THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions commencing on page 5 of this Circular apply, *mutatis mutandis,* to this cover.

ACTION REQUIRED BY ZEDER SHAREHOLDERS

- If you are in any doubt as to what action you should take, you should consult your CSDP, Broker, banker, legal adviser, accountant or other professional adviser immediately.
- If you have disposed of all of your Shares, please forward this Circular together with the attached form of proxy (*yellow*), to the purchaser to whom, or the CSDP or Broker or agent through whom, the disposal was effected.
- Shareholders who hold Dematerialised Shares through a CSDP or Broker who wish to attend the General Meeting must request their CSDP or Broker to provide them with a letter of representation to attend the General Meeting or must instruct their CSDP or Broker to vote on their behalf in terms of their respective agreements with their CSDP or Broker.
- Shareholders of Zeder are referred to page 3 of this Circular, which sets out the action required by them in respect of the Proposed Transaction set out in this Circular.
- The Company does not accept any responsibility and will not be held liable for any failure on the part of the CSDP or Broker of any holder of Dematerialised Shares to notify such Shareholder of the action required of them in respect of the Proposed Transaction set out in this Circular.

ZEDER
INVESTMENTS LIMITED

Zeder Investments Limited

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

CIRCULAR TO ZEDER SHAREHOLDERS

regarding:

– the proposed offer by Zeder to acquire all of the AVL Shares not already held by the Zeder Group:
  - by means of a scheme of arrangement in terms of section 114 of the Companies Act; or
  - if certain conditions to the Scheme are not fulfilled, by means of a voluntary general offer;

accompanied by the Prospectus and incorporating:

– a notice convening a general meeting of Zeder Shareholders; and
– a form of proxy (*yellow*), only for use by Certificated Shareholders and Dematerialised Shareholders with "Own-name Registration".

Transaction Adviser and Sponsor

PSG CAPITAL

Independent Reporting Accountants and Auditors

pwc

Independent Sponsor

questco
CORPORATE ADVISORY

Date of issue: Friday, 15 August 2014

This Circular is available in English only. Copies of this Circular may be obtained during normal business hours from the registered office of Zeder, the offices of PSG Capital and the Transfer Secretaries at their respective addresses set out in the "Corporate Information" section of this Circular from Friday, 15 August 2014 until Monday, 15 September 2014 (both days inclusive). This Circular will also be available on the Company's website at www.zeder.co.za from Friday, 15 August 2014.

CORPORATE INFORMATION

The definitions commencing on page 5 of this Circular apply, *mutatis mutandis,* to this corporate information section.

Directors of Zeder

JF Mouton * *(Chairman)*
N Celliers *(Chief Executive Officer)*
WL Greeff *(Financial Director)*
AE Jacobs*
PJ Mouton*
GD Eksteen*#
WA Hanekom*#
CA Otto*#

* *Non-executive*
\# *Independent*

Company Secretary and Registered Office of Zeder

PSG Corporate Services Proprietary Limited
(Registration number 1996/004840/07)
1st Floor, Ou Kollege Building
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7599)

Date and place of incorporation of Zeder

21 June 2006, South Africa,

Independent Reporting Accountants and Auditors

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

and at

PwC Building
Zomerlust Estate
Berg River Boulevard
Paarl, 7646
(PO Box 215, Paarl, 7620)

Transaction Adviser and Sponsor

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

and at

1st Floor, Building 8
Inanda Greens Business Park
54 Wierda Road West
Wierda Valley
Sandton, 2196
(PO Box 650957, Benmore, 2010)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Independent Sponsor

Questco Proprietary Limited
(Registration number 2002/005616/07)
The Pivot
No 1 Monte Casino Boulevard
Entrance D, 2nd Floor
Fourways, 2055
(PO Box 98956, Sloane Park, 2152)

Company Secretary and Registered Office of AVL

Lucille van der Merwe
1st Floor, Ou Kollege Building
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7599)

Date and place of incorporation of AVL

30 June 2007, South Africa

TABLE OF CONTENTS

The definitions commencing on page 5 of this Circular apply, *mutatis mutandis,* to this table of contents.

FORWARD-LOOKING STATEMENT DISCLAIMER

The definitions commencing on page 5 of this Circular apply to this forward-looking statement disclaimer.

This Circular contains statements about Zeder and/or the Zeder Group 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", "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 published 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 of them. 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.

ACTION REQUIRED BY SHAREHOLDERS

The definitions commencing on page 5 of this Circular apply, *mutatis mutandis,* to the following action required by Zeder Shareholders.

Please take careful note of the following provisions regarding the action required by Zeder Shareholders.

THE GENERAL MEETING

The implementation of the Proposed Transaction is subject to, *inter alia,* Zeder Shareholders passing the requisite resolutions at the General Meeting of Zeder Shareholders to be held at NH The Lord Charles Hotel, Corner of Main Road (M9) and Broadway Boulevard (R44), Somerset West, Western Cape on Monday, 15 September 2014 at 10:00.

A notice convening the General Meeting is attached to, and forms part of, this Circular.

1. **IF YOU HOLD DEMATERIALISED SHARES:**

1.1 **Own-name Registration**

You are entitled to attend, or be represented by proxy, and may vote at the General Meeting. If you are unable to attend the General Meeting, but wish to be represented thereat, you must complete and return the attached form of proxy (*yellow*), in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), by no later than 10:00 on Thursday, 11 September 2014.

1.2 **Other than Own-name Registration**

If your CSDP or Broker does not contact you, you are advised to contact your CSDP or Broker and provide them with your voting instructions. If your CSDP or Broker does not obtain instructions from you, they will be obliged to vote in accordance with the instructions contained in the Custody Agreement concluded between you and your CSDP or Broker. You must **not** complete the attached form of proxy (*yellow*). In accordance with the Custody Agreement between you and your CSDP or Broker you must advise your CSDP or Broker timeously if you wish to attend, or be represented at the General Meeting. Your CSDP or Broker will be required to issue the necessary letter of representation to you to enable you to attend, or to be represented at the General Meeting.

2. **IF YOU HOLD CERTIFICATED SHARES**

You are entitled to attend, or be represented by proxy, and may vote at the General Meeting. If you are unable to attend the General Meeting, but wish to be represented thereat, you must complete and return the attached form of proxy (*yellow*), in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), by no later than 10:00 on Thursday, 11 September 2014.

***Zeder does not accept responsibility and will not be held liable for any failure on the part of the CSDP or Broker of a Dematerialised Shareholder to notify such Shareholder of the General Meeting or any business to be conducted thereat*.**

SALIENT DATES AND TIMES

The definitions commencing on page 5 of this Circular apply, *mutatis mutandis,* to this salient dates and times section.

	2014
Record date to determine which Shareholders are eligible to receive the Circular	Friday, 8 August
Circular containing notice of General Meeting and form of proxy (*yellow*) posted to Shareholders on	Friday, 15 August
Last day to trade in order to be eligible to vote at the General Meeting	Friday, 29 August
Record date to be eligible to vote at the General Meeting	Friday, 5 September
Last day to lodge forms of proxies in respect of the General Meeting by 10:00 on	Thursday, 11 September
General Meeting of Zeder Shareholders to be held at 10:00 on	Monday, 15 September
Results of the General Meeting released on SENS on	Monday, 15 September
Implementation of the Proposed Transaction on	Monday, 20 October

Notes:

1. The above dates and times are subject to change. Any such change will be released on SENS. All times are South African standard times.
2. Zeder Shareholders are referred to page 3 of this Circular for information on the action required to be taken by them.
3. The date for the implementation of the Proposed Transaction is determined based on the assumption that the Scheme will be approved by AVL Shareholders at the Scheme Meeting and that there will be no objecting AVL Shareholders to the Scheme in terms of section 164 and/or section 115(3) of the Companies Act.

DEFINITIONS

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:

"AVL"	Agri Voedsel Limited, registration number 2007/015880/06, a public company with limited liability duly incorporated under the laws of South Africa;
"AVL Shares"	all the ordinary shares in the issued share capital of AVL save for those already held by the Zeder Group;
"AVL Shareholders"	the holders of AVL Shares, excluding Zeder;
"Board" or "Directors"	the board of directors of Zeder as set out on page 9 of this Circular;
"Broker"	any person registered as a "broking member (equities)" in terms of the Rules of the JSE and in accordance with the provisions of the Financial Markets Act;
"Business Day"	any day, other than a Saturday, Sunday or official public holiday in South Africa;
"cents"	South African cents;
"Certificated Shareholders"	Zeder Shareholders who hold Certificated Shares;
"Certificated Shares"	Zeder Shares which have not been dematerialised, title to which is represented by a Share Certificate or other Document of Title;
"Circular"	this circular dated Friday, 15 August 2014, incorporating, annexures, the notice of General Meeting and a form of proxy (*yellow*) and distributed to Zeder Shareholders;
"combined"	when used in connection with the financial information of a company, means the financial statements of that company and all of its subsidiaries, and its associates and joint ventures being equity accounted, presented as a single economic entity;
"Company" or "Zeder"	Zeder Investments Limited, registration number 2006/019240/06, a public company with limited liability duly incorporated under the laws of South Africa, the shares of which are listed on the JSE;
"Companies Act"	the Companies Act, No. 71 of 2008, as amended and including the Companies Regulations, 2011;
"Conditions Precedent"	the conditions precedent to which the Scheme is subject, as set out in paragraph 3.2 of this Circular;
"Consideration Shares"	a maximum of 463 655 648 Zeder Shares to be issued to Scheme Participants, or General Offer Participants as consideration for their AVL Shares;
"CSDP"	a central securities depository participant registered in terms of the Financial Markets Act, with whom a beneficial holder of Zeder Shares holds a dematerialised share account;
"Custody Agreement"	the agreement which regulates the relationship between the CSDP or Broker and each beneficial holder of Dematerialised Shares;

“Dematerialised Shares”	Zeder Shares which have been incorporated into the Strate system and which are no longer evidenced by certificates or other physical Documents of Title;
“Dematerialised Shareholders”	Zeder Shareholders who hold Dematerialised Shares;
“Dematerialised own-name Shareholders”	Zeder Shareholders who hold Dematerialised Shares and who have instructed their CSDP to hold their Zeder Shares in their own name on the sub-register;
“Documents of Title”	Share Certificates, certified transfer deeds, balance receipts or any other physical documents of title pertaining to the Zeder Shares in question acceptable to the Board;
“Effective Date”	the date on which the Proposed Transaction is expected to be implemented, being the Operative Date;
“Financial Markets Act”	the Financial Markets Act, No. 19 of 2012;
“General Meeting”	the general meeting of Zeder Shareholders to be held at 10:00 on Monday, 15 September 2014 at NH The Lord Charles Hotel, Corner of Main Road (M9) and Broadway Boulevard (R44), Somerset West, Western Cape, convened in terms of the notice of general meeting enclosed and forming part of this Circular;
“General Offer”	the voluntary offer to be extended to AVL Shareholders should the Scheme fail and the General Offer Trigger Event occur, as more fully set out in the Scheme Circular and paragraph 4 of this Circular;
“General Offer Consideration”	the Consideration Shares to be issued to General Offer Participants who accept the General Offer, in the ratio of 16.2 (sixteen point two) Consideration Shares for every 1 (one) AVL Share sold by them, on such terms as set out more fully in paragraph 4 of this Circular;
“General Offer Participants”	subject to the failure of the Scheme and the General Offer becoming effective, such AVL Shareholders who accept the General Offer, on such terms as set out more fully in paragraph 4 of this Circular;
“General Offer Trigger Event”	the fulfilment or waiver (to the extent possible) of all the Conditions Precedent other than either or both of the following Conditions Precedent, which event will automatically trigger the General Offer: – that the approval of the Scheme by AVL Shareholders and, to the extent required under section 115(2)(c) of the Companies Act, by a High Court is obtained and, if applicable that, AVL does not treat the Scheme Resolution as a nullity (as detailed in paragraph 3.2.3 of this Circular); or – the Conditions Precedent relating to the exercise by AVL Shareholders of their appraisal rights in terms of section 164 of the Companies Act (as detailed in paragraph 3.2.4 of this Circular);
“Independent Reporting Accountants”	PricewaterhouseCoopers Incorporated, registration number 1998/012055/21, a personal liability company incorporated under the laws of South Africa;
“JSE”	the exchange operated by the JSE Limited, registration number 2005/022939/06, a public company with limited liability incorporated under the laws of South Africa and licensed as an exchange under the Financial Markets Act;
“JSE Listings Requirements”	the Listings Requirements of the JSE;
“Last Practicable Date”	the last practicable date before finalisation of this Circular, which date was Thursday, 31 July 2014;

"Management Agreement"	the management agreement between Zeder, Zeder Investments Corporate Services Proprietary Limited and PSG Corporate Services Proprietary Limited, originally concluded on or about 29 September 2006, as subsequently amended on or about 2 April 2008, 18 November 2010 and June 2013, in terms of which PSG Corporate Services Proprietary Limited provides various services to the Zeder Group, as more fully detailed in the Prospectus;
"Operative Date"	the Business Day on which the Scheme is to be implemented in accordance with its terms, anticipated to be 20 October 2014 or the Business Day on which the General Offer is to be implemented in accordance with its terms, which date shall be determined in due course;
"Own-name Registration"	the registration of Zeder Shareholders who hold Zeder Shares that have been dematerialised and are recorded by the CSDP on the sub-register kept by that CSDP in the name of such Zeder Shareholder;
"Pioneer Foods"	Pioneer Food Group Limited, registration number 1996/017676/06, a public company with limited liability duly incorporated under the laws of South Africa;
"Pioneer Interest"	55 627 707 ordinary shares in the issued share capital of Pioneer held by AVL, equivalent to a 30.3% economic interest and a 25.3% voting interest therein;
"Prospectus"	the prospectus of Zeder, dated 15 August 2014 accompanying this Circular for purposes of providing additional information in relation to Zeder;
"Proposed Transaction"	the offer by Zeder to acquire all the AVL Shares in issue not already held by the Zeder Group, by way of the Scheme, or, if the General Offer Trigger Event occurs and the Scheme fails, by way of the General Offer;
"PSG Capital"	PSG Capital Proprietary Limited, registration number 2006/015817/07, a private company with limited liability duly incorporated under the laws of South Africa, being the transaction adviser and sponsor to Zeder;
"Questco" or "Independent Sponsor"	Questco Proprietary Limited, registration number 2002/005616/07, being the independent sponsor to Zeder;
"Rand" or "R"	South African Rand;
"Register"	the register of certificated Shareholders maintained by the Transfer Secretaries and the sub-register of dematerialised Shareholders maintained by the relevant CSDPs;
"Rounding Convention"	the rounding down of a fractional result to the nearest whole number if the result is less than 0.5 and the rounding up of a fractional result to the nearest whole number if the result is greater than or equal to 0.5;
"Scheme"	the scheme of arrangement in terms of section 114 of the Companies Act proposed by the board of directors of AVL between AVL and its shareholders, excluding Zeder, in terms of which Zeder will, subject to the said scheme becoming operative, acquire the AVL Shares not already held by the Zeder Group, on the terms and conditions set out in the Scheme Circular;
"Scheme Circular"	the circular dated Friday, 15 August 2014 setting out the details of the Scheme and distributed to AVL Shareholders;
"Scheme Consideration"	the Consideration Shares payable to Scheme Participants, pursuant to the Scheme becoming operative, in the ratio of 16.2 (sixteen point two) Consideration Shares for every 1 (one) AVL Share held by them on the Scheme Record Date;

“Scheme Meeting”	the general meeting of AVL Shareholders to be held at 10:30 on Monday, 15 September 2014 at NH The Lord Charles Hotel, Corner of Main Road (M9) and Broadway Boulevard (R44), Somerset West, Western Cape, convened for purposes of considering and, if deemed fit, approving the Scheme Resolution and other requisite resolutions, including any adjournment thereof;
“Scheme Participants”	AVL Shareholders who participate in the Scheme;
“Scheme Record Date”	the date on which Scheme Participants must be recorded in the Register in order to receive the Scheme Consideration, being Friday, 17 October 2014;
“Scheme Resolution”	the special resolution, as contemplated in section 115(2) of the Companies Act, in terms of which AVL Shareholders are required to approve the Scheme;
“SENS”	the Stock Exchange News Service of the JSE;
“Share Certificates”	Share Certificates evidencing the Shares held by Certificated Shareholders or any other Document of Title acceptable to the Board in its sole discretion;
“standalone”	when used in connection with the financial information of a company, means the separate financial statements of that company in which its investments are accounted for on the basis of its direct equity interest rather than on the basis of the reported results and net assets of its investees;
“South Africa”	the Republic of South Africa;
“Strate”	Strate Limited, registration number 1998/022242/06, a public company with limited liability duly incorporated under the laws of South Africa and which is a registered central securities depository responsible for the electronic custody and settlement system used by the JSE;
“Takeover Regulation Panel”	the Takeover Regulation Panel established in terms of section 196 of the Companies Act;
“Transfer Secretaries”	Computershare Investor Services Proprietary Limited, registration number 2004/003647/07, a private company with limited liability duly incorporated under the laws of South Africa;
“VAT”	value added tax as defined in the Value Added Tax Act, 1991, as amended;
“Zeder Group”	Zeder and its subsidiaries;
“Zeder Shares” or “Shares”	ordinary shares with no par value, in the issued share capital of the Company; and
“Zeder Shareholders” or “Shareholders”	holders of Zeder Shares, which includes Certificated Shareholders, Dematerialised Shareholders and Dematerialised own-name Shareholders.

