021	**500**	500	1 000
At R182.05 per share, exercisable up to 3 June 2021	**51**	51	51
At R130.21 per share, exercisable up to 15 August 2021	**735**	737	834
At R130.21 per share, exercisable up to 15 February 2026 (BEE special grant)	**119**	119	136
At R166.20 per share, exercisable up to 22 August 2022	**772**	798	–
At R134.96 per share, exercisable up to 14 August 2023	**1 807**	–	–
	6 892	6 946	8 719

Share appreciation rights were granted on 14 February 2018 at a strike price of R134.96. Vesting takes place over a five-year period with the first 33.3% vesting on 14 February 2021 subject to certain time and performance based criteria.

Share appreciation rights were granted on 22 February 2017 at a strike price of R166.20. Vesting takes place over a five-year period with the first 33.3% vesting on 22 February 2020 subject to certain time and performance based criteria.

Share appreciation rights were granted on 15 February 2016 at a strike price of R130.21. Vesting takes place over a five-year period with the first 33.3% vesting on 15 February 2019 subject to certain time and performance based criteria.

Share appreciation rights were granted on 15 February 2016 at a strike price of R130.21. Vesting takes place after five years with 100% vesting on 15 February 2021.

The net estimated weighted average fair value per share appreciation right at 30 September 2018 is R22.08 (2017: R20.28; 2016: R20.36). The fair value per share appreciation right was used to calculate the total cost of the scheme in terms of *IFRS 2 – Share-based Payment*. The cost accounted for in the current year amounts to R26 635 100 (2017: R23 473 899; 2016: R49 464 400).

These fair values were calculated using the Actuarial Binomial Option Pricing Model.

The principal assumptions were as follows:

Weighted average share price at grant date (cents per share)	**8 554**	8 035	8 125
Expected volatility	**18.5% – 30.9%**	18.5% – 30.9%	18.5% – 30.9%
Expected dividend yield	**2.0% – 4.1%**	2.0% – 4.1%	2.0% – 4.1%
Risk-free rate	**5.4% – 8.9%**	5.4% – 8.9%	5.4% – 8.9%
Expected life (years)	**1 – 6**	1 – 6	1 – 6

Expected volatility for the current year was determined by calculating the volatility of the share price of Pioneer Food Group Limited.

The Board initially approved a maximum number of 14 500 000 ordinary shares that may be issued in terms of the management share appreciation rights scheme. At 30 September 2018, 9 919 990 (2017: 10 343 870; 2016: 11 250 406) ordinary shares were still available for issue.

	2018 R'000	2017 R'000	2016 R'000
24. OTHER RESERVES			
Fair value reserve	**29 667**	29 099	25 062
Foreign currency translation reserve	**105 792**	77 751	67 679
Hedging reserve	**(6 782)**	5 744	(122 271)
Equity compensation reserve	**60 207**	100 510	282 805
	188 884	213 104	253 275

The fair value reserve relates to the difference between the fair value and cost price of investments in listed and unlisted shares, classified as available-for-sale financial assets.

The foreign currency translation reserve relates to exchange differences arising from translation of foreign subsidiaries', joint ventures' and the associate's statements of comprehensive income at average exchange rates for the year and their statements of financial position at the ruling exchange rates at the reporting date if the functional currency differs.

The hedging reserve relates to the change in fair value of derivative financial instruments. These derivative financial instruments include futures and forward exchange contracts. Refer to note 19 for further detail.

The fair value of share appreciation rights issued to qualifying management are accounted for in the equity compensation reserve over the vesting periods. The reserve is adjusted at each reporting date when the entity revises its estimates of the number of share appreciation rights that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to this reserve in other comprehensive income for equity-settled plans.

	2018 R'000	2017 R'000	2016 R'000
25. BORROWINGS			
25.1 **Borrowings – summary**			
Non-current			
Secured financing			
Lease agreements	**61 498**	61 494	41 165
Syndicated	**1 184 868**	–	600 000
B-BBEE equity transaction: redeemable preference shares	**–**	433 141	449 612
Instalment sale agreements	**137 347**	204 089	242 510
Other	**21 367**	–	–
Total non-current	**1 405 080**	698 724	1 333 287
Current			
Secured financing			
Lease agreements	**1 388**	1 298	1 213
Syndicated	**686**	602 775	2 735
B-BBEE equity transaction: redeemable preference shares	**451 494**	33 679	35 733
Instalment sale agreements	**67 447**	39 913	34 627
Other	**738**	5 194	–
Call loans	**–**	–	578 707
Bank overdrafts	**95 258**	128 340	449
Total current	**617 011**	811 199	653 464
Total borrowings	**2 022 091**	1 509 923	1 986 751

25. BORROWINGS (CONTINUED)

25.1 Borrowings – summary (continued)

	2018 R'000	2017 R'000	2016 R'000
The carrying values of borrowings approximate their fair values at the reporting date and are denominated in the following currencies:			
Euro	**–**	–	3 716
US dollar	**1**	–	–
British pound	**280 124**	118 184	117 292
SA rand	**1 719 861**	1 386 545	1 865 743
Other currencies	**22 105**	5 194	–
Total	**2 022 091**	1 509 923	1 986 751
The following balances, included in the summary above, are denominated in the functional currencies of the relevant entities:			
British pound	**280 124**	118 183	117 292

Refer to note 25.2 for further detail.

The level of borrowings is within the limits prescribed by the memorandum of incorporation of the Company and its subsidiaries.

Security provided for syndicated and other loans

In September 2018 the Group concluded syndicated financing in the form of bullet loans and revolving, seasonal and general banking facilities of up to R4.2 billion (2017: R3.1 billion) and a GBP10 million (2017: GBP nil) term loan with FirstRand Bank Limited, The Standard Bank of South Africa Limited, Absa Bank Limited, Nedbank Limited and Old Mutual Specialised Finance (Proprietary) Limited. The new facilities include a seasonal annual spike of R600 million (2017: Rnil) from 1 March to 30 June in short term facilities.

Syndicated financing of R3.1 billion in the format bullet, rewarding and overnight loans and general banking facilities was entered into in September 2013.

The September 2013 and September 2018 loans and facilities are secured by mortgages over certain immovable properties with carrying values of R1 117 880 133 (2017: R997 075 660; 2016: R956 639 150) at year-end, special notarial bonds over certain items of plant and equipment with carrying values of R1 889 055 913 (2017: R304 392 530; 2016: R R330 545 052) at year-end and general notarial bonds over all movable assets of Pioneer Foods (Proprietary) Limited, Pioneer Foods Groceries (Proprietary) Limited and Ceres Fruit Juices (Proprietary) Limited.

Security provided includes cessions of certain Group companies' inventories and trade receivables, as well as all insurance policies and bank accounts. At year-end inventories, trade receivables and bank accounts ceded as security for this purpose amounted to R2 911 109 614 (2017: R2 956 426 550; 2016: R3 123 864 577), R1 702 075 331 (2017: R1 613 803 377; 2016: R2 065 114 124) and R868 171 875 (2017: R241 070 860; 2016: R833 344 885) respectively.

Pioneer Food Group Limited subordinated all its claims against the obligors (Pioneer Foods Holdings Limited, Pioneer Foods (Proprietary) Limited, Pioneer Foods Groceries (Proprietary) Limited and Ceres Fruit Juices (Proprietary) Limited) to all the lenders' claims arising from the debt structure. It also guarantees the repayment of all the loan obligations of the obligors and ceded its subordinated claims against the obligors to the security SPV and undertakes to remain an investment company with its only assets being investments in Pioneer Foods Holdings Limited and its overall inter-company claims.

In terms of the syndicated financing agreement ("the agreement") prior approval is required from the lenders for the following most notable events:

- Further borrowings by the Group that exceed R410 million, utilising the syndicated security provided over the existing syndicated facilities.

25. BORROWINGS (CONTINUED)

25.1 Borrowings – summary (continued)

- Further borrowings incurred by Pioneer Foods UK Limited that exceed GBP10 million (including the existing facilities).
- The disposal of property, plant and equipment encumbered in terms of the agreement.
- The disposal of assets (not pledged as security) if the aggregate net proceeds exceed R500 million over the term of the agreement.
- Security provided other than those provided in the ordinary course of business.

At 30 September 2018, the Group complied with the financial covenants of the syndicated borrowing facilities as indicated in note 31.

B-BBEE equity transaction

During 2012, the Company issued 28 691 649 shares to the value of R1 000 347 998 to strategic BEE partners, former and current black directors of the Company (hereafter collectively referred to as “BEE Investors”) and the Pioneer Foods Broad-Based BEE Trust in terms of a B-BBEE equity transaction. The subscription price for these share issues was mainly financed by Pioneer Foods’ wholly-owned subsidiary, Pioneer Foods (Proprietary) Limited, and by third-party funding from Rand Merchant Bank Limited, a division of FirstRand Bank Limited (“RMB”). The strategic BEE partners contributed 10% of the subscription price. The current and former black directors of the Company and the Pioneer Foods Broad-Based BEE Trust did not contribute to the subscription price.

In order to give effect to the financial assistance provided, the BEE Investors’ SPVs issued variable rate cumulative A preference shares to RMB at a dividend rate of 82.5% of the prime interest rate and B preference shares to Pioneer Foods at a dividend rate of 99% of the prime interest rate. During the 2013 financial year, certain issuers of the A preference shares elected to fix, from 1 April 2013, the A preference share dividend rate at 9.5% per annum for the remainder of the financing period. The total outstanding value of the issued A preference shares is R451 494 165 (2017: R466 819 945; 2016: R449 611 886) of which R421 196 055 (2017: R435 335 923; 2016: R418 878 828) is now at a fixed dividend rate of 9.5%.

The preference shares do not have voting rights, except in respect of certain resolutions such as those affecting the rights of preference shares. Preference shares are treated as borrowings and the related dividends as interest in terms of IFRS accounting principles.

Security provided for B-BBEE equity transaction

In terms of the B-BBEE equity transaction RMB provided BEE Investors with finance in the form of cumulative redeemable preference shares. Pioneer Foods (Proprietary) Limited provided RMB with a guarantee amounting to R100 million for this financial assistance.

Security provided for other borrowings

Secured loans were obtained to facilitate the expansion of the bakeries fleet. This expansion was financed by instalment sale agreements, expiring within three to five years. The instalment sale agreements bear interest at prime less 1.96% and interest is compounded quarterly.

The borrowings outstanding at year-end in respect of these agreements amounted to R204 794 491 (2017: R244 002 445; 2016: R277 137 671).

The borrowings are secured by the vehicles purchased in terms of the instalment sale agreements. The carrying value of these assets as at 30 September 2018 amounted to R244 602 254 (2017: R238 410 946; 2016: R262 610 560).

For further detail on security provided for other loans refer to note 25.2.

25. BORROWINGS (CONTINUED)

	Year of redemption	Interest rate at year-end (%)	2018 R'000	2017 R'000	2016 R'000
25.2 Borrowings – detail					
25.2.1 *Secured financing*					
Lease agreements			**62 886**	62 792	42 378
Monthly payments Instalment of R94 951 (2017 and 2016: R94 951)	2028	6.5	**8 411**	8 984	9 520
Monthly payments Instalment of R132 128 (2017 and 2016: R132 128)	2029	7.0	**11 892**	12 618	13 294
Monthly payments Instalment of R37 119 (2017: R37 119; 2016: R36 011)	2041	9.3	**7 850**	7 621	7 373
Monthly payments Instalment of R42 311 (2017: R42 311)	2042	10.8	**8 541**	8 240	–
Monthly payments Instalment of R69 930 (2017: R64 027; 2016: R58 620)	2041	9.2	**12 954**	12 589	12 191
Monthly payments Instalment of R21 040 (2017: R19 264)	2041	10.1	**3 519**	3 401	–
Monthly payments Instalment of R19 577 (2017: R19 577)	2041	9.6	**4 018**	3 890	–
Monthly payments Instalment of R40 943 (2017: R37 485)	2042	12.9	**5 701**	5 449	–
Syndicated loans			**1 185 554**	602 775	602 735
Quarterly payments (bullet loan) Instalment (interest only) of R7 436 301 (2017 and 2016: Rnil)	2021	8.3	**350 237**	–	–
Quarterly payments (bullet loan) Instalment (interest only) of R642 690 (2017 and 2016: Rnil)	2021	2.8	**92 434**	–	–
Quarterly payments (bullet loan) Instalment (interest only) of R642 690 (2017 and 2016: Rnil)	2021	2.8	**92 434**	–	–
Quarterly payments (bullet loan) Instalment (interest only) of R3 186 986 (2017 and 2016: Rnil)	2021	8.3	**150 102**	–	–
Quarterly payments (bullet loan) Instalment (interest only) of Rnil (2017: R12 628 307; 2016: R13 101 008)	–	–	**–**	602 775	602 735
Quarterly payments (bullet loan) Instalment (interest only) of R10 880 822 (2017 and 2016: Rnil)	2023	8.5	**500 347**	–	–

25. **BORROWINGS (CONTINUED)**

25.2 **Borrowings – detail (continued)**

25.2.1. ***Secured financing (continued)***

	Year of redemp-tion	Interest rate at year-end (%)	2018 R'000	2017 R'000	2016 R'000
Secured by mortgages over immovable property, special notarial bonds over specific items of property, plant and equipment and general notarial bonds over all movable assets of specific Group subsidiaries, as well as cessions of certain Group bank accounts and insurance policies. Refer to note 25.1 for further detail.					
Sub-total			**1 248 440**	665 567	645 113
Sub-total			**1 248 440**	665 567	645 113
Redeemable preference shares:	2019	8.7 – 9.5	**451 494**	466 820	485 345
Accumulated dividends and capital are repaid as dividend income from investments are received.					
Secured by a guarantee of R100 million by a Group subsidiary					
Other loans:					
Monthly payments	2023	10.0	**22 105**	5 194	–
Instalment of R368 417 (2017: R519 432; 2016: Rnil). Secured by a charge over specific assets of the subsidiary company					
Quarterly payments	2019 – 2021	8.0	**204 794**	240 422	272 751
Instalment of R13 189 936 (2017: R13 353 060; 2016: R13 497 405)					
Carrying value of vehicles encumbered in terms of instalment sale agreements					
Quarterly payments	–	–	**–**	3 580	4 386
Instalment of Rnil (2017: R2 184 096; 2016: R286 995)					
Carrying value of vehicles encumbered in terms of instalment sale agreements					
Total amount owing – secured financing			**1 926 833**	1 381 583	1 407 595
Portion of liabilities payable within one year included in current liabilities			**(521 753)**	(682 859)	(74 308)
Secured financing					
Lease agreements			**(1 388)**	(1 298)	(1 213)
Syndicated and other			**(68 871)**	(647 882)	(37 362)
Redeemable preference shares			**(451 494)**	(33 679)	(35 733)
			1 405 080	698 724	1 333 287

25. BORROWINGS (CONTINUED)

25.2 Borrowings – detail (continued)

	2018 R'000	2017 R'000	2016 R'000
25.2.2 ***Finance lease liabilities***			
Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.			
Future minimum lease payments under finance leases, together with the present value of the net minimum lease payments, are as follows:			
Capital amount			
Not later than one year	**1 388**	1 298	1 213
Later than one year, but not later than five years	**6 595**	6 164	5 761
Later than five years	**54 903**	55 330	35 404
	62 886	62 792	42 378
Interest cost			
Not later than one year	**4 352**	4 191	2 693
Later than one year, but not later than five years	**19 587**	18 537	11 058
Later than five years	**74 045**	80 840	39 682
	97 984	103 568	53 433
Instalment			
Not later than one year	**5 740**	5 489	3 906
Later than one year, but not later than five years	**26 182**	24 701	16 819
Later than five years	**128 948**	136 170	75 086
	160 870	166 360	95 811

	2018 **R’000**	2017 R’000	2016 R’000
26. **DEFERRED INCOME TAX**			
Balance at beginning of year	**661 849**	578 472	471 569
Charge in profit or loss	**40 249**	28 733	120 320
Foreign exchange translation adjustment	**842**	(767)	(1 768)
Deferred income tax on foreign exchange contracts charged to equity	**(5 315)**	(1 418)	2 845
Deferred income tax on share-based payment of share appreciation rights	**15 419**	57 561	(4 511)
Deferred income tax on fair value adjustments of available-for-sale financial assets charged to equity	**(6 400)**	(634)	(110)
Deferred income tax on remeasurement of post-retirement medical benefits	**846**	609	363
Business combinations	**2 768**	(707)	(5 472)
Disposal of subsidiary	**–**	–	(4 764)
	710 258	661 849	578 472
Due to the following temporary differences:			
Capital allowances, including trademarks	**1 045 645**	880 548	809 468
Inventories	**(8 347)**	(1 334)	13 894
Provision for post-retirement medical benefits and long-service awards	**(31 415)**	(31 481)	(31 125)
Leave accrual	**(37 707)**	(32 970)	(30 985)
Bonus accrual	**(28 748)**	(26 109)	(22 715)
Audit fees accrual	**(2 137)**	(1 889)	(1 663)
Prepaid expenses	**9 856**	4 449	4 072
Provision for impairment of trade receivables	**(1 880)**	(949)	413
Rebates, growth incentives and settlement discount accruals	**(36 865)**	(27 340)	(30 619)
Assessed losses	**(84 172)**	(3 608)	(3 796)
Hire-purchases and leased assets	**(1 653)**	(885)	(264)
Reinsurance commission received in advance	**–**	(533)	(492)
Fair value adjustments on available-for-sale financial assets	**–**	6 400	7 035
Allowance for credit notes	**(9 877)**	(9 441)	(11 164)
Deferred income	**(4 209)**	(2 093)	(1 380)
Derivative financial instruments	**(66 107)**	(51 038)	6 817
Share-based payments	**(15 905)**	(38 292)	(130 779)
Accruals – personnel costs	**(6 640)**	(6 525)	(3 059)
Other	**(9 581)**	4 939	4 814
	710 258	661 849	578 472
For the purposes of the statement of financial position deferred income tax is presented as follows:			
Non-current assets	**55 847**	12 539	3 910
Non-current liabilities	**(766 105)**	(674 388)	(582 382)
	(710 258)	(661 849)	(578 472)

	2018 R'000	2017 R'000	2016 R'000
27. PROVISIONS FOR OTHER LIABILITIES AND CHARGES			
27.1 Post-retirement medical benefits			
Balance at beginning of year	**57 700**	59 727	61 061
Interest cost	**4 883**	5 263	5 076
Remeasurements	**(3 020)**	(2 175)	(1 298)
Actuarial (gain)/loss from change in demographic assumptions	**(936)**	923	(998)
Actuarial gain from change in financial assumptions	**(2 084)**	(3 098)	(300)
Service cost	**92**	115	118
Payments	**(5 230)**	(5 230)	(5 230)
	54 425	57 700	59 727
The amount recognised in the statement of financial position was determined as follows:			
Present value of unfunded obligations	**54 425**	57 700	59 727

The historical present values for the three years prior to the comparative period of the unfunded obligation were as follows:

2016 – R59 727 000
2015 – R61 061 000
2014 – R59 811 000
2013 – R60 528 000
2012 – R57 048 000

	2018 R'000	2017 R'000	2016 R'000
Expected maturity analysis of undiscounted post-employment medical benefits:			
Not later than a year	**5 387**	5 300	5 220
Later than one year, but not later than two years	**5 465**	5 456	5 166
Later than two years, but not later than five years	**15 308**	15 216	15 851
Later than five years	**114 868**	130 169	156 421
Total	**141 028**	156 141	182 658

The weighted average duration of the defined obligation is 8.6 years (2017: 8.5 years; 2016: 9.5 years)

Existing provisions are based on the following important assumptions:

Medical inflation rate 7.4% (2017: 7.8%; 2016: 8.8%) p.a.

Discount rate 9.0% (2017: 8.9%; 2016: 9.2%) p.a.

Normal retirement age 60 (2017: 60; 2016: 60) years

The date of the most recent actuarial valuation is at 30 September 2018.

27. PROVISIONS FOR OTHER LIABILITIES AND CHARGES (CONTINUED)

27.1 Post-retirement medical benefits (continued)

	2018 R'000	2017 R'000	2016 R'000
The effect of a 1% increase in the assumed health cost trend is as follows:			
Increase in the defined benefit obligation	**4 288**	4 786	5 241
Increase in the aggregate of current service and interest cost	**393**	441	504
The effect of a 1% decrease in the assumed health cost trend is as follows:			
Decrease in the defined benefit obligation	**3 791**	4 207	4 584
Decrease in the aggregate of current service and interest cost	**348**	387	440
The effect of a 1% increase in the assumed discount rate trend is as follows:			
Decrease in the defined benefit obligation	**3 822**	4 254	4 655
The effect of a 1% decrease in the assumed discount rate trend is as follows:			
Increase in the defined benefit obligation	**4 399**	4 925	5 423
The effect of a one-year increase in the assumed expected retirement age trend is as follows:			
Decrease in the defined benefit obligation	**195**	246	260
The effect of a one-year decrease in the assumed expected retirement age trend is as follows:			
Increase in the defined benefit obligation	**127**	193	290

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the provision for post-retirement medical benefits recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous periods.

Through the defined benefit post-retirement medical plan, the Group is exposed to a number of risks, the most significant of which are detailed below:

Changes in bond yields

A decrease in corporate bond yields will increase plan liabilities.

Inflation risk

The Group's post-employment medical plan obligations are linked to inflation, and higher inflation will lead to higher liabilities.

Life expectancy

The plan's obligations are to provide benefits for the life of the member, therefore an increase in life expectancy will result in an increase in the plan's liabilities.

27. PROVISIONS FOR OTHER LIABILITIES AND CHARGES (CONTINUED)

		2018 R'000	2017 R'000	2016 R'000
27.2	**Long-service awards**			
	Balance at beginning of year	**54 731**	51 434	49 387
	Interest cost	**4 354**	4 435	4 193
	Actuarial loss/(gain)	**180**	336	(744)
	Service cost	**7 131**	6 606	6 416
	Payments	**(8 626)**	(8 080)	(7 818)
		57 770	54 731	51 434
	The amount recognised in the statement of financial position was determined as follows:			
	Present value of unfunded obligations	**57 770**	54 731	51 434
	Existing provisions are based on the following important assumptions: Discount rate: 8.5% (2017: 8.0%; 2016: 8.7%) p.a. Salary increases: 6.7% (2017: 6.5%; 2016: 7.0%) p.a. Normal retirement age: 60 (2017: 60; 2016: 60) years The date of the most recent actuarial valuation is 30 September 2018.			
27.3	**Total provision for other liabilities and charges**			
	Consists of:			
	Post-retirement medical benefits	**54 425**	57 700	59 727
	Long-service awards	**57 770**	54 731	51 434
		112 195	112 431	111 161
	For the purposes of the statement of financial position the total provision for other liabilities and charges is presented as follows:			
	Non-current liabilities	**112 195**	112 431	111 161

	2018 R'000	2017 R'000	2016 R'000
28. **NON-CONTROLLING INTEREST**			
Balance at beginning of year	**25 011**	–	12 417
Profit for the year	**4 514**	148	–
Business combination	**–**	23 622	–
Share of other comprehensive income	**5 821**	1 241	–
Disposal of subsidiary	**–**	–	(12 417)
Balance at end of year	**35 346**	25 011	–

The carrying amount of the non-controlling interest in 2018 and 2017 relates to Food Concepts Pioneer Limited. The Group obtained control of this entity (formerly a joint venture) after increasing its shareholding during 2017.

The carrying amount of the non-controlling interest in 2016 related to Maitland Vinegar Works (Proprietary) Limited which was sold during that year.

	2018 R'000	2017 R'000	2016 R'000
29. **SHARE-BASED PAYMENT LIABILITY – EMPLOYEE SHARE SCHEME**			
Balance at beginning of year	**192 141**	378 945	475 058
Share-based payment	**(26 017)**	(113 863)	(22 874)
Repurchase of class A ordinary shares from leavers	**(26 287)**	(69 182)	(69 191)
Dividends paid on class A ordinary shares	**(3 301)**	(3 759)	(4 048)
	136 536	192 141	378 945

Refer to note 23.2 for further detail.

For the purposes of the statement of financial position the share-based payment liability is presented as follows:

	2018 R'000	2017 R'000	2016 R'000
Non-current liabilities	**112 768**	159 845	317 984
Current liabilities	**23 768**	32 296	60 961
	136 536	192 141	378 945

	2018 R'000	2017 R'000	2016 R'000
30. **TRADE AND OTHER PAYABLES**			
Trade payables	**2 470 941**	1 912 574	1 581 291
Accrued expenses	**130 189**	105 498	98 580
Related parties (refer to note 36)	**1 976**	529	864
Deferred revenue	**33 665**	36 305	37 438
Government grants	**56 879**	61 070	65 624
Value-added tax	**12 991**	5 012	11 809
Accrual for leave	**134 759**	118 008	110 781
Accrual for 13th cheque	**73 614**	65 326	60 188
Accrual for forward purchase contracts on own equity (refer to note 19)	**–**	–	493 265
Accrual for performance bonus	**30 762**	2 858	3 115
Other	**72 733**	81 684	67 928
	3 018 509	2 388 864	2 530 883
For the purposes of the statement of financial position trade and other payables are presented as follows:			
Current liabilities			
Trade and other payables	**3 018 509**	2 388 864	2 037 618
Accrual for forward purchase contracts on own equity (refer to note 19)	**–**	–	493 265
	3 018 509	2 388 864	2 530 883
The carrying amounts of the Group's trade payables are denominated in the following currencies:			
Covered by means of foreign exchange contracts	**728 308**	414 964	53 722
Euro	**9 738**	21 585	2 634
British pound	**–**	5 063	3 709
US dollar	**718 570**	388 167	47 379
Other	**–**	149	–
Uncovered	**1 742 633**	1 497 610	1 527 569
Euro	**9 882**	7 823	8 772
British pound	**178 753**	168 783	117 934
Botswana pula	**–**	7	–
US dollar	**7 857**	10 558	626
SA rand	**1 531 620**	1 296 909	1 400 237
Other	**14 521**	13 530	–
Total	**2 470 941**	1 912 574	1 581 291
The following balances, included in the summary above, are denominated in the functional currencies of the relevant entities:			
British pound	**178 512**	167 921	117 934

Other payables are mostly denominated in the Group's functional currency and no significant risk concentrations exist outside South Africa.

31. **FINANCIAL RISK MANAGEMENT**

31.1 **Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk, foreign exchange risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

The Board approved an overall decision-making framework in terms of which financial risks are evaluated, managed and hedged by executive management.

(a) ***Market risk***

(i) Interest rate risk

The Group's interest rate risk arises from both financial assets and financial liabilities.

Financial liabilities exposed to interest rate risk include interest-bearing short- and long-term borrowings, bank overdrafts and call loans. The Group borrows at both fixed and variable interest rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates.

The interest rate profile as at 30 September is summarised as follows:

	2018 R'000	2017 R'000	2016 R'000
Variable rate	**1 515 904**	1 011 797	1 491 229
Fixed rate	**506 187**	498 126	495 522
Total loans	**2 022 091**	1 509 923	1 986 751
	%	%	%
Percentage of total loans:			
Variable rate	**75**	67	75
Fixed rate	**25**	33	25
Total loans	**100**	100	100

Refer to note 25 for detail regarding interest rates.

Financial assets exposed to interest rate risk include cash, short-term bank deposits and loans to associates and joint ventures. The Group's cash and cash equivalents are placed with creditable financial institutions.

Cash and short-term bank deposits are invested at variable rates. At 30 September 2018, R539 647 230 (2017: R273 770 035; (2016: R623 457 424) was invested at rates that varied from to 6.0% to 7.5% (2017: 6.8% to 7.7%; 2016: 7.0% to 7.9%).

At 30 September 2018 loans to joint ventures were granted interest-free or at variable rates of 10.0% (2017: 4.3% to 10.3%; 2016: 9.5% to 10.5%).

(ii) Foreign exchange risk

Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the euro, US dollar and British pound. Foreign exchange risk arises from future commercial transactions denominated in foreign currencies, recognised assets and liabilities denominated in foreign currencies and derivative financial instruments. Apart from the Group's exposure to trade receivables and payables denominated in foreign currencies, no other financial assets or liabilities expose the Group to significant foreign currency risk.

31. **FINANCIAL RISK MANAGEMENT (CONTINUED)**

31.1 **Financial risk factors (continued)**

(a) ***Market risk (continued)***

(ii) Foreign exchange risk (continued)

The Group manages short-term foreign exchange exposure relating to trade imports and exports in terms of formal foreign exchange policies with prescribed limits. Foreign exchange risk arising from the import of raw materials and the export of finished products is hedged by means of foreign exchange contracts in terms of formal hedging policies. To the extent that foreign exchange contracts qualify for hedge accounting under *IAS 39 – Financial Instruments: Recognition and Measurement*, the effective portion of the movement in fair values of these derivatives are accounted for as either cash flow hedges or fair value hedges.

Foreign exchange risk arising from capital imports is hedged in total by means of foreign exchange contracts or other appropriate hedging instruments. On a case-by-case basis, depending on the potential profit or loss volatility caused by the fair value movement of the derivative, management decides whether or not to apply hedge accounting.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. However, the Group's exposure to this risk is insignificant as the Group's investments in foreign operations are not material.

Refer to note 19 for detail of foreign exchange contracts at year-end.

(iii) Price risk

The Group is exposed to price risk of equity securities due to investments held by the Group that are classified on the consolidated statement of financial position as 'available-for-sale financial assets'. To manage its price risk arising from investments in equity securities, the portfolio was managed by three major professional fund managers and investments were spread over a variety of industries in the market. The Group's remaining investment in equity securities is not material.

The Group is further exposed to commodity price risk. The risk arises from the Group's need to buy specific quantities and qualities of raw materials to meet its milling and manufacturing requirements. These raw materials include wheat, maize, rice, legumes, soya beans, sorghum and oats.

The Group uses exchange-for-physical contracts, options and futures to hedge itself against the price risk of these commodities. These contracts hedge the future purchase price of raw materials. Settlement of the physical contracts and local futures are effected by physical delivery. To the extent that commodity forward contracts and futures qualify for hedge accounting under *IAS 39 – Financial Instruments: Recognition and Measurement*, the effective portion of the movement in fair values of these derivatives are accounted for as either cash flow hedges or fair value hedges.

Commodities are hedged in terms of formal procurement policies which include raw material procurement hedging policies, pricing options and exposure limits, approved by the Board of directors. The policies are regularly reviewed by the relevant procurement committee under chairmanship of the appropriate executive business manager. Policies are sufficiently flexible to allow management to rapidly adjust hedges following possible changes in raw material requirements.

Refer to note 19 for detail of commodity instruments at year-end.

(iv) Sensitivity analysis

The table below summarises the impact on post-tax profit and equity of changes in market risks relating to the Group's financial instruments exposed to foreign currency risk, interest rate risk and price risk.

The rates used are those 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.

31. **FINANCIAL RISK MANAGEMENT (CONTINUED)**

31.1 **Post-retirement medical benefits (continued)**

(a) ***Market risk (continued)***

(iv) Sensitivity analysis (continued)

Change in foreign currency

Derivative financial instruments affected by changes in exchange rates include foreign exchange contracts. The summary below reflects the results of an expected change in US dollar of 2018: 10.0% (2017: 10.0%; 2016: 10.0%), British pound of 2018: 10.0% (2017: 10.0%; 2016: 10.0%), Botswana pula of 2018: 5.0% (2017: 5.0%; 2016: 10.0%) and euro of 2018: 10.0% (2017: 10.0%; 2016: 10.0%), with all other variables held constant. The reasonably possible changes in the relevant risk variables are based on management's economic outlook for the next 12 months. Changes to these risk variables are due to a revised economic outlook.

	2018 R'000	2017 R'000	2016 R'000
Rand depreciates against foreign currencies			
– Increase/(decrease) in profit after income tax			
Trade receivables	**17 377**	13 552	15 507
Trade payables	**(53 598)**	(31 324)	(4 512)
Cash and cash equivalents	**209**	530	361
Derivative financial instruments not earmarked for hedging	**54 064**	1 626	5 086
– Increase in equity after income tax			
Derivative financial instruments earmarked for hedging	**717**	24 950	7 208
	18 769	9 334	23 650

If the South African rand appreciates against these currencies it will have an opposite effect on reserves of the same amount.

Change in interest rate

The summary below reflects the results of an expected change in the prime interest rate of 2018: 0.25% (2017: 0.25%; 2016: 0.5%) with all other variables held constant.

	2018 R'000	2017 R'000	2016 R'000
Interest rate increases			
– Increase/(decrease) in profit after income tax			
Short-term bank deposits	**960**	472	2 205
Interest-bearing borrowings	**(2 696)**	(1 909)	(4 943)
	(1 736)	(1 437)	(2 738)

If the prime interest rate decreases it will have an opposite effect on profit after income tax of the same amount for financial instruments.

Change in commodity prices

Derivative financial instruments affected by changes in the commodity prices relate to futures and options. The summary below reflects the results of an expected increase in the wheat price of 2018: 10.0% (2017: 10.0%; 2016: 5.0%) and an expected increase in the maize price of 2018: 10.0% (2017: 10.0%; 2016: 10.0%), with all other variables held constant.

31. **FINANCIAL RISK MANAGEMENT (CONTINUED)**

31.1 **Post-retirement medical benefits (continued)**

(a) ***Market risk (continued)***

(iv) Sensitivity analysis (continued)

	2018 R'000	2017 R'000	2016 R'000
Commodity price increases			
– Increase in equity after income tax			
Derivative financial instruments earmarked for hedging	**57 476**	25 870	55 518

A decrease in these commodity prices will result in a decrease in reserves of the same amount.

Change in security prices

Available-for-sale financial assets relate to investments in securities. The summary below reflects the results of an expected change in the security prices of 2018: 5.0% (2017: 5.0%; 2016: 10.0%), with all other variables held constant.

	2018 R'000	2017 R'000	2016 R'000
Security prices increase			
– Increase in equity after income tax			
Available-for-sale financial instruments	**2 983**	5 926	9 956

A decrease in these security prices will result in a decrease in reserves of the same amount.

Change in forward purchase contracts on own equity

The summary below reflects the results of an expected change in the security prices of 2018: 5.0% (2017: 10.0%; 2016: 10.0%), with all other variables held constant.

	2018 R'000	2017 R'000	2016 R'000
Security prices increase			
– Increase in profit after income tax			
Derivative financial instruments on own equity	**9 495**	26 169	44 863

A decrease in these security prices will result in a decrease in profit after income tax of the same amount.

(b) ***Credit risk***

Financial assets that potentially subject the Group to a concentration of credit risk consist principally of cash and cash equivalents, derivative financial instruments and deposits with financial institutions, as well as credit exposure to trade receivables, including outstanding receivables and committed transactions.

The Group's credit risk exposure relating to cash and cash equivalents, derivative financial instruments and deposits with financial institutions is managed on a Group level. Cash equivalents and short-term deposits are placed with a limited group of creditable financial institutions, all of which have at a minimum a P-3 credit rating according to the published Moody's ratings. A short-term rating of P-3 indicates that the issuer has an acceptable ability to repay short-term debt obligations.

31. **FINANCIAL RISK MANAGEMENT (CONTINUED)**

31.1 **Post-retirement medical benefits (continued)**

(b) ***Credit risk (continued)***

The Group's credit risk exposure relating to trade receivables is managed on a centralised basis. The Group has implemented a credit policy governing credit risk management. Trade receivables are subject to credit limits, credit approval and credit control procedures. Upon approval of new customers and when determining or revising individual credit limits the credit quality of customers is assessed, taking into account the customer's financial position, past experience with the customer, external and bank ratings when available as well as other relevant factors. Credit guarantee insurance or collateral is obtained where appropriate. The utilisation of credit limits is regularly monitored.

Credit risk with respect to trade receivables is limited due to the large number of customers comprising the Group's customer base and their dispersion across different industries and geographical areas.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position as well as financial guarantees issued of 2018: R28 364 193 (2017: R25 385 998; 2016: R27 802 271).

(c) ***Liquidity risk***

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The Group manages its liquidity risk by using reasonable and retrospectively assessed assumptions to forecast the future cash-generating capabilities and working capital requirements of the businesses it operates and by maintaining sufficient reserves, committed borrowing facilities and other credit lines as appropriate. The Group's policy has been to maintain substantial unutilised banking facilities and reserve borrowing capacity as well as significant liquid resources.

Surplus cash held by Group treasury over and above the balance required for working capital management is invested in interest-bearing money market deposits with sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. At the reporting date, the Group held short-term bank deposits of 2018: R539 647 230 (2017: R273 770 035; 2016: R623 457 424).

At year-end the Group has borrowing facilities in the form of committed borrowings as well as overnight facilities at the four major South African banks. Sufficient collateral in the form of inventory, trade receivables, property, plant and equipment and cessions of insurance policies and bank accounts of certain Group legal entities, are provided as security for the debt. The Group also has the option to repay long-term debt as excess cash flow is available, without incurring any penalties.

The Group tends to have significant fluctuations in short-term borrowings due to seasonal factors. Consequently, Group policy requires that sufficient borrowing facilities are available to exceed projected peak borrowings.

The Group's unutilised borrowing facilities are as follows:

	2018 R'000	2017 R'000	2016 R'000
Total borrowing facilities	**4 684 693**	3 943 408	4 099 325
Net interest-bearing liabilities	**(893 321)**	(1 079 134)	(985 960)
	3 791 372	2 864 274	3 113 365

The total borrowing facilities for 2018, as indicated above, exclude the additional general banking facilities (seasonal facilities) that will be available from 1 March to 30 June each year.

Refer to note 50 for a maturity analysis that analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows.

31. **FINANCIAL RISK MANAGEMENT (CONTINUED)**

31.2 **Capital risk management**

Capital employed is managed on a basis that enables the Group to continue operating as a going concern in order to provide acceptable returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital by means of the debt to equity ratio. This ratio is calculated as net debt divided by capital and reserves attributable to owners of the parent. The Group strives to limit debt to equity to 40%.

The capital structure in the form of equity and debt is managed taking cognisance of the Company's performance and economic conditions. The Group has the flexibility to make adjustments to the capital structure by adjusting dividend payments, the issue of new shares or the return of share capital to shareholders and the variation in debt levels.

A major focus of the Group's capital management is to ensure liquidity, in the form of short-term borrowing facilities, in order to have sufficient funding available for the Group's working capital requirements.

Under the terms of the syndicated loan facilities, the Group is required to comply with the following financial covenants:

- Net debt to EBITDA must not be greater than 2.75:1
- Interest cover must not be less than 3.5:1

At 30 September 2018, the Group complied with these covenants with these ratios being 0.2:1 and 13.2:1 respectively.

31.3 **Fair values**

All financial instruments measured at fair value are classified using a three-tiered fair value hierarchy that reflects the significance of the inputs used in determining the measurement. The hierarchy is as follows:

Level 1 – Fair value measurements derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Fair value measurements derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Fair value measurements derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and available-for-sale securities) 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. The appropriate quoted market price for financial liabilities is the current ask price. These instruments are included in level 1. Instruments included in level 1 comprise primarily JSE-listed equity investments classified as available-for-sale.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

The Group uses a variety of methods that makes assumptions that are based on market conditions existing at the reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments. Other techniques, such as estimated discounted cash flows, are used to determine the fair value for the remaining financial instruments. The fair value of foreign exchange contracts is determined using quoted forward exchange rates at the reporting date.

The fair values of the forward purchase contracts on own equity are determined at each reporting date and any changes in the values are recognised in profit or loss. The fair values of the forward purchase contracts have been determined by an independent external professional financial

31. **FINANCIAL RISK MANAGEMENT (CONTINUED)**

31.3 **Fair values (continued)**

instruments specialist by using a discounted cash flow model. The inputs to this valuation method include the risk free rate, dividend yield, contractual forward price and the spot price at year-end.

The carrying amounts of cash, trade and other receivables less provision for impairment, trade and other payables and short-term borrowings are assumed to approximate their fair values due to the short term until maturity of these assets and liabilities.

In 2016, the fair value of vineyards was calculated as the future expected net cash flows from the assets discounted at a current market determined rate, over the remaining useful lives of the vineyards.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair values of long-term investments and long-term borrowings are not materially different from the carrying amounts.

At 30 September 2017 the assets related to the fish paste spreads business have been presented as "assets of a disposal group classified as held for sale" in terms of *IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations*. Refer to note 13 for further detail. During the 30 September 2018 reporting year the Board revoked its decision to dispose of the assets of this business and its intention is now to recover the carrying amounts of these assets through continuing use. The Group believes that value remains to be unlocked and is committed to implement measures to improve operating efficiencies.

Refer to note 52 for detail on fair value measurements by level of fair value measurement hierarchy.

	2018 R'000	2017 R'000	2016 R'000
32. **CONTINGENT LIABILITIES**			
Guarantees in terms of loans by third parties to contracted service providers	**28 364**	25 386	27 802
Other guarantees	**2 431**	2 820	2 844
Share of items of joint ventures	**81**	81	281
Third-party claims	**–**	498	1 809
	30 876	28 785	32 736

There are no matters of litigation that pose a material financial risk to the Group.

33. **COMMITMENTS**

33.1 **Operating lease commitments**

Not later than one year	**139 169**	101 482	98 590
Later than one year, but not later than five years	**465 179**	229 392	257 207
Later than five years	**500 058**	359 931	288 824
	1 104 406	690 805	644 621

The Group leases various offices and warehouses under non-cancellable operating lease agreements. The lease terms are between five and 25 years and the majority of lease agreements are renewable at the end of the lease period at market rates.

The Group also leases various items of plant and machinery under cancellable operating lease agreements. The Group is usually required to give a six-month notice for the termination of these agreements. The lease expenditure charged to profit or loss during the year is disclosed in note 4.

33. COMMITMENTS (CONTINUED)

	2018 R'000	2017 R'000	2016 R'000
33.2 Operating lease receivables			
The future aggregate minimum lease payments receivable under non-cancellable operating leases are as follows:			
Not later than one year	**498**	239	205
Later than one year, but not later than five years	**819**	21	–
	1 317	260	205

	2018 R'000	2017 R'000	2016 R'000
33.3 Future capital commitments			
Contractually committed			
– for next financial year	**156 656**	218 854	307 563
Approved by the Board, but not yet contractually committed	**1 068 350**	943 680	1 085 577
– for next financial year	**614 440**	626 615	989 732
– for year following next financial year	**453 910**	317 065	95 845
Share of items of joint ventures and associate	**56 690**	43 417	74 089
	1 281 696	1 205 951	1 467 229
Allocated as follows:			
Property, plant and equipment	**1 281 696**	1 205 951	1 467 229
	1 281 696	1 205 951	1 467 229

The expenditure will be financed from operating income and borrowed funds, in accordance with a budget approved by the Board.

34. RETIREMENT BENEFITS

The Group contributes to retirement and provident funds for all its employees which are administered by several service providers. These retirement and provident funds are defined contribution plans which are arranged and governed by the Pension Fund Act of 1956.

35. GOVERNMENT GRANTS

	2018 R'000	2017 R'000	2016 R'000
Cumulative amounts received	**83 459**	83 459	83 459
Cumulative amounts amortised	**(26 580)**	(22 389)	(17 835)
Receipts deferred	**56 879**	61 070	65 624

The Group benefits from government grants for capital expenditure.

36. RELATED-PARTY TRANSACTIONS

36.1 Parent

Pioneer Food Group Limited is the ultimate holding company of the Pioneer Foods group of companies.

36.2 Subsidiaries

The details of effective interests in subsidiaries are disclosed in note 47.

36. RELATED-PARTY TRANSACTIONS (CONTINUED)

	2018 R'000	2017 R'000	2016 R'000

36.3 Associates and joint ventures

The details of the effective interests in and loans to associates are disclosed in notes 16 and 49. Details of effective interests in and loans to and from joint ventures are disclosed in notes 15 and 48.

36.4 Key management personnel

Key management personnel include the members of the Board, members of the Group's executive committee, business executives as well as the immediate subordinates of such managers. Non-executive directors are included in the definition of key management personnel as well as any close family members of such persons and any entity over which key management exercise control, joint control or significant influence.

Close family members are those family members who may be expected to influence, or be influenced, by that person in their dealings with Pioneer Foods. They include the person's domestic partner and children, the children of the person's domestic partner, and dependants of the person or the person's domestic partner.

36.5 Transactions and balances

During the financial year the Company and its subsidiaries conducted the following transactions with joint ventures, associates, parties exercising significant influence and key management personnel.

	2018 R'000	2017 R'000	2016 R'000
Sale of goods			
Joint ventures	**520 286**	435 670	452 484
Associates	**13 916**	465	–
Rendering of services			
Joint ventures	**18 591**	19 759	29 219
Purchase of goods			
Joint ventures	**5 258**	4 272	4 077
Net interest (paid)/received			
Joint ventures	**(455)**	1 008	2 843
Associates	**135**	193	–
Key management personnel compensation			
Salaries and other short-term employee benefits	**111 542**	109 317	108 785
Termination benefits	**8 312**	9 573	3 274
Post-employment benefits	**12 923**	12 915	12 223
Other long-term benefits	**833**	352	359
Share-based payments	**15 887**	12 635	27 316
	149 497	144 792	151 957

36. RELATED-PARTY TRANSACTIONS (CONTINUED)

36.5 Transactions and balances (continued)

	2018 R'000	2017 R'000	2016 R'000
Receivables from related parties arise mainly from sales transactions and are due at the end of the month following the date of the transaction. These receivables are unsecured in nature and bear no interest. No provision for impairment was made against receivables from related parties (2017 and 2016: Rnil).			
Payables to related parties arise mainly from purchase transactions and are due 30 days after the statement date. These payables bear no interest			
Year-end balances arising from sales/purchases of goods/services			
Receivable from related parties			
Joint ventures	**55 012**	48 715	68 189
Associates	**4 547**	143	–
	59 559	48 858	68 189
Payable to related parties			
Joint ventures	**1 976**	529	864
Loans to/(from) related parties			
Loans to/(from) joint ventures			
Beginning of year	**21 197**	48 524	14 765
Loans advanced during the year	**218 013**	193 879	171 774
Loan repayments received	**(245 301)**	(222 215)	(140 858)
Interest charged	**1 512**	2 889	4 187
Interest paid	**(2 013)**	(1 880)	(1 344)
End of year	**(6 592)**	21 197	48 524
No provision for impairment was made in 2018 against loans made to joint ventures (2017 and 2016: Rnil).			
Loans to associate			
Beginning of year	**7 593**	–	–
Loans advanced during the year	**–**	7 285	–
Loan repayments received	**(7 527)**	(50)	–
Interest charged	**135**	193	–
Foreign exchange translation	**(201)**	165	–
End of year	**–**	7 593	–

No provision for impairment was made in 2018 against loans made to associates (2017 and 2016: Rnil).

