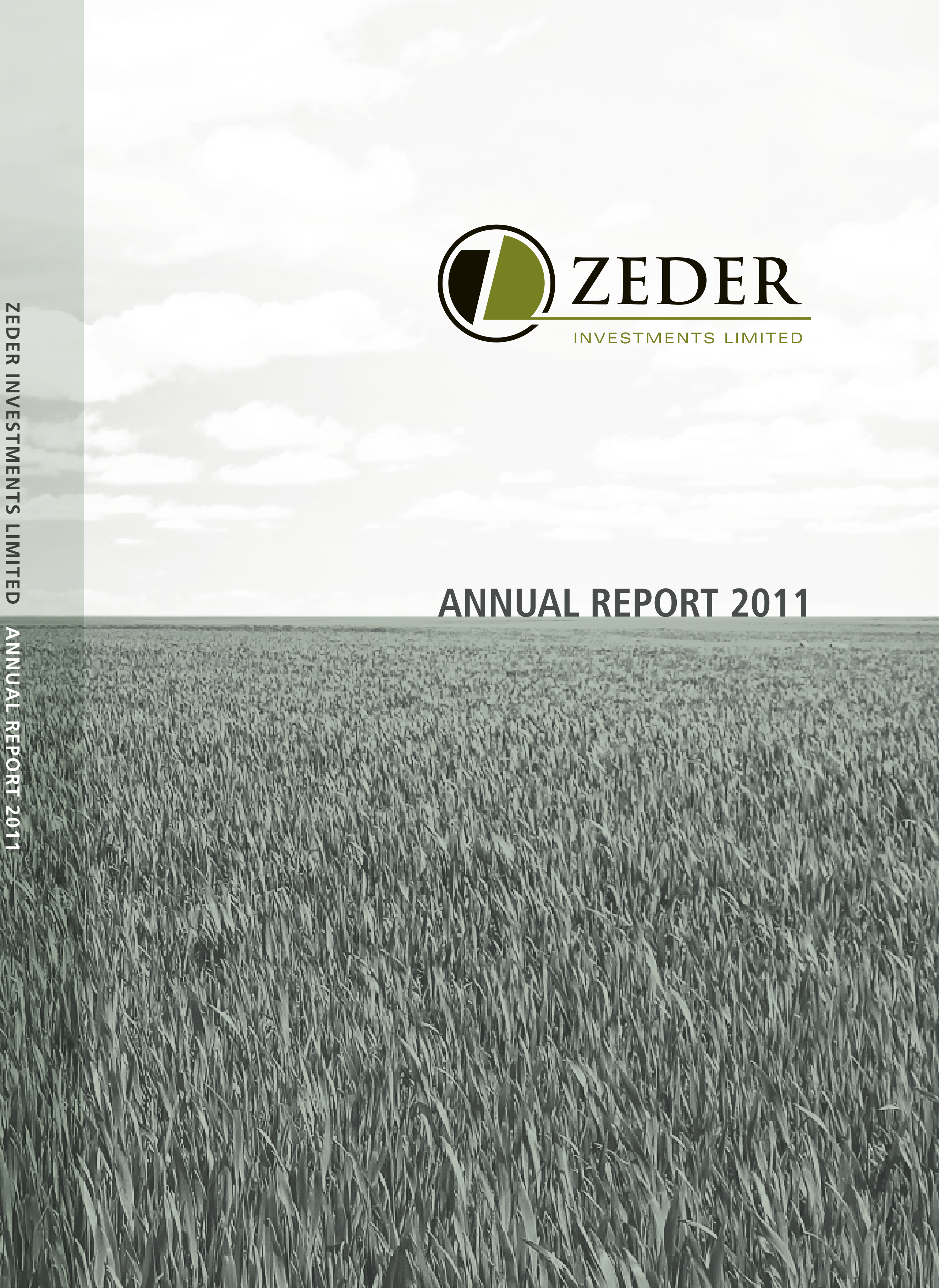

ZEDER INVESTMENTS LIMITED ANNUAL REPORT 2011

ZEDER
INVESTMENTS LIMITED

ANNUAL REPORT 2011

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ZEDER IS AN INVESTMENT COMPANY

WE FOCUS ON THE AGRICULTURE, FOOD AND BEVERAGE SECTORS

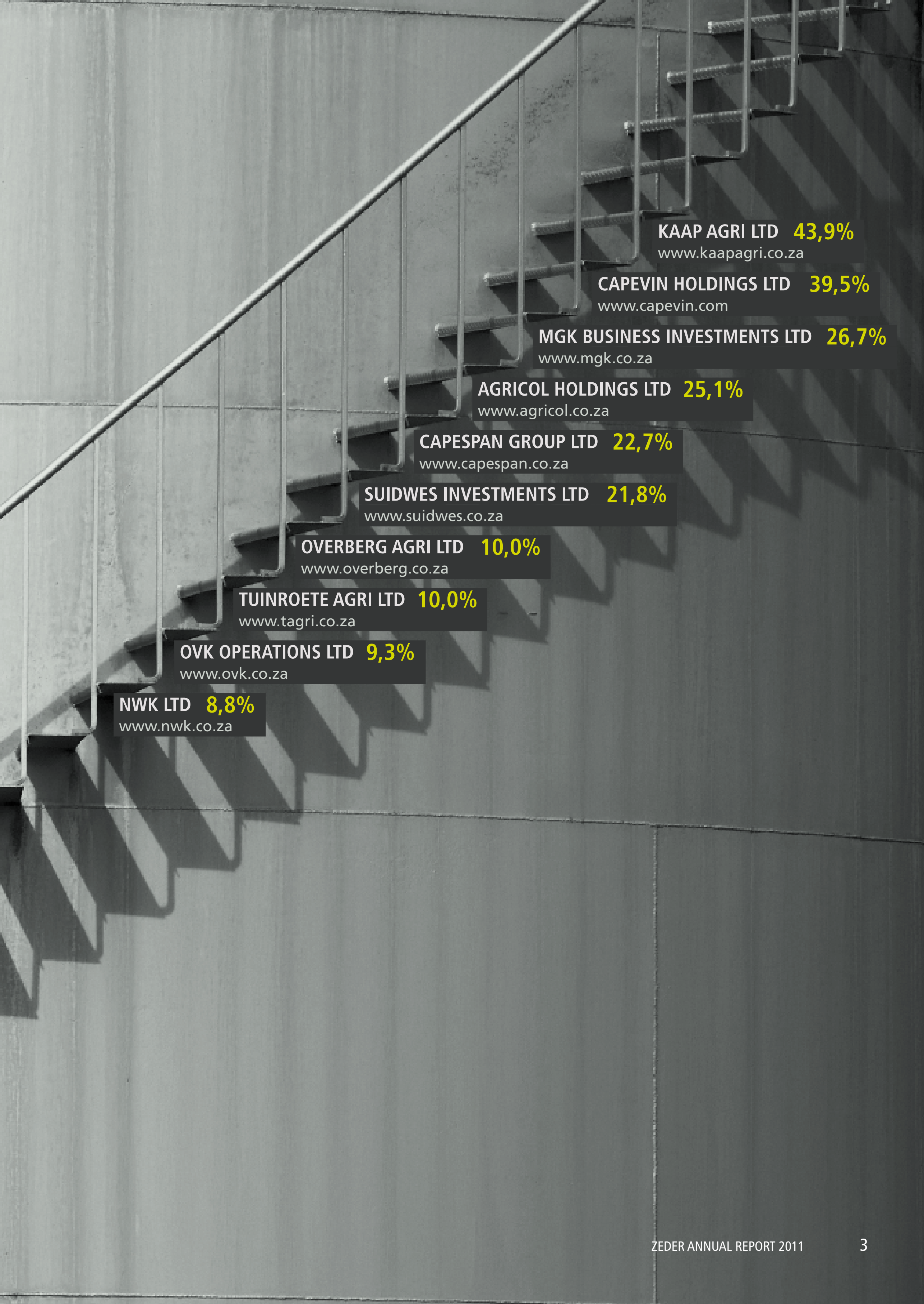
YEAR ENDED FEBRUARY	2009	2010	**2011**
Headline earnings (Rm)	153,4	152,1	**184,8**
Headline earnings per share (cents)	25,2	17,3	**18,9**
Recurring headline earnings (Rm)	196,0	208,1	**264,7**
Recurring headline earnings per share (cents)	32,2	23,6	**27,1**
Dividend per share (cents)	7,0	4,0	**4,0**

ZEDER IS A LONG-TERM VALUE INVESTOR

AN INVESTMENT IN ZEDER PROVIDES INVESTORS IN THE AGRI INDUSTRY WITH A GREATER GEOGRAPHICAL SPREAD AND DIVERSIFICATION

ZEDER SUBSCRIBES TO THE PHILOSOPHY OF BLACK ECONOMIC EMPOWERMENT (BEE) AND ENCOURAGES IT AT ALL OF ITS INVESTMENTS.

Zeder has participated and facilitated BEE transactions and has a strategic and trusted BEE partner which it can introduce to its investments.



KAAP AGRI LTD 43,9%
www.kaapagri.co.za

CAPEVIN HOLDINGS LTD 39,5%
www.capevin.com

MGK BUSINESS INVESTMENTS LTD 26,7%
www.mgk.co.za

AGRICOL HOLDINGS LTD 25,1%
www.agricol.co.za

CAPESPAN GROUP LTD 22,7%
www.capespan.co.za

SUIDWES INVESTMENTS LTD 21,8%
www.suidwes.co.za

OVERBERG AGRI LTD 10,0%
www.overberg.co.za

TUINROETE AGRI LTD 10,0%
www.tagri.co.za

OVK OPERATIONS LTD 9,3%
www.ovk.co.za

NWK LTD 8,8%
www.nwk.co.za

THE ZEDER BOARD OF DIRECTORS HAS A WEALTH OF KNOWLEDGE AND EXPERIENCE

ZEDER IS MANAGED BY PSG GROUP LTD IN TERMS OF A MANAGEMENT AGREEMENT AND ADHERES TO PSG GROUP'S CORPORATE GOVERNANCE POLICIES

Johannes Fredericus Mouton
CHAIRMAN
(64), BCom (Hons), CA(SA), AEP
Directorships: Non-executive chairman of PSG Group Ltd, non-executive director of Steinhoff International Holdings Ltd and Pioneer Food Group Ltd.
Summary of curriculum vitae
Mr Mouton is the founder of PSG. He also serves as a trustee of trusts and investment funds of the Stellenbosch University. Prior to the establishment of PSG, he co-founded and served as managing director of the stockbroking firm SMK. He was directly involved in the establishment of both Capitec Bank and Zeder.