Zeder Investments Limited

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

Directors

JF Mouton* *(Chairman)*
N Celliers *(Chief Executive Officer)*
WL Greeff *(Financial Director)*
AE Jacobs*
PJ Mouton*
GD Eksteen*#
WA Hanekom*#
CA Otto*#

* *Non-executive*
\# *Independent*

CIRCULAR TO ZEDER SHAREHOLDERS

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

1.1 Shareholders are referred to the joint announcement by Zeder and AVL published on SENS on 25 June 2014 relating to Zeder confirming its firm intention to make an offer to acquire all the AVL Shares not already held by the Zeder Group by way of a scheme of arrangement in terms of section 114 of the Companies Act or, should the Scheme fail and the General Offer Trigger Event occur, by way of the General Offer.

1.2 The purpose of this Circular is to:

1.2.1 provide Shareholders with information relating to the Proposed Transaction;

1.2.2 convene the General Meeting to consider and, if deemed fit, approve with or without modification, the resolutions relating to the Proposed Transaction, set out in the notice of General Meeting attached to, and forming part of, this Circular; and

1.2.3 provide Zeder Shareholders with additional information on Zeder pursuant to the implementation of the Scheme, or the General Offer, which will amount to a category 1 transaction in terms of the JSE Listings Requirements and in respect of which Zeder will issue the Consideration Shares which constitute 47% (forty-seven percent) of Zeder's current issued share capital and, accordingly, the information ordinarily required to be included in revised listing particulars have been included in the Prospectus accompanying this Circular.

1.3 Subsequent to the implementation of the Proposed Transaction, AVL will become a subsidiary of Zeder. Accordingly, the Directors confirm that the memorandum of incorporation of AVL shall be amended in line with the provisions of paragraph 10.21 of the JSE Listings Requirements.

2. **RATIONALE FOR THE PROPOSED TRANSACTION**

Zeder wishes to acquire all the AVL Shares not already held by the Zeder Group, in order to increase its exposure to AVL's underlying interest in Pioneer Foods. Should the Proposed Transaction be implemented, the issuing of the Consideration Shares should result in increased liquidity in Zeder Shares, to the benefit of both existing Zeder Shareholders and AVL Shareholders.

3. TERMS OF THE PROPOSED TRANSACTION

3.1 Scheme Consideration

3.1.1 In terms of the Scheme, AVL Shareholders will, if the Scheme becomes operative, receive 16.2 (sixteen point two) listed Zeder Shares for every 1 (one) unlisted AVL Share disposed of in terms of the Scheme, subject to the Rounding Convention.

3.1.2 The Scheme Consideration will not have a cash alternative.

3.1.3 The Scheme Consideration will be issued on market and will be listed on the Main Board of the JSE.

3.1.4 The Scheme Consideration was calculated on the following basis:

3.1.4.1 the Scheme Consideration has been calculated on a like-for-like basis, based on the see-through sum-of-parts value per share of Zeder of R6.11 (six Rand and eleven cents), as at 4 June 2014, and the see-through value per share of AVL of R99 (ninety nine Rand) per share, as at 4 June 2014;

3.1.4.2 the see-through sum-of-the-parts value per share of Zeder is calculated using the quoted market prices for all JSE-listed and over-the-counter traded investments, apart from using the see-through market price of Pioneer Foods for Zeder's investment in AVL, and directors' valuations for unlisted, unquoted investments; and

3.1.4.3 the see-through value per share of AVL is calculated using the see-through market price for AVL's investment in Pioneer Foods.

3.2 Conditions Precedent to the Scheme

The Scheme will be subject to the fulfilment or, where applicable, waiver of the Conditions Precedent set out in the Scheme Circular on or before 30 September 2014, and which can be summarised as follows:

3.2.1 as the implementation of the Scheme amounts to a category 1 acquisition by Zeder in terms of the JSE Listings Requirements, that same be approved by Zeder Shareholders as required in terms of the JSE Listings Requirements;

3.2.2 as the voting power of the Consideration Shares will exceed 30% (thirty percent) of the voting power of all the Shares held by Zeder Shareholders immediately prior to the issue of same, the issue of the Consideration Shares by Zeder be approved by Zeder Shareholders by way of special resolution as required in terms of section 41(3) of the Companies Act;

3.2.3 that the Scheme be approved by the requisite majority of AVL Shareholders, as contemplated in section 115(2)(a) of the Companies Act, and, to the extent required, by a High Court in terms of section 115(2)(c) of the Companies Act, and, if applicable, that AVL does not treat the Scheme Resolution as a nullity, as contemplated in section 115(5)(b) of the Companies Act;

3.2.4 that, in relation to any objections to the Scheme by AVL Shareholders:

3.2.4.1 no AVL Shareholders give notice objecting to the Scheme, as contemplated in section 164(3) of the Companies Act and vote against the Scheme Resolution; or

3.2.4.2 if AVL Shareholders give notice objecting to the Scheme, as contemplated in section 164(3) of the Companies Act, and vote against the Scheme Resolution, AVL Shareholders holding no more than 5% (five percent) of all AVL Shares eligible to be voted at the Scheme Meeting give such notice and vote against the Scheme Resolution; or

3.2.4.3 if AVL Shareholders holding more than 5% (five percent) of all AVL Shares eligible to vote at the Scheme Meeting give notice objecting to the Scheme, as contemplated in section 164(3) of the Companies Act, and vote against the Scheme Resolution, the relevant AVL Shareholders do not exercise their appraisal rights, by giving valid demands in terms of sections 164(5) to 164(8) of the Companies Act within 30 (thirty) Business Days following the Scheme Meeting, in respect of more than 5% (five percent) of the AVL Shares eligible to be voted at the Scheme Meeting; and

3.2.5 that, in respect of the implementation of the Proposed Transaction and only to the extent that same may be applicable, the approval of the Takeover Regulation Panel and any other relevant regulatory authorities (either unconditionally or subject to conditions acceptable to Zeder) be obtained, it being recorded that on 26 February 2014 the Competition Tribunal of South Africa approved, in advance, the acquisition of control by Zeder over AVL (provided same occurs by no later than 25 February 2015).

3.3 The Conditions Precedent in paragraphs 3.2.1, 3.2.2, 3.2.3 and 3.2.5 cannot be waived.

3.4 The Condition Precedent set out in paragraph 3.2.4 may be waived by Zeder upon written notice to AVL, prior to the date for fulfilment of the relevant Condition Precedent as set out in the Scheme Circular.

3.5 Zeder will be entitled to extend the date for the fulfilment of any Conditions Precedent, by up to 60 (sixty) days, in its own discretion, upon written notice to AVL, but shall not be entitled to extend the date to a date later than aforesaid 60-day period without the prior written consent of AVL.

4. THE GENERAL OFFER

4.1 Should the General Offer Trigger Event occur and the Scheme fail, the voluntary General Offer will automatically be made by Zeder to the remaining AVL Shareholders to acquire the AVL Shares held by them.

4.2 The General Offer will become effective immediately and will be open for acceptance by AVL Shareholders immediately once Zeder and AVL have announced through SENS and the printed media, as required, that the General Offer Trigger Event has occurred and that the Scheme has therefore failed.

4.3 The General Offer, if made, will be subject to the fulfilment of the following conditions on or before 30 November 2014:

4.3.1 that the requisite approvals of Zeder Shareholders for the acquisition by Zeder of the AVL Shares in terms of the General Offer and for the issue of the Consideration Shares, are obtained at the General Meeting; and

4.3.2 that, in respect of the implementation of the General Offer and only to the extent that same may be applicable, the approval of the Takeover Regulation Panel and any other relevant regulatory authorities (either unconditionally or subject to conditions acceptable to Zeder) be obtained, it being recorded that on 26 February 2014 the Competition Tribunal of South Africa approved, in advance, the acquisition of control by Zeder over AVL (provided that this occurs by no later than 25 February 2015).

4.4 The conditions set out in paragraph 4.3 above cannot be waived.

4.5 Zeder will be entitled to extend the date for the fulfilment of any of the conditions set out in paragraph 4.3 above, by up to 60 (sixty) days, in its own discretion, upon written notice to AVL, but shall not be entitled to extend the date to a date later than the aforesaid 60-day period without the prior written consent of AVL.

4.6 The General Offer Consideration offered in terms of the General Offer, if it is made, will be the same as the Scheme Consideration.

4.7 If the General Offer is made, the number of AVL Shares acquired by Zeder will be dependent on the level of any acceptances under the General Offer.

5. **AUTHORITY TO ISSUE ZEDER SHARES**

5.1 **Rationale**

Zeder intends to settle the Scheme Consideration or the General Offer Consideration, as the case may be, through the issue of the Consideration Shares. The voting power of the Consideration Shares to be issued in terms of the Proposed Transaction will be in excess of 30% (thirty percent) of the voting power of all Zeder Shares held by Zeder Shareholders prior to the issue of the Consideration Shares. Accordingly, it is necessary to obtain the authority of Zeder Shareholders by way of a special resolution, as required in terms of section 41(3) of the Companies Act, in order to proceed with the issue of the Consideration Shares in terms of the Proposed Transaction.

5.2 **Voting at the General Meeting**

In terms of the Companies Act, at least 75% (seventy five percent) of all votes of all Zeder Shareholders present or represented by proxy at the General Meeting must be exercised in favour of the special resolution to authorise the issue of the Consideration Shares in terms of section 41(3) of the Companies Act.

6. **FINANCIAL INFORMATION**

6.1 ***Pro Forma* Financial Information of Zeder**

6.1.1 **Annexure 1** of this Circular contains the *pro forma* financial information of Zeder after the implementation of the Proposed Transaction and the Independent Reporting Accountants' report on the *pro forma* financial information of Zeder is contained in **Annexure 2**.

6.1.2 The *pro forma* financial effects of the Proposed Transaction, as set out below, have been prepared in terms of the JSE Listings Requirements and the Guide on *Pro Forma* Financial Information issued by the South African Institute of Chartered Accountants. These *pro forma* financial effects are the responsibility of the Directors.

6.1.3 The *pro forma* financial effects are presented in a manner consistent with the basis on which the historical financial information of Zeder has been prepared and in terms of Zeder's accounting policies. The *pro forma* financial effects have been presented for illustrative purposes only and, because of their nature, may not give a fair reflection of Zeder's financial position, changes in equity or results of operations post the implementation of the Proposed Transaction.

6.1.4 The material assumptions are set out in the notes following the table. The table below sets out the *pro forma* financial effects of the Proposed Transaction on Zeder, based on the audited financial results for the financial year ended 28 February 2014.

	Audited results for the year ended 28 February 2014 [1] (cents)	***Pro forma* after [2] (cents)**	**Change (%)**
Net asset value per share	368.0	482.7	31.2
Tangible net asset value per share	329.6	456.6	38.5
Recurring headline earnings per share	29.8	30.1	1.0
Headline earnings per share	25.8	31.3	21.3
Attributable earnings per share	29.7	30.9	4.0
See-through sum-of-the-parts value per share as at 4 June 2014 (Rand)	6.11	6.11	–

Notes and assumptions:

1. Extracted, without adjustment, from the audited results of Zeder for the year ended 28 February 2014, except for the see-through sum-of-the-parts value per share. The see-through sum-of-the-parts value per share of

Zeder is calculated using the quoted market prices for all JSE-listed and over-the-counter traded investments, apart from using the see-through market price of Pioneer Foods for Zeder's investment in AVL, and directors' valuations for unlisted, unquoted investments.

2. The *pro forma* results after the acquisition incorporates the following financial effects:
   a. The acquisition of 28 620 719 AVL shares not already held by Zeder (by way of the Scheme), which directly represents 28 620 719 Pioneer Foods shares, for a consideration of 463 655 648 Zeder Shares. The Proposed Transaction is accounted for in terms of IAS 28 as an asset addition, being an increased investment in associate. The Proposed Transaction is accounted for at a value of R3 360 million, which is calculated by multiplying the 28 620 719 Pioneer Foods shares with their market value of R117.40 per share, being the JSE-listed share price at the Last Practicable Date. The Proposed Transaction value of R3 360 million is debited to investments in associates and credited to stated capital.
   b. The elimination of AVL's equity and reserves at acquisition in terms of standard consolidation procedures.
   c. Transaction costs estimated to be approximately R9 million are capitalised in accordance with IAS 28 and settled in cash.
   d. The resultant change to the management fee expense was calculated in accordance with the existing management base fee arrangement, whereby Zeder pays an annual management base fee, calculated as 1.5% of Zeder's average market capitalisation, for management services received from PSG Group Limited or its nominee.
   e. With the exception of the adjustment set out in (c) above, all adjustments are expected to have a continuing effect.
3. The *pro forma* financial effects do not include any adjustment to the performance fee that was paid to a nominee of PSG Group Limited in terms of the Management Agreement for the year ended 28 February 2014, due to the uncertain nature thereof. The performance fee is calculated annually, with reference to the Zeder share price, at the rate of 20% above the benchmark, being the GOVI-index plus 4%. The maximum performance fee for any financial year shall not exceed the annual management base fee and any excess is carried forward as a reduction in the benchmark for the next year.
4. Zeder Shareholders are referred to the detailed explanatory notes and assumptions contained in **Annexure 1**.

7. GENERAL MEETING

7.1 A general meeting of the Zeder Shareholders will be held at 10:00 on Monday, 15 September 2014 at NH The Lord Charles Hotel, Corner of Main Road (M9) and Broadway Boulevard (R44), Somerset West, Western Cape for the purpose of considering, and if deemed fit, passing, with or without modification, the resolutions necessary to give effect to the Proposed Transaction and the matters incidental thereto. The resolutions to be put to Zeder Shareholders for their approval are set out in the notice of General Meeting of Zeder Shareholders attached to, and forming part of, this Circular.

7.2 Details of the action required to be taken by Zeder Shareholders in respect of the General Meeting are set out on page 3 of this Circular.

7.3 As at the Last Practicable Date, the following Zeder Shareholders have provided irrevocable undertakings or firm commitments to vote in favour of all Zeder shareholder resolutions necessary to approve and implement the Scheme and (to the extent applicable) the General Offer:

Zeder shareholder	**Number of Zeder Shares held**	**Zeder Shares held as % of Zeder's issued share capital**
PSG Financial Services Limited	422 490 671	43.1
Coronation Fund Managers [1]	132 165 847	13.5
Allan Gray Proprietary Limited [1]	133 755 910	13.6
Sanlam Investment Management Proprietary Limited [1]	32 527 801	3.3
Investec Asset Management [1]	30 834 477	3.1
Total	**751 774 706**	**76.6**

Note:

[1] Includes shares held by these Zeder Shareholders on behalf of their clients.

8. EXPENSES RELATING TO THE PROPOSED TRANSACTION

The following expenses and provisions are expected by Zeder, or have been provided for by Zeder in connection with the Proposed Transaction.

Description	Recipient	Amount (Rand)
Zeder expenses		
Corporate advisory fees	PSG Capital	2 500 000
Independent Reporting Accountant	PwC	75 000
Listing fees	JSE	399 955
Documentation fee	JSE	22 674
Printing costs, publication, distribution and advertising	Ince	350 000
Transfer secretarial fees	Computershare	50 000
Independent Sponsor	Questco	150 000
Attorney [1]	Cliffe Dekker Hofmeyr	80 000
Sundry costs	Various	108 554
AVL expenses [2]		
Corporate advisory fees	PSG Capital	2 500 000
Independent Reporting Accountant	PwC	75 000
Printing costs, publication, distribution and advertising	Ince	450 000
Transfer secretarial fees	Computershare	75 000
Fairness opinion	Deloitte and Touche	550 000
Documentation fee	Takeover Regulation Panel	400 000
Sundry costs	Various	108 554
VAT [3]		1 105 263
Total		**9 000 000**

Notes:

[1] Relates to legal advice provided by Cliffe Dekker Hofmeyr in respect of the Prospectus and the Scheme Circular.

[2] Should the Scheme become unconditional and be implemented, AVL will become a wholly-owned subsidiary of Zeder, with the result that AVL's expected costs in respect of the Scheme will effectively be borne by Zeder. The total transaction costs of R9 million have been utilised for purposes of Zeder's *pro forma* financial information, as detailed in **Annexure 1** hereto.

[3] Value added tax inputs are not claimed seeing that the goods and services are not acquired for the purposes of making taxable supplies.

9. INFORMATION RELATING TO AVL

9.1 Background and overview

AVL's only asset comprises the Pioneer Interest. Pioneer Foods is listed on the JSE and has as its main activities, the manufacturing of food, beverages and related products for human consumption as well as fodder for animals. Familiar brand names of Pioneer Foods include Bokomo, Sasko, White Star, Weetbix, ProNutro, Spekko, Marmite, Bovril, Redro, Pecks Anchovette, Maizena, Safari, Liqui-Fruit, Ceres, Wellington, Heinz, Pepsi, Tydstroom, Nulaid and Nova Feeds.

9.2 Prospects of AVL

AVL is a passive investment holding company. Its sole investment is the interest it holds in Pioneer Foods. AVL does not control Pioneer Foods and therefore its interests are directly linked to the prospects of Pioneer Foods. Pioneer Foods stated as follows in its interim results announcement published on SENS on 19 May 2014:

"*Prospects for Pioneer Foods remain good despite strong economic headwinds. A critical focus on market share is fundamental as a key source of growth in a highly combative market environment. Continuing transformation of the organisation's business model is an enabling imperative to sustained profitability and margin expansion. Precision in executing the aforementioned will be a high priority. Margin management within the maize category, cost-push inflation, and the generation of value chain efficiencies are key focal points in the second half of the financial year.*"

9.3 **Material borrowings**

AVL has not received nor made any material loans.

9.4 **Material contracts**

No material contracts have been entered into by AVL, being a restrictive funding arrangement and/or a contract entered into otherwise than in the ordinary course of business, within the two years preceding the date of this Circular or that contains an obligation or settlement that is material to AVL as at the date of this Circular.

