INTERIM RESULTS

FOR THE SIX MONTHS ENDED **31 AUGUST 2010**

ZEDER
INVESTMENTS LIMITED

- ***RECURRING HEADLINE EARNINGS PER SHARE* ↑ 24,5%**
- ***INTRINSIC VALUE PER SHARE* ↑ *TO* R2,78**
- ***HEADLINE EARNINGS PER SHARE* ↓ 14,7%**

CONDENSED GROUP INCOME STATEMENT
for the six months ended 31 August 2010

	Notes	Unaudited 31 Aug 2010 Rm	Unaudited 31 Aug 2009 Rm	Audited 28 Feb 2010 Rm
Income				
Investment income		**13,0**	24,5	41,2
Fair value gains and losses on financial instruments		**4,3**	12,7	15,2
Other operating income		**0,4**	0,5	1,1
Total income		**17,7**	37,7	57,5
Expenses				
Management fee	2	**(26,2)**	(20,3)	(40,7)
Other				(0,1)
Total expenses		**(26,2)**	(20,3)	(40,8)
Results of operating activities		**(8,5)**	17,4	16,7
Finance costs		**(0,2)**	(0,5)	(0,6)
Share of profits of associated companies		**106,9**	66,1	128,5
Loss on dilution of interest in associated company				(17,5)
Profit before taxation		**98,2**	83,0	127,1
Taxation	3	**(1,7)**	(3,9)	(3,5)
Net profit for the period		**96,5**	79,1	123,6
Attributable to equity holders of the company		**96,5**	79,1	123,6
Non-headline items				
Loss on dilution of interest in associated company				17,5
Interest in adjustments of associated companies, net of taxation		**(5,6)**	6,6	10,9
Headline earnings		**90,9**	85,7	152,0
Earnings per share (cents)				
– attributable (basic and diluted)		**9,9**	10,1	14,0
– headline (basic and diluted)		**9,3**	10,9	17,3
Number of shares (million)				
– in issue		**978,1**	978,1	978,1
– weighted average		**978,1**	784,7	880,6

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 31 August 2010

	Unaudited 31 Aug 2010 Rm	Unaudited 31 Aug 2009 Rm	Audited 28 Feb 2010 Rm
Net profit for the period	**96,5**	79,1	123,6
Other comprehensive income for the period, net of taxation	**(8,3)**	(2,8)	(15,8)
Share of other comprehensive income of associated companies	**(8,7)**	(2,8)	(16,9)
Other equity movements of associated companies	**0,4**		1,1
Step acquisition from equity securities to investment in associated companies			
Reversal of previous fair value gains after taxation on equity securities			(0,4)
Revaluation of assets and liabilities of associated companies			0,4
Total comprehensive income for the period	**88,2**	76,3	107,8

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION
at 31 August 2010

	Notes	Unaudited 31 Aug 2010 Rm	Unaudited 31 Aug 2009 Rm	Audited 28 Feb 2010 Rm
Assets				
Investment in associated companies		**2 127,9**	1 668,3	1 967,8
Equity securities		**232,8**	182,1	215,2
Current income tax receivable	3	**0,2**	1,5	0,2
Receivables and prepayments		**3,3**	0,4	
Cash and cash equivalents		**1,8**	425,0	121,6
Total assets		**2 366,0**	2 277,3	2 304,8
Equity				
Ordinary shareholders' funds		**2 331,1**	2 250,4	2 282,0
Total equity		**2 331,1**	2 250,4	2 282,0
Liabilities				
Deferred income tax	3	**3,4**	1,7	1,7
Borrowings		**4,0**		
Trade and other payables		**27,5**	25,2	21,1
Total liabilities		**34,9**	26,9	22,8
Total equity and liabilities		**2 366,0**	2 277,3	2 304,8
Net asset/tangible asset value per share (cents)		**238,3**	230,1	233,3

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY
for the six months ended 31 August 2010

	Unaudited 31 Aug 2010 Rm	Unaudited 31 Aug 2009 Rm	Audited 28 Feb 2010 Rm
Ordinary shareholders' equity at beginning of period	**2 282,0**	1 725,4	1 725,4
Shares issued		491,5	491,6
Total comprehensive income for the period	**88,2**	76,3	107,8
Dividend paid	**(39,1)**	(42,8)	(42,8)
Ordinary shareholders' equity at end of period	**2 331,1**	2 250,4	2 282,0

CONDENSED GROUP STATEMENT OF CASH FLOWS
for the six months ended 31 August 2010

	Unaudited 31 Aug 2010 Rm	Unaudited 31 Aug 2009 Rm	Audited 28 Feb 2010 Rm
Net cash flow from operating activities	**7,5**	(9,8)	21,9
Net cash flow from investing activities	**(92,2)**	(80,4)	(376,9)
Net cash flow from financing activities	**(35,1)**	487,3	448,7
Net (decrease)/increase in cash and cash equivalents	**(119,8)**	397,1	93,7
Cash and cash equivalents at beginning of period	**121,6**	27,9	27,9
Cash and cash equivalents at end of period	**1,8**	425,0	121,6