Antonie Egbert Jacobs
CHIEF EXECUTIVE OFFICER
(46), BAcc, BCompt (Hons), CA(SA), MCom (Tax), LLB
Directorships: Non-executive director of Capespan Group Ltd, MGK Business Investments Ltd and Pioneer Food Group Ltd.
Summary of curriculum vitae
Mr Jacobs has many years experience in an investment management capacity in the agricultural sector. He was the managing director of KLK and financial director of Winecorp and Spier Holdings.

George Douglas Eksteen
NON-EXECUTIVE DIRECTOR ^
(69)
Summary of curriculum vitae
Mr Eksteen farms in the Malmesbury area. He is currently the chairman of Kaap Agri Ltd and also serves on the board of Pioneer Food Group Ltd.

Wynand Louw Greeff
FINANCIAL DIRECTOR
(41), BCompt (Hons), CA(SA)
Summary of curriculum vitae
Mr Greeff has been involved within the PSG group since 2002 and is the financial director of PSG Group Ltd. He serves on various boards within PSG.

Michiel Scholtz du Pré le Roux
NON-EXECUTIVE DIRECTOR ^
(61), BCom, LLB
Directorships: Non-executive chairman of Capitec Bank Holdings Ltd.
Summary of curriculum vitae
Mr le Roux was managing director of Distillers Corporation (SA) Ltd from 1979 to 1993, and from 1995 to 1998 managing director of Boland Bank, NBS Boland and BoE Bank. He is one of the founding members of Capitec Bank.

Chris Adriaan Otto
NON-EXECUTIVE DIRECTOR
(61), BCom, LLB
Directorships: Non-executive director of PSG Group Ltd, Capitec Bank Holdings Ltd, Capevin Holdings Ltd, Capevin Investments Ltd, Distell Group Ltd and Kaap Agri Ltd.
Summary of curriculum vitae
Mr Otto has been a director of PSG since 1996. He has been directly involved in the establishment of Capitec Bank and Zeder. He has played an integral role in the establishment and management of PSG and its various operating subsidiaries.

Lambert Phillips Retief
NON-EXECUTIVE DIRECTOR ^
(58), BCom (Hons), CA(SA), OPM (HBS)
Directorships: Non-executive chairman of Paarl Media Holdings (Pty) Ltd, non-executive director of Media24 Ltd and Naspers Ltd.
Summary of curriculum vitae
Mr Retief has been involved in the printing and publishing business since 1978. He is a past chairman of the Provincial Press Association and current president of the Printing Industry Federation of South Africa. He is also a director of various investment companies.

^ *Independent*

WE BELIEVE THAT AGRICULTURAL COMPANIES OFFER REWARDING INVESTMENT OPPORTUNITIES

THROUGH OUR CLOSE ASSOCIATION WITH BUSINESS LEADERS IN THE AGRI ENVIRONMENT, WE HAVE GAINED SUBSTANTIAL EXPERIENCE AND KNOWLEDGE OF THE OPPORTUNITIES AND CHALLENGES THAT IS CHARACTERISTIC OF THIS SECTOR

It is expected that the world food demand will double in the next 30 years and Western diets will gain popularity. According to current forecasts, the world's population will rise from 6bn at present to 8,5bn by 2025. There is a strong correlation between advancements in prosperity and protein consumption. China has doubled their meat consumption in the past two decades and built a livestock and meat industry within five years – it took the United States 50 years.

Capespan, one of our investment companies, made a 25% investment in Golden Wing Mau in China. This adds to existing investments in Hong Kong, Japan and Russia. More fruit was exported from South Africa to Russia in 2010 than ever before. Offering the most sought after brands, Capespan is the preferred partner of the largest importers into Russia and Ukraine.

There is huge potential for sub-Saharan Africa to play an important agricultural role in the world. In recent years Africa has seen a surge of foreign investors, primarily from the Middle East and China, lining up to purchase or lease large tracks of farmland to produce crops for export to their own countries. "Twenty-five years ago the world came together to try to feed Africa; in twenty-five years' time Africa could feed the world" – Hilary Benn.

Zeder and its current investments are well positioned to benefit from this focus on world food demand and the related role that Africa can play.

INVESTMENT PHILOSOPHY

Zeder is a long-term value investor in companies in the agriculture, food and beverage sectors with the following characteristics:

- Management with a proven track record
- High barriers to entry
- Unique product (brand)
- Simple (easy to understand)
- Focused
- Scalable
- Discount to intrinsic value
- Low price/earnings multiples and price/book ratios

INVESTMENT STRATEGY DURING THE YEAR UNDER REVIEW

During the year under review, Zeder invested R211,8m to increase our interests in already existing investments trading at attractive values. Zeder's investment portfolio increased to R2,5bn of which Kaap Agri and Capevin Holdings represent 78%.

The table below illustrates how Zeder has invested its cash. In the past year, Zeder's sum-of-the-parts (SOTP) value per share (calculated using the quoted market prices for all OTC-traded unlisted investments) increased by 29,9% to R2,74. The SOTP value is analysed in the table below:

	28 February 2009		28 February 2010		28 February 2011				
Investment	Interest %	Rm	Interest %	Rm	**Interest %**	**Rm**	**Total amount invested**	P/E	P/NAV
Kaap Agri	34,3	437,2	41,3	812,8	**43,9**	**1 270,4**	**72,2**	8,4	1,3
KWV Holdings *			31,3	214,6			**26,6**	13,0	0,6
Capevin Holdings *	25,7	413,7	37,0	552,5	**39,5**	**691,3**	**37,7**	11,6	2,0
MGK	26,7	27,3	26,7	27,3	**26,7**	**27,3**			
Agricol	20,0	9,8	20,3	10,1	**25,1**	**27,1**	**5,0**	5,3	1,0
KLK	10,0	2,6	10,0	4,3					
Capespan	12,1	49,8	14,6	54,5	**22,7**	**84,7**	**31,2**	5,6	0,5
Suidwes	17,1	47,1	18,4	53,4	**21,8**	**76,1**	**13,1**	5,0	0,7
NWK	5,9	31,9	7,4	42,1	**8,8**	**57,9**	**7,9**	4,3	0,6
OVK	9,0	22,5	9,2	27,3	**9,3**	**29,0**	**0,3**	4,9	0,7
BKB	3,5	7,7	3,7	8,2					
Tuinroete Agri	10,0	12,2	10,0	10,7	**10,0**	**10,0**			
Overberg Agri			10,0	41,1	**10,0**	**65,8**			
Other		80,6		106,7		**158,8**	**17,8**		
Total investments		**1 142,4**		**1 965,6**		**2 498,4**	**211,8**		
Cash and cash equivalents		27,9		121,6		**206,0**			
Other net assets/(liabilities)		3		(20,9)		**(28,6)**			
SOTP value		**1 173,3**		**2 066,3**		**2 675,8**			
Shares in issue (m)		611,3		978,1		**978,1**			
SOTP value per share (R)		1,92		2,11		**2,74**			
Intrinsic value per share (R)		2,85		2,68		**3,14**			

** KWV Holdings unbundled from Capevin Holdings (July 2009) and disposed of (February 2011).*

The intrinsic value per share increases to R3,14 per share if the see-through value (at market prices, net of CGT) of Distell at Capevin Holdings and Pioneer Foods at Kaap Agri and Overberg Agri are taken into consideration.

During the year, we refined our portfolio and sold our stakes in KLK and BKB for an annualised return on investment of 12,3% and 15,9% respectively. We also disposed of our entire interest in KWV Holdings for R286m. This, combined with the current market value of the retained interest in Capevin Holdings and dividends received over the investment period, represents an annualised return on investment of 18,8%.

KEY OPERATIONAL DEVELOPMENTS

Kaap Agri/Pioneer Foods

Zeder increased its interest in Kaap Agri from 41,3% to 43,9% during the past year. Kaap Agri's own operations, together with its 31,2% economic interest in Pioneer Foods, continued to deliver attractive results.

During November 2010, Pioneer Foods and the Competition Commission announced the final penalty settlement figure of R855m emanating from the investigation into bread and milling price irregularities. Pioneer Foods engaged proactively with the Competition Commission to resolve the matter as amicably and quickly as possible. Zeder's share of the non-recurring penalty had a negative impact of R40,5m on both headline and attributable earnings in the current financial year.

Excluding the effects of the penalty, Pioneer Foods' headline earnings per share increased by 42% for their financial year ended 30 September 2010. Zeder remains positive about Pioneer Foods' future.

Capevin Holdings (Distell)/KWV Holdings

The history can be summarised as follows:

- Before July 2009, KWV housed KWV's own operational assets together with an indirect interest in Distell.
- During July 2009, KWV's own operations (transferred to a newly created KWV Holdings) were unbundled to existing shareholders of KWV.
- Zeder was instrumental in unbundling KWV's operational assets from the Distell interest, primarily to create shareholder value and to ensure that the management of KWV focuses on the profitability of KWV's own operations.
- Subsequent to the unbundling, KWV changed its name to Capevin Holdings and accordingly shareholders were now invested in two entities, being Capevin Holdings (indirect interest in Distell) and KWV Holdings (KWV's own operational assets).
- For each KWV share held on 30 June 2009, trading at R3,90, the combined market value of the Capevin Holdings and KWV Holdings shares received from the unbundling amounted to R5,05 at 28 February 2011. This represents a 29,5% growth in shareholder value.

Subsequent to the unbundling, Zeder increased its interest in KWV Holdings to 35,3%. Although KWV Holdings is asset rich, its performance was disappointing with their interim results to 31 December 2010 implying a return on equity of about 1%. Pioneer Foods made a bid for KWV Holdings' entire share capital, which Zeder supported, believing it to be a fair offer and, amongst other things, a perfect fit in obtaining distribution synergies. Following the failed bid, we sold our entire interest in KWV Holdings to Hosken Consolidated Investments and other parties at an average price of R11,82 per share.

