

# 2015

ANNUAL REPORT



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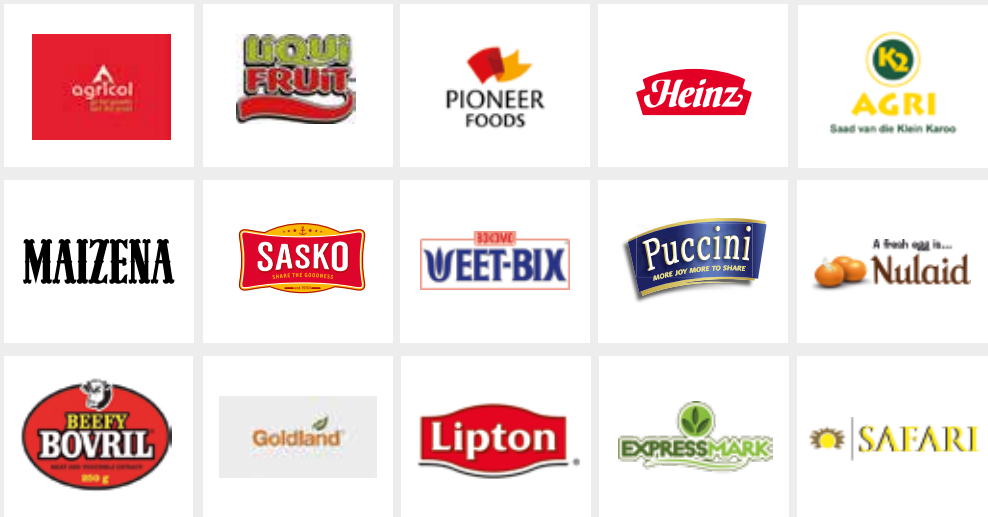


Zeder is an active investor in the broad agribusiness industry, with a specific focus on the food and beverage sectors.

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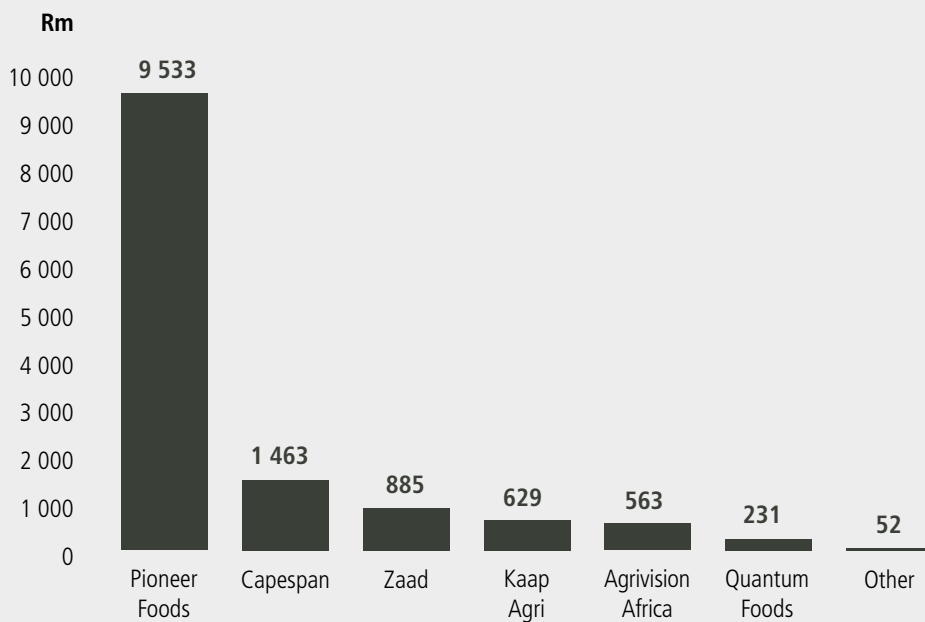
# INTEREST IN INVESTMENTS

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Zeder has a strong strategic influence over its investee companies in a portfolio valued at R13,4bn at year-end.

OUR INVESTMENTS ARE ESTABLISHED BUSINESSES

### Sum-of-the-parts (total investments) value of R13 356m as at 28 February 2015



# BOARD OF DIRECTORS

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Zeder leverages the wealth of knowledge, experience and expertise of its directors to optimally allocate capital and provide strategic assistance to portfolio companies.



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EXECUTIVE

**N (Norman) Celliers (41)**

CHIEF EXECUTIVE OFFICER

BEng (Civil), MBA (Oxon), Dip Soc (Oxon)  
Appointed 23 July 2012

**WL (Wynand) Greeff (45)**

FINANCIAL DIRECTOR

BCompt (Hons), CA(SA)  
Appointed 21 May 2009

NON-EXECUTIVE

**JF (Jannie) Mouton (68)**

NON-EXECUTIVE CHAIRMAN

BCom (Hons), CA(SA), AEP  
Appointed 21 August 2006

**AE (Antonie) Jacobs (50)**

CHIEF EXECUTIVE OFFICER – ZAAD

BCompt (Hons), CA(SA), MCom (Tax), LLB  
Re-appointed 8 April 2013

**PJ (Piet) Mouton (38)**

CHIEF EXECUTIVE OFFICER – PSG GROUP

BCom (Mathematics)  
Appointed 30 April 2012

INDEPENDENT NON-EXECUTIVE

**GD (George) Eksteen (73)<sup>1,2</sup>**

FARMER AND DIRECTOR OF COMPANIES

Appointed 1 September 2009

**WA (André) Hanekom (56)<sup>1</sup>**

DIRECTOR OF COMPANIES

BCompt (Hons), CA(SA)  
Appointed 7 October 2013

**CA (Chris) Otto (65)<sup>1</sup>**

DIRECTOR OF COMPANIES

BCom, LLB  
Appointed 21 August 2006

<sup>1</sup> Member of audit and risk committee

<sup>2</sup> Lead independent director

# CHAIRMAN'S LETTER

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We are pleased with the results achieved during the year and the successful implementation of the amended strategy.

# CHAIRMAN'S LETTER

## OVERVIEW

Zeder is an active investor in the broad agribusiness industry. We are pleased with the results achieved during the year and the successful implementation of the amended strategy in terms of which we have obtained larger interests in existing portfolio companies, assisted with the determination of appropriate strategic plans and provided capital to support portfolio growth initiatives.

The year under review was monumental as Zeder's sum-of-the-parts value increased by 157% from R5,2bn on 28 February 2014 to R13,3bn on 28 February 2015, adding R8,1bn in value. At the time of writing this letter, the value of Zeder's portfolio had reached R14,0bn, with Pioneer Foods representing 73% thereof. The strong performance can be ascribed to significant transactional activity combined with pleasing operational performances from investee companies, despite challenging market conditions.

Since the previous report, Zeder actively supported and participated in transactions valued in excess of R4,0bn. Not only did Zeder conclude the largest transaction in its history by successfully acquiring an additional 14% interest in Pioneer Foods, through the Agri Voedsel scheme of arrangement, but it also supported the unbundling of Quantum Foods from Pioneer Foods and launched an offer for the remaining shares not yet held in Capespan. These transactions, combined with stellar performances from portfolio companies, contributed to the strong results.

Our core investments provide us with a diversified exposure across the agribusiness spectrum, from agri-inputs to fast-moving consumer goods. We are proud of our association with these companies and remain confident that they will continue to perform well.

## INVESTMENTS

### Pioneer Foods (CEO – Phil Roux)

Our interest in Pioneer Foods is now held directly, following the Agri Voedsel transaction, and all remaining structural discounts have been removed. It remains our largest investment and its performance during the past financial year has been exemplary with revenue and operating profits, both from continuing operations, reaching R17,7bn

and R1,2bn, respectively. The group has been realigned, refocused and the management team, under the strong leadership of Phil Roux, has effectively and skilfully embraced the changes. The group has not only delivered on very strong operational and efficiency improvements but has also laid the foundation for exciting strategic adjacencies that will complement growth in the future. The market has recognised and rewarded Pioneer Foods' performance and we are proud of our involvement with this group.

### Capespan (CEO – Johan Dique)

Capespan remains South Africa's largest fruit exporter, with revenues in excess of R7,4bn. It continues to expand its international operations, with both volumes and profits from non-South African operations representing more than 80% of the total. The group is structured along three main divisions, namely Fruit, Farming and Logistics, with operations in 12 countries serving clients in more than 60 countries. The past three years has seen the systematic realignment of a structurally inappropriate group into a customer-centric and market-driven entity. The disposal of non-core activities has been prioritised, while investment in and focus on core divisions have been encouraged. We believe in Capespan's future potential and have consequently announced a formal offer to acquire the minority shareholders' interest (other than that held by management) by means of a scheme of arrangement.

### Zaad (CEO – Antonie Jacobs)

The Zaad investment gives Zeder exposure to strategic agri-inputs, predominantly built upon a core portfolio of agricultural seeds and related intellectual property. Through its wholly-owned subsidiaries (Agricol and Klein Karoo Seed Marketing) and its 80,6% shareholding in Bakker Brothers (Netherlands) it has a history spanning more than 50 years of developing and owning leading seed genetics in southern Africa and the Netherlands. Zaad is a company with revenue of almost R1,0bn, very healthy margins and a global client base including exports to more than 90 countries. As agriculture develops around the world and increasingly requires a more scientific and sustainable approach, having access to the right seed genetics will become more important. Zaad is ideally placed to benefit from this global trend.

# CHAIRMAN'S LETTER

## CONTINUED

### **Kaap Agri (CEO – Sean Walsh)**

Our investment in Kaap Agri is our only remaining interest in any of the traditional South African agricultural co-operatives. This business is well-established and offers growth and diversification opportunities. It has expanded its model in recent years and is today increasingly a retail services group that supplies a variety of products and services to both the agricultural sector and the general public. It reported revenue of R4,9bn across 183 operating points in South Africa and Namibia.

### **Agrivision Africa (Group managed by Zeder; Zambia CEO – Stuart Kearns)**

Agrivision Africa (previously Chayton Africa) is on a journey of becoming a regionally dominant grain-related staple food producer. The business is currently focused on the Copperbelt province of Zambia and the Katanga province of DRC, and will expand into other Africa consumer centres in the future. Since 2011, a total of US\$64m has been invested in developing the business and making strategic acquisitions. The company has grown its area under irrigated production from 400 ha in 2011 to 4 450 ha in 2015 and also added 1 820 ha of rain-fed arable land. Mpongwe Milling, a regionally dominant wheat and maize mill, was acquired and integrated during the year. Agrivision Africa produced 23 000 tons of wheat, 11 000 tons of soya beans and 6 000 tons of maize, while milling and distributing 60 000 tons of processed products. The company remains loss-making due to depressed commodity prices and adverse weather conditions, but we remain confident that a solid foundation for future growth has been established to capitalise on the growing consumer demand in Africa.

### **Quantum Foods (CEO – Hennie Lourens)**

During the year under review, Zeder received a 25% interest in JSE-listed Quantum Foods through its separate listing and unbundling from Pioneer Foods. Considerable resources were assigned during the 12 months preceding the unbundling to ensure that the event occurred without any

major problems. We believe that the process was very well managed and are proud with the end result. At the same time, Quantum Foods refocused and refined its strategic objectives and is motivated to grow its animal feeds, live birds and egg business in South Africa, while aggressively seeking to organically and acquisitively expand its African operations. With revenue of R3,6bn and a very strong footprint, Quantum Foods could deliver decent financial results in years to come.