RECURRING HEADLINE EARNINGS
for the six months ended 31 August 2010

	Unaudited 31 Aug 2010 Rm	Unaudited 31 Aug 2009 Rm	Audited 28 Feb 2010 Rm
Recurring earnings	**145,9**	89,7	236,2
Food and Agri	**120,6**	81,8	190,3
Beverages	**25,3**	7,9	45,9
Net interest and other income	**5,9**	13,1	16,5
Management fee	**(26,2)**	(20,3)	(40,7)
Taxation	**(1,1)**	(2,1)	(3,9)
Recurring headline earnings	**124,5**	80,4	208,1
Non-recurring headline earnings (after tax) – Food and Agri	**(33,6)**	5,3	(56,1)
Investments marked to market	**(32,3)**	5,3	(12,2)
One-off items:			
– Pioneer Foods penalty provision	**(1,3)**		(43,9)
Headline earnings	**90,9**	85,7	152,0
Non-headline items	**5,6**	(6,6)	(28,4)
Attributable earnings	**96,5**	79,1	123,6
Recurring headline earnings per share (cents)	**12,7**	10,2	23,6

COMMENTARY

RESULTS

In the spirit of consistent, clear and unambiguous communication to stakeholders, management introduced the recurring headline earnings concept as the predominant measure of Zeder's financial performance a few years ago. At the time, recurring headline earnings was defined as reportable headline earnings in terms of accounting standards, excluding any marked-to-market movements and one-off items.

During the past year we revisited and fine-tuned this methodology by now measuring recurring headline earnings on a see-through basis. Zeder's recurring headline earnings is the sum of its effective interest in each of its underlying investees, regardless of its percentage shareholding. The result is that investments in which Zeder holds less than 20% and are usually not allowed to equity account in terms of accounting standards, are now included in the calculation of our consolidated recurring headline earnings. This method of calculation was already applied for the year ended 28 February 2010. This provides management and investors with a more realistic and simple way of evaluating Zeder's financial performance.

Having applied the aforesaid principles to the prior year interim figures, Zeder's recurring headline earnings per share for the six months ended 31 August 2009 amounted to 10,2 cents per share as opposed to the 9,5 cents per share previously reported in terms of the old methodology.

Recurring headline earnings increased by 54,9% to R124,5 million and recurring headline earnings per share by 24,5% to 12,7 cents per share. However, headline earnings per share decreased by 14,7% to 9,3 cents and attributable earnings per share by 2,0% to 9,9 cents. All the 'per share' analyses were affected by the increased number of Zeder shares in issue after the rights offer in June 2009.

At end February 2010, Zeder had R121,6 million cash on hand from the aforementioned rights offer. During the period under review Zeder utilised this available resource, together with dividends received, to increase Zeder's stake in existing investments. A R300 million funding facility will provide Zeder with the means necessary to pursue attractive identified investment opportunities in future.

Kaap Agri/Pioneer Foods

Zeder maintained its interest of 41,3% in Kaap Agri, with both Kaap Agri's own operations and its investment in Pioneer Foods expected to deliver attractive results.

Pioneer Foods has indicated that the Competition Commission settlement amount will exceed the R350 million provision previously made, and believes that the settlement may be finalised within the next few weeks. For more information, refer to the company's most recent announcement in this regard, dated 21 September 2010.

KWV

KWV recently reported their first set of annual financial results since the unbundling of KWV's operational assets and activities from the indirect investment in Distell. These results confirmed a turnaround in the performance of KWV; for the year ended 30 June 2010 KWV's headline earnings from continuing operations increased from a loss of R30,3 million to a profit of R51,3 million.

KWV's board of directors declared a maiden ordinary dividend of R18,5 million as well as a special dividend of R4,8 million, based on the profit on sale of non-core assets.

Zeder increased its stake in KWV from 31,3% to 35,3% during the period under review.

Capevin Holdings

Capevin Holdings, with its core asset an effective interest of 14,9% in Distell, continues to be an attractive investment vehicle trading at a discount to its intrinsic value.

Zeder increased its stake in Capevin Holdings from 37,0% to 38,3% during the period under review.

In a challenging trading environment, with consumers seeking lower-priced options, Distell succeeded in maintaining its share of consumer spending. However, benefits derived from improved throughput and better operating efficiencies were insufficient to protect margins and profitability, and consequently Distell's operating profit for the year ended June 2010 declined by 1,2% while headline earnings declined by 1,0% to R943,6 million.

During the period under review, Zeder received R13,3 million in dividends from Capevin Holdings, with a further R15,3 million received subsequent to the reporting date.

Capespan

Zeder increased its stake in Capespan from 14,6% to 21,7% during the period under review.

The global economic conditions have not returned to normality and the continued strength of the rand had a negative impact on the performance of Capespan.