Zeder remains invested in Capevin Holdings and has increased its interest to 39,5%. Capevin Holdings, through its 14,8% indirect interest in Distell, recently reported interim results reflecting a 3% increase in headline earnings per share. This increase is considered encouraging, taking into account the continuing difficult economic conditions and adverse exchange rates.

Capespan

Zeder increased its stake in Capespan from 14,6% to 22,7% during the year under review.

Capespan performed well and their attributable earnings per share, adjusted to exclude extraordinary items, increased by 18% for their financial year ended 31 December 2010.

Capespan is underpinned by an attractive dividend yield of 6,8%, and we remain optimistic about its growth potential.

Other investments

Although small when compared to the above companies, the rest of our investment portfolio continues to yield attractive returns. We believe shareholder value can be created through increased tradability of these shares once share restrictions and holding structures have been relaxed.

FINANCIAL RESULTS

Zeder had a satisfactory year ended 28 February 2011. The two key benchmarks we use to measure performance is our growth in recurring headline earnings per share and in our SOTP value per share, which increased by 14,8% and 29,9% respectively.

Year ended February	2008	Change %	2009	Change %	2010	Change %	2011
Recurring headline earnings per share (cents)	20,4	58,0	32,2	(26,7)	23,6	14,8	**27,1**
Recurring headline earnings (Rm)	118,8	65,0	196,0	6,2	208,1	27,2	**264,7**
Headline earnings per share (cents)	35,4	(28,8)	25,2	(31,3)	17,3	9,2	**18,9**
Headline earnings (Rm)	206,5	(25,7)	153,4	(0,9)	152,1	21,5	**184,8**
SOTP value per share (R)	2,16	(11,0)	1,92	9,9	2,11	29,9	**2,74**
Intrinsic value per share (R)	2,53	12,6	2,85	(6,0)	2,68	17,2	**3,14**
NAV per share (R)	2,59	8,9	2,82	(17,4)	2,33	10,5	**2,58**
Dividend per share (cents)	5,0	40,0	7,0	(42,9)	4,0	–	**4,0**
Number of shares in issue (m)	605,1	1,0	611,3	60,0	978,1	–	**978,1**
Weighted number of shares (m)	582,8	4,5	609,0	44,6	880,6	11,1	**978,1**

Zeder's recurring headline earnings is 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 usually 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.

Recurring headline earnings increased by 27,2% to R264,7m and recurring headline earnings per share by 14,8% to 27,1 cents for the year under review. Headline earnings per share increased by 9,2% to 18,9 cents, and attributable earnings per share by 89,3% to 26,5 cents. The significant increase in attributable earnings per share was mainly as a result of the R65,6m non-headline profit on the disposal of Zeder's interest in KWV Holdings.

PROSPECTS

Zeder remains confident in the continued importance of the agriculture, food and beverage sectors and will continue investing in such. Current cash of R206m and funding resources of R250m provide Zeder with the necessary means to continue acquiring assets at low price-earnings multiples and price-to-book values.

THANKS

We would like to thank our fellow Zeder board members and management team for their team spirit and hard work. A special word of thanks to the investment companies, their boards and management teams. May you continue to grow beyond expectations. Lastly, to our shareholders, we sincerely appreciate your loyalty and commitment.

Jannie Mouton
Chairman

Antonie Jacobs
Chief executive officer

COMPANIES IN ZEDER'S PORTFOLIO HAVE PROMISING ASSET VALUES, WELL-ESTABLISHED BRANDS, AND GOOD MANAGEMENT IN PLACE

OUR INVESTMENTS
ARE ESTABLISHED BUSINESSES

CORPORATE GOVERNANCE

Zeder is managed by PSG Group Ltd ("PSG Group") in terms of a management agreement and adheres to PSG Group's corporate governance policies (for more detail regarding these, refer to PSG Group's annual report at *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 been applied accordingly during the year under review. The group's major associated companies are similarly committed having, inter alia, their own audit and risk, and remuneration committees.

Due to the size and nature of the company, the board does not consider application of all 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.

BOARD OF DIRECTORS

There is a clear division of responsibility at board level to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making. The Zeder board of directors remains autonomous, albeit that there is a management agreement in place between Zeder and PSG Corporate Services (Pty) Ltd ("PSG Corporate Services"). Details of Zeder's directors are provided on pages 5 and 20 of this annual report. The independence of 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 lll, all of the non-executive directors are independent of thought and action. The board believes that all directors should own shares in the company. A director, as a shareholder, will thus share proportionally in the consequences of any good or bad decisions.

The board met four times during the past year as set out in the table below. Mr JF Mouton fills the role of non-executive chairman, Mr AE Jacobs that of chief executive officer and Mr WL Greeff that of financial director. At the next board meeting, consideration will be given to the appointment of a lead independent director.

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.

Due to the nature and size of the business, 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'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 accordance with the company's memorandum of incorporation, Messrs JF Mouton and CA Otto retire by rotation and have offered themselves for re-election at the annual general meeting. Brief curricula vitae for these two directors are included on page 5 of this annual report.

Board attendance	12 April 2010	13 July 2010	4 October 2010	14 February 2011
JF Mouton (chairman)	√	√	√	√
GD Eksteen	√	√	√	√
WL Greeff	√	√	√	√
AE Jacobs	√	√	√	√
MS du Pré le Roux	√	√	√	√
CA Otto	√	√	√	√
LP Retief	*A*	√	√	√

√ – Present

A – Absent with apology

The board's key roles and responsibilities are:

- Promoting the interests of stakeholders
- Formulation and approval of strategy
- Retaining effective control
- Ultimate accountability and responsibility for the performance and affairs of the company

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

The board has appointed an audit and risk committee consisting of three independent non-executive directors, namely Messrs LP Retief (chairman), MS du Pré le Roux and GD Eksteen. Messrs Retief and Le Roux have been members for more than four years and Mr Eksteen has been a member for the past year and a half. The audit and risk committee met on 12 April 2010 and 4 October 2010.

Audit and risk committee attendance	12 April 2010	4 October 2010
GD Eksteen	√	√
MS du Pré le Roux	√	√
LP Retief (chairman)	*A*	√

√ – Present

A – Absent with apology (Mr Le Roux chaired the meeting in Mr Retief's absence)

The audit and risk committee has formal terms of reference and their report is on page 18 of this annual report.

The board has not appointed a remuneration committee as PSG Corporate Services fulfils this role in terms of the management agreement. The remuneration paid to Messrs AE Jacobs, GD Eksteen, MS du Pré le Roux and LP Retief is disclosed in the directors' report on page 21 of this annual report. Messrs WL Greeff, JF Mouton and CA Otto received remuneration from PSG Group for services rendered to PSG Group and its subsidiaries in general.

EXECUTIVE COMMITTEE

The executive committee responsible for the management of Zeder comprises Messrs JF Mouton (chairman), WL Greeff, JA Holtzhausen, AE Jacobs, WJS Meyer, PJ Mouton and CA Otto. 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 whose report is included on page 18 of this report.

Based on the functions performed by the audit committee and PSG Corporate Services, in terms of the management agreement, the board is confident that the system of internal controls and current risk management processes are effective and aligned with 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 committee believes that certain governance mechanisms are not warranted. These include implementation of a combined assurance model, implementation of an IT governance framework and obtaining assurance on the effectiveness of the risk management process.

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 are insignificant. The board is accordingly satisfied that the current systems of IT governance are appropriate.

INTEGRATED REPORTING AND DISCLOSURE

Zeder is a passive investment company that rarely gets involved in the management of its underlying investments. 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 regarding sustainability reporting and disclosure, to the extent appropriate to their business.

Going forward, Zeder will apply the principles of integrated reporting at company level to the extent that such principles are considered appropriate.

SOCIAL RESPONSIBILITY

Zeder also subscribes to the philosophy of black economic empowerment (BEE) and encourages its investments to undertake BEE initiatives too. Zeder has participated 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 is therefore focused on these groups and 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.

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REPORT OF THE AUDIT AND RISK COMMITTEE

for the year ended 28 February 2011

The Audit and Risk Committee ("the committee") reports that it has considered the matters set out in section 270A(5) of the Companies Act, 61 of 1973, as amended by the Corporate Laws Amendment Act, 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.

The committee has satisfied itself 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 stipulating, 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 has evaluated the financial statements of Zeder Investments Ltd and the group for the year ended 28 February 2011 and, based on the information provided to the committee, considers that the group complies, in all material respects, with the requirements of the Companies Act, 61 of 1973, as amended, and International Financial Reporting Standards.

LP Retief
Chairman

11 April 2011
Stellenbosch

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2011

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 group. The external auditor is responsible for independently auditing and reporting on the fair presentation of these annual financial statements. The directors fulfil this responsibility primarily by establishing and maintaining accounting systems and practices adequately supported by internal accounting 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 are prepared in accordance with International Financial Reporting Standards and incorporate full and reasonable disclosure. Appropriate and recognised accounting policies are consistently applied.

The audit and risk committee of the group meets regularly with the external auditor, as well as 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 financial statements are prepared on the going concern basis, since the directors have every reason to believe that the group has adequate resources to continue for the foreseeable future.

The annual financial statements set out on pages 20 to 52 were approved by the board of directors of Zeder Investments Ltd and are signed on its behalf by:

JF Mouton
Chairman

AE Jacobs
Chief executive officer

11 April 2011
Stellenbosch

INDEPENDENT AUDITOR'S REPORT
to the members of Zeder Investments Ltd

We have audited the group annual financial statements and annual financial statements of Zeder Investments Ltd, which comprise the consolidated and separate statements of financial position as at 28 February 2011, and the consolidated and separate income statements and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 20 to 52.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS
The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

OPINION
In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Zeder Investments Ltd as at 28 February 2011, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc
Director: HD Nel
Registered auditor

11 April 2011
Cape Town

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 and that all such returns are true, correct and up to date.

Wessels

PSG Corporate Services (Pty) Ltd
Per A Wessels
Company secretary

11 April 2011
Stellenbosch

DIRECTORS' REPORT
for the year ended 28 February 2011

OVERVIEW
Zeder Investments Ltd is a long-term value investor with a portfolio comprising unlisted agriculture, food and beverage investments, of which Kaap Agri Ltd and Capevin Holdings Ltd represent some 78%.

During the year under review, Zeder invested R211,8m to increase its interest in already existing investments trading at attractive values, and disposed of its entire interest in KWV Holdings Ltd for R286m cash.