### **THE YEAR AHEAD**

We will continue to actively support our investee companies in defining and executing appropriate strategic plans. These plans contain initiatives that include investing and building upon existing core operations, while also developing and growing exposure to Africa and other international markets. Additionally, we continuously and actively seek and evaluate new exciting investing opportunity.

### **APPRECIATION**

Being an investment holding company, Zeder's performance ultimately depends on that of its underlying investments. We are fortunate to have ambitious and talented management teams in place who continue to deliver on strategy. I would therefore like to express my sincere appreciation to the leaders and employees of all our portfolio companies for their hard work and dedication.

I would like to extend a special word of thanks to Norman Celliers, our CEO, his team, my fellow directors and the PSG Exco for their valuable contributions during the past year and for everyone's efforts to establish a stronger foundation for growth in the coming years.



**Jannie Mouton**  
*Chairman*

The year under review was monumental as Zeder's sum-of-the-parts value increased by 157%.

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# REVIEW OF OPERATIONS

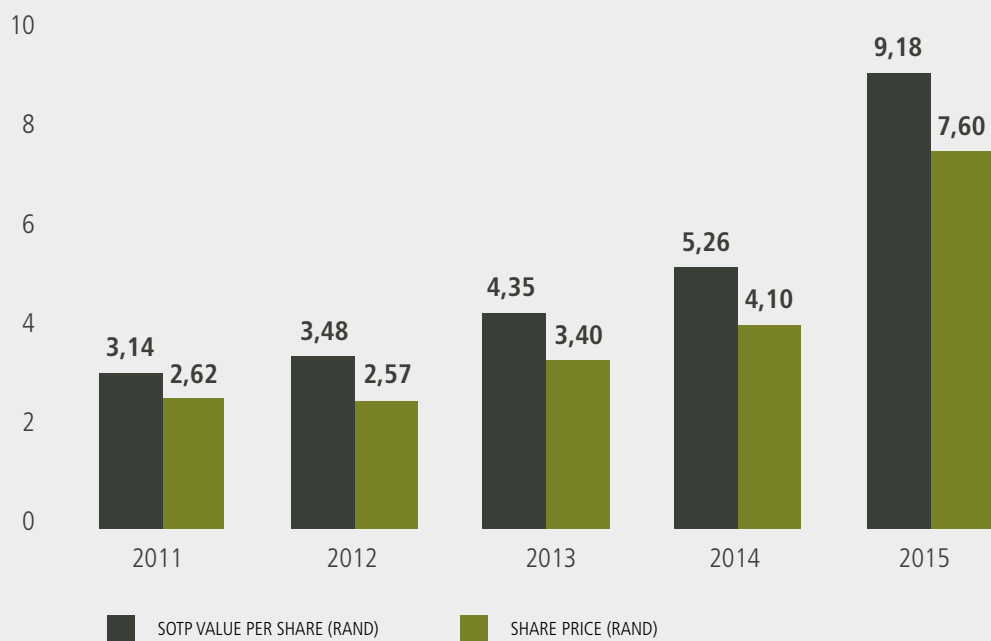
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We are proud of our investments and remain confident that they will continue to perform well.



# REVIEW OF OPERATIONS

## CONTINUED



YEAR ENDED FEBRUARY	2011	2012	2013	2014	2015
Recurring headline earnings (Rm)	265	273	251	300	414
Headline earnings (Rm)	185	300	196	261	258
Recurring headline earnings per share (cents)	27,1	27,9	25,7	30,6	35,3
Headline earnings per share (cents)	18,9	30,7	20,1	26,6	22,0
Dividend per share (cents)	4,0	4,0	4,0	4,5	5,5



# REVIEW OF OPERATIONS

## CONTINUED

### OVERVIEW

Zeder is an investor in the broad agribusiness industry, with a specific focus on the food and beverage sectors. Its *sum-of-the-parts ("SOTP") value* increased significantly from R5,2bn on 28 February 2014 to R13,3bn on 28 February 2015. Zeder's 27,3% interest in Pioneer Foods remains its largest investment, representing 71,4% of the portfolio.

### STRATEGY

Over the past 24 months, Zeder regularly communicated a refined strategy to the market. It seeks larger, strategic stakes in entities that allow it to play a more active role in its underlying portfolio companies and assist with the determination of appropriate long-term strategies to help expand the respective businesses. The portfolio optimisation process has been completed and focus during the period under review was on existing investments. Going forward, Zeder will continue with this approach and increasingly drive for platform growth from portfolio companies while adding strategically when the opportunities and values are attractive.

### SIGNIFICANT TRANSACTIONS

- **Agri Voedsel merger**

Zeder concluded the largest transaction in its history by acquiring all of the remaining shares not yet held in Agri Voedsel and merging this entity with Zeder in exchange for Zeder shares. The net result was the effective acquisition of an additional interest of 14% in Pioneer Foods through a transaction valued in excess of R2,5bn. This transaction ensured that all remaining structural discounts were removed and

Zeder now holding its shares directly in JSE-listed Pioneer Foods.

- **Quantum Foods unbundling**

Pioneer Foods concluded the separate JSE listing and unbundling of Quantum Foods in terms of which Zeder obtained its direct interest.

- **Capespan offer to minority shareholders**

Zeder has formally announced an offer to acquire the remaining 25% shares in Capespan held by minority shareholders other than management by means of a scheme of arrangement. The offer of 85 Zeder shares in exchange for every 100 Capespan shares held represents a premium of approximately 65% for Capespan shareholders and provides them with a liquid alternative given the restrictive over-the-counter trading environment following the FSB directive of 2014. The proposed transaction is valued in excess of R500m.

### RESULTS

The two key benchmarks, which Zeder believes to measure performance by are *SOTP value* per share and *recurring headline earnings* per share.

### SOTP

Zeder's *SOTP value* per share, calculated using the quoted market prices for all JSE-listed and over-the-counter traded investments, and market-related valuations for unquoted, unlisted investments, increased by 74,5% to R9,18 at 28 February 2015. At the close of business on Wednesday, 6 May 2015, Zeder's *SOTP value* per share was R9,72.

# REVIEW OF OPERATIONS

## CONTINUED

Company	28 Feb 2014		28 Feb 2015		6 May 2015	
	Interest %	Rm	Interest %	Rm	Interest %	Rm
Agri Voedsel	47,4	2 187				
Pioneer Foods	1,1	164	27,3	9 533	27,3	10 425
Capespan	72,1	777	71,1	1 463	71,2	1 463
Zaad	92,0	679	92,0	885	92,0	885
Kaap Agri	37,9	528	37,9	629	37,9	629
Agrivision Africa	76,7	560	76,5	563	76,5	563
Quantum Foods			26,4	231	26,4	237
Other		76		52		44
Capevin Holdings	2,7	177				
<b>Total investments</b>		5 148		13 356		14 246
Cash and cash equivalents		376		338		87
Other net liabilities		(365)		(439)		(296)
<b>SOTP value</b>		5 159		13 255		14 037
<b>Number of shares in issue (million)</b>		980		1 443		1 444
<b>SOTP value per share (rand)</b>		5,26		9,18		9,72

### Recurring headline earnings

Zeder's consolidated *recurring headline earnings* are the sum of its effective interest in that of each of its underlying investments. The result is that investments which Zeder does not equity account in terms of accounting standards, are included in the calculation of consolidated *recurring headline earnings* market-to-market fluctuations and on-off items are excluded. This provides management and investors with a more realistic and simplistic way of evaluating Zeder's earnings performance.

# REVIEW OF OPERATIONS

## CONTINUED

	2014 Rm	Growth %	2015 Rm
<b>Earnings analysis</b>			
Food, beverages and related services	247		417
Agri-related retail, trade and services	74		64
Agri-inputs	50		74
Agri-production	(5)		(14)
<b>Recurring headline earnings from investments</b>	366	48	541
Net interest, taxation and other income and expenses	(7)		(9)
Management (base) fee	(59)		(118)
<b>Recurring headline earnings</b>	300	38	414
Management (performance) fee	(59)		(118)
Non-recurring headline earnings, net of taxation	19		(39)
<b>Headline earnings</b>	260	(1)	257
Non-headline items	47		(15)
<b>Attributable earnings</b>	307	(21)	242
<b>Weighted average number of shares in issue (million)</b>	979,8		1 172,0
<b>Recurring headline earnings per share (cents)</b>	30,6	15	35,3
<b>Headline earnings per share (cents)</b>	26,6	(17)	22,0
<b>Attributable earnings per share (cents)</b>	31,3	(34)	20,6

*Recurring headline earnings* per share increased by 15,4% to 35,3 cents, driven by strong contributions from the majority of Zeder's underlying portfolio companies. The aggregate *recurring headline earnings* from investments increased by 47,7% (23,4% on a per share basis), which was offset by an increase in net funding costs and the management fee payable.

*Headline earnings* per share decreased by 17,3% to 22,0 cents. This decrease is largely due to: i) an increase in the *non-recurring* performance fee payable (refer below) following Zeder's strong share price growth and the increased number of shares in issue as a consequence of the merger with Agri Voedse!; ii) an increase in the deferred purchase consideration payable by Capespan for its investment in Golden Wing Mau in China following

better performance than originally anticipated; and iii) the adverse accounting effect of Pioneer Foods' historical BEE transaction given the significant increase in its share price.

*Attributable earnings* per share decreased by 34,2% to 20,6 cents following the aforementioned decrease in *headline earnings* and a *non-headline* fair value gain made during the previous financial year with Capespan becoming a subsidiary.

### Management fees

Management fees are payable to a nominee of PSG Group Ltd ("the Manager") in terms of a management agreement, whereby the Manager provides all investment, administrative, advisory, financial and corporate services to Zeder. The management fees payable consist of a base fee

# REVIEW OF OPERATIONS

## CONTINUED

and a performance fee element. The base fee is calculated at the end of every half-year as 1,5% p.a. of Zeder's volume weighted average market capitalisation for that half-year. The performance fee is calculated at the end of the financial year as 20% p.a. on Zeder's share price outperformance of the GOVI-index yield plus 4%, adjusted for dividends, and is limited to the amount of the base fee in any specific financial year.

Following the aforementioned increase in Zeder's market capitalisation resulting from the issue of Zeder shares in respect of the Agri Voedsel scheme of arrangement, as well as strong growth in Zeder's share price, the *recurring* base fee and *non-recurring* performance fee payable in respect of the year ended 28 February 2015 amounted to R118m (2014: R59m) and R118m (2014: R59m), respectively.

### Pioneer Foods

Pioneer Foods produced strong results for the year ended 30 September 2014, with *adjusted headline earnings* per share having increased by 36,6%. The core divisions are performing well and positive results following the implementation of major strategic initiatives are evident throughout the organisation. Pioneer Foods has strengthened its position as one of the leading food producers with strong fundamentals and remains well poised to benefit from the growing demand for food and beverages, both in South Africa and select international markets.

Pioneer Foods' results can be viewed at [www.pioneerfoods.co.za](http://www.pioneerfoods.co.za).

### Capespan

Capespan is an unlisted fruit and logistics group with a history spanning more than 70 years. Its core business activities are focused on the production, procurement, distribution and marketing of fruit worldwide, while it also owns and operates a number of strategic logistical and terminal assets in southern Africa. It has been a volatile year for the industry at large with climatic challenges in the production areas and political disruptions in European markets testing the resolve of most organisations. Notwithstanding these, Capespan delivered positive results and reported a 14,3% increase in *recurring headline*

*earnings* per share for the year ended 31 December 2014. As the controlling shareholder, Zeder remains optimistic about Capespan's growth potential in both its fruit and logistics divisions.

Capespan's results can be viewed at [www.capespan.com](http://www.capespan.com).