9.5 **Material changes**

There have been no material changes in the financial or trading position of AVL since it published its unaudited results for the six months ended 31 March 2014 and the date of this Circular.

9.6 **Litigation statement**

There are no legal or arbitration proceedings which may have, or have during the twelve months preceding the date of this Circular, had a material effect on the financial position of AVL and the Board is not aware of any proceedings that would have a material effect on the financial position of AVL or which are pending or threatened against AVL.

9.7 **Vendors**

9.7.1 AVL has not made any material acquisitions or disposals in the three years prior to the date of this Circular.

9.7.2 AVL has not paid any amount in cash or securities or given any benefit to any promoter, not being a director, within the three years preceding the date of this Circular.

10. **INFORMATION RELATING TO ZEDER**

10.1 **Background and overview**

Details regarding the history of Zeder and its business are contained in paragraph 3 of the Prospectus.

10.2 **Prospects of Zeder**

Details regarding the prospects of Zeder and its investments are contained in paragraph 3 of the Prospectus.

10.3 **History of changes**

Details of Zeder's controlling shareholders, as at the Last Practicable Date, are set out in paragraph 1 of Annexure 5 of the Prospectus. There has been no change in the controlling shareholder of Zeder since the date of its listing nor has there been any change in Zeder's business in the five-year period prior to the Last Practicable Date. Details of changes in trading objects are set out in paragraph 3 of the Prospectus.

10.4 **Material borrowings**

Details regarding the material loans made to the Zeder Group are set out in paragraph 1 of Annexure 8 of the Prospectus.

10.5 **Material contracts**

Details regarding material contracts are set out in paragraph 7 of the Prospectus.

10.6 **Material changes**

There have been no material changes in the financial or trading position of Zeder since the Company published its audited results for the financial year ended 28 February 2014 and the date of this Circular.

10.7 **Vendors**

10.7.1 Save for the Proposed Transaction, the Zeder Group has not undertaken any material acquisitions within the last three years and is not currently contemplating any potential material acquisitions.

10.7.2 The Proposed Transaction is an acquisition of all the issued AVL Shares which Zeder does not already hold, by way of the Scheme or, if the Scheme fails, by way of the General Offer and, accordingly, the vendors under the Proposed Transaction ("**Vendors**") will be the Scheme Participants or the General Offer Participants, as the case may be.

10.7.3 AVL has approximately 4 900 shareholders. In light of this and as it is not known whether any AVL Shareholders will elect to exercise their appraisal rights in respect of the Scheme or, if applicable, how many AVL Shareholders will accept the General Offer, it is not possible to disclose in this Circular the name and address of each Vendor or the Consideration Shares to which each Vendor is entitled under the Proposed Transaction.

10.7.4 As the Proposed Transaction affects the entire body of AVL Shareholders, the following Directors, by virtue of their beneficial shareholding in AVL, have an interest in the Proposed Transaction:

Director	**Direct**	**Indirect**	**% of AVL issued share capital**
GD Eksteen [1]	–	412 568	0.74
Total	**–**	**412 568**	**0.74**

Notes:

1 This interest is material in relation to the total assets of Mr Eksteen.

2 Mr CA Otto has an indirect non-beneficial interest in 2 415 AVL Shares.

3 Mr LP Retief, who resigned from the Board on 25 July 2014, has indicated that he has an indirect non-beneficial interest in 120 351 AVL Shares.

10.7.5 AVL Shares acquired by Zeder as a consequence of the Proposed Transaction will be transferred into Zeder's name on the Effective Date and, as far as Zeder is aware, have not been ceded or pledged to any third party.

10.7.6 Details of material disposals made by Zeder during the three years preceding the date of this Circular are set out in paragraph 27 of the Prospectus with reference to Annexure 9 thereof.

10.8 **Litigation statement by Directors of Zeder**

There are no legal or arbitration proceedings which may have, or have during the 12 (twelve) months preceding the date of this Circular, had a material effect on the financial position of the Zeder Group and the Directors are not aware of any proceedings that would have a material effect on the financial position of the Zeder Group or which are pending or threatened against the Zeder Group.

10.9 **Interest of Zeder in AVL**

As at the Last Practicable Date, Zeder holds 27 006 988 shares in the issued share capital of AVL constituting 48.55% of the total issued share capital of AVL.

10.10 **Major shareholders of Zeder**

10.10.1 Details regarding Zeder Shareholders that, directly or indirectly, are beneficially interested in 5% (five percent) or more of the issued share capital of Zeder as at the Last Practicable Date, are set out in paragraph 1 of Annexure 5 of the Prospectus.

10.10.2 Details regarding Zeder Shareholders that, directly or indirectly, are beneficially interested in 5% (five percent) or more of the issued share capital of Zeder post the implementation of the Proposed Transaction, are set out in paragraph 1 of Annexure 5 of the Prospectus.

10.11 **Information of Directors of Zeder**

10.11.1 The emoluments of Directors are set out in paragraph 5 of Annexure 2 of the Prospectus. There will be no variation in the remuneration receivable by any of the Directors as a consequence of the Proposed Transaction.

10.11.2 Details regarding the interests of Directors in securities of the Company are set out in paragraph 2 of Annexure 2 of the Prospectus.

10.11.3 Details regarding the interests of Directors in transactions are set out in paragraph 3 of Annexure 2 of the Prospectus.

10.11.4 Details regarding Directors' and/or promoters' material beneficial interests are set out in paragraph 4 of Annexure 2 of the Prospectus.

10.11.5 Details of Directors' service contracts are set out in paragraph 7 of Annexure 2 of the Prospectus.

10.12 **Management**

The management function of Zeder is outsourced on market-related terms to PSG Corporate Services Proprietary Limited. The salient details of the Management Agreement are set out in Annexure 4 to the Prospectus.

11. **WORKING CAPITAL STATEMENT**

The Directors have considered the effects of the Proposed Transaction and are of the opinion that, for a period of 12 (twelve) months subsequent to the date of issue of this Circular:

11.1 the Zeder Group, as enlarged by the Proposed Transaction, will in the ordinary course of business be able to pay its debts as they become due;

11.2 the assets of the Zeder Group, as enlarged by the Proposed Transaction, fairly valued, will be in excess of its liabilities. For this purpose the assets and liabilities are recognised and measured in accordance with the accounting policies applied in the latest audited annual financial results of the Zeder Group;

11.3 the share capital and reserves of the Zeder Group, as enlarged by the Proposed Transaction, will be adequate for ordinary business purposes; and

11.4 the working capital of the Zeder Group, as enlarged by the Proposed Transaction, will be adequate for ordinary business purposes.

12. **DIRECTORS' RECOMMENDATION**

12.1 The Board is of the opinion that the Proposed Transaction is beneficial to Zeder and recommends that Zeder Shareholders vote in favour of the resolutions to be proposed at the General Meeting.

12.2 The Directors intend voting the Zeder Shares held by them in favour of the resolutions to be proposed at the General Meeting.

13. **ADVISORS' CONSENTS**

Each of the transaction adviser and sponsor, Independent Sponsor, Independent Reporting Accountants and auditors, company secretary and Transfer Secretaries have consented in writing to act in the capacities stated and to their names being stated in the Circular and, in the case of the Independent Reporting Accountants and auditors, have consented to the reference to their reports in the form and context in which they appear, and have not withdrawn their consents prior to the publication of the Circular.

14. **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors, whose names appear on page 9 of this Circular collectively and individually accept full responsibility for the accuracy of the information furnished relating to the Zeder Group and certify that to the best of their knowledge and belief, that there are no facts which 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 law and the JSE Listings Requirements.

15. **DOCUMENTS AVAILABLE FOR INSPECTION**

The list of documentation that will be available for inspection at the Company's registered office as well as the office of PSG Capital during normal business hours from Friday, 15 August 2014 until Monday, 15 September 2014 (*both days inclusive*) are set out in paragraph 35 of the Prospectus.

Signed at Stellenbosch by JF Mouton on behalf of all the Directors of Zeder Investments Limited in terms of powers of attorneys signed by such Directors.

JF Mouton
Chairman

13 August 2014

PRO FORMA FINANCIAL INFORMATION OF ZEDER

The *pro forma* financial information of Zeder at 28 February 2014 is set out below. The *pro forma* information has been prepared for illustrative purposes only to provide information on how the Proposed Transaction might have impacted on the financial position, changes in equity and results of operations of Zeder. Due to its nature, the *pro forma* financial information may not fairly present Zeder's financial position, changes in equity, results of operations or cash flows after the implementation of the Proposed Transaction. The *pro forma* financial information is presented in a manner that is consistent with the accounting policies of Zeder.

The *pro forma* financial information as set out below should be read in conjunction with the report of the Independent Reporting Accountants to Zeder, which is included as **Annexure 2** to this Circular.

The directors of Zeder are responsible for the preparation of the *pro forma* financial information. The *pro forma* statement of financial position of Zeder has been prepared on the assumption that the Proposed Transaction was effected on 28 February 2014, while the *pro forma* income statement and the *pro forma* statement of comprehensive income have been prepared on the assumption that the Proposed Transaction was effected on 1 March 2013.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 28 FEBRUARY 2014

	Before [1] R'000	Acquisition of AVL shares [2] R'000	*Pro forma* adjustments R'000	*Pro forma* after [8] R'000
ASSETS				
Non-current assets	**3 638 042**	**2 190 949**	**1 178 172**	**7 007 163**
Property, plant and equipment	924 975			924 975
Intangible assets	375 795			375 795
Biological assets	117 979			117 979
Investment in ordinary shares of associates [3]	1 821 814	2 190 949	1 341 964	5 354 727
Loans and preference share investments in associates	18 239			18 239
Investment in ordinary shares of joint ventures	67			67
Loans granted to joint ventures	1 553			1 553
Equity securities [4]	206 528		(163 792)	42 736
Loans and advances	78 614			78 614
Deferred income tax assets	59 388			59 388
Employee benefits	33 090			33 090
Current assets	**2 989 184**	**6 276**	**(9 049)**	**2 986 411**
Biological assets	83 447			83 447
Inventories	739 763			739 763
Trade and other receivables	1 127 223			1 127 223
Derivative financial assets	1 299			1 299
Current income tax receivable	22 684			22 684
Cash, money market investments and other cash equivalents [5]	1 014 768	6 276	(9 049)	1 011 995
Non-current assets held for sale	**177 570**			**177 570**
Total assets	**6 804 796**	**2 197 225**	**1 169 123**	**10 171 144**

	Before [1] R'000	Acquisition of AVL shares [2] R'000	*Pro forma* adjustments R'000	*Pro forma* after [8] R'000
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Stated/share capital [6]	1 748 061	2 162	3 359 902	5 110 125
Share premium [7]		395 075	(395 075)	–
Other reserves [7]	76 121	1 158 669	(1 158 669)	76 121
Retained earnings [7]	1 782 747	637 035	(637 035)	1 782 747
	3 606 929	**2 192 941**	**1 169 123**	**6 968 993**
Non-controlling interest	**535 958**			**535 958**
Total equity	**4 142 887**	**2 192 941**	**1 169 123**	**7 504 951**
Non-current liabilities	**1 013 190**	**–**	**–**	**1 013 190**
Deferred income tax liabilities	104 612			104 612
Borrowings	738 533			738 533
Derivative financial liabilities	45 666			45 666
Employee benefits	124 379			124 379
Current liabilities	**1 648 719**	**4 284**	**–**	**1 653 003**
Borrowings	459 699			459 699
Trade and other payables	1 081 299	4 284		1 085 583
Derivative financial liabilities	15 236			15 236
Current income tax payable	19 299			19 299
Employee benefits	73 186			73 186
Total equity and liabilities	**6 804 796**	**2 197 225**	**1 169 123**	**10 171 144**
Net asset value per share (cents)	368.0			482.7
Tangible net asset value per share (cents)	329.6			456.6
Number of shares in issue (thousand)	980 188		463 656	1 443 844

Notes and assumptions:

1. Extracted, without adjustment, from the audited results of Zeder for the year ended 28 February 2014.
2. Extracted, without adjustment, from the *pro forma* financial results of AVL for the six months ended 31 March 2014, as set out in **Annexure 7** to this Circular.
3. The increase of R1 342 million in the investment in ordinary shares of associates consists of the following:
   - The acquisition of 28 620 719 AVL shares not already held by Zeder (by way of the Scheme), which directly represents 28 620 719 Pioneer Foods shares, for a consideration of 463 655 648 Zeder Shares. The Proposed Transaction is accounted for in terms of IAS 28 as an asset addition, being an increased investment in an associate. The Proposed Transaction is accounted for at a value of R3 360 million, which is calculated by multiplying the 28 620 719 Pioneer Foods shares with their market value of R117.40 per share, being the JSE-listed share price at the Last Practicable Date. The Proposed Transaction value of R3 360 million is debited to investments in associates and credited to stated capital; plus
   - Pioneer Foods shares of R163.8 million were previously held directly by Zeder and are now reclassified from equity securities to an investment in associates, upon Zeder gaining significant influence directly over Pioneer Foods; plus
   - Transaction costs estimated to be approximately R9 million are capitalised in accordance with IAS 28 and settled in cash; less
   - The elimination of AVL's existing investment in Pioneer Foods (an associate) of R2 191 million in terms of standard consolidation procedures.
4. Pioneer Foods shares of R163.8 million were previously held directly by Zeder and are now reclassified from equity securities to an investment in associates, upon Zeder gaining significant influence directly over Pioneer Foods.
5. The decrease in cash, money market investments and other cash equivalents relate to transaction costs of approximately R9 million, which have been capitalised, being paid in cash.
6. The increase of R3 360 million in stated capital relate to:
   - The acquisition of 28 620 719 AVL shares not already held by Zeder (by way of the Scheme), which directly represents 28 620 719 Pioneer Foods shares, for a consideration of 463 655 648 Zeder Shares. The Proposed Transaction is accounted for in terms of IAS 28 as an asset addition, being an increased investment in an associate. The Proposed Transaction is accounted for at a value of R3 360 million, which is calculated by multiplying the 28 620 719 Pioneer Foods shares with their market value of R117.40 per share, being the JSE-listed share price at the Last Practicable Date. The Proposed Transaction value of R3 360 million is debited to investments in associates and credited to stated capital; plus

– AVL's cash, money market investments and other cash equivalents of R6.3 million being acquired; less
– AVL's trade and other payables of R4.3 million being assumed; less
– AVL's share capital of R2.2 million being eliminated in terms of standard consolidation procedures.

7. The elimination of AVL's equity and reserves at acquisition in terms of standard consolidation procedures.
8. Represents the *pro forma* financial results after incorporating the adjustments set out above.
9. The *pro forma* financial effects do not include any adjustment to the performance fee that was paid to a nominee of PSG Group Limited in terms of the Management Agreement for the year ended 28 February 2014, due to the uncertain nature thereof. The performance fee is calculated annually, with reference to the Zeder share price, at the rate of 20% above the benchmark, being the GOVI-index plus 4%. The maximum performance fee for any financial year shall not exceed the annual management base fee and any excess is carried forward as a reduction in the benchmark for the next year.

PRO FORMA CONSOLIDATED INCOME STATEMENT

		Acquisition of AVL shares				
	Before [1] R'000	AVL results for the six-month period ended 31 March 2014 [2] R'000	AVL audited results for the year ended 30 September 2013 [2] R'000	AVL results for the six-month period ended 31 March 2013 [2] R'000	*Pro forma* adjustments R'000	*Pro forma* after [9] R'000
Continuing operations						
Revenue	6 010 700					6 010 700
Cost of sales	(5 134 607)					(5 134 607)
Gross profit	**876 093**	**–**	**–**	**–**	**–**	**876 093**
Income						
Change in fair value of biological assets	90 510					90 510
Investment income [3]	64 354	170	280		(323)	64 481
Net fair value gains [4]	143 953				5 588	149 541
Other operating income	8 928					8 928
Total income	**307 745**	**170**	**280**	**–**	**5 265**	**313 460**
Expenses						
Management fees [5]	(118 044)				(27 931)	(145 975)
Marketing, administration and other expenses	(741 254)	(680)	(1 228)	653		(742 509)
Total expenses	**(859 298)**	**(680)**	**(1 228)**	**653**	**(27 931)**	**(888 484)**
Equity accounted earnings [6]	218 011	191 409	201 816	(96 144)	(72 488)	442 604
Loss on impairment of associates	(21 421)					(21 421)
Loss on disposal of investment in associates	(3 836)					(3 836)
Profit before finance costs and taxation	**517 294**	**190 899**	**200 868**	**(95 491)**	**(95 154)**	**718 416**
Finance costs	(85 962)					(85 962)

		Acquisition of AVL shares				
	Before [1] R'000	AVL results for the six-month period ended 31 March 2014 [2] R'000	AVL audited results for the year ended 30 September 2013 [2] R'000	AVL results for the six-month period ended 31 March 2013 [2] R'000	*Pro forma* adjustments R'000	*Pro forma* after [9] R'000
Profit before taxation	**431 332**	**190 899**	**200 868**	**(95 491)**	**(95 154)**	**632 454**
Taxation [7]	(97 128)				12 920	(84 208)
Discontinued operations						
Equity accounted loss (Quantum Foods in Pioneer)		(1 276)	(61 488)	2 902		(59 862)
Profit for the year	**334 204**	**189 623**	**139 380**	**(92 589)**	**(82 234)**	**488 384**
Profit attributable to:						
Owners of the parent	291 318	189 623	139 380	(92 589)	(82 234)	445 498
Continuing operations	291 318	190 899	200 868	(95 491)	(82 234)	505 360
Discontinued operations		(1 276)	(61 488)	2 902		(59 862)
Non-controlling interest	42 886					42 886
	334 204	**189 623**	**139 380**	**(92 589)**	**(82 234)**	**488 384**
Attributable to owners of the parent	291 318	189 623	139 380	(92 589)	(82 234)	445 498
Non-headline items	(38 799)	16 922	63 866	(617)	(35 012)	6 360
Headline earnings	**252 519**	**206 545**	**203 246**	**(93 206)**	**(117 246)**	**451 858**
Headline earnings	252 519	206 545	203 246	(93 206)	(117 246)	451 858
Non-recurring earnings	39 482	(30 442)	35 055	(26 641)	(34 824)	(17 370)
Recurring headline earnings	**292 001**	**176 103**	**238 301**	**(119 847)**	**(152 070)**	**434 488**
Earnings per share (cents)						
Attributable – basic and diluted	29.7					30.9
Headline (basic and diluted)	25.8					31.3
Recurring headline (basic and diluted)[11]	29.8					30.1
Weighted average number of shares (thousand)	979 763				463 656	1 443 418

PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Acquisition of AVL shares				
	Before [1] R'000	AVL results for the six-month period ended 31 March 2014 [2] R'000	AVL audited results for the year ended 30 September 2013 [2] R'000	AVL results for the six-month period ended 31 March 2013 [2] R'000	*Pro forma* adjustments R'000	*Pro forma* after [9] R'000
Profit for the year	**334 204**	**189 623**	**139 380**	**(92 589)**	**(82 234)**	**488 384**
Other comprehensive income for the year, net of taxation [8]	**118 138**	**(18 513)**	**29 954**	**(17 318)**	**(21 835)**	**90 426**
Items that will be reclassified to profit or loss						
Currency translation movements	157 391					157 391
Reclassification of share of associates' other comprehensive income	(55 887)					(55 887)
Share of other comprehensive income of associates	31 200	(18 989)	28 596	(17 318)	(21 835)	1 654
Cash flow hedges	(15 428)					(15 428)
Reclassification of gains on available-for-sale investments	(678)					(678)
Fair value gains on available-for-sale investments	391					391
Dividends forfeited		476	1 358			1 834
Item that will not be reclassified to profit or loss						
Actuarial gains on employee defined benefit plans	1 149					1 149
Total comprehensive income for the year	**452 342**	**171 110**	**169 334**	**(109 907)**	**(104 069)**	**578 810**
Attributable to:						
Owners of the parent	361 675	171 110	169 334	(109 907)	(104 069)	488 143
Non-controlling interest	90 667					90 667
	452 342	**171 110**	**169 334**	**(109 907)**	**(104 069)**	**578 810**

Notes and assumptions:

1. Extracted, without adjustment, from the audited results of Zeder for the year ended 28 February 2014.
2. The results for the 12-month period ended 31 March 2014 were derived from the *pro forma* financial results of AVL for the six months ended 31 March 2014 (as reflected in **Annexure 7**) including the audited results for the year ended 30 September 2013 (as reflected in **Annexure 3**) and deducting the unaudited results of AVL for the six months ended 31 March 2013 (as reflected in **Annexure 7**).
3. The investment income decrease of R0.3 million relates to less interest income as a result of the transaction costs of R9 million, which have been capitalised, being paid in cash.
4. The increase in net fair value gains of R5.6 million relates to the derecognition of previously recognised fair value losses in respect of the Pioneer Foods shares held as equity securities and measured in terms of IAS 39.

5. The increase in management fees of R27.9 million was calculated in accordance with the existing management base fee arrangement, whereby Zeder pays an annual management base fee, calculated as 1.5% of Zeder's average market capitalisation, for management services received from PSG Group Limited or its nominee.
6. The decrease in equity accounted earnings of R72.5 million relates to the elimination of equity accounted earnings pertaining to Zeder's already existing investment in AVL. Equity accounted earnings are accounted for in accordance with IAS 28.
7. The decrease in taxation of R12.9 million relates to deferred tax recognised on fair value losses in respect of the Pioneer Foods shares held as equity securities.
8. The decrease in other comprehensive income of R21.8 million relates to the elimination of other comprehensive income pertaining to Zeder's already existing investment in AVL.
9. Represents the *pro forma* financial results after incorporating the adjustments set out above.
10. The *pro forma* financial effects do not include any adjustment to the performance fee that was paid to a nominee of PSG Group Limited in terms of the Management Agreement for the year ended 28 February 2014, due to the uncertain nature thereof. The performance fee is calculated annually, with reference to the Zeder share price, at the rate of 20% above the benchmark, being the GOVI-index plus 4%. The maximum performance fee for any financial year shall not exceed the annual management base fee and any excess is carried forward as a reduction in the benchmark for the next year.
11. 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.
12. With the exception of the transaction cost adjustment, all adjustments are expected to have a continuing effect on the income statement.
13. The *pro forma* financial effects are calculated based on Zeder acquiring 100% of the issued share capital of AVL, whether by way of the Scheme or through the General Offer.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF ZEDER

The Directors

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

Dear Sirs

Independent reporting accountants' assurance report on the compilation of *pro forma* financial information of Zeder Investments Limited

Introduction

Zeder Investments Limited ("Zeder" or "the Company") is issuing a circular ("the Circular") to its shareholders regarding Zeder's offer to acquire all the ordinary shares in Agri Voedsel Limited ("AVL") not already held by Zeder, by way of a scheme of arrangement, alternatively, by way of a voluntary general offer to the remaining AVL shareholders in the event that the scheme fails ("the Proposed Transaction").

At your request and for the purposes of the Circular to be dated on or about 15 August 2014, we present our assurance report on the compilation of the *pro forma* financial information of Zeder by the directors. The *pro forma* financial information, presented in paragraph 6.1 and Annexure 1 to the Circular, consists of the *pro forma* consolidated statement of financial position as at 28 February 2014, the *pro forma* consolidated income statement, the *pro forma* consolidated statement of comprehensive income for the 12 months ended 28 February 2014 and the *pro forma* financial effects ("the *Pro Forma* Financial Information"). The *Pro Forma* Financial Information has been compiled on the basis of the applicable criteria specified in the JSE Limited ("JSE") Listings Requirements and the requirements of the Companies Act, 71 of 2008 ("the Companies Act").

The *Pro Forma* Financial Information has been compiled by the directors to illustrate the impact of the Proposed Transaction on the Company's reported financial position as at 28 February 2014, and the Company's financial performance for the period then ended, as if the Proposed Transaction had taken place at 1 March 2013 and 28 February 2014, respectively. As part of this process, information about the Company's financial position and financial performance has been extracted by the directors from the Company's financial statements for the year ended 28 February 2014, on which an audit report has been published.

Directors' responsibility

The directors of Zeder are responsible for the compilation, contents and presentation of the *Pro Forma* Financial Information on the basis of the applicable criteria specified in the JSE Listings Requirements and the Companies Act and described in paragraph 6.1 and Annexure 1. The directors of Zeder are also responsible for the financial information from which it has been prepared.

Reporting accountants' responsibility

Our responsibility is to express an opinion about whether the *Pro Forma* Financial Information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements and the Companies Act, 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. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements and the Companies Act. 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.

As the purpose of *Pro Forma* Financial Information included in a circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *Pro Forma* Financial Information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- the related *pro forma* adjustments give appropriate effect to those criteria; and
- the *Pro Forma* Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the corporate action or event in respect of which the *Pro Forma* Financial Information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *Pro Forma* Financial Information.

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

Opinion

In our opinion, the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and the Companies Act and described in paragraph 6.1 and Annexure 1 of the Circular.

PricewaterhouseCoopers Inc.
Director: NH Döman
Registered Auditor

Stellenbosch
Date: 7 August 2014

HISTORICAL FINANCIAL INFORMATION OF AVL FOR THE THREE FINANCIAL YEARS ENDED 30 SEPTEMBER 2011, 2012 AND 2013

The below information are extracts from the audited financial statements of AVL for the financial years ended 30 September 2011, 2012 and 2013 on which AVL's auditors have issued an unqualified audit report. Aforementioned financial statements were compiled by GC Victor CA(SA) and were approved by the AVL directors on 6 December 2011, 6 December 2012 and 4 December 2013, respectively. The extracted information is the responsibility of the directors of Zeder. There have been no material changes to the financial or trading position of AVL nor has there been any change in the nature of the business of AVL between the last reporting period and the Last Practicable Date.

The principal policies applied in preparation of the historical financial information are set out below and have been prepared in accordance with the accounting policies of Zeder. These policies have been applied consistently to all years presented.

NATURE OF BUSINESS

AVL is an investment company which is the largest shareholder in Pioneer Foods, a company that is involved in the manufacturing of food, beverages and related products for humans as well as fodder for animals.

OPERATING RESULTS

As AVL does not have any interest in subsidiaries since 2013, but only an interest in an associated company, the company prepares "economic interest" financial statements in which its interest is accounted for using the equity method.

Due to the unbundling of the Kaap Agri Limited group on 15 December 2011, some income and expenses in the 2012 comparative figures are reflected under "discontinued operations". The key statistics have been restated reflecting the actual continued operations of the company as if the unbundling had already been implemented on 1 October 2010.

The results of Pioneer Foods are equity accounted in the financial statements, which means that a proportional share of Pioneer Foods' profit is reflected as a share in profit of associated company. The values in the statement of financial position are the historical carrying value, plus the share in profit for each year and minus any dividends received.

The operating results and state of affairs of the group are set out in the attached income statement and statements of financial position, comprehensive income, changes in equity and cash flows. For the year under review, the group's adjusted headline earnings amounted to R238 million (2012: R213 million; 2011: R220 million), headline earnings amounted to R203 million (2012: R182 million; 2011: R284 million) and earnings attributable to owners of the parent amounted to R139 million (2012: R135 million loss; 2011: R287 million).

COMMENTARY

Detailed commentary on the historical financial information of AVL is provided in the selected financial information of AVL, included in this Circular.

HISTORICAL FINANCIAL INFORMATION

No material change in the nature of the business of AVL occurred, and no material fact or circumstance has occurred between the end of the latest financial year of AVL and the date of this Circular, in so far as not already dealt with in the historical financial information outlined in this **Annexure 3**. The historical financial information was audited by PricewaterhouseCoopers and should be read in conjunction with their Independent Reporting Accountants' Report set out in **Annexure 4**.

STATEMENT OF FINANCIAL POSITION
at 30 September

			GROUP	
	Notes	**2013 R'000**	2012 R'000	2011 R'000
ASSETS				
Non-current assets				
Property, plant and equipment	3			325 200
Intangible assets	4			677
Investment in associated company	5	**2 067 645**	1 963 249	1 790 111
Loans	6			35 783
Deferred taxation	7			4 204
		2 067 645	1 963 249	2 155 975
Current assets				
Inventory	8			406 187
Trade and other receivables	9			887 885
Financial instruments for hedging	10			476
Short-term portion of loans	6			1 094
Cash and cash equivalents	11	**6 203**	4 758	14 850
		6 203	4 758	1 310 492
Total assets		**2 073 848**	1 968 007	3 466 467
EQUITY AND LIABILITIES				
Capital and reserves				
Ordinary share capital	12	**2 162**	2 162	2 551
Share premium		**395 075**	395 075	659 371
Other reserves	13	**1 035 365**	930 969	758 356
Retained profit		**637 069**	634 990	1 042 599
Treasury shares	12			(9 119)
Capital and reserves – shareholders of the holding company		**2 069 671**	1 963 196	2 453 758
Non-controling interest				115 844
Total equity		**2 069 671**	1 963 196	2 569 602
Non-current liabilities				
Deferred taxation	7			3 922
Provisions for other liabilities and charges	14			16 171
		–	–	20 093
Current liabilities				
Trade and other payables	15	**4 177**	4 811	428 979
Financial instruments for hedging	10			476
Short-term portion of provisions for other liabilities and charges	14			3 445
Short-term borrowings	16			443 775
Income tax				97
		4 177	4 811	876 772
Total liabilities		**4 177**	4 811	896 865
Total equity and liabilities		**2 073 848**	1 968 007	3 466 467
Net asset value per share (Rand)		**37.21**	35.29	31.88
Tangible net asset value per share (Rand)		**37.21**	35.29	31.87

INCOME STATEMENT
for the year ended 30 September

		GROUP		
		2013	2012	2011
	Notes	**R'000**	R'000	R'000
Continuing operations				
Interest received		**280**		
Unbundling costs			(13 565)	
Administrative costs	21	**(1 228)**	(483)	(66)
Operating loss		**(948)**	(14 048)	(66)
Share in profit of associated companies	5	**201 816**	176 877	220 720
Profit from continuing operations		**200 868**	162 829	220 654
Discontinued operations				
(Loss)/profit for the period from discontinued operations	22		(293 938)	79 587
Share in loss of associated companies		**(61 488)**		
Profit/(loss) for the year		**139 380**	(131 109)	300 241
Attributable to:				
Equity holders of the holding company		**139 380**	(134 861)	286 974
Continuing operations		**200 868**	162 829	220 654
Discontinued operations		**(61 488)**	(297 690)	66 320
Non-controlling interest – discontinued operations			3 752	13 267
		139 380	(131 109)	300 241
Earnings per share – basic and diluted (cents)	25			
Continuing operations		**361.09**	292.71	396.66
Discontinued operations		**(110.53)**	(535.14)	119.22
Dividend per share (cents)	26	**131.00**	111.00	73.00

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 September

	GROUP		
	2013	2012	2011
	R'000	R'000	R'000
Profit/(loss) for the year	**139 380**	(131 109)	300 241
Other comprehensive income:			
Dividends forfeited	**1 358**		
Share of other comprehensive income of associated companies	**28 596**	43 011	21 190
Cash flow hedges			695
Total comprehensive income/(loss)	**169 334**	(88 098)	322 126
Attributable to:			
Equity holders of the holding company	**169 334**	(91 850)	308 752
Non-controlling interest		3 752	13 374
	169 334	(88 098)	322 126

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September

	Share capital R'000	Share premium R'000	Revaluation reserve R'000	Fair value reserve R'000	GROUP Business combination reserve R'000	Equity reserve R'000	Retained profit R'000	Treasury shares R'000	Non-controlling interest R'000
Balance at 1 October 2010	2 551	659 371	17 758	(147)	216 582	538 149	838 262	(9 119)	
Non-controlling interest sold in Kaap Agri Bedryf Limited							(34 646)		103 667
Total comprehensive income				695		21 190	286 867		13 374
Dividends paid							(83 755)		(1 197)
Transfer between reserves			(17 758)		(216 582)	198 469	35 871		
Balance at 30 September 2011	2 551	659 371	–	548	–	757 808	1 042 599	(9 119)	115 844
Shares bought back	(389)	(264 296)					(107 591)	9 119	
Movement in other reserves with unbundling				(548)					
Non-controlling interest sold in Kaap Agri Bedryf Limited									(118 277)
Total comprehensive income/(loss)						43 011	(134 861)		3 752
Dividends paid							(35 007)		(1 319)
Transfer between reserves						130 150	(130 150)		
Balance at 30 September 2012	2 162	395 075	–	–	–	930 969	634 990	–	–
Total comprehensive income						28 596	140 738		
Dividends paid							(62 859)		
Transfer between reserves						75 800	(75 800)		
Balance at 30 September 2013	**2 162**	**395 075**	**–**	**–**	**–**	**1 035 365**	**637 069**	**–**	**–**

STATEMENT OF CASH FLOWS
for the year ended 30 September

		GROUP		
	Notes	**2013 R'000**	2012 R'000	2011 R'000
Cash flow from operating activities		**(224)**	(122 339)	(15 280)
Net cash loss from operating activities	27	**(948)**	(14 048)	(66)
Working capital changes	28	**724**	492	527
Income tax paid	29			
Discontinued operations	22		(108 783)	(15 741)
Cash flow from investment activities		**64 528**	38 313	(11 674)
Dividends received		**64 528**	46 727	22 251
Discontinued operations	22		(8 414)	(33 925)
Cash flow from financing activities		**(62 859)**	73 934	26 067
Dividends paid		**(62 859)**	(35 007)	(71 760)
Discontinued operations	22		108 941	97 827
Net increase/(decrease) in cash and cash equivalents		**1 445**	(10 092)	(887)
Cash and cash equivalents at the beginning of the year		**4 758**	14 850	15 737
Cash and cash equivalents at the end of the year		**6 203**	4 758	14 850
Consisting of:				
– Bank and cash on hand		**6 203**	4 758	14 850

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 30 September

1. **ACCOUNTING POLICIES**

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

2. **UNBUNDLING**

The operational business of the Kaap Agri Limited group were separated from the investment in Pioneer Foods on 15 December 2011. Two separate companies, Kaap Agri Limited (previously Newco) and AVL (previously Kaap Agri Limited), were formed and subsequently traded independently. The investment in Pioneer Foods is housed in AVL and the operational business is housed in Kaap Agri Limited. The comparative figures in the income statement for the year ended 30 September 2011 were restated to present the discontinued operations separately.

