COMMENTARY

RESULTS

Zeder invested a further R194,3m to increase its shareholding in existing investments during the period under review. Its investment portfolio now amounts to R2,7bn of which Kaap Agri and Capevin Holdings represent 70,8% (28 Feb 2011: 78,5%).

We believe the two key benchmarks to measure Zeder's performance by, are growth in its *recurring* headline earnings per share and sum of the parts ("SOTP") value per share, which increased by 2,7% and 1,3% respectively.

Zeder's *recurring* headline earnings are the sum of its effective interest in that of each of its underlying investments, regardless of its percentage shareholding. The result is that investments in which Zeder holds less than 20% and are generally not equity accountable in terms of accounting standards, are included in the calculation of our consolidated *recurring* headline earnings. This provides management and investors with a more realistic and simplistic way of evaluating Zeder's earnings performance.

Zeder's two largest indirect investments, namely Distell and Pioneer Foods, have shown little or no earnings growth. Zeder's *recurring* headline earnings and *recurring* headline earnings per share consequently increased by a modest 2,7% to R127,8m and 13,1 cents respectively.

Headline earnings per share decreased by 5,1% to 8,8 cents, and attributable earnings per share by 12,7% to 8,6 cents.

Pioneer Foods' results were negatively affected also as a result of the delayed price increase in the implementation of the gross profit reductions as agreed with the Competition Commission as part of the settlement reached in November 2010. The negative impact of same on Zeder's headline earnings was R20,6m.

Zeder's SOTP value per share, calculated using the quoted market prices for all over-the-counter ("OTC") traded unlisted investments, increased by 1,3% to R2,77 since year-end. The SOTP value is analysed in the table below:

	31 Aug 2011		28 Feb 2011	
Company	**Interest (%)**	**Rm**	Interest (%)	Rm
Kaap Agri	**44,5**	**1 342,8**	43,9	1 270,4
Capevin Holdings	**39,8**	**588,3**	39,5	691,3
Capespan	**39,0**	**285,8**	22,7	84,7
Suidwes	**23,4**	**80,8**	21,8	76,1
NWK	**8,9**	**61,1**	8,8	57,9
OVK	**9,6**	**35,9**	9,3	29,0
MGK	**26,7**	**27,3**	26,7	27,3
Agricol	**25,1**	**27,1**	25,1	27,1
Other		**277,6**		234,6
Total investments		**2 726,7**		2 498,4
Cash and cash equivalents		**15,4**		206,0
Other net liabilities		**(31,3)**		(28,6)
SOTP value		**2 710,8**		2 675,8
Shares in issue (m)		**978,1**		978,1
SOTP value per share (R)		**2,77**		2,74

Kaap Agri/Pioneer Foods

Zeder marginally increased its interest in Kaap Agri to 44,5% during the period under review. Kaap Agri continues to grow by establishing new operating outlets. Newly opened branches place Kaap Agri in a favourable position to expand its activities beyond its traditional areas of operation and client base.

An increase in costs, associated with the above-mentioned expansions, caused headline earnings from Kaap Agri's own operations to decline by 2,8% for the six months ended 31 March 2011.

Kaap Agri has a 31,1% economic interest in Pioneer Foods and recently announced that its own operational business will be split from its Pioneer Foods interest. Subsequent to the split, Zeder will be invested in two entities – one housing Kaap Agri's own operational business and the other the Pioneer Foods interest. Substantial value is expected to be unlocked in both of these entities.

Pioneer Foods recently released a trading statement indicating an anticipated decrease in its headline earnings for the year ended 30 September 2011 (excluding the effect of the aforementioned Competition Commission settlement). Volatile economic conditions, rising input costs and uncertain consumer spending patterns have led to a challenging trading environment.

Capevin Holdings

Capevin Holdings, with its core asset an effective interest of 14,8% in Distell, reported a 2,3% increase in headline earnings per share for the year ended 30 June 2011. Distell remains a consistent performer amidst tough economic conditions.

Subsequent to year-end, Zeder increased its interest in Capevin Holdings to 39,8% and accordingly now has an effective interest of 5,9% in Distell.

Capevin Holdings is underpinned by an attractive dividend yield in excess of 5%.