	2018 R'000	2017 R'000	2016 R'000
37. NET CASH PROFIT FROM OPERATING ACTIVITIES			
Profit before income tax	**1 476 112**	984 953	2 319 160
Adjusted for:			
Depreciation and amortisation	**437 726**	386 723	341 603
Impairment of property, plant and equipment and intangible assets	**–**	31 104	–
Impairment of available-for-sale financial assets	**–**	–	23 338
Net profit on disposal of property, plant and equipment and intangible assets	**(35 214)**	(5 798)	(12 166)
Net profit on disposal of available-for-sale financial assets	**(24 576)**	(4 800)	(8 332)
Net profit on disposal of subsidiary	**–**	–	(24 183)
Unrealised losses/(profits) on foreign exchange contracts and on foreign exchange differences	**6 599**	(9 441)	6 542
Fair value of embedded derivative financial instruments	**1 410**	(581)	(783)
Fair value adjustment of step-up from joint venture to subsidiary	**(13 438)**	18 705	–
Net loss on disposal on equity-accounted investments	**–**	17 746	–
Change in provision for impairment of trade receivables	**(8 968)**	1 155	(8 280)
Change in allowance for outstanding credit notes	**(692)**	(6 153)	394
Share-based payments	**56 727**	126 420	4 678
Changes in provisions for post-retirement medical benefits and long-service awards	**7 403**	7 057	5 790
Dividends received	**(11 447)**	(3 246)	(4 086)
Interest received	**(16 540)**	(18 968)	(42 679)
Interest paid	**197 467**	196 805	167 256
Share of profit of associated companies	**(13 811)**	(6 407)	(2 348)
Share of loss/(profit) of joint ventures	**13 770**	(53 901)	(98 032)
	2 072 528	1 661 373	2 667 872

38. WORKING CAPITAL CHANGES			
(Increase)/decrease in inventory	**(38 285)**	178 196	(490 275)
(Increase)/decrease in trade and other receivables	**(19 858)**	271 015	(48 939)
Increase/(decrease) in trade and other payables	**334 100**	339 677	(240 161)
Changes to derivative financial instruments (assets and liabilities)	**18 998**	(23 886)	17 913
Provisions paid	**(13 856)**	(13 310)	(13 048)
	281 099	751 692	(774 510)

39. DIVIDENDS PAID TO GROUP ORDINARY SHAREHOLDERS			
Amounts unpaid at beginning of year	**(598)**	(615)	(470)
As disclosed in statement of changes in equity	**(681 376)**	(678 464)	(634 045)
Dividends declared to ordinary shareholders	**(820 891)**	(818 045)	(766 410)
Treasury dividends received by share incentive trusts	**–**	66	1 643
Treasury dividends received by subsidiary	**65 635**	65 635	61 499
Treasury dividends received by participants to B-BBEE equity transaction	**66 035**	66 035	61 873
Treasury dividends received by Pioneer Foods Broad-Based BEE Trust	**7 845**	7 845	7 350
Amounts unpaid at end of year	**1 551**	598	615

	2018 R'000	2017 R'000	2016 R'000
	(680 423)	(678 481)	(633 900)

40. **INCOME TAX PAID**

Amounts unpaid at beginning of year	**(16 794)**	(28 353)	(19 465)
Current income tax as disclosed in profit or loss	**(358 749)**	(230 069)	(508 667)
Business combination	**6 816**	–	–
Disposal of subsidiary	**–**	–	(201)
Hedging reserve – reversal of previous year income tax to profit or loss	**1 573**	(44 857)	4 020
Hedging reserve – income tax current year	**(2 152)**	(1 573)	44 857
Amounts unpaid at end of year	**4 955**	16 794	28 353
	(364 351)	(288 058)	(451 103)

41. **PROCEEDS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS**

Carrying value of property, plant and equipment and intangible assets	**71 419**	65 650	57 158
Net profit on disposal of property, plant and equipment and intangible assets	**35 214**	5 798	12 166
	106 633	71 448	69 324

42. **PROCEEDS ON DISPOSAL OF AVAILABLE-FOR-SALE FINANCIAL ASSETS**

Cost price of available-for-sale financial assets	**61 892**	12 314	6 935
Net profit on disposal of available-for-sale financial assets	**24 576**	4 800	8 332
	86 468	17 114	15 267

	2018 R'000	2017 R'000

43. **NET DEBT RECONCILIATION**

The following is an analysis of net debt and the movements in net debt for each of the periods presented.

	2018 R'000	2017 R'000
Net debt		
Cash at bank and on hand	**589 123**	157 019
Short-term bank deposits	**539 647**	273 770
Cash and cash equivalents	**1 128 770**	430 789
Borrowings – repayable within one year (including bank overdrafts)	**(617 011)**	(811 199)
Lease agreements	**(1 388)**	(1 298)
Syndicated	**(686)**	(602 775)
B-BBEE equity transaction: redeemable preference shares	**(451 494)**	(33 679)
Instalment sale agreements	**(67 447)**	(39 913)
Other	**(738)**	(5 194)
Bank overdrafts	**(95 258)**	(128 340)
Borrowings – repayable after one year	**(1 405 080)**	(698 724)
Lease agreements	**(61 498)**	(61 494)
Syndicated	**(1 184 868)**	–
B-BBEE equity transaction: redeemable preference shares	**–**	(433 141)
Instalment sale agreements	**(137 347)**	(204 089)
Other	**(21 367)**	–
	(893 321)	(1 079 134)
Cash	**1 128 770**	430 789
Gross debt – fixed interest rates	**(506 187)**	(498 126)
Gross debt – variable interest rates	**(1 515 904)**	(1 011 797)
	(893 321)	(1 079 134)

	Cash/bank overdrafts R'000	Leases due within 1 year R'000	Leases due after 1 year R'000	Borrowings due within 1 year R'000	Borrowings due after 1 year R'000	Total R'000
Net debt as at 1 October 2016	421 635	(1 213)	(41 165)	(73 095)	(1 292 122)	(985 960)
Cash flows	(128 079)	(85)	200	(602 303)	654 892	(75 375)
New borrowings	–	–	(20 529)	–	–	(20 529)
Business combinations	7 970	–	–	(6 163)	–	1 807
Foreign exchange adjustments	923	–	–	–	–	923
Net debt as at 30 September 2017	**302 449**	**(1 298)**	**(61 494)**	**(681 561)**	**(637 230)**	**(1 079 134)**
Cash flows	**724 405**	**(90)**	**(4)**	**161 933**	**499 883**	**1 386 127**
New borrowings	**–**	**–**	**–**	**(737)**	**(1 206 235)**	**(1 206 972)**
Business combinations	**3 649**	**–**	**–**	**–**	**–**	**3 649**
Foreign exchange adjustments	**3 009**	**–**	**–**	**–**	**–**	**3 009**
Net debt as at 30 September 2018	**1 033 512**	**(1 388)**	**(61 498)**	**(520 365)**	**(1 343 582)**	**(893 321)**

	2018 R'000	2017 R'000	2016 R'000
44. NET DISPOSAL OF SUBSIDIARY AND BUSINESS COMBINATIONS			
44.1 Net disposal of subsidiary			
Effect on movement of:			
Property, plant and equipment	**–**	–	42 724
Intangible assets	**–**	–	564
Inventory	**–**	–	12 458
Trade and other receivables	**–**	–	20 250
Current income tax	**–**	–	201
Cash and cash equivalents	**–**	–	11 875
Deferred income tax	**–**	–	(4 764)
Trade and other payables	**–**	–	(20 839)
Loans from holding company	**–**	–	(13 097)
Non-controlling interest	**–**	–	(12 417)
	–	–	36 955
Net profit on disposal of subsidiary	**–**	–	24 183
Proceeds	**–**	–	61 138
Loan from holding company repaid	**–**	–	13 097
Cash and cash equivalents disposed of	**–**	–	(11 875)
Total proceeds	**–**	–	62 360
44.2 Business combinations			
44.2.1 Business combinations – Summary			
Effect on movement of:			
Property, plant and equipment	**174 255**	40 506	27 539
Intangible assets	**258 939**	29 278	–
Goodwill	**99 522**	38 012	85 755
Inventories	**99 984**	4 017	43 276
Trade and other receivables	**232 743**	1 753	40 527
Cash and cash equivalents	**3 649**	7 970	17 968
Borrowings	**(148 876)**	(6 163)	–
Deferred income tax	**(2 768)**	707	5 472
Loan joint venture	**(32 801)**	–	–
Current income tax	**6 816**	–	–
Non-controlling interest	**–**	(23 622)	–
Trade and other payables	**(308 336)**	(11 714)	(55 688)
	383 127	80 744	164 849
Fair value adjustment of step-up from joint venture to subsidiary	**(13 438)**	18 705	–
	369 689	99 449	164 849
De-recognition of investment in joint venture	**(36 362)**	(70 744)	–
Share of other comprehensive income recycled to profit or loss	**–**	(12 071)	–
Purchase consideration	**333 327**	16 634	164 849
Cash and cash equivalents acquired	**(3 649)**	(7 970)	(17 968)
Borrowings acquired	**148 876**	–	–
Loan joint venture acquired	**32 801**	–	–
	511 355	8 664	146 881

44. **NET DISPOSAL OF SUBSIDIARY AND BUSINESS COMBINATIONS (CONTINUED)**

44.2 **Business combinations (continued)**

	2018 R'000	2017 R'000	2016 R'000
44.2.2 ***Detail of business combinations during 2018***			
The Good Carb Food Company Limited (UK)			
The assets and liabilities of this business were acquired on 11 December 2017 and can be summarised as follows:			
Fair value			
Plant, machinery and equipment	**42**	–	–
Trademarks	**189 453**	–	–
Goodwill	**99 522**	–	–
Intellectual property	**17 462**	–	–
Inventories	**8 545**	–	–
Trade and other receivables	**11 869**	–	–
Cash and cash equivalents	**19 648**	–	–
Trade and other payables	**(23 900)**	–	–
Deferred income tax	**(39 314)**	–	–
Purchase consideration – settled in cash	**283 327**	–	–
Cash and cash equivalents acquired	**(19 648)**	–	–
	263 679	–	–

Reason for business combination:

The Group acquired 100% of the equity of this fast-growing breakfast cereal entity in the UK, which is in line with its international expansion strategy. This is a complimentary bolt-on acquisition enlarging the Group's footprint in the UK's breakfast cereal market, providing access to a strong branded proposition in this space.

Reason for goodwill recognised on acquisition:

The premium paid to acquire control resulted in the recognition of goodwill amounting to R99,522,461. This reflects the Group's belief in the future growth prospects of this business, as well as those of the health and wellness category in the UK.

	2018 R'000	2017 R'000	2016 R'000
Contribution since acquisition:			
Revenue	**116 856**	–	–
Operating profit before finance cost and income tax	**23 420**	–	–
Pro forma **contribution assuming the acquisition was at the beginning of the year:**			
Revenue	**147 607**	–	–
Operating profit before finance cost and income tax	**29 584**	–	–

44. NET DISPOSAL OF SUBSIDIARY AND BUSINESS COMBINATIONS (CONTINUED)

44.2 Business combinations (continued)

44.2.2 ***Detail of business combinations during 2018*** (continued)

	2018 R'000	2017 R'000	2016 R'000
Heinz Foods SA (Proprietary) Limited			
Subsequently renamed as Pioneer Foods Wellingtons (Proprietary) Limited.			
The assets and liabilities of this business were acquired on 1 June 2018 and can be summarised as follows:			
Fair value			
Land and buildings	**28 304**	–	–
Plant, machinery and equipment	**145 534**	–	–
Trademarks	**52 024**	–	–
Vehicles	**375**	–	–
Inventories	**91 439**	–	–
Trade and other receivables	**220 874**	–	–
Cash and cash equivalents	**(15 999)**	–	–
Trade and other payables	**(284 436)**	–	–
Deferred income tax	**36 546**	–	–
Current income tax	**6 816**	–	–
Borrowings (Note 1)	**(148 876)**	–	–
Loan joint venture (Note 1)	**(32 801)**	–	–
	99 800	–	–
De-recognition of investment in joint venture	**(36 362)**	–	–
Fair value adjustment of step-up from joint venture to subsidiary	**(13 438)**	–	–
Purchase consideration	**50 000**	–	–
Cash and cash equivalents acquired	**15 999**	–	–
Borrowings acquired	**148 876**	–	–
Loan joint venture acquired	**32 801**	–	–
	247 676	–	–
Reason for business combination:			
The Group acquired the remaining equity (50.1%) in an existing joint venture. This change is an excellent opportunity for the Group to leverage its existing scale and platform in South Africa to grow the business in line with its expansion strategy.			
Contribution since acquisition:			
Revenue	**196 553**	–	–
Operating loss before finance cost and income tax	**(11 710)**	–	–
***Pro forma* contribution assuming the acquisition was at the beginning of the year:**			
Revenue	**589 658**	–	–
Operating loss before finance cost and income tax	**(23 443)**	–	–

Note 1: Subsequent to this acquisition, these represent intergroup loans that are eliminated upon consolidation.

44. NET DISPOSAL OF SUBSIDIARY AND BUSINESS COMBINATIONS (CONTINUED)

44.2 *Business combinations* (continued)

	2018 R'000	2017 R'000	2016 R'000
44.2.2 *Detail of business combination during 2017*			
Food Concepts Pioneer Limited			
The assets and liabilities of this business were acquired on 1 July 2017 and can be summarised as follows:			
Fair value			
Land and buildings	**–**	17 860	–
Plant and equipment	**–**	20 226	–
Trademarks	**–**	29 278	–
Goodwill	**–**	38 012	–
Vehicles	**–**	2 420	–
Inventories	**–**	4 017	–
Trade and other receivables	**–**	1 753	–
Cash and cash equivalents	**–**	7 970	–
Trade and other payables	**–**	(11 714)	–
Deferred income tax	**–**	707	–
Borrowings	**–**	(6 163)	–
Total identifiable assets and liabilities	**–**	104 366	–
Non-controlling interest	**–**	(23 622)	–
De-recognition of investment in joint venture	**–**	(70 744)	–
Fair value adjustment of step-up from joint venture to subsidiary	**–**	18 705	–
Share of other comprehensive income recycled to profit or loss	**–**	(12 071)	–
Purchase consideration – settled in cash	**–**	16 634	–

Reason for business combination:

The Group acquired a further interest in an existing joint venture resulting in control of this fast growing baking entity in Nigeria in line with its international expansion strategy. This is another step in enlarging the Group's footprint in the substantial Nigerian market.

Reason for goodwill paid:

The premium paid to acquire control resulted in goodwill. The increased shareholding reflects the Group's belief in the future growth prospects of this business.

	2018 R'000	2017 R'000	2016 R'000
Contribution since acquisition:			
Revenue	**–**	45 846	–
Operating profit before finance cost and income tax	**–**	2 335	–
***Pro forma* contribution assuming the acquisition was at the beginning of the year:**			
Revenue	**–**	185 627	–
Operating profit before finance cost and income tax	**–**	7 729	–

44. NET DISPOSAL OF SUBSIDIARY AND BUSINESS COMBINATIONS (CONTINUED)

44.2 *Business combinations* (continued)

		2018 R'000	2017 R'000	2016 R'000
44.2.3	***Detail of business combination during 2016***			
	Streamfoods Limited			
	The assets and liabilities of this business were acquired on 29 July 2016 and can be summarised as follows:			
	Fair value			
	Land and buildings	**–**	–	6 528
	Plant and equipment	**–**	–	21 011
	Goodwill	**–**	–	85 755
	Inventories	**–**	–	43 276
	Trade and other receivables	**–**	–	40 527
	Cash and cash equivalents	**–**	–	17 968
	Trade and other payables	**–**	–	(55 688)
	Deferred income tax	**–**	–	5 472
	Purchase consideration – settled in cash	**–**	–	164 849

Reason for business combination:

The acquisition of Streamfoods continues Pioneer Foods' international expansion strategy and provides a bolt-on business for Bokomo Foods (UK) Limited. The acquisition provides growth prospects in the fruit snacking category and diversifies the risk of the company's private label dominated portfolio.

Reason for goodwill paid:

The price paid for Streamfoods is competitive in the context of other food brands sold within the UK FMCG environment, with much higher price earnings multiples paid for similar businesses. The business combination presents synergistic opportunities for Streamfoods, expected to increase its competitiveness and market penetration and provides further exposure to the growing health-snacking category.

Carrying value

The carrying values of the assets and liabilities acquired of this business agree to the fair values thereof as disclosed above, except for the goodwill recognised on the business combination.

	2018 R'000	2017 R'000	2016 R'000
Contribution since acquisition:			
Revenue	**–**	–	57 494
Operating profit before finance cost and income tax	**–**	–	1 114
***Pro forma* contribution assuming the acquisition was at the beginning of the year:**			
Revenue	**–**	–	296 740
Operating profit before finance cost and income tax	**–**	–	6 605

45. **SEGMENT INFORMATION**

Management has determined the operating segments based on the reports reviewed on a regular basis by the chief operating decision-maker ("CODM") in order to make strategic decisions.

Operating segments are divided into the following:

- Essential Foods
- Groceries
- International
- Other

Essential Foods includes products such as wheaten flour, maize meal, rice, pasta, legumes and bread. Groceries includes breakfast cereals, other fast moving consumer goods, fruit juices, fruit concentrate mixtures, water, frozen and ambient foods. International includes dried fruit, all exports (other than to Botswana, Namibia, Lesotho and Swaziland), the cereals and fruit snacking businesses in the United Kingdom, the bread and sausage rolls business in Nigeria and Bokomo Zambia (dormant). The other operating segment represents all operations not included in the segments above.

All corporate results are allocated to operating segments, except for the Phase I B-BBEE share-based payment charge and the impact of the related hedge, the results of the ultimate holding company and the insurance captive, corporate legal costs, BEE socio-economic and enterprise development costs and costs of mergers and acquisitions.

The segment results disclosed per segment below is the CODM's measure of each segment's operational performance. The measure represents adjusted operating profit before items of a capital nature, before non-controlling interest and before income tax and includes dividend income.

External revenue and all other items of income, expenses, profits and losses reported in the segment report are measured in a manner consistent with that in the statement of comprehensive income.

Segment assets consist of property, plant and equipment, intangible assets, inventories, trade and other receivables and derivative financial instrument assets and exclude cash and cash equivalents, available-for-sale financial assets, investments in joint ventures, loans to joint ventures, investments in associates, loans to associates, deferred and current income tax assets and non-current trade and other receivables.

Segment liabilities consist of trade and other payables, accrual for forward purchase contracts on own equity, provisions for other liabilities and charges, share-based payment liabilities and derivative financial instrument liabilities, and exclude borrowings, current and deferred income tax liabilities, loans from joint ventures and dividends payable.

Segment capital expenditure consists of additions and replacements of property, plant and equipment and intangible assets.

	2018 R'000	2017 R'000	2016 R'000
Segment revenue	**20 151 853**	19 575 045	20 599 725
Essential Foods	**11 859 292**	12 469 831	12 854 806
Groceries	**5 119 561**	4 402 690	4 695 153
International	**3 173 000**	2 702 524	3 049 766
Segment results	**1 602 415**	1 259 139	2 273 142
Essential Foods	**915 297**	800 113	1 249 371
Groceries	**419 239**	357 023	541 639
International	**285 039**	121 475	484 207
Other	**(17 160)**	(19 472)	(2 075)

45. SEGMENT INFORMATION (CONTINUED)

	2018 R'000	2017 R'000	2016 R'000
A reconciliation of the segments' results to operating profit before income tax is provided below:			
Segment results	**1 602 415**	1 259 139	2 273 142
Share-based payment on broad-based share incentive scheme and related hedge	**(30 092)**	(102 946)	44 786
Operating profit before items of a capital nature	**1 572 323**	1 156 193	2 317 928
Adjusted for:			
Items of a capital nature	**73 228**	(56 957)	21 343
Interest income	**16 540**	18 968	42 679
Dividend income	**11 447**	3 246	4 086
Finance costs	**(197 467)**	(196 805)	(167 256)
Share of (loss)/profit of joint ventures	**(13 770)**	53 901	98 032
Share of profit of associated companies	**13 811**	6 407	2 348
Profit before income tax per statement of comprehensive income	**1 476 112**	984 953	2 319 160
Segment assets	**12 431 315**	11 460 907	11 517 476
Essential Foods	**5 993 742**	5 900 390	5 916 488
Groceries	**4 096 795**	3 535 760	3 424 132
International	**2 192 324**	1 778 391	1 675 193
Other	**148 454**	246 366	501 663
A reconciliation of the segments' assets to the Group's assets is provided below:			
Segment assets per segment report	**12 431 315**	11 460 907	11 517 476
Adjusted for:			
Investments in joint ventures	**580 586**	665 006	769 810
Loans to joint ventures	**14 448**	35 737	74 564
Investment in associates	**196 241**	198 410	16 877
Loan to associate	**–**	7 593	–
Available-for-sale financial assets	**77 912**	138 092	128 295
Trade and other receivable	**45 751**	15 433	16 783
Current and deferred income tax assets	**66 049**	20 478	5 910
Cash and cash equivalents	**1 128 770**	430 789	1 000 791
Total assets per statement of financial position	**14 541 072**	12 972 445	13 530 506
Total segment liabilities	**3 300 104**	2 695 998	3 037 049
Essential Foods	**1 954 901**	1 464 427	1 088 145
Groceries	**845 654**	676 533	748 932
International	**360 258**	369 934	381 683
Other	**139 291**	185 104	818 289
A reconciliation of the segments' liabilities to the Group's liabilities is provided below:			
Segment liabilities per segment report	**3 300 104**	2 695 998	3 037 049
Adjusted for:			
Non-current and current borrowings	**2 022 091**	1 509 923	1 986 751
Current and deferred income tax liabilities	**781 262**	699 121	612 735
Loan from joint venture	**21 040**	14 540	26 040
Dividends payable	**1 551**	598	615
Total liabilities per statement of financial position	**6 126 048**	4 920 180	5 663 190

45. **SEGMENT INFORMATION (CONTINUED)**

	2018 R'000	2017 R'000	2016 R'000
Total segment capital expenditure (excluding business combinations)	**626 223**	980 415	828 444
Essential Foods	**441 744**	671 722	458 942
Groceries	**85 641**	202 979	210 260
International	**57 298**	73 129	131 271
Other	**41 540**	32 585	27 971
Total segment depreciation and amortisation	**437 726**	386 723	341 603
Essential Foods	**260 571**	236 174	203 857
Groceries	**130 470**	112 771	106 161
International	**46 685**	37 778	31 585
Items of a capital nature per segment			
Profit/(loss) on disposal of property, plant and equipment before income tax	**35 214**	5 798	12 166
Essential Foods	**9 352**	9 562	7 638
Groceries	**22 637**	653	(924)
International	**3 225**	(3 928)	115
Other	**–**	(489)	5 337
Profit on disposal of subsidiary	**–**	–	24 183
Groceries	**–**	–	(34 425)
Other	**–**	–	58 608
Fair value adjustment of step-up from joint venture to subsidiary			
Other	**13 438**	(18 705)	–
Net loss on disposal of equity-accounted investments			
Other	**–**	(17 746)	–
Impairment of intangible assets			
Groceries	**–**	(20 954)	–
Impairment of goodwill			
Groceries	**–**	(10 150)	–
Profit on available-for-sale financial assets before income tax			
Other	**24 576**	4 800	8 332
Impairment of available-for-sale financial assets			
Other	**–**	–	(23 338)
Items of a capital nature before income tax	**73 228**	(56 957)	21 343
Income tax effect	**(12 014)**	4 262	(7 918)
Items of a capital nature after income tax	**61 214**	(52 695)	13 425
Other material items of income or expenses per segment			
Inventory written off per segment	**183 657**	192 448	150 956
Essential Foods	**56 515**	52 995	54 984
Groceries	**99 832**	94 701	61 954
International	**27 310**	44 752	34 018

45. SEGMENT INFORMATION (CONTINUED)

	2018 R'000	2017 R'000	2016 R'000
Geographical information			
The Group mainly operates in South Africa. Other operations are located in the United Kingdom (three subsidiaries) and one subsidiary in Nigeria. Due to the immaterial extent of operations in individual foreign countries in relation to South Africa, these foreign countries are grouped together as a single geographical segment.			
Revenue derived by Group companies domiciled in the Republic of South Africa is classified as revenue from South Africa. Revenue derived by Group companies domiciled in other countries is disclosed as foreign revenue. The same principles apply to segment assets and capital expenditure.			
Segment revenue	**20 151 853**	19 575 045	20 599 725
South Africa	**18 557 813**	18 270 634	19 429 159
Foreign countries	**1 594 040**	1 304 411	1 170 566
Total segment non-current assets*	**7 690 936**	7 108 868	6 439 815
South Africa	**7 012 473**	6 675 067	6 018 448
Foreign countries	**678 463**	433 801	421 367
Note:			
* Excluding deferred income tax, derivative financial instruments and available-for-sale financial assets.			
Total segment capital expenditure (excluding business combinations)	**626 223**	980 415	828 444
South Africa	**579 855**	954 108	738 810
Foreign countries	**46 368**	26 307	89 634
Information regarding major customers			
During the period under review, revenue from one customer exceeded 10% of Group revenue:			
Customer A	**2 989 701**	2 881 081	2 920 387

Revenue from this customer is reported within all operating segments except other.

46. EVENTS AFTER THE REPORTING PERIOD

Dividend

A final dividend of 260 cents (2017: 260 cents; 2016: 260 cents) per ordinary share has been declared for 2018. This will only be reflected in the statement of changes in equity for the next reporting period.

The 10,745,350 Pioneer Foods shares held by the Pioneer Foods Broad-Based BEE Trust are entitled to 20% of the final gross dividend payable i.e. 52.0 cents (2017: 52.0 cents; 2016: 52.0 cents) per share.

For 2017:

Acquisition of Heinz Foods SA (Proprietary) Limited

Pioneer Foods entered into an agreement to acquire the remaining 50.1% shareholding in Heinz Foods SA (Proprietary) Limited. This agreement is subject to regulatory approvals

For 2016:

Acquisition of a 49.89% equity interest in Weetabix East Africa Limited

Pioneer Foods entered into an agreement to acquire a 49.89% shareholding in Weetabix East Africa Limited. The agreement is subject to Kenyan regulatory approval

Other events

No other events that may have a material effect on the Group occurred after the end of the reporting period and up to the date of approval of the annual financial statements by the Board.

Name of subsidiary – Proprietary (Limited) unless indicated otherwise	Country of incorporation	Issued share capital of subsidiary 2018	2017	2016	Percentage interest 2018 %	2017 %	2016 %
		Rand – unless indicated otherwise					
47. INTEREST IN SUBSIDIARIES							
47.1 Manufacturing							
Pioneer Foods (UK) Limited (Note 1)	United Kingdom	**GBP3 000 120**	GBP3 000 120	GBP3 000 120	**100**	100	100
Bokomo Zambia Limited (Note 2)	Zambia						
– Ordinary shares		**ZMK1 895 500**	ZMK1 895 500	ZMK1 895 500	**100**	100	100
– Preference shares		**ZMK200**	ZMK200	ZMK200	**100**	100	100
Ceres Fruit Juices	South Africa	**100 000**	100 000	100 000	**100**	100	100
Continental Beverages (Note 3)	South Africa	**–**	1 000	1 000	**–**	100	100
Pioneer Foods	South Africa	**252**	252	252	**100**	100	100
Pioneer Foods Wellingtons (Note 4)	South Africa	**74 752 906**	–	–	**100**	–	–
Food Concepts Pioneer Limited (Note 5)	Nigeria	**NGN48 000 000**	NGN1 002 004	–	**64**	64	–
The Good Carb Food Company Limited (Note 6)	United Kingdom	**GBP10 000**	–	–	**100**	–	–
Pioneer Foods Groceries	South Africa	**2 963 838 244**	2 963 838 244	2 963 838 244	**100**	100	100
Streamfoods Limited	United Kingdom	**GBP188 000**	GBP188 000	GBP188 000	**100**	100	100
47.2 Properties and letting							
Sasned (Note 2)	South Africa	**2**	2	2	**100**	100	100
47.3 Investments							
Pioneer Foods Holdings Limited	South Africa	**220**	220	220	**100**	100	100
47.4 Services							
Sasguard Insurance Company Limited	South Africa	**30 000**	30 000	30 000	**100**	100	100

Notes:

Note 1. – Name changed from Bokomo Foods (UK) Limited in 2017.

Note 2. – Dormant at 30 September 2018.

Note 3. – Deregistered during 2018.

Note 4. – Joint venture became a subsidiary after control was obtained on 1 June 2018. Formerly known as Heinz Foods SA (Proprietary) Limited.

Note 5. – Joint venture became a subsidiary after control was obtained on 1 July 2017.

Note 6. – Acquired on 11 December 2017.

	Name of joint venture – (Proprietary) Limited unless indicated otherwise	Country of incorporation	Percentage interest 2018 %	2017 %	2016 %
48.	**INTEREST IN JOINT VENTURES**				
48.1	**Manufacturing**				
	Alpen Food Company South Africa (Note 1)	South Africa	**50**	50	50
	Bokomo Botswana (Note 2)	Botswana	**50**	50	50
	Bokomo Namibia (Note 2)	Namibia	**50**	50	50
	Bowman Ingredients (SA) (Note 3)	South Africa	**50**	50	50
	Pioneer Foods Wellingtons (formerly known as Heinz Foods SA) (Note 4)	South Africa	**–**	50	50
	Food Concepts Pioneer Limited (Note 5)	Nigeria	**–**	–	50
	Future Life Health Products (Note 6)	South Africa	**50**	50	50
48.2	**Properties and letting**				
	Amigear Ventures (Note 7)	Botswana	**–**	–	49

Notes (nature of business):

1. Cereals.
2. Wheat and maize milling and distribution of Group products.
3. Food ingredients for industrial customers.
4. Condiments and convenience foods. Became a subsidiary after control was obtained on 1 June 2018.
5. Baking. Became a subsidiary after control was obtained on 1 July 2017.
6. Cereals.
7. Leased farming properties to Bokomo Botswana. Disposed of on 1 April 2017.

	Name of	Country of incorporation	Percentage interest 2018 %	2017 %	2016 %
49.	**INTEREST IN ASSOCIATES**				
49.1	**Farming**				
	Cottesloe Consultants (Proprietary) Limited (Note 1)	Botswana	**–**	–	25
49.2	**Manufacturing**				
	Weetabix East Africa Limited (Note 2)	Kenya	**50**	50	–

Notes:

1. Poultry. Disposed of on 1 April 2017.
2. Cereals. Acquired on 3 March 2017.

	Capital R'000	Interest R'000	Total R'000
50. **MATURITY ANALYSIS OF FINANCIAL LIABILITIES**			
30 September 2018			
Not later than one year			
Borrowings excluding bank overdrafts and call loans	**521 753**	**128 665**	**650 418**
Trade and other payables	**2 675 839**	**–**	**2 675 839**
Other derivative financial instruments	**32 864**	**–**	**32 864**
Dividends payable	**1 551**	**–**	**1 551**
Loan from joint venture	**21 040**	**–**	**21 040**
Financial guarantees	**28 364**	**–**	**28 364**
	3 281 411	**128 665**	**3 410 076**
Between one and two years			
Borrowings excluding bank overdrafts and call loans	**130 216**	**104 603**	**234 819**
	130 216	**104 603**	**234 819**
More than two years			
Borrowings excluding bank overdrafts and call loans	**1 274 864**	**254 401**	**1 529 265**
	1 274 864	**254 401**	**1 529 265**
Total			
Borrowings excluding bank overdrafts and call loans	**1 926 833**	**487 669**	**2 414 502**
Trade and other payables	**2 675 839**	**–**	**2 675 839**
Other derivative financial instruments	**32 864**	**–**	**32 864**
Dividends payable	**1 551**	**–**	**1 551**
Loan from joint venture	**21 040**	**–**	**21 040**
Financial guarantees	**28 364**	**–**	**28 364**
	4 686 491	**487 669**	**5 174 160**
30 September 2017			
Not later than one year			
Borrowings excluding bank overdrafts and call loans	682 859	113 146	796 005
Trade and other payables	2 100 285	–	2 100 285
Other derivative financial instruments	2 562	–	2 562
Dividends payable	598	–	598
Loan from joint venture	14 540	–	14 540
Financial guarantees	25 386	–	25 386
	2 826 230	113 146	2 939 376
Between one and two years			
Borrowings excluding bank overdrafts and call loans	500 911	41 854	542 765
	500 911	41 854	542 765
More than two years			
Borrowings excluding bank overdrafts and call loans	197 813	103 458	301 271
	197 813	103 458	301 271

Note:

Financial liabilities do not include provisions, accrual for 13th cheque, deferred revenue, government grants, accrual for performance bonus, accrual for leave and VAT amounts payable.

50. MATURITY ANALYSIS OF FINANCIAL LIABILITIES (CONTINUED)

	Capital R'000	Interest R'000	Total R'000
Total			
Borrowings excluding bank overdrafts and call loans	1 381 583	258 458	1 640 041
Trade and other payables	2 100 285	–	2 100 285
Other derivative financial instruments	2 562	–	2 562
Dividends payable	598	–	598
Loan from joint venture	14 540	–	14 540
Financial guarantees	25 386	–	25 386
	3 524 954	258 458	3 783 412

Note:
Financial liabilities do not include provisions, accrual for 13th cheque, deferred revenue, government grants, accrual for performance bonus, accrual for leave and VAT amounts payable.

	Capital R'000	Interest R'000	Total R'000
30 September 2016			
Not later than one year			
Borrowings excluding bank overdrafts and call loans	74 308	121 364	195 672
Trade and other payables	1 751 778	–	1 751 778
Other derivative financial instruments	16 060	–	16 060
Dividends payable	615	–	615
Loan from joint venture	26 040	–	26 040
Financial guarantees	27 802	–	27 802
Accrual for forward purchase contracts on own equity	493 265	–	493 265
	2 389 868	121 364	2 511 232
Between one and two years			
Borrowings excluding bank overdrafts and call loans	639 534	117 798	757 332
	639 534	117 798	757 332
More than two years			
Borrowings excluding bank overdrafts and call loans	693 753	95 071	788 824
	693 753	95 071	788 824
Total			
Borrowings excluding bank overdrafts and call loans	1 407 595	334 233	1 741 828
Trade and other payables	1 751 778	–	1 751 778
Other derivative financial instruments	16 060	–	16 060
Dividends payable	615	–	615
Loan from joint venture	26 040	–	26 040
Financial guarantees	27 802	–	27 802
Accrual for forward purchase contracts on own equity	493 265	–	493 265
	3 723 155	334 233	4 057 388

Note:
1. Financial assets do not include prepaid expenses and VAT amounts receivable.
2. Financial liabilities do not include provisions, accrual for 13th cheque, deferred revenue, government grants, accrual for performance bonus, accrual for leave and VAT amounts payable.

	Loans and receivables R'000	Assets at fair value through profit or loss R'000	Derivatives used for hedging R'000	Available-for-sale R'000	Total R'000
51. **FINANCIAL INSTRUMENTS BY CATEGORY**					
30 September 2018					
Assets as per statement of financial position					
Loan to joint venture	**14 448**	**–**	**–**	**–**	**14 448**
Available-for-sale financial assets	**–**	**–**	**–**	**77 912**	**77 912**
Derivative financial instruments	**–**	**7 029**	**149 682**	**–**	**156 711**
Trade and other receivables (refer to note 1 below)	**2 162 917**	**–**	**–**	**–**	**2 162 917**
Cash and cash equivalents	**1 128 770**	**–**	**–**	**–**	**1 128 770**
Total	**3 306 135**	**7 029**	**149 682**	**77 912**	**3 540 758**

	Liabilities at fair value through profit or loss R'000	Derivatives used for hedging R'000	Other financial liabilities R'000	Total R'000
Liabilities as per statement of financial position				
Borrowings	**–**	**–**	**2 022 091**	**2 022 091**
Derivative financial instruments	**27 116**	**5 748**	**–**	**32 864**
Trade and other payables (refer to note 2 below)	**–**	**–**	**2 675 839**	**2 675 839**
Dividends payable	**–**	**–**	**1 551**	**1 551**
Loan from joint venture	**–**	**–**	**21 040**	**21 040**
Total	**27 116**	**5 748**	**4 720 521**	**4 753 385**

Notes:

1. Financial assets do not include prepaid expenses and VAT amounts receivable.
2. Financial liabilities do not include provisions, deferred revenue, government grants, accrual for performance bonuses, accrual for 13th cheque, accrual for leave and VAT amounts payable.

51. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Loans and receivables R'000	Assets at fair value through profit or loss R'000	Derivatives used for hedging R'000	Available-for-sale R'000	Total R'000
30 September 2017					
Assets as per statement of financial position					
Loans to joint ventures	35 737	–	–	–	35 737
Loan to associate	7 593	–	–	–	7 593
Available-for-sale financial assets	–	–	–	138 092	138 092
Derivative financial instruments	–	15 920	238 134	–	254 054
Trade and other receivables (refer to note 1 below)	1 891 986	–	–	–	1 891 986
Cash and cash equivalents	430 789	–	–	–	430 789
Total	2 366 105	15 920	238 134	138 092	2 758 251

	Liabilities at fair value through profit or loss R'000	Other financial liabilities R'000	Total R'000
Liabilities as per statement of financial position			
Borrowings	–	1 509 923	1 509 923
Derivative financial instruments	2 562	–	2 562
Trade and other payables (refer to note 2 below)	–	2 100 285	2 100 285
Dividends payable	–	598	598
Loan from joint venture	–	14 540	14 540
Total	2 562	3 625 346	3 627 908

Notes:

1. Financial assets do not include prepaid expenses and VAT amounts receivable.
2. Financial liabilities do not include provisions, deferred revenue, government grants, accrual for performance bonuses, accrual for 13th cheque, accrual for leave and VAT amounts payable.

51. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Loans and receivables R'000	Assets at fair value through profit or loss R'000	Derivatives used for hedging R'000	Available-for-sale R'000	Total R'000
30 September 2016					
Assets as per statement of financial position					
Loans to joint ventures	74 564	–	–	–	74 564
Available-for-sale financial assets	–	–	–	128 295	128 295
Derivative financial instruments	–	495 581	1 701	–	497 282
Trade and other receivables (refer to note 1 below)	2 168 381	–	–	–	2 168 381
Cash and cash equivalents	1 000 791	–	–	–	1 000 791
Total	3 243 736	495 581	1 701	128 295	3 869 313

	Liabilities at fair value through profit or loss R'000	Derivatives used for hedging R'000	Other financial liabilities R'000	Total R'000
Liabilities as per statement of financial position				
Borrowings	–	–	1 986 751	1 986 751
Derivative financial instruments	7 527	8 533	–	16 060
Trade and other payables (refer to note 2 below)	–	–	1 751 778	1 751 778
Accrual for forward purchase contracts on own equity	–	–	493 265	493 265
Dividends payable	–	–	615	615
Loan from joint venture	–	–	26 040	26 040
Total	7 527	8 533	4 258 449	4 274 509

Notes:

1. Financial assets do not include prepaid expenses and VAT amounts receivable.
2. Financial liabilities do not include provisions, deferred revenue, government grants, accrual for performance bonuses, accrual for 13th cheque, accrual for leave and VAT amounts payable.

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
52. **FAIR VALUE CATEGORIES OF ASSETS AND LIABILITIES MEASURED AT FAIR VALUE**				
30 September 2018				
Assets measured at fair value				
Available-for-sale financial assets				
– Listed securities	**76 890**	**–**	**–**	**76 890**
– Unlisted securities	**–**	**1 022**	**–**	**1 022**
Derivative financial instruments				
– Foreign exchange contracts	**–**	**7 029**	**–**	**7 029**
– Forward purchase contracts on own equity	**–**	**149 682**	**–**	**149 682**
Total	**76 890**	**157 733**	**–**	**234 623**
Liabilities measured at fair value				
Derivative financial instruments				
– Foreign exchange contracts	**–**	**31 454**	**–**	**31 454**
– Embedded derivatives	**–**	**1 410**	**–**	**1 410**
Total	**–**	**32 864**	**–**	**32 864**
30 September 2017				
Assets measured at fair value				
Available-for-sale financial assets				
– Listed securities	136 712	–	–	136 712
– Unlisted securities	–	1 380	–	1 380
Derivative financial instruments				
– Foreign exchange contracts	–	22 134	–	22 134
– Embedded derivatives	–	581	–	581
– Forward purchase contracts on own equity	–	231 339	–	231 339
Non-current assets classified as held-for-sale	–	–	12 530	12 530
Total	136 712	255 434	12 530	404 676
Liabilities measured at fair value				
Derivative financial instruments				
– Foreign exchange contracts	–	2 562	–	2 562
Total	–	2 562	–	2 562
30 September 2016				
Assets measured at fair value				
Available-for-sale financial assets				
– Listed securities	126 808	–	–	126 808
– Unlisted securities	–	1 487	–	1 487
Derivative financial instruments				
– Foreign exchange contracts	–	6 590	–	6 590
– Embedded derivatives	–	783	–	783
– Forward purchase contracts on own equity	–	489 909	–	489 909
Biological assets				
– Vineyards	–	–	16 017	16 017
Total	126 808	498 769	16 017	641 594
Liabilities measured at fair value				
Derivative financial instruments				
– Foreign exchange contracts	–	16 060	–	16 060
Total	–	16 060	–	16 060

Note: There were no transfers between level 1 and level 2 during the period.

53. NON-CURRENT ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

Fish paste spreads

The assets related to the fish paste spreads business were presented as "assets of a disposal group classified as held for sale" in terms of IFRS 5 – *Non-current Assets Held For Sale and Discontinued Operations* at 30 September 2017 following the Board's decision to dispose of this business.

The fair values of the assets of this business were re-measured at fair value less costs to sell and impairment losses were consequently recognised in the line item "items of a capital nature" in the statement of comprehensive income for the year ended 30 September 2017 as detailed in note 13. The carrying values of the assets after impairment are as follows:

Assets of the disposal group classified as held for sale:

	2018 R'000	2017 R'000	2016 R'000
Property, plant and equipment	**–**	2 253	–
Intangible assets	**–**	12 530	–
Inventories	**–**	5 236	–
	–	20 019	–

During the current financial year the Board revoked its decision to dispose of the assets related to the fish paste spreads business and its intention is to recover the carrying amounts of the related assets through continuing use. The Group believes that value remains to be unlocked and is committed to implementing operating efficiencies. Consequently, the assets related to this business have not been presented as "assets of a disposal group classified as held for sale" in terms of *IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations* at 30 September 2018.

54. GOING CONCERN STATEMENT

The Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing the financial statements.

INTERIM FINANCIAL INFORMATION OF PIONEER FOODS FOR THE SIX-MONTH PERIOD ENDED 31 MARCH 2019

The consolidated statements of financial position, statements of comprehensive income, statements of changes in equity, statements of cash flow and notes of Pioneer Foods for the six months ended 31 March 2019, have been extracted and compiled from the unaudited consolidated interim financial statements of Pioneer Foods, which are available on Pioneer Foods' website (www.pioneerfoods.co.za).

The preparation of this Annexure 2 is the responsibility of the Zeder Board of Directors.

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Unaudited six months ended 31 March 2019 Rm	Unaudited six months ended 31 March 2018 Rm	Audited year ended 30 September 2018 Rm
Revenue	**11 039.3**	9 898.9	20 151.9
Cost of goods sold	**(7 956.4)**	(6 970.4)	(14 356.4)
Gross profit	**3 082.9**	2 928.5	5 795.5
Other income and gains/(losses) – net	**67.3**	80.7	197.4
Other expenses	**(2 426.1)**	(2 054.4)	(4 420.5)
Excluding the following:	**(2 421.0)**	(2 060.2)	(4 390.4)
Phase I B-BBEE transaction share-based payment and related hedge (charge)/income	**(5.1)**	5.8	(30.1)
Items of a capital nature	**1.1**	36.9	73.2
Operating profit	**725.2**	991.7	1 645.6
Investment income	**24.9**	15.3	28.0
Finance costs	**(97.3)**	(88.9)	(197.5)
Share of profit/(loss) of investments accounted for applying the equity method	**38.7**	(21.6)	–
Profit before income tax	**691.5**	896.5	1 476.1
Income tax expense	**(179.4)**	(274.3)	(399.0)
Profit for the period (sub-total)	**512.1**	622.2	1 077.1

GROUP STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	Unaudited six months ended 31 March 2019 Rm	Unaudited six months ended 31 March 2018 Rm	Audited year ended 30 September 2018 Rm
Profit for the period (sub-total)	**512.1**	622.2	1 077.1
Other comprehensive income/(loss) for the period			
Items that will not subsequently be reclassified to profit or loss:			
Remeasurement of post-employment benefit obligations	**–**	–	2.2
Items that may subsequently be reclassified to profit or loss:	**12.4**	(77.9)	21.9
Fair value adjustments to cash flow hedging reserve	**1.7**	(10.9)	(12.2)
For the period	**(13.5)**	3.5	3.6
Current income tax effect	**6.0**	(1.2)	(5.7)
Deferred income tax effect	**(2.2)**	0.2	4.6
Reclassified to profit or loss	**15.8**	(18.7)	(20.5)
Current income tax effect	**0.2**	4.6	5.1
Deferred income tax effect	**(4.6)**	0.7	0.7
Fair value adjustments on equity investments (2018: available-for-sale financial assets)	**(17.2)**	15.7	0.6
For the period	**(17.2)**	16.7	18.8
Deferred income tax effect	**–**	0.3	6.4
Reclassified to profit or loss	**–**	(1.3)	(24.6)
Share of other comprehensive income/(loss) of investments accounted for applying the equity method	**5.0**	(15.5)	7.4
Movement on foreign currency translation reserve	**22.9**	(67.2)	26.1
Total comprehensive income for the period	**524.5**	544.3	1 101.2
Profit for the period attributable to:			
Owners of the parent	**509.1**	620.3	1 072.6
Non-controlling interest	**3.0**	1.9	4.5
	512.1	622.2	1 077.1
Total comprehensive income/(loss) for the period attributable to:			
Owners of the parent	**519.7**	544.9	1 090.9
Non-controlling interest	**4.8**	(0.6)	10.3
	524.5	544.3	1 101.2

HEADLINE EARNINGS RECONCILIATION

	Unaudited six months ended 31 March 2019 Rm	Unaudited six months ended 31 March 2018 Rm	Audited year ended 30 September 2018 Rm
Reconciliation between profit attributable to owners of the parent and headline earnings			
Profit attributable to owners of the parent	**509.1**	620.3	1 072.6
Remeasurements	**(1.3)**	(28.6)	(61.2)
Net profit on disposal of property, plant and equipment and intangible assets	**(1.1)**	(35.6)	(35.2)
Net profit on disposal of equity investments (2018: available-for-sale financial assets)	**–**	(1.3)	(24.6)
Fair value adjustment of step-up from joint venture to subsidiary	**–**	–	(13.4)
Before tax	**(1.1)**	(36.9)	(73.2)
Tax effect on remeasurements	**(0.2)**	8.3	12.0
Remeasurements included in equity-accounted results	**1.4**	(0.1)	6.0
Remeasurements	**1.4**	(0.1)	7.3
Tax effect on remeasurements	**–**	–	(1.3)
Headline earnings	**509.2**	591.6	1 017.4
Phase I B-BBEE transaction share-based payment and related hedge charge	**(2.8)**	5.2	14.4
Adjusted headline earnings (Note 1)	**506.4**	596.8	1 031.8
Number of issued ordinary shares (million)	**221.6**	233.6	233.2
Number of issued treasury shares:			
– held by subsidiary (million)	**18.0**	18.0	18.0
– held by B-BBEE equity transaction participants (million)	**–**	18.1	18.1
– held by BEE trust (million)	**10.7**	10.7	10.7
Number of issued class A ordinary shares (million)	**2.8**	3.0	2.9
Weighted average number of ordinary shares (million)	**186.9**	186.6	186.7
Weighted average number of ordinary shares – diluted (million)	**186.9**	196.8	196.3
Earnings per ordinary share (cents):			
– basic	**272.3**	332.5	574.6
– diluted	**272.3**	315.2	546.5
– headline	**272.4**	317.1	545.0
– diluted headline	**272.4**	300.6	518.4
– adjusted headline (Note 1)	**270.9**	319.9	552.8
– diluted adjusted headline (Note 1)	**270.9**	303.3	525.7
Gross dividend per ordinary share (cents)	**105.0**	105.0	365.0
Gross dividend per class A ordinary share (cents)	**31.5**	31.5	109.5
Net asset value per ordinary share (cents)	**4 508.1**	4 339.6	4 496.6
Debt to equity ratio (%)	**18.1**	27.6	10.7

Note 1:
Headline earnings ("HE") is calculated based on Circular 4/2018 issued by the South African Institute of Chartered Accountants. Adjusted HE is defined as HE adjusted for the impact of the share-based payment charge on the Phase I B-BBEE transaction on profit or loss (and the impact of the related hedge).

GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited 31 March 2019 Rm	Unaudited 31 March 2018 Rm	Audited 30 September 2018 Rm
Assets			
Non-current assets	**7 944.8**	7 669.0	7 953.4
Property, plant and equipment	**5 696.5**	5 312.3	5 653.9
Goodwill	**440.8**	411.7	434.0
Other intangible assets	**772.2**	667.0	766.0
Investments in and loans to associates and joint ventures	**832.7**	855.7	791.3
Derivative financial instruments	**97.2**	223.2	128.7
Equity investments at fair value	**4.0**	–	–
Available-for-sale financial assets	**–**	155.4	77.9
Trade and other receivables	**39.1**	36.6	45.8
Deferred income tax	**62.3**	7.1	55.8
Current assets	**6 624.1**	6 262.6	6 587.7
Inventories	**3 705.1**	3 396.4	3 176.6
Derivative financial instruments	**29.9**	35.9	28.0
Trade and other receivables	**2 452.2**	2 245.7	2 244.1
Current income tax	**21.2**	17.2	10.2
Cash and cash equivalents	**415.7**	567.4	1 128.8
Assets of disposal group classified as held-for-sale	**–**	22.9	–
Total assets	**14 568.9**	13 954.5	14 541.1
Equity and liabilities			
Capital and reserves attributable to owners of the parent	**8 696.4**	8 104.9	8 379.7
Share capital	**22.2**	23.4	23.3
Share premium	**1 636.5**	2 581.3	2 538.0
Treasury shares	**(187.1)**	(1 186.4)	(1 186.4)
Other reserves	**194.2**	128.6	188.9
Retained earnings	**7 030.6**	6 558.0	6 815.9
Non-controlling interest	**40.0**	24.4	35.3
Total equity	**8 736.4**	8 129.3	8 415.0
Non-current liabilities	**2 367.2**	1 297.1	2 396.2
Borrowings	**1 352.9**	246.9	1 405.1
Provisions for other liabilities and charges	**113.8**	113.7	112.2
Share-based payment liability	**85.2**	171.3	112.8
Deferred income tax	**815.3**	765.2	766.1
Current liabilities	**3 465.3**	4 528.1	3 729.9
Trade and other payables	**2 770.4**	1 870.3	3 018.5
Current income tax	**14.8**	35.6	15.2
Derivative financial instruments	**6.1**	18.4	32.8
Borrowings			
B-BBEE equity transaction third-party finance	**–**	449.2	451.5
Other	**636.0**	2 108.6	165.5
Loan from joint venture	**17.5**	8.5	21.0
Dividends payable	**1.3**	0.6	1.6
Share-based payment liability	**19.2**	36.9	23.8
Total equity and liabilities	**14 568.9**	13 954.5	14 541.1

GROUP STATEMENT OF CHANGES IN EQUITY

	Unaudited six months ended 31 March 2019 Rm	Unaudited six months ended 31 March 2018 Rm	Audited year ended 30 September 2018 Rm
Share capital, share premium and treasury shares	**1 471.6**	1 418.3	1 374.9
Opening balance	**1 374.9**	1 391.2	1 391.2
Movement in treasury shares – derecognition of previously consolidated Phase II BEE equity transaction participants	**999.3**	–	–
Ordinary shares issued – share appreciation rights	**2.9**	27.1	51.5
Ordinary shares bought back and cancelled	**(1.3)**	–	(67.8)
Shares bought back from Phase II BEE equity transaction participants and cancelled	**(904.2)**	–	–
Other reserves	**194.2**	128.6	188.9
Opening balance	**188.9**	213.1	213.1
Equity compensation reserve transactions	**18.9**	18.5	26.6
Ordinary shares issued – share appreciation rights	**(2.9)**	(27.1)	(51.5)
Deferred income tax on share-based payments	**(8.9)**	2.0	(15.4)
Share of other comprehensive income of investments accounted for applying the equity method	**5.0**	(15.5)	7.4
Treasury shares derecognised	**(12.5)**	–	–
Other comprehensive income/(loss) for the period	**5.7**	(62.4)	8.7
Retained earnings	**7 030.6**	6 558.0	6 815.9
Opening balance	**6 815.9**	6 422.9	6 422.9
Effect of changes in accounting policies	**(2.3)**	–	–
Restated opening balance	**6 813.6**	6 422.9	6 422.9
Profit for the period	**509.1**	620.3	1 072.6
Other comprehensive income for the period	**–**	–	2.2
Dividends paid	**(484.6)**	(485.1)	(681.4)
Profit on disposal of Group treasury shares by Phase II BEE equity transaction participants and derecognition of these previously consolidated entities	**202.6**	–	–
Transaction cost on shares bought back	**(10.1)**	(0.1)	(0.4)
Non-controlling interest	**40.0**	24.4	35.3
Opening balance	**35.3**	25.0	25.0
Profit for the period	**3.0**	1.9	4.5
Share of other comprehensive income/(loss)	**1.7**	5.8	(2.5)
Total equity	**8 736.4**	8 129.3	8 415.0

GROUP STATEMENT OF CASH FLOWS

	Unaudited six months ended 31 March 2019 Rm	Unaudited six months ended 31 March 2018 Rm	Audited year ended 30 September 2018 Rm
Net cash profit from operating activities	**970.5**	1 195.0	2 072.5
Cash effect from hedging activities	**(19.9)**	(12.2)	2.1
Working capital changes	**(996.1)**	(1 151.6)	281.1
Net cash (utilised in)/generated from operations	**(45.5)**	31.2	2 355.7
Settlement of share-based payment liability	**(6.7)**	(15.1)	(26.3)
Cash effect of forward purchase contracts related to share-based payments	**6.9**	14.8	25.5
Income tax paid	**(158.1)**	206.2	(364.4)
Net cash flow from operating activities	**(203.4)**	(175.3)	1 990.5
Net cash flow from investment activities	**(232.8)**	(410.6)	(866.6)
Property, plant and equipment and intangible assets			
– additions	**(201.4)**	(127.2)	(297.9)
– replacements	**(67.2)**	(95.1)	(328.4)
– proceeds on disposal	**9.5**	74.5	106.6
Business combinations	**–**	(263.7)	(511.4)
Proceeds on disposal of and changes in loans and equity investments at fair value (2018: available-for-sale financial assets)	**(1.4)**	(21.4)	79.3
Investment in joint venture	**–**	(15.0)	(15.0)
Investment in associate	**(12.0)**	–	–
Interest received	**12.0**	8.1	16.1
Dividends received	**12.7**	7.1	11.4
Dividends received from joint ventures	**15.0**	22.1	52.1
Dividends received from associate	**–**	–	20.6
Net cash flow from financing activities	**(708.7)**	(617.5)	(395.8)
Proceeds from borrowings – new syndicated and other borrowings	**–**	–	1 207.0
Repayment of syndicated bullet loans	**–**	–	(600.0)
Repayment of Phase II BEE equity transaction third-party finance	**(427.8)**	–	–
Repayments of other borrowings	**(35.3)**	(41.8)	(61.7)
External funding to Phase II BEE equity transaction participant	**429.3**	–	–
Derecognition of cash and cash equivalents of previously consolidated Phase II BEE equity transaction participants	**(77.3)**	–	–
Ordinary shares bought back	**(1.3)**	–	(67.8)
Other share scheme transactions	**(12.3)**	(2.4)	(3.7)
Interest paid	**(99.1)**	(88.2)	(189.2)
Dividends paid	**(484.9)**	(485.1)	(680.4)
Effect of exchange rate changes on cash and cash equivalents	**1.9**	3.4	3.0
Net cash, cash equivalents and bank overdrafts at beginning of period	**1 033.5**	302.4	302.4
Net cash, cash equivalents and bank overdrafts at end of period	**(109.5)**	(897.6)	1 033.5
Disclosed as:			
Cash and cash equivalents	**415.7**	567.4	1 128.8
Bank overdrafts and call loans (included in current borrowings)	**(525.2)**	(1 465.0)	(95.3)
	(109.5)	(897.6)	1 033.5

GROUP SEGMENT REPORT

	Unaudited six months ended 31 March 2019 Rm	Unaudited six months ended 31 March 2018 Rm	Audited year ended 30 September 2018 Rm
Segment revenue			
Essential Foods	**6 383.6**	5 826.1	11 859.3
Groceries	**3 076.3**	2 647.4	5 119.6
International	**1 579.4**	1 425.4	3 173.0
Total	**11 039.3**	9 898.9	20 151.9
Segment results			
Essential Foods	**421.5**	561.0	915.3
Groceries	**171.3**	292.5	419.3
International	**142.1**	120.5	285.0
Other	**(5.7)**	(25.0)	(17.1)
	729.2	949.0	1 602.5
Phase I B-BBEE transaction share-based payment and related hedge charge	**(5.1)**	5.8	(30.1)
Operating profit before items of a capital nature	**724.1**	954.8	1 572.4
Reconciliation of operating profit (before items of a capital nature) to profit before income tax			
Operating profit before items of a capital nature	**724.1**	954.8	1 572.4
Adjusted for:			
Remeasurement of items of a capital nature	**1.1**	36.9	73.2
Interest income	**12.2**	8.2	16.6
Dividends received	**12.7**	7.1	11.4
Finance costs	**(97.3)**	(88.9)	(197.5)
Share of profit/(loss) of investments accounted for applying the equity method	**38.7**	(21.6)	–
Profit before income tax	**691.5**	896.5	1 476.1

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 MARCH 2019

1. **BASIS OF PREPARATION**

The condensed consolidated interim financial statements of the Group for the six months ended 31 March 2019 have been prepared in accordance with the requirements of the JSE Limited ("JSE") for condensed consolidated interim financial statements, and the requirements of the Companies Act of South Africa, Act 71 of 2008, as amended, applicable to condensed consolidated interim financial statements. The JSE Listings Requirements require condensed consolidated interim financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and also, as a minimum, to contain the information required by *IAS 34 – Interim Financial Reporting*. These condensed consolidated interim financial statements have not been audited.

The directors take full responsibility for the preparation of the condensed consolidated interim financial statements and that the financial information has been correctly extracted from the underlying financial records.

2. **ACCOUNTING POLICIES**

These condensed consolidated interim financial statements incorporate accounting policies that are in terms of IFRS and are consistent with those applied in the Group's annual financial statements for the year ended 30 September 2018 except for the adoption of the following new standards on 1 October 2018:

IFRS 9 – Financial Instruments; and

*IFRS 15 – Revenue from Contracts with Customer*s

The impact of the adoption of the new accounting standards is disclosed in note 3.

The Group adopted all new as well as amended accounting pronouncements issued by the International Accounting Standards Board ("IASB") that are effective for financial years commencing 1 October 2018, however, none of the other new or amended accounting pronouncements had a material impact on the consolidated results of the Group.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 September 2018 except where impacted by the adoption of the new accounting standards as indicated above.

3. **CHANGES IN ACCOUNTING POLICIES**

The quantitative impact of the initial application of the new accounting standards is summarised below.

The Group's results for the year ended and its financial position as at 30 September 2018 (previously disclosed) have been audited. The impact of the adoption of IFRS 9 and IFRS 15 must still be audited.

3. **CHANGES IN ACCOUNTING POLICIES (continued)**

	30 September 2018 previously disclosed Rm	IFRS 15 impact Rm	IFRS 9 impact Rm	1 October 2018 restated for IFRS 9 and 15 Rm	Note
STATEMENT OF FINANCIAL POSITION					
Assets					
Non-current assets					
Available-for-sale financial assets	**77.9**	**–**	**(77.9)**	**–**	**3.1.2 (i)**
Equity investments at fair value	**–**	**–**	**77.9**	**77.9**	**3.1.2 (i)**
Current assets					
Trade and other receivables	**2 244.1**	**9.9**	**(3.2)**	**2 250.8**	**3.1.2 (ii) & 3.2.2 (ii)**
Inventories	**3 176.6**	**33.1**	**–**	**3 209.7**	**3.2.2 (ii)**
Equity and liabilities					
Capital and reserves					
Retained earnings	**6 815.9**	**–**	**(2.3)**	**6 813.6**	**3.1.2 (ii)**
Non-current liabilities					
Deferred income tax	**766.1**	**–**	**(0.9)**	**765.2**	**3.1.2 (ii)**
Current liabilities					
Trade and other payables	**3 018.5**	**43.0**	**–**	**3 061.5**	**3.2.2 (ii)**

Comparative information has not been restated. The impact of initial application was applied retrospectively as an adjustment to opening retained earnings. Refer to notes 3.1 and 3.2 for further detail.

3.1 IFRS 9 – *Financial Instruments*

3.1.1 *Nature of the change*

IFRS 9 replaces IAS 39 and addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

In terms of IFRS 9 the classification of a financial asset depends on the entity's business model for managing the asset and the characteristics of the cash flows related to the financial asset as opposed to the 'specified criteria' approach in terms of IAS 39.

Apart from introducing simplified rules for hedge accounting, IFRS 9 introduces a new impairment model in terms of which impairment losses are based on expected credit losses ("ECLs") as opposed to incurred credit losses under IAS 39.

3.1.2 *Impact on initial application*

The Group adopted IFRS 9 from 1 October 2018 which resulted in changes to accounting policies and adjustments to amounts recognised in the financial statements.

In accordance with the transitional provisions in IFRS 9, the Group elected not to restate comparative information. The impact of the initial application was applied retrospectively as an adjustment to opening retained earnings as at 1 October 2018 and amounted to R2 288 501, representing an increase in the provision for impairment of trade receivables of R3 183 527 and a resulting decrease in deferred income tax of R895 026.

3. **CHANGES IN ACCOUNTING POLICIES (continued)**

3.1 **IFRS 9 – *Financial Instruments* (continued)**

3.1.2 ***Impact on initial application (continued)***

(i) Classification and measurement

On the date of initial application management assessed which business models apply to the financial assets held by the Group and classified its financial instruments into the appropriate categories as illustrated in the table below:

	30 September 2018 IAS 39 Rm				1 October 2018 IFRS 9 Rm			
	Loans and receivables (at amortised cost)	At fair value through profit/loss	Available-for-sale	**Total**	At amortised cost	At fair value through profit/loss	At fair value through other comprehensive income	**Total**
Non-current assets								
Derivative financial assets	–	128.7	–	**128.7**	–	128.7	–	**128.7**
Available-for-sale financial assets	–	–	77.9	**77.9**	–	–	–	**–**
Equity investments at fair value	–	–	–	**–**	–	–	77.9	**77.9**
Trade and other receivables	45.8	–	–	**45.8**	45.8	–	–	**45.8**
Loans to joint ventures	14.4	–	–	**14.4**	–	–	–	**14.4**
Current assets								
Derivative financial assets	–	28.0	–	**28.0**	–	28.0	–	**28.0**
Trade and other receivables	2 117.1	–	–	**2 117.1**	2 117.1	–	–	**2 117.1**
Cash and cash equivalents	1 128.8	–	–	**1 128.8**	1 128.8	–	–	**1 128.8**
Total financial assets	3 306.1	156.7	77.9	**3 540.7**	3 306.1	156.7	77.9	**3 540.7**

	30 September 2018 IAS 39 Rm				1 October 2018 IFRS 9 Rm			
	Loans and receivables (at amortised cost)	At fair value through profit/loss	Available-for-sale	**Total**	At amortised cost	At fair value through profit/loss	At fair value through other comprehensive income	**Total**
Non-current liabilities								
Borrowings	1 405.1	–	–	**1 405.1**	1 405.1	–	–	**1 405.1**
Current liabilities								
Trade and other payables	2 675.8	–	–	**2 675.8**	2 675.8	–	–	**2 675.8**
Borrowings	617.0	–	–	**617.0**	617.0	–	–	**617.0**
Loan from joint venture	21.0	–	–	**21.0**	21.0	–	–	**21.0**
Derivative financial liabilities	–	32.8	–	**32.8**	–	32.8	–	**32.8**
Dividends payable	1.6	–	–	**1.6**	1.6	–	–	**1.6**
Total financial liabilities	4 720.5	32.8	–	**4 753.3**	4 720.5	32.8	–	**4 753.3**

3. **CHANGES IN ACCOUNTING POLICIES (continued)**

3.1 **IFRS 9 – *Financial Instruments* (continued)**

3.1.2 ***Impact on initial application (continued)***

(i) Classification and measurement (continued)

Changes in classifications did not have any impact on the measurement category of the underlying financial instruments.

The Group has reclassified listed and unlisted investments with a carrying value of R77.9 million from available-for-sale financial assets to equity investments carried at fair value and elected to present changes in the fair value in other comprehensive income ("OCI"). These investments are held as long-term investments rather than for short-term trading. In terms of the new classification, the recycling of accumulated amounts from the fair value reserve to profit or loss on the disposal of these investments will no longer be allowed.

(ii) Impairment of trade receivables

The Group revised its impairment methodology under IFRS 9 for trade receivables and adopted the simplified approach for measuring impairment provisions. In terms of this approach, the impairment provisions are calculated with reference to lifetime ECLs. The Group determines impairment provisions on both an individual and collective basis.

The Group measures individual impairment provisions for those individual customers where objective evidence of impairment exist as a result of one or more events that occurred after the initial recognition of the receivable and the event(s) has an impact on the estimated future cash flows of the customer. These customers are considered separately as the risk profiles relating to these customers are different to the groups identified below.

To measure impairment provisions on a collective basis, trade receivables are grouped based on shared credit risk characteristics. Credit risk ratings are derived and assigned to groups of trade receivables with reference to the Standard & Poor's rating scale for the specific country in which the business operates, incorporating forward-looking information. Forward-looking information considers the local short- to medium- term economic outlook, the specific industries the counter-parties operate in as well as the economic environments of the countries they operate in.

On this basis, the adjustment to opening retained earnings resulting from the initial application of IFRS 9 is summarised below:

	30 September 2018 previously disclosed Rm	**IFRS 9 impact Rm**	**1 October 2018 restated for IFRS 9 Rm**
Total provision for impairment	**(14.6)**	**(3.2)**	**(17.8)**
Gross carrying amount of trade receivables	**2 090.7**	**–**	**2 090.7**

Impairment provisions for trade receivables are deducted from the gross carrying amount of the asset.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, all the Group's recovery actions have been exhausted and once legal actions have been unsuccessful.

3. **CHANGES IN ACCOUNTING POLICIES (continued)**

3.1 **IFRS 9 – *Financial Instruments* (continued)**

3.1.2 ***Impact on initial application (continued)***

(iii) Impairment of other financial assets

The following other financial assets are also subject to the new expected credit loss model:

- Loans receivable
- Cash and cash equivalents
- Equity investments

The Group's revised impairment methodology under IFRS 9 for other financial assets starts with an assessment of the credit risk related to each of the financial assets.

For other financial assets with a low credit risk or no significant increase in credit risk since initial recognition, the Group measures impairment provisions at an amount equal to 12-month ECLs.

A financial asset is considered to have a low credit risk when its credit rating is equivalent to BBB- or higher per the Standard & Poor's rating scale or a minimum credit rating of P-3 according to the published Moody's credit ratings. To assess whether a significant increase in credit risk since initial recognition has occurred, the Group considers all available reasonable and supportive information such as credit ratings, operating results, the payment status of borrowers and changes in the industry, regulatory or economic environment the counterparty operates in which could adversely impact its ability to pay.

For other financial assets with a significant increase in credit risk since initial recognition, the Group measures impairment provisions at an amount equal to lifetime ECLs.

Impairment provisions for loans receivable and cash and cash equivalents measured at amortised cost are deducted from the gross carrying amount of the assets. For equity investments at fair value through OCI, the provision for impairment is recognised in OCI instead of reducing the carrying amount of the assets.

The impairment provisions calculated for other financial assets were immaterial as at 1 October 2018 and 31 March 2019 respectively.

(iv) Derivatives and hedging activities

The Group elected to retain the hedge accounting requirements of IAS 39 upon adoption of IFRS 9.

3.2 **IFRS 15 – *Revenue from Contracts with Customers***

3.2.1 ***Nature of the change***

The IASB issued a new standard for the recognition of revenue. The new standard replaced IAS 18 which covered contracts for goods and services and IAS 11 which covered construction contracts.

The core principle of IFRS 15 is that revenue is recognised when control of goods or services is transferred to a customer for an amount that reflects the consideration which the entity expects to be entitled to in exchange for those goods or services.

Under IAS 18, the timing of revenue recognition from the sale of goods is based primarily on the transfer of risks and rewards.

3.2.2 ***Impact on initial application***

The Group adopted IFRS 15 from 1 October 2018 which resulted in changes in accounting policies, adjustments to amounts recognised in the financial statements (refer to the table in note 3) and additional disclosure (refer to note 5).

In accordance with the transitional provisions in IFRS 15, the Group adopted the modified retrospective application option in terms of which certain adjustments were made to amounts recognised in the financial statements at the date of initial application (1 October 2018). Comparative information was not restated.

3. **CHANGES IN ACCOUNTING POLICIES (continued)**

3.2 **IFRS 15 – *Revenue from Contracts with Customers (continued)***

3.2.2 ***Impact on initial application (continued)***

The new accounting policies are set out below.

(i) Sale of goods

Timing of recognition

The Group manufactures and sells a range of fast moving consumer goods to retailers and wholesalers. Contracts with the Group's customers contain a single performance obligation to deliver the goods ordered by the customer.

Revenue is recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has accepted inventory risk related to the products and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied.

The adoption of IFRS 15 did not impact the Group's timing of revenue recognition since the point in time at which the control of goods are transferred (IFRS 15) agrees with the point in time at which the relevant risks and rewards (IAS 18) were transferred to the customer.

Measurement of revenue

Revenue reflects the listed sales price net of value-added tax, rebates and discounts, other incentives and an adjustment for expected returns. Accumulated experience is used to estimate and provide for discounts and rebates, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as sales are made with short-term credit terms, which is consistent with market practice.

The adoption of IFRS 15 did not impact the Group's measurement of revenue except for the accounting treatment of refunds due to customers. Refer to (ii) (Accounting for refunds) below for further detail.

(ii) Accounting for refunds

When the customer has a right to return the product within a given period, the Group is obliged to refund the purchase price. The Group previously recognised a provision for returns which was measured on a net basis at the margin on the sale. The provision was accounted for as an adjustment to trade receivables and a corresponding adjustment to allowance for outstanding credit notes in profit or loss.

Under IFRS 15, a refund liability (trade and other payables) for the expected refunds to customers is recognised as an adjustment to revenue. At the same time, the Group has the right to recover the product from the customer where the customer exercises their right of return and recognises an asset (inventory) and a corresponding adjustment to cost of sales. The asset is measured by reference to the former carrying value of the product. The refund liability is determined with reference to historical experience of actual returns.

The costs to recover the products are not material as the products are usually returned during the normal distribution process.

Refer to the impact of the initial application of IFRS 15 as indicated in the table in note 3.

3. **CHANGES IN ACCOUNTING POLICIES (continued)**

3.2 **IFRS 15 – *Revenue from Contracts with Customers (continued)***

3.2.2 ***Impact on initial application (continued)***

(iii) Variable consideration

Goods are often sold with retrospective growth incentives payable to customers and are typically based on aggregate sales over a 12-month period. These payments are not considered as payments for distinct goods or services received from the customer and as a result the amounts payable are recognised as an adjustment to revenue. A provision is recognised for expected growth incentives payable to customers in relation to sales made until the end of the reporting period with a corresponding adjustment to revenue. Historical experience is used to estimate and provide for the growth incentives, using the expected value method.

The accounting treatment under IFRS 15 is in line with the Group's previous accounting treatment for growth incentives and as a result had no impact on the Group.

(iv) Accounting for loyalty programmes

The Group makes payments to customers linked to a loyalty programme. These payments are not considered as payments for distinct goods or services received from the customer and as a result the amounts payable are recognised as an adjustment to revenue. A provision is recognised for loyalty awards payable based on actual sales volumes adjusted with historical experience of non-redemptions.

The accounting treatment under IFRS 15 is in line with the Group's previous accounting treatment for the loyalty programme and as a result had no impact on the Group.

4. **NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE AND NOT EARLY ADOPTED**

IFRS 16 – Leases replaces *IAS 17 – Leases* and will be effective for the Group's financial year ending 30 September 2020. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise an asset representing the right to use the leased item and a related liability to pay rentals. The only exceptions are short-term and low-value leases.

The implementation project is in progress with the majority of data collated and the planned IT solution in testing phase. The new standard is expected to primarily affect the accounting for operating leases relating to buildings and forklifts.

The Group is yet to determine the extent of the right of use asset and the related liability for future payments. As at the reporting date the Group has non-cancellable operating lease commitments of R1 107 million.

5. **REVENUE**

In terms of IFRS 15, revenue can be disaggregated into the following major product lines:

	Six months ended 31 March 2019 Rm		Six months ended 31 March 2018 Rm		Year ended 30 September 2018 Rm	
	South Africa	**International**	South Africa	International	South Africa	International
Essential foods	**6 383.6**	**119.7**	5 826.1	101.2	11 859.3	209.0
Milling and baking	**5 252.7**	**117.4**	4 792.1	99.1	9 678.2	205.3
Other grains	**1 130.9**	**2.3**	1 034.0	2.1	2 181.1	3.7
Groceries	**3 076.3**	**1 459.7**	2 647.4	1 324.2	5 119.6	2 964.0
Cereals	**755.1**	**717.2**	763.7	633.9	1 524.8	1 340.2
Beverages	**1 442.1**	**378.9**	1 308.9	368.6	2 346.0	769.2
Snacks and other groceries	**879.1**	**363.6**	574.8	321.7	1 248.8	854.6
Sub-total	**9 459.9**	**1 579.4**	8 473.5	1 425.4	16 978.9	3 173.0
Total	**11 039.3**		9 898.9		20 151.9	

5. **REVENUE (continued)**

The disaggregation of revenue for the year ended 30 September 2018 have been audited to the extent of the segmental revenue disclosed in the annual financial statements, however, the further disaggregation into major product lines must still be audited.

Geographically revenue is disaggregated as follows:

	Unaudited six months ended 31 March 2019 Rm	Unaudited six months ended 31 March 2018 Rm	Audited year ended 30 September 2018 Rm
South Africa	**10 167.3**	9 136.2	18 557.9
Foreign countries	**872.0**	762.7	1 594.0
Total	**11 039.3**	9 898.9	20 151.9

Foreign countries represent the activities of group subsidiaries in largely the United Kingdom (mainly cereals) and in Nigeria (milling and baking). South Africa includes exports from manufacturing sites in South Africa.

6. **CONCLUSION OF PHASE II B-BBEE EQUITY TRANSACTION**

During 2012, the Company issued 18 091 661 ordinary shares to the value of R999 million to strategic BEE partners, former and current black directors of the Company (hereafter collectively referred to as "BEE investors") in terms of a B-BBEE equity transaction. The subscription price of these shares was mainly financed by Pioneer Foods' wholly-owned subsidiary, Pioneer Foods (Proprietary) Limited, and by third-party funding from Rand Merchant Bank Limited ("RMB") in the form of redeemable preference shares.

The funding structure of this transaction resulted in the establishment of a number of special-purpose vehicle companies ("SPVs") for the BEE investors. From inception of the Phase II B-BBEE equity transaction, the results and financial positions of these SPVs have been consolidated with those of the Group in terms of IFRS.

In October 2014, the Group unbundled its investment in Quantum Foods Holdings Limited and the entity was subsequently listed on the JSE. As a result, the consolidated SPVs received 18 091 661 shares in Quantum Foods Holdings Limited due to their shareholding in Pioneer Foods.

The terms of the financing provided to the BEE investors matured on 15 March 2019 which resulted in the conclusion of the Phase II B-BBEE equity transaction. Pioneer Food Group Limited repurchased 11 563 013 ordinary shares from the BEE investors for a total consideration of R904 million in terms of its pre-emptive right under the B-BBEE equity transaction. The proceeds from the repurchase was utilised towards settling the outstanding preference share funding due to both Pioneer Foods and RMB.

The total amount of RMB redeemable preference share funding outstanding as at 15 March 2019 amounted to R428 million (30 September 2018: R451 million and 31 March 2018: R449 million).

As from the conclusion date, the SPVs are no longer required to be consolidated in terms of IFRS. Quantum Foods Holdings Limited has also contracted to repurchase its ordinary shares from the BEE investors in terms of its pre-emptive right under the B-BBEE equity transaction. This transaction will be effected once the requisite shareholders' approval has been obtained.

Shareholders are further referred to the SENS announcements on 6 March 2019 and 12 March 2019 respectively for more detail on the share repurchase by Pioneer Foods.

6. **CONCLUSION OF PHASE II B-BBEE EQUITY TRANSACTION (continued)**

The conclusion of the Phase II B-BBEE equity transaction and the subsequent derecognition of the SPVs on 15 March 2019 had the following impact:

	Unaudited 31 March 2019 Rm
Derecognition of previously consolidated Phase II B-BBEE equity transaction participants	
Equity investments at fair value	**(59.7)**
Borrowings	**429.3**
Fair value reserve	**12.5**
Profit on disposal of treasury shares	**257.8**
Derecognition of treasury shares	**(360.0)**
	279.9
Profit on disposal of Group treasury shares by Phase II BEE equity transaction participants and derecognition of these previously consolidated entities	**(202.6)**
Cash and cash equivalents derecognised	**77.3**

	Unaudited six months ended 31 March 2019	Unaudited six months ended 31 March 2018	Audited year ended 30 September 2018
7. **SHARE CAPITAL**			
During the period under review, the following share transactions occurred:			
Number of listed issued and fully paid ordinary shares			
At beginning of period	**233 177 067**	233 379 445	233 379 445
Shares issued in terms of employee share appreciation rights scheme	**35 416**	204 173	423 880
Shares bought back and cancelled	**(11 580 020)**	–	(626 258)
At end of period	**221 632 463**	233 583 618	233 177 067
35 416 (30 September 2018: 423 880 and 31 March 2018: 204 173) listed ordinary shares of 10 cents each were issued at an average of R81.58 (30 September 2018: R121.54 and 31 March 2018: R132.71) per share in terms of the share appreciation rights scheme.			
17 007 (30 September 2018: 626 258 and 31 March 2018: Nil) listed ordinary shares of 10 cents each were repurchased at an average of R77.97 (30 September 2018: R108.34 and 31 March 2018: Rnil) per share. This excludes shares repurchased as part of the conclusion of the Phase II B-BBEE equity transaction.			
Purchase consideration paid for these ordinary shares bought back (R'000)	**1 326**	–	67 846
In addition, 11 563 013 listed ordinary shares of 10 cents each were repurchased at an average of R78.19 per share from the B-BBEE transaction participants as part of the conclusion of the Phase II B-BBEE equity transaction.			
Purchase consideration paid for these ordinary shares bought back (R'000)	**904 112**	–	–

7. **SHARE CAPITAL (continued)**

	Unaudited six months ended 31 March 2019	Unaudited six months ended 31 March 2018	Audited year ended 30 September 2018
Number of treasury shares held by B-BBEE transaction participants			
At beginning of period	**18 091 661**	18 091 661	18 091 661
Shares bought back and cancelled by the Group	**(11 563 013)**	–	–
Derecognition of previously consolidated B-BBEE transaction participants	**(6 528 648)**	–	–
At end of period	**–**	18 091 661	18 091 661
Number of treasury shares held by Pioneer Foods Broad-Based BEE Trust			
At beginning and end of period	**10 745 350**	10 745 350	10 745 350
Number of treasury shares held by a subsidiary			
At beginning and end of period	**17 982 056**	17 982 056	17 982 056
Number of unlisted class A ordinary shares			
At beginning of period	**2 878 680**	3 174 920	3 174 920
Shares bought back and cancelled	**(119 140)**	(162 610)	(296 240)
At end of period	**2 759 540**	3 012 310	2 878 680
Purchase consideration paid for unlisted class A ordinary shares bought back (R'000)	**6 724**	15 126	26 316

8. **BORROWINGS**

The funding term of the redeemable preference share funding provided by RMB to BEE investors in terms of the Phase II B-BBEE equity transaction expired on 15 March 2019. The proceeds from the repurchase of Pioneer Foods shares by the Company was utilised by the participants to this transaction towards settling the outstanding preference share funding due to RMB. Refer to note 6 for more detail.

The total amount of RMB redeemable preference shares funding outstanding as at 15 March 2019 amounted to R428 million (30 September 2018: R451 million and 31 March 2018: R449 million).

External funding of R429 million was provided to a Phase II BEE equity transaction participant. This borrowing was subsequently derecognised. Refer to note 6.

No other material new borrowings were concluded during the period under review. Other changes in borrowings mainly reflect repayments made in terms of agreements. Short-term borrowings fluctuate in accordance with changing working capital needs.

9. **EVENTS AFTER THE REPORTING DATE**

9.1 **Dividend**

The Board approved and declared a gross interim dividend of 105.0 cents (2018: gross interim dividend of 105.0 cents and 2018: gross final dividend of 260.0 cents) per ordinary share. This will amount to approximately R221 431 469 (2018: interim of R234 130 426 and 2018: final of R578 336 682) depending on the exact number of ordinary shares in issue at the record date. In addition, the 10 745 350 Pioneer Foods shares issued to the Pioneer Foods Broad-Based BEE Trust, will receive 20% of the dividend payable, i.e. 21.0 cents (2018: gross interim of 21.0 cents and 2018: gross final dividend of 52.0 cents) per share, amounting to R2 256 524 (2018: interim of R2 256 524 and 2018: final of R5 587 582).

The Board approved a gross interim dividend of 31.5 cents (2018: gross interim dividend of 31.5 cents and 2018: gross final dividend of 78.0 cents) per class A ordinary share, being 30% of the dividend payable to the other class ordinary shareholders in terms of the rules of the relevant employee scheme. This will amount to approximately R869 255 (2018: interim of R927 577 and 2018: final of R2 177 557) depending on the exact number of class A ordinary shares in issue at the record date.

Additional information disclosed:

These dividends are declared from income reserves and qualify as a dividend as defined in the Income Tax Act, Act 58 of 1962.

Dividends will be paid net of dividends tax of 20%, to be withheld and paid to the South African Revenue Service by the Company. Such tax must be withheld unless beneficial owners of the dividend have provided the necessary documentary proof to the relevant regulated intermediary that they are exempt therefrom, or entitled to a reduced rate as result of the double taxation agreement between South Africa and the country of domicile of such owner.

The net dividend amounts to 84.0 cents per ordinary share and 25.2 cents per class A ordinary share for shareholders liable to pay dividends tax. The dividend amounts to 105.0 cents per ordinary share and 31.5 cents per class A ordinary share for shareholders exempt from paying dividends tax.

The number of issued ordinary shares and issued class A ordinary shares is 221 621 250 and 2 737 000 respectively as at the date of this declaration.

9.2 **Other material events**

There have been no other material events requiring disclosure after the reporting date and up to the date of approval of the unaudited condensed consolidated interim financial statements by the Board.

10. **CONTINGENT LIABILITIES – GUARANTEES**

The Group had guarantees in issue of R30.1 million as at 31 March 2019 (30 September 2018: R30.9 million and 31 March 2018: R30.4 million), primarily for loans by third parties to contracted suppliers.

11. **FUTURE CAPITAL COMMITMENTS**

	Unaudited 31 March 2019 Rm	Unaudited 31 March 2018 Rm	Audited 30 September 2018 Rm
Contractually committed	**253.8**	226.7	156.7
Approved by the Board, but not contractually committed yet	**510.0**	778.8	1 068.3
Share of items of joint ventures and associates	**56.2**	42.8	56.7
	820.0	1 048.3	1 281.7

12. **NON-CURRENT ASSETS HELD-FOR-SALE**

The assets related to the fish paste spreads business were presented as "assets of a disposal group classified as held-for-sale" in terms of *IFRS 5 – Non-current Assets Held-for-sale and Discontinued Operations* for the six months ended 31 March 2018, following the Board's decision to dispose of this business.

During the 2018 financial year the Board revoked its decision to dispose of the assets related to the fish paste spreads business and its intention is to recover the carrying amounts of the related assets through continuing use. The Group believes that value remains to be unlocked and is committed to implementing operating efficiencies. Consequently, the assets related to this business have not been presented as "assets of a disposal group classified as held-for-sale" in terms of *IFRS 5 – Non-current Assets Held-for-sale and Discontinued Operations* at 31 March 2019 and at 30 September 2018.

13. **FAIR VALUE MEASUREMENT**

The information below analyses assets and liabilities that are carried at fair value at each reporting period, by level of hierarchy as required by IFRS 7 and IFRS 13.

	Unaudited fair value measurements at 31 March 2019 using:		
	Quoted prices in active markets for identical assets and liabilities (Level 1) Rm	**Significant other observable input (Level 2) Rm**	**Significant unobservable input (Level 3) Rm**
Assets measured at fair value			
Equity investments at fair value			
– Unlisted securities	**–**	**4.0**	**–**
Derivative financial instruments			
– Foreign exchange contracts	**–**	**12.7**	**–**
– Forward purchase contracts on own equity	**–**	**114.4**	**–**
Liabilities measured at fair value			
Derivative financial instruments			
– Foreign exchange contracts	**–**	**6.1**	**–**

	Unaudited fair value measurements at 31 March 2018 using:		
	Quoted prices in active markets for identical assets and liabilities (Level 1) Rm	Significant other observable input (Level 2) Rm	Significant unobservable input (Level 3) Rm
Assets measured at fair value			
Available-for-sale financial assets			
– Listed securities	154.0	–	–
– Unlisted securities	–	1.4	–
Derivative financial instruments			
– Foreign exchange contracts	–	3.1	–
– Forward purchase contracts on own equity	–	256.0	–
Assets of disposal group classified as held-for-sale	–	–	12.5
Liabilities measured at fair value			
Derivative financial instruments			
– Foreign exchange contracts	–	18.4	–

13. **FAIR VALUE MEASUREMENT (continued)**

	Audited fair value measurements at 30 September 2018 using:		
	Quoted prices in active markets for identical assets and liabilities (Level 1) Rm	Significant other observable input (Level 2) Rm	Significant unobservable input (Level 3) Rm
Assets measured at fair value			
Available-for-sale financial assets			
– Listed securities	76.9	–	–
– Unlisted securities	–	1.0	–
Derivative financial instruments			
– Foreign exchange contracts	–	7.0	–
– Forward purchase contracts on own equity	–	149.7	–
Liabilities measured at fair value			
Derivative financial instruments			
– Foreign exchange contracts	–	31.4	–
– Embedded derivatives	–	1.4	–

There have been no transfers between level one, two or three during the period, nor were there any significant changes to the valuation techniques and input used to determine fair values.

FINANCIAL ASSETS AND LIABILITIES

The fair values of financial instruments traded in active markets (such as publicly traded derivatives and available-for-sale securities) are 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. The appropriate quoted market price for financial liabilities is the current ask price. These instruments are included in level 1. Instruments included in level 1 comprise primarily JSE-listed equity investments classified as available-for-sale (relevant for 2018 only).

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument were observable, the instrument is included in level 2.

The fair values of the forward purchase contracts on own equity are determined at each reporting date and any changes in the values are recognised in profit or loss. The fair values of the forward purchase contracts have been determined by an independent external professional financial instruments specialist by using a discounted cash flow model. The inputs to this valuation method include the risk free rate, dividend yield, contractual forward price and the spot price at the reporting date.

The Group uses a variety of methods that makes assumptions that are based on market conditions existing at the reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments. Other techniques, such as estimated discounted cash flows, are used to determine the fair value for the remaining financial instruments. The fair value of foreign exchange contracts is determined using quoted forward exchange rates at the reporting date.

The carrying amounts of cash, trade and other receivables less provision for impairment, trade and other payables and short-term borrowings are assumed to approximate their fair values due to the short term until maturity of these assets and liabilities.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair values of long-term investments and long-term borrowings are not materially different from the carrying amounts.

14. **PREPARATION OF FINANCIAL STATEMENTS**

These unaudited condensed consolidated interim financial statements have been prepared under the supervision of F Lombard, CA(SA), CFO.

15. **AUDIT**

These results have not been audited or reviewed by the external auditors, PricewaterhouseCoopers Inc.

16. ***PRO FORMA* FINANCIAL INFORMATION**

Any *pro forma* financial information contained in this announcement have been prepared for illustrative purposes only, in order to provide shareholders with comparable results. Because of its nature, it may not fairly present the Group's financial position, changes in equity, results of operations or cash flows.

The *pro forma* financial information is provided in accordance with the JSE Listings Requirements and the Guide on *Pro Forma* Financial information issued by SAICA and is the responsibility of the directors.

Directors
ZL Combi (Chairman), TA Carstens (CEO)*, CG Botha, N Celliers, Prof ASM Karaan, F Lombard (CFO)*, NS Mjoli-Mncube, PJ Mouton, LE Mthimunye, SS Ntsaluba, AH Sangqu, NW Thomson (* Executive)

The following changes occurred to the Pioneer Foods Board during the period under review.

- Mr G Pretorius retired as independent non-executive director with effect from 15 February 2019.
- As a consequence of Mr Pretorius' retirement, the Board appointed Mr NW Thomson as lead independent director and chairperson of the human capital committee with effect from 15 February 2019.
- Mr Thomson stepped down as chairperson of the audit committee with effect from 15 February 2019, but continues to serve as a member of the audit committee.
- Mr CG Botha was appointed as an independent non-executive director with effect from 12 December 2018 and subsequently appointed as chairperson of the audit committee with effect from 15 February 2019.

Company secretary
J Jacobs
E-mail: Jay-Ann.Jacobs@pioneerfoods.co.za

Registered address
Glacier Place, 1 Sportica Crescent, Tyger Valley, 7530, South Africa
Tel: 021 974 4000
Fax: 086 407 0044
E-mail: info@pioneerfoods.co.za

Transfer secretaries
Computershare Investor Services (Proprietary) Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa, PO Box 61051, Marshalltown, 2107, South Africa
Tel: 011 370 5000
Fax: 011 688 5209

Sponsor
PSG Capital (Proprietary) Limited, PO Box 7403, Stellenbosch, 7599, South Africa
Tel: 021 887 9602
Fax: 021 887 9624

HISTORICAL FINANCIAL INFORMATION OF ZEDER FOR THE FINANCIAL YEARS ENDED 28 FEBRUARY 2019, 28 FEBRUARY 2018 AND 28 FEBRUARY 2017

The definitions and interpretations commencing on page 8 of this Circular apply to this Annexure 3.

THREE-YEAR AUDITED HISTORICAL FINANCIAL INFORMATION OF ZEDER

BASIS OF PREPARATION

The consolidated income statements, statements of financial position, comprehensive income, changes in equity, cash flows and notes thereto, of Zeder for the financial years ended 28 February 2017, 28 February 2018 and 28 February 2019, have been extracted and compiled from the audited consolidated annual financial statements of Zeder, which are available on Zeder's website. The aforementioned consolidated annual financial statements were compiled under the supervision of the group financial director, Mr JH le Roux, CA(SA), and were approved by the Zeder Directors on 10 April 2017, 17 April 2018 and 16 April 2019, respectively. The preparation of this **Annexure 3** is the responsibility of the Zeder Directors.

The historical financial information of Zeder has previously been audited by PwC and reported on without qualification for all of the aforementioned financial periods.

NATURE OF BUSINESS

Zeder Investments Limited ("**Zeder**") is an investor in the broad agribusiness and related industries, with a historical focus on the food and beverage sectors. The activities of the Zeder group of companies are set out in detail in the review of operations section of Zeder's annual reports, being available at www.zeder.co.za or may be requested and obtained in person, at no charge, at the registered office of Zeder during office hours.

OPERATING RESULTS

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

Noteworthy transactions

During the year, Capespan Group Limited ("**Capespan**") disposed of its entire shareholding in the Joy Wing Mau Group in China. Net cash of R988 million was received and this enabled Capespan to inject capital into its core fruit and farming divisions and reduce debt levels.

Furthermore, Capespan separated and unbundled its logistics division on 2 January 2019 and this division now operates independently as The Logistics Group Proprietary Limited ("**The Logistics Group**"). The fruit and farming operations remain within Capespan. Zeder also transferred its investment in the logistics application business, The Logistic Company Proprietary Limited, to The Logistics Group, to ensure The Logistics Group benefits from the logistics-related technology developed within.

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

Zeder's SOTP value per share, calculated using the quoted market prices for all JSE-listed investments, and market-related valuations for unlisted investments, decreased by 28.2% during the reporting period to R5.64 as at 28 February 2019 (2018: R7.85) (2017: R8.53).

Earnings performance

Recurring headline earnings per share of 27.7 cents (2018: 27.6 cents) (2017: 42.6 cents) in line with prior year mainly due to a recovery in earnings from most of its underlying investee companies, except for Capespan.

Headline earnings per share increased by 81.9% to 45.1 cents profit (2018: 24.8 cents profit) (2017: 47.5 cents loss) mainly due to the upward fair value adjustment reflecting the disposal value of Capespan's investment in Joy Wing Mau.

Attributable earnings per share decreased by 64.9% to 5.2 cents profit (2018: 14.8 cents profit) (2017: 49.1 cents loss) mainly due to the significant impairment charge recognised by Zeder on its associate investment Pioneer Foods, following the decline in its share price.

Profit for the year amounted to R121.8 million (2018: R208.4 million profit) (2017: R741.7 million loss), while the earnings attributable to equity holders of the group amounted to R89.2 million (2018: R253.9 million) (2017: R795.9 million loss).

STATED CAPITAL

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

During FY2018, 15 335 527 ordinary shares were purchased in the open market at an average price of R6.13 per share, in accordance with the general authority obtained from its shareholders at the Annual General Meeting on 23 June 2017 and cancelled these shares with JSE obtained approval.

