

# INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 AUGUST 2009

## CONDENSED INCOME STATEMENT

for the six months ended 31 August 2009

	Notes	Unaudited 31 Aug 2009 Rm	31 Aug 2008 Rm	Audited 28 Feb 2009 Rm
<b>Income</b>				
Investment income		24,5	13,5	24,9
Fair value gains and losses on financial instruments		12,7	18,2	20,5
Other operating income		0,5	7,3	7,4
<b>Total income</b>		<b>37,7</b>	39,0	52,8
<b>Expenses</b>				
Management and other fees	3	(20,3)	(17,0)	(35,6)
Performance fee	3		(2,3)	(19,9)
Other			(2,4)	(2,4)
<b>Total expenses</b>		<b>(20,3)</b>	(19,3)	(57,9)
<b>Results of operating activities</b>		<b>17,4</b>	19,7	(5,1)
Finance costs		(0,5)		(3,6)
Share of profits of associated companies		66,1	79,1	175,0
<b>Net income before tax</b>		<b>83,0</b>	98,8	166,3
Taxation	4	(3,9)	(5,2)	2,3
<b>Net income of the group</b>		<b>79,1</b>	93,6	168,6
Attributable to equity holders of the company		79,1	93,6	168,6
Non-headline items	5	6,6	(10,5)	(15,2)
<b>Headline earnings</b>		<b>85,7</b>	83,1	153,4
<b>Earnings per share (cents)</b>				
– attributable/diluted attributable		10,1	15,4	27,7
– headline/diluted headline		10,9	13,7	25,2
<b>Dividend per share (cents)</b>				7,0
– final				7,0
<b>Number of shares (million)</b>				
– in issue		978,1	611,3	611,3
– weighted average		784,7	606,6	609,0

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Unaudited 31 Aug 2009 Rm	31 Aug 2008 Rm	Audited 28 Feb 2009 Rm
<b>Net income of the group</b>		<b>79,1</b>	93,6	168,6
Share of other comprehensive income of associated companies		(2,8)		6,1
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>76,3</b>	93,6	174,7
Attributable to equity holders of the company		76,3	93,6	174,7

## CONTRIBUTION TO HEADLINE EARNINGS

for the six months ended 31 August 2009

	Notes	Unaudited 31 Aug 2009 Rm	31 Aug 2008 Rm	28 Feb 2009 Rm
<b>Recurring headline earnings</b>		<b>74,8</b>	63,9	148,7
Equity accounted earnings from associates		72,8	68,6	159,8
Investment and other income		19,9	9,5	20,2
Management fee		(17,9)	(14,2)	(31,3)
<b>Non-recurring headline earnings</b>		<b>10,9</b>	19,2	4,7
Marked-to-market profits		10,9	15,6	18,6
Net underwriting fee (Pioneer & MGK)			3,6	3,6
Performance fee				(17,5)
<b>Total headline earnings</b>		<b>85,7</b>	83,1	153,4
<b>Statistics</b>				
Recurring HEPS (cents)		9,5	10,5	24,4

## CONDENSED STATEMENT OF FINANCIAL POSITION

at 31 August 2009

	Notes	Unaudited 31 Aug 2009 Rm	31 Aug 2008 Rm	Audited 28 Feb 2009 Rm
<b>ASSETS</b>				
Investment in associated companies	2	1 668,3	1 360,2	1 445,3
<b>Financial assets</b>				
Equity securities		182,1	272,6	249,2
Loans and advances				38,7
Income tax receivable	4	1,5		2,8
Receivables		0,4	0,3	0,7
Cash and cash equivalents		425,0	42,6	27,9
<b>Total assets</b>		<b>2 277,3</b>	1 675,7	1 764,6
<b>EQUITY</b>				
Ordinary shareholders' funds		2 250,4	1 644,4	1 725,4
<b>Total equity</b>		<b>2 250,4</b>	1 644,4	1 725,4
<b>LIABILITIES</b>				
Deferred income tax		1,7	7,6	
Income tax liabilities	4		6,7	
Trade and other payables		25,2	17,0	39,2
<b>Total liabilities</b>		<b>26,9</b>	31,3	39,2
<b>Total equity and liabilities</b>		<b>2 277,3</b>	1 675,7	1 764,6
<b>Net asset/tangible asset value per share (cents)</b>		<b>230,1</b>	269,0	282,0