### Zaad Holdings

Zaad is a company that operates in the specialised agri-inputs industry. It currently owns, develops, imports and distributes a broad range of agricultural seeds. Through Agricol, Klein Karoo Seed Marketing ("KKSb") and Bakker Brothers ("Bakker") it has a proud history spanning more than 50 years, with operations in Africa and Europe that actively export to more than 90 countries. Zaad reported revenue of almost R1,0bn and *recurring headline earnings* of R77m for the year ended 28 February 2015. Additional debt and capital invested in numerous growth initiatives resulted in higher finance and establishment costs, which translated into a 9,4% increase in *recurring headline earnings* per share for the year under review. The specialised agri-inputs market and, in particular, the seed market, remain attractive and Zaad is well positioned to benefit from growth opportunities that it offers.

Further information about Agricol, KKSb and Bakker can be viewed at [www.agricol.co.za](http://www.agricol.co.za), [www.seedmarketing.co.za](http://www.seedmarketing.co.za) and [www.bakkerbrothers.nl](http://www.bakkerbrothers.nl), respectively.

### Kaap Agri

Kaap Agri is an unlisted retail, trade and services group that supplies a variety of products and services to the agricultural sector and the general public. It has been in existence for more than 100 years and has 183 operating points throughout southern Africa, as well as a growing exposure to the rest of Africa. Kaap Agri's underlying performance remains encouraging and the company produced satisfactory results for the year ended 30 September 2014, with a 22,5% increase in *headline earnings* per share.

Kaap Agri's results can be viewed at [www.kaapagri.co.za](http://www.kaapagri.co.za).

# REVIEW OF OPERATIONS

## CONTINUED

### **Agrivision Africa**

Agrivision Africa's (previously Chayton Africa) vision is to own and operate grain-related agribusinesses across southern Africa. It currently owns and operates two large-scale commercial farming operations and a leading milling business in Zambia. Since 2011, Agrivision Africa has increased its productive farmland under irrigation from 400 ha to 4 448 ha and is continuously evaluating related development and acquisitive opportunities. The acquisition and vertical integration of Mpongwe Milling, a leading regional mill with dominant maize meal and wheat flour brands, was concluded during the year under review. Although Agrivision Africa is still loss-making, its operational performance has been encouraging, albeit under challenging macro economic conditions. The business remains well positioned to benefit from the growing demand for staple foods in sub-Saharan Africa.

Further information about Agrivision Africa can be viewed at [www.agrivationafrica.com](http://www.agrivationafrica.com).

### **Quantum Foods**

Effective October 2014, Zeder obtained a direct interest in Quantum Foods following its aforementioned unbundling from Pioneer Foods. Quantum Foods is a diversified feeds and poultry business providing quality animal protein to selected South African and African markets. After weathering a volatile industry cycle the past couple of years, Quantum Foods released encouraging results for the year ended 30 September 2014, reporting *headline earnings* per share of 11 cents compared to a 34 cents per share *headline loss* in the previous year. Although Quantum Foods will remain exposed to a highly cyclical industry, it has restructured its business and embarked on a clearly defined growth strategy to generate sustainable profits and cash flows from its established South African operations, while growing its footprint in the rest of Africa.

Further information about Quantum Foods can be viewed at [www.quantumfoods.co.za](http://www.quantumfoods.co.za).

# CORPORATE GOVERNANCE

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# CORPORATE GOVERNANCE

Zeder is managed by PSG Group Ltd ("PSG") in terms of a formal management agreement and adheres to PSG's corporate governance policies. For more detail regarding these policies, refer to PSG's annual report which is available at [www.psggroup.co.za](http://www.psggroup.co.za).

Zeder is committed to the four values underpinning good corporate governance – responsibility, accountability, fairness and transparency – as also advocated in the King Code of Governance Principles (King III). Zeder's corporate governance policies have in all material respects been applied appropriately during the financial year under review.

Due to the size and nature of the company, the board does not consider application of all the principles contained within King III appropriate. Where specific principles have not been applied, explanations for these are contained within this section of the annual report. A detailed analysis of the group's adherence to King III is available at [www.zeder.co.za](http://www.zeder.co.za).

## BOARD OF DIRECTORS

There is a clear division of responsibilities at board level to ensure a balance of power and authority, such that no one individual director has unfettered powers of decision-making. The Zeder board of directors remains autonomous, albeit that there is a formal management agreement in place between Zeder and PSG Corporate Services (Pty) Ltd ("PSG Corporate Services"). Details of Zeder's directors are provided on page 7 of this annual report. The independence of the non-executive directors is considered on an ongoing basis by the board as a whole.

Although certain of the non-executive directors are not classified as independent in terms of King III, all of the non-executive directors are independent of thought and action. The board believes that directors should own shares in the company. A director, as a shareholder, will thus share proportionally in the consequences of any good or bad decision.

The board met four times during the past financial year as set out in the table below. Mr MS du Pré le Roux and Mr LP Retief resigned from the board on 20 June 2014 and 25 July 2014, respectively. Mr JF Mouton fulfils the role of non-executive chairman, Mr N Celliers that of chief executive officer, and Mr WL Greeff that of financial director. Mr GD Eksteen was appointed as lead independent director on 7 October 2014.

Due to the nature and size of the business of the company, the experience of the directors and the knowledge that directors have regarding the particular business of the company, induction, as well as ongoing training and development of directors, are not driven through formal processes.

Zeder does not have a nomination committee, and director appointments are considered to be a matter for the board as a whole, with all appointments being made in a formal and transparent manner.

Zeder's memorandum of incorporation requires one third of the non-executive directors of the company to retire by rotation and offer themselves for re-election by shareholders at the annual general meeting. In addition thereto, newly appointed directors should retire and offer themselves for re-election by shareholders at the first annual general meeting following their appointment. In accordance with the company's memorandum of incorporation, Messrs JF Mouton and AE Jacobs retire and have offered themselves for re-election. Summarised curricula vitae for these directors are included on page 51 of this annual report.

BOARD ATTENDANCE	7 Apr 2014	21 Jul 2014	7 Oct 2014	9 Feb 2015
JF Mouton (chairman)	√	√	√	√
N Celliers	√	√	√	√
GD Eksteen	√	√	√	√
WL Greeff	√	√	√	√
WA Hanekom	√	√	√	√
AE Jacobs	√	√	√	√
MS du Pré le Roux	√			
PJ Mouton	√	√	√	√
CA Otto	√	√	√	√
LP Retief	√	√		

√ – Present

The board's key roles and responsibilities are:

- promoting the interests of stakeholders;
- formulation and approval of strategy;
- retaining effective control; and
- ultimate accountability and responsibility for the performance and affairs of the company.

# CORPORATE GOVERNANCE

## CONTINUED

The board does not conduct regular appraisals of its members and committees. Consideration will be given to same in future.

The audit and risk committee consist of three independent non-executive directors, namely Messrs CA Otto (chairman), GD Eksteen and WA Hanekom. Mr GD Eksteen has been a member for the past five and a half years. Mr CA Otto was appointed on 20 May 2014 and Mr WA Hanekom on 14 August 2014 as members.

AUDIT AND RISK COMMITTEE ATTENDANCE	7 Apr 2014	7 Oct 2014
CA Otto (chairman)		√
GD Eksteen	√	√
WA Hanekom		√
MS du Pré le Roux	√	
LP Retief (previous chairman)	√	

√ – Present

The audit and risk committee has formal terms of reference and their report is set out on page 26 of this annual report.

The board has not appointed a remuneration committee as PSG Corporate Services fulfils this role in terms of the formal management agreement. The remuneration paid to Messrs N Celliers, GD Eksteen, WA Hanekom, AE Jacobs, MS du Pré le Roux and LP Retief is disclosed in the directors' report on page 30 of this annual report. Messrs WL Greeff, JF Mouton, PJ Mouton and CA Otto received remuneration from PSG Corporate Services for services rendered to PSG and its subsidiaries in general.

The executive committee, which comprises four directors with two being non-executive (Messrs JF Mouton and PJ Mouton), together with CA Otto, has been tasked as the committee with the responsibility of monitoring the company's activities having regard to any relevant legislation, legal requirements and prevailing codes of best practice with matters relating to, inter alia:

- Social and economic development;
- Good corporate citizenship;
- The environment, health and public safety;
- Consumer relationships; and
- Labour and employment.

The committee is satisfied with the social and ethical matters relating to Zeder and its subsidiaries.

### EXECUTIVE COMMITTEE

The executive committee responsible for the management of Zeder comprises Messrs JF Mouton (chairman), N Celliers, WL Greeff, JA Holtzhausen and PJ Mouton. This committee meets regularly, at least twice a month, and is primarily responsible for the allocation and investing of the company's resources, including capital.

### INTERNAL CONTROL AND RISK MANAGEMENT

Internal control and risk management is overseen by the audit and risk committee. Based on the functions performed by the audit and risk committee and PSG Corporate Services, in terms of the formal management agreement, the board is confident that the system of internal controls and current risk management processes are effective and aligned to the business needs and that it is not necessary to establish an internal audit function.

Based on the size and nature of the business, the audit and risk committee believes that certain governance mechanisms are not warranted. These include implementation of a combined assurance model and implementation of an IT governance framework.

As IT does not play a significant role in the sustainability of Zeder's business at a group level due to its nature and size, the investment and expenditure in IT at group level are insignificant. The board is accordingly satisfied that the current systems of IT governance at group level are appropriate.

### COMPANY SECRETARY

PSG Corporate Services is the company secretary of Zeder. The company secretary acts as conduit between the board and the group. The company secretary is responsible for board administration, liaison with the Companies and Intellectual Property Commission and the JSE Ltd. Board members also have access to legal and other expertise, when required and at the cost of the company, through the company secretary.

The company secretary has to date maintained a professional relationship with board members, giving direction on good governance and independent advice, as and when required. The audit and risk committee has reviewed, through



# CORPORATE GOVERNANCE

## CONTINUED

discussion and assessment, the qualifications, experience and competence of the individuals employed by the company secretary and has noted that the company secretary performed all formalities and substantive duties timeously and in an appropriate manner. The board is satisfied that an arm's length relationship exists between the company secretary and the group.

The declaration by the company secretary in terms of section 88(2)(e) of the Companies Act of South Africa is set out on page 27 of this annual report.

### **INTEGRATED REPORTING AND DISCLOSURE**

Part of the philosophy of Zeder is to invest in companies with strong management. Zeder therefore relies on them to apply the principles of King III in regards to integrated reporting and disclosure, to the extent appropriate to their business.

Zeder applies the principles of integrated reporting at group level to the extent that such are considered appropriate.

### **SUSTAINABILITY**

#### **Social responsibility**

Zeder also subscribes to the philosophy of black economic empowerment ("BEE") and encourages its investments to undertake BEE initiatives. Zeder has participated in and facilitated BEE transactions and has a strategic and trusted BEE partner, which it introduces to its investments.

#### **Financial reporting and stakeholder communication**

Zeder has identified its two major stakeholders as its shareholders and investment companies. Ongoing communication and engagement are therefore focused on these groups, as detailed below. Financial reports are provided to shareholders twice a year. Details regarding significant transactions undertaken are reported as required by the JSE Listings Requirements.

Communication with investment companies is done on an ongoing basis. The annual general meeting serves as platform for interactive communication with stakeholders. The company's communication officer's contact details are available on Zeder's website should stakeholders wish to direct queries to the company.

# SUMMARISED GROUP FINANCIAL STATEMENTS

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These summarised group financial statements comprise a summary of the audited group annual financial statements of Zeder Investments Ltd ("Zeder") for the year ended 28 February 2015.