		GROUP	
	2013	2012	2011
	R'000	R'000	R'000
3. **PROPERTY, PLANT AND EQUIPMENT**			
Cost/deemed cost			
Land and buildings	**–**	–	265 144
Other property			261 744
Investment property			3 400
Grain silos			38 794
Machinery and equipment			44 691
Vehicles			12 341
Office furniture and equipment			60 983
Improvements to leasehold property			4 234
Assets under construction			889
	–	–	427 076
Accumulated depreciation			
Land and buildings	**–**	–	(9 117)
Other property			(9 063)
Investment property			(54)
Grain silos			(25 356)
Machinery and equipment			(24 444)
Vehicles			(8 870)
Office furniture and equipment			(32 346)
Improvements to leasehold property			(1 743)
	–	–	(101 876)
Total carrying value	**–**	–	325 200

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconcilliation of movements in carrying value

	Total R'000	Land and buildings R'000	Grain silos R'000	Machinery and equipment R'000	Vehicles R'000	Office furniture and equipment R'000	Improvements to leasehold property R'000	Assets under construction R'000
30 September 2012								
Carrying value at 1 October 2011	325 200	256 027	13 438	20 247	3 471	28 637	2 491	889
Additions	8 441	597	218	288	142	524		6 672
Disposals	(4)					(4)		
Improvements to leased premises written off	(139)						(139)	
Depreciation	(2 252)	(238)	(104)	(629)	(150)	(1 131)		
Assets of discontinued operations	(331 246)	(256 386)	(13 552)	(19 906)	(3 463)	(28 026)	(2 352)	(7 561)
Carrying value at **30 September 2012**	–	–	–	–	–	–	–	–
30 September 2011								
Carrying value at 1 October 2010	305 262	239 061	14 612	17 277	4 004	26 796	2 579	933
Additions	37 985	21 568		6 236	782	8 757	686	(44)
Disposals	(3 752)	(3 263)		(74)	(387)	(28)		
Improvements to leased premises written off	(774)						(774)	
Depreciation	(13 521)	(1 339)	(1 174)	(3 192)	(928)	(6 888)		
Carrying value at **30 September 2011**	325 200	256 027	13 438	20 247	3 471	28 637	2 491	889

		GROUP	
	2013 **R'000**	2012 R'000	2011 R'000
4. **INTANGIBLE ASSETS**			
Customer relations			
Cost			833
Accumulated amortisation			(156)
	–	–	677
Reconciliation of movements in carrying value:			
Carrying value beginning of year		677	
Carrying value on acquisition of operations			833
Amortisation		(35)	(156)
Assets of discontinued operations with unbundling		(642)	
	–	–	677
5. **INVESTMENT IN ASSOCIATED COMPANIES**			
Beginning of the year	**1 963 249**	1 790 111	1 570 452
Assets of discontinued operations with unbundling		(23)	
Share in total comprehensive income	**168 924**	219 888	241 910
Share in net profit	**143 006**	179 555	223 398
Amortisation of intangible assets and fixed assets revalued to fair value on acquisition of the additional interest	**(2 678)**	(2 678)	(2 678)
Share in other comprehensive income	**28 596**	43 011	21 190
Dividends received	**(64 528)**	(46 727)	(22 251)
End of the year	**2 067 645**	1 963 249	1 790 111
Pioneer Food Group Limited			
Number of issued shares: 238 374 207 (2012: 238 512 606) (2011: 210 531 459)			
Number of shares excluding issued shares which do not currently share in profit: 182 911 026 (2012: 181 094 848) (2011: 179 373 472)			
Voting interest: 25.24% (2012: 25.22%) (2011: 28.89%) Economic interest: 30.41% (2012: 30.72%) (2011: 31.01%)			
Shares at fair value at date of acquisition: 55 627 707 (2012: 55 627 707) (2011: 55 627 707)	**1 032 280**	1 032 280	1 032 280
Share in post-acquisition retained profit	**1 035 365**	930 969	757 808
RSA Agri Makelaars (Pty) Ltd			
Number of issued shares: 0 (2012: 500) (2011: 500) Shareholding: 0% (2012: 0%) (2011: 20%)			
Shares at fair value at date of acquisition: 0 (2012: 0) (2011: 100)			23
	2 067 645	1 963 249	1 790 111
Fair value at quoted market price	**4 867 424**	2 948 268	3 283 048

The share in the associate's profit for the period is calculated by using the economic interest. The economic interest is calculated by decreasing the associate's issued share capital with its issued shares which do not currently share in profit.

	GROUP		
	2013 R'000	2012 R'000	2011 R'000
The company's proportionate interest in assets and liabilities of the associated companies are as follows:			
Non-current assets	**1 604 500**	1 697 599	1 562 390
Current assets	**2 005 640**	1 560 323	1 497 882
Total assets	**3 610 140**	3 257 922	3 060 272
Non-current liabilities	**712 928**	423 133	586 465
Current liabilities	**893 183**	932 428	768 377
Total liabilities	**1 606 111**	1 355 561	1 354 842
The company's proportionate interest in the cash flows of the associated companies are as follows:			
Cash flow from operating activities	**380 251**	229 468	253 780
Cash flow from investment activities	**(409 000)**	(236 333)	(291 601)
Cash flow from financing activities	**(62 777)**	13 791	(75 436)
Net (decrease)/increase in cash and cash equivalents	**(91 526)**	6 926	(113 257)
The company's proportionate interest in the revenue and expenses of the associated companies are as follows:			
Revenue	**5 213 694**	5 754 422	5 254 901
Profit before taxation	**288 961**	282 911	326 750
Income tax	**(75 072)**	(96 269)	(99 561)
Continuing operations	**213 889**	186 642	227 189
Discontinued operations	**(61 488)**		
Profit attributable to ordinary shareholders	**152 401**	186 642	227 189

Pioneer Foods has a share incentive scheme, as well as class A shares issued in terms of an employee share scheme, which will have a potential dilutive effect on AVL's economic interest. The total potential dilution of 1.39 (2012: 1.72; 2011: not applicable) percentage points, which will occur as a result of the options being exercised, will be accounted for directly in the income statement.

6. LOANS

	2013	2012	2011
Plurispace (Pty) Ltd			36 877
Short-term portion carried over to current assets			(1 094)
	–	–	35 783

The carrying value of the loan approximates its fair value at the reporting date.

7. DEFERRED TAXATION

	2013	2012	2011
Movement of deferred taxation			
Beginning of the year		282	2 284
Balance on acquisition of operations			(233)
Liability of discontinued operation with unbundling		249	
Income statement debit		(531)	(1 588)
Debit against reserves			(181)
End of the year	**–**	–	282

	GROUP		
	2013 **R'000**	2012 R'000	2011 R'000
Due to the following timing differences:			
Property, plant and equipment			(18 834)
Intangible assets			(189)
Currency translation differences			(169)
Tax loss			3 863
Provisions and accrued expenses			15 611
	–	–	282
For the purposes of the statement of financial position deferred taxation is presented as follows:			
Non-current assets			4 204
Non-current liabilities			(3 922)
	–	–	282

8. **INVENTORY**

Merchandise			401 544
Raw materials			3 283
Consumable goods			1 360
	–	–	406 187
Inventory carried at net realisable value			21 553

9. **TRADE AND OTHER RECEIVABLES**

Trade debtors			884 252
Provision for impairment			(27 808)
	–	–	856 444
Sundry debtors			31 441
	–	–	887 885

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

10. **FINANCIAL INSTRUMENTS FOR HEDGING**

The fair values of financial instruments at fair value through profit or loss and derivative financial instruments on reporting date are:

Financial instruments at fair value through profit or loss

Firm commitment – Grain purchases			
Assets/(liabilities)			
– Forward purchase contracts			482
– Options			(6)
	–	–	476

	GROUP		
	2013 R'000	2012 R'000	2011 R'000
Forward purchase contracts and options			
The forward purchase contracts and options represent contracts with producers for the acquisition of physical commodities in the future, which will be delivered within the next 12 months after year-end.			
Derivative financial instruments			
Hedging instruments			
Assets/(liabilities)			
– Forward sale contracts			(482)
– Options			6
	–	–	(476)

Forward sale contracts

The forward sale contracts represent contracts with millers and SAFEX for the future sale of physical commodities.

Options

Options represent derivative financial instruments originating from producers which will be recouped with the physical delivery of the commodities.

11. CASH AND CASH EQUIVALENTS

	2013 R'000	2012 R'000	2011 R'000
Cash on hand			555
Bank balances	**6 203**	4 758	14 295
	6 203	4 758	14 850

12. ORDINARY SHARE CAPITAL

	2013 R'000	2012 R'000	2011 R'000
Authorised			
102 917 964 (2012: 102 917 964) ordinary shares of R0.0388 each (2011: 400 000 000 ordinary shares of R0.01 each)	**4 000**	4 000	4 000
Issued			
55 627 707 (2012: 55 627 707) ordinary shares of R0.0388 each (2011: 255 147 696 ordinary shares of R0.01 each)	**2 162**	2 162	2 551
Treasury shares			
NIL (2012: NIL; 2011: 8 807 982) ordinary shares			(9 119)

All issued shares are fully paid.

The number of shares has been consolidated during the unbundling, resulting in the number of shares in issue being equal to the number of shares the group holds in Pioneer Foods, after taking into account the treasury shares.

	GROUP		
	2013 R'000	2012 R'000	2011 R'000
13. OTHER RESERVES			
Fair value reserve			548
Derivative financial instruments that are designated and qualify as cash flow hedges are shown in the statement of financial position at fair value. The effective portion of changes in the fair value is recognised directly in other comprehensive income on the fair value reserve.			
Equity reserve	**1 035 365**	930 969	757 808
The share in profit of associated companies, less any dividends received, is transferred to the equity reserve. The share in any other movements in other comprehensive income of associates, as well as the effect of dilutionary and anti-dilutionary equity transactions of associates, is recognised in the income statement and statement of comprehensive income and then transfered to the equity reserve.			
	1 035 365	930 969	758 356
14. PROVISIONS FOR OTHER LIABILITIES AND CHARGES			
Post-retirement medical benefits	**–**	–	15 926
Balance beginning of year		15 926	16 627
Liability of discontinued operation with unbundling		(15 962)	
Interest costs recognised in the income statement		256	1 399
Actuarial profit recognised in the income statement			(763)
Contributions		(220)	(1 337)
Long-term incentive scheme	**–**	–	3 690
Balance beginning of year		3 690	4 353
Liability of discontinued operation with unbundling		(2 841)	
Payment		(849)	(3 626)
Interest costs recognised in the income statement			97
Actuarial loss recognised in the income statement			1 109
Current service cost			1 757
	–	–	19 616
Short-term portion carried over to current liabilities	**–**	–	(3 445)
Post-retirement medical benefits			(1 327)
Long-term incentive scheme			(2 118)
	–	–	16 171
15. TRADE AND OTHER PAYABLES			
Trade creditors			382 234
Other creditors	**4 177**	4 811	46 745
	4 177	4 811	428 979

The carrying value of trade and other payables approximates its fair value at the reporting date.

	GROUP 2013 R'000	2012 R'000	2011 R'000
16. SHORT-TERM BORROWINGS			
Bank overdrafts			437 943
RSA Agri Makelaars (Pty) Ltd			5 832
	–	–	443 775

The carrying value of short-term loans approximates its fair value at the reporting date.

17. **RELATED PARTY-TRANSACTIONS**

The companies in the group previously sold products in the normal course of business to directors on terms and conditions applicable to all clients.

Transactions with related parties took place up to the unbundling on 15 December 2011, after which no further transactions took place.

	2013 R'000	2012 R'000	2011 R'000
Transactions with directors and outstanding balances			
Sales		11 621	32 316
Purchases		4 963	8 420
Trade receivables			10 818
Transactions with associated companies and outstanding balances			
Sales		24 666	68 764
Purchases		6 371	37 274
Interest paid		75	353
Trade receivables			1 001
Trade payables			2 558
Loan			5 832

Refer to note 16 for loans with related parties, and note 5 for the investment in associated companies

Refer to executive directors' remuneration as disclosed in note 23 for key management compensation.

18. **FINANCIAL RISK MANAGEMENT**

The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Cash flow and fair value interest rate risk:

The company finances its operations through shareholders' funds. The company's interest rate exposure and the effective interest rates can be summarised as follows:

	At floating rates					
	Rate 2013 %	**Amount 2013 R'000**	Rate 2012 %	Amount 2012 R'000	Rate 2011 %	Amount 2011 R'000
Assets						
Trade receivables					9.00 – 14.00	856 444
Other receivables						14 667
Loans					8.50	36 877
Cash and cash equivalents	**4.00**	**6 203**	4.00	4 758	4.00	14 850
Liabilities						
Bank overdraft					7.15	437 943
Loan to RSA Agri Makelaars (Pty) Ltd					7.00	5 832
Trade and other payables		**4 177**		4 811		411 512

Credit risk:

Potential concentrations of credit risk consist mainly within cash equivalent investments.

The company limits its counterparty exposures arising from current accounts by only dealing with well-established financial institutions of high-quality credit standing.

Liquidity risk

The contractual periods of the company's financial liabilities on reporting date are as follows:

Trade and other payables are payable within 30 days.

Fair value estimation

Investments and derivative financial instruments

The fair value of financial instruments which trade in active markets, is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the company is the current bid price.

Trade receivables and trade payables

The nominal value of trade receivables, less impairment provision, and trade payables are assumed to approximate their fair values.

Financial 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 companies with similar financial instruments.

Capital maintenance

The company considers total equity, which includes share capital, share premium and reserves, as capital. The ratio between capital and debt is the capital ratio. The company's objective with the management of the capital ratio is to ensure that the company continues to trade as a going concern and to create wealth for its shareholders and other stakeholders. The influence on the capital ratio is considered with decisions on the declaration of dividends, repurchase of shares, issue of shares, purchase and disposal of assets and investments and the acquiring or repayment of debt. The movement in capital is presented in the statement of changes in equity.

		GROUP	
	2013	2012	2011
	R'000	R'000	R'000
19. **CONTINGENT LIABILITIES**			
Guarantees for personal loans			99
Operating lease payments:			
Payable within one year			19 445
Payable between one and five years			29 821
Payable after five years			2 066
	–	–	51 332
20. **CAPITAL COMMITMENTS**			
Contracted			18 402
Not yet contracted			23 000
	–	–	41 402

	GROUP		
	2013 **R'000**	2012 R'000	2011 R'000

21. **EXPENSES BY NATURE**

	2013 R'000	2012 R'000	2011 R'000
Directors' remuneration	**106**	59	
Auditors' remuneration – audit services	**60**	57	
Administration fee	**442**	248	
Other expenses	**620**	119	66
	1 228	483	66

22. **DISCONTINUED OPERATIONS**

	2013 R'000	2012 R'000	2011 R'000
Income		525 310	2 623 695
Expenses		(494 830)	(2 512 604)
Profit before tax from discontinued operations	**–**	30 480	111 091
Income tax		(7 970)	(31 504)
Profit after tax from discontinued operations	**–**	22 510	79 587
Loss with unbundling		(316 448)	
(Loss)/profit for the period from discontinued operations	**–**	(293 938)	79 587
Assets and liabilities of discontinued operations with unbundling:			
Non-current assets		370 550	
Current assets		1 545 250	
Non-current liabilities		(19 009)	
Current liabilities		(1 098 360)	
Other reserves		(548)	
Non-controling interest		(118 277)	
Net assets of discontinued operations	**–**	679 606	–
Marked value of shares bought back		363 158	
Loss with unbundling	**–**	(316 448)	–
Cash flows of discontinued operations with unbundling:			
Cash flow from operating activities		(108 783)	(15 741)
Cash flow from investment activities		(8 414)	(33 925)
Cash flow from financing activities		108 941	97 827
Net (decrease)/increase in cash and cash equivalents	**–**	(8 256)	48 161

23. **REMUNERATION PAID TO DIRECTORS**

	Salaries, fees and contributions R'000	**Incentive schemes R'000**	**Remuneration with retirement R'000**	**Expense allowance R'000**	**Total R'000**
30 September 2013					
Non-executive directors					
GD Eksteen				**42**	**42**
CA Otto				**32**	**32**
JH van Niekerk				**32**	**32**
Total	**–**	**–**	**–**	**106**	**106**

	Salaries, fees and contributions R'000	Incentive schemes R'000	Remuneration with retirement R'000	Expense allowance R'000	Total R'000
30 September 2012					
Executive directors					
JJ Matthee	392				392
S Walsh	463			5	468
Non-executive directors					
FA du Plessis	33			1	34
BS du Toit	25			1	26
GD Eksteen	73			6	79
ASM Karaan	29			2	31
NC Loubser	21			3	24
HS Louw	21			2	23
CA Otto	47			1	48
HM Smit	21			2	23
S Totaram	25			1	26
JH van Niekerk	47			1	48
Total	1 197	–	–	25	1 222
30 September 2011					
Executive directors					
CA Botha	3 802	663	2 576	22	7 063
JJ Matthee	2 241	769		12	3 022
S Walsh	2 245	457		37	2 739
Non-executive directors					
FA du Plessis	211			3	214
BS du Toit	148			9	157
GD Eksteen	295			18	313
ASM Karaan	158			5	163
NC Loubser	116			12	128
HS Louw	116			7	123
CA Otto	158			3	161
HM Smit	116			7	123
S Totaram	63				63
JH van Niekerk	158			9	167
Total	9 827	1 889	2 576	144	14 436

The non-executive directors rotate on a three-year basis. No director or employee has a fixed term contract with the company. The remuneration of the non-executive directors consists of a fixed annual remuneration for services as a director, an additional fixed remuneration for duties on committees and reimbursement for travelling and other costs.

There are no further prescribed officers in the view of the board.