Effective 1 September 2010, the group undertook an internal restructuring, whereby the company disposed of its entire long-term investment portfolio and other assets and liabilities to Zeder Financial Services Ltd. Zeder Financial Services Ltd is a wholly owned subsidiary of the company, and accordingly the group retained control over all assets and liabilities. Refer to note 1 to the annual financial statements for more detail.

RESULTS
Recurring headline earnings increased by 27,2% to R264,7m and recurring headline earnings per share by 14,8% to 27,1 cents for the year under review. Headline earnings per share increased by 9,2% to 18,9 cents and attributable earnings per share by 89,3% to 26,5 cents. The significant increase in attributable earnings per share was mainly as a result of the R65,6m non-headline profit on the disposal of KWV Holdings Ltd.

SHARE CAPITAL
During the year under review, the number of shares in issue remained constant at 978 088 517. Details regarding the authorised and issued share capital are disclosed in note 6 to the annual financial statements.

DIVIDEND
A dividend of 4 cents per share (2010: 4 cents) has been declared by the directors.

EVENTS SUBSEQUENT TO THE REPORTING DATE
The directors are not aware of any matter or event which is material to the financial affairs of the group that has occurred between the reporting date and the date of approval of these annual financial statements.

DIRECTORS
No changes occurred to the board of directors during the year under review. The directors of the company at the date of this report were:

Executive	Non-executive
WL Greeff	JF Mouton (chairman)
AE Jacobs	GD Eksteen *
	MS du Pré le Roux *
	CA Otto
	LP Retief *
	** Independent*

DIRECTORS (continued)

Directors' emoluments are paid by PSG Group in terms of the management agreement (refer note 13 to the annual financial statements). Directors' emoluments include the following cash-based remuneration:

	Basic salary R000	Company contributions R000	Performance-related R000	Fees R000	Total 2011 R000	Total 2010 R000
Executive						
AE Jacobs	1 278	18	200		**1 496**	1 368
Non-executive						
GD Eksteen				83	**83**	12
MS du Pré le Roux				95	**95**	95
LP Retief				100	**100**	100
	1 278	18	200	278	**1 774**	1 575

Mr AE Jacobs is the holder of 320 028 PSG Group share options, issued in separate tranches at an average strike price of R19,11 each. Each tranche of these options vests over a period of five years, and the related costs are carried by PSG Group in terms of the management agreement.

Messrs WL Greeff, JF Mouton and CA Otto receive directors' emoluments from PSG Group for services rendered to PSG Group and its subsidiaries.

SHAREHOLDING OF DIRECTORS

28 February 2011	**Beneficial Direct**	**Beneficial Indirect**	**Non-beneficial Direct**	**Non-beneficial Indirect**	**Total shareholding Number**	**Total shareholding %**
AE Jacobs		**130 000**			**130 000**	**0,013**
WL Greeff	**80 000**				**80 000**	**0,008**
JF Mouton				**80 000**	**80 000**	**0,008**
MS du Pré le Roux				**250 000**	**250 000**	**0,026**
CA Otto				**80 000**	**80 000**	**0,008**
	80 000	**130 000**	**–**	**410 000**	**620 000**	**0,063**

The shareholding of directors remained unchanged for the year under review and up to the date of these annual financial statements. Also refer to the shareholder analysis in note 22 to the annual financial statements.

SECRETARY

The secretary of the company is PSG Corporate Services (Pty) Ltd, with the following business and postal addresses:

1st Floor, Ou Kollege
35 Kerk Street
Stellenbosch, 7600

PO Box 7403
Stellenbosch, 7599

AUDITOR

PricewaterhouseCoopers Inc will continue in office in accordance with section 270(2) of the Companies Act of South Africa.

STATEMENTS OF FINANCIAL POSITION
at 28 February 2011

		GROUP		COMPANY	
		2011	2010	**2011**	2010
	Notes	**R000**	R000	**R000**	R000
ASSETS					
Non-current assets		**2 350 290**	2 182 987	**2 117 521**	1 772 855
Investment in subsidiary	1			**2 117 521**	
Investment in associated companies	2	**2 143 608**	1 967 800		1 557 668
Equity securities	3	**206 682**	215 187		215 187
Current assets		**207 611**	121 845	**–**	121 845
Trade and other receivables	4	**1 602**	42		42
Current income tax receivable		**9**	196		196
Cash and cash equivalents	5	**206 000**	121 607		121 607
Total assets		**2 557 901**	2 304 832	**2 117 521**	1 894 700
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	6	**9 781**	9 781	**9 781**	9 781
Share premium		**1 730 071**	1 730 089	**1 730 071**	1 730 089
Other reserves		**10 100**	(9 692)		
Retained earnings		**771 830**	551 834	**351 959**	132 010
		2 521 782	2 282 012	**2 091 811**	1 871 880
Non-current liabilities					
Deferred income tax	7	**5 899**	1 667		1 667
Current liabilities		**30 220**	21 153	**25 710**	21 153
Borrowings	8		31	**25 677**	31
Trade and other payables	9	**30 220**	21 122	**33**	21 122
Total equity and liabilities		**2 557 901**	2 304 832	**2 117 521**	1 894 700

INCOME STATEMENTS
for the year ended 28 February 2011

		GROUP		COMPANY	
		2011	2010	**2011**	2010
	Notes	**R000**	R000	**R000**	R000
Income					
Investment income	10	**22 794**	41 169	**31 918**	83 560
Net fair value gains	11.1	**32 032**	15 220	**251 147**	15 220
Other operating income	12	**782**	1 129	**350**	1 129
Total income		**55 608**	57 518	**283 415**	99 909
Expenses					
Management fee	13	**(53 178)**	(40 713)	**(26 222)**	(40 713)
Other		**(233)**	(86)	**(13)**	(86)
Total expenses		**(53 411)**	(40 799)	**(26 235)**	(40 799)
Share of profits of associated companies	2	**199 756**	128 551		
Results of operating activities		**201 953**	145 270	**257 180**	59 110
Finance cost	14	**(2 346)**	(539)	**(198)**	(539)
Loss on dilution of interest in associated company	2		(17 548)		
Gain on disposal of investment in associated company	11.2	**81 342**			
Profit before taxation		**280 949**	127 183	**256 982**	58 571
Taxation	15	**(21 829)**	(3 542)	**2 091**	(3 542)
Profit for the year		**259 120**	123 641	**259 073**	55 029
Attributable to equity holders of the company		**259 120**	123 641	**259 073**	55 029
Earnings per share (cents)	20				
Attributable – basic and diluted		**26,5**	14,0		
Headline – basic and diluted		**18,9**	17,3		

STATEMENTS OF COMPREHENSIVE INCOME
for the year ended 28 February 2011

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R000	R000	**R000**	R000
Profit for the year	**259 120**	123 641	**259 073**	55 029
Other comprehensive income/(loss), net of taxation	**19 792**	(15 768)	**–**	(398)
Share of other comprehensive income/(loss) of associated companies	**8 409**	(16 864)		
Other equity movements of associated companies	**1 284**	1 096		
Disposal of investment in associated company	**10 099**			
Step acquisition from equity securities to investment in associated companies				
Reversal of previous fair value gains after taxation on equity securities		(398)		(398)
Revaluation of assets and liabilities of associated companies		398		
Total comprehensive income for the year	**278 912**	107 873	**259 073**	54 631
Attributable to equity holders of the company	**278 912**	107 873	**259 073**	54 631

STATEMENTS OF CHANGES IN EQUITY
for the year ended 28 February 2011

	Share capital R000	Share premium R000	Other reserves R000	Retained earnings R000	Total R000
GROUP					
Balance at 1 March 2009	6 113	1 242 264	6 076	470 984	1 725 437
Profit for the year				123 641	123 641
Other comprehensive income	–	–	(15 768)	–	(15 768)
Share of other comprehensive loss of associated companies			(16 864)		(16 864)
Other equity movements of associated companies			1 096		1 096
Step acquisition from equity securities to investment in associated companies					
Reversal of previous fair value gains after taxation on equity securities				(398)	(398)
Revaluation of assets and liabilities of associated companies				398	398
Total comprehensive income	–	–	(15 768)	123 641	107 873
Transactions with owners	3 668	487 825	–	(42 791)	448 702
Issue of share capital	3 668	491 490			495 158
Share issue costs		(3 665)			(3 665)
Dividend paid				(42 791)	(42 791)
Balance at 28 February 2010	9 781	1 730 089	(9 692)	551 834	2 282 012
Profit for the year				**259 120**	**259 120**
Other comprehensive income	**–**	**–**	**19 792**	**–**	**19 792**
Share of other comprehensive income of associated companies			**8 409**		**8 409**
Other equity movements of associated companies			**1 284**		**1 284**
Disposal of investment in associated company			**10 099**		**10 099**
Total comprehensive income	**–**	**–**	**19 792**	**259 120**	**278 912**
Transactions with owners	**–**	**(18)**	**–**	**(39 124)**	**(39 142)**
Share issue costs		**(18)**			**(18)**
Dividend paid				**(39 124)**	**(39 124)**
Balance at 28 February 2011	**9 781**	**1 730 071**	**10 100**	**771 830**	**2 521 782**

STATEMENTS OF CHANGES IN EQUITY (continued)
for the year ended 28 February 2011

	Share capital R000	Share premium R000	Retained earnings R000	Total R000
COMPANY				
Balance at 1 March 2009	6 113	1 242 264	120 170	1 368 547
Profit for the year			55 029	55 029
Other comprehensive income				
Step acquisition from equity securities to investment in associated companies				
Reversal of previous fair value gains after taxation on equity securities			(398)	(398)
Total comprehensive income	–	–	54 631	54 631
Transactions with owners	3 668	487 825	(42 791)	448 702
Issue of share capital	3 668	491 490		495 158
Share issue costs		(3 665)		(3 665)
Dividend paid			(42 791)	(42 791)
Balance at 28 February 2010	9 781	1 730 089	132 010	1 871 880
Profit for the year			**259 073**	**259 073**
Transactions with owners	**–**	**(18)**	**(39 124)**	**(39 142)**
Share issue costs		**(18)**		**(18)**
Dividend paid			**(39 124)**	**(39 124)**
Balance at 28 February 2011	**9 781**	**1 730 071**	**351 959**	**2 091 811**

Final dividends per share

2009: 7 cents (declared and paid during April/May 2009)