The group annual financial statements, including these summarised group financial statements, were compiled under the supervision of the group financial director, Mr WL Greeff, CA(SA), and were audited by Zeder's external auditor, PricewaterhouseCoopers Inc.

The group annual financial statements, including the unmodified audit opinion, are available on Zeder's website [www.zeder.co.za](http://www.zeder.co.za) or may be requested and obtained in person, at no charge, at the registered office of Zeder during office hours.

## REPORT OF THE AUDIT AND RISK COMMITTEE FOR THE YEAR ENDED 28 FEBRUARY 2015

The audit and risk committee ("the committee") reports that it has considered the matters set out in the Companies Act of South Africa and is satisfied with the independence and objectivity of the external auditor, PricewaterhouseCoopers Inc. The committee has considered and recommended the fees payable to the external auditor and is satisfied with the extent of non-audit-related services performed.

This committee also acted as the statutory audit committee of those public company subsidiaries that are legally required to have such a committee, except Capespan Group Ltd, which has its own committee.

The committee is satisfied that the financial function, including the financial director, has the appropriate expertise, experience and resources, and is satisfied that the internal financial controls of the company are working effectively.

A board-approved audit and risk committee charter that stipulates, inter alia, the committee's composition, duties and responsibilities, has been adopted. The committee is satisfied that it complied with the responsibilities as set out in the audit and risk committee charter, as well as relevant legal and regulatory responsibilities.

Based on the information and explanations given by management and discussions with the independent external auditor regarding the results of their audit, the committee is satisfied that there was no material breakdown in the internal financial controls during the financial year under review.

The committee evaluated the group annual financial statements of the company and group for the year ended 28 February 2015 and, based on the information provided to the committee, considers that these comply, in all material respects, with the requirements of International Financial Reporting Standards; the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council; the requirements of the Companies Act of South Africa; and the JSE Listings Requirements.



**CA Otto**  
*Chairman*

8 April 2015  
Stellenbosch

# APPROVAL OF THE SUMMARISED GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015

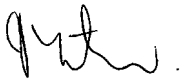
The directors are responsible for the maintenance of adequate accounting records and to prepare annual financial statements that fairly represent the state of affairs and the results of the company and group. The external auditor is responsible for independently auditing and reporting on the fair presentation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

These summarised group financial statements were derived from the group annual financial statements and do not contain all the disclosures required by IFRS and the requirements of the Companies Act of South Africa. Reading these summarised group financial statements, therefore, is not a substitute for reading the group annual financial statements of Zeder Investments Ltd.

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

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

The annual financial statements, including these summarised group financial statements set out on pages 28 to 49, were approved by the board of directors of Zeder Investments Ltd and are signed on its behalf by:



**JF Mouton**  
*Chairman*



**N Celliers**  
*Chief executive officer*



**WL Greeff**  
*Financial director*

8 April 2015  
Stellenbosch

## DECLARATION BY THE COMPANY SECRETARY

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



**PSG Corporate Services (Pty) Ltd**  
**Per PJR de Wit**  
*Company secretary*

8 April 2015  
Stellenbosch

# DIRECTORS' REPORT

## FOR THE YEAR ENDED 28 FEBRUARY 2015

### OVERVIEW

Zeder Investments Ltd ("Zeder") is an investor in the broad agribusiness industry with a specific focus on the food and beverage sectors.

### OPERATING RESULTS

During the year under review, Zeder made an offer to acquire all the shares in Agri Voedsel Ltd ("Agri Voedsel") (which in turn held an interest of 26% in JSE-listed Pioneer Food Group Ltd) not already held by Zeder, whereby Agri Voedsel shareholders were offered 16,2 Zeder shares for every one Agri Voedsel share. This transaction was approved on 15 September 2014 and implemented on 20 October 2014. Following its completion, Zeder now owns a direct interest of 27,3% in Pioneer Food Group Ltd. As purchase consideration, 464m Zeder shares were issued to Agri Voedsel shareholders. Furthermore, the group invested R154m in its existing core investments, namely Capespan Group Ltd, Zaad Holdings Ltd, Agrivision Africa (previously Chayton Africa), Pioneer Food Group Ltd, Quantum Foods Holdings Ltd and Kaap Agri Ltd. The group also disposed of its remaining shareholding in Capevin Holdings Ltd for cash proceeds of R194m.

The operating results and state of affairs of the group are set out in the attached summarised group income statement and summarised group statements of financial position, comprehensive income, changes in equity and cash flows, and the notes thereto.

The earnings attributable to equity holders of the group for the year under review were R242m (2014: R306m). During the year, recurring headline earnings per share increased by 15,4% to 35,3 cents (2014: 30,6 cents), due to improved earnings contributions from the majority of Zeder's underlying investments.

Headline earnings per share decreased by 17,3% to 22,0 cents (2014: 26,6 cents), due to the higher non-recurring performance fee payable following Zeder's strong share price growth and the increased number of shares in issue as a consequence of the Agri Voedsel scheme of arrangement. In addition, Pioneer Food Group Ltd incurred higher BEE share-based payment costs as a result of its strong share price growth, and Capespan Group Ltd made a deferred purchase consideration loss adjustment as a result of Golden Wing Mau, an associate, performing better than originally anticipated.

Attributable earnings per share decreased by 34,2% to 20,6 cents (2014: 31,3 cents), following the aforementioned decrease in headline earnings and a non-headline fair value gain made during the previous financial year following Capespan Group Ltd becoming a subsidiary.

The results of the previous year included the first-time consolidation of Capespan Group Ltd, which formed part of the group for eight months during the previous year.

### STATED CAPITAL

During the year under review, the company issued 463 655 654 (2014: 2 099 814) ordinary shares as part of asset-for-share exchanges and thereby increased its total number of ordinary shares in issue to 1 443 843 985 (2014: 980 188 331). During the previous year, the company converted its issued ordinary and unissued preference shares to shares with no par value.

# DIRECTORS' REPORT

## FOR THE YEAR ENDED 28 FEBRUARY 2015 / CONTINUED

### DIVIDENDS

On 7 April 2015, the company declared a final dividend of 5,5 cents (2014: 4,5 cents) per share in respect of the year ended 28 February 2015, which is payable on 4 May 2015.

### EVENTS SUBSEQUENT TO THE REPORTING DATE

Zeder has formally announced an offer to acquire the remaining 25% shares in Capespan Group Ltd ("Capespan") held by minority shareholders other than management by means of a scheme of arrangement. In terms of the scheme of arrangement, Zeder will issue 85 ordinary shares for every 100 Capespan ordinary shares acquired.

Subsequent to the reporting date, the group, through Capespan, acquired the following businesses:

- Novo Packhouse (Pty) Ltd's coldstores, packhouse and equipment for a cash purchase consideration of R100m; and
- Theewaterskloof (Pty) Ltd's business operations, moveable equipment (being a pome fruit farm), farmland and biological assets for a cash consideration of R140m.

The directors are, except for the above, unaware of any matter or event, which is material to the financial affairs of the group, that occurred between the reporting date and the date of approval of these summarised group financial statements.

# DIRECTORS' REPORT

## FOR THE YEAR ENDED 28 FEBRUARY 2015 / CONTINUED

### DIRECTORS

Details of the directors of the company at the date of this report are set out on page 7.

### DIRECTORS' EMOLUMENTS

Directors' emoluments are paid by a subsidiary of PSG Group Ltd ("PSG Group") in terms of the management agreement (refer note 2). Directors' emoluments include the following cash-based remuneration:

Audited	Basic salary R'000	Company contributions R'000	Performance-related R'000	Fees R'000	Total 2015 R'000	Total 2014 R'000
<b>Executive</b>						
N Celliers <sup>1</sup>	2 172	28	3 300		5 500	4 000
WL Greeff <sup>3</sup>					–	–
<b>Non-executive</b>						
GD Eksteen				115	115	108
WA Hanekom				100	100	20
AE Jacobs <sup>2</sup>	1 451	282			1 733	1 625
JF Mouton <sup>3</sup>					–	–
PJ Mouton <sup>3</sup>					–	–
CA Otto <sup>3</sup>					–	–
MS du Pré le Roux <sup>4</sup>				55	55	108
LP Retief <sup>4</sup>				80	80	114
	<b>3 623</b>	<b>310</b>	<b>3 300</b>	<b>350</b>	<b>7 583</b>	<b>5 975</b>

<sup>1</sup> Performance-related emoluments were paid in respect of the 2015 financial year.

<sup>2</sup> The basic salary and company contributions paid to AE Jacobs relate to his employment as chief executive officer of Zaad Holdings Ltd, a subsidiary.

<sup>3</sup> These directors do not receive any directors' emoluments for services rendered to Zeder, since the company is managed in terms of a management agreement. These directors only receive directors' emoluments from PSG Group for services rendered to PSG Group and its investee companies.

<sup>4</sup> Resigned during the year.



# DIRECTORS' REPORT

## FOR THE YEAR ENDED 28 FEBRUARY 2015 / CONTINUED

### DIRECTORS' EMOLUMENTS **continued**

The company's prescribed officers include members of the PSG Group Executive Committee, which manages the group (as further discussed in the corporate governance section of this annual report), and whose remuneration is disclosed in PSG Group's annual report.

In addition to the cash-based remuneration above, share options were awarded to Mr N Celliers, the cost of which is carried by PSG Group in terms of the aforementioned management agreement. The cost (determined using an option pricing model) of the share options awarded amounted to R3m (2014: R1m) for the year.

During the year under review, Mr N Celliers exercised 775 581 (2014: nil) Zeder and 21 924 (2014: nil) PSG Group share options at weighted average strike prices of R2,90 and R51,31, respectively. The average market prices on vesting date were R5,73 for the Zeder share options and R126,40 for the PSG Group share options.

Awarded share options will vest as follows:

<b>Audited</b>	<b>Number of shares options</b>	
	<b>Zeder</b>	<b>PSG Group</b>
FY16	2 024 057	16 039
FY17	2 155 380	18 506
FY18	2 155 380	10 591
FY19	1 379 797	4 493
FY20	131 323	2 465
	7 845 937	52 094

The weighted average strike price per share for the aforementioned Zeder and PSG Group share options is R3,99 and R74,86, respectively.

# DIRECTORS' REPORT

## FOR THE YEAR ENDED 28 FEBRUARY 2015 / CONTINUED

### SHAREHOLDING OF DIRECTORS

Audited	Beneficial		Non-beneficial	Total shareholding 2015		Total shareholding 2014	
	Direct	Indirect	Indirect	Number	%	Number	%
N Celliers		3 411 514		3 411 514	0,236	2 635 933	0,269
GD Eksteen		6 683 585	250 000	6 933 585	0,480	250 000	0,026
WL Greeff	80 000			80 000	0,006	80 000	0,008
AE Jacobs		70 000		70 000	0,005	70 000	0,007
JF Mouton			80 000	80 000	0,006	80 000	0,008
MS du Pré le Roux*				–	–	250 000	0,026
CA Otto			80 000	80 000	0,006	80 000	0,008
	80 000	10 165 099	410 000	10 655 099	0,739	3 445 933	0,352

\* Resigned 20 June 2014

Also refer to the shareholder analysis in note 10 to the summarised group financial statements.

### SECRETARY

The secretary of the company is PSG Corporate Services (Pty) Ltd. Please refer to the administration section of this annual report for its business and postal addresses.