		GROUP	
	2013 **R'000**	2012 R'000	2011 R'000
24. **INCOME TAX**			
Tax expenditure:			
Current taxation – current year		7 439	29 158
Deferred taxation – current year		531	1 588
Secondary tax on companies – current year			758
	–	7 970	31 504
	%	%	%
The tax on the company's profit before tax differs from the theoretical amount that would arise using the statutory rate, as follows:			
Statutory tax rate	**28.00**	28.00	28.00
Adjusted for:			
(Non-taxable income)/non-deductable expenses	**(27.95)**	(3.24)	0.28
Temporary differences not provided for			(0.30)
Capital profit			0.10
Loss with unbundling		(27.51)	
Difference in tax rate of foreign subsidiary		(0.04)	(0.18)
Utilisation of assessed losses not previously recognised		0.20	(0.20)
Secondary tax on companies			0.68
Effective rate – Operations	**0.05**	(2.59)	28.38
Share in profit of associated companies	**(0.05)**	2.59	(18.88)
Effective rate – Consolidated	**–**	**–**	9.50

25. **EARNINGS PER SHARE**

Basic

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

Reconciliation between earnings and headline earnings:

Continuing operations

	2013	2012	2011
Net profit attributable to ordinary shareholders	**200 868**	162 829	220 654
Headline earnings adjustment for associated companies	**276**	804	(799)
Headline earnings from continuing operations	**201 144**	163 633	219 855
Associated companies	**37 157**	49 691	–
BBBEE equity transaction	**44 766**	49 691	
Reorganisation cost	**15 127**		
Recognition of defered tax asset	**(22 736)**		
Adjusted headline earnings from continuing operations	**238 301**	213 324	219 855
	Cents	Cents	Cents
Earnings per share	**361.09**	292.71	396.66
Headline earnings per share	**361.59**	294.16	395.22
Adjusted headline earnings per share	**428.38**	383.48	395.22

	GROUP		
	2013	2012	2011
	R'000	R'000	R'000
Discontinuing operations			
Net (loss)/profit attributable to ordinary shareholders	**(61 488)**	(297 690)	66 320
Net profit on disposal of assets	**–**	(14)	(953)
Gross		(23)	(1 370)
Tax effect		6	226
Non-controlling interest		3	191
Loss with unbundling		316 448	
Headline earnings adjustment for associated companies	**63 590**		
Headline earnings from discontinued operations	**2 102**	18 744	65 367
	Cents	Cents	Cents
Earnings per share	**(110.53)**	(535.14)	119.22
Headline earnings per share	**3.78**	33.70	117.51
Weighted average number of ordinary shares – after consolidation (thousand)	**55 628**	55 628	55 628
Weighted average number of ordinary shares – before consolidation (thousand)			246 340

Headline earnings are calculated based on Circular 2/2013 issued by the South African Institute of Chartered Accountants. Adjusted headline earnings are defined as headline earnings excluding the effect of the BBBEE equity transaction of the associated companies.

Diluted earnings per share is not disclosed, as there are no potential dilutive instruments at reporting date.

	GROUP		
	2013	2012	2011
	R'000	R'000	R'000
26. **DIVIDEND PER SHARE**			
Interim			
45.0 cents (2012: 43.0 cents) (2011: 53.0 cents) per share	**25 032**	23 920	29 560
Final			
86.0 cents (2012: 68.0 cents) (2011: 20.0 cents) per share	**47 840**	37 827	11 087
	72 872	61 747	40 647

The number of shares have been consolidated during the unbundling, refer note 12. The dividend per share for 2011 was recalculated as a dividend per share after the consolidation of the shares.

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 ended 30 September 2013 will be accounted for as an appropriation of retained profit in the year ending 30 September 2014.

		GROUP	
	2013 **R'000**	2012 R'000	2011 R'000
27. NET CASH PROFIT FROM OPERATING ACTIVITIES			
Continuing operations			
Operating loss per income statement	**(948)**	(14 048)	(66)
Discontinued operations			
Operating profit before tax and finance charges		35 065	134 407
Adjusted for:			
– Depreciation		2 252	13 521
– Amortisation of intangible assets		35	156
– Profit on disposal of property, plant and equipment		(23)	(1 370)
– Increase/(decrease) in provisions		1 807	(1 676)
– Interest on loan		(527)	(3 061)
– Improvements on leased premises written off		139	774
	–	38 748	142 751
28. WORKING CAPITAL CHANGES			
Continuing operations			
Increase in trade and other creditors	**724**	492	527
Discontinued operations			
Increase in inventory		(155 246)	(43 925)
Increase in trade and other debtors		(90 836)	(127 006)
Increase in trade and other creditors		98 551	43 290
	–	(147 531)	(127 641)
29. INCOME TAX PAID			
Discontinued operations			
Balance owing at the beginning of the year		97	1 032
Income tax expense in the income statement		7 439	29 916
Liability of discontinued operations with unbundling		(7 536)	
Balance owing at the end of the year			(97)
	–	–	30 851
30. ACQUISITION OF OPERATIONS			
Discontinued operations			
Non-current assets			705
Current assets			462
Purchase consideration settled in cash	**–**	–	1 167

31. INFORMATION ABOUT OPERATING SEGMENTS

The reportable segments represent the segments of the discontinued operations. The segment income and results represent the period from 1 October 2011 until the unbundling on 15 December 2011. After the unbundling the company only holds an investment in Pioneer Foods and the directors did not identify any other segments for the continuing operations to report.

	GROUP					
	Segment income			Segment results		
Segment income and results	**2013 R'000**	2012 R'000	2011 R'000	**2013 R'000**	2012 R'000	2011 R'000
Discontinued operations						
Trade and merchanisation		453 695	2 269 711		27 100	90 426
Products and seed processing		53 932	265 068		2 424	17 563
Irrigation: manufacturing and retail		17 242	80 374		2 506	6 932
Total for reportable segments	**–**	524 869	2 615 153	**–**	32 030	114 921
Corporate		441	8 542		(10 147)	(52 918)
Loss with unbundling					(316 448)	
Treasury					8 597	49 088
Total external income	**–**	525 310	2 623 695			
(Loss)/profit before tax				**–**	(285 968)	111 091
Income tax					(7 970)	(31 504)
(Loss)/profit from discontinued operations				**–**	(293 938)	79 587
Continuing operations						
Corporate				**(948)**	(483)	(66)
Unbundling costs					(13 565)	
Investment in associated companies				**140 328**	176 877	220 720
Profit/(loss) for the year				**139 380**	(131 109)	300 241

	GROUP					
	Segment assets			Segment liabilities		
Segment assets and liabilities	**2013 R'000**	2012 R'000	2011 R'000	**2013 R'000**	2012 R'000	2011 R'000
Discontinued operations						
Trade and merchanisation			606 945			368 835
Products and seed processing			44 195			6 466
Irrigation: manufacturing and retail			23 267			7 409
Total for reportable segments	**–**	–	674 407	**–**	–	382 710
Corporate			141 301			62 139
Trade debtors			856 444			
Short-term borrowings						443 775
Investment in associated companies			23			
Deferred taxation			4 204			3 922
	–	–	1 676 379	**–**	–	892 546
Continuing operations						
Corporate	**6 203**	4 758		**4 177**	4 811	4 319
Investment in associated companies	**2 067 645**	1 963 249	1 790 088			
	2 073 848	1 968 007	3 466 467	**4 177**	4 811	896 865

Other segment information		Capital expenses 2013 **R'000**	2012 R'000	2011 R'000	Depreciation 2013 **R'000**	2012 R'000	2011 R'000
Discontinued operations							
Trade and merchanisation			7 685	29 977		899	5 139
Products and seed processing			320	1 975		319	2 081
Irrigation: manufacturing and retail			144	1 788		141	818
Total for reportable segments		**–**	8 149	33 740	**–**	1 359	8 038
Corporate			292	4 140		893	5 483
		–	8 441	37 880	**–**	2 252	13 521

Geographical revenue and non-current assets for the group are as follows:

	GROUP 2013 **R'000**	2012 R'000	2011 R'000
Discontinued operations			
Revenue			
South Africa		474 942	2 415 981
Namibia		50 368	207 714
Total	**–**	525 310	2 623 695
Discontinued operations			
Non-current assets (excluding deferred taxation) are located in the following countries:			
South Africa			356 505
Namibia			5 178
Total	**–**	–	361 683
Continuing operations			
Non-current assets (excluding deferred taxation) are located in the following countries:			
South Africa	**2 067 645**	1 963 249	1 790 088

Accounting Policies

1.1 Basis of preparation

The annual financial statements have been compiled in accordance with International Financial Reporting Standards (IFRS) and on the historical cost basis.

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 company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the notes to the annual financial statements.

As AVL does not have any interest in subsidiaries since the unbundling, but only an interest in an associated company, the company prepares "economic interest" financial statements in which its interest is accounted for using the equity method.

Certain of the accounting policy notes are only applicable to the discontinued operations and the comparative figures. These notes are set out from note 1.19 and applies to the Kaap Agr Limited group.

1.2 Standards, interpretations and amendments to published standards that became effective for the first time during the current financial year

IAS 1 (Amendment) – "Presentation of financial statements" (effective from 1 July 2012)

IAS 12 (Amendment) – "Deferred tax – Recovery of Underlying Assets" (effective from 1 January 2013)

None of the new standards, amendments and interpretations of existing standards mentioned above that have been published, have any material effect on the financial statements of the company.

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

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the company's accounting periods beginning on or after 1 October 2013 or later periods, but which the company has not early adopted voluntarily, and are as follows:

- IAS 19 (Amendment) – "Employee benefits" (effective from 1 January 2013)
- IAS 27 (Revised) – "Consolidated and separate financial statements – Separate financial statements" (effective from 1 January 2013)
- IAS 28 (Revised) – "Investments in associates – Associates and joint ventures" (effective from 1 January 2013)
- IAS 32 (Amendment) – "Financial instruments: Offsetting Financial Assets and Financial Liabilities" (effective from 1 January 2013)
- IAS 36 (Amendment) – "Recoverable amount disclosures for non-financial assets" (effective from 1 January 2014)
- IAS 39 (Amendment) – "Novation of derivatives and continuation of hedge accounting" (effective from 1 January 2014)
- IFRS 1 (Amendment) – "First-time adoption of International Financial Reporting Standards – Government loans" (effective from 1 January 2013)
- IFRS 7 (Amendment) – "Financial instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities" (effective from 1 January 2013)
- IFRS 9 – "Financial instruments" (effective from 1 January 2015)
- IFRS 10 – "Consolidated financial statements" (effective from 1 January 2013)
- IFRS 11 – "Joint arrangements" (effective from 1 January 2013)
- IFRS 12 – "Disclosures of interests in other entities" (effective from 1 January 2013)
- IFRS 13 – "Fair value measurement" (effective from 1 January 2013)
- Improvements to various IFRS standards (issued 2011) (effective from 1 January 2013)
- IFRIC 20 – "Stripping Costs in a Production Phase Surface Mine" (effective from 1 January 2013)
- IFRIC 21 – "Levies" (effective from 1 January 2014)

Management is in the process of evaluating the impact of these amendments to standards and interpretations on the company's reported results or financial position. Management's initial evaluation is that the amendments will not have a material effect on the company's reported results or financial position.

1.4 Basis of consolidation

Associated companies

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

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

The effects of dilutionary and anti-dilutionary equity transactions by associates are recognised directly in profit or loss.

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

The acquisition of associates in stages is accounted for in accordance with IFRS 3: Business Combinations. Goodwill is calculated at each stage of the acquisition based on the consideration and share of fair value of net assets at each stage.

Investments in associated companies 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.

1.5 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

1.6 Financial assets

The company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

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

Loans and receivables

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

Available-for-sale financial assets

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

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

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, including interest and dividend income, are presented in the income statement in the period in which they arise.

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

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

The company 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 an indicator that the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

1.7 Deferred taxation

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

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

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the foreseeable future.

1.8 **Cash and cash equivalents**

For the purposes of the statement of cash flows, cash includes cash on hand and bank balances.

1.9 **Borrowings**

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

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

1.10 **Trade payables**

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently stated at amortised cost using the effective interest rate method.

Trade payables are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

1.11 **Revenue recognition**

Dividend income

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

1.12 **Foreign currency transactions**

Functional and presentation currency

Items included in the financial statements of the company's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The economic interest financial statements are presented in South African Rand, which is the company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

1.13 **Share capital**

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

1.14 **Dividend distributions**

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved.

1.15 **Provisions**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources which entail economic benefits will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

1.16 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.17 Current income tax

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

1.18 Secondary tax on companies (STC)

STC was levied on dividend payments, net of dividends received and was recognised in the income statement as a taxation charge in the same period that the related dividend was accrued as a liability. STC was abolished, effective from 1 April 2012, and has been replaced by a dividend withholding tax which is levied on the shareholder and not on the company, with the exception of non-cash dividends.

1.19 Basis of consolidation

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the group and are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for the acquisition of subsidiaries.

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

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

Transactions which result in changes in ownership levels, where the group has control of the subsidiary both before and after the transaction are regarded as equity transactions and are recognised directly in the statement of changes in equity.

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

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

In the standalone financial statements of the companies which form part of the group, the investments in subsidiary companies are stated at cost less accumulated impairments.

Foreign subsidiaries

The results and financial position of all the group entities (none of the entities which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- all statement of financial position items (assets and liabilities) are translated at the closing rate at the specific reporting date;
- all income statement items (income and expenses) 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); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

Business combinations

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities assumed at the date of exchange. Acquisition-related costs are expensed as incurred.

Contingent consideration is included in the cost of the combination at fair value as at the date of acquisition. Subsequent changes to the assets, liabilities or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3: Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal companies) that are classified as held-for-sale in accordance with IFRS 5: Non-current assets held-for-sale and discontinued operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the company assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for company purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non-controlling interest arising from a business combination is measured either at their share of the fair value of the assets and liabilities of the acquiree or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination, and disclosed in the note for business combinations.

In cases where the company held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously in other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Transactions under common control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

During a transaction under common control, the result of operations for the period is presented as though the acquisition of its controlling interest through a transaction under common control had occurred in the earliest period presented. The effects of the intercompany transactions are eliminated in determining the results of operations for the period prior to the acquisition of the controlling interest, meaning that those results are on substantially the same basis as the results of operations for the period after the acquisition of the controlling interest. Similarly, the consolidated statement of financial position with related notes have been presented as though the assets and liabilities of the combining entities had been transferred at the earliest reporting period.

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

Goodwill

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investment in associated companies. Separately recognised goodwill is reviewed annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

Customer relations

Customer relations consist of non-contractual customer relationships. Customer relations acquired in a business combination are recognised at fair value at the acquisition date. The customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated on the straight-line method to allocate the cost of customer relations over the estimated useful life of four years.

1.20 **Property, plant and equipment**

Land and buildings mainly comprise retail outlets, offices and silos. Land and buildings were revalued during 2006 to fair value when the group made the choice to apply the fair value as deemed cost-exemption, in terms of IFRS 1: First-time adoption of International Financial Reporting Standards. Property, plant and equipment, including investment property, is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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

Buildings	50 years
Grain silos and buildings	10 – 50 years
Machinery and equipment	5 – 10 years
Vehicles	4 – 5 years
Office furniture and equipment	5 – 10 years
Leasehold improvements	Period of lease

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 fixed assets are determined by comparing proceeds with the carrying amounts and are included in the income statement as other operating income or other operating expenses.

1.21 **Inventory**

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

1.22 **Trade accounts receivable**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

Trade receivables against which a provision for impairment were made will be written off as soon as no further collections are possible. Trade receivables against which there were no previous provision for impairment, are written off directly to the income statement as soon as there are no further collections.

1.23 **Employee benefits**

Pension scheme arrangements

The group operates a pension fund consisting of a defined contribution plan registered in terms of the Pension Funds Act, 1956, and the assets are administered separately by trustees. Funding is in terms of conditions of employment by means of contributions by the participating subsidiaries in the group as well as employees. The group has no further obligations to the fund once the contributions have been paid. Contributions are recognised in the income statement when they are due.

Post-retirement medical benefits

Certain in-service members and retired staff are members of the post-retirement medical subsidy scheme of the group. The group pays the monthly contributions in respect of the retired members over to the medical fund. The valuation method used to value the liability is the projected unit method. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined-benefit pension plans. Valuations of these obligations are carried out by independent qualified actuaries. Any actuarially determined profits or losses are recognised in the income statement.

In terms of the group's present policy the benefits are only available to certain in-service members and retired staff and not to future employees.

Profit-sharing and bonus plans

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

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

It is expected that the liability will be paid within 12 months.

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

1.24 **Derivative financial instruments and hedging activities**

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

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

Fair value hedge

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

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

Cash flow hedge

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

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

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

Derivatives at fair value through profit or loss and accounted for at fair value through profit or loss

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

1.25 **Leases**

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

1.26 Revenue recognition – discontinued operations

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. The group recognises revenue when the amount of revenue can be reliably measured and reasonable assurance exists that the economic benefits of the transaction will flow to the business. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. Revenue is shown, net of value added tax, estimated returns, rebates and discounts and after elimination of sales within the group. Revenue is recognised as follows:

Sales of goods and services

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

Interest income

Interest income is recognised on a time-proportion basis using the effective interest rate method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the debtor. Interest on impaired debtors is recognised using the original effective interest rate.

1.27 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chairman.