Capespan

During the period under review, Zeder made an offer to acquire the entire issued share capital of Capespan at R2,25 per share in cash. Through the offer and market purchases, Zeder has to date managed to increase its shareholding in Capespan from 22,7% to more than 40%.

Capespan turned a headline loss of R2,2m for the six months ended 30 June 2010 into a headline profit of R17,2m for the six months ended 30 June 2011. The increase can be attributed to a significant improvement in the operating profits of both the fruit and logistics divisions. The improvement in the logistics division is as a result of increased non-fruit activities in Capespan's port terminal operations.

The company continues to focus on growing its revenue and footprint of its core business. This, combined with the focus on disposing of non-core assets, will bring greater clarity and focus to improving Capespan's balance sheet.

Other investments

The rest of our investment portfolio delivered mixed results. We believe shareholder value can be created through increased tradability of these shares once share restrictions and holding structures have been relaxed.

PROSPECTS

We continue to believe that the agriculture, food and beverage sectors offer rewarding long-term investment opportunities.

DIVIDEND

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

Signed on behalf of the board

Jannie Mouton
Chairman

Antonie Jacobs
Chief executive officer

Stellenbosch
3 October 2011

ZEDER INVESTMENTS LIMITED Incorporated in the Republic of South Africa
Registration number: 2006/019240/06 JSE-share code: ZED ISIN code: ZAE000088431

DIRECTORS JF Mouton** *(Chairman)*, AE Jacobs* *(CEO)*, CA Otto**, WL Greeff* *(FD)*, MS du Pré le Roux[†], GD Eksteen[†], LP Retief[†], *(* executive ** non-executive [†] independent non-executive)*

SECRETARY AND REGISTERED OFFICE PSG Corporate Services (Pty) Ltd,
1st Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600, PO Box 7403, Stellenbosch, 7599

TRANSFER SECRETARIES Computershare Investor Services (Pty) Ltd,
70 Marshall Street, Johannesburg, 2001, PO Box 61051, Marshalltown, 2107

SPONSOR PSG Capital

ZEDER
INVESTMENTS LIMITED

INTERIM RESULTS

FOR THE SIX MONTHS ENDED **31 AUGUST 2011**

RECURRING HEADLINE EARNINGS PER SHARE
⬆ 2,7% to 13,1 cents

HEADLINE EARNINGS PER SHARE
⬇ 5,1% to 8,8 cents

SUM-OF-THE-PARTS VALUE PER SHARE
⬆ 1,3% to R2,77

CONDENSED GROUP INCOME STATEMENT

	Notes	Unaudited 31 Aug 2011 Rm	Unaudited 31 Aug 2010 Rm	Audited 28 Feb 2011 Rm
Income				
Investment income		**8,3**	13,0	22,8
Net fair value gains on financial instruments		**13,1**	4,3	32,0
Other operating income		**0,3**	0,4	0,8
Total income		**21,7**	17,7	55,6
Expenses				
Management fee	2	**(21,7)**	(26,2)	(53,2)
Other expenses		**(0,2)**		(0,2)
Total expenses		**(21,9)**	(26,2)	(53,4)
Share of profits of associated companies		**88,7**	106,9	199,8
Results of operating activities		**88,5**	98,4	202,0
Finance costs		**(1,8)**	(0,2)	(2,4)
Gain on disposal of investment in associated company				81,3
Profit before taxation		**86,7**	98,2	280,9
Taxation	3	**(2,5)**	(1,7)	(21,8)
Net profit for the period		**84,2**	96,5	259,1
Attributable to equity holders of the company		**84,2**	96,5	259,1
Non-headline items, net of taxation				
Interest in non-headline items of associated companies		**2,1**	(5,6)	(10,1)
Gain on disposal of investment in associated company				(65,6)
Impairment of investment in associated company				1,4
Headline earnings		**86,3**	90,9	184,8
Earnings per share (cents)				
Attributable (basic and diluted)		**8,6**	9,9	26,5
Headline (basic and diluted)		**8,8**	9,3	18,9
Recurring headline (basic and diluted)		**13,1**	12,7	27,1
Number of shares (million)				
In issue and weighted average		**978,1**	978,1	978,1