During FY2018, treasury shares allocated to executive directors in terms of a share incentive scheme, were recognised on loans granted on or prior to 28 February 2018. In terms of the accounting standard, the loans receivable has been accounted for in terms of IFRS 2 Share-based Payment.

During FY2017, the company issued 207 661 758 ordinary shares as part of an asset-for-share transaction (mostly notably the internalisation of the management fee transaction).

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

DIVIDENDS

On 16 April 2019, the company declared a final dividend of 11.0 cents (2018: 11.0 cents) (2017: 11.0 cents) per share from income resources in respect of the year ended 28 February 2019, which was paid on 13 May 2019.

SECRETARY

The secretary of the company is Zeder Corporate Services Proprietary Limited. Please refer to the "Corporate Information" section of this Circular for its business and postal addresses.

AUDITOR

At the date of the financial statements being approved, PricewaterhouseCoopers Inc. held office in accordance with the Companies Act of South Africa.

HISTORICAL FINANCIAL INFORMATION

No material change in the nature of the business of Zeder and its subsidiaries occurred, and no material fact or circumstance has occurred between the end of the latest financial year of Zeder and the date of this Circular, in so far as not already dealt with in historical financial information outlined in this **Annexure.**

STATEMENTS OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2019

		GROUP			COMPANY		
	Notes	**2019 Rm**	2018 Rm	2017 Rm	**2019 Rm**	2018 Rm	2017 Rm
ASSETS							
Non-current assets		**9 492**	10 298	9 835	**8 292**	8 282	8 277
Property, plant and equipment	1	**1 699**	1 626	1 640			
Intangible assets	2	**669**	606	666			
Biological assets (bearer plants)	9.1	**426**	406	364			
Biological assets (agricultural produce)	9.2	**15**					
Investment in subsidiary	3				**8 292**	8 282	8 277
Investment in ordinary shares of associates	4.1	**6 270**	6 619	6 824			
Loans to associates	4.2	**166**	132	77			
Investment in ordinary shares of joint ventures	5.1	**21**	17	9			
Loans to joint ventures	5.2		4	3			
Equity securities	6	**30**	688	46			
Deferred income tax assets	16	**74**	61	58			
Employee benefits	7	**43**	39	37			
Loans and advances	8	**79**	100	111			
Current assets		**3 300**	3 103	3 336	**1**	1	–
Biological assets (agricultural produce)	9.2	**151**	152	122			
Loans to associates	4.2	**6**					
Loans and advances	8	**16**	38	36			
Inventories	10	**1 218**	1 286	1 319			
Trade and other receivables	11	**1 416**	1 274	1 414	**1**	1	
Current income tax assets		**60**	27	23			
Cash, money market investments and other cash equivalents	12	**433**	326	422			
Non-current assets held for sale	13	**1**	7				
Total assets		**12 793**	13 408	13 171	**8 293**	8 283	8 277

STATEMENTS OF FINANCIAL POSITION (continued)

	Notes	GROUP 2019 Rm	GROUP 2018 Rm	GROUP 2017 Rm	COMPANY 2019 Rm	COMPANY 2018 Rm	COMPANY 2017 Rm
EQUITY AND LIABILITIES							
Equity attributable to owners of the parent							
Stated capital	14	**7 060**	7 060	7 154	**7 060**	7 060	7 154
Treasury shares		**(72)**	(73)	(50)			
Other reserves	15	**(397)**	(348)	(372)	**13**	4	1
Retained earnings		**1 505**	1 630	1 559	**(186)**	3	194
		8 096	8 269	8 291	**6 887**	7 067	7 349
Non-controlling interests		**316**	327	407			
Total equity		**8 412**	8 596	8 698	**6 887**	7 067	7 349
Non-current liabilities		**2 101**	2 276	1 323	**–**	–	–
Deferred income tax liabilities	16	**93**	222	96			
Borrowings	17	**1 880**	1 939	1 016			
Derivative financial liabilities	18	**25**	24	94			
Employee benefits	7	**103**	91	117			
Current liabilities		**2 280**	2 536	3 150	**1 406**	1 216	928
Borrowings	17	**1 192**	1 428	1 958	**1 401**	1 212	926
Trade and other payables	19	**993**	994	1 092	**5**	4	2
Derivative financial liabilities	18	**1**	15	1			
Current income tax liabilities		**31**	34	33			
Employee benefits	7	**63**	65	66			
Total liabilities		**4 381**	4 812	4 473	**1 406**	1 216	928
Total equity and liabilities		**12 793**	13 408	13 171	**8 293**	8 283	8 277

INCOME STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019

		GROUP			COMPANY		
	Notes	**2019 Rm**	2018 Rm	2017 Rm	**2019 Rm**	2018 Rm	2017 Rm
Revenue	20	**7 641**	8 485	10 209			
Cost of sales	21	**(6 154)**	(6 996)	(8 546)			
Gross profit		**1 487**	1 489	1 663	**–**	–	–
Income							
Change in fair value of biological assets	9.2	**194**	195	224			
Investment income	22	**90**	77	67			
Net fair value gains/(losses)	23	**469**	45	(7)			
Other operating income	24	**34**	116	29			
Total income		**787**	433	313	**–**	–	–
Expenses							
Management fees	25.1			(75)			
Management fee internalisation charge	25.1			(1 449)			
Marketing, administration and other expenses	25.2	**(1 734)**	(1 671)	(1 562)	**(1)**	(1)	(3)
Reversal of impairment/(impairment) of trade and other receivables		**6**					
Total expenses		**(1 728)**	(1 671)	(3 086)	**(1)**	(1)	(3)
Net income from associates and joint ventures							
Share of profits of associates and joint ventures	4 & 5	**636**	472	629			
Impairment of associates and joint ventures	4 & 5	**(647)**	(1)				
Net gain/(loss) on dilution of interest in associates and joint ventures	4 & 5	**21**	(29)	(8)			
Net income from associates and joint ventures		**10**	442	621	**–**	–	–
Profit/(loss) before finance costs and taxation		**556**	693	(489)	**(1)**	(1)	(3)
Finance costs	26	**(324)**	(289)	(232)			
Profit/(loss) before taxation		**232**	404	(721)	**(1)**	(1)	(3)
Taxation	27	**(110)**	(196)	(21)			
Profit/(loss) for the year		**122**	208	(742)	**(1)**	(1)	(3)
Profit/(loss) attributable to:							
Owners of the parent		**89**	254	(796)	**(1)**	(1)	(3)
Non-controlling interests		**33**	(46)	54			
		122	208	(742)	**(1)**	(1)	(3)
Earnings/(loss) per share (cents)	31						
Attributable – basic		**5.2**	14.8	(49.1)			
Attributable – diluted		**3.8**	14.0	(51.3)			

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2019

	GROUP			COMPANY		
	2019 Rm	2018 Rm	2017 Rm	**2019 Rm**	2018 Rm	2017 Rm
Profit/(loss) for the year	**122**	208	(742)	**(1)**	(1)	(3)
Other comprehensive loss for the year, net of taxation	**(90)**	(16)	(469)	**–**	–	–
Items that may be reclassified to profit or loss						
Currency translation adjustments	**(48)**	(100)	(422)			
Share of other comprehensive income of associates and joint ventures	**(39)**	64	(43)			
Items that may not be reclassified to profit or loss						
(Losses)/gains from changes in financial and demographic assumptions of post-employment benefit obligations	**(3)**	20	(4)			
Total comprehensive income/(loss) for the year	**32**	192	(1 211)	**(1)**	(1)	(3)
Attributable to:						
Owners of the parent	**11**	257	(1 193)	**(1)**	(1)	**(3)**
Non-controlling interests	**21**	(65)	(18)			
	32	192	(1 211)	**(1)**	(1)	(3)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2019

GROUP	Stated capital Rm	Treasury shares Rm	Other reserves Rm	Retained earnings Rm	Non-controlling interests Rm	Total Rm
Balance at 1 March 2016	5 705		32	2 514	442	8 693
Total comprehensive (loss)/income	–	–	(393)	(800)	(18)	(1 211)
Loss for the year				(796)	54	(742)
Other comprehensive income			(393)	(4)	(72)	(469)
Transactions with owners	1 449	(50)	(11)	(155)	(17)	1 216
Shares issued	1 449				25	1 474
Treasury shares purchased		(62)				(62)
Treasury shares sold		12				12
Share-based payment costs – employees			9		2	11
Transactions with non-controlling interests			(19)	(19)	(31)	(69)
Transfer between reserves			(1)	1		–
Dividends paid				(137)	(13)	(150)
Balance at 28 February 2017	7 154	(50)	(372)	1 559	407	8 698
Total comprehensive (loss)/income	–	–	(17)	274	(65)	192
Profit for the year				254	(46)	208
Other comprehensive (loss)/income			(17)	20	(19)	(16)
Transactions with owners	(94)	(23)	41	(203)	(15)	(294)
Shares issued					8	8
Shares purchased and cancelled	(94)					(94)
Treasury shares purchased		(27)				(27)
Treasury shares sold		4				4
Share-based payment costs – employees			10		2	12
Transactions with non-controlling interests			38	(20)	(5)	13
Transfer between reserves			(7)	7		–
Dividends paid				(190)	(20)	(210)
Balance at 28 February 2018 – previously reported	7 060	(73)	(348)	1 630	327	8 596
Adjustment due to initial application of IFRS 9[1]				(22)	(2)	(24)
Balance at 28 February 2018	**7 060**	**(73)**	**(348)**	**1 608**	**325**	**8 572**
Total comprehensive (loss)/income	**–**	**–**	**(76)**	**87**	**21**	**32**
Profit for the year				**89**	**33**	**122**
Other comprehensive loss			**(76)**	**(2)**	**(12)**	**(90)**
Transactions with owners	**–**	**1**	**27**	**(190)**	**(30)**	**(192)**
Shares issued					**11**	**11**
Treasury shares sold		**1**				**1**
Share-based payment costs – employees			**16**		**2**	**18**
Transactions with non-controlling interests			**15**	**(6)**	**(21)**	**(12)**
Transfer between reserves			**(4)**	**4**		**–**
Dividends paid				**(188)**	**(22)**	**(210)**
Balance at 28 February 2019	**7 060**	**(72)**	**(397)**	**1 505**	**316**	**8 412**

STATEMENTS OF CHANGES IN EQUITY (continued)

COMPANY	Stated capital R'000	Retained earnings R'000	Other reserve[2] R'000	Total R'000
Balance at 1 March 2016	5 705	334		6 039
Shares issued (refer note 14)	1 449			1 449
Profit and total comprehensive income for the year		(3)		(3)
Dividend paid		(137)		(137)
Share-based payment costs – employees			1	1
Balance at 28 February 2017	7 154	194	1	7 349
Loss and total comprehensive income for the year		(1)		(1)
Dividend paid		(190)		(190)
Shares purchased and cancelled (refer note 14)	(94)			(94)
Share-based payment costs – employees			3	3
Balance at 28 February 2018	7 060	3	4	**7 067**
Loss and total comprehensive income for the year		(1)		**(1)**
Dividend paid		(188)		**(188)**
Share-based payment costs – employees			9	**9**
Balance at 28 February 2019	7 060	(186)	13	**6 887**

Final dividend per share[3]
– 2017: 11.0 cents (declared on 10 April 2017 and paid on 8 May 2017)
– 2018: 11.0 cents (declared on 17 April 2018 and paid on 14 May 2018)
– 2019: 11.0 cents (declared on 16 April 2019 and paid on 13 May 2019)

[1] *Refer accounting policy note 1.1.*
[2] *Comprise fully share-based payment reserve.*
[3] *Dividends are not accounted for until they have been approved by the company's board of directors.*

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 28 FEBRUARY 2019

	Notes	GROUP 2019 Rm	GROUP 2018 Rm	GROUP 2017 Rm	COMPANY 2019 Rm	COMPANY 2018 Rm	COMPANY 2017 Rm
Cash flow from operating activities		**(137)**	312	176	**–**	–	(2)
Cash generated from operations	30.1	**79**	267	97			(2)
Interest received		**73**	66	64			
Dividends received		**312**	276	250			
Interest paid		**(317)**	(233)	(188)			
Taxation paid	30.2	**(284)**	(64)	(47)			
Cash flow from investment activities		**843**	(413)	(725)	**–**	–	–
Acquisition of subsidiaries	30.3	**(44)**		(118)			
Cash acquired from acquisition of subsidiary	30.3	**3**	1	3			
Proceeds from disposal of subsidiary/ subsidiaries' operations	30.4	**4**	27				
Acquisition of associates and joint ventures			(183)	(109)			
Loans repaid by associates and joint ventures		**7**					
Loans granted to associates and joint ventures		**(55)**	(52)	(69)			
Additions to property, plant and equipment		**(177)**	(213)	(311)			
Proceeds from disposal of property, plant and equipment		**19**	25	35			
Additions to intangible assets		**(116)**	(97)	(89)			
Acquisition of equity securities		**(1)**	(6)	(1)			
Proceeds from disposal of equity securities		**1 161**	9				
Proceeds from sale of assets held for sale		**7**					
Loans and advances granted		**(75)**	(4)	(91)			
Repayment of loans and advances		**110**	80	25			
Cash flow from financing activities		**(593)**	(5)	348	**–**	–	2
Capital contributions by non-controlling interests		**6**	4	25			
Transactions with non-controlling interests		**(11)**	(10)	(53)			
Shares purchased and cancelled			(94)			(94)	
Purchase of treasury shares			(27)	(62)			
Treasury shares sold		**1**	5	11			
Dividends paid to shareholders of the parent		**(188)**	(190)	(137)	**(188)**	(190)	(137)
Dividends paid to non-controlling interests		**(22)**	(20)	(13)			
Borrowings repaid	30.5	**(1 030)**	(1 333)	(321)	**(2)**	(8)	(2)
Borrowings drawn	30.5	**651**	1 660	897	**190**	292	141
Net increase/(decrease) in cash and cash equivalents		**113**	(106)	(201)	**–**	–	–
Cash and cash equivalents at beginning of year		**326**	422	684			
Exchange (losses)/gains on cash and cash equivalents		**(6)**	10	(61)			
Cash and cash equivalents at end of year	12	**433**	326	422	**–**	–	–

ACCOUNTING POLICIES FOR THE YEAR ENDED 28 FEBRUARY 2019

The principal accounting policies applied in the preparation of these consolidated and standalone financial statements are set out below. The accounting policies applied in the preparation of these financial statements are consistent in all material respects with those used in the prior financial year. However, the group adopted the various revisions to IFRS, refer accounting policies note 1, which were effective for its financial year ended 28 February 2019, but, these revisions have not resulted in material changes to the group's reported results or disclosures in these financial statements, except for the adoption of the new standard IFRS 9 Financial Instruments.

1. BASIS OF PREPARATION

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and standalone financial statements are disclosed in accounting policy note 29 below.

1.1 Adoption of IFRS 9 *Financial Instruments* ("IFRS 9")

IFRS 9 is the new standard governing the classification, recognition and measurement of financial instruments, and replaces IAS 39 Financial Instruments: Recognition and Measurement. The year ended 28 February 2019 is the first period during which IFRS 9 was applied, thus the group transitioned to IFRS 9 on 1 March 2018. IFRS 9 was adopted without restating comparative information, thus any differences in the carrying amounts of financial instruments will be made to opening retained earnings as at the start of the current financial year, in accordance with the new standard's transitional arrangements. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the statement of financial position as at 28 February 2018 but are recognised in the opening statement of financial position on 1 March 2018.

Classification and measurement

IFRS 9, *inter alia*, replaces the multiple classification and measurement models in IAS 39 with a single model that has only two categories: amortised cost and fair value. On 1 March 2018 (the date of initial application of IFRS 9), the group's management has assessed which business models apply to the financial assets and financial liabilities held by the group and has classified its financial instruments into the appropriate IFRS 9 categories. There were no effects with regards to the changes in categories of financial assets and financial liabilities, except for Money market funds classified as fair value through profit and loss.

Change in measurement

IFRS 9 establishes a new approach for financial assets carried at amortised cost – an "expected credit loss" model that focuses on the risk that a loan or trade debtor will default rather than whether a loss has been incurred. The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all loans and receivables.

The group has four types of financial assets that are subject to IFRS 9's new expected credit loss model: loans to associates and joint ventures; loans and advances; trade and other receivables; and cash and cash equivalents. The group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. The impact of the change in impairment methodology on the group's retained earnings and equity is disclosed in the table below. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

1. **BASIS OF PREPARATION (continued)**

1.1 **Adoption of IFRS 9 *Financial Instruments* ("IFRS 9") (continued)**

The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

Statement of financial position *(extract)*	Previously reported 28 February 2018 Rm	Adjustment due to initial application of IFRS 9 Rm	Restated 1 March 2018 Rm
Assets			
Investment in ordinary shares of associates[1]	6 619	(3)	6 616
Loans to associates	132	(2)	130
Investment in ordinary shares of joint ventures[1]	17		17
Loans to joint ventures	4		4
Loans and advances	138	(1)	137
Deferred income tax assets	61	4	65
Trade and other receivables	1 274	(22)	1 252
Total assets	8 245	(24)	8 221
Equity and liabilities			
Ordinary shareholders' equity	8 269	(22)	8 247
Non-controlling interests	327	(2)	325
Total equity	8 596	(24)	8 572

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

1.2 **Adoption of IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15")**

IFRS 15 sets out a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. IFRS 15 introduces a five-step model for recognising revenue to depict transfer of goods or services. The model distinguishes between promises to a customer that are satisfied at a point in time and those that are satisfied over time. IFRS 15 replaces IAS 18 which covers revenue arising from the sale of goods and the rendering of services, IAS 11 which covers construction contracts, and related interpretations.

The year ended 28 February 2019 is the first period during which IFRS 15 was applied, thus the group transitioned to IFRS 15 on 1 March 2018. IFRS 15 was adopted without restating comparative information through the modified retrospective approach, resulting in insignificant changes in accounting policies and no adjustments to the amounts recognised in the financial statements, in accordance with the new standard's transitional arrangements. There was thus no impact on the group's retained earnings at the date of initial application.

2. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS

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

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

– Annual improvements 2014 – 2016 cycle:

Amendments to IAS 28 *Investments in Associated and Joint Ventures* – This amendment seeks to clarify that a venture capital organisation, mutual fund, unit trust or similar entities may elect to measure investments in associates and joint ventures at fair value through profit and loss, separately for each investment.

– Amendments to IFRS 2 *Share-based payments* – Clarifying how to account for certain types of share-based payment transactions (effective 1 January 2018)

This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

– IFRS 9 Financial Instruments (effective 1 January 2018)

This new standard replaced IAS 39 Financial Instruments: Recognition and Measurement. The standard, *inter alia*, encompasses requirements in the following areas: Classification and measurement (replaces the multiple classification and measurement models with a single model that has only two categories: amortised cost and fair value); Impairment (introduces an 'expected credit loss' model for the measurement of the impairment of financial assets); Hedge accounting (introduces a new model that align hedge accounting more closely with an entity's risk management); Derecognition (carried forward from IAS 39). Refer to accounting policy note 1.1.

– IFRS 15 *Revenue from Contracts with Customers* (effective 1 January 2018)

This new standard is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. Refer to accounting policy note 1.2.

– Amendments to IFRS 15 *Revenue from Contracts with Customers* – (effective 1 January 2018)

The amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of these areas of guidance. Additional practical expedients related to transition to the new revenue standard are also included.

– Amendments to IAS 40 *Investment property* – Transfers of investment property (effective 1 January 2018)

This amendment clarifies that to transfer to, or from, investment properties there must be a change in use.

– IFRIC 22 *Foreign currency transactions and advance consideration* (effective 1 January 2018)

This interpretation addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency.

2. **NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS (continued)**

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

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

– IFRS 4 *Insurance contracts* – Regarding the implementation of IFRS 9 Financial instruments (effective 1 January 2018)

These amendments introduced the following: (a) temporary exemption from IFRS 9 granted to insurers that meet specified criteria; and (b) an optional accounting policy choice to allow an insurer to apply the overlay approach to designated financial assets when it first applies IFRS 9.

– IFRS 17 *Insurance contracts* (effective 1 January 2021)[3]

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

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

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

– Amendments to IFRS 3 Business Combinations – Regarding the definition of a business (effective 1 January 2020)[2]

These amendments: (a) clarified that a business must include substantive inputs and a process and must together significantly contribute to creating outputs; (b) narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities; and (c) added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

– Amendments to IFRS 9 *Financial Instruments – Regarding prepayment features with negative compensation* (effective 1 January 2019)[2]

The narrow-scope amendment allows companies to measure particular pre-payable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met.

– IFRS 16 *Leases* (effective 1 January 2019)[4]

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

– Amendments to IFRS 1 *Presentation of Financial Statements* – Disclosure Initiative (effective 1 January 2020)[2]

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

– Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Disclosure Initiative (effective 1 January 2020)[2]

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

2. **NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS (continued)**

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

- Amendments to IAS 19 Employee *Benefits* – Plan Amendment, Curtailment or Settlement (effective 1 January 2019)[2]

  The amendments require an entity to use the updated assumptions from a remeasurement net defined benefit liability or asset resulting from a plan amendment, curtailment or settlement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan.

- Amendments to IAS 28 Investments in associates and joint ventures – Long-term interest in Associates and Joint Ventures (effective 1 January 2019)[1]

  The amendments clarified that companies account for long-term interests in an associate or joint venture, to which the equity method is not applied, using IFRS 9.

- IFRIC 23 Uncertainty over Income Tax Treatments – (effective 1 January 2019) [2]

  The interpretation specifies how an entity should reflect the effects of uncertainties in accounting for income taxes.

- Annual improvements cycle 2015–2017 (1 January 2019)[2]

  Amendments to IFRS 3 *Business combination* – a company remeasures its previously held interest in a joint operation when it obtains control of the business.

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

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

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

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

[1] Management has assessed the impact of these standards, interpretations and amendments on the reported results of the group and company and do not foresee any significant impact.

[2] Management has assessed the impact of these amendments on the reported results of the group and company and foresee only minor disclosure changes.

[3] Management has assessed the impact of these amendments on the reported results of the group and company and foresee no impact on the measurement of amounts or disclosure.

[4] The group will apply the standard from its mandatory adoption date of 1 March 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 operating leases within the scope of the standard will be measured on transition date as if the new rules had always been applied.

Management has assessed 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. As at the reporting date, the group has non-cancellable operating lease commitments of R1,00 billion.

For the remaining lease commitments, the group expects to recognise right-of-use assets of approximately R212,1 million on 1 March 2019, lease liabilities of R527,3 million (after adjustments for prepayments and accrued lease payments recognised as at 28 February 2019).

The group expects that net profit after tax will decrease by approximately R60,9 million for 2020 as a result of adopting the new rules.

The group's activities as a lessor are not material and hence the group does not expect any significant impact on the financial statements. However, some additional disclosures will be required from next year.

3. CONSOLIDATION

3.1 Subsidiaries

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

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

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

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

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

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

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

3.2 Changes in ownership interests in subsidiaries without change of control

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

3.3 Disposal of subsidiaries

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

3. **CONSOLIDATION (continued)**

3.4 **Associates**

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition.

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

The group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income and other equity movements are recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

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

Profits and losses resulting from upstream and downstream transactions between the group and its associates are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising from investments in associates are recognised in the income statement.

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

3.5 **Joint arrangements**

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

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

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

4. **SEGMENT REPORTING**

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

5. **FOREIGN CURRENCY TRANSLATION**

5.1 **Functional and presentation currency**

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

5.2 **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses are presented in the income statement within "fair value gains and losses".

Changes in the fair value of monetary securities denominated in foreign currency classified as financial instrument at fair value through other comprehensive income (2018: available-for-sale) are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities, such as equity securities classified as at fair value through profit or loss, are recognised in the income statement as part of "fair value gains and losses". Translation differences on non-monetary financial assets, such as equity securities classified at fair value through other comprehensive income (2018: equity securities classified as available-for-sale), are included in other comprehensive income.

5.3 **Group companies**

The results and financial position of all group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

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

5. **FOREIGN CURRENCY TRANSLATION (continued)**

5.3 **Group companies (continued)**

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

	2019		2018		2017	
	Average rand	**Closing rand**	Average rand	Closing rand	Average rand	Closing rand
British pound	**17.8**	**18.7**	17.1	16.3	18.9	16.3
Chinese yuan renminbi			2.0	2.2	2.1	1.9
Euro	**15.8**	**16.0**	15.1	17.0	15.7	13.9
Hong Kong dollar	**1.7**	**1.8**	1.7	1.5	1.8	1.7
Japanese yen	**0.1**	**0.1**	0.1	0.1	0.1	0.1
Mozambique new metical	**0.2**	**0.2**	0.2	0.2	0.2	0.2
United States dollar	**13.5**	**14.1**	13.1	11.8	14.3	13.1
Zambian kwacha	**1.3**	**1.2**	1.3	1.2	1.5	1.4
Zimbabwe RTGS		**5.4**				

6. **PROPERTY, PLANT AND EQUIPMENT**

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

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

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

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

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

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

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

7. **INTANGIBLE ASSETS**

7.1 **Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary, joint venture or associate at the date of acquisition. Goodwill on the acquisition of a subsidiary is reported in the statement of financial position as an intangible asset. Goodwill on the acquisition of a joint venture or associate is included in the respective investment's carrying amount. Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

7. **INTANGIBLE ASSETS (continued)**

7.1 **Goodwill (continued)**

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The groups of cash-generating units are not larger than operating segments.

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

7.2 **Trademarks**

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

7.3 **Customer lists**

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

7.4 **Computer software**

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

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

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

7.5 **Capitalised product development costs**

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

7.6 **Amortisation of intangible assets**

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

Capitalised product development costs	3 – 10 years
Customer lists	4 – 5 years
Trademarks	3 – 5 years
Computer software	5 – 15 years

8. IMPAIRMENT OF NON-FINANCIAL ASSETS

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

9. FINANCIAL INSTRUMENTS

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

There are group companies that are parties to derivative financial instruments that reduce exposure to financial risks. These instruments mainly comprise forward currency exchange contracts and hedge accounting was applied in some instances. Group companies that do not apply hedge accounting, recognise changes in the fair value of these and other derivative instruments in profit or loss in the period in which they arise. Until 28 February 2018, gains and losses arising from cash flow hedges are recognised through other comprehensive income, while those arising from fair value hedges are recognised in profit or loss in the period in which they arise.

10. OFFSETTING FINANCIAL INSTRUMENTS

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

11. FINANCIAL ASSETS

From 1 March 2018, the group classifies its financial assets in the following measurement categories: those to be measured at fair value (either through other comprehensive income or through profit or loss), and those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition.

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

11.1 Recognition and derecognition

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

11.2 Measurement

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

11. **FINANCIAL ASSETS (continued)**

11.2 **Measurement (continued)**

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

– *Equity instruments at FVPL*

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

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

– *Money market funds at FVPL*

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

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

(b) *At amortised cost*

– *Trade receivables*

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

– *Other financial assets at amortised cost*

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

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

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

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

11.3 **Valuation techniques used to determine fair values**

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

11.4 **Impairment**

From 1 March 2018, the group assesses on a forward-looking basis the expected credit loss associated with its financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

11. **FINANCIAL ASSETS (continued)**

11.4 **Impairment (continued)**

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

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

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

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

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

11.5 **Accounting policies applied until 28 February 2018**

The group has applied IFRS 9 retrospectively but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the group's previous accounting policy.

Until 28 February 2018, the group classified its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

11.6 **Classification (until 28 February 2018)**

(a) Financial assets at fair value through profit or loss

This category has two subcategories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so, designated by management. Financial assets designated at fair value through profit or loss at inception are those that are managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the group's key management personnel. Derivatives are categorised as held for trading.

11. **FINANCIAL ASSETS (continued)**

11.6 **Classification (until 28 February 2018) (continued)**

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the group intends to sell in the short term.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

11.7 **Recognition and measurement of financial assets (until 28 February 2018)**

Purchases and sales of financial assets are recognised on trade date – the date on which the group commits to purchase or sell the asset. Financial assets not carried at fair value through profit or loss, are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses.

Interest on available-for-sale securities calculated using the effective-interest method is recognised in the income statement as part of investment income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of investment income when the group's right to receive payment is established.

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis refined to reflect the issuer's specific circumstances.

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.

Loans and receivables are subsequently carried at amortised cost using the effective-interest method. Specific provisions are made against identified doubtful debts.

Loans advanced to associated companies, joint ventures and subsidiaries, which are interest-free with no repayment terms, are carried at amortised cost using the effective-interest method.

11.8 **Impairment of financial assets (until 28 February 2018)**

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

11. **FINANCIAL ASSETS (continued)**

11.8 **Impairment of financial assets (until 28 February 2018) (continued)**

Loans and receivables are considered impaired if, and only if, there is objective evidence of impairment as a result of events that occurred after initial asset recognition (known as loss events) and these loss events have an adverse impact on the assets' estimated future cash flows that can be reliably measured. Objective evidence that loans and receivables may be impaired, includes breach of contract, such as a default or delinquency in interest or principal payments. In this regard instalments past due date are considered in breach of contract. The amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Impairment losses are recognised in and reversed through the income statement.

12. **DERIVATIVE FINANCIAL INSTRUMENTS**

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

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

12.1 **Non-controlling interest put option liabilities**

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

12.2 **Derivative financial instruments and hedging activities**

The group uses derivative financial instruments to hedge its exposure to foreign exchange risk arising from operational activities. In accordance with its treasury policy, the group does not hold or issue derivative financial instruments for trading purposes. Subsequent to initial recognition, derivatives are measured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and if so, the nature of the item being hedged. Until 28 February 2018, where a derivative financial instrument is used to hedge the variability in cash flows of the foreign exchange exposure of a recognised asset or liability or a highly probable forecast transaction, hedge accounting may be applied. These derivatives are designated as cash flow hedges.

12.3 **Cash flow hedges (until 28 February 2018)**

Hedge relationships are formally documented at inception. The documentation includes identification of the hedged item and the hedging instrument, details of the risk that is being hedged and the way in which effectiveness will be assessed at inception and during the period of the hedge. If the hedge is not highly effective in off-setting changes in fair value or cash flows attributable to the hedge risk, consistent with the documented risk management strategy, hedge accounting is discontinued. Where a derivative financial instrument is designated as a hedge of the variability in cash flow of a recognised asset or liability or a highly probable forecast transaction, the effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income. The ineffective portion is recognised in profit or loss. When the forecast transaction results in the recognition of a financial asset or financial liability, the cumulative gain or loss is reclassified from other comprehensive income in the same period in which the hedged forecast cash flow/ hedged item affects profit or loss. Otherwise the cumulative gain or loss is removed from other comprehensive income and recognised in profit or loss at the same time as the hedge transaction.

12. **DERIVATIVE FINANCIAL INSTRUMENTS (continued)**

12.3 **Cash flow hedges (until 28 February 2018) (continued)**

When the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or property, plant and equipment) the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the asset's cost. For example, the deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of property, plant and equipment. Hedge accounting is discontinued if the hedge no longer meets the criteria for hedge accounting; if the hedging instrument expires or is sold, terminated or exercised; if the forecast transaction is no longer expected to occur; or if the hedge designation is revoked. On the discontinuance of hedge accounting (except where a forecast transaction is no longer expected to occur), the cumulative unrealised gain or loss recognised in other comprehensive income is recognised in profit or loss when the forecast transaction occurs and affects profit or loss. Where a forecast transaction is no longer expected to occur, the cumulative gain or loss is recognised immediately in profit or loss.

13. **BIOLOGICAL ASSETS**

13.1 **Agricultural produce**

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

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

13.2 **Bearer plants**

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

Subsequent production and borrowing costs are included in the bearer plant's carrying value only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

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

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

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

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

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

13. **BIOLOGICAL ASSETS (continued)**

13.2 **Bearer plants (continued)**

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

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

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

14. **INVENTORY**

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

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

15. **TRADE AND OTHER RECEIVABLES**

From 1 March 2018, the group recognise trade and other receivables in accordance with accounting policy note 11.2(b). Until 28 February 2018, trade and other receivables were initially measured at fair value and subsequently recognised at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The movement in the amount of the provision were recognised in the income statement.

16. **CASH, MONEY MARKET INVESTMENTS AND OTHER CASH EQUIVALENTS**

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

17. **STATED CAPITAL**

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

17.1 **Treasury shares**

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

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

17. **STATED CAPITAL (continued)**

17.2 **Share trust**

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

18. **FINANCIAL LIABILITIES**

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

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

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

18.1 **Borrowings**

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

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the income statement as finance cost.

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

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

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

18.2 **Trade and other payables**

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

19. **TAXATION**

19.1 **Current and deferred income tax**

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

19. **TAXATION (continued)**

19.1 **Current and deferred income tax (continued)**

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

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

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

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

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

19.2 **Dividend withholding tax**

Dividend withholding tax is not levied on the company but on the beneficial owner of the share and accordingly does not require recognition in profit or loss. Dividends tax withheld by the company on dividends paid to its shareholders (who do not qualify for an exemption from dividends tax) and payable at the reporting date to the South African Revenue Services is included in trade and other payables in the statement of financial position.

20. **EMPLOYEE BENEFITS**

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

20.1 **Post-retirement pension and medical plans**

A defined contribution plan is a plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a plan that is not a defined contribution plan.

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension or medical obligations. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

20. **EMPLOYEE BENEFITS (continued)**

20.1 **Post-retirement pension and medical plans (continued)**

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

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

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

20.2 **Share-based compensation**

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

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

20.3 **Termination benefits**

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

20.4 **Annual leave**

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

20.5 **Profit sharing and bonus plans**

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

20. **EMPLOYEE BENEFITS (continued)**

20.6 **Other short-term employee benefits**

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

21. **PROVISIONS AND CONTINGENT LIABILITIES**

21.1 **Provisions**

Provisions are recognised when:

– the group has a present legal or constructive obligation as a result of past events;

– it is more likely than not that an outflow of resources will be required to settle the obligation; and

– the amount has been reliably estimated.

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

21.2 **Contingent assets and liabilities**

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

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

22. **LEASES**

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

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

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

23. DIVIDEND DISTRIBUTIONS

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

24. REVENUE RECOGNITION

From 1 March 2018, the group has adopted IFRS 15, which introduces a five-step model for recognising revenue to depict transfer of goods or services. The model distinguishes between promises to a customer that are satisfied at a point in time and those that are satisfied over time.

24.1 Revenue recognition

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

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

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

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

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

24.2 Disaggregation of revenue from contract with customers

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

24.3 Accounting policies applied until 28 February 2018

The group has applied IFRS 15 retrospectively but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the group's previous accounting policy.

Revenue comprises the fair value of the consideration received or receivable for goods sold or services rendered in the ordinary course of the group's activities. The group's activities comprise the sale of fruit, agricultural seed/produce, port charges, shipping and related services.

Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

24. **REVENUE RECOGNITION (continued)**

24.3 **Accounting policies applied until 28 February 2018 (continued)**

If circumstances arise that may change the original estimates of revenues, costs or the extent of progress toward completion of services, then estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income in the period in which the circumstances that gave rise to the revision became known by management.

24.4 **Sale of goods (until 28 February 2018)**

Sale of goods are recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

24.5 **Services rendered (until 28 February 2018)**

Revenue arising from services is recognised on an accrual basis in accordance with the substance of the relevant agreements. Revenue from the operation of vessels is recognised on a proportionate basis where voyages have not terminated at year-end.

24.6 **Interest income (until 28 February 2018)**

Interest income is recognised using the effective interest rate method. When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding discount as interest income. Interest income is included as part of investment income in the income statement.

24.7 **Dividend income (until 28 February 2018)**

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

25. **NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE**

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

26. **EARNINGS PER SHARE**

26.1 **Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company; and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

26.2 **Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the dilutive earnings from the subsidiaries or associates due to the additional ordinary shares of that subsidiary or associates that would have been outstanding assuming the conversion of all dilutive potential ordinary shares of that subsidiary or associate; and
- by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

27. GOVERNMENT GRANTS

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

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

28. ROUNDING OF AMOUNTS

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

29. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities are addressed below.

29.1 Estimated impairment of goodwill

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

29.2 Impairment of investment in associates

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

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

29.3 Acquisition of associates

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

29.4 Recognition of intangible assets

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

29. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (continued)

29.4 Recognition of intangible assets (continued)

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

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

The main assumptions used in the valuation of key customer lists are the useful lives of these assets and the future profitability and cancellation rate of the underlying revenue streams. The useful life of a key customer list is estimated based on the cancellation experience of the existing business and the usefull life of customer lists of other players in the market.

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

If useful lives were increased/decreased by 10%, the intangible assets recognised would have been approximately R3.3 million (2018: approximately R2.6 million; 2017: approximately R2.9 million) higher/lower. Future profit margins used in determining customer contracts and relationships values were consistent with the margins applied in determining the fair value of the related investment.

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

29.5 Useful lives of property, plant and equipment

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

29.6 Fair value of biological assets

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

29.7 Money market funds

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

29. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (continued)

29.8 Recoverability of trade and other receivables

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

29.9 Deferred tax

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

1. PROPERTY, PLANT AND EQUIPMENT

GROUP	Land Rm	Buildings Rm	Vehicles, plant and equipment Rm	Office equipment Rm	Total Rm
At 28 February 2019					
Cost	**432**	**1 042**	**1 048**	**136**	**2 658**
Accumulated depreciation and impairment	**(36)**	**(280)**	**(541)**	**(102)**	**(959)**
Balance at end of year	**396**	**762**	**507**	**34**	**1 699**
Reconciliation					
Balance at beginning of year	**358**	**751**	**483**	**34**	**1 626**
Additions	**2**	**66**	**107**	**15**	**190**
Disposals	**(4)**	**(17)**	**(3)**		**(24)**
Transferred to assets held for sale		**(1)**			**(1)**
Depreciation	**(5)**	**(46)**	**(99)**	**(15)**	**(165)**
Impairment		**(13)**			**(13)**
Exchange rate movements	**25**	**6**	**11**	**(1)**	**41**
Subsidiaries acquired	**24**	**16**	**8**	**1**	**49**
Subsidiaries sold	**(4)**				**(4)**
Balance at end of year	**396**	**762**	**507**	**34**	**1 699**
At 28 February 2018					
Cost	389	998	945	129	2 461
Accumulated depreciation and impairment	(31)	(247)	(462)	(95)	(835)
Balance at end of year	358	751	483	34	1 626
Reconciliation					
Balance at beginning of year	381	718	501	40	1 640
Additions	1	91	119	9	220
Disposals		(10)	(11)		(21)
Transfers to non-current assets held for sale			(7)		(7)
Depreciation	(5)	(41)	(96)	(15)	(157)
Impairment	(2)	(2)	(9)		(13)
Exchange rate movements	(17)	(3)	(11)		(31)
Subsidiaries acquired			1		1
Subsidiaries sold		(2)	(4)		(6)
Balance at end of year	358	751	483	34	1 626
At 28 February 2017					
Cost	407	939	923	135	2 404
Accumulated depreciation and impairment	(26)	(221)	(422)	(95)	(764)
Balance at end of year	381	718	501	40	1 640
Reconciliation					
Balance at beginning of year	388	642	481	51	1 562
Additions	36	137	117	20	310
Disposals		(13)	(7)	(14)	(34)
Depreciation	(6)	(27)	(91)	(14)	(138)
Impairment			(3)		(3)
Exchange rate movements	(37)	(53)	(42)	(4)	(136)
Subsidiaries acquired		32	46	1	79
Balance at end of year	381	718	501	40	1 640

1. **PROPERTY, PLANT AND EQUIPMENT (continued)**

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

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

FY2018 impairment relates to the restructure of an United Kingdom operation as well as the restructure of port infrastructure in Cape Town harbour that resulted in a change in operational nature.

FY2017 impairment relates to the property, plant and equipment of a citrus and cane farm whose operation terminated at the end of FY2017.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Zaad Holdings Limited's general borrowings during the year, in this case 0% (2018: 10.35%) (2017: 11.0%). Included in the additions to buildings is Rnil (2018: R0.8 million) (2017: R0.9 million) borrowing costs capitalised.

2. **INTANGIBLE ASSETS**

GROUP	Capitalised product development costs Rm	Customer lists Rm	Trademarks, computer software and other Rm	Goodwill Rm	Total Rm
At 28 February 2019					
Cost	**525**	**33**	**115**	**204**	**877**
Accumulated amortisation and impairment	**(109)**	**(33)**	**(66)**		**(208)**
Balance at end of year	**416**	**–**	**49**	**204**	**669**
Reconciliation					
Balance at beginning of year	**304**	**1**	**58**	**243**	**606**
Additions	**123**		**3**		**126**
Amortisation	**(18)**	**(1)**	**(14)**		**(33)**
Impairment	**(1)**		**(1)**	**(64)**	**(66)**
Exchange rate movement	**8**		**3**	**17**	**28**
Subsidiaries acquired				**8**	**8**
Balance at end of year	**416**	**–**	**49**	**204**	**669**
At 28 February 2018					
Cost	393	32	111	243	779
Accumulated amortisation and impairment	(89)	(31)	(53)		(173)
Balance at end of year	304	1	58	243	606
Reconciliation					
Balance at beginning of year	234	4	71	357	666
Additions	86		16		102
Disposals			(1)		(1)
Amortisation	(14)	(2)	(11)		(27)
Impairment	(6)		(7)	(110)	(123)
Exchange rate movement	4	1		(4)	1
Subsidiaries sold		(2)	(10)		(12)
Balance at end of year	304	1	58	243	606

2. **INTANGIBLE ASSETS (continued)**

GROUP	Capitalised product development costs Rm	Customer lists Rm	Trademarks, computer software and other Rm	Goodwill Rm	Total Rm
At 28 February 2017					
Cost	302	39	107	357	805
Accumulated amortisation and impairment	(68)	(35)	(36)		(139)
Balance at end of year	234	4	71	357	666
Reconciliation					
Balance at beginning of year	199	10	71	376	656
Additions	72		18		90
Amortisation	(11)	(6)	(11)		(28)
Impairment	(2)			(4)	(6)
Exchange rate movement	(24)		(7)	(26)	(57)
Subsidiaries acquired				11	11
Balance at end of year	234	4	71	357	666

The current year impairment relates to goodwill on the investment in Agrivision Africa of R49.4 million, as a result of tough trading conditions in Zambia, goodwill on Klein Karoo Seed Marketing's subsidiary companies of R7.3 million, due to a decline in recent performance, goodwill recognised on the recently acquired 52% in Sonkwasdrif Proprietary Limited of R7.7 million due to it being a loss making entity, additional impairment on the computer software at the restructured United Kingdom operation and intellectual property at Klein Karoo Seed Marketing, where there is no foreseeable future commercialisation of the specific seed line, were incurred during the year.

FY2018 impairment relates to computer software at a restructured United Kingdom operation, intellectual property at Klein Karoo Seed Marketing, where there is no foreseeable future commercialisation of the specific seed line, and on goodwill at Mpongwe Milling, following two consecutive loss-making years.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Zaad Holdings Limited' general borrowings during the year, in this case 8.98% (2018: 10.35%) (2017: 11.0%). Included in additions to capitalised product development costs is R7.8 million (2018: R5.4 million) (2017: R4.1 million) borrowing costs capitalised.

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

	Remaining amortisation period			**Carrying value**		
GROUP	**2019**	2018	2017	**2019 Rm**	2018 Rm	2017 Rm
Zaad						
– Capitalised product development costs[1]	**<7 years**	<7 years	< 7 years	**416**	304	234
Capespan						
– Metspan Hong Kong customer lists[2]			14 years			12
– Software development	**1 – 7 years**	5 – 7 years	5 – 8 years	**32**	38	46
				448	342	292

[1] *Capitalised product development costs are internally generated and in respect of plant and seed breeding operations within the subsidiaries of Zaad Holdings Limited. Each product needs to go through its normal plant life cycle to generate seed, which can vary between four to eight months. Some plants are seasonal and can only be grown once a year. Line development normally takes up to seven cycles before a product can be released for commercial testing and future commercialisation. Included in cost under capitalised product development costs are intangibles in use amounting to R138.9 million (2018: R141.3 million) (2017: R132.7 million) which are currently being amortised.*

[2] *During FY2018 review, Capespan Group Limited, sold the business operations of Metspan Hong Kong Limited to JWM Asia (refer note 30.4).*

2. **INTANGIBLE ASSETS (continued)**

Goodwill allocation

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

GROUP	**2019 Rm**	2018 Rm	2017 Rm
Zaad			
– Agricol	**52**	52	52
– Klein Karoo Seed Marketing	**66**	75	75
– Agriseeds	**11**	5	6
Agrivision Africa			
– Mkushi Estates	**1**	31	30
– Somawhe Estates	**50**	56	55
– Mpongwe Milling			122
The Logistics Group			
– Contour Logistics	**10**	10	10
– Port Services	**13**	13	7
– The Logistic Company	**1**	1	
	204	243	357

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

Zaad – Agricol and Klein Karoo Seed Marketing

A definite value distinction can be made between earnings on own Intellectual Property ("IP") and earnings from the various seed trading operations. The IP operation commands a much higher profit margin and due to significant research and development costs and long development timeframes, also means a considerable higher barrier to entry. Fair value less cost to sell of each of Klein Karoo Seed Marketing Group's CGUs is determined using unobservable inputs (level 3), by applying a range of price/earnings ratios to the various parts of the operations, equating to an effective group price/earnings ratio of 14 (2018: 12) (2017: 13). The price/earnings ratio applied was determined with reference to similar listed companies, adjusted for entity specific considerations. Had the price/earnings ratio been decreased by 10%, the recoverable amount would still exceed the carrying value.

Zaad – Agriseeds

Fair value less cost to sell of Agriseeds was determined during the year, using unobservable inputs (level 3), by applying a price/earnings ratio of 12 (2018: 12) (2017: 12). The price/earnings ratio was determined with reference to similar listed companies, adjusted for entity specific considerations. Had the price/earnings ratio been decreased by 10%, the recoverable amount would still exceed the carrying value.

Agrivision Africa – Farming operations

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

2. **INTANGIBLE ASSETS (continued)**

Agrivision Africa – Milling operations

Mpongwe Milling's value in use was determined using a discounted cash flow. The discounted cash flow model included management approved budgets and the following key inputs:

	2018	2017
Discount rate	19.1%	17.4%
Terminal growth rate	7.2%	2.0%

Prior to Mpongwe Milling being acquired, it had reported consecutive years of profits that justified an acquisition premium that gave rise to the creation of goodwill on the balance sheet. Trading conditions over the past three years have been negatively impacted by local and regional political instability, constrained economic activity and volatile commodity pricing. As a result, the previous levels of profitability have not been achieved as anticipated and it was thus deemed appropriate to impair the aforementioned goodwill. On 28 February 2018, the goodwill of Mpongwe Milling, amounting to R108 million, was impaired.

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

The value-in-use of Contour Logistics and Port Services is determined using a discounted cash flow model, management-approved budgets and the following key inputs:

	2019	2018	2017
Discount rate	**17.9%**	13.8%	15.6%
Terminal growth rate	**2.0%**	2.0%	2.0%
Tax rate	**28.0%**	28.0%	28.0%

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

		COMPANY	
	2019	2018	2017
	Rm	Rm	Rm
3. **INVESTMENT IN SUBSIDIARY**			
Unlisted shares at cost	**8 292**	8 282	8 277

The company holds 100% (2018: 100%) (2017: 100%) of the issued share capital of Zeder Financial Services Limited. Refer to **Annexure A**.