### AUDITOR

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

# INDEPENDENT AUDITOR'S REPORT ON SUMMARISED GROUP FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF ZEDER INVESTMENTS LTD

The summarised group financial statements, which comprise the summarised group statement of financial position as at 28 February 2015, and the summarised group statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and related notes, as set out on pages 34 to 49, are derived from the audited group financial statements of Zeder Investments Ltd for the year ended 28 February 2015. We expressed an unmodified audit opinion on those group financial statements in our report dated 8 April 2015.

The summarised group financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa, as applicable to annual financial statements. Reading the summarised group financial statements, therefore, is not a substitute for reading the audited group annual financial statements of Zeder Investments Ltd.

## **DIRECTORS' RESPONSIBILITY FOR THE SUMMARISED GROUP FINANCIAL STATEMENTS**

The directors are responsible for the preparation of a summarised version of the audited group financial statements in accordance with the requirements of section 8.57 of the JSE Listings Requirements, and the requirements of the Companies Act of South Africa, as applicable to summarised financial statements, and for such internal control as the directors determine is necessary to enable the preparation of summarised group financial statements that are free from material misstatement, whether due to fraud or error.

## **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on the summarised group financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summarised Financial Statements".

## **OPINION**

In our opinion, the summarised group financial statements derived from the audited group financial statements of Zeder Investments Ltd for the year ended 28 February 2015 are consistent, in all material respects, with those group financial statements, in accordance with the requirements of section 8.57 of the JSE Listings Requirements and the requirements of the Companies Act of South Africa, as applicable to summarised financial statements.

## **OTHER REPORTS REQUIRED BY THE COMPANIES ACT**

The "Other reports required by the Companies Act" paragraph in our audit report dated 8 April 2015 states that as part of our audit of the group annual financial statements for the year ended 28 February 2015, we have read the directors' report, the audit committee's report and the company secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited group annual financial statements. These reports are the responsibility of the respective preparers. The paragraph also states that, based on reading these reports, we have not identified material inconsistencies between these reports and the group annual financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summarised group financial statements or our opinion thereon.



**PricewaterhouseCoopers Inc**

**Director: NH Döman**

*Registered Auditor*

8 April 2015

Stellenbosch

# SUMMARISED GROUP STATEMENT OF FINANCIAL POSITION

## AS AT 28 FEBRUARY 2015

	2015	2014
	Rm	Restated Rm
<b>Assets</b>		
<b>Non-current assets</b>	8 004	3 638
Property, plant and equipment	1 223	925
Intangible assets	601	376
Biological assets	182	117
Investment in ordinary shares of associates and joint ventures	5 704	1 822
Loans to associates	30	18
Loans to joint ventures		2
Equity securities	51	207
Loans and advances	114	79
Deferred income tax assets	64	59
Employee benefits	35	33
<b>Current assets</b>	3 132	3 123
Biological assets	93	83
Inventories	988	956
Trade and other receivables	1 260	1 045
Derivative financial assets		1
Current income tax receivables	21	23
Cash, money market investments and other cash equivalents	770	1 015
Non-current assets held for sale (note 5)	30	178
<b>Total assets</b>	11 166	6 939
<b>Equity and liabilities</b>		
Ordinary shareholders' equity	7 133	3 620
Non-controlling interests	608	545
<b>Total equity</b>	7 741	4 165
<b>Non-current liabilities</b>	1 275	1 029
Deferred income tax liabilities	106	120
Borrowings	970	739
Derivative financial liabilities	64	46
Employee benefits	135	124
<b>Current liabilities</b>	2 150	1 745
Borrowings	902	460
Trade and other payables	1 153	1 177
Derivative financial liabilities		15
Current income tax payables	31	19
Employee benefits	64	74
<b>Total liabilities</b>	3 425	2 774
<b>Total equity and liabilities</b>	11 166	6 939
Net asset value per share (cents)	494,0	369,9
Tangible net asset value per share (cents)	452,4	331,0
Number of shares in issue (million)	1 444	980

## SUMMARISED GROUP INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2015

	2015	2014
	Rm	Restated Rm
Revenue	8 692	5 978
Cost of sales	(7 424)	(5 205)
<b>Gross profit</b>	<b>1 268</b>	<b>773</b>
<b>Income</b>		
Change in fair value of biological assets	144	134
Investment income	75	66
Net fair value gains	38	144
Other operating income	45	16
<b>Total income</b>	<b>302</b>	<b>360</b>
<b>Expenses</b>		
Management fees (note 2)	(236)	(118)
Marketing, administration and other expenses	(1 130)	(661)
<b>Total expenses</b>	<b>(1 366)</b>	<b>(779)</b>
<b>Income from associates and joint ventures</b>		
Share of profits of associates and joint ventures	300	218
Loss on impairment of associates and joint ventures		(21)
Loss on disposal of investment in associates		(4)
<b>Net income from associates and joint ventures</b>	<b>300</b>	<b>193</b>
<b>Profit before finance costs and taxation</b>	<b>504</b>	<b>547</b>
Finance costs	(143)	(86)
<b>Profit before taxation</b>	<b>361</b>	<b>461</b>
Taxation	(77)	(105)
<b>Profit for the year</b>	<b>284</b>	<b>356</b>
<b>Attributable to:</b>		
Owners of the parent	242	306
Non-controlling interests	42	50
	<b>284</b>	<b>356</b>
<b>Earnings per share – basic and diluted (cents)</b>		
Recurring headline	35,3	30,6
Headline	22,0	26,6
Attributable	20,6	31,3
Weighted average number of shares in issue (million)	1 172	980

# SUMMARISED GROUP STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED 28 FEBRUARY 2015

	2015	2014
	Rm	Restated Rm
<b>Profit for the year</b>	284	356
<b>Other comprehensive (loss)/income for the year, net of taxation, which may subsequently be reclassified to profit or loss</b>	(13)	118
Currency translation adjustments	(19)	157
Share of other comprehensive (loss)/income of associates	(13)	31
Reclassification of other comprehensive income of associates		(56)
Cash flow hedges	(6)	(15)
Reclassification of cash flow hedges	25	
Other movements		1
<b>Other comprehensive (loss)/income for the year, net of taxation, which may subsequently not be reclassified to profit or loss</b>		
Remeasurement of post-employment benefit obligations	(18)	1
<b>Total comprehensive income for the year</b>	253	475
<b>Attributable to:</b>		
Owners of the parent	218	377
Non-controlling interests	35	98
	253	475

## SUMMARISED GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2015

	2015 Rm	2014 Restated Rm
<b>Ordinary shareholders' equity at end of year</b>	<b>7 133</b>	3 620
Ordinary shareholders' equity at beginning of year	3 620	3 284
Shares issued	3 347	8
Total comprehensive income for the year	218	377
Transactions with non-controlling interests	(19)	(11)
Other movements	11	1
Dividend paid	(44)	(39)
<b>Non-controlling interests at end of year</b>	<b>608</b>	545
Non-controlling interests at beginning of year	545	109
Total comprehensive income for the year	35	98
Transactions with non-controlling interests	32	(17)
Other movements	11	368
Dividend paid	(15)	(13)
<b>Total equity</b>	<b>7 741</b>	4 165
<b>Dividend per share (cents)</b>	<b>5,5</b>	4,5

## SUMMARISED GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 28 FEBRUARY 2015

	2015	2014
	Rm	Restated Rm
Cash (utilised by)/generated from operations (note 6)	(77)	300
Investment income	202	128
Finance costs and taxation paid	(234)	(173)
<b>Net cash flow from operating activities</b>	<b>(109)</b>	<b>255</b>
Acquisition of associates	(265)	(242)
Acquisition of subsidiary companies (note 4)	(300)	(36)
Acquisition of equity securities		(178)
Additions to property, plant and equipment	(257)	(161)
Additions to intangible assets	(76)	(16)
Proceeds from disposal of associates		92
Proceeds from disposal of equity securities		125
Proceeds from disposal of non-current assets held for sale	194	505
Proceeds from disposal of property, plant and equipment	9	54
Other	(46)	48
<b>Net cash flow from investing activities</b>	<b>(741)</b>	<b>191</b>
Dividends paid to group shareholders	(44)	(39)
Dividends paid to non-controlling interests	(15)	(13)
Borrowings repaid	(79)	(252)
Borrowings drawn	721	34
Other	(3)	42
<b>Net cash flow from financing activities</b>	<b>580</b>	<b>(228)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(270)</b>	<b>218</b>
Exchange differences on cash and cash equivalents	25	45
Cash and cash equivalents at beginning of year	1 015	752
<b>Cash and cash equivalents at end of year</b>	<b>770</b>	<b>1 015</b>



# NOTES TO THE SUMMARISED GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015

## 1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

These summarised group financial statements have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, including IAS 34 *Interim Financial Reporting*; the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council; the requirements of the Companies Act of South Africa, applicable to summarised group financial statements, as amended; and the JSE Listings Requirements.

The accounting policies applied in the preparation of these summarised group financial statements are consistent in all material respects with those used in the prior year group annual financial statements, apart from the following amendment to IFRS which was early adopted retrospectively by the group:

Amendments to IAS 16 *Property, plant and equipment* and IAS 41 *Agriculture: Bearer plants*

Biological assets that meet the definition of bearer plants are measured at cost, less accumulated depreciation and impairment losses. Accordingly, bearer plants are measured similarly to self-constructed items of property, plant and equipment.

The group also adopted the various other revisions to IFRS, which were effective for its financial year ended 28 February 2015. These revisions have not resulted in material changes to the group's reported results and disclosures in these summarised group financial statements.

## 2. MANAGEMENT FEES

Management fees are payable to PSG Group Ltd, Zeder's ultimate holding company, or its nominee ("the Manager") in terms of a management agreement. In accordance with the management agreement, the Manager provides all investment, administrative, advisory, financial and corporate services to the Zeder group of companies.

The management fees payable consist of a base fee and a performance fee element. The base fee is calculated at the end of every half-year as 1,5% p.a. (exclusive of VAT) of Zeder's volume weighted average market capitalisation for that half-year. The performance fee is calculated at the end of the financial year as 20% p.a. (exclusive of VAT) on Zeder's share price outperformance of the GOVI-index yield plus 4%, adjusted for dividends.

# NOTES TO THE SUMMARISED GROUP FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 28 FEBRUARY 2015 / CONTINUED

### 3. HEADLINE EARNINGS

	2015	2014
	Rm	Restated Rm
Profit for the year attributable to owners of the parent	242	306
Non-headline items	16	(45)
Gross amounts		
Impairment of investment in associates		21
Net loss on disposal of investment in associates		4
Fair value gain on step-up from associates and joint ventures to subsidiaries	(3)	(74)
Non-headline items of associates	20	12
Net gain on disposal of associates classified as non-current assets held for sale		(14)
Impairment of intangible assets and goodwill	19	1
Reversal of impairment on property, plant and equipment	(12)	
Other	(9)	(3)
Non-controlling interests	3	
Taxation	(2)	8
<b>Headline earnings</b>	<b>258</b>	<b>261</b>

### 4. SUBSIDIARIES ACQUIRED

#### **Mpongwe Milling (2009) Ltd ("Mpongwe Milling")**

During April 2014, the group, through Agrivision Africa (previously Chayton Africa), acquired the entire issued share capital of Mpongwe Milling, a maize and wheat mill operating in the Copperbelt province of Zambia, for a Zambian kwacha-denominated cash consideration of R308m. Mpongwe Milling complements the group's existing farming operations in Zambia and the acquisition provides the group with an opportunity to expand its product offering across the value chain. Goodwill arose in respect of, inter alia, synergies pertaining to the procurement and marketing functions of the mill and farming operations. Accounting for Mpongwe Milling's business combination has been finalised.