## CONDENSED STATEMENT OF CHANGES IN OWNERS' EQUITY

for the six months ended 31 August 2009

	Notes	Unaudited 31 Aug 2009 Rm	31 Aug 2008 Rm	Audited 28 Feb 2009 Rm
<b>Ordinary shareholders' equity at beginning of period</b>		<b>1 725,4</b>	1 566,4	1 566,4
Net shares issued		491,5	14,7	14,6
Total comprehensive income		76,3	93,6	174,7
Dividend paid		(42,8)	(30,3)	(30,3)
<b>Ordinary shareholders' equity at end of period</b>		<b>2 250,4</b>	1 644,4	1 725,4

## CONDENSED STATEMENT OF CASH FLOWS

for the six months ended 31 August 2009

	Notes	Unaudited 31 Aug 2009 Rm	31 Aug 2008 Rm	Audited 28 Feb 2009 Rm
Cash (utilised in)/generated from operating activities		(9,0)	(16,9)	16,1
Taxation paid		(0,8)	(1,0)	(1,8)
<b>Net cash flow from operating activities</b>		<b>(9,8)</b>	(17,9)	14,3
<b>Net cash flow from investment activities</b>		<b>(80,4)</b>	(73,7)	(120,6)
<b>Net cash flow from financing activities</b>		<b>487,3</b>	(30,3)	(30,3)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>397,1</b>	(121,9)	(136,6)
Cash and cash equivalents at beginning of period		27,9	164,5	164,5
<b>Cash and cash equivalents at end of period</b>		<b>425,0</b>	42,6	27,9

Recurring headline earnings ↑ 17,1%

Recurring headline earnings per share ↓ 9,5%

Headline earnings per share ↓ 20,4%

Net asset value per share R2,30

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

for the six months ended 31 August 2009

### 1. Basis of presentation and accounting policies

The condensed interim consolidated financial statements have been prepared in terms of IAS 34 – *Interim Financial Reporting* and should be read in conjunction with the annual financial statements for the year ended 28 February 2009, which have been prepared in accordance with IFRS. The accounting policies applied in the preparation of the interim consolidated financial statements are consistent with those used in the previous year, except for the standards noted below which is effective for the financial year beginning 1 March 2009: IAS 1 (revised) – *Presentation of financial statements* and IFRS 8 – *Operating Segments*. The adoption of these standards has no material effect on the results, nor has it required any restatement of the results.

### 2. Investment in associated companies

	Unaudited 31 Aug 2009 Rm	31 Aug 2008 Rm	Audited 28 Feb 2009 Rm
Carrying value Unlisted	1 668,3	1 360,2	1 445,3

### 3. Management and performance fees

The management fee is calculated at 2% p.a. (exclusive of VAT) on the net asset value of the group (excluding cash) at the end of every month and 0,15% p.a. (exclusive of VAT) on the daily average cash balances. The management 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 net asset value above the equally weighted FTSE-JSE Beverage Total Return Index and FTSE-JSE Food Producers Total Return Index over any financial year. The performance fee is accrued at each year end.

### 4. Taxation

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

### 5. Non-headline items

	Unaudited 31 Aug 2009 Rm	31 Aug 2008 Rm	Audited 28 Feb 2009 Rm
Non-headline items of associated companies (after tax)	6,6	(10,5)	(15,2)

### 6. Commitments and contingencies

The company did not have any capital commitments or contingencies at 31 August 2009.

### 7. Related-party transactions

The fee expenses were incurred with PSG Group Limited in terms of agreements in place.

### Zeder Investments Limited

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

### Directors

JF Mouton (*chairman*), AE Jacobs\* (*CEO*), CA Otto, WL Greeff\* (*FD*), MS du Pré le Roux\*, GD Eksteen\*, LP Retief\* (\* *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 Tel 011 370 7700 Fax 011 688 7716

### Sponsor

PSG Capital

## COMMENTARY

Zeder raised R495 million by means of a rights offer at R1,35 per share during the period under review. The offer was oversubscribed by more than 40%. Zeder's current cash at hand, together with a R300 million funding facility, will provide it with the necessary resources to pursue attractive identified investment opportunities.