	GROUP 2019 Rm	2018 Rm	2017 Rm
4. INVESTMENT IN ASSOCIATES			
4.1 Investment in ordinary shares of associates			
– Listed	**5 687**	6 125	5 331
– Unlisted but quoted			612
– Unlisted	**583**	494	881
	6 270	6 619	6 824
Reconciliation of ordinary share investments:			
Balance at beginning of year	**6 616**	6 824	6 455
– Previously reported	**6 619**	6 824	6 455
– Adjustment due to initial application of IFRS 9[1]	**(3)**		
Acquisitions			
– Cash[2,3]		183	109
– Other[2]		26	67
Equity accounting			
– Share of profits of associates[4]	**627**	462	621
– Dividends received	**(308)**	(273)	(249)
– Other comprehensive income	**(29)**	64	(43)
Impairment of associates[5]	**(647)**	(1)	
Gain on dilution[6,7,8]	**21**	2	19
Loss on dilution[7,8]		(31)	(27)
Net transfer to equity securities[9]	**–**	(685)	–
– Transfer to equity securities		(700)	
– Fair value gain on transfer of associate to equity security		15	
Transfer from subsidiaries[10]		26	
Transfer to subsidiaries[10]	**7**		
Exchange rate movement	**(17)**	22	(128)
Balance at end of year	**6 270**	6 619	6 824
Market value of listed investments	**5 864**	9 282	9 731
Market value of unlisted but quoted investments			1 321

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

[2] *During FY2018, the group, through Zaad Holdings Limited ("Zaad"), acquired a 35% interest in May-Agro Tohumculuk Sanayi ve Ticaret Anonim Şirketi ("May Seed"), a Turkish seed company, for R140.8 million (including deferred purchase consideration of R26.8 million), and through Zeder Financial Services Limited ("ZFS"), a 34.4% interest in Clean Air Nurseries Agri Global Proprietary Limited for R100. The group, through ZFS, also bought additional shares in Kaap Agri Limited to the value of R40 million and through Capespan Group Limited ("Capespan"), an additional interest in Joy Wing Mau ("JWM") (previously Golden Wing Mau ("GWM")) for R27.7 million.*

[3] *During FY2017, the group, through Capespan, acquired a 35% interest in a fruit marketer and distributer, Yupaa Fresh Private Limited, for R40 million, 50% interest in a logistical and terminal operator, Tradekor Holdings Proprietary Limited for R60 million (including deferred purchase consideration of R37.4 million) and 49% interest in a pome farm, Sonkwasdrif Proprietary Limited, for R6.5 million, and acquired, through Zaad, 49.68% interest in GAP Chemicals Proprietary Limited, a chemical distributor, for R59.9 million (including deferred purchase consideration of R30 million). The group, through ZFS, also bought additional shares in Kaap Agri to the value of R9.4 million.*

[4] *Equity accounted earnings as per the income statement of R635.5m (2018: R471.9 million) (2017:R628.7 million) includes the equity accounted earnings from the investment in joint ventures of R9.1 million (2018: R10.4 million) (2017:R8.2 million) (refer note 5.1).*

[5] *The current year impairment relates to the recent drop in the JSE listed share price of the investments in Pioneer Food Group Limited ("Pioneer Foods") and Quantum Foods Holdings Limited ("Quantum Foods").*

4. **INVESTMENT IN ASSOCIATES (continued)**

4.1 **Investment in ordinary shares of associates (continued)**

[6] *During the current year the group incurred dilution gains on Pioneer Foods, Quantum Foods and Kaap Agri Limited due to the share-buy-back within the underlying companies.*

[7] *During FY2018 the group incurred a dilution gain on Quantum Foods due to the share buy-back process and the group's interest in Pioneer Foods and JWM diluted due to changes in shareholding in the management and other share incentive schemes.*

[8] *During FY2017, the group through Capespan, incurred a dilution in the interest in GWM to 10.5%, due to the issue of shares to a new shareholder in order to finalise the agreed merger arrangements amounting to a dilution gain of R19 million. The group also incurred a dilution loss on Pioneer Foods due to changes in shareholding in the management and other share incentive schemes.*

[9] *After the reduction in interest in JWM, in the prior year, due to the issue of shares to management and together with careful considerations of other factors, it became evident that Capespan no longer has significant influence over JWM and thus the interest in associate were transferred to equity securities carried at fair value.*

[10] *During the current year, Capespan acquired the remaining 52% interest in the pome farm, Sonkwasdrif for R1. Sonkwasdrif was carried at a negative value within associates. During FY2018, the group, through Capespan merged its Asian operations with JWM to form JWM Asia. Capespan therefore sold 70% of its Japan (Capespan Japan Limited) and Hong Kong (Metspan Hong Kong Limited) business operations to JWM Asia and retained a 30% shareholding in JWM Asia.*

Further information

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

	GROUP		
	2019 Rm	2018 Rm	2017 Rm
4.2 **Loans to associates**			
– GAP Chemicals Proprietary Limited ("GAP Chemicals")[1]	**60**	60	60
– JWM Asia[2]	**30**	26	
– Sonkwasdrif Proprietary Limited ("Sonkwasdrif")[3]		18	4
– Clean Air Nurseries Agri Global Proprietary Limited[4]	**17**	3	
– Clean Air Nurseries Agri Global Proprietary Limited[5]	**50**	8	
– Tradekor Holdings Proprietary Limited ("Tradekor")[1]	**6**	9	6
– Sorghum Solutions Africa Proprietary Limited[2]	**1**	5	7
– Klein Karoo Akademie Proprietary Limited ("Klein Karoo Akademie")[3]		3	
– DLF Seeds Proprietary Limited[1]	**4**		
– Hygrotech Zambia Limited[2]	**4**		
	172	132	77
Current	**6**		
Non-current	**166**	132	77
	172	132	77

[1] *These loans are unsecured, carry interest at prime with no repayment terms, except for Tradekor loan that is repayable in 20 annual instalments. The current year opening carrying value of the GAP Chemicals loan, was adjusted with R0.3 million due to initial application of IFRS 9 (refer accounting policy note 1.1).*

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

[3] *These loans are secured, carries interest at prime plus 2% with no repayment terms. The current year opening carrying value adjustment to due to initial application of IFRS 9 of R2 million (refer accounting policy note 1.1), related to the Klein Karoo Akademie loan that was repaid during the current year, and thus the loss allowance was subsequently reversed. During the current year, Sonkwasdrif was transferred to investments in subsidiaries.*

[4] *These loans are unsecured, carries interest at prime plus 1% and repayable in bi-annual instalments commencing after 31 May 2020.*

[5] *This loan is unsecured, carries interest at prime plus 1% and is repayable in bi-annual instalments commencing 15 January 2020.*

	2019 Rm	GROUP 2018 Rm	2017 Rm
5. INVESTMENT IN JOINT VENTURES			
5.1 Investment in ordinary shares of joint ventures	**21**	17	9
Reconciliation of ordinary share investment:			
Balance at beginning of year	**17**	9	1
Equity accounted earnings	**9**	10	8
Other comprehensive income	**(9)**		
Exchange rate movement	**4**	(2)	
Balance at end of year	**21**	17	9
5.2 Loans to joint ventures[1]		4	3

[1] *This loan with Noord Kaap Saad Verwerking Proprietary Limited was unsecured, interest-free and fully repaid during the current year.*

	2019 Rm	2018 Rm	2017 Rm
6. EQUITY SECURITIES			
Available-for-sale	**–**	–	7
– Unlisted but quoted			2
– Unquoted			5
At fair value through profit or loss	**30**	688	39
– Listed		9	
– Unlisted but quoted	**1**		
– Unquoted	**29**	679	39
	30	688	46

	Available-for-sale Rm	**Fair value through profit or loss Rm**	**Total Rm**
Reconciliation of equity securities			
Balance at 1 March 2016	7	43	50
Additions		1	1
Net fair value gains		(4)	(4)
Exchange rate movement		(1)	(1)
Balance at 28 February 2017	7	39	46
Net fair value gains		11	11
Transfer from loans and advances		6	6
Transfer from associate		700	700
Disposals	(1)	(7)	(8)
Exchange rate movement	(6)	(61)	(67)
Balance at 28 February 2018	**–**	**688**	**688**
Additions		**1**	**1**
Net fair value gains		**473**	**473**
Disposals		**(1 186)**	**(1 186)**
Exchange rate movement		**54**	**54**
Balance at 28 February 2019	**–**	**30**	**30**

6. **EQUITY SECURITIES (continued)**

During September 2018, the group, through Capespan Group Limited, disposed of its investment in the Joy Wing Mau Group ("JWM") in China for an aggregate purchase consideration of ¥566 million, amounting to R1.18 billion, at the exchange rate at the time.

During FY2018, the investment in JWM (previously accounted for as an investment in associates) were transferred to equity securities (refer note 4.1).

During FY2018, the listed equity securities, PSG Group Limited shares, were recognised on the loans granted on or before 28 February 2018, to an executive director, Mr N Celliers. These shares were obtained through the vesting of PSG Group Limited share options previously allocated to Mr N Celliers. In terms of the accounting standard, the loans receivable has been accounted for in terms of IFRS 2 Share-based Payment.

As at 28 February 2019, R18.9 million (2018: R25.5 million) (2017: R34.8 million) of the unquoted equity securities include advances which are linked to equity instruments. In terms of these agreements, the group is entitled to the majority of the increase in the market value of the underlying equity securities and the dividends received on these securities. The advances are impaired to the value of the underlying instruments should the market value of the instruments fall below the current carrying value of the advances (refer to note 32.5 for fair value disclosures).

7. **EMPLOYEE BENEFITS**

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

	2019			2018			2017		
GROUP	**Assets Rm**	**Liabilities Rm**	**Net Rm**	Assets Rm	Liabilities Rm	Net Rm	Assets Rm	Liabilities Rm	Net Rm
Short-term employee benefits									
Performance-based remuneration		**(26)**	**(26)**		(22)	(22)		(25)	(25)
Leave pay		**(31)**	**(31)**		(30)	(30)		(24)	(24)
Post-employment defined benefit plans	**43**	**(103)**	**(60)**	39	(91)	(52)	37	(117)	(80)
Termination employee benefits		**(6)**	**(6)**		(13)	(13)		(17)	(17)
	43	**(166)**	**(123)**	39	(156)	(117)	37	(183)	(146)
Non-current portion	**43**	**(103)**	**(60)**	39	(91)	(52)	37	(117)	(80)
Current portion		**(63)**	**(63)**		(65)	(65)		(66)	(66)

Short-term employment benefits

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

Post-employment defined benefit plans (Capespan medical benefits)

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

Post-employment defined benefit plans (Capespan pension benefits)

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

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

7. **EMPLOYEE BENEFITS (continued)**

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

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

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

	2019			2018			2017		
	Capespan medical benefits			Capespan medical benefits			Capespan medical benefits		
	Assets	**Liabilities**	**Net**	Asset	Liabilities	Net	Assets	Liabilities	Net
GROUP	**Rm**	**Rm**	**Rm**	Rm	Rm	Rm	Rm	Rm	Rm
Present value of funded obligations		**(24)**	**(24)**		(25)	(25)		(25)	(25)
Opening balance		**(25)**	**(25)**		(25)	(25)		(26)	(26)
Interest expense		**(2)**	**(2)**		(2)	(2)		(2)	(2)
Gains from changes in financial and demographic assumptions		**1**	**1**			–		1	1
Employer contributions		**2**	**2**		2	2		2	2
Balance at end of year	**–**	**(24)**	**(24)**	–	(25)	(25)	–	(25)	(25)

	2019			2018			2017		
	Capespan pension benefits			Capespan pension benefits			Capespan pension benefits		
	Asset[1]	**Liabilities**	**Net**	Asset[1]	Liabilities	Net	Asset[1]	Liabilities	Net
	Rm	**Rm**	**Rm**	Rm	Rm	Rm	Rm	Rm	Rm
Fair value of plan assets	**43**		**43**	39		39	37		37
Present value of funded obligations		**(79)**	**(79)**		(66)	(66)		(92)	(92)
	43	**(79)**	**(36)**	39	(66)	(27)	37	(92)	(55)
Balance at beginning of year	**39**	**(66)**	**(27)**	37	(92)	(55)	43	(110)	(67)
Interest expense		**(8)**	**(8)**		(10)	(10)		(14)	(14)
Return on plan assets	**8**		**8**	8		8	10		10
(Losses)/gains from changes in financial and demographic assumptions		**(4)**	**(4)**		24	24		(5)	(5)
Settlements			**–**			–		10	10
Employer contributions			**–**		6	6			–
Exchange differences	**(4)**	**(1)**	**(5)**	(6)	6	–	(16)	27	11
Balance at end of year	**43**	**(79)**	**(36)**	39	(66)	(27)	37	(92)	(55)

[1] *For the CCNV pension benefits, the assets are represented by a reinsurance policy.*

7. **EMPLOYEE BENEFITS (continued)**

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

GROUP	Capespan medical benefits	SACCE	Capespan pension benefits CCNV	CGG
28 February 2019				
Discount rate	**9.3%**	**2.8%**	**1.0%**	**1.8%**
Future salary increases			**3.0%**	
Future medical costs increases	**10.0%**			
Inflation	**10.0%**	**2.4%**	**2.0%**	**1.7%**
28 February 2018				
Discount rate	8.5%	2.4%	1.3%	1.8%
Future salary increases			3.0%	
Future medical costs increases	9.0%			
Inflation	9.0%	2.3%	2.0%	2.2%
28 February 2017				
Discount rate	8.7%	2.6%	1.0%	1.9%
Future salary increases			3.0%	2.0%
Future medical costs increases	8.0%			
Inflation	8.0%	2.7%	2.0%	2.2%

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

GROUP	Capespan medical benefits Change in assumption	Increase Rm	Decrease Rm	Capespan pension benefits Change in assumption	Increase Rm	Decrease Rm
28 February 2019						
Discount rate	**0.5%**	**1**	**(1)**	**0.5%**	**26**	**(26)**
Future salary increases				**1.0%**	**4**	**(3)**
Medical costs trend	**1.0%**	**(1)**	**2**			
Inflation				**1.0%**	**(11)**	**15**
Future mortality	**1 year**	**(1)**	**1**	**1 year**	**(23)**	**23**
28 February 2018						
Discount rate	0.1%	1	(1)	0.5%	27	(27)
Future salary increases				1.0%	4	(3)
Medical costs trend	1.0%	(2)	2			
Inflation				1.0%	(10)	14
Future mortality	1 year	(1)	1	1 year	(22)	22
28 February 2017						
Discount rate	0.1%	1	(1)	0.5%	29	(29)
Medical costs trend	1.0%	(2)	2			
Inflation				1.0%	(15)	15
Future mortality	1 year	(1)	1	1 year	(23)	22

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

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

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

7. **EMPLOYEE BENEFITS (continued)**

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

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

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

	GROUP		
	2019	2018	2017
	Rm	Rm	Rm
8. LOANS AND ADVANCES			
Secured loans	**79**	122	96
Unsecured loans	**16**	16	51
	95	138	147
Current	**16**	38	36
Non-current	**79**	100	111
	95	138	147

The secured loans has the following terms:

					GROUP		
					2019	2018	2017
Subsidiary	**Counterparty**	**Security**	**Interest rate %**	**Repayment terms**	**Rm**	Rm	Rm
Capespan	Capespan Group Limited ("Capespan") staff	Capespan ordinary shares	SARS official interest rate	Five years from inception date	**32**	32	25
Zaad	Zaad Holdings Limited ("Zaad") non-controlling shareholders	Zaad ordinary shares	Prime (2017: ranging between prime and prime less 2%)	Five to seven years from inception date	**25**	35	46
Zeder	Zeder executives	Zeder ordinary shares	SARS official interest rate	Five to seven years from inception date			25
Zaad	Nichebrands Proprietary Limited	Guarantees and assets pledged	Interest-free	Fixed repayment schedule	**17**	33	
Zaad	Progene Private Limited	Zambian treasury bills	Interest-free	No repayment term		18	
Capespan	Valley Grain Inc	Property, plant and equipment	5%	Fixed repayment schedule	**5**	4	
					79	122	96

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

During the year, R0.1 million of the opening carrying value adjustment due to initial application of IFRS 9 (refer accounting policies note 1.1) of R0.6 million were reversed and the loss all allowance at reporting date amounted to R0.5 million.

During FY2018, treasury shares were recognised on the Zeder executive directors' loans granted on/before 28 February 2018. These shares were obtained by the Zeder executive directors, through the vesting of Zeder ordinary share options, all previously allocated to the Zeder executive directors. In terms of the accounting standard, the loans receivable has been accounted for in terms of IFRS 2 Share-based Payment.

			GROUP	
		2019 **Rm**	2018 Rm	2017 Rm
9.	**BIOLOGICAL ASSETS**			
9.1	**Bearer plants[1]**			
	Orchards	**239**	214	185
	Vineyards	**187**	192	179
		426	406	364
	Reconciliation:			
	Balance at beginning of year	**406**	364	279
	Subsidiaries acquired	**10**		40
	Additions	**44**	62	58
	Disposals	**(12)**		
	Depreciation	**(21)**	(20)	(13)
	Impairment	**(1)**		
	Balance at end of year	**426**	406	364
9.2	**Biological assets – agricultural produce**			
	Non-current	**15**		
	Current	**151**	152	122
		166	152	122
	Maize[2]	**5**	7	15
	Soya[2]	**43**	28	36
	Orchards[3]	**45**	55	50
	Vineyards[3]	**54**	51	9
	Timber[4]	**15**	11	11
	Sorghum and other[3]	**4**		1
		166	152	122
	Reconciliation:			
	Balance at beginning of year	**152**	122	127
	Subsidiaries acquired	**2**		
	Exchange rate movement	**3**	(2)	(7)
	Additions	**126**	117	95
	Harvests	**(311)**	(280)	(317)
	Change in fair value of biological assets	**194**	195	224
	Balance at end of year	**166**	152	122

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

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

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

- *expected sales realisation at free on-board value for export fruit and net value for local fruit sales;*
- *budgeted costs to harvest and sell the fruit as per management-approved budgets;*
- *packing and cooling costs as per the management-approved budgets; and*
- *overheads directly attributable to the operations for the year.*

[4] *This non-current biological asset is valued using the discounted cash flow valuation model to consider the present value of the net cash flows expected to be generated. The group determined the harvesting cycles and age groups of the current forestry fields using industry standards and historic data. The quantity of timber to be harvested is based on an average of 1 050 poles and 350 mature trees per hectare over the lifetime of the plantation. The price per harvesting cycle is determined by using historic data and industry standards. A weighted average cost of capital of 18.5% (2018: 14.2%) (2017: 14.2%) after tax was used to discount the future cash flows of forestry.*

9. **BIOLOGICAL ASSETS (continued)**

9.2 **Biological assets – agricultural produce (continued)**

The abovementioned fair value of agricultural produce has been calculated using unobservable inputs (level 3). The table below summarises the sensitivity of the group's post-tax net profit for the year as a result of fair value assumption fluctuations, mainly driven by commodity prices.

The analysis is based on the assumption that the fair value increase/decrease by 10% (2018: 10%) (2017: 10%) at the reporting date:

	2019		2018		2017	
GROUP	**10% increase Rm**	**10% decrease Rm**	10% increase Rm	10% decrease Rm	10% increase Rm	10% decrease Rm
Impact on post-tax profit	**17**	**(17)**	15	(15)	9	(9)

Biological assets comprised of the following:

	Included in carrying value at reporting date			**Harvested crops during the year**		
	2019	2018	2017	**2019**	2018	2017
GROUP	**Hectares**	Hectares	Hectares	**Cartons/ Tons**	Cartons/ Tons	Cartons/ Tons
Maize	**420**	729	1 179	**6.2 mt**	9.4 mt	9.2 mt
Soya	**6 283**	5 806	5 171	**12.8 mt**	18.5 mt	18.4 mt
Wheat	**15**			**26.4 mt**	27.9 mt	28.3 mt
Apples and pears	**568**	563	523	**1.2 mc**	1.2 mc	1.2 mc
Citrus	**287**	306	296	**0.5 mc**	0.6 mc	0.8 mc
Grapes	**952**	948	475	**2.8 mc**	3.1 mc	2.6 mc
Timber plantations	**887**	720	720			

	GROUP		
	2019 Rm	2018 Rm	2017 Rm
10. **INVENTORIES**			
Raw materials	**123**	112	175
Work in progress	**14**	29	18
Finished goods	**1 081**	1 145	1 126
	1 218	1 286	1 319

Inventory to the value of R9.9 million (2018: R17.1 million) (2017: R11 million) was written off during the year.

Inventories recognised as an expense during the year amounted to R1.48 billion (2018: R1.37 billion) and were included in cost of sales.

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

	GROUP			COMPANY		
	2019	2018	2017	**2019**	2018	2017
	Rm	Rm	Rm	**Rm**	Rm	Rm
11. **TRADE AND OTHER RECEIVABLES**						
Trade receivables	**1 108**	958	1 142			
Loss allowance of trade receivables[1]	**(49)**	(47)	(31)			
Value added tax[2]	**63**	35	80			
Prepayments and sundry receivables[2]	**294**	328	223	**1**	1	
	1 416	1 274	1 414	**1**	1	–

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

[2] *Total non-financial assets of R160.0 million (2018: R186.6 million) (2017: R295 million) is included in above.*

12. **CASH, MONEY MARKET INVESTMENTS AND OTHER CASH EQUIVALENTS**						
Bank balances	**181**	216	254			
Money market fund	**252**	110	168			
	433	326	422	**–**	–	–

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

13. **NON-CURRENT ASSETS HELD FOR SALE**						
Carrying value at beginning of year	**7**					
Transfer from property, plant and equipment	**1**	7				
Disposed	**(7)**					
Carrying value at end of year	**1**	7	–	**–**	–	–

Non-current assets held for sale of R0.6 million at reporting date comprise the expected sale of a property in Gauteng. In FY2018, it included property, plant and equipment within the Capespan UK operations, amounting to R7.1 million, subsequently sold during the year.

	GROUP			COMPANY		
	2019	2018	2017	**2019**	2018	2017
	Rm	Rm	Rm	**Rm**	Rm	Rm
14. **STATED CAPITAL**						
14.1 **Ordinary shares**						
Authorised						
3 000 000 000 (2018: 3 000 000 000) (2017: 3 000 000 000) ordinary shares with no par value.						
Issued						
Balance at beginning of year	**7 060**	7 154	5 705	**7 060**	7 154	5 705
Shares issued			1 449			1 449
Shares repurchased and cancelled		(94)			(94)	
Balance at end of year	**7 060**	7 060	7 154	**7 060**	7 060	7 154
Number of shares in issue ('000)						
In issue (gross of treasury shares)	**1 715 179**	1 715 179	1 730 515	**1 715 179**	1 715 179	1 730 515
Held by share incentive trust	**(5 001)**	(5 001)	(5 837)			
Held by executives through loan funding advanced	**(8 299)**	(8 299)	(2 636)			
In issue (net of treasury shares)	**1 701 879**	1 701 879	1 722 042	**1 715 179**	1 715 179	1 730 515

Unissued shares, limited to 10% of the company's number of shares in issue as at 14 May 2018 (amounting to 171 517 900 ordinary shares), have been placed under the control of the directors until the next annual general meeting. The directors are authorised to buy back shares subject to certain limitations and the JSE Listings Requirements.

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

During FY2017, the company issued 207 661 758 ordinary shares as part of an asset-for-share transaction (mostly notably the internalisation of the management fee transaction.

During FY2018, 15 335 527 ordinary shares were purchased in the open market at an average price of R6.13 per share, in accordance with the general authority obtained from its shareholders at the Annual General Meeting on 23 June 2017 and cancelled with JSE obtained approval.

During FY2018, treasury shares, allocated to executive directors in terms of a share incentive scheme, were recognised on loans granted on or prior to 28 February 2018. In terms of accounting standards, the loans receivable were eliminated on consolidation, accounted for in terms of IFRS 2 Share-based Payment and the Zeder shares accounted for as treasury shares (refer note 28).

Previously, a loan in the amount of R9.9 million was advanced to a company controlled by a director, in order to acquire 2 635 933 JSE-listed Zeder ordinary shares ("the Zeder shares"). The group acquired the loan, amounting to R12.6 million, from PSG Corporate Services Proprietary Limited ("PSGCS") (an indirect subsidiary of the ultimate holding company, PSG Group Limited). In terms of accounting standards, the loans receivable were eliminated on consolidation, accounted for in terms of IFRS 2 Share-based Payment and the Zeder shares accounted for as treasury shares (refer note 28).

14. **STATED CAPITAL(continued)**

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

Authorised

250 000 000 (2018: 250 000 000) (2017: 250 000 000) shares with no par value

14.3 **Share incentive schemes**

During the year, the company operated a single equity-settled share incentive scheme, being the share option scheme. In terms of the scheme, share options are granted to executive directors and senior management. Other share option schemes operated by subsidiaries include that of Agrivision Africa and Capespan Group Limited.

In terms of the aforementioned schemes, share options are allocated to participants on grant date at market price. The settlement of the purchase consideration payable by the employee in terms of the shares granted occurs on vesting.

The total equity-settled share-based payment amounted to R18.4 million (2018: R12.0 million) (2017: R11.1 million). This charge, net of the related tax effect, was recognised in the income statement and credited to other reserves (refer note 25).

i) **Share option scheme**

The Zeder SIT currently holds 5 001 469 (2018: 5 001 469) (2017: 5 837 369) ordinary shares, with 24 139 026 (2018: 15 229 241) (2017: 9 449 649) share options having been allocated and unvested at a total consideration of R131.2 million (2018: R92.5 million) (2017: R53 million).

The weighted average strike price of share options exercised in terms of this equity-settled share scheme during the year under review was R4.46 (2018: R3.40) (2017: R3.96) per ordinary share.

The maximum number of ordinary shares which may be offered in terms of the scheme is 173 051 465 shares, while the maximum number of shares that may be offered to any single participant is 34 610 293 shares. To date, 4 914 897 (2018: 3 328 584) (2017: 2 492 684) shares have been exercised by way of the scheme and accordingly a further 168 136 568 (2018: 169 722 881) (2017: 170 558 781) shares may be exercised in future by way of the scheme.

Reconciliation of outstanding share options:	**2019 Number**	2018 Number	2017 Number
Number of share options allocated at beginning of the year	**15 229 241**	9 449 649	8 330 053
Number of share options vested during the year	**(1 586 313)**	(835 900)	(2 492 684)
Number of share options forfeited during the year	**(436 430)**		(59 339)
Number of share options allocated during the year	**10 932 528**	6 615 492	3 671 619
Number of share options allocated at end of the year	**24 139 026**	15 229 241	9 449 649

14. **STATED CAPITAL(continued)**

14.3 **Share incentive schemes (continued)**

i) **Share option scheme (continued)**

Outstanding share options per tranche allocated:	Number of shares	Price R	Volatility %[1]	Dividend yield %	Risk-free rate %	Fair value R[2]
28 February 2014	**1 553 352**	4.10	32.70	1.10	7.60	1.29
28 February 2015	**446 172**	7.71	28.60	0.50	6.80	2.27
29 February 2016	**919 863**	4.97	35.60	2.80	8.20	1.48
28 February 2017	**3 671 619**	7.29	27.38	1.48	7.46	1.99
28 February 2018	**6 615 492**	6.41	29.90	1.70	7.00	2.61
28 February 2019	**10 932 528**	4.36	30.20	2.50	7.30	1.80
	24 139 026					

[1] The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

[2] Due to a change in vesting conditions with regards to share options issued on or after 28 February 2018, the value of those options was calculated using a Binominal Model and a Black-Scholes model was used for share options issued before 28 February 2018.

For options granted on or after 28 February 2018, 50% of the amount of options that will vest, depends on Zeder's total shareholder return ("TSR"), that includes share price growth and dividend returns. Once vested, the options remain exercisable for a period of 180 days (2017: 30 days).

Vesting of shares occurs as follows:	**%**
Two years after grant date	25
Three years after grant date	25
Four years after grant date	25
Five years after grant date	25
	100

Analysis of outstanding scheme shares by financial year of maturity:	**2019 Weighted average strike price (R)**	**Number**	2018 Weighted average strike price (R)	Number	2017 Weighted average strike price (R)	Number
28 February 2018					4.15	2 858 644
28 February 2019			5.04	5 023 708	5.43	3 000 966
29 February 2020	**6.04**	**6 102 448**	6.62	3 101 483	6.86	1 447 610
28 February 2021	**5.48**	**5 611 534**	6.54	2 878 402	6.71	1 224 525
28 February 2022	**5.51**	**5 304 910**	6.72	2 571 778	7.29	917 904
28 February 2023	**5.13**	**4 387 002**	6.41	1 653 870		
29 February 2024	**4.36**	**2 733 132**				
		24 139 026		15 229 241		9 449 649

ii) **Material subsidiary share incentive schemes**

Agrivision Africa

During the year under review, 28 695 (2018: 23 799) (2017: 40 352) share options were granted to participants at a total consideration of R3.5 million (2018: R4.7 million). Each share option awarded entitles the participant to acquire one ordinary share in the issued share capital of Agrivision Africa. The maximum number of shares which may be offered to participants is currently unlimited but based on a formula relating to remuneration.

14. **STATED CAPITAL(continued)**

14.3 **Share incentive schemes (continued)**

ii) **Material subsidiary share incentive schemes (continued)**

Agrivision Africa (continued)

Reconciliation of outstanding share options:	**2019 Number**	2018 Number	2017 Number
Number of share options allocated at beginning of the year	**83 472**	103 772	137 058
Number of share options vested during the year			(9 154)
Number of share options forfeited during the year	**(23 587)**	(44 099)	(64 484)
Number of share options allocated during the year	**28 695**	23 799	40 352
Number of share options allocated at end of the year	**88 580**	83 472	103 772

Analysis of outstanding scheme shares by financial year of maturity:	**2019 Weighted average strike price (USD)**	**Number**	2018 Weighted average strike price (USD)	Number	2017 Weighted average strike price (USD)	Number
2017/18					54.62	27 463
2018/19			54.62	20 578	54.62	30 099
2019/20	**54.62**	**14 226**	54.62	15 229	54.62	17 599
2020/21	**54.62**	**20 181**	54.62	21 184	54.62	15 623
2021/22	**50.77**	**27 110**	54.62	18 548	54.62	12 988
2022/23	**48.65**	**17 498**	54.62	7 933		
2023/24	**43.70**	**9 565**				
		88 580		83 472		103 772

Outstanding share options per trance allocated:	**Number of shares**	Price USD	Volatility %[3]	Risk-free rate %	Fair value USD[4]
1 January 2015	**7 250**	54.62	26.80	7.90	15.63
1 January 2016	**28 836**	54.62	23.60	10.10	15.63
1 January 2017	**23 799**	54.62	27.30	11.10	9.61
1 January 2018	**28 695**	43.70	27.60	9.70	8.62
	88 580				

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

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

Capespan Group Limited

During the year under review, 941 620 (2018: 14 165 636) (2017: 10 523 886) share options were granted to participants at a total consideration of R3.0 million (2018: R45.0 million) (2017: R61.5 million). Each share option awarded entitles the participant to acquire one ordinary share in the issued share capital of Capespan Group Limited. The maximum number of shares which may be offered to participants is 38 818 693. During the year under review, the Capespan Group Share Incentive Trust acquired 2 211 177 (2018: 1 652 171) (2017: 2 353 023) ordinary shares in Capespan Group Limited in order to assist in meeting its obligations in terms of the share options granted.

14. **STATED CAPITAL (continued)**

14.3 **Share incentive schemes (continued)**

ii) **Material subsidiary share incentive schemes (continued)**

Capespan Group Limited (continued)

Reconciliation of outstanding share options:	**2019 Number**	2018 Number	2017 Number
Number of share options allocated at beginning of the year	**22 450 091**	20 845 350	13 401 285
Number of share options allocated during the year	**941 620**	14 165 636	10 523 886
Number of share options vested during the year	**(2 211 177)**	(2 764 572)	(2 553 505)
Number of share options forfeited during the year	**(3 403 312)**	(9 796 323)	(526 316)
Number of share options allocated at end of the year	**17 777 222**	22 450 091	20 845 350

Analysis of outstanding scheme shares by financial year of maturity:	**2019 Weighted average strike price (R)**	**2019 Number**	2018 Weighted average strike price (R)	2018 Number	2017 Weighted average strike price (R)	2017 Number
2017/18					3.10	5 777 176
2018/19			3.59	3 432 407	3.59	5 849 715
2019/20	**3.59**	**6 415 464**	3.59	6 973 816	3.59	5 849 715
2020/21	**5.62**	**4 262 262**	5.62	4 533 605	5.62	2 843 038
2021/22	**5.81**	**3 738 242**	5.81	3 968 853	5.81	525 706
2022/23	**3.19**	**3 361 254**	3.19	3 541 410		
		17 777 222		22 450 091		20 845 350

Outstanding share options per tranche allocated:	**Number of shares**	**Price R**	**Volatility %[5]**	**Dividend yield %**	**Risk-free rate %**	**Fair value R[6]**
1 January 2014	**564 201**	0.99	29.0	6.1	6.8 – 7.3	2.07
1 January 2014	**331 451**	1.08	29.0	6.1	6.8 – 7.3	2.00
1 January 2014	**659 230**	1.45	29.0	6.1	6.8 – 7.3	1.72
1 January 2014	**598 320**	3.31	29.0	6.1	6.8 – 7.3	0.73
1 January 2015	**521 724**	4.00	29.0	6.1	6.8 – 7.3	0.72
1 January 2015	**526 316**	5.85	29.0	6.1	6.8 – 7.3	0.32
1 January 2016	**1 130 965**	5.81	32.5	4.5	7.9 – 8.7	1.42
1 January 2017	**12 503 755**	3.19	32.1	4.7	7.4 – 7.8	1.67
1 January 2017	**941 260**	3.19	32.1	4.7	7.4 – 7.8	1.67
	17 777 222					

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

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

15. **OTHER RESERVES**

	Available-for-sale Rm	Foreign currency translation Rm	Share-based payment Rm	Other[1] Rm	Total Rm
Balance at 1 March 2016	1	89	15	(73)	32
Currency translation adjustments		(350)			(350)
Share of other comprehensive income of associates				43	(43)
Share-based payment costs – employees			9		9
Transfer between reserves			(3)	2	(1)
Transactions with non-controlling interests				(1)	(19)
Balance at 28 February 2017	1	(261)	21	(133)	(372)
Currency translation adjustments		(81)			(81)
Share of other comprehensive income of associates				64	64
Share-based payment costs – employees			10		10
Transfer between reserves	(1)		(8)	2	(7)
Transactions with non-controlling interests				38	38
Balance at 28 February 2018	**–**	**(342)**	**23**	**(29)**	**(348)**
Currency translation adjustments		**(38)**			**(38)**
Share of other comprehensive income of associates				**(38)**	**(38)**
Share-based payment costs – employees			**16**		**16**
Transfer between reserves			**(4)**		**(4)**
Transactions with non-controlling interests				**15**	**15**
Balance at 28 February 2019	**–**	**(380)**	**35**	**(52)**	**(397)**

[1] *Relates mainly to other comprehensive income attributable to associates, a cash flow hedge reserve and the initial remeasurement of written put options held by non-controlling shareholders of a subsidiary.*

	GROUP 2019 Rm	2018 Rm	2017 Rm
16. DEFERRED INCOME TAX			
Deferred income tax assets	**74**	61	58
Deferred income tax liabilities	**(93)**	(222)	(96)
Net deferred income tax liability	**(19)**	(161)	(38)
Deferred income tax assets			
To be recovered within 12 months	**6**	8	4
To be recovered after 12 months	**68**	53	54
	74	61	58
Deferred income tax liabilities			
To be recovered within 12 months	**(16)**	(18)	(24)
To be recovered after 12 months	**(77)**	(204)	(72)
	(93)	(222)	(96)

GROUP	Tax losses Rm	Provisions Rm	Unrealised profits Rm	Intangible assets and other differences Rm	Total Rm
Balance at 1 March 2016	102	31	(6)	(159)	(32)
Subsidiaries acquired				(1)	(1)
Credited/(charged) to profit and loss	2	4	(6)	(7)	(7)
Charged to other comprehensive income			9	1	10
Exchange rate movements	(7)			(1)	(8)
Balance at 28 February 2017	97	35	(3)	(167)	(38)
Credited/(charged) to profit and loss	52	(14)	(150)	(22)	(134)
Charged to other comprehensive income			4		4
Subsidiaries sold	(3)	(1)		(1)	(5)
Exchange rate movements	(2)	(1)	19	(4)	12
Balance at 28 February 2018	**144**	**19**	**(130)**	**(194)**	**(161)**
Opening carrying value adjustment due to initial application of IFRS 9		**4**			**4**
Credited/(charged) to profit and loss	**(36)**	**8**	**159**	**9**	**140**
Charged to other comprehensive income			**(1)**	**(1)**	**(2)**
Subsidiaries acquired	**8**	**1**		**(2)**	**7**
Exchange rate movements	**(1)**	**(5)**	**(12)**	**11**	**(7)**
Balance at 28 February 2019	**115**	**27**	**16**	**(177)**	**(19)**

The deferred tax assets include a total amount of R55.9 million (2018: R104.9 million) (2017: R75.8 million), R57.0 million (2018: R32.0 million) (2017: R2 million) and R2.6 million (2018: R7.3 million) (2017: R1 million) for Capespan Group Limited, Zaad Holdings Limited and Agrivision Africa, respectively, which relates to the carried forward tax losses of the underlying subsidiaries within the group. Deferred tax on tax losses are mainly only recognised on a subsidiaries' tax loss, when the underlying subsidiaries support a profit history of at least two years, and then only will the group limit the recognition of a deferred tax asset to three years. The group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the subsidiaries.

16. **DEFERRED INCOME TAX (continued)**

The subsidiaries are expected to generate taxable income from financial year 2020 onwards which will reduce the tax loss. Most of the losses can be carried forward indefinitely and have no expiry date, except for losses within Agrivision Africa relating to Mpongwe Milling amounting to R111.0 million (2018: R4.0 million) that will expire from 2020 to 2022 and which was not provided for.

Deferred income tax on temporary differences relating to equity securities that are classified at fair value through profit or loss and available-for-sale, is calculated using South Africa's effective capital gains tax rate of 22.4% (2018: 22.4%) (2017: 22.4%). Deferred income tax was otherwise calculated on temporary differences using the applicable tax rate as per the tax jurisdiction it relates to.

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

	GROUP			COMPANY		
	2019 Rm	2018 Rm	2017 Rm	**2019 Rm**	2018 Rm	2017 Rm
17. **BORROWINGS**						
Non-current	**1 880**	1 939	1 016	**–**	–	–
Secured redeemable preference shares	**1 500**	1 000				
Secured loans	**186**	413	615			
Unsecured loans	**194**	464	401			
Bank overdrafts		62				
Current	**1 192**	1 428	1 958	**1 401**	1 212	926
Secured redeemable preference shares			306			
Secured loans	**188**	179	179			
Unsecured loans	**35**	134	532	**1 401**	1 212	926
Bank overdrafts	**969**	1 115	941			
Total	**3 072**	3 367	2 974	**1 401**	1 212	926

17. BORROWINGS (continued)

These borrowings have the following terms:

Subsidiary	Counterparty	Security/Overdraft facility	Interest rate %	Repayment terms	GROUP 2019 Rm	 2018 Rm	 2017 Rm
Secured redeemable preference shares							
Zeder	FirstRand Bank	Investments in associates of R5.50 billion (2018: R4.8 billion) (2017: R6.5 billion)	Fixed nominal annual dividend rate range between 7.73% and 8.11% compounded quarterly (2018 and 2017: Fixed nominal annual dividend rate of 8.11% compounded quarterly)	Redeemable during October 2022	**1 500**	1 000	306
Secured loans							
Capespan	Absa instalment sale discounting facility	Property, plant and equipment of R22.1m	Prime – 1.85%	Monthly instalments	**22**		
Capespan	Capital Harvest Proprietary Limited	Total bonds of R110m over fixed and moveable assets and Capespan provided an irrevocable and unconditional demand guarantee of R100m	Prime – 0.3%	120 monthly instalments		81	110
Capespan	Capespan Capital Proprietary Limited	Total bonds of R60m over fixed and moveable assets and Capespan has provided an irrevocable and unconditional demand guarantee of R50m	Prime – 0.5%	120 monthly instalments		50	50
Zaad	Standard Bank[1]	Shareholding in Zaad International as security	3M USD LIBOR + 4.3%	Repayable by 30 September 2019	**72**		
Zaad	First National Bank	General covering mortgage bond over immovable property of R52.0m (2018: R80.1m) (2017: 58.7m)	Prime (2018: Prime – 0.25%, 2017: Prime – 0.5%)	Monthly instalments	**90**	110	118
Zaad	Gro Capital Afgri	Mortgage bond of R27.4m	Prime + 0.25%	Monthly instalments	**22**		
Zaad	ABN Amro Bank[3]	Property, plant and equipment of EUR3.7m	2.15% – 1M EURIBOR	Monthly instalments	**46**		
Agrivision	African Agriculture and Trade Investment Fund[1]	Moveable and immovable property of USD3.4m (2018: R45.7m) (2017: R51.1m)	6M LIBOR + 7% (2018 & 2017: 3M LIBOR + 7%)	Repayable within four years	**60**	72	96
Agrivision	Standard Bank Mauritius[1]	Immovable assets, together with a floating charge over all moveable assets, inventories and debtors	LIBOR + 2.95% (2018: 3.2% – 7.2%, 2017: 7.5%)	Repayable in 15 quarterly instalments	**15**	141	180
Agrivision	Standard Bank Mauritius[1]	Mortgage asset debenture and insurance policies	7%	Semi-annual instalments due by June 2020	**20**		
Agrivision	Standard Bank Isle of Man[1]	Mortgage asset debenture and insurance policies	6.6%	Repayable within one year	**22**		

17. BORROWINGS (continued)

Subsidiary	Counterparty	Security/Overdraft facility	Interest rate %	Repayment terms	GROUP 2019 Rm	 2018 Rm	 2017 Rm
Unsecured loans							
Zeder	PSG Fundco	Unsecured	Prime – 1%	Repaid in October 2017			492
Capespan	HSBC	Unsecured	JIBAR + 2.8%	Repayable in 2020[2]	**20**	97	97
Capespan	Absa	Unsecured	JIBAR + 2.3%	Quarterly instalments of 10 quarterly repayments (2018: Quarterly instalments of R7,5m)[2]	**150**	218	248
Capespan	HSBC[3]	Unsecured	JIBAR + 2.3% (2018 & 2017: JIBAR + 2.1%)	Quarterly instalments of R5m[2]	**5**	40	60
Capespan	HSBC[3]	Unsecured	EURIBOR + 2.2%	Quarterly instalments[2]		39	53
Capespan	Investec[3]	Unsecured	JIBAR + 2.2% (2018: JIBAR + 2.75%)	Full payment due by March 2020 (2018: Quarterly instalments of R5m)[2]	**17**	180	
Zaad	Roodesen Beleggings Proprietary Limited	Unsecured	9%	Repayable with 12 months from demand	**12**		
Bank overdrafts							
Zeder	First National Bank	Facility of R100,0m (2018: Facility of R175m)	Prime				
Zaad	ABN Amro Bank[3]	Overdraft facility	2.2% – 1M EURIBOR		**60**	49	97
Zaad	First National Bank	Overdraft facility	10.3% – 10.9%		**423**	407	265
Zaad	First National Bank[4]	Overdraft facility	13.3%		**9**		
Zaad	Absa Bank	Overdraft facility	Prime – 0.75%		**15**		
Zaad	Standard Bank Mauritius[1]	Overdraft facility	3M USD LIBOR + 4.3%		**22**	62	
Capespan	Standard Bank	Overdraft facility	8.5%			108	160
Capespan	CITI Bank[1]	Overdraft facility	7.8%		**52**	100	13
Capespan	HSBC[3]	Overdraft facility	1M EURIBOR or 1%		**80**	172	199
Capespan	Investec	Overdraft facility	8.4%			23	35
Agrivision	Standard Bank Mauritius & Zambia[1, 4]	Overdraft facility	3M LIBOR + 5.9%		**200**	126	104
Other insignificant borrowings					**138**	292	291
					3 072	3 367	2 974

[1] *USD denominated loans/bank overdrafts and values represent the ZAR equivalent.*

[2] *On a Capespan group level, these borrowings are secured by a guarantee from Capespan Group Limited.*

[3] *EUR denominated loans/bank overdrafts and values represent the ZAR equivalent.*

[4] *ZMW denominated bank overdrafts and values represent the ZAR equivalent.*

Effective interest rates

The effective interest rates applicable to borrowings range between 1.8% and 22.5% (2018: 2.2% and 35.5%) (2017: 2% and 22%).

17. **BORROWINGS (continued)**

COMPANY

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

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

	GROUP		
	2019 Rm	2018 Rm	2017 Rm
18. **DERIVATIVE FINANCIAL LIABILITIES**			
Current	**(1)**	(15)	(1)
Forward currency exchange contracts	**(1)**		(1)
Non-controlling interests' put option liabilities		(15)	
Non-current	**(25)**	(24)	(94)
Non-controlling interests' put option liabilities	**(25)**	(24)	(94)
	(26)	(39)	(95)

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

	GROUP			COMPANY		
	2019 Rm	2018 Rm	2017 Rm	**2019 Rm**	2018 Rm	2017 Rm
19. **TRADE AND OTHER PAYABLES**						
Trade payables[1]	**974**	900	1 008	**5**	4	2
Sundry payables	**15**	17				
Purchase consideration payable	**4**	77	84			
	993	994	1 092	**5**	4	2

[1] *Includes non-financial liabilities of R19.9 million (2018: R16.9 million) (2017: R19 million) for the group.*

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

	GROUP			COMPANY		
20. **REVENUE**						
Agricultural produce	**4 960**	6 179	9 698			
Agricultural products	**1 840**	1 700				
Logistics services	**837**	606	511			
Royalty income	**4**					
	7 641	8 485	10 209	–	–	–

Agricultural produce

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

20. **REVENUE (continued)**

Agricultural products

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

Logistics services

The group, through The Logistics Group (previously the logistics division within Capespan), owns and operates several strategic logistics and terminal assets in southern Africa and earn revenue from providing logistics services (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 are accounted for as and when services are rendered, and storage revenue are accounted for as storage days are satisfied. The standard payment terms are usually within 30 days from invoice date at a fixed price, depending on the type of customer.