2010: 4 cents (declared and paid during April/May 2010)

2011: 4 cents (declared on 11 April 2011 and payable on 9 May 2011)

STATEMENTS OF CASH FLOWS
for the year ended 28 February 2011

	Notes	GROUP 2011 R000	GROUP 2010 R000	COMPANY 2011 R000	COMPANY 2010 R000
Cash flow from operating activities		**27 048**	21 854	**12 145**	21 854
Cash utilised by operations	19.1	**(45 830)**	(57 166)	**(19 020)**	(57 166)
Interest received		**2 682**	15 946	**1 881**	15 946
Dividends received		**89 213**	62 698	**28 673**	62 698
Interest paid		**(1 607)**	(539)	**(9)**	(539)
Taxation (paid)/refunded	19.2	**(17 410)**	915	**620**	915
Cash flow from investment activities		**96 487**	(376 872)	**(94 610)**	(376 872)
Acquisition of associated companies	2	**(183 588)**	(349 074)	**(78 928)**	(349 074)
Acquisition of equity securities	3	**(28 189)**	(52 642)	**(13 268)**	(52 642)
Loan advanced to associated company			(13 865)		(13 865)
Loan payable settled		**(31)**		**(657)**	
Loan receivable collected			38 709		38 709
Proceeds from disposal of associated company		**257 108**			
Proceeds from disposal of equity securities		**38 835**			
Capital redemption of preference share investment		**12 352**			
Cash and cash equivalents transferred upon intergroup disposal (refer note 1)				**(1 757)**	
Cash flow from financing activities		**(39 142)**	448 702	**(39 142)**	448 702
Dividend paid		**(39 124)**	(42 791)	**(39 124)**	(42 791)
Proceeds from issue of ordinary shares			495 158		495 158
Placement and share issue costs		**(18)**	(3 665)	**(18)**	(3 665)
Net increase/(decrease) in cash and cash equivalents		**84 393**	93 684	**(121 607)**	93 684
Cash and cash equivalents at beginning of year		**121 607**	27 923	**121 607**	27 923
Cash and cash equivalents at end of year	5	**206 000**	121 607	**–**	121 607

ACCOUNTING POLICIES

for the year ended 28 February 2011

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

BASIS OF PREPARATION

The consolidated and company financial statements of Zeder Investments Ltd have been prepared in accordance with International Financial Reporting Standards (IFRS), the manner required by the Companies Act of South Africa and the JSE Listings Requirements. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets carried at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed further in the accounting policies below.

Standards, interpretations and amendments to published standards that are effective for the first time in 2011 and relevant to the group's operations

- IFRS 3 Revised – Business Combinations *(effective July 2009)*

  The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The group applied the revised standard prospectively from 1 March 2010.

  IFRS 3 Revised impacted on the group where equity securities were transferred to investment in associated companies upon gaining significant influence. Under IFRS 3 these investments were transferred at cost, with a reversal of previous fair value adjustments against equity. The revised standard provides the option of investments to be transferred at fair value.

- IAS 27 Revised – Consolidated and Separate Financial Statements *(effective July 2009)*

  The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The group applied the revised standard prospectively to transactions with non-controlling interests from 1 March 2010.

- IFRIC 17 – Distribution of Non-cash Assets to Owners *(effective July 2009)*

  This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The group and company applied the interpretation from 1 March 2010.

Standards, interpretations and amendments to published standards that are effective for the first time in 2011 and not currently relevant to the group's operations

- Amendments to IFRS 2 – Group Cash-settled Share-based Payment Transactions *(effective January 2010)*
- Amendments to IAS 32 – Classification of Rights Issues *(effective February 2010)*
- Amendments to IAS 39 – Financial Instruments: Recognition and Measurement Eligible Hedged Items *(effective July 2009)*
- Amendment to IFRIC 9 – Reassessment of Embedded Derivatives and IAS 39 – Financial Instruments: Recognition and Measurement *(effective July 2009)*
- IFRIC 18 – Transfers of Assets from Customers *(effective July 2009)*
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments *(effective July 2010)*
- AC 504 – IAS 19 (AC 116) – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction in the South African Pension Fund Environment *(effective April 2009)*

- Improvements to IFRS 2008 *(effective July 2009)*
- Improvements to IFRS 2009 *(effective July 2009 and January 2010)*
- Improvements to IFRS 2010 *(effective July 2010)*

The implications of these standards, interpretations and amendments had no impact on measurements of assets and liabilities or disclosures in the periods under review.

Standards, interpretations and amendments to published standards that are not yet effective but relevant to the group's operations

- IFRS 9 – Financial Instruments *(effective January 2013)*

  This standard improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of IAS 39. IFRS 9 applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria. IFRS 9 also results in one impairment method, replacing the numerous impairment methods in IAS 39 that arise from the different classification categories.

Standards, interpretations and amendments to published standards that are not yet effective nor relevant to the group's operations

- Amendments to IFRS 7 – Financial Instruments: Disclosures *(effective July 2011)*
- Amendments to IAS 12 – Income Taxes *(effective January 2012)*
- Amendments to IAS 24 – Related Party Disclosures *(effective January 2011)*
- Improvements to IFRS 2010 *(effective January 2011)*

GROUP FINANCIAL STATEMENTS

The group annual financial statements comprise those of the company, its subsidiaries and associated companies.

Subsidiaries

Subsidiaries are all entities (including special-purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group and are no longer consolidated from the date on which control ceases.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the group.

Transactions and non-controlling interests
The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Associated companies
Associated companies are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated companies are accounted for by the equity method of accounting and are initially recognised at cost. The group's investment in associated companies includes goodwill (net of any accumulated impairment loss) identified on acquisition (refer note 2).

Where equity securities are transferred to investment in associated companies upon gaining significant influence ("step acquisition"), the investment is transferred at its fair value. Goodwill is calculated at each stage of step acquisitions.

Certain associated companies have year-ends that differ from that of the group. The results of associated companies are accounted for according to the equity method, based on their most recent published financial statements or latest management information. Equity accounting involves recognising the group's share of its associated companies' post-acquisition profits or losses in the income statement, and its share of post-acquisition movements in other comprehensive income and equity, in the statement of comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

Unrealised gains on transactions between the group and its associated companies are eliminated to the extent of the group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Cross-holdings between the group and its associates are eliminated in accordance with normal consolidation procedure. Associates' accounting policies have been changed, where necessary, to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising on the investment in associated companies are recognised in the income statement.

After applying the equity method, investments in associated companies are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Investments in associated companies' preference shares are disclosed as part of the carrying value of the investment.

The company accounts for investment in associated companies at cost less provision for impairment.

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

FINANCIAL INSTRUMENTS

Financial instruments recognised on the statement of financial position include preference share investments, equity securities, trade and other receivables, cash and cash equivalents, trade and other payables and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

FINANCIAL ASSETS

The group classifies its financial assets into the following categories: financial assets at fair value through profit or loss (designated items) and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

This category has two subcategories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Financial assets designated at fair value through profit or loss at inception are those that are managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the group's key management personnel.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the group intends to sell in the short term. Loans and receivables are carried at amortised cost using the effective-interest method. Specific provisions are made against identified doubtful advances.

Recognition and measurement of financial assets

Purchases and sales of financial assets are recognised on trade date – the date on which the group commits to purchase or sell the asset. Financial assets not carried at fair value through profit or loss, are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss are subsequently carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets are included in the income statement in the period in which they arise.

Dividends on "at fair value through profit or loss" equity instruments are recognised in the income statement as part of investment income when the group's right to receive payment is established.

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, and discounted cash flow analysis refined to reflect the issuer's specific circumstances.

The group does not apply hedge accounting.

Impairment of financial assets

Loans and receivables are considered impaired if, and only if, there is objective evidence of impairment as a result of events that occurred after initial asset recognition (known as "loss events") and these loss events have an adverse impact on the assets' estimated future cash flows that can be reliably measured. Objective evidence that loans and receivables may be impaired, includes breach of contract, such as a default or delinquency in interest or principal payments. In this regard instalments past due date are considered in breach of contract. The amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Impairment losses are recognised in the income statement and reversed through the income statement.

IMPAIRMENT OF INVESTMENT IN ASSOCIATED COMPANIES
An impairment loss is recognised for the amount by which the associated company's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The carrying value of investment in associated companies is reviewed annually and written down for impairment where necessary.

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

CASH AND CASH EQUIVALENTS
Cash and cash equivalents consist of cash held at call with banks and other short-term highly liquid investments with maturities of three months or less.

SHARE CAPITAL
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of taxation.

Non-redeemable preference shares, where the dividend declaration is subject to discretion of the board, is classified as equity.

FINANCIAL LIABILITIES
A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

Financial liabilities include borrowings and trade and other payables.

Financial liabilities are initially recognised at fair value less transaction costs that are directly attributable to the raising of the funds, for all financial liabilities carried at amortised cost. The best evidence of the fair value at initial recognition is the transaction price (i.e. the fair value of the consideration received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets.

Borrowings and trade and other payables
Payables are recognised initially at fair value, net of transaction costs incurred. Payables are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit and loss over the period of the payables using the effective-interest method.

CURRENT AND DEFERRED INCOME TAX
The tax expense for the year comprises current and deferred tax. Tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

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

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

REVENUE RECOGNITION

Dividend income

Dividend income is recognised when the right to receive payment is established. Dividend income from financial assets that are classified as at fair value through profit or loss is included in investment income.

Interest income

Interest income is recognised using the effective-interest method. When a receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding discount as interest income. Interest income is included in investment income.

DIVIDEND DISTRIBUTIONS

Dividend distributions to the company's shareholders are recognised as a liability in the period in which the dividends are approved by the company's board of directors.

SECONDARY TAX ON COMPANIES

South African resident companies are subject to a dual corporate tax system, one part of the tax being levied on taxable income and the other, a secondary tax (STC), on distributed income. A company incurs STC charges on the declaration or deemed declaration of dividends (as defined under South African tax law) to its shareholders. STC is not a withholding tax on shareholders, but a tax on companies.