#### **Animalzone (Pty) Ltd ("Animalzone")**

During July 2014, the group, through Zaad Holdings Ltd, acquired the remaining 50% shareholding not yet held in Animalzone (name has since been changed to Agricol Niche Brands (Pty) Ltd), previously a joint venture, for a nominal cash consideration of R1. Animalzone manufactures seed-based pet food and goodwill arose in respect of, inter alia, expected synergies and its growth potential. Accounting for Animalzone's business combination has been finalised. The remeasurement of the previously held interest in the joint venture resulted in a non-headline gain of R3m. The goodwill was subsequently impaired in full, following management's reassessment of same.

# NOTES TO THE SUMMARISED GROUP FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 28 FEBRUARY 2015 / CONTINUED

#### 4. SUBSIDIARIES ACQUIRED *continued*

##### Gestao de Terminais SA

During October 2014, the group, through Capespan Group Ltd, increased its shareholding in Gestao de Terminais SA, previously an associate, by 10% to 50% for a cash consideration of R7m. Gestao de Terminais SA operates a customs terminal in Mozambique. Accounting for Gestao de Terminais SA's business combination has been finalised.

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

	Mpongwe Milling Rm	Animal- zone Rm	Gestao de Terminais SA Rm	Total Rm
Property, plant and equipment	119	1	53	173
Biological assets	9	1		10
Deferred income tax assets		1		1
Inventories	27	1		28
Trade and other receivables	23	1	14	38
Cash, money market investments and other cash equivalents	14		3	17
Borrowings	(7)	(10)	(25)	(42)
Deferred income tax liabilities	(28)			(28)
Trade and other payables	(4)	(1)	(25)	(30)
<b>Total identifiable net assets/(liabilities)</b>	153	(6)	20	167
Non-controlling interests			(5)	(5)
Derecognition of investment in ordinary shares of associates			(8)	(8)
Goodwill recognised	155	6		161
<b>Total consideration</b>	308	–	7	315
Cash consideration paid	(308)		(7)	(315)
Bank overdraft acquired (included in borrowings)		(2)		(2)
Cash and cash equivalents acquired	14		3	17
<b>Net cash outflow from subsidiaries acquired</b>	(294)	(2)	(4)	(300)

The aforementioned business combinations do not contain any contingent consideration or indemnification asset arrangements.

Had Mpongwe Milling, Animalzone and Gestao de Terminais SA been consolidated with effect from 1 March 2014, instead of their respective acquisition dates, the summarised group income statement would have reflected additional revenue of R248m and profit after tax of R7m.

# NOTES TO THE SUMMARISED GROUP FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 28 FEBRUARY 2015 / CONTINUED

### 5. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale as at 28 February 2014 consisted mainly of JSE-listed equity securities in Capevin Holdings Ltd. The group disposed of these equity securities during the year under review for cash proceeds of R194m.

### 6. CASH (UTILISED BY)/GENERATED FROM OPERATIONS

	2015 Rm	2014 Restated Rm
Profit before taxation	361	461
Share of profits of associates and joint ventures	(300)	(218)
Depreciation and amortisation	132	94
Changes in fair value of biological assets	(144)	(134)
Loss on disposal of investment in associates		4
Investment income	(75)	(64)
Finance costs	142	86
Other non-cash items	7	(117)
	123	112
Change in working capital and other financial instruments	(126)	317
Additions to biological assets	(74)	(129)
<b>Cash (utilised by)/generated from operations</b>	<b>(77)</b>	<b>300</b>

### 7. RESTATEMENT OF PRIOR YEAR FIGURES

The prior year figures of Capespan Group Ltd ("Capespan"), a subsidiary, have been restated to account for the following:

#### Restatement 1: Agriculture: Bearer plants

During the year, amendments were made to IAS 41 *Agriculture* and IAS 16 *Property, plant and equipment* that allow companies to account for bearer plants at cost less accumulated depreciation and impairment losses. Long-term biological assets consist of bearer plants used in the production of agricultural produce and are expected to bear produce for more than one period. Management's intention is to recover the economic benefit of these assets through continued use. Management revised its accounting policy to account for bearer plants in accordance with the cost model under IAS 16.

#### Restatement 2: Accounting for the sales and cost of sales of product sold

During the year, management reassessed an existing management agreement that was accounted for as management fee income, but concluded it to rather fall within IFRIC 4 *Determining whether an Arrangement contains a Lease* and therefore applied IAS 17 *Leases* retrospectively. This resulted in Capespan now accounting for this agreement and the related farming operations as principal.

# NOTES TO THE SUMMARISED GROUP FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 28 FEBRUARY 2015 / CONTINUED

### 7. RESTATEMENT OF PRIOR YEAR FIGURES *continued*

#### Restatement 3: Reclassification of production costs

Certain production costs were reallocated from other expenses to cost of sales to correctly disclose the nature thereof. This restatement had no impact on previously reported profit.

The effect of these restatements on the group results is as follows:

	Previously reported Rm	Currently reported Rm	Difference Rm
<b>Statement of financial position as at 28 February 2014</b>			
Assets			
Biological assets <sup>1</sup>	201	200	(1)
Inventories <sup>2</sup>	740	956	216
Trade and other receivables <sup>2</sup>	1 127	1 045	(82)
			<u>133</u>
Equity			
Ordinary shareholders equity	3 607	3 620	13
Restatement 2 – profit for the year			15
Restatement 2 – other movements			(2)
Non-controlling interests	536	545	9
Restatement 2 – profit for the year			7
Restatement 2 – other movements			2
Liabilities			
Deferred income tax liabilities	105	120	15
Restatement 1			(1)
Restatement 2			16
Trade and other payables <sup>2</sup>	1 081	1 177	96
			<u>133</u>

# NOTES TO THE SUMMARISED GROUP FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 28 FEBRUARY 2015 / CONTINUED

### 7. RESTATEMENT OF PRIOR YEAR FIGURES *continued*

	Previously reported Rm	Currently reported Rm	Difference Rm
<b>Income statement for the year ended 28 February 2014</b>			
Revenue <sup>2</sup>	6 011	5 978	(33)
Cost of sales	(5 135)	(5 205)	(70)
Restatement 1			(37)
Restatement 2			49
Restatement 3			(82)
Gross profit			(103)
Change in fair value of biological assets <sup>1</sup>	90	134	44
Investment income <sup>1</sup>	64	66	2
Other operating income <sup>2</sup>	9	16	7
Marketing, administration and other expenses	(741)	(661)	80
Restatement 1			(9)
Restatement 2			7
Restatement 3			82
Profit before finance costs and taxation			30
Taxation <sup>2</sup>	(97)	(105)	(8)
Profit for the year			22
Attributable to:			
Owners of the parent	291	306	15
Non-controlling interests	43	50	7
			22
<b>Earnings per share – basic and diluted (cents)</b>			
Recurring headline	29,8	30,6	0,8
Headline	25,8	26,6	0,8
Attributable	29,7	31,3	1,6

<sup>1</sup> Relates to Restatement 1

<sup>2</sup> Relates to Restatement 2

Capespan, to which all of the aforementioned restatements relate, only became a subsidiary of the group during the prior year and therefore no amendments were required for the amounts reported in respect of earlier years.

# NOTES TO THE SUMMARISED GROUP FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 28 FEBRUARY 2015 / CONTINUED

### 8. FINANCIAL INSTRUMENTS

#### 8.1 Financial risk factors

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

The summarised group financial statements do not include all financial risk management information and disclosures required in the group annual financial statements, and therefore they should be read in conjunction with the group annual financial statements for the year ended 28 February 2015. Risk management continues to be carried out by each major entity within the group under policies approved by the respective boards of directors.

#### 8.2 Fair value estimation

The information below analyses financial assets and financial liabilities, which are carried at fair value, by level of hierarchy as required by IFRS 13. The different levels in the hierarchy are defined below:

##### *Level 1*

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price.

##### *Level 2*

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

##### *Level 3*

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

# NOTES TO THE SUMMARISED GROUP FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 28 FEBRUARY 2015 / CONTINUED

### 8. FINANCIAL INSTRUMENTS *continued*

#### 8.2 Fair value estimation *continued*

The fair value of financial assets and liabilities carried at amortised cost approximates their fair value, while those measured at fair value in the statement of financial position can be summarised as follows:

28 February 2015	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
<b>Assets</b>				
Equity securities		1	50	51
Non-current assets held for sale			30	30
Closing balance	–	1	80	81
Opening balance			42	
Classified as non-current assets held for sale			30	
Fair value gains			8	
<b>Liabilities</b>				
Derivative financial liabilities			64	64
Opening balance			46	
Additions			20	
Finance cost			3	
Fair value gains			(5)	
<b>28 February 2014</b>				
<b>Assets</b>				
Derivative financial assets	1			1
Equity securities	164	1	42	207
Non-current assets held for sale	178			178
Closing balance	343	1	42	386
Opening balance		98		
Additions		8	4	
Disposal		(87)	(4)	
Fair value gains		20		
Subsidiaries acquired		4		
Transfer from level 2 to level 3		(42)	42	



# NOTES TO THE SUMMARISED GROUP FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 28 FEBRUARY 2015 / CONTINUED

### 8. FINANCIAL INSTRUMENTS **continued**

#### 8.2 Fair value estimation **continued**

28 February 2014	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
<b>Liabilities</b>				
Derivative financial liabilities	15		46	61
Opening balance			46	
Finance cost			1	
Unrealised fair value gains			(1)	

During the year ended 28 February 2014, following a decline in the trading activity of the relevant over-the-counter traded markets (i.e. less observable input), it was considered necessary to transfer unquoted equity securities in an amount of R4,2m from level 2 to level 3 of the fair value hierarchy.

Non-current assets held for sale included assets measured at fair value, as set out in note 5, which were based on the JSE-listed share price or other observable input.

### 9. SEGMENTAL REPORTING

The group are organised into four reportable segments, namely i) food, beverages and related services, ii) agri-related retail, trade and services, iii) agri-inputs and iv) agri-production.

The segments represent different sectors in the broad agribusiness industry.

Headline earnings comprise recurring and non-recurring headline earnings. Recurring headline earnings are calculated on a see-through basis. Zeder's recurring headline earnings are the sum of its effective interest in that of each of its underlying investments. The result is that investments, which Zeder does 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 dividend income (as recognised in the income statement). Associates' and subsidiaries' one-off gains/losses are included in non-recurring headline earnings.