Royalty income

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

Revenue from other sources

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

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

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

Financing components

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

	GROUP		
	2019	2018	2017
	Rm	Rm	Rm
21. **COST OF SALES**			
Changes in finished goods	**5 755**	6 588	8 041
Raw material and consumables used	**346**	389	491
Transportation expenses	**43**	13	8
Employment cost	**10**	6	6
	6 154	6 996	8 546
22. **INVESTMENT INCOME**			
Interest income	**84**	75	67
Loans and advances	**19**	19	15
Trade and other receivables	**6**		
Cash, money market investments and other cash equivalents	**59**	56	52
Dividend income	**6**	2	–
Equity securities held at fair value through profit or loss	**6**	2	
	90	77	67

	GROUP		
	2019	2018	2017
	Rm	Rm	Rm
23. **NET FAIR VALUE GAINS/(LOSSES)**			
Unrealised net fair value (losses)/gains	**2**	41	(1)
Equity securities – at fair value through profit or loss	**(1)**	11	(4)
Fair value gain on transfer of associate to equity security		15	
Gains on derivative financial instruments	**3**	15	3
Realised net fair value gains	**474**	–	–
Equity securities – at fair value through profit or loss	**474**		
Foreign exchange (losses)/gains	**(7)**	4	(6)
	469	45	(7)
24. **OTHER OPERATING INCOME**			
Management and other fee income	**3**	2	1
Profit on sale of property, plant and equipment	**15**	5	2
Profit on sale of subsidiary		85	
Government grant income	**3**	1	5
Rental income	**4**		
Sundry income	**9**	23	21
	34	116	29

25. **EXPENSES**

25.1 **Management fees and management fee internalisation charge**

Base management fee expense			75
Management fee internalisation charge			1 449

The base and performance management fees were payable during the first half of the prior year to PSG Corporate Services Proprietary Limited ("PSGCS"), a subsidiary of PSG Group Limited, the company's ultimate holding company, in terms of the PSG management agreement. In accordance with the management agreement, PSGCS provided management services, including corporate, secretarial, advisory, investment and financial services and all related aspects thereto, to the Zeder group of companies.

During the FY2017 and effective 1 September 2016, Zeder internalised the management agreement, and issued 207 661 758 ordinary shares to PSGCS, valued at R1.45 billion. The rights to the acquired management agreement, did not meet the recognition criteria for intangible assets in terms of IFRS, and was consequently accounted for in the income statement as a non-recurring headline expense. It should be noted that this was a one-off charge, with no further management fees payable to PSGCS in terms of this agreement.

	GROUP			COMPANY		
	2019	2018	2017	**2019**	2018	2017
	Rm	Rm	Rm			
25. **EXPENSES (continued)**						
25.2 **Marketing, administration and other expenses**						
Depreciation	**186**	177	151			
– Land	**5**	5	6			
– Buildings	**46**	41	27			
– Vehicles, plant and equipment	**99**	96	91			
– Office equipment	**15**	15	14			
– Biological assets (bearer plants)	**21**	20	13			
Amortisation of intangible assets	**33**	27	28			
Operating lease rentals	**149**	141	134			
– Properties	**122**	112	105			
– Equipment	**27**	29	29			
Auditors' remuneration	**18**	18	17			
– Audit services – current year	**15**	14	14			
– Audit services – previous year	**1**	1	1			
– Other services	**2**	3	2			
Employee costs[1]	**736**	702	709			
– Salaries, wages and allowances	**682**	657	666			
– Equity-settled share-based payment costs	**18**	12	11			
– Pension costs – defined contribution and benefit plans	**28**	28	28			
– Medical costs – defined contribution and benefit plans	**8**	5	4			
Impairment losses	**80**	136	9			
– Property, plant and equipment	**13**	13	3			
– Biological assets (bearer plants)	**1**					
– Intangible assets	**66**	123	6			
Loss on sale of property, plant and equipment	**4**	2	1			
Repairs, maintenance and vehicle costs	**67**	119	110			
Marketing and administration costs	**50**	31	27	**1**	1	3
– Marketing	**49**	30	25			
– Administration	**1**	1	2	**1**	1	3
Professional fees	**45**	34	36			
Insurance costs	**24**	27	26			
Communication costs	**20**	15	17			
Commission paid	**26**	23	19			
Research costs incurred	**9**	4				
Other costs	**287**	215	278			
	1 734	1 671	1 562	**1**	1	3

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

	GROUP		
	2019	2018	2017
	Rm	Rm	Rm
26. **FINANCE COSTS**			
Redeemable preference shares	**113**	43	25
Secured loans	**42**	52	39
Unsecured loans	**57**	113	47
Bank overdrafts	**96**	74	114
Trade and other payables and employee benefits	**12**		
Other	**4**	7	7
	324	289	232
27. **TAXATION**			
South Africa current taxation			
– Current year	**120**	39	16
– Previous year	**3**	(3)	1
South Africa deferred taxation			
– Current year	**(13)**	(18)	18
Foreign current taxation			
– Current year	**139**	26	39
– Previous year	**(12)**		(41)
Foreign deferred taxation			
– Current year	**(127)**	152	(12)
	110	196	21
Reconciliation of effective tax rate:	**%**	%	%
South African standard tax rate	**28.0**	28.0	28.0
Adjusted for:			
– Non-taxable income	**(4.0)**	(7.5)	2.8
– Non-deductible charges	**134.1**	13.0	(63.1)
– Net income from associates and joint ventures	**(27.9)**	(31.6)	24.3
– Foreign tax rate differential	**(72.7)**	2.9	1.7
– Capital gains tax rate differential	**(24.9)**		
– Special tax allowances	**(2.1)**	(0.8)	1.0
– Deferred tax assets written off/not recognised	**24.0**	5.5	(4.0)
– Deferred tax liability not previously recognised		37.2	
– Effect of tax losses utilised	**(5.7)**	(1.1)	1.1
– Prior period adjustments	**(1.3)**	2.1	5.6
– Other		0.8	(0.3)
Effective tax rate	**47.5**	48.5	(2.9)
Tax charges relating to components of other comprehensive income	**Rm**	Rm	Rm
– Currency translation movements	**(1)**	4	9
– Losses/(gains) from changes in financial and demographic assumptions of post-employment benefit obligations	**1**	(4)	
	–	–	9

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

28. **RELATED-PARTY TRANSACTION AND BALANCES**

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

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

Related-party transactions during the year under review included dividends received from associates (refer note 4.1), management fee expense (refer to note 25.1) various administration expenses and professional fees (refer note 25.2), interest income (refer note 22) and interest paid (refer note 26).

Included in the group's revenue are R8.7 million (2018: R10.5) (2017: R16.3 million) goods sold to Kaap Agri and its subsidiaries, R0.9 million (2018: R1.5 million) (2017: R0.8 million) goods sold to Pioneer Foods and its subsidiaries and R2.7 million (2018: R1.9 million) (2017: R3.3 million) sold to Quantum Foods and its subsidiaries (refer note 20). Included in cost of sales is R65.2 million (2018: R61.0 million) (2017: R3.0 million) in respect of purchases from Kaap Agri and its subsidiaries, R11.2 million (2018: Rnil) (2017: R0.8 million) from Pioneer Foods and its subsidiaries and Rnil (2018: Rnil) (2017: R0.3 million) from Quantum Foods and its subsidiaries (refer note 21).

Included in the group's interest income is Rnil (2018: R0.2 million) (2017: R0.1 million) received from PSG Online Securities Proprietary Limited and R18.1 million (2018: R4.1 million) (2017: R1.9 million) received from PSG Money Market Fund.

Dividend income included in the group's investment in ordinary shares of associates consist mainly of the following: R212.6 million (2018: R212.6 million) (2017: R212.6 million) received from Pioneer Foods, R35.4 million (2018: R33.7 million) (2017: R27.8 million) received from Kaap Agri and R55.5 million (2018: R21.0 million) (2017: R3.7 million) received from Quantum Foods.

Included in the group's marketing, administration and other expenses is professional fees of R0.2 million (2018: R0.4 million) (2017: R1.5 million) paid to PSG Capital (a division of PSGCS) and R0.2 million (2018: R0.4 million) (2017: R0.2 million) paid to Grayston Elliot Proprietary Limited for corporate finance and tax services relating to acquisitions made and tax advice during the year. Also included in the group's marketing, administration and other expenses is R7.0 million (2018: R6.5 million) (2017: R3.3 million) paid to PSGCS for strategic, payroll, IT services and rent.

Brokerage and administration fees of Rnil (2018: R1 000) (2017: R1 000) were paid to PSG Online Securities (Proprietary) Limited. These fees related to trades that took place via the group's share trading accounts.

Included in the group's interest paid is Rnil (2018: R43,0 million) (2017: R26.4 million) paid to PSG Fundco Proprietary Limited.

28. RELATED-PARTY TRANSACTION AND BALANCES (continued)

The tables below provide information on the total remuneration of Zeder's executive directors:

	Short-term remuneration Base salary				Long-term remuneration	
	Approved R'000	**Deferred for 12 months[1] R'000**	**Prior year deferred paid R'000**	**Paid during the year[2] R'000**	**Non-cash gains from exercise of share options R'000**	**Total remuneration R'000**
28 February 2019						
N Celliers	**7 208**	**(2 162)**	**2 190**	**7 236**	**2 899**	**10 135**
JH le Roux	**4 500**	**(1 350)**	**1 208**	**4 358**	**47**	**4 405**
	11 708	**(3 512)**	**3 398**	**11 594**	**2 946**	**14 540**
28 February 2018						
N Celliers	6 800	(2 040)		4 760	1 957	6 717
JH le Roux	3 750	(1 125)		2 625	855	3 480
	10 550	(3 165)	–	7 385	2 812	10 197

	Base salary R'000	Performance-related[3] R'000	Total remuneration R'000
28 February 2017			
N Celliers	2 817	3 432	6 249
JH le Roux[4]	802	1 284	2 086
	3 619	4 716	8 335

[1] *30% of the executive director's annual base salary was deferred for a period of 12 months and is payable in monthly contributions in the ensuing year. This was the first year that the prior year's deferred portion was paid over to the respective executive directors. The deferred payments carry interest at the SARS official rate to compensate for loss in time value of money and is subject to malus/clawback provisions which could lead to the repayment by the executive director of the deferred component of the salary amount received during the preceding 12 months. Included in the total cost-to-company, are minor deductions made to group life cover, membership to a retirement fund and membership to a medical aid scheme (where applicable).*

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

[3] *Performance-related emoluments were paid in respect of the full 2017 financial year.*

[4] *Mr JH le Roux was appointed during FY2017. The basic salary (including company contributions) received by Mr JH le Roux relates only to the period which he served as an executive director, except for the performance-related emoluments paid during that period that related to the full 2017 financial year.*

28. RELATED-PARTY TRANSACTION AND BALANCES (continued)

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

	Number of share options as at 28 Feb 2017	Number of share options as at 28 Feb 2018	Number of share options during the year: Granted	Vested/ Exercised[1]	Forfeited[2]	Market price per share on vesting date R	Strike price per share R	Date granted	Number of share options as at 28 Feb 2019	Cost to participant at vesting price R	Market value to participant as at 28 Feb 2019 R	Unrealised gains to participant as at 28 Feb 2019 R
Zeder Investments Limited share options granted by the Zeder Group Share Incentive Trust												
N Celliers	437 744						2.57	20/04/2012				
	337 837	337 837		(337 837)		4.70	3.33	28/02/2013				
	2 496 950	2 496 950		(1 248 476)		4.70	4.10	28/02/2014[3]	**1 248 474**	**5 118 743**	**5 281 045**	**162 302**
	393 969	393 969			(131 323)		7.71	28/02/2015	**262 646**			
	789 990	789 990			(197 497)		4.97	29/02/2016	**592 493**			
	1 792 402	1 792 402					7.29	28/02/2017	**1 792 402**			
		4 016 442					6.41	28/02/2018	**4 016 442**			
			6 468 828				4.36	28/02/2019	**6 468 828**			
	6 248 892	9 827 590	6 468 828	(1 586 313)	(328 820)				**14 381 285**	**5 118 743**	**5 281 045**	**162 302**
JH le Roux	609 756	304 878					4.10	28/02/2014	**304 878**	**1 250 000**	**1 289 634**	**39 634**
	97 276	97 276			(32 426)		7.71	28/02/2015	**64 850**			
	373 113	279 835					4.97	29/02/2016	**279 835**			
	1 787 037	1 787 037					7.29	28/02/2017	**1 787 037**			
		2 319 528					6.41	28/02/2018	**2 319 528**			
			3 503 451				4.36	28/02/2019	**3 503 451**			
	2 867 182	4 788 554	3 503 451	–	(32 426)				**8 259 579**	**1 250 000**	**1 289 634**	**39 634**
Total	9 116 074	14 616 144	9 972 279	(1 586 313)	(361 246)				**22 640 864**	**6 368 743**	**6 570 679**	**201 936**
PSG Group Limited share options granted by the PSG Group Limited Supplementary Share Incentive Trust												
N Celliers	6 096	6 096		(6 096)		233.00	61.50	28/02/2013				
	4 054	4 054		(2 028)		233.00	83.23	28/02/2014	**2 026**	**168 624**	**526 314**	**357 690**
	7 399	7 399		(2 467)		233.00	136.84	28/02/2015	**4 932**	**674 895**	**1 281 235**	**606 340**
	7 341	7 341		(1 835)		233.00	178.29	29/02/2016	**5 506**	**981 665**	**1 430 349**	**448 684**
	24 890	24 890	–	(12 426)	–				**12 464**	**1 825 184**	**3 237 898**	**1 412 714**
JH le Roux	3 467	3 467		(867)		233.00	178.29	29/02/2016	**2 600**	**463 554**	**675 428**	**211 874**
Total	28 357	28 357	–	(13 293)	–				**15 064**	**2 288 738**	**3 913 326**	**1 624 588**

[1] *The participants have not yet elected to exercise their right in terms of the provisions of the share incentive schemes to exercise their share options that became exercisable on 28 February 2019. Such right will be exercised within the 180-day exercise window. Share options exercised during the year represented the share options that became exercisable on 28 February 2018 and that were exercised within the approved exercise window.*

[2] *Share options forfeited during the year were with regards to share options that became exercisable on 28 February 2018, but due to the fact that it was out-of-the-money share options during the exercisable window, the participants opted not to exercise the share options.*

[3] *Included in the 28 February 2014 share option allocation is a one-off allocation of 4 500 000 Zeder Investments Limited share options, which was made to appropriately incentivise the aforementioned director. Retention of the director's services are considered key to Zeder Investments Limited's continued success. During the year under review, 25% (2018: 25%) (2017: 25%) of these share options vested.*

28. **RELATED-PARTY TRANSACTION AND BALANCES (continued)**

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

	Total remuneration 2019 R'000	Total remuneration 2018 R'000	Total remuneration 2017[6] R'000
GD Eksteen	**450**	268	131
WL Greeff[1]			
WA Hanekom[2]			63
AE Jacobs[2, 3]			1 416
RM Jansen[4]			
ASM Karaan	**300**	200	50
N Mjoli-Mncube	**400**	258	68
JF Mouton[1, 4]			
PJ Mouton[1]			
CA Otto[1, 5]	**500**	328	25
	1 650	1 054	1 753

[1] *These directors do not receive any emoluments for services rendered to the company and only receive emoluments from PSG Corporate Services Proprietary Limited ("PSGCS") for services rendered to PSG Group Limited and its investee companies (including the Zeder group). The Zeder group pays a strategic fee to PSGCS for services rendered to the company. Effective from 1 September 2016, when the management agreement was internalised, Zeder pay a non-executive directors fee to Mr CA Otto.*

[2] *Messrs WA Hanekom and AE Jacobs resigned during FY2017.*

[3] *Mr AE Jacobs did not receive a non-executive directors' fee from Zeder and his total remuneration relates to his employment as chief executive officer of Zaad Holdings Limited, a subsidiary, only for the period which he served as a non-executive director, except for the performance-related emoluments paid during FY2017 that was paid in respect of the 2016 financial year.*

[4] *Mr RM Jansen was appointed 29 January 2019 and Mr JF Mouton retired 20 November 2018.*

[5] *Mr CA Otto was appointed as the Chairman of the Zeder board of directors, effective from 29 January 2019. Previously the Chairman's fee was included in the PSG Strategic Input Fee, therefore no Chairman's fee was approved by the shareholders at the 2018 AGM.*

[6] *During FY2018, effective 1 March 2017, the method of paying directors' fees changed subsequent to the approval of the directors' emoluments at the annual general meeting of Zeder. Directors' fees were always paid during October and the following April and are now payable in August and February. Based on the aforementioned change a payment of R254 000 paid during FY2018, relates to the 2017 financial year.*

Members of the Zeder Executive Committee ("Exco") are regarded as being the prescribed officers of the company. The Exco comprises Messrs N Celliers (Chairman), JH le Roux (Financial director), WL Greeff, JF Mouton (until 20 November 2018) and PJ Mouton. Messrs N Celliers and JH le Roux's remuneration is included above and the other Exco members' remuneration is disclosed in PSG Group Limited's annual report.

The tables below provide information on the directors' shareholding:

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

28. **RELATED-PARTY TRANSACTION AND BALANCES (continued)**

	Total shareholding 2018 Number	%	Total shareholding 2017 Number	%
N Celliers	7 253 114	0.424	6 815 370	0.394
JH le Roux	1 045 838	0.061	647 682	0.037
GD Eksteen	6 933 585	0.405	6 933 585	0.401
WL Greeff	80 000	0.005	80 000	0.003
N Mjoli-Mncube	48 983	0.003	48 983	0.005
JF Mouton[1]			80 000	0.005
CA Otto	80 000	0.005	80 000	0.005
	15 441 520	0.903	14 685 620	0.850

[1] *During the prior year, Mr JF Mouton donated his ordinary shares to the Jannie Mouton Foundation. These shares were still held by the Foundation at the reporting date. Mr JF Mouton retired on 20 November 2018.*

All or part of the above shares, held by executive directors, serve as security for loans granted to them with regards to the share options allocated to executive directors, in terms of a share incentive scheme, and or before 28 February 2018 (refer to note 14).

As at 28 February 2019, R21.1 million (2018: R22.4 million) (2017: R17.7 million) relates to loans, including accrued interest, granted to Mr N Celliers and R5.3 million (2018: R4.7 million) (2017: R2.8 million) to Mr JH le Roux, both with regard to shares obtained through the vesting of Zeder ordinary shares previously allocated to Messrs N Celliers and JH le Roux, respectively. The loans carry interest at the SARS' official interest rate (2018: SARS' official interest rate) (2017: SARS' official interest rate) and are repayable seven years from the respective date of advance. At the reporting date, 4 704 566 (2018: 4 617 181) (2017: 4 179 437) and 1 045 838 (2018: 1 045 838) (2017: 642 182) Zeder ordinary shares served as security for Mr N Celliers' loan and Mr JH le Roux's loan respectively. During the prior year, treasury shares were recognised on the loans granted on/before 28 February 2018. These loans were previously included under Loans and advances. In terms of the accounting standard, the loans receivable has been accounted for in terms of IFRS 2 Share-based Payment. R2.0 million (2018: Rnil) (2017: Rnil) were recognised during the year, through the group's profit and loss, for the above-mentioned loans. The charges were calculated using a Binominal valuation model with the following inputs:

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

During the year, Mr N Celliers fully settled a loan (2018: R6.4 million) (2017: R4.8 million), including accrued interest, previously granted to him, with regards to shares obtained through the vesting of PSG Group share options previously allocated. The loan carried interest at the SARS' official interest rate (2018: SARS' official interest rate) (2017: SARS' official interest rate) and was repayable seven years from the respective date of advance. At the reporting date, nil (2018: 41 469) (2017: 56 469) PSG Group ordinary shares served as security. During the year under review, the equity securities that was recognised on the loans granted on/before 28 February 2018 in the prior year, were sold to settle the loan. In terms of the accounting standard, the loan receivable have been accounted for in terms of IFRS 2 *Share-based Payment*. R0,4 million (2018: Rnil) (2017: Rnil) were recognised during the year, through the group's profit and loss, for the abovementioned loan, and released to reserves upon settlement of the loan. The charges were calculated using a Binominal valuation model with the following inputs:

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

28. **RELATED-PARTY TRANSACTION AND BALANCES (continued)**

A loan in the amount of R12.6 million was advanced to Mr N Celliers, with regards to his previous acquisition of 2 635 933 Zeder ordinary shares. The Zeder shares serve as security for the loan receivable, carry interest at prime less 1% (2018: prime less 1%) (2017: prime less 1%) and is repayable during the financial year ending 28 February 2021. At the reporting date, the loans' carrying value amounted to R15.2 million (2018: R14.2 million) (2017: R13.2 million). In terms of the accounting standard, the loans receivable has been accounted for in terms of IFRS 2 *Share-based Payment,* with the resultant charge to the group's profit and loss for the year, amounting to R0,3 million (2018: R0.3 million)(2017: R0.2 million). The charge was calculated using a Black-Sholes valuation model with the following inputs:

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

Included in trade and other receivables is an amount of R0.2 million (2018: R1.3 million) (2017: R0.8 million) due by Kaap Agri, R9.8 million (2018: Rnil) (2017: R0.2 million) due by Pioneer Foods and R46 000 (2018: R0.3 million) (2017: R0.7 million) due by Quantum Foods (refer note 11) and included in trade and other payables is an amount payable of R37.8 million (2018: R57.9 million) (2017: 0.8 million) to Kaap Agri, R0.2 million (2018: Rnil; 2017: Rnil) to Pioneer Foods and R2,3 million (2018: Rnil; 2017: R13 000) to Quantum Foods (refer note 19).

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

Related-party balances outstanding at the reporting date included cash invested with the PSG Money Market Fund amounting to R251.8 million (2018: R110.2 million) (2017: R168.2 million) (refer note 12).

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

	GROUP		
	2019 Rm	2018 Rm	2017 Rm
Operating lease commitments			
Premises operating leases			
– Due within one year	**113**	96	94
– Due within one to five years	**763**	442	405
– Due after more than five years	**81**	495	619
	956	1 033	1 118
Vehicles and plant operating leases			
– Due within one year	**6**	6	7
– Due within one to five years	**16**	11	11
	22	17	18
Equipment operating leases			
– Due within one year	**18**	16	19
– Due within one to five years	**24**	15	29
	42	31	48
Capital expenditure commitments			
Authorised but not yet contracted			
– Property, plant and equipment	**101**	234	237
– Intangible assets	**82**	60	
– Biological assets	**22**		
	205	294	237
Contracted			
– Property, plant and equipment	**22**	13	29

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

Suretyships and other contingent liabilities

Suretyship

A 49% associate of the group has a R250 million facility with the Land Bank. The Capespan group has provided surety for the associate's facility to the maximum amount of R122.5 million. The associate uses this facility to provide interest-bearing production loans to fruit producers. During the current year, the associate was transferred to investments in subsidiaries. At year-end, the outstanding balance due by the associate to the Land Bank was Rnil (2018: R132.9 million) (2017: R122.7 million), while the associate held loan receivable balances of Rnil (2018: R140.9 million (2017: R128.8 million) against fruit producers. The associate has met all obligations in terms of its facility with the Land Bank and the associate's loan receivable balances are secured by property, plant and equipment and inventory.

Other contingent liabilities

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

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

	GROUP			COMPANY		
	2019 Rm	2018 Rm	2017 Rm	**2019 Rm**	2018 Rm	2017 Rm
30. **NOTES TO THE STATEMENTS OF CASH FLOWS**						
30.1 **Cash generated from operations**						
Profit/(loss) before taxation	**232**	404	(721)	**(1)**	(1)	(3)
Interest income	**(84)**	(75)	(67)			
Dividend income	**(6)**	(2)				
Finance costs	**324**	289	232			
Depreciation	**186**	177	151			
Amortisation	**33**	27	28			
Net profit on sale of property, plant and equipment	**(11)**	(3)	1			
Net (gain)/loss on dilution of interest in associate	**(21)**	29	7			
Net fair value gains	**(425)**	(41)	1			
Net profit on sale of interest in subsidiary company		(85)				
Management fee internalisation charge			1,449			
Change in fair value of biological assets	**(194)**	(195)	(224)			
Impairments	**727**	137	9			
Share of profits of associates and joint ventures	**(636)**	(472)	(629)			
Equity-settled share-based payment costs	**18**	12	11			
Net harvest short-term biological assets	**105**	60	67			
Non-cash translation movements	**(23)**	(20)	(35)			
Sub-total	**225**	242	280	**(1)**	(1)	(3)
Changes in working capital	**(146)**	25	(183)	**1**	1	1
(Increase)/decrease in trade and other receivables	**(258)**	52	35		(1)	
Decrease in inventories	**284**	198	189			
Increase in biological assets	**(167)**	(179)	(153)			
Increase/(decrease) in trade and other payables	**2**	(35)	(251)	**1**	2	1
Decrease in employee benefits payable	**(7)**	(11)	(3)			
	79	267	97	**–**	–	(2)

30. **NOTES TO THE STATEMENTS OF CASH FLOWS (continued)**

	GROUP		
	2019	2018	2017
	Rm	Rm	Rm
30.2 Taxation paid			
Charged to profit or loss	**(250)**	(62)	(15)
Movement in net taxation liability	**(34)**	(2)	(32)
	(284)	(64)	(47)

30.3 **Subsidiaries acquired**

2019 acquisitions

Hygrotech Proprietary Limited ("Hygrotech")

On 1 August 2018, the Group through Zaad Holdings Limited, acquired 100% interest in Hygrotech for a cash consideration of R43.7 million. As reported in the condensed unaudited results for the six months, goodwill of R1 million arose due to provisional accounting of the business combination. After finalising the accounting of the business combination, the identifiable net assets acquired increased with R1 million, therefore reducing the goodwill previously recognised and in turn accounted for a gain on bargain purchase of R0.3 million. Accounting for Hygrotech's business combination has now been finalised.

Sonkwasdrif Proprietary Limited ("Sonkwasdrif")

On 1 December 2018, the Group through Capespan Group Limited, acquired the remaining 52% interest in the pome farm Sonkwasdrif for a R1 purchase consideration. The goodwill arose due to the fact that the 48% investment in associate was carried at a negative carrying value due to previously recognised losses. This has been subsequently impaired. Previously Sonkwasdrif had a R250 million facility with the Land Bank and the Capespan group provided surety for the associate's facility in a maximum amount of R122.5 million. The facility and security were settled before the acquisition of Sonkwasdrif. Accounting for Sonkwasdrif's business combination has been finalised.

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

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

30. **NOTES TO THE STATEMENTS OF CASH FLOWS (continued)**

30.3 **Subsidiaries acquired (continued)**

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

Had Hygrotech been consolidated with effect from 1 March 2018 instead of its acquisition date, the consolidated income statement would have reflected additional revenue of R117.5 million and loss after tax of R11.6 million.

Had Sonkwasdrif been consolidated with effect from 1 March 2018 instead of its acquisition date, the consolidated income statement would have reflected additional revenue of R10.4 million and loss after tax of R5.5 million.

2018 acquisitions

The Logistic Company Proprietary Limited ("TLC")

During October 2017, Zeder invested in a start-up company in the technology, transport and logistics industries. TLC had limited operations prior to investment. Zeder paid R4 million for a subscription of newly issued ordinary shares, representing 51% of the issued share capital of TLC. Goodwill (less than R1 million) arose in respect of, *inter alia*, synergies pertaining to the integration of logistics activities within the Zeder group of companies. Accounting for TLC's business combination has been finalised.

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

GROUP	TLC Rm	Total Rm
Property, plant and equipment	1	1
Cash, money market investments and other cash equivalents	1	1
Borrowings	(1)	(1)
Trade and other payables	(1)	(1)
Total identifiable net assets	–	–
Subscription of newly issued ordinary shares	4	4
Total consideration transferred	4	4
Cash consideration paid with regards to subscription of newly issued shares	(4)	(4)
Shares issued	4	4
Cash and cash equivalents acquired	1	1
Net cash inflow from business combination	1	1

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

Had TLC been consolidated with effect from 1 March 2017 instead of its acquisition date, the consolidated income statement would have reflected additional revenue of R1.6 million and profit after tax of R0.9 million.

2017 acquisitions

Incotec laboratory division

During August 2016, the group, through Zaad Holdings Limited ("Zaad"), acquired the laboratory division of Incotec South Africa Proprietary Limited for a cash consideration of R7.8 million. The laboratory supports the research and development operations of Zaad. No goodwill arose in respect of this business combination. Accounting for Incotec's business combination has been finalised.

Loza Lodge

During October 2016, the group through Agrivision Africa, acquired the business operations of Loza Lodge, for a cash consideration of R4 million. Loza Lodge is a guest house in Mkushi, Zambia, forming part of farming operations previously acquired. Goodwill arose in respect of, *inter alia*, synergies pertaining to the reputation of the lodge and the current farming operations but was subsequently impaired. Accounting for Loza Lodge's business combination has been finalised.

30. **NOTES TO THE STATEMENTS OF CASH FLOWS (continued)**

30.3 **Subsidiaries acquired (continued)**

Groot Patrysvlei farming operations

During September 2016, the group through Capespan Group Limited ("Capespan"), acquired the farming operations of Groot Patrysvlei, a citrus fruit farm, for a cash consideration of R72.5m. Groot Patrysvlei complements the group's existing citrus farming operations in South Africa. No goodwill arose in respect of this business combination. Accounting for Groot Patrysvlei's business combination has been finalised.

Port Services Proprietary Limited ("Port Stevedores")

During January 2017, the group through Capespan, acquired 100% of the issued share capital of Port Stevedores for a cash consideration of R33.3 million and a contingent consideration of R16.7 million (paid during 2018 financial year). Port Stevedores operates in the port logistics industry and goodwill arose in respect of, *inter alia*, expected synergies with Capespan's current logistical operations. Accounting for Port Stevedores's business combination has been finalised.

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

GROUP	Incotec Rm	Loza Lodge Rm	Groot Patrysvlei Rm	Port Stevedores Rm	Total Rm
Property, plant and equipment	8	1	29	41	79
Biological assets (bearer plants)			40		40
Inventories			4		4
Trade and other receivables				10	10
Cash, money market investments and other cash equivalents				3	3
Borrowings				(6)	(6)
Deferred income tax liabilities				(1)	(1)
Trade and other payables				(4)	(4)
Total identifiable net assets	8	1	73	43	125
Goodwill recognised		3		7	10
Total consideration	8	4	73	50	135
Total consideration	8	4	73	50	135
Contingent consideration				(17)	(17)
Total consideration transferred	8	4	73	33	118
Cash consideration paid	(8)	(4)	(73)	(33)	(118)
Cash and cash equivalents acquired				3	3
Net cash outflow from business combination	(8)	(4)	(73)	(30)	(115)

The aforementioned business combinations do not contain any contingent consideration (except for Port Stevedores) or indemnification asset arrangements (except for Loza Lodge) and the acquisition-related costs expensed were insignificant.

Had Incotec, Loza Lodge, Groot Patrysvlei and Port Stevedores been consolidated with effect from 1 March 2016 instead of their respective acquisition dates, the consolidated income statement would have reflected additional revenue of R96.8 million and profit after tax of R8.2 million.

30. **NOTES TO THE STATEMENTS OF CASH FLOWS (continued)**

30.4 **Subsidiary/Subsidiaries' operations sold**

2019 disposals

Paternoster Pumphouse Proprietary Limited ("Paternoster Pumphouse")

During April 2018, Zeder Financial Services Limited sold the 100% shareholding of Paternoster Pumphouse for a cash consideration of R3.5 million.

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

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

2018 disposals

Capespan Japan Limited ("Capespan Japan") and Metspan Hong Kong Limited ("Metspan")

During July 2017, the group through Capespan Group Limited ("Capespan") merged its Asian operations with Golden Wing Mau to form JWM Asia. Capespan therefore sold 70% of its business operations to JWM Asia and retained a 30% shareholding in JWM Asia.

Capespan sold the business operations of Capespan Japan, a fruit marketing company situated in Japan, to JWM Asia, for a cash consideration of R3.0 million.

Capespan sold the business operations of Metspan, a fruit marketing company situated in Hong Kong, to JWM Asia, for a cash consideration of R56.8 million.

Nichebrands Proprietary Limited ("Nichebrands")

During January 2018, the group through Zaad Holdings Limited, disposed of its 100% interest in Nichebrands for R1, resulting in a gain on disposal of R5.1 million due to previously recognised losses.

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

GROUP	Capespan Japan Rm	Metspan Rm	Nichebrands Rm	Total Rm
Property, plant and equipment	1	1	4	6
Intangible assets	1	11		12
Deferred income tax assets			4	4
Loans and advances	1	1	(35)	(33)
Inventories	16	6	20	42
Trade and other receivables	73	82	11	166
Cash, money market investments and other cash equivalents	18	15		33
Borrowings			(1)	(1)
Trade and other payables	(34)	(63)	(8)	(105)
Current income tax liabilities		(1)		(1)
Total identifiable net assets	76	52	(5)	123
Transfer to investment in ordinary shares of associates		(26)		(26)
Transfer of loans to associates	(73)	(49)		(122)
Profit on sale of subsidiaries' operations		80	5	85
Cash proceeds on sale	3	57	–	60
Cash and cash equivalents given up	(18)	(15)		(33)
Net cash flow on disposal of subsidiaries' operations	(15)	42	–	27

30. NOTES TO THE STATEMENTS OF CASH FLOWS (continued)

30.5 Borrowings reconciliation

GROUP	Opening carrying value Rm	Financing cash flows Borrowings repaid Rm	Borrowings drawn Rm	Business combination/ disposals Rm	Other changes[1] Rm	Closing carrying value Rm
28 February 2019						
Bank overdrafts	**1 177**	**(325)**	**74**	**43**		**969**
Redeemable preference shares	**1 000**		**500**			**1 500**
Unsecured loans	**598**	**(400)**	**11**	**20**		**229**
Secured loans	**592**	**(305)**	**66**	**6**	**15**	**374**
	3 367	**(1 030)**	**651**	**69**	**15**	**3 072**
28 February 2018						
Bank overdrafts	941		236			1 177
Redeemable preference shares	306	(349)	1 000		43	1 000
Unsecured loans	933	(824)	355	1	133	598
Secured loans	793	(160)	69	(1)	(109)	592
	2 973	(1 333)	1 660	–	67	3 367
28 February 2017						
Bank overdrafts	946	(7)			2	941
Redeemable preference shares	306	(25)			25	306
Unsecured loans	38		515	6	374	933
Secured loans	1 152	(289)	382		(452)	793
	2 442	(321)	897	6	(51)	2 973

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

	2019 Rm	2018 Rm	2017 Rm
31. EARNINGS/(LOSS) PER SHARE			
The calculation of earnings per share is based on the following:			
Profit attributable to equity holders of the company	**89**	254	(796)
Net (gain)/loss on dilution of interest in associates	**(21)**	29	8
Net profit on sale of subsidiary companies	**–**	(84)	–
– Gross		(85)	
– Non-controlling interests		1	
Impairment of associated companies	**647**	1	
Fair value gain resulting from transfer of associate to equity security	**–**	134	–
– Gross		(15)	
– Non-controlling interests		(3)	
– Tax effect		152	
Impairment of intangible assets and goodwill	**65**	73	4
– Gross	**66**	123	6
– Non-controlling interests	**(1)**	(48)	(2)
– Tax effect		(2)	
Net loss on sale and impairment of property, plant and equipment	**3**	11	2
– Gross	**2**	10	3
– Non-controlling interests		1	
– Tax effect	**1**		(1)
Non-headline items of associates and joint ventures	**(16)**	7	12
Headline earnings	**767**	425	(770)

31. EARNINGS/(LOSS) PER SHARE (continued)

	2019 Rm	2018 Rm	2017 Rm
The calculation of the weighted number of shares in issue is as follows:			
– Number of shares in issue at beginning of year ('000)	**1 701 879**	1 722 041	1 522 853
– Weighted number of shares issued during the year ('000)			102 977
– Weighted number of shares purchased and cancelled during the year ('000)		(5 230)	
– Net movement in treasury shares ('000)		363	(3 701)
– Weighted number of shares at end of year ('000)	**1 701 879**	1 717 084	1 622 129
– Number of bonus element shares to be issued in terms of share incentive scheme ('000)	**2 031**	1 671	2 009
– Diluted weighted number of shares at end of year ('000)	**1 703 910**	1 718 755	1 624 138
Basic			
Profit attributable to equity holders of the company	**89**	254	(796)
Headline earnings	**767**	425	(770)
Weighted number of shares at end of year ('000)	**1 701 879**	1 717 084	1 622 129
Attributable/basic earnings per share (cents)	**5.2**	14.8	(49.1)
Headline earnings per share (cents)	**45.1**	24.8	(47.5)

Diluted

Diluted earnings and diluted headline earnings per share are calculated using earnings and headline earnings adjusted for the effect of all dilutive potential ordinary shares throughout the group, as well as by adjusting the weighted average number of ordinary shares in issue to assume conversion of all dilutive potential ordinary shares on a group level (arising from the share-based payment arrangements set out in notes 14). A calculation is performed to determine the number of shares that could have been acquired at fair value (determined using the annual volume weighted average JSE-listed share price of the company's shares) based on the monetary value of the shares/share options granted to participants.

Diluted earnings attributable to ordinary shareholders	**65**	240	(834)
Diluted headline earnings	**743**	407	(807)
Diluted weighted number of shares at end of year ('000)	**1 703 910**	1 718 755	1 624 138
Diluted attributable earnings per share (cents)	**3.8**	14.0	(51.3)
Diluted headline earnings per share (cents)	**43.6**	23.7	(49.7)

32. FINANCIAL RISK MANAGEMENT

32.1 Financial risk factors

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

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

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

32. **FINANCIAL RISK MANAGEMENT (continued)**

32.1 **Financial risk factors (continued)**

GROUP	**Available-for-sale Rm**	**At fair value through profit or loss Rm**	**At amortised cost Rm**	**Total Rm**
28 February 2019				
Financial assets				
– Loans to associates			**172**	**172**
– Equity securities		**30**		**30**
– Loans and advances			**95**	**95**
– Trade and other receivables			**1 256**	**1 256**
– Cash, money market investments and other cash equivalents		**252**	**181**	**433**
	–	**282**	**1 704**	**1 986**
Financial liabilities				
– Borrowings			**3 072**	**3 072**
– Derivative financial liabilities		**26**		**26**
– Trade and other payables			**973**	**973**
	–	**26**	**4 045**	**4 071**
28 February 2018				
Financial assets				
– Loans to associates			132	132
– Loans to joint ventures			4	4
– Equity securities		688		688
– Loans and advances			138	138
– Trade and other receivables			1 087	1 087
– Cash, money market investments and other cash equivalents			326	326
	–	688	1 687	2 375
Financial liabilities				
– Borrowings			3 367	3 367
– Derivative financial liabilities		39		39
– Trade and other payables			977	977
	–	39	4 344	4 383
28 February 2017				
Financial assets				
– Loans to associates			77	77
– Loans to joint ventures			3	3
– Equity securities	7	39		46
– Loans and advances			147	147
– Trade and other receivables			1 119	1 119
– Cash, money market investments and other cash equivalents			422	422
	7	39	1 768	1 814
Financial liabilities				
– Borrowings			2 974	2 974
– Derivative financial liabilities			95	95
– Trade and other payables			1 073	1 073
	–	–	4 142	4 142

32. **FINANCIAL RISK MANAGEMENT (continued)**

32.1 **Financial risk factors (continued)**

COMPANY

The company had no financial assets (2018: Rnil) (2017: Rnil) at the reporting date. Borrowings and trade and other payables are classified as financial liabilities carried at amortised cost. The carrying amounts of financial assets and liabilities carried at amortised cost approximate their fair values.

32.2 **Market risk**

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

Price risk

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

The table below summarises the sensitivity of the group's post-tax net profit for the year as a result of market price fluctuations. The analysis is based on the assumption that marked-to- market prices increase/decrease by 20% (2018: 20%) (2017:20%) at the reporting date, with all other variables (e.g. effective tax rate) held constant.

GROUP	**2019** **20% increase Rm**	**20% decrease Rm**	2018 20% increase Rm	20% decrease Rm	2017 20% increase Rm	20% decrease Rm
Impact on post-tax profit	**5**	**(5)**	107	(107)	7	(7)

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

32. **FINANCIAL RISK MANAGEMENT (continued)**

32.2 **Market risk (continued)**

Cash flow and fair value interest rate risk

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

GROUP	**2019 Rm**	2018 Rm	2017 Rm
Loans to associates	**172**	132	77
Floating rate	**137**	127	70
Fixed rate (including interest-free)	**35**	5	7
Loans to joint ventures	**–**	4	3
Fixed rate (including interest-free)		4	3
Loans and advances	**95**	138	147
Floating rate	**73**	67	127
Fixed rate (including interest-free)	**22**	71	20
Trade and other receivables	**1 256**	1 087	1 119
Floating rate	**49**	54	613
Fixed rate (including interest-free)	**1 207**	1 033	506
Cash, money market investments and other cash equivalents	**433**	326	422
Floating rate	**416**	282	415
Fixed rate (including interest-free)	**17**	44	7
Borrowings	**(3 072)**	(3 367)	(2 974)
Floating rate	**(1 469)**	(2 256)	(2 500)
Fixed rate (including interest-free)	**(1 603)**	(1 111)	(474)
Trade and other payables	**(973)**	(977)	(1 073)
Floating rate	**(11)**		
Fixed rate (including interest-free)	**(962)**	(977)	(1 073)
Total	**(2 089)**	(2 657)	(2 279)
Floating rate	**(805)**	(1 726)	(1 275)
Fixed rate	**(1 284)**	(931)	(1 004)

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

COMPANY

The company had no exposure to interest rate risk

The table below summarises the sensitivity of the group's post-tax net profit for the year to interest rate fluctuations. The analysis is based on the assumption that interest rates were 1% (2018:1%) (2017:1%) higher/lower for the full year, with all other variables (e.g. effective tax rate, interest carrying balances) held constant.

GROUP	**2019 1% increase Rm**	**2019 1% decrease Rm**	2018 1% increase Rm	2018 1% decrease Rm	2017 1% increase Rm	2017 1% decrease Rm
Impact on post-tax profit	**(9)**	**9**	(18)	18	(9)	9

32. FINANCIAL RISK MANAGEMENT (continued)

32.2 Market risk (continued)

Foreign exchange risk

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

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

GROUP	**British pound sterling Rm**	**United States dollar Rm**	**Euro Rm**	**Australian dollar Rm**	**Chinese yuan renminbi Rm**	**Mozambique new metical Rm**	**Zambian kwacha Rm**	**Sub-total A Rm**
At 28 February 2019								
Financial assets								
– Trade and other receivables	**59**	**201**	**143**		**2**	**10**	**1**	**416**
– Cash and cash equivalents	**35**	**28**	**43**			**26**	**2**	**134**
Financial liabilities								
– Trade and other payables	**(4)**	**(120)**	**(17)**	**(2)**	**(34)**		**(2)**	**(179)**
– Borrowings		**(25)**						**(25)**
Total	**90**	**84**	**169**	**(2)**	**(32)**	**36**	**1**	**346**

	Sub-total A Rm	**Malawi kwacha Rm**	**Total Rm**
Financial assets			
– Trade and other receivables	**416**		**416**
– Cash and cash equivalents	**134**		**134**
Financial liabilities			
– Trade and other payables	**(179)**	**(4)**	**(183)**
– Borrowings	**(25)**		**(25)**
Total	**346**	**(4)**	**342**

GROUP	British pound sterling Rm	United States dollar Rm	Euro Rm	Australian dollar Rm	Chinese yuan renminbi Rm	Mozambique new metical Rm	Zambian kwacha Rm	Sub-total A Rm
At 28 February 2018								
Financial assets								
– Loans and advances		32	2					34
– Trade and other receivables	55	301	216		1	13	17	603
– Cash and cash equivalents	39	49	43			46	2	179
Financial liabilities								
– Trade and other payables	(11)	(175)	(31)	(1)	(5)	(1)	(6)	(230)
– Borrowings		(158)	(212)				(3)	(373)
Total	83	49	18	(1)	(4)	58	10	213

	Sub-total A Rm	New Zealand dollar Rm	Malawi kwacha Rm	Kenyan shilling Rm	Total Rm
Financial assets					
– Loans and advances	34				34
– Trade and other receivables	603		1	1	605
– Cash and cash equivalents	179				179
Financial liabilities					
– Trade and other payables	(230)	(1)			(231)
– Borrowings	(373)				(373)
Total	213	(1)	1	1	214

32. FINANCIAL RISK MANAGEMENT (continued)

32.2 Market risk (continued)

	British pound sterling Rm	United States dollar Rm	Euro Rm	Australian dollar Rm	Chinese yuan renminbi Rm	Mozambique new metical Rm	Zambian kwacha Rm	Sub-total A Rm
At 28 February 2017								
Financial assets								
– Loans and advances		40						40
– Trade and other receivables	9	233	78		127	29	22	498
– Cash and cash equivalents	2	20	3			346	3	374
Financial liabilities								
– Trade and other payables	(3)	(130)	(84)	(1)	(15)	(3)	(3)	(239)
– Borrowings		(109)	(75)			(1)	(53)	(238)
Total	8	54	(78)	(1)	112	371	(31)	436

	Sub-total A Rm	Japanese yen Rm	Hong Kong dollar Rm	New Zealand dollar Rm	Total Rm
At 28 February 2017					
Financial assets					
– Loans and advances	40				40
– Trade and other receivables	498	526	14		1 038
– Cash and cash equivalents	374	102	6		482
Financial liabilities					
– Trade and other payables	(239)	(194)	–	(5)	(438)
– Borrowings	(238)				(238)
Total	436	434	20	(5)	885

Capespan Group Limited has restated the 28 February 2018 information. The restatement had no impact on previously reported income statements and statements of financial position, comprehensive income, changes in equity and cash flows for the year then ended.

COMPANY

The company had no exposure to foreign exchange risk.

A cash flow hedge is a hedge of the exposure to variability in cash flows associated with a recognised asset or liability or a highly probable forecast transaction that is attributable to a particular risk and could affect profit or loss. Capespan Group Limited and Zaad Holdings Limited entered into forward currency exchange contracts in respect of import/export transactions. These transactions met the definition of a cash flow hedge and have accordingly been accounted for on the basis set forth in accounting policy note 12.3.

The group has entered into forward currency exchange contracts (some being designated as hedging instruments), which relate to specific foreign commitments in respect of the aforementioned transactions (hedged items). The carrying value of forward currency exchange contracts are set out in note 18.

32. **FINANCIAL RISK MANAGEMENT (continued)**

32.2 **Market risk (continued)**

Details of forward currency exchange contracts outstanding at the reporting date are as follows:

GROUP	Foreign amount Rm	Average exchange rate	Rand exposure translated at closing rate Rm
2019			
Exports			
United States dollar	**1.6**	**14.3**	**23**
Euro	**0.7**	**16.3**	**11**
			34
Imports			
United States dollar	**0.6**	**14.4**	**10**
British pound sterling	**0.6**	**18.3**	**11**
Euro	**0.6**	**16.4**	**10**
			30
2018			
Exports			
United States dollar	2.2	12.4	27
British pound sterling	0.9	16.7	16
Euro	0.9	14.9	14
			57
Imports			
United States dollar	0.5	12.6	6
British pound sterling		17.3	1
Euro	0.5	15.1	7
			14
2017			
Exports			
United States dollar	1.9	14.7	28
British pound sterling	1.4	20.0	28
Euro	0.6	16.3	9
Japanese yen	346.0	0.1	48
			113
Imports			
United States dollar	0.4	13.8	5
Euro	0.5	15.0	7
			12

32. FINANCIAL RISK MANAGEMENT (continued)

32.2 Market risk (continued)

The table below shows the sensitivity of post-tax profits of the group to a 20% (2018: 20%) (2017: 20%) appreciation/depreciation in the South African rand exchange rate at year-end, with all other variables (e.g. effective tax rate) held constant.