STATEMENT OF FINANCIAL POSITION
at 30 September

		COMPANY		
	Notes	**2013 R'000**	2012 R'000	2011 R'000
ASSETS				
Non-current assets				
Investment in subsidiary company	2			1 881 875
Investment in associated company	3	**4 867 424**	2 948 268	
		4 867 424	2 948 268	1 881 875
Current assets				
Loan subsidiary company	4			497 718
Cash and cash equivalents		**6 203**	4 758	
		6 203	4 758	497 718
Total assets		**4 873 627**	2 953 026	2 379 593
EQUITY AND LIABILITIES				
Capital and reserves				
Ordinary share capital	5	**2 162**	2 162	2 552
Share premium		**2 012 726**	2 012 726	2 358 553
Fair value reserve		**1 935 288**	16 132	
Retained profit		**919 274**	917 196	18 488
Total equity		**4 869 450**	2 948 216	2 379 593
Current liabilities				
Trade and other payables		**4 177**	4 810	
Total equity and liabilities		**4 873 627**	2 953 026	2 379 593

INCOME STATEMENT
for the year ended 30 September

	COMPANY		
	2013 R'000	2012 R'000	2011 R'000
Investment income	**64 528**	1 042 736	105 241
Kaap Agri Beleggings Limited		1 042 736	105 241
Pioneer Food Group Limited	**64 528**		
Other operating income	**279**		
Other operating expenses	**(1 228)**	(4)	(3)
Profit before taxation	**63 579**	1 042 732	105 238
Income tax			
Net profit for the year	**63 579**	1 042 732	105 238

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 September

	COMPANY		
	2013 **R'000**	2012 R'000	2011 R'000
Net profit for the year	**63 579**	1 042 732	105 238
Other comprehensive income:			
Dividends forfeited	**1 358**		
Remeasurement to fair value	**1 919 156**	16 132	
Total comprehensive income	**1 984 093**	1 058 864	105 238

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September

	COMPANY			
	Share capital R'000	**Share premium R'000**	**Fair value reserve R'000**	**Retained profit R'000**
Balance at 1 October 2010	2 552	2 358 553		
Total comprehensive income				105 238
Dividends paid				(86 750)
Balance at 30 September 2011	2 552	2 358 553		18 488
Shares bought back	(390)	(345 827)		(107 591)
Total comprehensive income			16 132	1 042 732
Dividends paid				(36 433)
Balance at 30 September 2012	2 162	2 012 726	16 132	917 196
Total comprehensive income			**1 919 156**	**64 937**
Dividends paid				**(62 859)**
Balance at 30 September 2013	**2 162**	**2 012 726**	**1 935 288**	**919 274**

STATEMENT OF CASH FLOWS
for the year ended 30 September

	COMPANY		
	2013 **R'000**	2012 R'000	2011 R'000
Cash flow from operating activities			
Net cash loss from operating activities	**(949)**	(4)	(3)
Operating profit per income statement	**63 579**	1 042 732	105 238
Adjusted for:			
Investment income	**(64 528)**	(1 042 736)	(105 241)
Increase in trade and other creditors	**725**		
	(224)	(4)	(3)
Cash flow from investment activities			
Increase in subsidiary loan			(18 488)
Dividends received	**64 528**	36 437	105 241
Cash and cash equivalents acquired with unbundling		4 758	
	64 528	41 195	86 753
Cash flow from financing activities			
Dividend paid	**(62 859)**	(36 433)	(86 750)
Net increase in cash and cash equivalents	**1 445**	4 758	–
Cash and cash equivalents at the beginning of the year	**4 758**		
Cash and cash equivalents at the end of the year	**6 203**	4 758	–

1. **ACCOUNTING POLICIES**

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 company's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

		COMPANY	
	2013	2012	2011
	R'000	R'000	R'000
2. **INVESTMENT IN SUBSIDIARY COMPANY**			
Unlisted – Kaap Agri Beleggings Limited			
Number of issued shares: NIL (2012: NIL; 2011: 19 705 494 000)			
Shareholding: 0% (2012: 0%; 2011: 100%)			
Shares at cost			1 881 875
3. **INVESTMENT IN ASSOCIATED COMPANY**			
Pioneer Food Group Limited – at fair value			
Beginning of the year	**2 948 268**		
Acquired with unbundling		2 932 136	
Remeasurement to fair value	**1 919 156**	16 132	
	4 867 424	2 948 268	–
Refer to note 5 of the economic interest financial statements for more information.			
4. **LOAN SUBSIDIARY COMPANY**			
Kaap Agri Beleggings Limited			497 718
The carrying value of the loan approximates its fair value at the reporting date.			
5. **ORDINARY SHARE CAPITAL**			
Authorised:	**4 000**	4 000	4 000
102 917 964 (2012: 102 917 964) ordinary shares of R0.0388 each (2011: 400 000 000 ordinary shares of R0.01 each)			
Issued:	**2 162**	2 162	2 552
55 627 707 (2012: 55 627 707) ordinary shares of R0.0388 each (2011: 255 147 696 ordinary shares of R0.01 each)			
All issued shares are fully paid.			
Refer to note 12 of the economic interest financial statements for more information.			

6. **RELATED PARTY TRANSACTIONS**

Refer to notes 2, 3 and 4.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF AVL

The Directors

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

Dear Sirs

Independent reporting accountant's audit report on the Combined Historical Financial Information of Agri Voedsel Limited

Introduction

Zeder Investments Limited ("Zeder" or "the Company") is issuing a circular ("the Circular") to its shareholders regarding Zeder's offer to acquire all the ordinary shares in Agri Voedsel Limited ("AVL") not already held by Zeder, by way of a scheme of arrangement, alternatively, by way of a voluntary general offer to the remaining AVL shareholders in the event that the scheme fails ("the Proposed Transaction").

At your request and for the purpose of the Circular to be dated on or about 15 August 2014, we have audited the standalone and consolidated combined historical financial information of AVL, which comprises the standalone and consolidated combined statements of financial position as at 30 September 2013, 30 September 2012 and 30 September 2011, the standalone and consolidated combined income statements and the standalone and consolidated combined statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information ("the Combined Historical Financial Information"), as presented in Annexure 3 to the Circular, in compliance with the JSE Limited ("JSE") Listings Requirements.

Directors' responsibility

The Directors of Zeder are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that Zeder complies with the JSE Listings Requirements. The Directors of AVL are responsible for the preparation and fair presentation of the Combined Historical Financial Information in accordance with International Financial Reporting Standards, and for such internal controls as the Directors of AVL determine is necessary to enable the preparation of Combined Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Combined Historical Financial Information based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance whether the Combined Historical Financial Information of AVL is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Combined Historical Financial Information. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Combined Historical Financial Information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Combined Historical Financial Information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of accounting estimates made by management of AVL, as well as evaluating the overall presentation of the Combined Historical Financial Information.

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

Opinion

In our opinion, the Combined Historical Financial Information of AVL as set out in Annexure 3 to the Circular, presents fairly, in all material respects, the financial position of AVL at 30 September 2013, 30 September 2012 and 30 September 2011, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the JSE Listings Requirements.

PricewaterhouseCoopers Inc.

Director: DG Malan
Registered Auditor

Paarl
7 August 2014

INTERIM REVIEWED STANDALONE FINANCIAL INFORMATION OF AVL FOR THE SIX MONTHS ENDED 31 MARCH 2014

The below information are extracts from the reviewed standalone interim results of AVL for the six-month period ended 31 March 2014. The extracted information is the responsibility of the directors of AVL. There have been no material changes to the financial or trading position of AVL nor has there been any change in the nature of the business of AVL between the last reporting period and the Last Practicable Date.

OVERVIEW

The standalone interim financial statements, compiled by Ms L van der Merwe CA(SA) and approved by the AVL directors on 31 July 2014, provides an overview of the company's activities, results and financial position for the six months ended 31 March 2014.

RESULTS

The headline earnings of the company are 24% higher than the comparative period.

The operations of the company represent the fair value measurement of its interest in the associated company, Pioneer Foods, as well as the administrative costs of the company.

AVL's total equity interest in Pioneer Foods is 23,4% but due to limitations on voting rights and profit (dividend) sharing of other shares, the voting interest is 25,3% and the economic interest in profit 30,3%.

Pioneer Foods' turnover from continuing operations increased by 8,7% to R8 775.7 million. Adjusted headline earnings from continuing operations are 41% higher than the previous period at R594.7 million, or 324,9 cents per share.

The summarised results of the continuing operations of Pioneer Foods are as follows:

	Six months ended			Year ended
	31 March 2014 Unaudited	31 March 2013 Unaudited	Change	30 September 2013 Audited
Income (R million)	**8 775.7**	8 071.9	+8.7%	16 306.1
Earnings (R million)	**644.2**	336.0	+91.7%	700.5
Adjusted headline earnings (R million)	**594.7**	414.0	+43.7%	821.0
Adjusted headline earnings per share (cents)	**324.9**	229.7	+41.4%	452.9
Dividend per share (cents)	**65.0**	46.0	+41.3%	132.0

Adjusted headline earnings represent the earnings from operations adjusted for material once-off occurrences, as well as the impact of the phase-one BEE transaction of Pioneer Foods due to the volatility of this share-based payment.

More details on Pioneer Foods' performance can be found in their own financial results at www.pioneerfoods.co.za.

STATEMENT OF FINANCIAL POSITION

The only significant asset of the company is the investment in Pioneer Foods (an associated company) that is carried at fair value in these standalone financial statements.

DIVIDEND

An interim dividend of 65 cents per share (2013: 45 cents) was paid on 14 July 2014. The last day to register was 27 June 2014.

STATEMENT OF FINANCIAL POSITION

	Note	**Reviewed** **31 March 2014 R'000**	31 March 2013 R'000	Audited 30 September 2013 R'000
ASSETS				
Non-current assets				
Investment in associated company	2	**4 644 914**	3 981 274	4 867 424
Current assets				
Cash and cash equivalents		**6 276**	5 727	6 203
Total assets		**4 651 190**	3 987 001	4 873 627
EQUITY AND LIABILITIES				
Capital and reserves		**4 646 906**	3 981 681	4 869 450
Current liabilities				
Trade and other payables		**4 284**	5 320	4 177
Total equity and liabilities		**4 651 190**	3 987 001	4 873 627
Net asset value and net tangible asset value per share (rand)		**83.54**	71.58	87.54
Shares issued (thousand)		**55 628**	55 628	55 628

INCOME STATEMENT

	Reviewed Six months ended **31 March 2014 R'000**	31 March 2013 R'000	Audited Year ended 30 September 2013 R'000
Dividend income	**47 840**	38 939	64 528
Other operating income	**170**	–	280
Other operating expenses	**(680)**	(653)	(1 228)
Profit before taxation	**47 330**	38 286	63 580
Income tax	**–**	–	–
Net profit for the period	**47 330**	38 286	63 580
Earnings per share – basic and diluted (cents)	**85.08**	68.83	114.30
Headline earnings per share – basic and diluted (cents)	**85.08**	68.83	114.30
Weighted average number of shares (thousand)	**55 628**	55 628	55 628

STATEMENT OF COMPREHENSIVE INCOME

	Reviewed Six months ended 31 March 2014 R'000	31 March 2013 R'000	Audited Year ended 30 September 2013 R'000
Profit for the period	**47 330**	38 286	63 580
Other comprehensive income			
Dividends forfeited	**476**	–	1 357
Remeasurement to fair value	**(222 510)**	1 033 006	1 919 156
Total comprehensive (loss)/income for the period	**(174 704)**	1 071 292	1 984 093

STATEMENT OF CHANGES IN EQUITY

	Reviewed Six months ended 31 March 2014 R'000	31 March 2013 R'000	Audited Year ended 30 September 2013 R'000
Share capital and premium	**2 014 888**	2 014 888	2 014 888
Fair value reserves	**1 712 778**	1 049 138	1 935 288
Opening balance	**1 935 288**	16 132	16 132
Total comprehensive (loss)/income	**(222 510)**	1 033 006	1 919 156
Retained profit	**919 240**	917 655	919 274
Opening balance	**919 274**	917 196	917 196
Total comprehensive income	**47 806**	38 286	64 937
Dividends paid	**(47 840)**	(37 827)	(62 859)
Capital and reserves	**4 646 906**	3 981 681	4 869 450

STATEMENT OF CASH FLOWS

	Reviewed Six months ended 31 March 2014 R'000	31 March 2013 R'000	Audited Year ended 30 September 2013 R'000
Cash flow from operating activities	**73**	(143)	(224)
Cash flow from investment activities – Dividends received	**47 840**	38 939	64 528
Cash flow from financing activities – Dividends paid	**(47 840)**	(37 827)	(62 859)
Net cash generated	**73**	969	1 445
Cash and cash equivalents at the beginning of the period	**6 203**	4 758	4 758
Cash and cash equivalents at the end of the period	**6 276**	5 727	6 203

Notes:

1. **Basis of preparation and accounting policies**

   The condensed standalone financial statements for the six months to 31 March 2014 were prepared in accordance with IAS 34 "Interim Financial Reporting". The condensed interim financial statements should be read in conjunction with the economic interest annual financial statements for the year ended 30 September 2013. The accounting policies used to prepare the interim results are consistent with those applied in the previous period, except for the adoption of IFRS 13 "Fair value measurement", which have been applied retrospectively in accordance with the transition provisions of the standard. The effect of the change in accounting policy on the company was not material.

   The condensed standalone financial statements have been reviewed by the external auditors, PricewaterhouseCoopers Inc., who have performed their review in accordance with the International Standards on Review Engagements 2410. A copy of their unqualified review report is available for inspection at the registered office of the company.

2. **Investment in associated company**

	Reviewed		Audited
	31 March 2014 R'000	31 March 2013 R'000	30 September 2013 R'000
Pioneer Food Group Limited – at fair value			
Beginning of the period	**4 867 424**	2 948 268	2 948 268
Remeasurement to fair value	**(222 510)**	1 033 006	1 919 156
	4 644 914	3 981 274	4 867 424
Total interest – number of shares (thousand)	**55 628**	55 628	55 628
Total interest (%)	**23.39**	23.31	23.34
Voting interest (%)	**25.31**	25.21	25.24
Economic interest (%)	**30.33**	30.52	30.41

3. **Segment reporting**

The company is an investment holding company, with its sole investment being an effective interest in Pioneer Foods. Accordingly, the directors have not identified any other segment to report on.

4. **Headline earnings reconciliation**

No headline earnings reconciliation is presented as there is no difference between basic earnings per share and headline earnings per share for the periods presented.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE INTERIM FINANCIAL INFORMATION OF AVL

The Directors

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

Dear Sirs

Independent reporting accountants' report on the review of the Interim Standalone Historical Financial Information of Agri Voedsel Limited

Introduction

Zeder Investments Limited ("Zeder" or "the Company") is issuing a circular ("the Circular") to its shareholders regarding Zeder's offer to acquire all the ordinary shares in Agri Voedsel Limited ("AVL") not already held by Zeder, by way of a scheme of arrangement, alternatively, by way of a voluntary general offer to the remaining AVL shareholders in the event that the scheme fails ("the Proposed Transaction").

At your request and for the purpose of the Circular to be dated on or about 15 August 2014, we have reviewed the accompanying interim standalone statement of financial position of AVL as at 31 March 2014 and 31 March 2013, the related income statement and the related standalone statements of comprehensive income, changes in equity and cash flows for the six-month period then ended ("the Interim Standalone Historical Financial Information"), as presented in Annexure 5 to the Circular, in compliance with the JSE Limited ("JSE") Listings Requirements.

Directors' responsibility

The Directors of Zeder are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that Zeder complies with the JSE Listings Requirements. The Directors of AVL are responsible for the preparation and presentation of the Interim Standalone Historical Financial Information in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Reporting accountants' responsibility

Our responsibility is to express a conclusion on the Interim Standalone Historical Financial Information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", which applies to a review of historical information. A review of financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Interim Standalone Historical Financial Information of AVL as set out in Annexure 5 to the Circular, is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting" and JSE Listings Requirements.

PricewaterhouseCoopers Inc.

Director: DG Malan
Registered Auditor

Paarl
7 August 2014

PRO FORMA INTERIM FINANCIAL INFORMATION OF AVL FOR THE SIX MONTHS ENDED 31 MARCH 2014 AND 31 MARCH 2013

The *pro forma* interim financial information of AVL at 31 March 2014 and 31 March 2013 is set out below. The audited financial information of AVL for the year ended 30 September 2013 is set out in **Annexure 3** above. The *pro forma* interim financial information has been prepared for illustrative purposes only to provide information on the manner in which the reviewed standalone interim financial statements of AVL reconciles to the unaudited interim economic interest financial statements in which AVL's interest in Pioneer Foods is equity accounted. Due to its nature, the *pro forma* financial information may not fairly present AVL's financial position, changes in equity, results of operations or cash flows. The *pro forma* interim financial information is presented in a manner that is consistent with the accounting policies of AVL.

The *pro forma* interim financial information as set out below should be read in conjunction with the reviewed report of the Independent Reporting Accountants, which is included as **Annexure 8** to this Circular.

The directors of AVL are responsible for the preparation of the *pro forma* interim financial information. The *pro forma* interim statements of financial position and comprehensive income of AVL have been prepared on the assumption of equity accounting being applied to AVL's interest in Pioneer Foods for the entire period.