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

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

# NOTES TO THE SUMMARISED GROUP FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 28 FEBRUARY 2015 / CONTINUED

### 9. SEGMENTAL REPORTING *continued*

The chief operating decision-maker (the PSG Group Executive Committee) evaluates the following information to assess the segments' performance:

	2015	2014
	Rm	Restated Rm
<b>Recurring headline earnings</b>		
Food, beverages and related services	417	247
Agri-related retail, trade and services	64	74
Agri-inputs	74	50
Agri-production	(14)	(5)
Recurring headline earnings from investments	541	366
Net interest, taxation and other income and expenses	(9)	(7)
Management (base) fee	(118)	(59)
<b>Recurring headline earnings</b>	414	300
Management (performance) fee	(118)	(59)
Other non-recurring headline earnings, net of taxation	(38)	20
<b>Headline earnings</b>	258	261
Non-headline items (note 3)	(16)	45
<b>Attributable earnings</b>	242	306
<b>SOTP segmental analysis:</b>		
Segments		
Food, beverages and related services	11 227	3 341
Agri-related retail, trade and services	681	568
Agri-inputs	885	679
Agri-production	563	560
Cash and cash equivalents	338	376
Other net liabilities	(439)	(365)
<b>SOTP value</b>	13 255	5 159
<b>Income segmental analysis:</b>		
Food, beverages and related services	7 438	5 442
Revenue	7 392	5 407
Investment income	46	35
Agri-related retail, trade and services		
Investment income		4
Agri-inputs	952	467
Revenue	947	465
Investment income	5	2
Agri-production		
Revenue	353	138
Unallocated investment income (mainly head office interest income)	24	23
<b>IFRS revenue</b>	8 767	6 074

# NOTES TO THE SUMMARISED GROUP FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 28 FEBRUARY 2015 / CONTINUED

### 10. SHAREHOLDER ANALYSIS

	Shareholders		Shares held	
	Number	%	Number	%
<b>Range of shareholding</b>				
1 – 20 000	8 621	72,2	51 122 554	3,5
20 001 – 50 000	1 495	12,5	49 384 479	3,4
50 001 – 100 000	774	6,5	55 918 884	3,9
100 001 – 500 000	810	6,8	174 423 813	12,1
500 001 – 1 000 000	118	1,0	81 706 138	5,7
Over 1 000 000	128	1,0	1 031 288 117	71,4
	<b>11 946</b>	<b>100,0</b>	<b>1 443 843 985</b>	<b>100,0</b>

#### Public and non-public shareholding

<b>Non-public</b>				
– Directors	6	0,1	10 655 099	0,7
– PSG Financial Services Ltd	1	0,0	488 446 910	33,8
<b>Public</b>	<b>11 939</b>	<b>99,9</b>	<b>944 741 976</b>	<b>65,5</b>
	<b>11 946</b>	<b>100,0</b>	<b>1 443 843 985</b>	<b>100,0</b>

#### Major shareholders holding 5% or more as at 28 February 2015

PSG Financial Services Ltd	488 446 910	33,8
Allan Gray*	117 652 327	8,1
Public Investment Corporation*	105 584 481	7,3
Coronation*	71 718 409	5,0
	<b>783 402 127</b>	<b>54,2</b>

\* The shareholding includes shares held directly or indirectly by the entity and/or its clients.

# NOTICE OF ANNUAL GENERAL MEETING AND PROXY

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# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given of the annual general meeting of shareholders of Zeder Investments Ltd ("Zeder" or "the company") to be held at Spier Wine Estate, Baden Powell Drive, Stellenbosch, on Friday, 19 June 2015, at 08:30 ("the AGM").

## Purpose

The purpose of the AGM is to transact the business set out in the agenda below.

## Agenda

- Presentation of the audited annual financial statements of the company, including the reports of the directors and the audit and risk committee for the year ended 28 February 2015. The annual report, of which this notice forms part, contains the summarised group financial statements and the aforementioned reports. The summarised group financial statements, including the unmodified audit opinion, are available on Zeder's website at [www.zeder.co.za](http://www.zeder.co.za) or may be requested and obtained in person, at no charge, at the registered office of Zeder during office hours.

- To consider and, if deemed fit, approve, with or without modification, the following ordinary resolutions:

*Note:*

*For any of the ordinary resolutions numbers 1 to 6 to be adopted, more than 50% of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof. For ordinary resolution number 7 to be adopted, at least 75% of the voting rights exercised on such ordinary resolution must be exercised in favour thereof.*

## 1. Retirement and re-election of directors

### 1.1 Ordinary resolution number 1

"Resolved that Mr JF Mouton, who retires by rotation in terms of the memorandum of incorporation of the company and, being eligible and offering himself for re-election, be and is hereby re-elected as director."

#### **Summary curriculum vitae of Mr JF (Jannie) Mouton**

*BComm (Hons), CA(SA), AEP*

Jannie is the founder and chairman of PSG Group. He is also chairman of Zeder and a non-executive director of numerous other companies, including PSG Konsult and Steinhoff. Prior to the establishment of PSG Group, he co-founded and served as managing director of the stockbroking firm SMK.

### 1.2 Ordinary resolution number 2

"Resolved that Mr AE Jacobs, who retires in terms of the memorandum of incorporation of the company and, being eligible and offering himself for re-election, be and is hereby re-elected as director."

#### **Summary curriculum vitae of Mr AE (Antonie) Jacobs**

*BCompt (Hons), CA(SA), MCom (Tax), LLB*

Antonie has many years' experience in an investment management capacity in the agricultural sector and was previously the chief executive officer of Zeder. Currently he is the executive chairman of Zaad, a subsidiary of Zeder. Previously he was the managing director of KLK and financial director of Winecorp and Spier Holdings and served on the boards of Pioneer Foods and Capespan.

The reason for ordinary resolutions numbers 1 and 2 is that the memorandum of incorporation of the company, the JSE Listings Requirements ("Listings Requirements") and, to the extent applicable, the Companies Act of South Africa ("the Companies Act") require that a component of the non-executive directors and newly appointed directors rotate at every annual general meeting of the company and, being eligible, may offer themselves for re-election as directors.

# NOTICE OF ANNUAL GENERAL MEETING

## CONTINUED

### 2. Re-appointment of the members of the audit and risk committee of the company

*Note:*

*For avoidance of doubt, all references to the audit and risk committee of the company is a reference to the audit committee as contemplated in the Companies Act.*

#### 2.1 Ordinary resolution number 3

"Resolved that Mr CA Otto, being eligible, be and is hereby re-appointed as a member of the audit and risk committee of the company, as recommended by the board of directors of the company, until the next annual general meeting of the company."

##### **Summary curriculum vitae of Mr CA (Chris) Otto**

*BCom, LLB*

Chris is a founding director of PSG Group, Capitec and Zeder, and currently also serves as non-executive director to various other companies, including Capespan, Capevin Holdings, Distell and Kaap Agri.

#### 2.2 Ordinary resolution number 4

"Resolved that Mr GD Eksteen, being eligible, be and is hereby re-appointed as a member of the audit and risk committee of the company, as recommended by the board of directors of the company, until the next annual general meeting of the company."

##### **Summary curriculum vitae of Mr GD (George) Eksteen**

George has extensive farming interests in the Swartland area and serves as director on the boards of various companies.

#### 2.3 Ordinary resolution number 5

"Resolved that Mr WA Hanekom, being eligible, be and is hereby re-appointed as a member of the audit and risk committee of the company, as recommended by the board of directors of the company, until the next annual general meeting of the company."

##### **Summary curriculum vitae of Mr WA (André) Hanekom**

*BCompt (Hons), CA(SA)*

André is currently the chairman of Quantum Foods and previously served as the chief executive officer of Pioneer Foods. He played a pivotal role in establishing the Pioneer Foods as one of the leading South African producers and distributors of a range of food, beverages and related products.

The reason for ordinary resolutions numbers 3 to 5 (inclusive) is that the company, being a public listed company, must appoint an audit committee and the Companies Act requires that the members of such audit committee be appointed, or re-appointed, as the case may be, at each annual general meeting of a company.

### 3. Re-appointment of auditor

#### Ordinary resolution number 6

"Resolved that PricewaterhouseCoopers Inc be and is hereby re-appointed as auditor of the company for the ensuing year on the recommendation of the audit and risk committee of the company."

The reason for ordinary resolution number 6 is that the company, being a public listed company, must have its financial results audited and such auditor must be appointed or re-appointed each year at the annual general meeting of the company as required by the Companies Act.

# NOTICE OF ANNUAL GENERAL MEETING

## CONTINUED

### 4. General authority to issue ordinary shares for cash

#### Ordinary resolution number 7

"Resolved that the directors of the company be and are hereby authorised, by way of a general authority, to allot and issue any of the company's unissued shares for cash as they in their discretion may deem fit, without restriction, subject to the provisions of the company's memorandum of incorporation, the companies Act and the Listings Requirements, provided that:

- the approval shall be valid until the date of the next annual general meeting of the company, provided it shall not extend beyond fifteen months from the date of this resolution;
- the general issues of shares for cash under this authority may not exceed, in the aggregate, 5% of the company's issued share capital (number of securities) of that class as at the date of this notice of AGM, it being recorded that ordinary shares issued pursuant to a rights offer to shareholders shall not diminish the number of ordinary shares that comprises the 5% of the ordinary shares that can be issued in terms of this ordinary resolution. As at the date of this notice of AGM, 5% of the listed, issued ordinary shares of the company amounts to 72 192 199 ordinary shares;
- in determining the price at which an issue of shares will be made in terms of this authority the maximum discount permitted will be 10% of the weighted average traded price of such shares, as determined over the 30 business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the securities. The JSE Ltd ("JSE") will be consulted for a ruling if the securities have not traded in such 30 business day period;
- any such issue will only be made to public shareholders as defined in paragraphs 4.25 to 4.27 of the Listings Requirements and not to related parties;
- any such issue will only be comprised of securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue; and
- in the event that the securities issued represent, on a cumulative basis, 5% or more of the number of securities in issue prior to that issue, an announcement containing the full details of such issue shall be published on SENS."

For listed entities wishing to issue shares for cash (other than issues by way of rights offers, in consideration for acquisitions and/or to share incentive schemes as may have been duly approved by the JSE and shareholders of the company, if applicable), it is necessary for the board of the company to obtain the prior authority of the shareholders in accordance with the Listings Requirements and the memorandum of incorporation of the company. Accordingly, the reason for ordinary resolution number 7 is to obtain a general authority from shareholders to issue shares for cash in compliance with the Listings Requirements and the memorandum of incorporation of the company.

For this resolution to be adopted, at least 75% of the shareholders present in person or by proxy and entitled to vote on this resolution at the AGM must cast their vote in favour of this resolution.

To consider and, if deemed fit, pass, with or without modification, the following special resolutions:

*Note:*

*For the special resolutions to be adopted, at least 75% of the voting rights exercised on each special resolution must be exercised in favour thereof.*

# NOTICE OF ANNUAL GENERAL MEETING

## CONTINUED

### **5. Inter-company financial assistance**

#### **5.1 Special resolution number 1: Inter-company financial assistance**

"Resolved, in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval, that the board of the company be and is hereby authorised to approve that the company provides any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to it in section 45(1) of the Companies Act) that the board of the company may deem fit to any company or corporation that is related or inter-related ("related" or "inter-related" will herein have the meaning attributed to it in section 2 of the Companies Act) to the company, on the terms and conditions and for amounts that the board of the company may determine, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the company."

The reason for and effect of special resolution number 1 is to grant the directors of the company the authority until the next annual general meeting of the company to provide direct or indirect financial assistance to any company or corporation which is related or inter-related to the company. This means that the company is, inter alia, authorised to grant loans to its subsidiaries and to guarantee the debt of its subsidiaries.

#### **5.2 Special resolution number 2: Financial assistance for the subscription and/or purchase of shares in the company or a related or inter-related company**

"Resolved, in terms of section 44(3)(a)(ii) of the Companies Act, as a general approval, that the board of the company be and is hereby authorised to approve that the company provides any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to it in sections 44(1) and 44(2) of the Companies Act), that the board of the company may deem fit to any company or corporation that is related or inter-related to the company ("related" or "inter-related" will herein have the meaning attributed to it in section 2 of the Companies Act) and/or to any financier who provides funding by subscribing for preference shares or other securities in the company or any company or corporation that is related or inter-related to the company, on the terms and conditions and for amounts that the board of the company may determine for the purpose of, or in connection with the subscription of any option, or any shares or other securities, issued or to be issued by the company or a related or inter-related company or corporation, or for the purchase of any shares or securities of the company or a related or inter-related company or corporation, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the company."