Capespan continues to focus on growing its revenue and footprint, especially in the Far Eastern markets.

MARKET VALUE OF INVESTMENTS

Company	31 Aug 2010 % Interest	31 Aug 2010 Value (Rm)	28 Feb 2010 % Interest	28 Feb 2010 Value (Rm)
Kaap Agri	**41,3%**	**813,6**	41,3%	812,8
KWV Holdings	**35,3%**	**249,2**	31,3%	214,6
Capevin Holdings	**38,3%**	**585,2**	37,0%	552,5
MGK	**26,7%**	**27,3**	26,7%	27,3
Agricol	**25,1%**	**24,1**	20,3%	10,1
Capespan	**21,7%**	**81,8**	14,6%	54,5
Suidwes	**19,0%**	**55,5**	18,4%	53,4
NWK	**8,0%**	**46,4**	7,4%	42,1
OVK	**9,2%**	**28,0**	9,2%	27,3
Other		**182,8**		171,0
Total investments		**2 093,9**		**1 965,6**
Cash and cash equivalents		**1,8**		121,6
Other net liabilities		**(31,4)**		(20,9)
Total market value		**2 064,3**		**2 066,3**
Shares in issue (million)		**978,1**		978,1
Market value of investments per share (rand)		**2,11**		2,11
Intrinsic value per share (rand)		**2,78**		2,68

Notes:

- All the investment are unlisted, and the market value of the investments is based on the over-the-counter traded prices of the respective companies.
- The intrinsic value per share is calculated based on the see-through values of Distell and Pioneer Foods, at Capevin Holdings and Kaap Agri respectively.

PROSPECTS

We remain optimistic about the agricultural and related sectors, and will continue to invest in entities trading at attractive values.

DIVIDEND

It is Zeder's policy to only declare a final dividend at year-end.

On behalf of the board

Jannie Mouton
Chairman

Antonie Jacobs
Chief executive officer

Stellenbosch
4 October 2010

NOTES TO THE CONDENSED GROUP FINANCIAL STATEMENTS

1. Basis of presentation and accounting policies

The condensed interim group financial statements have been prepared in accordance with IAS 34 – *Interim Financial Reporting* and should be read in conjunction with the annual financial statements for the year ended 28 February 2010, which have been prepared in accordance with International Financial Reporting Standards (IFRS). The accounting policies applied in the preparation of these interim group financial statements are consistent with those used in the previous year, except for the following revised standards which are effective for the financial year beginning 1 March 2010:

– IFRS 3 Revised – *Business Combinations*
– IAS 27 Revised – *Consolidated and Separate Financial Statements*

The adoption of these standards had no material effect on the results, nor has it required any restatement of previously reported results.

2. Management fee

The management fee is calculated at 2% p.a. (exclusive of VAT) on the net asset value of the group (excluding cash) at the end of every month and 0,15% p.a. (exclusive of VAT) on the group's daily average cash balance. The management fee is accrued at the end of every month. The performance fee, when applicable, is calculated on the last day of the financial year at 10% p.a. on the outperformance of the group's net asset value above the equally weighted FTSE-JSE Beverage Total Return Index and FTSE-JSE Food Producers Total Return Index over any financial year. The performance fee is accrued at the end of the year. No performance fee was payable for the year ended 28 February 2010.

3. Taxation

Taxation is provided on the net fair value adjustments to the company's investment portfolio, using an effective capital gains tax rate of 14%. Other income is taxed at 28%, net of the apportioned management and performance fee expenses.

4. Commitments and contingencies

Pioneer Foods and the Competition Commission are engaged in ongoing negotiations to settle the bread, milling and other matters. Pioneer Foods has indicated that the settlement amount will exceed the provision previously made (R350 million), and believes that the settlement may be finalised within the next few weeks. Zeder has fully accounted for its portion of the R350 million provision.

5. Related-party transactions

The management fee expense was incurred with PSG Group in terms of an existing management agreement; and the borrowings amount was payable to PSG Group.

6. Segmental report

The complete IAS 34 compliant interim report containing the segmental report is available on the Securities Exchange News Service of the JSE Ltd, and the company's website.

GREYMATTER & FINCH # 5138

ZEDER INVESTMENTS LIMITED Incorporated in the Republic of South Africa (Registration number: 2006/019240/06) Share code: ZED ISIN code: ZAE000088431 **DIRECTORS** JF Mouton *(Chairman)*, AE Jacobs* *(CEO)*, CA Otto, WL Greeff* *(FD)*, MS du Pré le Roux[1], GD Eksteen[1], LP Retief[1] *(* executive [1] independent non-executive)* **SECRETARY AND REGISTERED OFFICE** PSG Corporate Services (Pty) Ltd, 1st Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600, PO Box 7403, Stellenbosch, 7599 **TRANSFER SECRETARIES** Computershare Investor Services (Pty) Ltd, 70 Marshall Street, Johannesburg, 2001, PO Box 61051, Marshalltown, 2107 **SPONSOR** PSG Capital

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