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 31 Aug 2011 Rm	Unaudited 31 Aug 2010 Rm	Audited 28 Feb 2011 Rm
Net profit for the period	**84,2**	96,5	259,1
Other comprehensive income for the period	**(8,8)**	(8,3)	19,8
Share of other comprehensive income/(loss) of associated companies	**5,0**	(8,7)	8,4
Other equity movements of associated companies	**(13,8)**	0,4	1,3
Disposal of investment in associated company			10,1
Total comprehensive income for the period	**75,4**	88,2	278,9

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Notes	Unaudited 31 Aug 2011 Rm	Unaudited 31 Aug 2010 Rm	Audited 28 Feb 2011 Rm
Assets				
Non-current assets		**2 581,7**	2 360,7	2 350,3
Investment in associated companies		**2 304,7**	2 127,9	2 143,6
Equity securities		**277,0**	232,8	206,7
Current assets		**23,1**	5,3	207,6
Trade and other receivables		**7,7**	3,3	1,6
Current income tax receivable			0,2	
Cash and cash equivalents		**15,4**	1,8	206,0
Total assets		**2 604,8**	2 366,0	2 557,9
Equity and liabilities				
Ordinary shareholders' equity		**2 558,1**	2 331,1	2 521,8
Total equity		**2 558,1**	2 331,1	2 521,8
Non-current liabilities				
Deferred income tax	3	**7,7**	3,4	5,9
Current liabilities		**39,0**	31,5	30,2
Borrowings		**10,1**	4,0	
Trade and other payables		**28,6**	27,5	30,2
Current income tax payable		**0,3**		
Total liabilities		**46,7**	34,9	36,1
Total equity and liabilities		**2 604,8**	2 366,0	2 557,9
Net asset/tangible asset value per share (cents)		**261,5**	238,3	257,8

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Unaudited 31 Aug 2011 Rm	Unaudited 31 Aug 2010 Rm	Audited 28 Feb 2011 Rm
Ordinary shareholders' equity at beginning of period	**2 521,8**	2 282,0	2 282,0
Total comprehensive income for the period	**75,4**	88,2	278,9
Dividend paid	**(39,1)**	(39,1)	(39,1)
Ordinary shareholders' equity at end of period	**2 558,1**	2 331,1	2 521,8

CONDENSED GROUP STATEMENT OF CASH FLOWS

	Unaudited 31 Aug 2011 Rm	Unaudited 31 Aug 2010 Rm	Audited 28 Feb 2011 Rm
Net cash flow from operating activities	**26,8**	7,5	27,0
Net cash flow from investment activities	**(188,4)**	(92,2)	96,5
Net cash flow from financing activities	**(29,0)**	(35,1)	(39,1)
Net (decrease)/increase in cash and cash equivalents	**(190,6)**	(119,8)	84,4
Cash and cash equivalents at beginning of period	**206,0**	121,6	121,6
Cash and cash equivalents at end of period	**15,4**	1,8	206,0

CONDENSED GROUP SEGMENTAL REPORT

	Unaudited 31 Aug 2011 Rm	Unaudited 31 Aug 2010 Rm	Audited 28 Feb 2011 Rm
Recurring earnings	**146,2**	145,9	316,8
Food and agri	**130,2**	120,6	256,5
Beverages	**16,0**	25,3	60,3
Net interest and other income and expenses	**4,0**	5,9	1,1
Management fee	**(21,7)**	(26,2)	(53,2)
Taxation	**(0,7)**	(1,1)	
Recurring headline earnings (note 6)	**127,8**	124,5	264,7
Non-recurring headline earnings, net of taxation (note 6)	**(41,5)**	(33,6)	(79,9)
Recurring earnings adjustment (food and agri), net of taxation	**(20,0)**	(32,3)	(28,3)
One-off items			
Pioneer Foods/Competition Commission settlement	**(20,6)**	(1,3)	(40,5)
Other	**(0,9)**		(11,1)
Headline earnings	**86,3**	90,9	184,8
Non-headline items, net of taxation	**(2,1)**	5,6	74,3
Attributable earnings	**84,2**	96,5	259,1
Recurring headline earnings per share (cents)	**13,1**	12,7	27,1
Segmental income reconciliation to investment income:			
Segmental income (note 6)	**107,5**	122,5	333,2
Food and agri	**91,5**	81,7	188,7
Beverages	**16,0**	40,8	144,5
Share of profits of associated companies included	**(88,7)**	(106,9)	(199,8)
Food and agri	**(72,7)**	(66,1)	(136,6)
Beverages	**(16,0)**	(40,8)	(63,2)
Gain on disposal of investment in associated company included – beverages			(81,3)
Net fair value gains on financial instruments included – food and agri	**(13,1)**	(4,3)	(32,0)
Interest income not included – unallocated	**2,6**	1,7	2,7
Investment income	**8,3**	13,0	22,8
Dividend income – food and agri	**5,7**	11,3	20,1
Interest income – unallocated	**2,6**	1,7	2,7