The reason for and effect of special resolution number 2 is to grant the directors the authority, until the next annual general meeting of the company, to provide financial assistance to any company or corporation which is related or inter-related to the company and/or any financier for the purpose of or in connection with the subscription or purchase of options, shares or other securities in the company or any related or inter-related company or corporation. This means that the company is authorised, inter alia, to grant loans to its subsidiaries and to guarantee and furnish security for the debt of its subsidiaries where any such financial assistance is directly or indirectly related to a party subscribing for options, shares or securities in the company or its subsidiaries. A typical example of where the company may rely on this authority is where a subsidiary raised funds by way of issuing preference shares and the third-party funder requires the company to furnish security, by way of a guarantee or otherwise, for the obligations of its subsidiary to the third-party funder arising from the issue of the preference shares. The company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

In terms of and pursuant to the provisions of sections 44 and 45 of the Companies Act, the directors of the company confirm that the board will satisfy itself, after considering all reasonably foreseeable financial circumstances of the company, that immediately after providing any financial assistance as contemplated in special resolution numbers 1 and 2 above:

- the assets of the company (fairly valued) will equal or exceed the liabilities of the company (fairly valued) (taking into consideration the reasonably foreseeable contingent assets and liabilities of the company);
- the company will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months;



# NOTICE OF ANNUAL GENERAL MEETING

## CONTINUED

- the terms under which any financial assistance is proposed to be provided, will be fair and reasonable to the company; and
- all relevant conditions and restrictions (if any) relating to the granting of financial assistance by the company as contained in the company's memorandum of incorporation have been met.

### 6. **Special resolution number 3: Share repurchases by Zeder and its subsidiaries**

"Resolved, as a special resolution, that the company and the subsidiaries of the company be and are hereby authorised, as a general approval, to repurchase any of the shares issued by the company, upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the provisions of sections 46 and 48 of the Companies Act, the memorandum of incorporation of the company, the Listings Requirements and the requirements of any other stock exchange on which the shares of the company may be quoted or listed, including, inter alia, that:

- the general repurchase of the shares may only be implemented through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;
- this general authority shall only be valid until the next annual general meeting of the company, provided that it shall not extend beyond fifteen months from the date of this resolution;
- an announcement must be published as soon as the company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue prior to the acquisition, pursuant to which the aforesaid 3% threshold is reached, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares acquired thereafter;
- the general authority to repurchase is limited to a maximum of 20%, in the aggregate, in any one financial year of the company's issued share capital at the time the authority is granted;
- a resolution has been passed by the board of directors approving the purchase, that the company has satisfied the solvency and liquidity test as defined in the Companies Act and that since the solvency and liquidity test was applied there have been no material changes to the financial position of the company and its subsidiaries ("the Group");
- the general repurchase is authorised by the company's memorandum of incorporation;
- repurchases must not be made at a price more than 10% above the weighted average of the market value of the shares for the five business days immediately preceding the date that the transaction is effected. The JSE will be consulted for a ruling if the company's securities have not traded in such five business day period;
- the company may at any point in time only appoint one agent to effect any repurchase(s) on the company's behalf; and
- the company may not effect a repurchase during any prohibited period as defined in terms of the Listings Requirements unless there is a repurchase programme in place, which programme has been submitted to the JSE in writing and executed by an independent third party, as contemplated in terms of paragraph 5.72(g) of the Listings Requirements."

The reason for and effect of special resolution number 3 is to grant the directors a general authority in terms of its memorandum of incorporation and the Listings Requirements for the acquisition by the company or by a subsidiary of the company of shares issued by the company on the basis reflected in special resolution number 3. The company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

# NOTICE OF ANNUAL GENERAL MEETING

## CONTINUED

In terms of section 48(2)(b)(i) of the Companies Act, subsidiaries may not hold more than 10%, in aggregate, of the number of the issued shares of a company. For the avoidance of doubt, a pro rata repurchase by the company from all its shareholders will not require shareholder approval, save to the extent as may be required by the Companies Act.

### 7. Other business

To transact such other business as may be transacted at an annual general meeting or raised by shareholders with or without advance notice to the company.

#### Information relating to the special resolutions

1. The directors of the company or its subsidiaries will only utilise the general authority to purchase shares of the company as set out in special resolution number 3 to the extent that the directors, after considering the maximum number of shares to be purchased, are of the opinion that the position of the Group would not be compromised as to the following:
  - the Group's ability in the ordinary course of business to pay its debts for a period of 12 months after the date of this AGM and for a period of 12 months after the purchase;
  - the consolidated assets of the Group will, at the time of the AGM and at the time of making such determination, be in excess of the consolidated liabilities of the Group. The assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited annual group financial statements of the Group;
  - the ordinary capital and reserves of the Group after the purchase will remain adequate for the purpose of the business of the Group for a period of 12 months after the AGM and after the date of the share purchase; and
  - the working capital available to the Group after the purchase will be sufficient for the Group's requirements for a period of 12 months after the date of the notice of the AGM.

General information in respect of major shareholders, material changes and the share capital of the company is contained in the annual report of which this notice forms part, as well as the full set of annual financial statements, being available on Zeder's website at [www.zeder.co.za](http://www.zeder.co.za) or which may be requested and obtained in person, at no charge, at the registered office of Zeder during office hours.

2. Remuneration of directors

In terms of the formal management agreement between Zeder and PSG Corporate Services (Pty) Ltd ("PSG"), all Zeder's directors' fees are paid by PSG. In the interest of transparency, shareholders are advised that fees payable to non-executive directors in the financial year ahead will be as set out below:

Per annum for serving as a director: R93 400

Per annum for serving on the audit and risk committee: R33 400

*Note:*

*Executive directors of the company are not personally remunerated for their services as directors of the company and/or its subsidiaries.*

3. The directors, whose names appear on page 7 of the annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this notice of AGM contains all information required by the Listings Requirements.
4. Special resolutions numbers 1 to 3 (inclusive) are renewals of resolutions taken at the previous annual general meeting held on 20 June 2014.

# NOTICE OF ANNUAL GENERAL MEETING

## CONTINUED

### Voting

1. The date on which shareholders must be recorded as such in the share register maintained by the transfer secretaries of the company ("the Share Register") for purposes of being entitled to receive this notice is Friday, 8 May 2015.
2. The date on which shareholders must be recorded in the Share Register for purposes of being entitled to attend and vote at the AGM is Friday, 12 June 2015, with the last day to trade being Friday, 5 June 2015.
3. Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairman of the AGM and must accordingly bring a copy of their identity document, passport or driver's licence to the AGM. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the transfer secretaries for guidance.
4. Shareholders entitled to attend and vote at the AGM may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a shareholder of the company. A form of proxy, which sets out the relevant instructions for its completion, is enclosed for use by a certificated shareholder or own-name registered dematerialised shareholder who wishes to be represented at the AGM. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the AGM.
5. The instrument appointing a proxy and the authority (if any) under which it is signed must reach the transfer secretaries of the company at the address given below by not later than 08:30 on Wednesday, 17 June 2015.
6. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who wish to attend the AGM in person, will need to request their Central Securities Depository Participant ("CSDP") or broker to provide them with the necessary authority in terms of the custody agreement entered into between such shareholders and the CSDP or broker.
7. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who are unable to attend the AGM and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or broker in the manner and time stipulated therein.
8. Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, will have one vote in respect of each share held.

By order of the board

**PSG Corporate Services (Pty) Ltd**

Company secretary

8 May 2015

Stellenbosch





(Incorporated in the Republic of South Africa)  
 (Registration number 2006/019240/06)  
 JSE share code: ZED  
 ISIN code: ZAE000088431  
 ("Zeder" or "the company")

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

For use at the annual general meeting of ordinary shareholders of the company to be held at 08:30 at Spier Wine Estate, on Friday, 19 June 2015 ("the AGM").

I/We (Full name in print) \_\_\_\_\_

of (address) \_\_\_\_\_

being the registered holder of \_\_\_\_\_ ordinary shares hereby appoint:

1. \_\_\_\_\_ or failing him/her,

2. \_\_\_\_\_ or failing him/her,

3. the chairman of the AGM,

as my proxy to vote for me/us at the AGM for purposes of considering and, if deemed fit, passing, with or without modification, the special resolutions and ordinary resolutions to be proposed thereat and at each adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares registered in my/our name(s) in accordance with the following instructions (see Notes):

		Number of shares		
		In favour of	Against	Abstain
1.1	Ordinary resolution number 1: To re-elect Mr JF Mouton as director			
1.2	Ordinary resolution number 2: To re-elect Mr AE Jacobs as director			
2.1	Ordinary resolution number 3: To re-appoint Mr CA Otto as a member of the audit and risk committee			
2.2	Ordinary resolution number 4: To re-appoint Mr GD Eksteen as a member of the audit and risk committee			
2.3	Ordinary resolution number 5: To re-appoint Mr WA Hanekom as a member of the audit and risk committee			
3.	Ordinary resolution number 6: To re-appoint PricewaterhouseCoopers Inc as the auditor			
4.	Ordinary resolution number 7: General authority to issue ordinary shares for cash			
5.1	Special resolution number 1: Inter-company financial assistance			
5.2	Special resolution number 2: Financial assistance for the acquisitions of shares in a related or inter-related company			
6.	Special resolution number 3: Share repurchases by Zeder and/or its subsidiaries			

Please indicate your voting instruction by way of inserting the number of shares or by a cross in the space provided.

Signed at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 2015.

Signature(s) \_\_\_\_\_

Assisted by (where applicable) (state capacity and full name)

Each Zeder 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/her stead at the AGM.

## 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 AGM". The person whose name appears first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
2. A Zeder shareholder's instructions to the proxy 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 AGM, if he/she is the authorised proxy, to vote in favour of the resolutions at the AGM, or any other proxy to vote or to abstain from voting at the AGM 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 abstentions are recorded may not exceed the total of the votes exercisable by the shareholder or his/her proxy.
3. When there are joint registered holders of any shares, any one of such persons may vote at the AGM 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 AGM, that one of the said persons whose name stands first in the register in respect of such shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased shareholder, in whose name any shares stand, shall be deemed joint holders thereof.
4. Forms of proxy must be completed and returned to be received by the transfer secretaries of the company, Computershare Investor Services (Pty) Ltd (PO Box 61051, Marshalltown, 2107), by not later than 8:30 on Wednesday, 17 June 2015.
5. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company's transfer secretaries or waived by the chairman of the AGM.
7. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.

# ADMINISTRATION

## **DETAILS OF ZEDER INVESTMENTS LTD**

Registration number 2006/019240/06

Share code: ZED

ISIN code: ZAE000088431

## **SECRETARY AND REGISTERED OFFICE**

PSG Corporate Services (Pty) Ltd

Registration number 1996/004840/07

Ou Kollege

35 Kerk Street

Stellenbosch, 7600

PO Box 7403

Stellenbosch, 7599

Telephone +27 21 887 9602

Telefax +27 21 887 9619

## **TRANSFER SECRETARIES**

Computershare Investor Services (Pty) Ltd

Ground Floor

70 Marshall Street

Johannesburg, 2001

PO Box 61051

Marshalltown, 2107

## **CORPORATE ADVISOR AND SPONSOR**

PSG Capital (Pty) Ltd

## **AUDITOR**

PricewaterhouseCoopers Inc

## **PRINCIPAL BANKER**

FirstRand Ltd

## **WEBSITE ADDRESS**

[www.zeder.co.za](http://www.zeder.co.za)

# SHAREHOLDERS' DIARY

Financial year-end

Profit announcement

Annual general meeting

Interim profit announcement

## **2015**

28 February

8 April

19 June

5 October

[www.zeder.co.za](http://www.zeder.co.za)