The STC tax consequence of dividends is recognised as a taxation charge in profit and loss in the same period that the related dividend is accrued as a liability. The STC liability is reduced by dividends received during the dividend cycle. Where dividends declared exceed the dividends received during a cycle, STC is payable at the current STC rate on the net amount. Where dividends received exceed dividends declared within a cycle, there is no liability to pay STC. The potential tax benefit related to excess dividends is carried forward to the next dividend cycle as an STC credit. Deferred tax assets are recognised on unutilised STC credits to the extent that it is probable that the company will declare dividends in the following year to utilise such STC credits.

CONTINGENCIES

A contingent liability is either a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. These contingent liabilities are not recognised in the statement of financial position but rather disclosed in note 17.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances.

Directors' valuation of unlisted associated companies
Directors valuation of unlisted associated companies are determined with reference to market prices, assessing the fair value of underlying investments as well as the published net asset value or valuation techniques. Valuation techniques used include applying a market-related price/earnings ratio, ranging between 4 and 8 (2010: 7,5), to operational earnings.

Fair value of unlisted financial instruments
The fair value of unlisted but quoted equity securities is based on over-the-counter (OTC) market prices, and the fair value of unquoted equity securities is determined with reference to OTC market prices.

Impairment of investment in associated companies
An impairment of investment in associated companies is considered when the fair value is below its carrying value. In determination of whether the decline is significant or prolonged, the following factors may be considered: normal volatility in share price, the financial health of the investee, sector performance, and changes in operational and financing cash flow.

An impairment loss is recognised for the amount by which the investment in associated company's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The value in use is calculated with reference to the assumptions noted above.

The directors are satisfied that the group's investment in associated companies are fairly stated.

Acquisition of associated companies
Details regarding significant new and further investments in associated companies are disclosed in note 2. In accounting for these transactions management had to apply judgement in allocating the purchase price to the identifiable assets and liabilities of the associated companies acquired, or the portion acquired when an additional interest was acquired.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 28 February 2011

		COMPANY	
		2011	2010
		R000	R000
1.	**INVESTMENT IN SUBSIDIARY**		
	Unlisted shares at cost less provision for impairment	**2 117 521**	

Effective 1 September 2010, the group undertook an internal restructuring, whereby the company disposed of its entire long-term investment portfolio and other assets and liabilities to Zeder Financial Services Ltd. Zeder Financial Services Ltd is a wholly owned subsidiary of the company, and accordingly the group retained control over all assets and liabilities. The disposal was effected through an asset-for-share exchange. The asset-for-share exchange gave rise to an investment in Zeder Financial Services Ltd to the value of R2 117 521 000. Refer to the annexure for more details regarding investment in subsidiaries.

		GROUP		COMPANY	
		2011	2010	**2011**	2010
		R000	R000	**R000**	R000
2.	**INVESTMENT IN ASSOCIATED COMPANIES**				
	Carrying value of ordinary share investments				
	Unlisted but quoted	**2 081 949**	1 892 476		1 482 344
	Carrying value of preference share investments	**61 659**	75 324	**–**	75 324
	Thembeka Agri Investments (Pty) Ltd		16 910		16 910
	Thembeka OVB Holdings (Pty) Ltd	**61 659**	58 414		58 414
		2 143 608	1 967 800	**–**	1 557 668
	Reconciliation of ordinary share investments:				
	Carrying value at beginning of year	**1 892 476**	1 430 147	**1 482 344**	1 073 257
	Acquisitions				
	Cash	**183 588**	349 074	**78 928**	349 074
	Other		7 647		7 647
	Equity accounting				
	Share of profits of associated companies	**201 200**	128 551		
	Impairment loss	**(1 444)**			
	Loss on dilution of interest in associated company		(17 548)		
	Dividends received	**(67 791)**	(42 390)		
	Other comprehensive income/(loss)	**9 693**	(15 769)		
	Transfer from equity securities at fair value (2010: at cost)	**56 060**	52 366		52 366
	Revaluation of assets and liabilities of associated company		398		
	Disposal of investment in associated company	**(191 833)**			
	Intergroup disposal of investment in associated companies (refer note 1)			**(1 561 272)**	
	Carrying value at end of year	**2 081 949**	1 892 476	**–**	1 482 344

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R000	R000	**R000**	R000
2. INVESTMENT IN ASSOCIATED COMPANIES (continued)				
Market value of unlisted investments (based on published over-the-counter prices)	**2 229 485**	1 672 327		1 672 327
Directors' valuation of unlisted investments	**2 229 485**	1 892 476		1 892 476

Refer to the critical accounting estimates and judgements, included as part of the accounting policies, for details supporting the directors' valuation.

Acquisitions during the year mainly relate to increasing the group's interest in already existing associated companies – Capespan Group Ltd, Capevin Holdings Ltd, Kaap Agri Ltd and KWV Holdings Ltd. During February 2011, the group disposed of its entire shareholding in KWV Holdings Ltd. More details regarding investments in associated companies are disclosed in the annexure to the annual financial statements.

The preference shares issued by Thembeka OVB Holdings (Pty) Ltd carry a dividend rate equal to prime. Capital and accrued dividends are redeemable on 3 March 2016. The preference shares issued by Thembeka Agri Investments (Pty) Ltd carried a dividend rate equal to prime plus 2%, and were redeemed during the year under review.

The group's share of profits of associated companies has been included in the income statement as part of operating activities, and the comparative figure has been reclassified to ensure consistency.

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R000	R000	**R000**	R000
3. EQUITY SECURITIES				
Unlisted but quoted	**96 884**	141 583		141 583
Unquoted	**109 798**	73 604		73 604
	206 682	215 187	**–**	215 187
Reconciliation of equity securities at fair value through profit or loss:				
Carrying value at beginning of year	**215 187**	249 187	**215 187**	249 187
Acquisitions				
Cash	**28 189**	52 642	**13 268**	52 642
Retained interest transferred from investment in associated company at fair value	**26 168**			
Transfer to investment in associated companies at fair value (2010: at cost)	**(56 060)**	(52 366)		(52 366)
Reversal of previous fair value gains on equity securities transferred to investment in associated companies through equity		(463)		(463)
Disposals	**(34 368)**	(44 275)		(44 275)
Unrealised net fair value gains	**27 566**	10 462		10 462
Intergroup disposal of equity securities (refer note 1)			**(228 455)**	
Carrying value at end of year	**206 682**	215 187	**–**	215 187

3. EQUITY SECURITIES (continued)

The investment in equity securities forms part of a strategic investment portfolio and the group's stated long-term investment strategy.

The unquoted equity securities relate to advances which are linked to equity instruments. In terms of these agreements, the group is entitled to the majority of the increase in the market value of the underlying equity securities and the dividends received on these securities. The advances are impaired to the value of the underlying instruments should the market value of the instruments fall below the current carrying value of the advances.

A list of the equity securities is available for inspection at the company's registered office.

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R000	R000	**R000**	R000
4. TRADE AND OTHER RECEIVABLES				
Unamortised structuring fee	**1 484**			
Sundry receivables	**118**	42		42
	1 602	42	–	42

During the year a structuring fee of R2 223 000 (including VAT) was paid to secure a borrowing facility. The structuring fee is amortised over the period of the facility, which extends to 5 July 2012.

	GROUP 2011 R000	GROUP 2010 R000	COMPANY 2011 R000	COMPANY 2010 R000
5. CASH AND CASH EQUIVALENTS				
Bank balances	**5 781**	1 626		1 626
Money market fund	**200 219**	119 981		119 981
	206 000	121 607	–	121 607

The money market fund earned interest at money market rates during the period under review. Money market funds are invested in highly liquid instruments with a weighted average maturity of less than 90 days.

		GROUP		COMPANY	
		2011	2010	**2011**	2010
		R000	R000	**R000**	R000
6.	**SHARE CAPITAL**				
	Authorised				
	1 500 000 000 (2010: 1 500 000 000) ordinary shares with a par value of 1 cent each	**15 000**	15 000	**15 000**	15 000
	250 000 000 (2010: 250 000 000) cumulative, non-redeemable, non-participating preference shares with a par value of 1 cent each	**2 500**	2 500	**2 500**	2 500
	Issued				
	978 088 517 (2010: 978 088 517) ordinary shares with a par value of 1 cent each	**9 781**	9 781	**9 781**	9 781

During the prior year the company issued 366 783 194 ordinary shares at a rights offer price of R1,35 per share. No shares were issued or re-acquired during the year under review.

		GROUP		COMPANY	
		2011	2010	**2011**	2010
7.	**DEFERRED INCOME TAX**				
	Deferred income tax assets				
	To be recovered within 12 months		3 358		3 358
	Deferred income tax liabilities				
	To be settled after more than 12 months	**(5 899)**	(5 025)		(5 025)
		(5 899)	(1 667)	**–**	(1 667)

7. DEFERRED INCOME TAX (continued)

Movement in the deferred tax balance:

	Tax loss R000	Unrealised profits R000	STC credits R000	Total R000
GROUP				
Balance at 1 March 2009	560	(5 037)	4 608	131
Reversal of deferred tax on previous fair value gains on equity securities transferred to investment in associated companies		65		65
Charged to income statement	(136)	(53)	(1 674)	(1 863)
Balance at 28 February 2010	424	(5 025)	2 934	(1 667)
Reversal of deferred tax on previous fair value gains on equity securities transferred to investment in associated companies		**2 832**		**2 832**
Charged to income statement	**(424)**	**(3 706)**	**(2 934)**	**(7 064)**
Balance at 28 February 2011	**–**	**(5 899)**	**–**	**(5 899)**
COMPANY				
Balance at 1 March 2009	560	(5 037)	4 608	131
Reversal of deferred tax on previous fair value gains on equity securities transferred to investment in associated companies		65		65
Charged to income statement	(136)	(53)	(1 674)	(1 863)
Balance at 28 February 2010	424	(5 025)	2 934	(1 667)
Charged to income statement	**(424)**	**5 025**	**(2 934)**	**1 667**
Balance at 28 February 2011	**–**	**–**	**–**	**–**

Unutilised STC credits for the group amounted to R111 787 000 (2010: R37 116 000) at the reporting date.

Deferred income tax on temporary differences relating to equity securities that are classified as at fair value through profit or loss, which forms part of the group's long-term investment strategy, is calculated using the effective capital gains tax rate of 14%.

Deferred income tax was calculated on all other temporary differences using an effective tax rate of 28%.