PRO FORMA STATEMENT OF FINANCIAL POSITION at 31 March 2014

	Before[1] R'000	Derecognised fair value movement[2] R'000	Equity accounting results[3] R'000	*Pro forma* after[4, 5] R'000
ASSETS				
Non-current assets				
Investment in associated company	4 644 914	(3 612 634)	1 158 669	2 190 949
Current assets				
Cash and cash equivalents	6 276			6 276
Total assets	**4 651 190**	**(3 612 634)**	**1 158 669**	**2 197 225**
EQUITY AND LIABILITIES				
Capital and reserves	4 646 906	(3 612 634)	1 158 669	2 192 941
Current liabilities				
Trade and other payables	4 284			4 284
Total equity and liabilities	**4 651 190**	**(3 612 634)**	**1 158 669**	**2 197 225**
Net asset value and tangible net asset value per share (rand)	83.54			39.42
Shares issued (thousand)	55 628			55 628

PRO FORMA INCOME STATEMENT
for the six months ended 31 March 2014

	Before[1] R'000	Derecognised fair value movement[2] R'000	Equity accounting results[3] R'000	_Pro forma_ after[4, 5] R'000
Continuing operations				
Dividend income	47 840		(47 840)	–
Other operating income	170			170
Other operating expenses	(680)			(680)
Operating profit/(loss)	47 330	–	(47 840)	(510)
Share in profit of associated company			191 409	191 409
Profit for the period from continuing operations	47 330	–	143 569	190 899
Discontinued operations				
Share in profit of associated company			(1 276)	(1 276)
Profit for the period	**47 330**	**–**	**142 293**	**189 623**
Profit/(loss) for the period attributable to:				
Continuing operations	47 330		143 569	190 899
Discontinued operations			(1 276)	(1 276)
Equity holders of the holding company	**47 330**	**–**	**142 293**	**189 623**
Reconciliation to headline earnings				
Profit for the period from continuing operations	47 330		143 569	190 899
Non-headline earnings from associated company			(183)	(183)
Headline earnings	47 330	–	143 386	190 716
Non-recurring items			(14 613)	(14 613)
Adjusted headline earnings from continuing operations	**47 330**	**–**	**128 773**	**176 103**
Loss for the period from discontinued operations			(1 276)	(1 276)
Non-headline earnings from associated company			17 105	17 105
Headline earnings from discontinued operations	**–**	**–**	**15 829**	**15 829**
Earnings per share – basic and diluted (cents)				
Continuing operations	85.08			343.17
Discontinued operations				(2.29)
Headline earnings per share – basic and diluted (cents)				
Continuing operations	85.08			342.84
Discontinued operations				28.46
Adjusted headline earnings per share – basic and diluted (cents)				
Continuing operations	85.08			316.57
Discontinued operations				28.46

PRO FORMA STATEMENT OF FINANCIAL POSITION
at 31 March 2013

	Before[1] R'000	Derecognised fair value movement[2] R'000	Equity accounting results[3] R'000	*Pro forma* after[4, 5] R'000
ASSETS				
Non-current assets				
Investment in associated company	3 981 275	(2 948 995)	1 002 590	2 034 870
Current assets				
Cash and cash equivalents	5 727			5 727
Total assets	**3 987 002**	**(2 948 995)**	**1 002 590**	**2 040 597**
EQUITY AND LIABILITIES				
Capital and reserves	3 981 681	(2 948 995)	1 002 590	2 035 276
Current liabilities				
Trade and other payables	5 321			5 321
Total equity and liabilities	**3 987 002**	**(2 948 995)**	**1 002 590**	**2 040 597**
Net asset value and tangible net asset value per share (rand)	71.58			36.59
Shares issued (thousand)	55 628			55 628

***PRO FORMA* INCOME STATEMENT**
for the six months ended 31 March 2013

	Before[1] R'000	Derecognised fair value movement[2] R'000	Equity accounting results[3] R'000	*Pro forma* after[4, 5] R'000
Continuing operations				
Dividend income	38 939		(38 939)	–
Other operating expenses	(653)			(653)
Operating profit/(loss)	38 286	–	(38 939)	(653)
Share in profit of associated company			96 144	96 144
Profit for the period from continuing operations	38 286	–	57 205	95 491
Discontinued operations				
Share in profit of associated company			(2 902)	(2 902)
Profit for the period	**38 286**	**–**	**54 303**	**92 589**
Profit/(loss) for the period attributable to:				
Continuing operations	38 286		57 205	95 491
Discontinued operations			(2 902)	(2 902)
Equity holders of the holding company	**38 286**	**–**	**54 303**	**92 589**

	Before[1] R'000	Derecognised fair value movement[2] R'000	Equity accounting results[3] R'000	*Pro forma* after[4, 5] R'000
Reconciliation to headline earnings				
Profit for the period from continuing operations	38 286		57 205	95 491
Non-headline earnings from associated company			1 018	1 018
Headline earnings	38 286	–	58 223	96 509
Non-recurring items			23 338	23 338
Adjusted headline earnings from continuing operations	**38 286**	**–**	**81 561**	**119 847**
Loss for the period from discontinued operations			(2 902)	(2 902)
Non-headline earnings from associated company			(401)	(401)
Headline earnings from discontinued operations	**–**	**–**	**(3 303)**	**(3 303)**
Earnings per share – basic and diluted (cents)				
Continuing operations	68.83			171.66
Discontinued operations				(5.22)
Headline earnings per share – basic and diluted (cents)				
Continuing operations	68.83			173.49
Discontinued operations				(5.94)
Adjusted headline earnings per share – basic and diluted (cents)				
Continuing operations	68.83			215.44
Discontinued operations				(5.94)

Notes and assumptions:

1. Results for the six months ended 31 March 2014 and 31 March 2013, extracted, without adjustment, from the reviewed standalone interim financial statements of AVL for the six months ended 31 March 2014 and 31 March 2013, as set out in **Annexure 5** to this Circular.
2. Represents the derecognition of the fair value movement, recognised in accordance with IAS 39 and included in the reviewed standalone interim financial statements of AVL for the six months ended 31 March 2014 and 31 March 2013. The fair value movement is replaced by the equity accounted earnings, as set out under note 3 below.
3. Represents the equity accounting of the investment in Pioneer Foods, an associated company, utilising the 30.33% (2013: 30.52%) economic interest in Pioneer Foods, based on the Pioneer Foods unaudited condensed consolidated interim financial statements for the six months ended 31 March 2014 and 31 March 2013, published on SENS and Pioneer Foods' website www.pioneerfoods.co.za.
4. Represents the *pro forma* financial results after incorporating the adjustments set out above.
5. All adjustments are expected to have a continuing effect on the income statement.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE *PRO FORMA* INTERIM FINANCIAL INFORMATION OF AVL

The Directors

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

Dear Sirs

Independent reporting accountants' assurance report on the compilation of *pro forma* financial information of Agri Voedsel Limited

Introduction

Zeder Investments Limited ("Zeder" or "the Company") is issuing a circular ("the Circular") to its shareholders regarding Zeder's offer to acquire all the ordinary shares in Agri Voedsel Limited ("AVL") not already held by Zeder, by way of a scheme of arrangement, alternatively, by way of a voluntary general offer to the remaining AVL shareholders in the event that the scheme fails ("the Proposed Transaction").

At your request and for the purposes of the Circular to be dated on or about 15 August 2014, we present our assurance report on the compilation of the *pro forma* financial information of AVL by the Directors. The *pro forma* financial information, presented in Annexure 7 to the Circular, consists of the *pro forma* statement of financial position as at 31 March 2014 and 31 March 2013, the *pro forma* income statement for the six months ended 31 March 2014 and 31 March 2013 and the *pro forma* financial effects ("the *Pro Forma* Financial Information"). The *Pro Forma* Financial Information has been compiled on the basis of the applicable criteria specified in the JSE Limited ("JSE") Listings Requirements.

The *Pro Forma* Financial Information has been compiled by the Directors to illustrate the impact of the Proposed Transaction on the Company's reported financial position as at 31 March 2014, and the Company's financial performance for the period then ended, as if the Proposed Transaction had taken place at 1 April 2013 and 31 March 2014, respectively. As part of this process, information about the Company's financial position and financial performance has been extracted by the Directors from the Company's standalone financial statements for the six months ended 31 March 2014, on which a review report was issued.

Directors' responsibility

The Directors of Zeder are responsible for the compilation, contents and presentation of the *Pro Forma* Financial Information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in Annexure 7. The directors of the Company are responsible for the financial information from which it has been prepared.

Reporting accountants' responsibility

Our responsibility is to express an opinion about whether the *Pro Forma* Financial Information has been compiled, in all material respects, by the Directors on the basis specified in the JSE Listings Requirements, based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information Included in a Prospectus. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements. For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *Pro Forma* Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *Pro Forma* Financial Information.

As the purpose of *Pro Forma* Financial Information included in a circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *Pro Forma* Financial Information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *Pro Forma* Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the corporate action or event in respect of which the *Pro Forma* Financial Information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *Pro Forma* Financial Information.

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

Opinion

In our opinion, the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in Annexure 7 of the Circular.

PricewaterhouseCoopers Inc.
Director: DG Malan
Registered Auditor

Paarl
7 August 2014

Zeder Investments Limited

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

NOTICE OF GENERAL MEETING OF ZEDER SHAREHOLDERS

Notice is hereby given that a general meeting of Shareholders of Zeder ("**the General Meeting**") will be held at 10:00 on Monday, 15 September 2014 at NH The Lord Charles Hotel, Corner of Main Road (M9) and Broadway Boulevard (R44), Somerset West, Western Cape for the purpose of considering, and if deemed fit, passing, with or without modification, the following resolutions set out in this notice of General Meeting.

Notes:

- The definitions commencing on page 5 of the Circular to which this notice of General Meeting is attached, apply *mutatis mutandis* to this notice of General Meeting and to the resolutions set out below.
- For a special resolution to be approved by Shareholders, it must be supported by at least 75% of the voting rights exercised on the resolution. For an ordinary resolution to be approved by Shareholders, it must be supported by more than 50% of the voting rights exercised on the resolution.
- Zeder may, should it so wish, amend the swap ratio on which the number of Consideration Shares referred to in the resolutions below is based, but shall not amend such ratio by more than 15%.

1. ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF THE ACQUISITION OF THE AVL SHARES IN TERMS OF THE SCHEME OR GENERAL OFFER

"**RESOLVED** that, subject to the approval of Special Resolution Number 1, the acquisition by the Company of all AVL Shares not already held by the Company or its subsidiaries, be and is hereby approved in terms of the JSE Listings Requirements, such acquisition to be settled through the issue of the Consideration Shares (being a maximum of 463 655 648 Zeder Shares), in the ratio of 16.2 (sixteen point two) Consideration Shares for every 1 (one) AVL Share acquired by the Company, and such acquisition to occur on the terms of the Scheme or the General Offer, as the case may be, the salient terms of which are contained in the Circular."

Reason and effect

The reason for Ordinary Resolution Number 1 is to approve the acquisition by Zeder of the AVL Shares pursuant to the implementation of the Scheme or the General Offer, as the case may be, which will amount to a category 1 transaction in terms of the JSE Listings Requirements.

The effect of Ordinary Resolution Number 1, if passed by Shareholders, is that the Company will be granted the necessary authority by Shareholders in terms of the JSE Listings Requirements to implement the Proposed Transaction.

2. SPECIAL RESOLUTION NUMBER 1 – AUTHORITY TO ISSUE THE CONSIDERATION SHARES

"**RESOLVED** that, subject to the approval of Ordinary Resolution Number 1, the Company be and is hereby authorised to issue the Consideration Shares, the voting power of which will exceed 30% of the voting power of all Zeder Shares held by Zeder Shareholders immediately prior to issue of the Consideration Shares in terms of section 41(3) of the Companies Act."

Reason and effect

The reason for Special Resolution Number 1 is that section 41(3) of the Companies Act requires that companies obtain the approval of shareholders by way of special resolution for any issue of securities, if the voting power of the securities that will be issued will be equal to or exceed 30% of the voting power of all the securities of that class held immediately before the issue.

The effect of Special Resolution Number 1 is that the Company shall be authorised to issue the Consideration Shares as required in terms of section 41(3) of the Companies Act.

3. **ORDINARY RESOLUTION NUMBER 2 – AUTHORITY OF DIRECTORS**

"**RESOLVED** that any Director or the company secretary be and is hereby authorised to do all such things and sign all such documentation as are necessary to give effect to the ordinary and special resolutions set out in this notice, hereby ratifying and confirming all such things already done and documentation already signed."

Reason and effect

The reason for Ordinary Resolution Number 2 is to grant the Directors or the company secretary or any other party approved by the Directors, the authority to sign all documents and to do all other things required to give effect to the resolutions contained in this notice of General Meeting, and to ratify and confirm all such documentation signed and things already done.

The effect of Ordinary Resolution Number 2 is that any Director or the company secretary or any other party approved by the Directors shall have the authority to sign all documents and to do all other things required to give effect to the resolutions contained in this notice of General Meeting, and to ratify and confirm all such documentation signed and things already done.

ELECTRONIC PARTICIPATION

Should any Zeder Shareholders wish to participate in the General Meeting by way of electronic participation, such Shareholder should make application to so participate, in writing (including details as to how the Shareholder or its representative can be contacted), to the Transfer Secretaries at the stated address below, to be received by the Transfer Secretaries at least 10 (ten) Business Days prior to the General Meeting in order for the Transfer Secretaries to arrange for the Shareholder (or its representative) to provide reasonably satisfactory identification to the Transfer Secretaries for purposes of section 63(1) of the Companies Act and for the Transfer Secretaries to provide the Shareholder (or its representative) with the details as to how to access any electronic participation to be provided.

The Company reserves the right to elect not to provide for electronic participation at the General Meeting in the event that it is not practical to do so. The costs of accessing any means of electronic participation provided by the Company will be borne by the Shareholder so accessing the electronic participation. Zeder Shareholders are advised that participation in the General Meeting by way of electronic participation will not entitle a Shareholder to vote through an electronic medium. Should a Shareholder wish to vote at the General Meeting, such Shareholder may do so by attending and voting at the General Meeting either in person or by proxy.

VOTING AND PROXIES

The date on which Shareholders must be recorded, as such in the Register for purposes of being entitled to receive this notice is Friday, 8 August 2014.

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, 5 September 2014. Accordingly, the last day to trade to be entitled to attend and vote at the General Meeting is Friday, 29 August 2014.

Section 63(1) of the Companies Act requires that meeting participants provide satisfactory identification. 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 drivers licence 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.

Shareholders entitled to attend and vote at the General Meeting, may appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a shareholder of the Company. A form of proxy (*yellow*), in which the relevant instructions for its completion are set out, is enclosed for use by a Certificated Shareholder or Dematerialised Shareholder with Own-name Registration who wishes to be represented at the General Meeting. Completion of a form of proxy (*yellow*) will not preclude such Shareholder from attending and voting (in preference to that Shareholder's proxy) at the General Meeting.

By order of the Board

JF Mouton
Chairman

13 August 2014

Registered office
1st Floor
Ou Kollege Building
35 Kerk Street
Stellenbosch
7600
(PO Box 7403, Stellenbosch, 7599)

Transfer secretaries
Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Ground Floor, 70 Marshall Street
Johannesburg
2001
(PO Box 61051, Marshalltown, 2107)

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REF. JOB003955

Zeder Investments Limited

(Incorporated in the Republic of South Africa)
(Registration number 2006/019240/06)
Share code: ZED ISIN Number: ZAE000088431
(“**Zeder**” or “**the Company**”)

FORM OF PROXY – FOR USE BY CERTIFICATED AND DEMATERIALISED OWN-NAME SHAREHOLDERS ONLY

The definitions commencing on page 5 of the Circular to which this form of proxy is attached, apply mutatis mutandis to this form of proxy.

For use at the General Meeting of Shareholders of the Company, to be held at 10:00 on Monday, 15 September 2014 at NH The Lord Charles Hotel, Corner of Main Road (M9) and Broadway Boulevard (R44), Somerset West, Western Cape.

I/We (Full names in BLOCK LETTERS please)

of (address)

Telephone number (   )

Cellphone number

Email address

being the registered holder(s) of: ____________ Shares hereby appoint:

1. or failing him/her,

2. or failing him/her,

3. the chairman of the General Meeting

as my/our proxy to vote for me/us on my/our behalf at the General Meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof and to vote for and/or against the said resolutions and/or to abstain from voting in respect of the Shares of the Company registered in my/our name(s), in accordance with the following instructions (see notes):

	Number of Shares		
	For	**Against**	**Abstain**
Ordinary Resolution Number 1 – Approval of the acquisition of the AVL Shares in terms of the Scheme or General Offer			
Special Resolution Number 1 – Authority to issue the Consideration Shares			
Ordinary Resolution Number 2 – Authority of Directors			

Please indicate your voting instruction by way of inserting the number of Shares or by a cross in the space provided should you wish to vote all of your Shares.

Signed at on 2014

Signature

Assisted by me *(where applicable) (State capacity and full name)*

Each Shareholder is entitled to appoint one or more proxy(ies) (who need not be a Shareholder(s) of the Company) to attend, speak and, vote in his stead at the General Meeting.

Please read the notes on the reverse side of this form of proxy

Notes:

1. A Zeder 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 any such deletion must be initialled by the Shareholder. The person whose name stands first on the form of proxy *(yellow)* and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A Shareholder is entitled to one vote on a show of hands and on a poll one vote in respect of each Share held. A resolution put to the vote shall be decided by a show of hands unless before, or on the declaration of the results of the show of hands, a poll shall be demanded by the chairman of the General Meeting or any person entitled to vote at the General Meeting.
3. A Zeder Shareholder's instructions to the proxy(ies) must be indicated by the insertion of the relevant number of Shares to be voted on behalf of that Shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the chairman of the General Meeting, if he/she is the authorised proxy, to vote in favour of the resolutions at the General Meeting, or any other proxy to vote or to abstain from voting at the General Meeting, as he/she deems fit, in respect of all the Shares concerned. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by the Shareholder or his/her proxy, but the total of the votes cast and in respect whereof absentions are recorded may not exceed the total of the votes exercisable by the Shareholder or his/her proxy.
4. When there are joint registered holders of any Shares, any one of such persons may vote at the General Meeting in respect of such Shares as if he/she was solely entitled thereto, but, if more than one of such joint holders be present or represented at any meeting, that one of the said persons whose name stands first in the register in respect of such Shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member, in whose name any Shares stand, shall be deemed joint holders thereof.
5. Forms of proxy *(yellow)* must be completed and returned to be received by the Transfer Secretaries, Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001, (PO Box 61051, Marshalltown, 2107), so as to be received by not later than 10:00 on Thursday, 11 September 2014 alternatively, such form of proxy *(yellow)* may be handed to the chairman of the General Meeting prior to the exercise of the voting rights in terms thereof in respect of the resolution in question.
6. Any alteration of correction made to this form of proxy *(yellow)* must be initialled by the signatory (ies).
7. Documentary evidence establishing the authority of a person signing this form of proxy *(yellow)* in a representative capacity must be attached to this form of proxy *(yellow)* unless previously recorded by the Transfer Secretaries or waived by the chairman of the General Meeting.
8. The completion and lodging of this form of proxy *(yellow)* 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.
9. **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 proxy may delegate her or 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 Company; and
   - 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.