	2019		2018		2017	
GROUP	**20% appreciation Rm**	**20% depreciation Rm**	20% appreciation Rm	20% depreciation Rm	20% appreciation Rm	20% depreciation Rm
Translation of financial assets/liabilities from transaction to functional currency						
Impact on post-tax profit						
United States dollar	**(38)**	**38**	1	(1)	(6)	6
Euro	**1**	**(1)**	(2)	2	13	(13)
Hong Kong dollar			(1)	(1)		
Chinese yuan renminbi	**5**	**(5)**	1	(1)	(16)	16
Mozambique new metical					(1)	1
Zambian kwacha					4	(4)
New Zealand dollar	**1**	**(1)**			1	(1)
Translation from functional to presentation currency						
Impact on post-tax profit						
British pound	**(11)**	**11**	(8)	8	(8)	8
United States dollar	**39**	**(39)**	5	(5)	1	(1)
Euro	**(9)**	**9**				
Hong Kong dollar	**(3)**	**3**			2	(2)
Chinese yuan renminbi			(13)	13	(13)	13
Japanese yen			(3)	3	2	(2)
Mozambique new metical	**9**	**(9)**	9	(9)	8	(8)
Zambian kwacha	**(1)**	**1**				
Impact on post-tax other comprehensive income						
British pound	**18**	**(18)**	17	(17)	(26)	26
United States dollar	**(37)**	**37**	15	(15)	(17)	17
Euro	**(28)**	**28**	62	(62)	(29)	29
Hong Kong dollar					(8)	8
Japanese yen					(10)	10
Mozambique new metical	**4**	**(4)**	8	(8)	(14)	14
Zambian kwacha	**(4)**	**4**	(1)	1		
Zimbabwe RTGS	**8**	**(8)**				

32. **FINANCIAL RISK MANAGEMENT (continued)**

32.3 **Credit risk**

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

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

GROUP	**Aaa Moody's Rm**	**Aa Moody's Rm**	**A Moody's Rm**	**Baa Moody's Rm**	**Ba Moody's Rm**	**B Moody's Rm**	**Caa Moody's Rm**	**Sub-total A Rm**
28 February 2019								
Trade and other receivables	**2**	**65**				**2**		**69**
Bank balances – cash and cash equivalents			**87**	**1**	**24**	**36**	**30**	**178**
	2	**65**	**87**	**1**	**24**	**38**	**30**	**247**

	Sub-total A Rm	**Not rated Rm**	**Carrying value Rm**
Loans to associates	**–**	**172**	**172**
Loans and advances	**–**	**95**	**95**
Trade and other receivables	**69**	**1 187**	**1 256**
Bank balances – cash and cash equivalents	**178**	**3**	**181**
Money market fund – cash and cash equivalents	**–**	**252**	**252**
	247	**1 709**	**1 956**

GROUP	Aaa Moody's Rm	Aa Moody's Rm	A Moody's Rm	Baa Moody's Rm	Ba Moody's Rm	B Moody's Rm	Not rated Rm	Sub-total A Rm
28 February 2018								
Loans to associates							132	132
Loans to joint ventures							4	4
Loans and advances							138	138
Trade and other receivables	24			45			806	875
Bank balances – cash and cash equivalents		1	106	6	11	89	3	216
Money market fund – cash and cash equivalents							110	110
	24	1	106	51	11	89	1 193	1 475

32. FINANCIAL RISK MANAGEMENT (continued)

32.3 Credit risk (continued)

	Sub-total A Rm	Past due but not impaired assets Rm	Carrying value Rm
Loans to associates	132		132
Loans to joint ventures	4		4
Loans and advances	138		138
Trade and other receivables	875	212	1 087
Bank balances – cash and cash equivalents	216		216
Money market fund – cash and cash equivalents	110		110
	1 475	212	1 687

GROUP	Aaa Moody's Rm	Aa Moody's Rm	A Moody's Rm	Baa Moody's Rm	Caa Moody's Rm	Not rated Rm	Past due but not impaired assets Rm	Carrying Value Rm
28 February 2017								
Loans to associates						77		77
Loans to joint ventures						3		3
Loans and advances						147		147
Trade and other receivables	36			8		912	162	1 119
Bank balances – cash and cash equivalents	2	18	63	103	65	4		254
Money market fund – cash and cash equivalents						168		168
	38	18	63	111	65	1 311	162	1 768

Loans to associates, loans to joint ventures and loans and advances consist of secured and unsecured assets. There are no significant concentrations of credit risk. The group assesses all counterparties for creditworthiness before transacting, and monitors creditworthiness on a regular basis.

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

The non-rated financial assets comprise mainly trade and other receivables. These balances mainly relate to Capespan and Zaad trade receivables. Capespan and Zaad performs ongoing credit evaluations regarding the financial condition of its trade receivables, and where appropriate, purchases credit guarantee insurance. Capespan's credit guarantee insurance is limited to an annual aggregate of R508 million (2018: R507 million) (2017: R400 million) and Zaad's credit guarantee insurance is limited to an annual aggregate of R68 million (2018: R69 million).

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

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

32. **FINANCIAL RISK MANAGEMENT (continued)**

32.3 **Credit risk (continued)**

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

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, each individual company's trade receivables have been grouped based on shared credit risk characteristics and the days past due criterion.

The expected credit loss rates for trade receivables are determined using a provision matrix. The provision matrix used is based on each individual company within the group's historical default rates observed over the expected life of the receivables, adjusted for factors that are specific to the debtor, general economic conditions and an assessment of both the current and forecast direction of the market at the reporting date, including time value for money, where appropriate.

The loss allowance as at 28 February 2019 was determined as follows:

GROUP	Current Rm	More than 30 days past due Rm	More than 60 days past due Rm	More than 90 days past due Rm	Total Rm
Gross carrying amount – trade receivable	**794**	**84**	**41**	**189**	**1 108**
Loss allowance	**4**	**3**	**2**	**40**	**49**
Expected loss rate (%)	**0.5**	**3.6**	**4.9**	**21.2**	**4.4**

The closing loss allowances for trade receivables as at 28 February 2019 reconcile to the opening allowances as follows:

	Performing Rm	Non-performing Rm	Total Rm
Opening balance	**(7)**	**(41)**	**(48)**
Opening carrying value adjustment to due to initial application of IFRS 9	**(2)**	**(20)**	**(22)**
Charge to profit or loss			
In respect of financial assets originated during the year	**1**	**2**	**3**
In respect of financial assets originated during the prior years		**3**	**3**
Amounts written off		**19**	**19**
Subsidiaries acquired	**(1)**	**(4)**	**(5)**
Other movements		**1**	**1**
	(9)	**(40)**	**(49)**

32. **FINANCIAL RISK MANAGEMENT (continued)**

32.3 **Credit risk (continued)**

The table below gives an age analysis of trade and other receivables that are past due but not impaired as at 28 February 2018 and 28 February 2017 in terms of IAS 39. The other classes of financial assets do not contain assets that are past due but not impaired.

GROUP	0-2 months Rm	2-6 months Rm	6-12 months Rm	Total Rm
At 28 February 2018	86	70	56	212
At 28 February 2017	59	81	22	162

Reconciliation of allowance for impairment of trade receivables:	2018 Rm	2017 Rm
Balance at beginning of year	31	49
Amounts written off	(26)	(20)
Net impairment provision	42	2
Balance at end of year	47	31

COMPANY

The company had no exposure to credit risk.

32.4 **Liquidity risk**

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

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

GROUP	Less than one year Rm	One to five years Rm	Over five years Rm	Carrying value Rm
28 February 2019				
– Borrowings	**1 300**	**2 241**	**35**	**3 072**
– Derivative financial liabilities	**1**	**25**		**26**
– Trade and other payables	**973**			**973**
	2 274	**2 266**	**35**	**4 071**
28 February 2018				
– Borrowings	1 451	1 887	84	3 367
– Derivative financial liabilities	15	24		39
– Trade and other payables	977			977
	2 443	1 911	84	4 383
28 February 2017				
– Borrowings	2 120	950	49	2 974
– Derivative financial liabilities	56	64		95
– Trade and other payables	1 077			1 073
	3 252	1 014	49	4 142

32. **FINANCIAL RISK MANAGEMENT (continued)**

32.4 **Liquidity risk (continued)**

COMPANY

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

32.5 **Fair value estimation**

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

Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price.

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.

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

Level 3

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

Certain equity securities included in level 3 of the fair value hierarchy as at the most recent reporting date consisted of the unquoted equity securities set out in note 6. The unquoted equity securities include advances which are linked to equity securities traded in over-the-counter markets. In terms of these agreements, the group is entitled to the majority of the increase in the market value of the underlying over-the-counter traded equity securities and the dividends received on these securities. The advances are carried at the fair value of the underlying over-the-counter traded equity securities. Based on the assumption that the over-the-counter prices of the traded equity securities were 20% (2018: 20%) (2017:20%) higher/lower for the full year, the fair value would have been R3.8 million (2018: R5.1 million) (2017:R8.9 million) higher/lower than the current fair value.

Other derivative liabilities included in level 3 relate to put options held by non-controlling interests against the group. These fair values are calculated by applying the contractually agreed price/earnings multiple to the relevant subsidiary's board-approved budgeted profits and discounting it at a market-related interest rate. Based on the assumption that the interest rates were 1% (2018: 1%) higher/lower for the full year, with all other variables (e.g. the relevant subsidiary's board-approved budgeted profits) held constant, the fair value would have been R0.7 million (2018: R0.1 million) (2017:R0.2 million) higher/lower than the current fair value.

32. **FINANCIAL RISK MANAGEMENT (continued)**

32.5 **Fair value estimation (continued)**

The fair value of financial assets and liabilities carried at amortised cost approximates their fair value. The following financial assets are measured at fair value:

GROUP	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
28 February 2019				
Assets				
Money market fund – cash and cash equivalents	**252**			**252**
Equity securities		**1**	**29**	**30**
	252	**1**	**29**	**282**
Liabilities				
Derivative financial liabilities		**1**	**25**	**26**
28 February 2018				
Assets				
Equity securities	9		679	688
Liabilities				
Derivative financial liabilities			39	39
28 February 2017				
Assets				
Equity securities		2	44	46
Liabilities				
Derivative financial liabilities		1	94	95

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

		Level 3	
GROUP	**2019 Rm**	2018 Rm	2017 Rm
Reconciliation of financial assets:			
Opening balance	**679**	44	72
Transfer from subsidiaries to equity securities		700	
Disposal	**(1 177)**	(7)	(23)
Fair value gains/(losses)	**473**	8	(5)
Exchange differences	**54**	(66)	
Closing balance	**29**	679	44
Reconciliation of financial liabilities:			
Opening balance	**39**	94	65
Additions			25
Disposals	**(15)**	(47)	
Fair value gains	**(3)**	(15)	(3)
Finance costs	**4**	7	7
Closing balance	**25**	39	94

COMPANY

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

32. **FINANCIAL RISK MANAGEMENT (continued)**

32.5 **Fair value estimation (continued)**

Capital management

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

Zeder Investments Limited's capital management is performed at a group level, giving consideration to, *inter alia*, the group's sum-of-the-parts value. When funding is required management will consider the various forms of paper available for issue taking into account current market conditions, anticipated trends in market indicators and the financial position of the group at the time. Management will accordingly consider raising additional capital or utilising debt. The directors have authority to issue ordinary shares up to 10% (2018:5%) (2017:5%) of the number of shares in issue.

33. **EVENTS SUBSEQUENT TO THE REPORTING DATE**

The directors are unaware of any matter or event which is material to the financial affairs of the group that have occurred between the reporting date and the date of approval of these annual financial statements.

ANNEXURE A – SIGNIFICANT SUBSIDIARIES
FOR THE YEAR ENDED 28 FEBRUARY 2019

Subsidiary	Country of incorporation[1]	Nature of business	Economic interest held directly or indirectly[2] 2019 %	2018 %	2017 %
Zeder Financial Services Limited	South Africa	Investment holding	**100.0**	100.0	100.0
Zaad Holdings Limited ("Zaad")	South Africa[3]	Agricultural seed production/marketing	**95.3**	93.2	91.4
Capespan Group Limited ("Capespan")	South Africa[4]	Fruit and farming	**97.4**	97.5	98.1
The Logistics Group Proprietary Limited ("TLG")[7]	South Africa[5]	Logistics	**97.4**		
Agrivision Africa ("Agrivision")	Mauritius[6]	Farming and milling	**56.0**	56.0	55.6
The Logistic Company Proprietary Limited ("TLC")	South Africa	Logistics		51.0	

1 *Principle place of business is the country of incorporation, unless otherwise stated.*

2 *Economic interests equal voting rights.*

3 *Operating via subsidiaries in Southern Africa, Europe and the Middle East.*

4 *Operating via various subsidiaries throughout the world and a previously held associate in China. During the year, Capespan disposed of its entire shareholding in the Joy Wing Mau Group in China. The previously held associate, Golden Wing Mau, formed part of the Joy Wing Mau Group. (refer Annexure B of the annual financial statements).*

5 *Operating via subsidiaries in Southern Africa.*

6 *Operating via subsidiaries in Zambia.*

7 *During the year Capespan unbundled its logistics division and formed TLG. The Fruit & Farming operations remain within Capespan. Zeder also transferred its investment in the logistical application business, TLC, to TLG to ensure TLG benefits from the logistics-related technology developed within TLC.*

Subsidiary	Profit or loss attributable to non-controlling interests 2019 Rm	2018 Rm	2017 Rm	Carrying value of non-controlling interests 2019 Rm	2018 Rm	2017 Rm
Zaad	**9**	9	14	**61**	95	100
Capespan	**30**	17	11	**46**	66	48
TLG				**38**		
Agrivision	**(6)**	(71)	29	**171**	169	259
TLC		(1)			(3)	
Total	**33**	(46)	54	**316**	327	407

Subsidiary	Profit from continuing operations 2019 Rm	Total comprehensive income for the year 2019 Rm	Revenue 2019 Rm
Zaad[8]	**117**	**(67)**	**1 635**
Capespan[9]	**164**	**210**	**5 557**
Agrivision[9]	**(14)**	**(3)**	**406**

ANNEXURE A – SIGNIFICANT SUBSIDIARIES (continued)

Subsidiary	Profit from continuing operations 2018 Rm	Total comprehensive income for the year 2018 Rm	Revenue 2018 Rm	Profit from continuing operations 2017 Rm	Total comprehensive income for the year 2017 Rm	Revenue 2017 Rm
Zaad[8]	120	89	1 409	109	60	1 314
Capespan[9]	(27)	(42)	6 619	89	(278)	8 311
Agrivision[9]	(161)	(192)	466	67	(12)	584

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

	Dividends paid					
Subsidiary	To non-controlling interests 2018 Rm	To owners of the parent 2018 Rm	Total 2018 Rm	To non-controlling interests 2017 Rm	To owners of the parent 2017 Rm	Total 2017 Rm
Zaad[8]			–			–
Capespan[9]	20	38	58	13	55	68
Agrivision[9]			–			–

	Assets		
Subsidiary	**Non-current 2019 Rm**	**Current 2019 Rm**	**Total 2019 Rm**
Zaad[8]	**1 195**	**1 514**	**2 709**
Capespan[9]	**1 456**	**898**	**2 354**
TLG[9]	**506**	**325**	**831**
Agrivision[9]	**536**	**236**	**772**

	Assets					
Subsidiary	Non-current 2018 Rm	Current 2018 Rm	Total 2018 Rm	Non-current 2017 Rm	Current 2017 Rm	Total 2017 Rm
Zaad[8]	1 014	1 472	2 486	793	1 267	2 060
Capespan[9]	2 659	1 270	3 929	2 470	1 466	3 937
TLG[9]			–			–
Agrivision[9]	465	299	764	615	416	1 031

ANNEXURE A – SIGNIFICANT SUBSIDIARIES (continued)

Subsidiary	Liabilities Non-current 2019 Rm	Current 2019 Rm	Total 2019 Rm
Zaad[8]	**211**	**1 115**	**1 326**
Capespan[9]	**130**	**494**	**624**
TLG[9]	**186**	**297**	**483**
Agrivision[9]	**108**	**320**	**428**

Subsidiary	Liabilities Non-current 2018 Rm	Current 2018 Rm	Total 2018 Rm	Non-current 2017 Rm	Current 2017 Rm	Total 2017 Rm
Zaad[8]	258	1 071	1 329	243	888	1 131
Capespan[9]	858	1 207	2 065	709	1 278	1 986
TLG[9]			–			–
Agrivision[9]	153	268	421	316	176	492

[8] Represents the year ended 31 January 2019 (2018: 31 January 2018) (2017: 31 January 2017).

[9] Represents the year ended 31 December 2018 (2018: 31 December 2017) (2017: 31 December 2016).

ANNEXURE B – SIGNIFICANT ASSOCIATES FOR THE YEAR ENDED 28 FEBRUARY 2019

Associate	Country of incorporation[1]	Nature of business	Economic interest held directly or indirectly[2] 2019 %	2018 %	2017 %
Pioneer Food Group Limited ("Pioneer Foods")	South Africa[3]	Food and beverage distributer	**31.0**	31.2	31.4
Kaap Agri Limited ("Kaap Agri")	South Africa[3]	Agricultural	**43.0**	43.1	41.9
Quantum Foods Holdings Limited ("Quantum Foods")	South Africa[3]	Feeds and poultry business	**29.0**	27.7	26.7
May Seed[4]	Turkey	Agricultural	**34.4**	34.4	
Golden Wing Mau ("GWM")[5]					10.5

[1] *Principle place of business is the country of incorporation, unless otherwise stated.*

[2] *Economic interests equal voting rights, except for Pioneer Foods and Kaap Agri where voting interest amounts to 27.1% and 41.1% (2018: 27.0% and 40.9%) (2017: 27.1% and 39.8%), respectively.*

[3] *Operating via various subsidiaries throughout Southern Africa.*

[4] *During the prior year, Zaad Holdings Limited acquired a 35% interest in May-Agro Tohumculuk Sanayi ve Ticaret Anonim Şirketi ("May Seed"), a Turkish seed company.*

[5] *After a further reduction in interest in GWM and together with careful considerations of other factors, it became evident that Capespan Group Limited no longer has significant influence over GWM and transferred the interest in the associate to equity securities (refer note 4.1 of the annual financial statements).*

Associate	Dividends received during the year 2019 Rm	2018 Rm	2017 Rm	Carrying value at year-end 2019 Rm	2018 Rm	2017 Rm	Market value of quoted investments at year-end 2019 Rm	2018 Rm	2017 Rm
Pioneer Foods	**213**	213	213	**4 689**	5 204	5 157	**4 689**	7 660	9 538
Kaap Agri	**35**	34	28	**783**	714	612	**959**	1 376	1 321
Quantum Foods	**55**	21	4	**216**	207	174	**216**	246	193
May Seed				**146**	154				
GWM						591			
Other immaterial associated companies (aggregated)	**5**	5	5	**436**	340	290			
Total	**308**	273	249	**6 270**	6 619	6 824	**5 864**	9 282	11 052

Associate	Profitability (100%) Profit for the year 2019 Rm	Total comprehensive income for the year 2019 Rm	Revenue 2019 Rm
Pioneer Foods[6]	**1 077**	**1 101**	**20 152**
Kaap Agri[6,7]	**249**	**249**	**6 549**
Quantum Foods[6]	**362**	**331**	**4 122**
May Seed[8]	**53**	**52**	**516**

ANNEXURE B – SIGNIFICANT ASSOCIATES (continued)

Associate	Profit for the year 2018 Rm	Total comprehensive income for the year 2018 Rm	Revenue 2018 Rm	Profit for the year 2017 Rm	Total comprehensive income for the year 2017 Rm	Revenue 2017 Rm
	Profitability (100%)					
Pioneer Foods[6]	726	871	19 575	1 690	1 488	20 600
Kaap Agri[6,7]	241	242	6 416	210	210	5 653
Quantum Foods[6]	128	134	4 052	91	114	3 913
May Seed[8]	7	5	458			

Associate	**Profit for the year 2019 Rm**	**Total comprehensive income for the year 2019 Rm**	Profit for the year 2018 Rm	Total comprehensive income for the year 2018 Rm	Profit for the year 2017 Rm	Total comprehensive income for the year 2017 Rm
	Profitability (Group's interest)					
Pioneer Foods[6]	**325**	**318**	234	224	480	433
Kaap Agri[6,7]	**108**	**104**	98	93	94	94
Quantum Foods[6]	**99**	**99**	50	50	14	19
May Seed[8]	**19**	**18**	2	2		

Associate	**Interest income 2019 Rm**	**Depreciation and amortisation 2019 Rm**	**Finance cost 2019 Rm**	**Income tax expense 2019 Rm**
	Other income statement line items (100%)			
Pioneer Foods[6]	**17**	**(438)**	**(197)**	**(31)**
Kaap Agri[6,7]	**116**	**(51)**	**(83)**	**(96)**
Quantum Foods[6]	**25**	**(71)**	**(1)**	**(136)**
May Seed[8]		**(20)**	**(10)**	**(10)**

Associate	Interest income 2018 Rm	Depreciation and amortisation 2018 Rm	Finance cost 2018 Rm	Income tax expense 2018 Rm	Interest income 2017 Rm	Depreciation and amortisation 2017 Rm	Finance cost 2017 Rm	Income tax expense 2017 Rm
	Other income statement line items (100%)							
Pioneer Foods[6]	19	(387)	(197)	(259)	43	(342)	(167)	(629)
Kaap Agri[6,7]	113	(43)	(69)	(91)	97	(30)	(47)	(80)
Quantum Foods[6]	8	(62)	(2)	(50)	8	(55)	(1)	(40)
May Seed[8]		(20)	(15)	(53)				

ANNEXURE B – SIGNIFICANT ASSOCIATES (continued)

Associate	Assets			
	Cash and cash equivalents 2019 Rm	**Non-current 2019 Rm**	**Current 2019 Rm**	**Total excluding cash 2019 Rm**
Pioneer Foods[6]	**1 129**	**7 953**	**6 588**	**13 412**
Kaap Agri[6,7]	**40**	**1 305**	**2 622**	**3 887**
Quantum Foods[6]	**422**	**1 092**	**1 423**	**2 093**
May Seed[8]	**4**	**329**	**610**	**935**

Associate	Assets							
	Cash and cash equiva-lents 2018 Rm	Non-current 2018 Rm	Current 2018 Rm	Total excluding cash 2018 Rm	Cash and cash equiva-lents 2017 Rm	Non-current 2017 Rm	Current 2017 Rm	Total excluding cash 2017 Rm
Pioneer Foods[6]	431	7 448	5 505	12 522	1 001	7 012	6 519	12 530
Kaap Agri[6,7]	35	1 077	2 333	3 375	17	808	2 325	12 530
Quantum Foods[6]	262	1 077	1 178	1 993	80	1 072	1 194	2 187
May Seed[8]	15	211	325	521				

Associate	Liabilities		
	Non-current 2019 Rm	**Current 2019 Rm**	**Total 2019 Rm**
Pioneer Foods[6]	**2 396**	**3 730**	**6 126**
Kaap Agri[6,7]	**76**	**2 102**	**2 178**
Quantum Foods[6]	**234**	**426**	**660**
May Seed[8]	**64**	**432**	**496**

Associate	Liabilities					
	Non-current 2018 Rm	Current 2018 Rm	Total 2018 Rm	Non-current 2017 Rm	Current 2017 Rm	Total 2017 Rm
Pioneer Foods[6]	1 645	3 275	4 920	2 345	3 318	5 663
Kaap Agri[6,7]	53	1 775	1 828	30	1 697	1 727
Quantum Foods[6]	237	326	563	242	428	670
May Seed[8]	67	164	231			–

6 *These figures are the latest published results publicly available for these companies for the year ended 30 September 2018 (2018: 30 September 2017) (2017: 30 September 2016).*

7 *Restated as per Kaap Agri Limited 30 September 2018 results.*

8 *These figures are the latest audited financial statements for this company for the year ended 31 August 2018 (2018: 31 August 2017) (2017: 31 August 2016).*

ANNEXURE B – SIGNIFICANT ASSOCIATES (continued)

	Pioneer Foods[9]			Kaap Agri[9,10]		
	2019	2018	2017	**2019**	2018	2017
	Rm	Rm	Rm	**Rm**	Rm	Rm
Total assets reported above	**14 541**	12 952	13 531	**3 927**	3 410	3 133
Total liabilities reported above	**(6 126)**	(4 920)	(5 663)	**(2 178)**	(1 828)	(1 727)
Net assets reported above	**8 415**	8 032	7 867	**1 749**	1 582	1 406
Non-controlling interests						
Equity attributable to owners of the parent	**8 415**	8 032	7 867	**1 749**	1 582	1 406
Group's economic interest in the associate (%)	**31.0**	31.2	31.4	**43.0**	43.1	41.9
Group's interest in equity attributable to owners of the parent	**2 609**	2 507	2 467	**752**	682	588
Group's interest in restatement adjustment of equity attributable to owners of the parent[9]					(1)	
Deemed goodwill included in associates' carrying value (net of impairment)[11]	**2 080**	2 697	2 690	**31**	33	24
Associates' carrying value	**4 689**	5 204	5 157	**783**	714	612

[9] *Amounts are most recently reported publicly available results as at 30 September 2018 (2018: 30 September 2017) (2017: 30 September 2016).*

[10] *Restated as per Kaap Agri Limited 30 September 2018 results.*

[11] *Also include timing differences emanating from lag period accounting adjustments.*

ANNEXURE C – SEGMENT REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2019

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

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

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

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

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

Sum-of-the-parts ("SOTP") is a key valuation tool used to measure the group's performance. In determining SOTP value, listed assets and liabilities are valued using quoted market prices, whereas unlisted assets and liabilities are valued using appropriate valuation methods. These values will not necessarily correspond with the values per the statement of financial position since the latter are predominantly measured using the relevant accounting standards which include historical cost and the equity accounting method.

GROUP	**2019 Rm**	2018 Rm	2017 Rm
Recurring headline earnings			
Segments			
Food, beverages and related services	**372**	394	582
Agri-related retail, trade and services	**115**	102	89
Agri-inputs	**124**	110	124
Agri-production	**(7)**	(30)	26
Recurring headline earnings from investments	**604**	576	821
Management (base) fee			(75)
Net interest, taxation and other income and expenses	**(133)**	(102)	(55)
Recurring headline earnings	**471**	474	691
Management (base) fee			(1 449)
Other non-recurring headline earnings	**296**	(49)	(12)
Headline earnings	**767**	425	(770)
Non-headline items	**(678)**	(171)	(26)
Attributable earnings	**89**	254	(796)
Earnings per share (cents)			
Recurring headline earnings per share	**27.7**	27.6	42.6

ANNEXURE C – SEGMENT REPORT (continued)

GROUP	2019 Rm	2018 Rm	2017 Rm
SOTP value segmental analysis			
Segments			
Food, beverages and related services	**7 076**	10 169	11 706
Agri-related retail, trade and services	**978**	1 405	1 360
Agri-inputs	**2 235**	2 043	1 531
Agri-production	**493**	591	614
Cash and cash equivalents	**254**	111	173
Debt funding	**(1 500)**	(1 000)	(798)
Other net assets	**109**	108	120
SOTP value	**9 645**	13 427	14 706
***SOTP value* per share (rand)**	**5.64**	7.85	8.53
Profit before tax segment analysis			
Segments			
Food, beverages and related services	**818**	479	638
Agri-related retail, trade and services	**104**	93	89
Agri-inputs	**131**	102	123
Agri-production	**(22)**	(156)	29
Management fees and other income and expenses (including impairments)	**(799)**	(114)	(1 600)
Profit before tax	**232**	404	(721)
IFRS revenue (including revenue and investment income) segment analysis			
Food, beverages and related services	**5 644**	6 672	8 359
Revenue	**5 599**	6 621	8 311
Investment income	**45**	51	48
Agri-inputs	**1 652**	1 412	1 325
Revenue	**1 636**	1 398	1 314
Investment income	**16**	14	11
Agri-production	**407**	467	585
Revenue	**406**	466	584
Investment income	**1**	1	1
Unallocated investment income (mainly head office interest income)	**28**	11	6
IFRS revenue	**7 731**	8 562	10 275

ANNEXURE D – SHAREHOLDERS ANALYSIS
FOR THE YEAR ENDED 28 FEBRUARY 2019

GROUP	Shareholders Number	%	Shares held Number	%
Range of shareholding				
1 – 20 000	**9 047**	**74.9**	**44 616 342**	**2.6**
20 001 – 50 000	**1 302**	**10.8**	**42 713 056**	**2.5**
50 001 – 100 000	**715**	**5.9**	**52 105 986**	**3.0**
100 001 – 500 000	**780**	**6.5**	**167 669 170**	**9.8**
500 001 – 1 000 000	**113**	**0.9**	**77 947 539**	**4.6**
Over 1 000 000	**128**	**1.0**	**1 325 125 559**	**77.5**
	12 085	**100.0**	**1 710 177 652**	**100.0**
Treasury shares				
– Employee share scheme	**1**		**5 001 469**	
	12 086		**1 715 179 121**	
Public and non-public shareholding				
Non-public				
– Directors[1]	**6**	**0.1**	**15 528 905**	**0.9**
– PSG Financial Services Limited	**1**		**748 354 891**	**43.8**
Public	**12 078**	**99.9**	**946 293 856**	**55.3**
	12 085	**100.0**	**1 710 177 652**	**100.0**
Major shareholders holding 5% or more of shares in issue *(net of treasury shares)* at 28 February 2019				
PSG Financial Services Limited (wholly owned subsidiary of ultimate holding company, PSG Group Limited)			**748 354 891**	**43.8**
Public Investment Corporation (including Government Employees Pension Fund)[2]			**145 557 686**	**8.5**
Allan Gray Investment Management[2]			**122 708 057**	**7.2**
Coronation Asset Management Proprietary Limited[2]			**107 820 695**	**6.3**
			1 124 441 329	**65.8**

[1] *Refer to note 28 for further details on the directors' shareholdings.*

[2] *The shareholding includes shares held directly or indirectly by the entity and/or its clients.*

PRO FORMA FINANCIAL INFORMATION OF THE ZEDER GROUP

The definitions and interpretations commencing on page 8 of this Circular apply to this Annexure 4.

The *pro forma* financial information of Zeder has been prepared to provide details of how the Zeder Disposal might have affected the consolidated income statement and consolidated statements of financial position and comprehensive income of Zeder and is provided for illustrative purposes only. The Directors of Zeder are responsible for the preparation of the *pro forma* financial information. The *pro forma* consolidated statement of financial position of Zeder at 28 February 2019 has been prepared on the assumption that the Zeder Disposal was effected on 28 February 2019. The *pro forma* consolidated income statement and statement of comprehensive income for the year ended 28 February 2019 has been prepared on the assumption that the Zeder Disposal was effected on 1 March 2018. Because of its nature, the *pro forma* financial information may not fairly present Zeder's consolidated income statement and statements of financial position, comprehensive income and cash flows after the Zeder Disposal. The *pro forma* financial information has been prepared in accordance with Zeder's accounting policies and the revised SAICA Guide on *Pro forma* Financial Information.

The *pro forma* financial information, as set out below, should be read in conjunction with the limited assurance report of the Independent Reporting Accountant, which is included as **Annexure 5** to this Circular.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2019

	Results for the financial year ended 28 February 2019 [1] Rm	Zeder Disposal [2,3,4,5,6,7] Rm	*Pro forma* results after the Zeder Disposal [8,9] Rm
ASSETS			
Non-current assets	**9 492**	**(4 689)**	**4 803**
Property, plant and equipment	1 699		1 699
Intangible assets	669		669
Biological assets (bearer plants)	426		426
Biological assets (agricultural produce)	15		15
Investment in ordinary shares of associates	6 270	(4 689)	1 581
Loans to associates	166		166
Investment in ordinary shares of joint ventures	21		21
Equity securities	30		30
Deferred income tax assets	74		74
Employee benefits	43		43
Loans and advances	79		79
Current assets	**3 300**	**4 903**	**8 203**
Biological assets (agricultural produce)	151		151
Loans to associates	6		6
Loans and advances	16		16
Inventories	1 218		1 218
Trade and other receivables	1 416		1 416
Current income tax assets	60		60
Cash, money market investments and other cash equivalents	433	4 903	5 336
Non-current assets held for sale	1		1
Total assets	**12 793**	**214**	**13 007**

	Results for the financial year ended 28 February 2019 [1] Rm	Zeder Disposal [2,3,4,5,6,7] Rm	*Pro forma* results after the Zeder Disposal [8,9] Rm
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Stated capital	7 060		7 060
Treasury shares	(72)		(72)
Other reserves	(397)	(5)	(402)
Retained earnings	1 505	1 719	3 224
	8 096	**1 714**	**9 810**
Non-controlling interests	316		316
Total equity	**8 412**	**1 714**	**10 126**
Non-current liabilities	**2 101**	**(1 500)**	**601**
Deferred income tax liabilities	93		93
Borrowings	1 880	(1 500)	380
Derivative financial liabilities	25		25
Employee benefits	103		103
Current liabilities	**2 280**	**–**	**2 280**
Borrowings	1 192		1 192
Trade and other payables	993		993
Derivative financial liabilities	1		1
Current income tax liabilities	31		31
Employee benefits	63		63
Total liabilities	**4 381**	**(1 500)**	**2 881**
Total equity and liabilities	**12 793**	**214**	**13 007**
Net asset value per share (cents)	475.7	100.7	576.4
Tangible asset value per share (cents)	436.4	100.7	537.1
Number of shares (m)			
In issue	1 715		1 715
In issue *(net of treasury shares)*	1 702		1 702

Notes and assumptions:

1. Extracted, without adjustment, from the audited consolidated financial statements of Zeder for the year ended 28 February 2019, as set out in **Annexure 3** to this Circular.
2. Derecognition of Zeder's investment in Pioneer Foods, accounted for as an investment in associate, at carrying value of R4.7 billion, as reported in Zeder's consolidated audited results for the year ended 28 February 2019.
3. Recognition of the Zeder Disposal Consideration received from the Zeder Disposal, amounting to R6.4 billion, based on 58.25 million Zeder Disposal Shares at the Base Per Share Scheme Consideration, less an amount of R1.5 billion, based on the assumption that Zeder will use a portion of the Zeder Disposal Consideration received to settle its debt obligations.
4. Derecognition of the share of other reserves of the associate at carrying value of R5 million, as reported in Zeder's consolidated audited results for the year ended 28 February 2019.
5. Recognition of profit on the disposal of Zeder's investment in Pioneer Foods amounting to R1.7 billion, being the Zeder Disposal Consideration of R6.4 billion less the carrying value of R4.7 billion, as at 28 February 2019.
6. No recognition of capital gains tax as a result of the capital loss on the Zeder Disposal.
7. Derecognition of the Zeder debt amounting to R1.5 billion, as reported in Zeder's consolidated audited results for the year ended 28 February 2019, based on the assumption that Zeder will use a portion of the Zeder Disposal Consideration received to settle its debt obligations in full.
8. Represents the *pro forma* financial results after adjusting for the Zeder Disposal.
9. The *pro forma* financial information does not include the financial effect of the intended application of the Zeder Disposal Consideration received from the Zeder Disposal, less the full settlement of its debt obligations, based on the aforementioned assumption, which include:
    a) a distribution of a portion of the Zeder Disposal Consideration to Shareholders by way of a special dividend. The intended special dividend per Share of between R2.49 and R2.78 is being considered by the Zeder board of directors and is subject to the timing of the implementation of the Transaction; and
    b) the remaining portion of the Zeder Disposal Consideration will be used to invest in new opportunities or to re-invest in Zeder's existing underlying portfolio.

PRO FORMA CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2019

	Results for the financial year ended 28 February 2019 [1] Rm	Zeder Disposal [2,3,4,5,6,7] Rm	*Pro forma* results after the Zeder Disposal [8,9,10,11] Rm
Revenue	7 641		7 641
Cost of sales	(6 154)		(6 154)
Gross profit	**1 487**	**–**	**1 487**
Income			
Change in fair value of biological assets	194		194
Investment income	90		90
Net fair value gains	469		469
Other operating income	34	1 205	1 239
Total income	**787**	**1 205**	**1 992**
Expenses			
Marketing, administration and other expenses	(1 734)	(5)	(1 739)
Reversal of impairment of trade and other receivables	6		6
Total expenses	**(1 728)**	**(5)**	**(1 733)**
Net income from associates and joint ventures			
Share of profits of associates and joint ventures	636	(318)	318
Impairment of associates and joint ventures	(647)	617	(30)
Net gain on dilution of interest in associates and joint ventures	21	(14)	7
Net income from associates and joint ventures	**10**	**285**	**295**
Profit before finance costs and taxation	**556**	**1 485**	**2 041**
Finance costs	(324)	113	(211)
Profit before taxation	**232**	**1 598**	**1 830**
Taxation	(110)		(110)
Profit for the year	**122**	**1 598**	**1 720**
Profit attributable to:			
Owners of the parent	89	1 598	1 687
Non-controlling interests	33		33
	122	**1 598**	**1 720**
EARNINGS PER SHARE AND NUMBER OF SHARES IN ISSUE			
Earnings per share (cents)			
Recurring headline	27.7	(10.6)	17.1
Headline (basic)	45.1	(11.3)	33.8
Headline (diluted)	43.6	(10.5)	33.2
Attributable (basic)	5.2	93.9	99.1
Attributable (diluted)	3.8	94.7	98.5
Number of shares (m)			
Weighted average	1 702		1 702
Diluted weighted average	1 704		1 704

Notes and assumptions:

1. Extracted, without adjustment, from the audited consolidated financial statements of Zeder for the year ended 28 February 2019, as set out in **Annexure 3** to this Circular.
2. Recognition of profit on the disposal of Zeder's investment in Pioneer Foods amounting to R1.7 billion less R514 million, consisting of the net income from associate (R285 million), the share of other reserves of the associate (R16 million), and the dividends received during the year (R213 million), as reported in Zeder's consolidated audited results for the year ended 28 February 2019.
3. Recognition of estimated transaction cost incurred of R5 million as an expense. The transaction cost is a *non-recurring* expense and no tax deduction assumed for transaction costs.
4. Derecognition of R318 million share of profits of the associate, R617 million impairment of the associate, and R14 million net gain on dilution of interest in the associate, as accounted for by Zeder in the consolidated audited results for the year ended 28 February 2019.
5. Derecognition of finance cost on the Redeemable Preference Shares, amounting to R113 million, as accounted for by Zeder in the consolidated audited results for the year ended 28 February 2019, based on the assumption that Zeder will use a portion of the Zeder Disposal Consideration received to settle its debt obligations.
6. Derecognition of the share of non-headline earnings of the associate amounting to R31 million, excluding the aforementioned R1.2 billion profit on the disposal of Zeder's investment in Pioneer Food and R617 million impairment of the associate on a Zeder level, as accounted for by Zeder in the consolidated audited results for the year ended 28 February 2019.
7. *Recurring* headline earnings is calculated on a see-through basis. Zeder's *recurring* headline earnings is the sum of its effective interest in that of each of its underlying investments. The result is that investments which Zeder do not equity account or consolidate in terms of accounting standards, are included in the calculation of *recurring* headline earnings. *Non-recurring* headline earnings include equity securities' see-through recurring headline earnings and the related net fair value gains/losses and investment income (as recognised in the income statement). Associates' and subsidiaries' one-off gains/losses are excluded from recurring headline earnings and included in *non-recurring* headline earnings.
8. Represents the *pro forma* financial results after incorporating the adjustments set out above.
9. All adjustments, except for the once-off transaction costs, are expected to have a continuing effect on the income statement.
10. Throughout the *pro forma* financial information an income tax rate of 28% has been assumed.
11. The *pro forma* financial information does do not include interest calculated on the Zeder Disposal Consideration received from the Zeder Disposal, as Zeder has the discretion over how to use positive cash balances and is not expected to have a continuing effect on Zeder.

PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2019

	Results for the financial year ended 28 February 2019[1] Rm	Zeder Disposal[2] Rm	*Pro forma* results after the Zeder Disposal[3,4] Rm
Profit for the year	**122**	**1 598**	**1 720**
Other comprehensive loss for the year, net of taxation	**(90)**	**(5)**	**(95)**
Items that may be reclassified to profit or loss			
Currency translation adjustments	(48)		(48)
Share of other comprehensive income of associates and joint ventures	(39)	(5)	(44)
Items that may not be reclassified to profit or loss			
Losses from changes in financial and demographic assumptions of post-employment benefit obligations	(3)		(3)
Total comprehensive loss for the year	**32**	**1 593**	**1 625**
Attributable to:			
Owners of the parent	11	1 593	1 604
Non-controlling interests	21		21
	32	**1 593**	**1 625**

Notes and assumptions:

1. Extracted, without adjustment, from the audited consolidated financial statements of Zeder for the year ended 28 February 2019, as set out in **Annexure 3** to this Circular.
2. Derecognition of the share of other reserves of the associates at carrying value of R16 million, as reported in Zeder's consolidated audited results for the year ended 28 February 2019, countered by the derecognition of the carrying value of R21 million as at 1 March 2018 due to the derecognition of the investment in the associates as a result of the Zeder Disposal.
3. Represents the *pro forma* financial results after incorporating the Zeder Disposal.
4. All adjustments, except for the once-off transaction costs set out in the *pro forma* consolidated income statement, are expected to have a continuing effect on the consolidated statement of comprehensive income.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF THE ZEDER GROUP

The definitions and interpretations commencing on page 8 of this Circular apply to this Annexure 5.

To the Directors of Zeder Investments Limited

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 the *Pro Forma* Financial Information of Zeder Investments Limited ("**Zeder**") by the directors. The *Pro Forma* Financial Information, as set out in section 8.3 and Annexure 4 of the circular to Zeder shareholders to be dated on or about 29 August 2019 ("**the Circular**"), consist of the *pro forma* consolidated statement of financial position as at 28 February 2019, the *pro forma* consolidated income statement and statement of comprehensive income for the year ended 28 February 2019, related notes and the *pro forma* financial effects ("**the *Pro Forma* Financial Information**"). The applicable criteria on the basis of which the directors have compiled the *Pro Forma* Financial Information are specified in the JSE Limited (JSE) Listings Requirements and described in **Annexure 4** of the Circular.

The *Pro Forma* Financial Information has been compiled by the directors to illustrate the impact of the Zeder Disposal. As part of this process, information about Zeder's financial position and financial performance has been extracted by the directors from Zeder's financial statements for the year ended 28 February 2019, on which an audit report has been published.

Directors' responsibility

The directors of Zeder 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 Annexure 4 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 International Standard on Quality Control 1 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 of the applicable criteria specified in the JSE Listings Requirements and described in Annexure 4 of the Circular 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* issued by the International Auditing and Assurance Standards Board. This standard requires that we 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 is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction 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 by the directors in the compilation of the *Pro Forma* Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *Pro Forma* Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of Zeder, the event or transaction 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 **Annexure 4** of the Circular.

PricewaterhouseCoopers Inc.
Director: *D de Jager*
Registered Auditor
Stellenbosch
14 August 2019

INDEPENDENT EXPERT REPORT

The Independent Board
Zeder Investments Limited
2nd Floor
Ou Kollege
35 Kerk Street
Stellenbosch
7600

14 August 2019

Dear Sirs

REPORT OF THE INDEPENDENT PROFESSIONAL EXPERT TO THE INDEPENDENT BOARD OF DIRECTORS OF ZEDER INVESTMENTS LIMITED REGARDING THE DISPOSAL OF ZEDER INVESTMENTS LIMITED'S INTEREST IN PIONEER FOOD GROUP LIMITED

INTRODUCTION

Shareholders of Zeder ("**Shareholders**") are referred to the joint firm intention announcement published by Pioneer Food Group Limited ("**Pioneer Foods**"), PepsiCo Inc (incorporated in the United States of America) ("**PepsiCo**") and Simba Proprietary Limited, a wholly owned subsidiary of PepsiCo ("**PepsiCo Offeror**"), on the Stock Exchange News Service of the JSE Limited ("**JSE**") ("**SENS**") on Friday, 19 July 2019 ("**Firm Intention Announcement**"), in which it was announced that Pioneer Foods and PepsiCo have entered into a transaction implementation agreement pursuant to which the PepsiCo Offeror has delivered notice to Pioneer Foods of its firm intention to make an offer to acquire the issued ordinary shares of Pioneer Foods ("**Pioneer Foods Ordinary Shares**"), by way of a scheme of arrangement ("**Scheme**") in terms of section 114 of the Companies Act (No. 71 of 2008), as amended ("**Companies Act**") or a general offer ("**Standby Offer**"), at a cash consideration of R110 ("**Base Per Share Scheme Consideration**") plus certain dividend(s) per Pioneer Foods Ordinary Share ("**Transaction**").

Zeder Investments Limited ("**Zeder**" or the "**Company**"), through its wholly owned subsidiary, Zeder Financial Services Limited, holds 58 250 788 Pioneer Foods Ordinary Shares ("**Zeder Disposal Shares**") equivalent to 28.23% of the Pioneer Foods shares entitled to vote on the related Transaction resolutions.

Zeder, PepsiCo and the PepsiCo Offeror have concluded an irrevocable undertaking ("**Irrevocable Undertaking**"), in terms of which Zeder has undertaken in favour of PepsiCo and the PepsiCo Offeror, subject to certain conditions precedent ("**Irrevocable Undertaking Conditions**"), to vote in its capacity as a shareholder of Pioneer Foods, in person or by proxy, all of the Zeder Disposal Shares in favour of the resolutions required and proposed by Pioneer Foods to approve the Scheme and the Transaction and to accept the Standby Offer, if made, which will result in Zeder disposing of the Zeder Disposal Shares to the extent that the Scheme or the Standby Offer becomes unconditional and is implemented ("**Zeder Disposal**").

To the extent that the Zeder Disposal is implemented at the Base Per Share Scheme Consideration, it is anticipated that Zeder will receive approximately R6.4 billion through the disposal of the Zeder Disposal Shares.

INDEPENDENT EXPERT REPORT REQUIRED IN RESPECT OF THE ZEDER DISPOSAL

The Zeder Disposal constitutes the disposal of a greater part of the assets or undertaking of the Company in terms of section 112 of the Companies Act. The Zeder Disposal constitutes an "affected transaction" as defined in section 117(1)(c)(i) of the Companies Act, which is subject to the provisions of the Companies Regulations, 2011 promulgated under the Companies Act ("**Companies Regulations**"). In terms of Regulation 90(1)(a) (as read with section 114(2) and section 114(3) of the Companies Act), the independent board of directors of Zeder ("**Independent Board**") is required to retain an independent expert to provide an independent expert report (in the form of a fair and reasonable opinion) as to how the Zeder Disposal affects all holders of securities in Zeder and whether the proposed terms and conditions of the Zeder Disposal are fair and reasonable insofar as Shareholders are concerned ("**Independent Expert Report**").