NOTES TO THE CONDENSED GROUP FINANCIAL STATEMENTS

1. Basis of presentation and accounting policies

The condensed interim group financial statements have been prepared in accordance with IAS 34 – *Interim Financial Reporting* and should be read in conjunction with the annual financial statements for the year ended 28 February 2011, which have been prepared in accordance with International Financial Reporting Standards (IFRS); including the AC 500 standards; the requirements of the South African Companies Act of 2008, as amended, and the Listings Requirements of the JSE Limited. The accounting policies applied in the preparation of these condensed interim group financial statements are consistent with those used in the previous financial year. No new standards, interpretations or amendments, which are relevant to the group's operations, became effective during the period.

NOTES TO THE CONDENSED GROUP FINANCIAL STATEMENTS
(continued)

Results of operating activities, as presented in the condensed group income statement, include share of profits of associated companies as a significant part of Zeder Investments Limited's ("Zeder") business activity is performed through associated companies. The comparatives have been presented on a consistent basis.

2. Management fee

A management fee is payable to PSG Group Limited ("PSG Group"), Zeder's ultimate holding company, in terms of a management agreement. In accordance with the management agreement, PSG Group provides all investment, administrative, advisory, financial and corporate services to Zeder.

Management fees payable consist of a base fee and a performance fee element. The base fee is calculated at 2% p.a. (exclusive of VAT) on the net asset value of the group (excluding cash) at the end of every month and 0,15% p.a. (exclusive of VAT) on the daily average cash balances. The base fee is accrued at the end of every month. The performance fee is calculated on the last day of the financial year at 10% p.a. on the outperformance of the group's equity portfolio above the equally weighted FTSE-JSE Beverage Total Return Index (TRI041) and the FTSE-JSE Food Producers Total Return Index (TRI043) over any financial year. No performance fee was payable for the year ended 28 February 2011.

3. Taxation

Deferred income tax is provided for on the fair value adjustments to the group's equity investment portfolio, using an effective capital gains tax rate of 14%. Taxable income is subjected to normal taxation at a rate of 28%.

4. Commitments and contingencies

The group has no capital commitments or contingent liabilities.

The Distell Group Limited group ("Distell") received an assessment from the South African Revenue Service for additional employees tax relating to Distell's share incentive scheme. Distell obtained legal and tax specialist opinions on this matter, which indicated that no provision is necessary and is in the process of formalising an objection to this assessment. Zeder's interest, through its shareholding in Capevin Holdings Limited, in the amount that is at risk is R3,1m (excluding penalties and interest).

5. Related-party transactions and balances

The management fee expense (note 2) was incurred with PSG Group, in terms of the existing management agreement, with the amount payable included under trade and other payables.

Borrowings relate to a loan from PSG Corporate Services (Proprietary) Limited ("PSG Corporate Services"), a fellow PSG Group subsidiary. During the period under review, PSG Corporate Services, through its corporate finance arm, provided additional professional services to the amount of R3,1m (including VAT), which was capitalised against investments in associated companies.

6. Segmental reporting

The group is organised into two reportable segments, namely food and agri, and beverages. These segments represent the major associate and equity investments of the group. Both segments operate mainly in the Republic of South Africa.

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, regardless of its percentage shareholding. The result is that equity investments which Zeder does not equity account 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 the investment income (as recognised in the income statement). Associated companies' one-off gains/losses are excluded from recurring headline earnings and included in non-recurring headline earnings.

Segmental income comprises dividends received and fair value gains and losses relating to equity securities, as well as income from associated companies and gains on disposal of interests in associated companies, as per the income statement.