	GROUP 2011 R000	GROUP 2010 R000	COMPANY 2011 R000	COMPANY 2010 R000
8. BORROWINGS				
Unsecured loans				
PSG Corporate Services (Pty) Ltd *		31		31
Zeder Financial Services Ltd **			25 677	
	–	31	25 677	31

* *PSG Corporate Services (Pty) Ltd is a related party (refer note 16). The loan carried interest at prime plus 1%.*
** *Zeder Financial Services Ltd is a related party (refer note 16). The loan is interest-free and repayable on demand.*

	GROUP 2011 R000	GROUP 2010 R000	COMPANY 2011 R000	COMPANY 2010 R000
9. TRADE AND OTHER PAYABLES				
Management fee payable (refer note 13)	26 956	21 110		21 110
Unsettled share trades and other payables	3 264	12	33	12
	30 220	21 122	33	21 122
10. INVESTMENT INCOME				
Interest income	2 682	15 946	1 881	15 946
Loans and advances		449		449
Cash and cash equivalents	2 682	15 497	1 881	15 497
Dividend income	20 112	25 223	30 037	67 614
Equity securities held at fair value through profit or loss	13 753	18 139	7 313	18 139
Associated companies				
Ordinary share investments			18 862	42 391
Preference share investments	6 359	7 084	3 862	7 084
	22 794	41 169	31 918	83 560
11. FAIR VALUE GAINS AND LOSSES				
11.1 Net fair value gains				
Net fair value gains on equity securities	32 032	15 220	–	15 220
Realised fair value gains and losses	4 466	4 758		4 758
Unrealised fair value gains and losses	27 566	10 462		10 462
Net fair value gain on intergroup disposal (refer note 1)			251 147	
	32 032	15 220	251 147	15 220
11.2 Gain on disposal of investment in associated company	81 342			

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R000	R000	**R000**	R000
12. OTHER OPERATING INCOME				
Rebate received on funds invested with PSG Money Market Fund	**49**	388	**49**	388
Sundry income	**733**	741	**301**	741
	782	1 129	**350**	1 129
13. MANAGEMENT FEE				
Management base fee expense	**(53 178)**	(40 713)	**(26 222)**	(40 713)

A management fee is payable to PSG Group Ltd ("PSG Group"), the group'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 the Zeder group of companies.

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 during the current or prior year.

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R000	R000	**R000**	R000
14. FINANCE COST				
Interest paid – PSG Corporate Services (Pty) Ltd	**1 324**	539	**9**	539
Interest paid – Other	**283**			
Amortisation of structuring fee	**739**		**189**	
	2 346	539	**198**	539

PSG Corporate Services (Pty) Ltd is a related party (refer to note 16). Interest was calculated on outstanding balances at prime plus 1%.

	GROUP 2011 R000	GROUP 2010 R000	COMPANY 2011 R000	COMPANY 2010 R000
15. TAXATION				
Current taxation				
Current year	**18 021**	2 078		2 078
Prior year		(398)		(398)
Deferred taxation				
Current year	**874**	188	**(5 025)**	188
Secondary tax on companies				
Deferred taxation	**2 934**	1 674	**2 934**	1 674
	21 829	3 542	**(2 091)**	3 542
Reconciliation of effective tax rate:	**%**	%	**%**	%
South African standard tax rate	**28,0**	28,0	**28,0**	28,0
Adjusted for:				
Prior year overprovision		(0,3)		(0,7)
Exempt income	**(2,0)**	(5,6)	**(3,3)**	(32,3)
Non-deductible charges	**4,7**	9,7	**1,9**	12,3
Income from associated companies	**(20,0)**	(28,3)		
Capital gains tax rate differential	**(3,9)**	(1,7)	**(28,6)**	(3,6)
Secondary tax on companies	**1,0**	1,3	**1,2**	2,9
Utilisation of assessed loss		(0,3)		(0,6)
Effective tax rate	**7,8**	2,8	**(0,8)**	6,0

16. RELATED-PARTY TRANSACTIONS AND BALANCES

The following related parties were identified with which the company and/or group transacted during the year, and/or balances were outstanding at year-end:

Party	Relationship
PSG Group Ltd	Ultimate holding company
Zeder Financial Services Ltd	Wholly owned subsidiary
Zeder Investments Corporate Services (Pty) Ltd	Wholly owned subsidiary of Zeder Financial Services Ltd
PSG Corporate Services (Pty) Ltd	Subsidiary of ultimate holding company
PSG Online Services (Pty) Ltd	Subsidiary of ultimate holding company
PSG Money Market Fund	Subsidiary of ultimate holding company

Related-party transactions during the year included the intergroup disposal (refer notes 1 and 11.1), dividends received from associated companies (refer notes 2 and 10), rebates received on funds invested with PSG Money Market Fund (refer note 12), the management fee expense (refer note 13) and interest paid (refer note 14).

Included in the group's interest income (refer note 10) is R91 000 (2010: R36 000) received from PSG Online Services (Pty) Ltd and R1 870 000 (2010: R14 440 000) received from PSG Money Market Fund. Included in the company's interest income (refer note 10) is R54 000 (2010: R36 000) received from PSG Online Services (Pty) Ltd and R1 720 000 (2010: R14 440 000) received from PSG Money Market Fund.

Included in the group's other expenses are professional fees of R116 000 (2010: Rnil) paid to PSG Corporate Services (Pty) Ltd.

Administration fees of R28 000 (2010: R18 000) were incurred with PSG Online Services (Pty) Ltd during the year. These fees related to trades that took place via the group's BDA accounts.

Previously PSG Corporate Services (Pty) Ltd facilitated the process of the group obtaining an interest in an investment company. In exchange for waiver of the facilitation fee payable, PSG Corporate Services (Pty) Ltd is entitled to receive a portion of the dividends received each year from mentioned interest. This amounted to R204 000 (2010: R168 000) during the year under review.

Details of directors' emoluments and share dealings are included in the directors' report.

Related-party balances outstanding at the reporting date included the preference share investments (note 2), cash invested with PSG Money Market Fund (note 5), borrowings (note 8) and the management fee payable (note 9).

17. CAPITAL COMMITMENTS AND CONTINGENCIES

At the current and previous reporting dates the company and its subsidiary had neither any capital commitments nor contingent liabilities.

Contingencies of associated companies which could have an impact on the group's equity accounted earnings can be summarised as follows:

The Competition Commission has initiated an investigation into the alleged collective price fixing of grain storage tariffs by agricultural businesses, including Kaap Agri Ltd. The Competition Commission informed all parties involved that the matter had been referred to the Competition Tribunal. The maximum fine could be as much as ten percent of the affected revenue. This could have a bearing on the group's investments in agricultural businesses. The potential timing and financial consequences, if any, for the group's investment companies cannot be determined as yet.

18. BORROWING POWERS

In terms of the company's articles of association, borrowing powers are unlimited.

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R000	R000	**R000**	R000
19. NOTES TO THE STATEMENTS OF CASH FLOWS				
19.1 Cash utilised by operations				
Profit before taxation	**280 949**	127 183	**256 982**	58 571
Interest income	**(2 682)**	(15 946)	**(1 881)**	(15 946)
Dividend income	**(20 112)**	(25 223)	**(30 037)**	(67 614)
Fair value gains and losses	**(113 374)**	(15 220)	**(251 147)**	(15 220)
Impairment loss	**1 444**			
Share of profits of associated companies	**(201 200)**	(128 551)		
Loss on dilution of interest in associated company		17 548		
Finance cost	**2 346**	539	**198**	539
Structuring fee paid	**(2 223)**		**(2 223)**	
Changes in working capital	**9 022**	(17 496)	**9 088**	(17 496)
(Increase)/decrease in trade and other receivables	**(76)**	543	**(1 292)**	543
Increase/(decrease) in trade and other payables	**9 098**	(18 039)	**10 380**	(18 039)
	(45 830)	(57 166)	**(19 020)**	(57 166)
19.2 Taxation (paid)/refunded				
Current taxation charged to income statement	**(18 021)**	(1 680)		(1 680)
Movement in current income tax receivable	**187**	2 558	**196**	2 558
Other	**424**	37	**424**	37
	(17 410)	915	**620**	915

	GROUP 2011 R000	2010 R000
20. EARNINGS PER SHARE		
The calculation of earnings per share is based on the following:		
Earnings attributable to equity holders of the company	**259 120**	123 641
Loss on dilution of interest in associated company, gross and net of taxation		17 548
Non-headline items of associated companies, gross and net of taxation	**(10 199)**	10 880
Gain on disposal of investment in associated company	**(65 558)**	–
Gross	**(81 342)**	
Tax effect	**15 784**	
Impairment of investment in an associated company, gross and net of taxation	**1 444**	
Headline earnings	**184 807**	152 069
The calculation of the weighted number of shares is as follows:		
Number of shares at beginning of year (thousands)	**978 089**	611 305
Weighted number of shares issued during the year (thousands)		269 309
	978 089	880 614
Earnings per share (cents)		
Attributable – basic and diluted	**26,5**	14,0
Headline – basic and diluted	**18,9**	17,3

21. FINANCIAL RISK MANAGEMENT

21.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group is not directly exposed to currency risk, nor does it make use of derivative financial instruments to hedge risk exposures.

Risk management is carried out under policies approved by the board of directors.

21. FINANCIAL RISK MANAGEMENT (continued)

21.1 Financial risk factors (continued)

Financial instruments are grouped into the following classes in order to facilitate effective financial risk management and disclosure in terms of IFRS 7 – Financial Instruments: Disclosures:

Financial assets at 28 February 2011	Fair value through profit or loss R000	Loans and receivables R000	Total R000
GROUP			
Equity securities	**206 682**		**206 682**
Investment in preference shares of associated company		**61 659**	**61 659**
Trade and other receivables		**118**	**118**
Cash and cash equivalents		**206 000**	**206 000**
	206 682	**267 777**	**474 459**

COMPANY

The company had no financial assets at 28 February 2011.

Financial assets at 28 February 2010			
GROUP AND COMPANY			
Equity securities	215 187		215 187
Investment in preference shares of associated companies		75 324	75 324
Trade and other receivables		42	42
Cash and cash equivalents		121 607	121 607
	215 187	196 973	412 160

21. FINANCIAL RISK MANAGEMENT (continued)

21.1 Financial risk factors (continued)

Financial liabilities at 28 February 2011	At amortised cost R000	Total R000
GROUP		
Trade and other payables	**30 220**	**30 220**
COMPANY		
Trade and other payables	**33**	**33**
Financial liabilities at 28 February 2010		
GROUP AND COMPANY		
Borrowings	31	31
Trade and other payables	21 122	21 122
	21 153	21 153

21.1.1 Market risk

Market risk is the risk of adverse financial impact due to changes in fair values or future cash flows of financial instruments from fluctuations in interest rates and equity prices.