BDO Corporate Finance Proprietary Limited ("**BDO Corporate Finance**") has been appointed as the independent expert by the Independent Board to assess the Zeder Disposal as required in terms of section 114 of the Companies Act and Regulation 90 and 110 of the Companies Regulations, and this report is provided for the sole purpose of assisting the Independent Board in forming and expressing an opinion on the Zeder Disposal for the benefit of Shareholders.

RESPONSIBILITY

Compliance with the Companies Act and the Companies Regulations is the responsibility of the Independent Board. Our responsibility is to report to the Independent Board and Shareholders on whether the terms and conditions of the Zeder Disposal are fair and reasonable to Shareholders.

EXPLANATION AS TO HOW THE TERMS "FAIR" AND "REASONABLE" APPLY IN THE CONTEXT OF THE ZEDER DISPOSAL

The "fairness" of a transaction is based on quantitative issues. A transaction will generally be considered to be fair to a company's shareholders if the benefits received, as a result of the transaction, are equal to or greater than the value given up.

The Zeder Disposal will be considered fair if the consideration received per Zeder Disposal Share is equal to or more than the market value per Zeder Disposal Share and unfair if the consideration received per Zeder Disposal Share is less than the market value per Zeder Disposal Share.

The assessment of reasonableness of the Zeder Disposal is generally based on qualitative considerations surrounding the Transaction. Hence, even though the consideration to be received may be lower than the market value, the Zeder Disposal may be considered reasonable after considering other significant qualitative factors. The Zeder Disposal may be said to be reasonable if the offer consideration is greater than the trading price of a Zeder Disposal Share as at the date of the Firm Intention Announcement, or at some other more appropriate identifiable time.

DETAIL AND SOURCES OF INFORMATION

In arriving at our opinion, we have relied upon the following principal sources of information:

- The implementation agreement entered into between PepsiCo Offeror and Pioneer Foods in respect of the Transaction, dated 18 July 2019;
- The terms and conditions of the Zeder Disposal, as set out in the circular to Shareholders dated on or about 29 August 2019 ("**Circular**");
- Audited annual financial statements and annual results presentation of Pioneer Foods and its subsidiaries ("**Pioneer Food Group**") for the year ended 30 September 2017 and 30 September 2018;
- Unaudited condensed consolidated interim financial statements of Pioneer Food Group for the interim periods 31 March 2018 and 31 March 2019;
- Budget and forecast financial information for Pioneer Food Group prepared by the management of Pioneer Foods up to the financial years ending 30 September 2023;
- Reconciliation of the outstanding Pioneer Foods Ordinary Shares and the net debt/cash position of the Pioneer Food Group as at 31 March 2019;
- Early termination valuation models provided by the Pioneer Foods directors relating to the derivative financial instruments and Phantom Share Plan;
- Historical and forecast income statement and the net debt/cash position of the equity accounted joint venture investments of Pioneer Foods;
- Discussions with Pioneer Foods directors, management and advisers regarding the historic and forecast financial information;
- Discussions with Pioneer Foods directors and management on prevailing market, economic, legal and other conditions which may affect underlying value;
- Publicly available information relating to the fast moving consumer goods ("**FMCG**") industry in general; and
- Publicly available information relating to Pioneer Foods that we deemed to be relevant, including Pioneer Food Group announcements, media articles and analyst presentations.

The information above was secured from:

- Directors and management of Pioneer Foods and their advisers; and
- Third party sources, including information related to publicly available economic, market and other data which we considered applicable to, or potentially influencing Pioneer Foods.

PROCEDURES

In arriving at our opinion, we have undertaken the following procedures in evaluating the fairness and reasonableness of the Zeder Disposal:

- Reviewed the terms and conditions of the Zeder Disposal;
- Reviewed the audited and unaudited financial information related to Pioneer Foods, being the 2018 and 2019 audited financial statements, and forecasts prepared by management;
- Held discussions with the management of Pioneer Foods and considered the prevailing economic and market conditions and trends;
- Reviewed and obtained an understanding from management as to the forecast financial information of the Pioneer Food Group prepared by management. Considered the forecast cash flows and the basis of the assumptions therein including the prospects of the business of Pioneer Foods. This review included an assessment of the recent historical performance to date as well as the reasonableness of the outlook assumed based on discussions with management and assessed the achievability thereof by considering historical information as well as macro-economic and sector-specific data;
- Compiled forecast cash flows for Pioneer Foods by using the forecast financial information as detailed above. Applied BDO Corporate Finance's assumptions of cost of capital to the forecast cash flows to produce a discounted cash flow ("**DCF**") valuation of Pioneer Foods;
- Compiled a capitalisation of maintainable earnings valuation of Pioneer Foods per business category by using adjusted historical and forecast financial information and applied BDO Corporate Finance's calculated earnings multiples per business category based on market comparables to earnings before interest, taxation, depreciation and amortisation ("**EBITDA**");
- Performed such other studies and analyses as we considered appropriate and have taken into account our assessment of general economic, market and financial conditions and our experience in other transactions, as well as our experience and knowledge of the FMCG industry generally;
- Assessed the long-term potential of Pioneer Foods;
- Performed a sensitivity analysis on key assumptions included in the valuation;
- Evaluated the relative risks associated with Pioneer Food Group and the industry in which it operates;
- Reviewed certain publicly available information relating to Pioneer Foods and the FMCG industry that we deemed to be relevant, including company announcements and media articles, including available analyst coverage;
- Where relevant, representations made by management and/or directors were corroborated to source documents or independent analytical procedures were performed by us, to examine and understand the industry in which Pioneer Foods operates, and to analyse external factors that could influence the businesses of Pioneer Foods; and
- Held discussions with the directors and management of Pioneer Foods as to their strategy for the business and the rationale for the Transaction.

KEY QUALITATIVE CONSIDERATIONS

In arriving at our opinion, we have considered, in addition to the procedures referred to above, other key factors, which are set out below:

- The rationale for the Zeder Disposal as set out in the Circular.

ASSUMPTIONS

We arrived at our opinion based on the following assumptions:

- That all agreements that have been entered into in terms of the Zeder Disposal will be legally enforceable;
- That the Zeder Disposal will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by representatives and advisers of Zeder; and
- That reliance can be placed on the financial information of Pioneer Foods.

APPROPRIATENESS AND REASONABLENESS OF UNDERLYING INFORMATION AND ASSUMPTIONS

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our opinion by:

- Placing reliance on audit reports in the financial statements of Pioneer Foods;
- Conducting analytical reviews on the historical financial results and the forecast financial information, such as key ratio and trend analyses; and
- Determining the extent to which representations from management were confirmed by documentary and audited financial evidence, as well as our understanding of Pioneer Foods and the economic environment in which Pioneer Food Group operates.

LIMITING CONDITIONS

This Independent Expert Report has been provided to the Independent Board for the sole purpose of assisting the Independent Board in forming and expressing an opinion for the benefit of Shareholders. The Independent Expert Report does not purport to cater for each individual Shareholder's perspective, but rather that of the general body of Shareholders. Should a Shareholder be in doubt as to what action to take, he or she should consult an independent adviser.

An individual Shareholder's decision as to whether to accept the Zeder Disposal may be influenced by his particular circumstances. The assessment as to whether or not the Independent Board decides to recommend the Zeder Disposal is a decision that can only be taken by the Independent Board.

We have relied upon and assumed the accuracy of the information used by us in deriving our opinion. While our work has involved an analysis of the annual financial statements and other information provided to us, our engagement does not constitute, nor does it include, an audit conducted in accordance with generally accepted auditing standards.

Where relevant, forward-looking information of Pioneer Foods relates to future events and is based on assumptions that may or may not remain valid for the whole of the forecast period. Consequently, such information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely the actual future results of Pioneer Foods will correspond to those projected. We have however compared the forecast financial information to past trends as well as discussing the assumptions inherent therein with management of Pioneer Foods.

We have also assumed that the Zeder Disposal will have the legal consequences described in discussions with, and materials furnished to us by representatives and advisers of Zeder and we express no opinion on such consequences.

Our opinion is based on current economic, regulatory and market as well as other conditions. Subsequent developments may affect the opinion, and we are under no obligation to update, review or re-affirm our opinion based on such developments.

We have been neither a party to the negotiations entered into in relation to the Zeder Disposal nor have we been involved in the deliberations leading up to the decision on the part of the board of directors of Zeder to enter into the Zeder Disposal.

We do not, by this letter or otherwise, advise or form any judgement on the strategic, commercial or financial merits or risks of the Zeder Disposal. All such evaluations, advice, judgements or comments remain the sole responsibility of Zeder and its advisers. We have however, drawn upon such evaluations, judgements and comments as we deem necessary and appropriate in arriving at our opinion.

It is also not within our terms of reference to compare the merits of the Zeder Disposal to any alternative arrangements that were or may have been available to Zeder. Such comparison and consideration remain the responsibility of Zeder and its advisers.

INDEPENDENCE, COMPETENCE AND FEES

We confirm that neither we nor any person related to us (as contemplated in the Companies Act) have a direct or indirect interest in Zeder, Pioneer Foods or the Zeder Disposal, nor have had within the immediately preceding two years, any relationship as contemplated in section 114(2)(b) of the Companies Act, and specifically declare, as required by Regulation 90(6)(i) and 90(3)(a) of the Companies Regulations, that we are independent in relation to the Zeder Disposal and will reasonably be perceived to be independent. We also confirm that we have the necessary competence to provide the Independent Expert Report and meet the criteria set out in section 114(2)(a) of the Companies Act.

Furthermore, we confirm that our professional fees of R150,000 (excluding VAT) are payable in cash and are not contingent upon the success of the Zeder Disposal.

VALUATION APPROACH

We have performed a valuation of Pioneer Foods by applying the DCF methodology as the primary valuation methodology and the capitalisation of maintainable earnings methodology as a secondary methodology to support the results of the DCF valuation.

This valuation has been prepared on the basis of "Market Value". The generally accepted definition of "Market Value" is the value as applied between a hypothetical willing vendor and a hypothetical willing prudent buyer in an open market and with access to all relevant information.

The valuations were performed taking cognisance of risk and other market and industry factors affecting Pioneer Foods. Additionally, sensitivity analyses were performed considering key value drivers.

Key internal value drivers to the DCF valuation included revenue growth, EBITDA margins, the discount rate (represented by the weighted average cost of capital ("**WACC**")), working capital and capital expenditure requirements. Net sales value and volume growth are the main drivers of expected revenues to be derived over the forecast period. Input costs and total basket inflation are the main drivers of EBITDA margins.

External value drivers, including; key macro-economic parameters such as, GDP growth, interest rates, exchange rates, headline inflation rates, and prevailing market and industry conditions were considered in assessing the forecast cash flows and risk profile of Pioneer Foods.

Our valuation results are also sensitive to sustainable EBITDA margins and WACC applied in the DCF valuation.

VALUATION RESULTS

In undertaking the valuation exercise above, we have determined a valuation range of R102 to R112 per Zeder Disposal Share, with a most likely value of R107 per Zeder Disposal Share. The Base Per Share Scheme Consideration of R110 is within the suggested price per the ordinary share range calculation from our valuation and is at a premium of 2.8% to our most likely value.

The valuation range above is provided solely in respect of this opinion and should not be used for any other purposes.

THE OFFER CONSIDERATION COMPARED TO THE TRADING PRICE

The Base Per Share Scheme Consideration represents a premium of 56.5% to the volume weighted average price ("**VWAP**") of the Pioneer Foods Ordinary Shares of R70.31, as at 12 July 2019, being the last trading date prior to the date on which the cautionary announcement was published on SENS.

OPINION

BDO Corporate Finance has considered the terms and conditions of the Zeder Disposal and, based on and subject to the conditions set out herein, is of the opinion that the terms and conditions of the Zeder Disposal are fair to Shareholders.

Based on qualitative factors, we are of the opinion that the terms and conditions of the Zeder Disposal are reasonable from the perspective of the Shareholders.

Our opinion is necessarily based upon the information available to us up to 14 August 2019, including in respect of the financial, market and other conditions and circumstances existing and disclosed to us at the date thereof. We have furthermore assumed that all conditions precedent, including any material regulatory and other approvals and consents required in connection with the Transaction have been fulfilled or obtained.

Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

CONSENT

We hereby consent to the inclusion of this letter and references thereto in the Circular in the form and context in which they appear.

Yours faithfully

BDO Corporate Finance Proprietary Limited

Nick Lazanakis CA (SA)
Director

Wanderers Office Park
52 Corlett Drive Illovo
2196

MATERIAL BORROWINGS OF THE ZEDER GROUP AND PIONEER FOOD GROUP

The definitions and interpretations commencing on page 8 of this Circular apply to this Annexure 7.

The material borrowings of Zeder and its Subsidiaries, as at the Last Practicable Date, are set out below:

Lender	Borrower	Type of borrowings	Reason for borrowings	Interest rate	Terms of repayment (i.e. interest only repayments/capital and interest repayments/no repayments) Date upon which loan must be settled	Security furnished	Balance owing on the Last Practicable Date Rm
FirstRand Bank Limited	Zeder [1]	Secured Redeemable Preference Shares	Refinancing of debt and funding for Subsidiaries	Fixed nominal annual dividend rate of 7.73% for the Class A Redeemable Preference Shares and 8.11% for the Class D Redeemable Preference Shares compounded quarterly	Redeemable during October 2022. Will be settled and redeemed if the Zeder Disposal is implemented.	Investments in associates of R6.91 billion	1 555
First National Bank	Zaad Holdings [1]	Overdraft facility	Working capital	10.3% to 10.9%	–	Unsecured	453

Notes:

1. These loans are not convertible into ordinary shares of any company forming part of the Zeder Group.

It is noted that since Pioneer Foods is not a Subsidiary of Zeder, its debt is not consolidated with Zeder's debt and therefore not included in Zeder's statement of financial position. The material borrowings of Pioneer Foods and its Subsidiaries, as at the Last Practicable Date, are set out below:

Lender	Borrower	Type of borrowings	Reason for borrowings	Interest rate	Terms of repayment (i.e. interest only repayments/capital and interest repayments/no repayments) Date upon which loan must be settled	Security furnished	Balance owing on the Last Practicable Date Rm
The Standard Bank of South Africa Limited	Pioneer Foods Proprietary Limited [2]	Secured bullet loan	Working capital	8.3%	Bullet repayable during September 2021. Interest payable quarterly.	Syndicated security: Mortgages over certain land and buildings, special notarial bonds over certain items of plant and equipment, cessions of inventories, trade receivables, insurance policies and bank accounts of guarantors.	150
Ivuzi Investments (RF) Limited	Pioneer Foods Proprietary Limited [2]	Secured bullet loan	Working capital	8.3%	Bullet repayable during September 2021. Interest payable quarterly.	Syndicated security: Mortgages over certain land and buildings, special notarial bonds over certain items of plant and equipment, cessions of inventories, trade receivables, insurance policies and bank accounts of guarantors.	350
FirstRand Bank Limited	Pioneer Foods Proprietary Limited [2]	Secured bullet loan	Working capital	8.5%	Bullet repayable during September 2023. Interest payable quarterly.	Syndicated security: Mortgages over certain land and buildings, special notarial bonds over certain items of plant and equipment, cessions of inventories, trade receivables, insurance policies and bank accounts of guarantors.	500

Notes:

2. These loans are not convertible into ordinary shares of any company forming part of the Pioneer Food Group.

SECTION 115 AND SECTION 164 OF THE COMPANIES ACT: SHAREHOLDERS' APPRAISAL RIGHTS

"Section 115: Required approval for transactions contemplated in Part A

(1) Despite section 65, and any provision of a company's Memorandum of Incorporation, or any resolution adopted by its board or holders of its securities, to the contrary, a company may not dispose of, or give effect to an agreement or series of agreements to dispose of, all or the greater part of its assets or undertaking, implement an amalgamation or a merger, or implement a scheme of arrangement, unless:

(a) the disposal, amalgamation or merger, or scheme of arrangement:

(i) has been approved in terms of this section; or

(ii) is pursuant to or contemplated in an approved business rescue plan for that company, in terms of Chapter 6; and

(b) to the extent that Parts B and C of this Chapter and the Takeover Regulations, apply to a company that proposes to:

(i) dispose of all or the greater part of its assets or undertaking;

(ii) amalgamate or merge with another company; or

(iii) implement a scheme of arrangement,

the Panel has issued a compliance certificate in respect of the transaction, in terms of section 119 (4)(b), or exempted the transaction in terms of section 119(6).

(2) A proposed transaction contemplated in subsection (1) must be approved:

(a) by a special resolution adopted by persons entitled to exercise voting rights on such a matter, at a meeting called for that purpose and at which sufficient persons are present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter, or any higher percentage as may be required by the Company's Memorandum of Incorporation, as contemplated in section 64(2); and

(b) by a special resolution, also adopted in the manner required by paragraph (a), by the shareholders of the Company's holding company if any, if:

(i) the holding company is a company or an external company;

(ii) the proposed transaction concerns a disposal of all or the greater part of the assets or undertaking of the subsidiary; and

(iii) having regard to the consolidated financial statements of the holding company, the disposal by the subsidiary constitutes a disposal of all or the greater part of the assets or undertaking of the holding company; and

(c) by the court, to the extent required in the circumstances and manner contemplated in subsections (3) to (6).

(3) Despite a resolution having been adopted as contemplated in subsections (2)(a) and (b), a company may not proceed to implement that resolution without the approval of a court if:

(a) the resolution was opposed by at least 15% of the voting rights that were exercised on that resolution and, within five business days after the vote, any person who voted against the resolution requires the Company to seek court approval; or

(b) the court, on an application within 10 business days after the vote by any person who voted against the resolution, grants that person leave, in terms of subsection (6), to apply to a court for a review of the transaction in accordance with subsection (7).

(4) For the purposes of subsections (2) and (3), any voting rights controlled by an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them, must not be included in calculating the percentage of voting rights:

(a) required to be present, or actually present, in determining whether the applicable quorum requirements are satisfied; or

(b) required to be voted in support of a resolution, or actually voted in support of the resolution.

(4A) In subsection (4), 'act in concert' has the meaning set out in section 117(1)(b).

(5) If a resolution requires approval by a court as contemplated in terms of subsection (3)(a), the Company must either:

(a) within 10 business days after the vote, apply to the court for approval, and bear the costs of that application; or

(b) treat the resolution as a nullity.

(6) On an application contemplated in subsection (3)(b), the court may grant leave only if it is satisfied that the applicant:

(a) is acting in good faith;

(b) appears prepared and able to sustain the proceedings; and

(c) has alleged facts which, if proved, would support an order in terms of subsection (7).

(7) On reviewing a resolution that is the subject of an application in terms of subsection (5)(a), or after granting leave in terms of subsection (6), the court may set aside the resolution only if:

(a) the resolution is manifestly unfair to any class of holders of the Company's securities; or

(b) the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Companies Act, the Memorandum of Incorporation or any applicable rules of the company, or other significant and material procedural irregularity.

(8) The holder of any voting rights in a company is entitled to seek relief in terms of section 164 if that person:

(a) notified the Company in advance of the intention to oppose a special resolution contemplated in this section; and

(b) was present at the meeting and voted against that special resolution.

(9) If a transaction contemplated in this Part has been approved, any person to whom assets are, or an undertaking is, to be transferred, may apply to a court for an order to effect:

(a) the transfer of the whole or any part of the undertaking, assets and liabilities of a company contemplated in that transaction;

(b) the allotment and appropriation of any shares or similar interests to be allotted or appropriated as a consequence of the transaction;

(c) the transfer of shares from one person to another;

(d) the dissolution, without winding-up, of a company, as contemplated in the transaction;

(e) incidental, consequential and supplemental matters that are necessary for the effectiveness and completion of the transaction; or

(f) any other relief that may be necessary or appropriate to give effect to, and properly implement, the amalgamation or merger.

SECTION 164: DISSENTING SHAREHOLDERS APPRAISAL RIGHTS

(1) This section does not apply in any circumstances relating to a transaction, agreement or offer pursuant to a business rescue plan that was approved by shareholders of a company, in terms of section 152.

(2) If a company has given notice to shareholders of a meeting to consider adopting a resolution to:

(a) amend its Memorandum of Incorporation by altering the preferences, rights, limitations or other terms of any class of its shares in any manner materially adverse to the rights or interests of holders of that class of shares, as contemplated in section 37(8); or

(b) enter into a transaction contemplated in section 112, 113, or 114,

that notice must include a statement informing shareholders of their rights under this section.

(3) At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting shareholder may give the Company a written notice objecting to the resolution.

(4) Within 10 business days after a company has adopted a resolution contemplated in this section, the Company must send a notice that the resolution has been adopted to each shareholder who:

(a) gave the Company a written notice of objection in terms of subsection (3); and

(b) has neither:

(i) withdrawn that notice; or

(ii) voted in support of the resolution.

(5) A shareholder may demand that the Company pay the shareholder the fair value for all of the shares of the Company held by that person if:

(a) the shareholder:

(i) sent the Company a notice of objection, subject to subsection (6); and

(ii) in the case of an amendment to the Company's Memorandum of Incorporation, holds shares of a class that is materially and adversely affected by the amendment;

(b) the Company has adopted the resolution contemplated in subsection (2); and

(c) the shareholder:

(i) voted against that resolution; and

(ii) has complied with all of the procedural requirements of this section.

(6) The requirement of subsection (5)(a)(i) does not apply if the Company failed to give notice of the meeting, or failed to include in that notice a statement of the shareholders rights under this section.

(7) A shareholder who satisfies the requirements of subsection (5) may make a demand contemplated in that subsection by delivering a written notice to the Company within:

(a) 20 business days after receiving a notice under subsection (4); or

(b) if the shareholder does not receive a notice under subsection (4), within 20 business days after learning that the resolution has been adopted.

(8) A demand delivered in terms of subsections (5) to (7) must also be delivered to the Panel, and must state:

(a) the shareholder's name and address;

(b) the number and class of shares in respect of which the shareholder seeks payment; and

(c) a demand for payment of the fair value of those shares.

(9) A shareholder who has sent a demand in terms of subsections (5) to (8) has no further rights in respect of those shares, other than to be paid their fair value, unless:

(a) the shareholder withdraws that demand before the Company makes an offer under subsection (11), or allows an offer made by the Company to lapse, as contemplated in subsection (12)(b);

(b) the Company fails to make an offer in accordance with subsection (11) and the shareholder withdraws the demand; or

(c) the Company, by a subsequent special resolution, revokes the adopted resolution that gave rise to the shareholder's rights under this section.

(10) If any of the events contemplated in subsection (9) occur, all of the shareholder's rights in respect of the shares are reinstated without interruption.

(11) Within five business days after the later of:

(a) the day on which the action approved by the resolution is effective;

(b) the last day for the receipt of demands in terms of subsection (7)(a); or

(c) the day the Company received a demand as contemplated in subsection (7)(b), if applicable, the Company must send to each shareholder who has sent such a demand a written offer to pay an amount considered by the Company's directors to be the fair value of the relevant shares, subject to subsection (16), accompanied by a statement showing how that value was determined.

(12) Every offer made under subsection (11):

(a) in respect of shares of the same class or series must be on the same terms; and

(b) lapses if it has not been accepted within 30 business days after it was made.

(13) If a shareholder accepts an offer made under subsection (12):

(a) the shareholder must either in the case of:

(i) shares evidenced by certificates, tender the relevant share certificates to the company or the Company's transfer agent; or

(ii) uncertificated shares, take the steps required in terms of section 53 to direct the transfer of those shares to the Company or the Company's transfer agent; and

(b) the Company must pay that shareholder the agreed amount within 10 business days after the shareholder accepted the offer and:

(i) tendered the share certificates; or

(ii) directed the transfer to the Company of uncertificated shares.

(14) A shareholder who has made a demand in terms of subsections (5) to (8) may apply to a court to determine a fair value in respect of the shares that were the subject of that demand, and an order requiring the Company to pay the shareholder the fair value so determined, if the Company has:

(a) failed to make an offer under subsection (11); or

(b) made an offer that the shareholder considers to be inadequate, and that offer has not lapsed.

(15) On an application to the court under subsection (14):

(a) all dissenting shareholders who have not accepted an offer from the Company as at the date of the application must be joined as parties and are bound by the decision of the court;

(b) the Company must notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to participate in the court proceedings; and

(c) the court:

(i) may determine whether any other person is a dissenting shareholder who should be joined as a party;

(ii) must determine a fair value in respect of the shares of all dissenting shareholders, subject to subsection (16);

(iii) in its discretion may:

(aa) appoint one or more appraisers to assist it in determining the fair value in respect of the shares; or

(bb) allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;

(iv) may make an appropriate order of costs, having regard to any offer made by the Company, and the final determination of the fair value by the court; and

(v) must make an order requiring:

(aa) the dissenting shareholders to either withdraw their respective demands or to comply with subsection (13)(a); and

(bb) the Company to pay the fair value in respect of their shares to each dissenting shareholder who complies with subsection (13)(a), subject to any conditions the court considers necessary to ensure that the Company fulfils its obligations under this section.

(15A) At any time before the court has made an order contemplated in subsection (15)(c)(v), a dissenting shareholder may accept the offer made by the Company in terms of subsection (11), in which case:

(a) that shareholder must comply with the requirements of subsection 13(a); and

(b) the Company must comply with the requirements of subsection 13(b).

(16) The fair value in respect of any shares must be determined as at the date on which, and time immediately before, the Company adopted the resolution that gave rise to a shareholder's rights under this section.

(17) If there are reasonable grounds to believe that compliance by a company with subsection (13)(b), or with a court order in terms of subsection (15)(c)(v)(bb), would result in the Company being unable to pays its debts as they fall due and payable for the ensuing 12 months:

(a) the Company may apply to a court for an order varying the Company's obligations in terms of the relevant subsection; and

(b) the court may make an order that:

(i) is just and equitable, having regard to the financial circumstances of the Company; and

(ii) ensures that the person to whom the Company owes money in terms of this section is paid at the earliest possible date compatible with the Company satisfying its other financial obligations as they fall due and payable.

(18) If the resolution that gave rise to a shareholder's rights under this section authorised the Company to amalgamate or merge with one or more other companies, such that the Company whose shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section Are obligations of the successor to that company resulting from the amalgamation or merger.

(19) For greater certainty, the making of a demand, tendering of shares and payment by a company to a shareholder in terms of this section do not constitute a distribution by the Company, or an acquisition of its shares by the Company within the meaning of section 48, a]nd therefore are not subject to:

(a) the provisions of that section; or

(b) the application by the Company of the solvency and liquidity test set out in section 4.

(20) Except to the extent:

(a) expressly provided in this section; or

(b) that the Panel rules otherwise in a particular case,

a payment by a company to a shareholder in terms of this section does not obligate any person to make a comparable offer under section 125 to any other person."

DEALINGS BY PROVIDERS OF IRREVOCABLE UNDERTAKINGS

The definitions and interpretations commencing on page 8 of this Circular apply to this Annexure 9.

To the best of Zeder's knowledge, the providers of irrevocable undertakings had no dealings in Zeder securities during the six month period prior to the signature date of the Irrevocable Undertaking, being 17 July 2019 and during the period from 17 July 2019 up to the Last Practicable Date, other than as set out below:

PSG Asset Management Proprietary Limited has dealt in Zeder shares as indicated below:

Trade Date	Nature of transaction	Number of Pioneer Foods Shares	Price (Rand)
11/07/2019	Sell	(6 144)	3.55
12/07/2019	Sell	(56 062)	3.55
15/07/2019	Sell	(281 469)	3.65
16/07/2019	Sell	(554 988)	3.68

Allan Gray Proprietary Limited (on behalf of clients) has dealt in Zeder shares as indicated below:

Trade Date	Nature of transaction	Number of Pioneer Foods Shares	(Rand) Price
2019/01/23	Buy	68 041	4.54
2019/01/24	Buy	181 038	4.50
2019/01/25	Buy	100 000	4.53
2019/01/28	Buy	47 200	4.50
2019/01/30	Buy	317 717	4.42
2019/01/31	Buy	253 401	4.50
2019/02/01	Buy	471 961	4.46
2019/02/04	Buy	88 141	4.42
2019/02/05	Buy	1 662 329	4.41
2019/02/08	Buy	246 333	4.42
2019/02/11	Buy	96 566	4.41
2019/02/12	Buy	303 866	4.37
2019/02/13	Buy	221 570	4.35
2019/02/14	Buy	66 213	4.29
2019/02/15	Buy	64 784	4.30
2019/02/18	Buy	163 368	4.25
2019/02/19	Buy	99 256	4.23
2019/02/20	Buy	205 549	4.20
2019/02/21	Buy	466 600	4.27
2019/02/22	Buy	318 579	4.28
2019/02/25	Buy	285 981	4.19
2019/02/26	Buy	429 762	4.19
2019/02/27	Buy	81 016	4.19
2019/02/28	Buy	205 504	4.27
2019/03/01	Buy	40 593	4.25
2019/03/04	Buy	100 634	4.28
2019/03/05	Buy	152 007	4.20
2019/03/06	Buy	330 139	4.22
2019/03/07	Buy	142 134	4.19
2019/03/08	Buy	240 756	4.17
2019/03/11	Buy	162 080	4.17
2019/03/12	Buy	9 220	4.14
2019/03/13	Buy	27 116	4.12

Trade Date	Nature of transaction	Number of Pioneer Foods Shares	(Rand) Price
2019/03/14	Buy	159 070	4.09
2019/03/15	Buy	233 667	4.22
2019/03/18	Buy	205 364	4.30
2019/03/19	Buy	553 706	4.30
2019/03/20	Buy	296 340	4.24
2019/03/22	Buy	292 693	4.15
2019/03/25	Buy	277 969	4.10
2019/03/26	Buy	64 359	4.10
2019/03/27	Buy	108 547	4.08
2019/03/28	Buy	40 538	4.05
2019/03/29	Buy	30 946	4.02
2019/04/01	Buy	14 190	4.08
2019/04/02	Buy	283 852	4.12
2019/04/03	Buy	50 911	4.10
2019/04/08	Buy	32 951	4.19
2019/04/09	Buy	441 746	4.14
2019/04/10	Buy	39 826	4.14
2019/04/11	Buy	294 212	4.14
2019/04/12	Buy	95 358	4.13
2019/04/15	Buy	196 609	4.19
2019/04/16	Buy	185 637	4.28
2019/04/17	Buy	259 569	4.24
2019/04/18	Buy	436 739	4.33
2019/04/23	Buy	511 132	4.30
2019/04/24	Buy	60 432	4.24
2019/04/25	Buy	218 368	4.30
2019/04/26	Buy	34 874	4.25
2019/04/29	Buy	17 361	4.25
2019/04/30	Buy	89 218	4.28
2019/05/02	Buy	875	4.30
2019/05/21	Buy	246 679	3.79
2019/05/22	Buy	507 975	3.78
2019/05/23	Buy	444 640	3.70
2019/05/24	Buy	242 824	3.62
2019/05/27	Buy	181 347	3.52
2019/05/28	Buy	520 533	3.58
2019/05/29	Buy	111 995	3.61
2019/05/30	Buy	64 595	3.65
2019/05/31	Buy	160 032	3.55
2019/06/03	Buy	77 891	3.56
2019/06/04	Buy	87 714	3.53
2019/06/05	Buy	55 311	3.51
2019/06/06	Buy	172 971	3.58
2019/06/07	Buy	14 189	3.53
2019/06/10	Buy	85 974	3.54
2019/06/11	Buy	79 425	3.54
2019/06/12	Buy	39 177	3.55
2019/06/13	Buy	199 265	3.54
2019/06/14	Buy	226 584	3.50
2019/06/18	Buy	26 135	3.48
2019/06/19	Buy	52 987	3.57
2019/06/20	Buy	147 433	3.58
2019/06/21	Buy	1 199 063	3.52
2019/06/24	Buy	154 731	3.44
2019/06/25	Buy	375 575	3.49

Trade Date	Nature of transaction	Number of Pioneer Foods Shares	(Rand) Price
2019/06/26	Buy	30 000	3.45
2019/06/27	Buy	55 512	3.55
2019/06/28	Buy	234 403	3.57
2019/07/01	Buy	133 186	3.55
2019/07/02	Buy	105 615	3.55
2019/07/03	Buy	1 000 000	3.55
2019/07/04	Buy	14 242	3.47
2019/07/05	Buy	31 297	3.50
2019/07/08	Buy	86 396	3.51
2019/07/09	Buy	302 596	3.47
2019/07/10	Buy	6 706	3.44
2019/07/11	Buy	120 862	3.54
2019/07/12	Buy	60 693	3.50
2019/07/15	Buy	41 319	3.61
2019/08/05	Buy	324 625	4.70
2019/08/06	Buy	93 807	4.71
2019/08/07	Buy	536 898	4.72
2019/08/08	Buy	207 640	4.67
2019/08/12	Buy	202 276	4.62

Coronation Asset Management Proprietary Limited (on behalf of clients) has dealt in Zeder shares as indicated below:

Trade Date	Nature of transaction	Number of Pioneer Foods Shares	Price (Rand)
2019/01/18	Sell	(45 074)	4.55
2019/01/22	Sell	(18 421)	4.61
2019/01/28	Sell	(167 052)	4.51
2019/01/30	Sell	(68 403)	4.43
2019/01/31	Sell	(226 074)	4.50
2019/02/01	Sell	(240 934)	4.50
2019/02/04	Sell	(23 703)	4.42
2019/02/05	Sell	(1 372 706)	4.41
2019/02/06	Sell	(35 476)	4.43
2019/02/07	Sell	(70 752)	4.44
2019/02/08	Sell	(256 106)	4.43
2019/02/11	Sell	(117 374)	4.42
2019/02/12	Sell	(2 187)	4.44
2019/02/13	Buy	103 363	4.44
2019/02/19	Sell	(7 827)	4.22
2019/02/20	Buy	25 039	4.21
2019/02/21	Sell	(23 273)	4.24
2019/02/28	Sell	(2 580)	4.25
2019/03/01	Sell	(1 924)	4.25
2019/03/04	Sell	(43 766)	4.29
2019/03/05	Sell	(172 058)	5.13
2019/03/06	Sell	(49 809)	4.23
2019/03/07	Sell	(2 825)	4.16
2019/03/11	Sell	(18 830)	4.14
2019/03/13	Sell	(54 888)	4.14
2019/03/14	Sell	(278 714)	4.00
2019/03/15	Sell	(479 532)	4.21
2019/03/18	Sell	(241 408)	4.32
2019/03/20	Sell	(13 331)	4.27
2019/03/22	Sell	(88 302)	4.10
2019/03/25	Buy	5 719	4.10

Trade Date	Nature of transaction	Number of Pioneer Foods Shares	Price (Rand)
2019/03/26	Sell	(27 340)	4.10
2019/03/28	Buy	7 610	4.09
2019/03/29	Sell	(1 126)	4.05
2019/04/01	Buy	21 674	4.11
2019/04/05	Sell	(2 261)	4.24
2019/04/09	Sell	(64 150)	4.14
2019/04/12	Sell	(109 669)	4.15
2019/04/15	Sell	(62 829)	4.21
2019/04/16	Sell	(53 802)	4.21
2019/04/18	Sell	(190 260)	4.33
2019/04/23	Sell	(21 617)	4.31
2019/04/26	Sell	(2 866)	4.23
2019/04/29	Buy	20 096	4.29
2019/04/30	Sell	(32 550)	4.29
2019/05/02	Sell	(885)	4.30
2019/05/03	Sell	(67 735)	4.27
2019/05/06	Sell	(3 480)	4.29
2019/05/07	Sell	(5 000)	4.21
2019/05/13	Sell	(75 309)	4.14
2019/05/14	Buy	1 080 766	4.16
2019/05/15	Buy	341 788	4.20
2019/05/16	Buy	81 037	4.28
2019/05/17	Buy	3 526 339	4.25
2019/05/20	Buy	135 280	4.19
2019/05/21	Sell	(20 719)	3.84
2019/05/22	Sell	(49 938)	3.77
2019/05/23	Sell	(586 350)	3.70
2019/05/24	Sell	(42 001)	3.66
2019/05/28	Sell	(19 861)	3.59
2019/05/29	Sell	(144 965)	3.69
2019/05/30	Sell	(62 010)	3.70
2019/05/31	Sell	(70 700)	3.54
2019/06/03	Buy	19 419	3.58
2019/06/04	Buy	17 986	3.52
2019/06/06	Sell	(16 859)	3.66
2019/06/07	Sell	(26 440)	3.56
2019/06/13	Sell	(69 513)	3.52
2019/06/14	Sell	(36 159)	3.50
2019/06/18	Sell	(15 278)	3.51
2019/06/19	Sell	(52 775)	3.56
2019/06/21	Sell	(10 826)	3.57
2019/06/24	Sell	(66 283)	3.43
2019/06/26	Sell	(208 700)	3.46
2019/06/27	Sell	(48 249)	3.53
2019/06/28	Sell	(9 160)	3.56
2019/07/02	Sell	(752)	3.55
2019/07/03	Sell	(30 938)	3.52
2019/07/09	Buy	1 134 622	3.55
2019/07/15	Buy	23 577	3.54
2019/07/17	Sell	(100 649)	3.72
2019/07/25	Sell	(49 008)	4.72
2019/07/26	Sell	(946)	4.93
2019/08/05	Sell	(600)	4.70
2019/08/06	Sell	(175 896)	4.69
2019/08/07	Sell	(27 572)	4.73
2019/08/08	Sell	(36 690)	4.67
2019/08/13	Sell	(43 314)	4.62

ZEDER INVESTMENTS LIMITED

ZEDER INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 2006/019240/06)
Share code: ZED, ISIN: ZAE000088431
("**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 at Spier Wine Estate, Baden Powell Drive, Stellenbosch on Monday, 30 September 2019 at 10:00, to consider and, if deemed fit, pass, with or without modification, the Zeder Disposal 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 Special Resolution Number 1 to be approved by Shareholders, it must be supported by at least 75% of the voting rights exercised on such resolution.*
- *For Special Resolution Number 2 to be approved by Shareholders, it must be supported by at least 75% of the voting rights exercised on such resolution.*

1. ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF THE ZEDER DISPOSAL IN TERMS OF THE JSE LISTINGS REQUIREMENTS

"**RESOLVED AS AN ORDINARY RESOLUTION** that, subject to the approval of Special Resolution Number 1, the Zeder Disposal in terms of which Zeder will dispose of the Zeder Disposal Shares to the PepsiCo Offeror for the Zeder Disposal Consideration, in terms of the Scheme or the Standby Offer (as applicable) on the terms set out in the Circular, be and is hereby approved in terms of the JSE Listings Requirements."

Reason and effect

The reason for Ordinary Resolution Number 1 is that the Zeder 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 Zeder Disposal in terms of the JSE Listings Requirements.

2. **SPECIAL RESOLUTION NUMBER 1 – APPROVAL OF THE ZEDER DISPOSAL IN TERMS OF THE COMPANIES ACT**

“**RESOLVED AS A SPECIAL RESOLUTION** that, subject to the approval of Ordinary Resolution Number 1, the Zeder Disposal in terms of which Zeder will dispose of the Zeder Disposal Shares to the PepsiCo Offeror for the Zeder Disposal Consideration, in terms of the Scheme or the Standby Offer (as applicable) on the terms set out in the Circular, be and is hereby approved in terms of sections 112 and 115(2)(a) and (b) of the Companies Act.”

Reason and effect

The reason for Special Resolution Number 1 is that the disposal of the Zeder Disposal Shares is regarded as a disposal of the greater part of the assets or undertaking of Zeder in terms of section 112 of the Companies Act and therefore requires the approval of Shareholders by way of a special resolution.

The effect of Special Resolution Number 1, if passed, will be to grant the necessary approval of the Zeder Disposal in terms of the Companies Act.

In terms of section 115(2) of the Companies Act, read with Zeder’s MOI, at least 25% of the voting rights that are entitled to be exercised on Special Resolution Number 1 must be present or represented by proxy in order for Special Resolution Number 1 to be validly adopted.

3. **SPECIAL RESOLUTION NUMBER 2 – APPROVAL OF THE PAYMENT OF FEES TO THE MEMBERS OF THE INDEPENDENT BOARD**

“**RESOLVED AS A SPECIAL RESOLUTION** that, Zeder be and is hereby authorised to pay the following fees to the members of the Independent Board for their services rendered in relation to the Zeder Disposal:

	Proposed one-off fee
CA Otto	R150 000
GD Eksteen	R100 000
RM Jansen	R100 000

Reason and effect

The reason and effect of Special Resolution Number 2 is to authorise Zeder to pay the above proposed fees to the members of the Independent Board for their services rendered in respect of the Zeder Disposal, in terms of section 66(9) of the Companies Act.

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, 16 August 2019.
2. The date on which Shareholders must be recorded in the Register for purposes of being entitled to attend and vote at the General Meeting, is Friday, 20 September 2019. The last day to trade in order to be entitled to attend and vote at the General Meeting, is Tuesday, 17 September 2019.
3. Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairman of the General Meeting and must accordingly bring a copy of their identity document, passport or driver’s license to the General Meeting. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the Transfer Secretaries for guidance.
4. A Shareholder entitled to attend, speak and vote at the General Meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a Shareholder of Zeder. For the convenience of Certificated Shareholders and Dematerialised Shareholders with Own-name Registration, the Form of Proxy (*grey*) is attached hereto. Completion of the Form of Proxy will not preclude such Shareholder from attending and voting (in preference to that Shareholder’s proxy) at the General Meeting.
5. Duly completed Forms of Proxy must be lodged with the Transfer Secretaries, at Rosebank Towers, 15 Biermann Ave, Rosebank, 2196 or posted to the Transfer Secretaries at PO Box 61051, Marshalltown, 2107 or emailed to the Transfer Secretaries at proxy@computershare.co.za, to be received by them, for administrative purposes, by no later than 10:00 on Thursday, 26 September 2019 or thereafter by

handing such Forms of Proxy (*grey*) to the chairman of the General Meeting or the Transfer Secretaries at 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).

6. Dematerialised Shareholders who are not Own-name Registered Dematerialised Shareholders who wish to attend the General Meeting in person should request their CSDP or Broker to provide them with the necessary letter of representation in terms of their Custody Agreement with their CSDP or Broker.
7. Dematerialised Shareholders who are not Own-name Registered Dematerialised Shareholders who do not wish to attend but wish to be represented at the General Meeting must advise their CSDP or Broker of their voting instructions. Dematerialised Shareholders who are not Own-name Registered Dematerialised Shareholders should contact their CSDP or Broker with regard to the cut-off time for their voting instructions.
8. Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, will have one vote in respect of each Share held.

ELECTRONIC PARTICIPATION IN THE GENERAL MEETING

Shareholders or their proxies may participate in the General Meeting by way of telephone conference call ("**teleconference facility**").

Please note that the teleconference facility will only allow Shareholders to listen in and raise questions during the allocated time. Shareholders will not be able to vote using the teleconference facility. Should such Shareholders wish to vote, they must either:

- complete the Form of Proxy and return it to the Transfer Secretaries in accordance with paragraph 5 above; or
- contact their CSDP or Broker in accordance with paragraph 7 above.

Shareholders or their proxies who wish to participate in the General Meeting via the teleconference facility must notify Zeder by emailing the company secretary at cosec@zeder.co.za, by no later than 10:00 on Thursday, 26 September 2019. The company secretary will first validate such requests and confirm the identity of the Shareholder in terms of section 63(1) of the Companies Act and thereafter, if validated, provide further details on using the teleconference facility. Only a total of 20 telecommunication lines will be available for such participation, which will be allocated on a first-come-first-served basis.

The cost of the participant's phone call will be for his/her own expense and will be billed separately by his/her own telephone service provider.

Zeder cannot guarantee there will not be a break in communication which is beyond the control of Zeder.

The participant acknowledges that the telecommunication lines are provided by a third party and indemnifies Zeder against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the telecommunication lines, whether or not the problem is caused by any act or omission on the part of the participant or anyone else. In particular, but not exclusively, the participant acknowledges that he/she will have no claim against Zeder, whether for consequential damages or otherwise, arising from the use of the telecommunication lines or any defect in it or from total or partial failure of the telecommunication lines and connections linking the telecommunication lines to the General Meeting.

SIGNED AT STELLENBOSCH ON BEHALF OF THE BOARD OF DIRECTORS OF ZEDER ON 29 AUGUST 2019

Company Secretary

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 61051, Marshalltown, 2107)
proxy@computershare.co.za

ZEDER INVESTMENTS LIMITED

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

For use only by Shareholders holding Certificated Shares, nominee companies of CSDPs, Brokers' nominee companies and Own-name Registered Dematerialised Shareholders at the General Meeting to be held at Spier Wine Estate, Baden Powell Drive, Stellenbosch on Monday, 30 September 2019 at 10:00 or any adjourned or postponed meeting.

Dematerialised Shareholders who are not Own-name Registered Dematerialised Shareholders must not complete this Form of Proxy and must provide their CSDP or Broker with their voting instructions, except for Own-name Registered Dematerialised Shareholders recorded in the sub-register through a CSDP or Broker, which Shareholders must complete this Form of Proxy and lodge it with their CSDP or Broker in terms of the Custody Agreement entered into between them and their CSDP or Broker. Dematerialised Shareholders who are not Own-name Registered Dematerialised Shareholders wishing to attend the General Meeting must inform their CSDP or Broker of such intention and request their CSDP or Broker to issue them with the necessary letter of representation to attend.

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 Zeder Disposal Resolutions to be proposed thereat and at each adjournment thereof and to vote for and/or against the Zeder Disposal 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 Zeder Disposal in terms of the JSE Listings Requirements			
Special Resolution Number 1 Approval of the Zeder Disposal in terms of the Companies Act			
Special Resolution Number 2 Approval of the payment of fees to the members of the Independent Board			

* *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.*

Signed at: on 2019

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

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 and direct the proxy to vote or abstain from voting at the General Meeting as such proxy deems fit, in respect of all of the Shareholder's votes exercisable at the General Meeting.
4. Completed Forms of Proxy and the authority (if any) under which they are signed must be lodged with the Transfer Secretaries, Computershare Investor Services Proprietary Limited:

   By e-mail: proxy@computershare.co.za; or

   By hand: Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa; or

   By post: PO Box 61051, Marshalltown, 2107, South Africa (please note that postal delivery by the due date is at the risk of the Shareholder),

   to be received by the Transfer Secretaries, for administrative purposes, by no later than 10:00 on Thursday, 26 September 2019, or thereafter by handing such Forms of Proxy (*grey*) to the chairman of the General Meeting or the Transfer Secretaries at 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).
5. The completion and lodging of this Form of Proxy will not preclude the relevant Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so.
6. 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.
7. Any alteration or correction made to this Form of Proxy must be initialled by the signatory/ies.
8. Documentary evidence establishing the authority of a person signing this Form of Proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this Form of Proxy, unless previously recorded by Zeder or the Transfer Secretaries.
9. 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.
10. Where Shares are held jointly, all joint holders are required to sign this Form of Proxy.
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 attend 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.

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