Zeder invests in businesses that offer value and have strong management teams. Its investment philosophy remains to add value to its underlying investments, to provide them with capital where appropriate and to support management. Zeder prefers not to be involved in its investments' operational decision making, unless it is strategically required or the operations do not perform satisfactorily.

### KWV restructuring

The performance of KWV's own operations has been unsatisfactory in the past. It is an asset rich business with significant potential. However, it always formed part of a larger group which had the luxury of an investment in the consistently performing Distell. The following table sets out a simplified breakdown of the old KWV Group's financial results:

Year ended	30 June 2009	30 June 2008
Headline earnings		
– Continuing own operations	(R17,9m)	R31,0m
– Distell	R158,0m	R153,8m
Equity		
– Own operations	R1 026,1m	R839,3m
– Distell	R710,9m	R735,7m
Return on Equity		
– Continuing own operations	(1,7%)	3,7%
– Distell	22,2%	20,9%

The inconsistent performance of KWV's own operational business and some corporate excesses necessitated a more business-like approach. Zeder as a large shareholder opted to act in the best interest of all shareholders and drove the split of KWV's own business from the Distell investment. The restructuring of the KWV Group consequently followed in terms of which its operational business was unbundled to shareholders in August 2009. Shareholders of the old KWV Group are now invested in two separate entities, namely:

– Capevin Holdings, with its core asset an effective interest of 15% in Distell; and  
– KWV Holdings, the operational entity and owner of the KWV operational business.

These two companies operate independently, each with a newly elected board of directors and chairman.

The advantages of the aforementioned unbundling include:

- A simplified group structure;
- The specific performance of KWV's own operations will from now on be evaluated separately;
- The full Distell dividend, via Capevin, will in future flow straight through to shareholders; and
- The board of KWV Holdings has been reduced from 16 to 10 members with a new chairman, Thys du Toit. In addition, the non-executive directors' fees have been reduced by 70%.

We believe with the changes made KWV Holdings should become a company yielding a satisfactory return on assets in future. It is currently undertaking a rights offer to raise R150 million to reduce financial risk and provide the company with a platform to pursue growth opportunities. Zeder has signalled its intent as a long-term investor by underwriting the offer together with Vinpro on a 78:22 basis.

### Kaap Agri

Zeder increased its stake in Kaap Agri to 35,7%. Both Kaap Agri's own operational business and its investment in Pioneer Foods are expected to deliver attractive returns.

## RESULTS

Recurring headline earnings increased by 17,1% to R74,8 million. However, recurring headline earnings per share decreased by 9,5% to 9,5 cents and reportable headline earnings per share by 20,4% to 10,9 cents per share. This was mainly attributable to the increased number of Zeder shares in issue after its aforementioned rights offer together with disappointing results from KWV's own operational business having made a headline loss of R17,9 million from its continuing operations for the year ended 30 June 2009.

Zeder presently equity accounts eight of its investments' headline earnings, which amounted to R72,8 million (2008: R68,6 million) for the period under review. Apart from KWV's operational business, all of the associated companies performed well amidst challenging economic conditions.

Subsequent to year-end, Zeder's investment portfolio increased by 9% to R1,85 billion, with its investments in Kaap Agri and Capevin Holdings currently representing approximately 75% of its portfolio. Zeder's net asset value per share was R2,30 as at 31 August 2009. The value per Zeder share at that date was R1,91, calculated using unlisted market prices. The book value of Zeder's investments in associated companies is tested for potential impairment at each reporting period. The directors are satisfied that the fair value of these investments exceeds book value.

## PROSPECTS

We remain bullish about the agricultural and related sectors. Zeder therefore continues to acquire related assets at a discount to its intrinsic value and, in so doing, should grow Zeder's recurring headline earnings and intrinsic value.

## DIRECTORS

Wynand Greeff and George Eksteen were appointed to Zeder's board as financial director (effective 21 May 2009) and as a non-executive director (effective 1 September 2009), respectively.

## DIVIDENDS

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

On behalf of the Board

### Jannie Mouton

Chairman

Stellenbosch

5 October 2009

### Antonie Jacobs

Chief executive officer