The sensitivity analyses presented below are based on reasonable possible changes in market variables for equity prices and interest rates for the group and company.

Price risk

The group is exposed to equity securities price risk because of investments held and classified on the statement of financial position as at fair value through profit or loss. The group manages price risk by investing in a portfolio of investments and monitoring equity securities' prices on a regular basis. The group is not directly exposed to commodity price risk.

At 28 February 2011, if the closing market prices of the equity securities that the group holds had been 20% (2010: 20%) higher/lower, with all other variables held constant, the profit after taxation for the year would have been R35 549 000 (2010: R37 012 000) higher/lower.

The company was not exposed to price risk at 28 February 2011. At the previous reporting date the company had risk exposure similar to that of the group.

Cash flow and fair value interest rate risk

The group's interest rate risk arises from investments in associated companies' preference shares carrying a prime-linked dividend rate (refer note 2), cash balances held with financial institutions (refer note 5) and borrowings (refer note 8).

At 28 February 2011, if the prime interest rate had been 200 basis points higher/lower, with all other variables held constant for the year, the group's profit after taxation for the year would have been R4 200 000 (2010: R2 836 000) higher/lower.

The company was not exposed to interest rate risk at 28 February 2011. At the previous reporting date the company had risk exposure similar to that of the group.

21. FINANCIAL RISK MANAGEMENT (continued)

21.1 Financial risk factors (continued)

21.1.2 Credit risk

Financial assets which potentially subject the group to credit risk, consist of investments in associated companies' preference shares (note 2), trade and other receivables (note 4) and cash and cash equivalents (note 5).

The company was not exposed to credit risk at 28 February 2011. At the previous reporting date the company had risk exposure similar to that of the group.

The following table provides information regarding the aggregated credit risk exposure for the financial assets:

GROUP – 28 February 2011	A3 credit rating (Moody's) R000	Not rated R000	Carrying value R000
Investment in preference shares of associated company		**61 659**	**61 659**
Trade and other receivables		**118**	**118**
Unquoted equity securities		**109 798**	**109 798**
Cash and cash equivalents – bank balances	**5 781**		**5 781**
Cash and cash equivalents – money market fund		**200 219**	**200 219**
	5 781	**371 794**	**377 575**
COMPANY – 28 February 2011			
The company had no financial assets at 28 February 2011.			
GROUP AND COMPANY – 28 February 2010			
Investment in preference shares of associated company		75 324	75 324
Trade and other receivables		42	42
Unquoted equity securities		73 604	73 604
Cash and cash equivalents – bank balances	1 626		1 626
Cash and cash equivalents – money market fund		119 981	119 981
	1 626	268 951	270 577

The unrated cash and cash equivalents relate to the group's investment in PSG Money Market Fund of which the underlying instruments are rated in terms of the Collective Investment Schemes Control Act. The mandate of the fund is to invest in cash deposits and highly liquid, fixed-interest securities with a weighted average maturity of less than 90 days. A spread of investments in top-quality financial instruments and institutions moderates the risk through diversification.

21. FINANCIAL RISK MANAGEMENT (continued)

21.1 Financial risk factors (continued)

21.1.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The group's cash resources and a R250m undrawn borrowing facility limits the group's liquidity risk.

The group's financial liabilities are all payable within 12 months from the reporting date. The carrying balances equal the contractual undiscounted cash flows, as the impact of discounting is not significant.

The company's liquidity risk is similar to that of the group described above, except for the related-party loan payable (refer note 8), which has no fixed terms of repayment.

21.2 Fair value estimation

Financial assets and liabilities carried at fair value are disclosed by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The following financial assets are measured at fair value:

	GROUP	
	2011	2010
	R000	R000
Level 1 – equity securities at quoted market prices	**96 884**	141 583
Level 2 – unquoted equity securities	**109 798**	73 604
	206 682	215 187

No financial liabilities were carried at fair value.

21.3 Capital risk management

The group's objective when managing capital is to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders.

The group's dividend policy is to declare and pay dividends according to its free cash flow model, i.e. dividends and interest received less management fees, interest and related taxation paid.

The group's capital comprises total equity, as shown in the group statement of financial position. When funding is required, the group will either raise additional capital or utilise debt. There is no restriction on the level of gearing. However, the group will continuously assess the extent of gearing employed, in the context of the level of liquidity within the group's portfolio.

22. SHAREHOLDER ANALYSIS

	Shareholders		Shares held	
	Number	%	Number	%
Range of shareholding				
1 – 20 000	2 563	67,8	18 372 648	1,9
20 001 – 50 000	596	15,8	20 897 303	2,1
50 001 – 100 000	269	7,1	20 594 865	2,1
100 001 – 500 000	211	5,6	47 183 564	4,8
500 001 – 1 000 000	42	1,1	31 740 982	3,2
Over 1 000 000	100	2,6	839 299 155	85,9
	3 781	100,0	978 088 517	100,0
Public and non-public shareholding				
Non-public				
Directors	5	0,1	620 000	0,1
PSG Financial Services Ltd	1	0,0	407 892 429	41,7
Public	3 775	99,9	569 576 088	58,2
	3 781	100,0	978 088 517	100,0

PSG Financial Services Ltd is the only individual shareholder holding 5% or more of the issued shares at 28 February 2011.

23. 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.

The chief operating decision-maker (the executive committee) evaluates the below mentioned information to assess the segments' performance.

Segmental income comprises dividends received and fair value gains/(losses) relating to equity investments, as well as income from associated companies (including loss on dilution of investment in associated company), after tax, as per the income statement.

Recurring headline earnings are calculated on a see-through basis. Zeder's recurring headline earnings is the sum of its effective interest in that of each of its underlying investment companies, 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.

23. SEGMENTAL REPORTING (continued)

For the year ended 28 February 2011	Income R000	Recurring headline earnings R000	Non-recurring headline earnings R000	Headline earnings R000	Net asset value R000
Food and agri	**188 721**	**256 497**	**(73 596)**	**182 901**	**1 671 372**
Beverages	**144 521**	**60 278**	**(34)**	**60 244**	**675 654**
	333 242	**316 775**	**(73 630)**	**243 145**	**2 347 026**
Net interest and other income and expenses	**885**	**1 112**	**(227)**	**885**	**207 602**
Management fees and taxation	**(75 007)**	**(53 178)**	**(6 045)**	**(59 223)**	**(32 846)**
Total	**259 120**	**264 709**	**(79 902)**	**184 807**	**2 521 782**
Non-headline items				**74 313**	
Attributable earnings				**259 120**	
Recurring headline earnings per share (cents)					**27,1**
Net asset value per share (cents)					**257,8**
For the year ended 28 February 2010					
Food and agri	124 551	190 293	(56 358)	133 935	1 396 161
Beverages	26 895	45 939		45 939	786 826
	151 446	236 232	(56 358)	179 874	2 182 987
Net interest and other income and expenses	16 536	16 536		16 536	121 618
Management fees and taxation	(44 341)	(44 655)	314	(44 341)	(22 593)
Total	123 641	208 113	(56 044)	152 069	2 282 012
Non-headline items				(28 428)	
Attributable earnings				123 641	
Recurring headline earnings per share (cents)					23,6
Net asset value per share (cents)					233,3

ANNEXURE – INVESTMENTS
at 28 February 2011

	Nature of business	2011 %	2010 %
INVESTMENT IN SUBSIDIARIES			
Zeder Financial Services Ltd	Investment holding company	**100,0**	
Zeder Investments Corporate Services (Pty) Ltd	Management and investment services company	**100,0**	
Thembeka Agri Holdings (Pty) Ltd ****	Investment holding company	**100,0**	
INVESTMENT IN ASSOCIATED COMPANIES			
Unlisted investments			
Kaap Agri Ltd *	Agricultural	**43,9**	41,3
Capevin Holdings Ltd *	Investment holding company with effective interest of 14,8% in Distell Group Ltd	**39,5**	37,0
Capespan Group Ltd *	Transport of fresh produce	**22,7**	14,6
Suidwes Investments Ltd **	Agricultural	**21,8**	18,4
Thembeka OVB Holdings (Pty) Ltd	Holding company of 20% in Overberg Agri Ltd	**49,0**	49,0
MGK Business Investments Ltd	Agricultural	**26,7**	26,7
Agricol Holdings Ltd	Agricultural	**25,1**	20,3
KWV Holdings Ltd ***	Wine producing		31,3
Thembeka Agri Holdings (Pty) Ltd ****	Holding company of 20% in KLK Landbou Ltd		49,9

* *Economic interest held.*
** *Significant influence obtained during the year.*
*** *Disposed of during the year.*
**** *Underlying investment in KLK Landbou Ltd disposed of during the year and remaining 50,1% shareholding acquired.*

SUMMARISED FINANCIAL INFORMATION IN RESPECT OF PRINCIPAL ASSOCIATED COMPANIES	2011 R000	2010 R000
Assets	**4 647 208**	4 433 520
Liabilities	**757 322**	758 609
Revenues	**4 236 678**	3 973 562
Profit for the year	**422 620**	(242 192)

Principal associated companies comprise Kaap Agri Ltd and Capevin Holdings Ltd. The financial information presented are based on the principal associated companies' most recent published results. Comparatives have been reclassified to only include Kaap Agri Ltd and Capevin Holdings Ltd.

ADMINISTRATION

DETAILS OF ZEDER INVESTMENTS LTD
Registration number 2006/019240/06
Share code: ZED
ISIN code: ZAE000088431

SECRETARY AND REGISTERED OFFICE
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CORPORATE ADVISOR AND SPONSOR
PSG Capital

AUDITOR
PricewaterhouseCoopers Inc

PRINCIPAL BANKER
First National Bank – a division of FirstRand Bank Ltd

WEBSITE ADDRESS
www.zeder.co.za

SHAREHOLDERS' DIARY

	2011
Financial year-end	28 February
Profit announcement	11 April
Annual general meeting	15 June
Interim profit announcement	3 October

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