ZEDER
INVESTMENTS LIMITED

FINANCIAL RESULTS FEBRUARY 2019

OVERVIEW

Zeder is an investor in the broad agribusiness and adjacent industries, with a historical focus on the food and beverage sectors. Its underlying investment portfolio was valued at R10,78bn on 28 February 2019. Zeder's 27,1% interest in Pioneer Foods remains its largest investment, representing 43,5% (2018: 53,9%) of the portfolio.

CORPORATE POSITIONING

Zeder is a long-term investor that owns large, strategic interests in companies and plays an active role therein. It assists with the determination of appropriate long-term strategies, optimal allocation of capital and ongoing measurement and monitoring of performance.

STRATEGIC FOCUS

The macro environment in which Zeder and its portfolio companies operated in remained constrained during the period under review and our strategic focus was therefore deliberately cautious, conservative and largely unchanged. The effect thereof was that we dedicated most of our efforts to existing investments, strengthening their operating models and balance sheets where possible while driving for additional growth from within existing investment platforms. New and adjacent opportunities are continuously reviewed and we will add to our portfolio when opportune.

NOTEWORTHY TRANSACTIONS

During the year, Capespan Group Limited disposed of its entire shareholding in the Joy Wing Mau Group in China. Net cash of R988m was received and this enabled Capespan to inject capital into its core fruit and farming divisions and reduce debt levels.

Furthermore, Capespan separated and unbundled its logistics division on 2 January 2019 and this division now operates independently as The Logistics Group. The fruit and farming operations remain within Capespan. Zeder also transferred its investment in the logistical application business, The Logistic Company, to The Logistics Group, to ensure The Logistics Group benefits from the logistics-related technology developed within.

REVIEW OF BUSINESS ENVIRONMENT

The share prices of most South African companies, especially those exposed to the underlying consumer economy, declined significantly during the period under review with the JSE Food Producer's index down 34,7%. Zeder and its investee companies were similarly affected resulting in a decline in *Sum-of-the-Parts* valuations. The overall investor sentiment towards Zeder and the sector it operates in continues to be negative in this regard but our positioning as strategic investor in leading companies should ensure recovery participation once positive sentiment returns.

From an operational point of view, Zeder and its investee companies managed controllable elements well under challenging conditions. At an aggregate level, satisfactory results were delivered with total *recurring* headline earnings per share being in line with the prior year, mainly due to the expected recovery from the majority of Zeder's investee companies during the year under review. Apart from Capespan's fruit and farming divisions, all portfolio companies stabilised or reversed the corresponding lower levels of profitability reported in the results for the previous year. In addition to the *recurring* headline earnings, a substantial increase in headline earnings was recorded as a result of the upward fair value adjustment relating to Capespan's interest in its Chinese investment, Joy Wing Mau (previously known as Golden Wing Mau), that was subsequently disposed.

FINANCIAL RESULTS

The two key benchmarks which Zeder believes to measure performance by are *Sum-of-the-Parts value* per share and *recurring* headline earnings per share.

SUM-OF-THE-PARTS ("SOTP")

Zeder's *SOTP value* per share, calculated using the quoted market prices for all JSE-listed investments, and market-related valuations for unlisted investments, decreased by 28,2% during the reporting period to R5,64 as at 28 February 2019. At the close of business on Monday, 15 April 2019, Zeder's *SOTP value* per share was R5,79.

	28 Feb 2018		28 Feb 2019		15 Apr 2019	
Company	Interest (%)	Rm	Interest (%)	Rm	Interest (%)	Rm
Pioneer Foods	27,0	7 660	**27,1**	**4 689**	**28,6**	**4 928**
Zaad	93,2	2 043	**95,3**	**2 235**	**95,3**	**2 235**
Capespan	97,5	2 259	**97,4**	**1 193**	**97,4**	**1 193**
The Logistics Group			**97,4**	**978**	**97,4**	**978**
Kaap Agri	40,9	1 376	**41,1**	**959**	**41,1**	**968**
Agrivision Africa	56,0	591	**56,0**	**493**	**56,0**	**493**
Quantum Foods	27,7	246	**29,3**	**216**	**29,3**	**234**
Other		33		**19**		**24**
Total investments		14 208		**10 782**		**11 053**
Cash and cash equivalents		111		**254**		**251**
Other net assets		108		**109**		**112**
Debt funding		(1 000)		**(1 500)**		**(1 515)**
SOTP value		13 427		**9 645**		**9 901**
Number of shares in issue *(net of treasury shares)* (million)		1 710		**1 710**		**1 710**
***SOTP value* per share (rand)**		7,85		**5,64**		**5,79**

Note: Zeder's live SOTP is available at www.zeder.co.za.

Recurring headline earnings

Zeder's consolidated *recurring* headline earnings is the sum of its effective interest in that of each of its underlying investments. The result is that investments in which Zeder holds less than 20% and are generally not equity accountable in terms of accounting standards, are included in the calculation of consolidated *recurring* headline earnings, whilst once-off (i.e. *non-recurring*) income and expenses are excluded. This provides management and investors with a more realistic and transparent way of evaluating Zeder's earnings performance.

AUDITED	28 Feb 18 Rm	*Change %*	28 Feb 19 Rm
Recurring headline earnings from investments	576		**604**
Net interest, taxation and other income and expenses	(102)		**(133)**
***Recurring* headline earnings**	474	*(0,6)*	**471**
Non-recurring headline earnings	(49)		**296**
Headline earnings	425	*80,5*	**767**
Non-headline items	(171)		**(678)**
Attributable earnings	254	*(65,0)*	**89**
Weighted average number of shares in issue (*net of treasury shares*) (million)	1 717		**1 702**
***Recurring* headline earnings per share (cents)**	27,6	*0,4*	**27,7**
Headline earnings per share (cents)	24,8	*81,9*	**45,1**
Attributable earnings per share (cents)	14,8	*(64,9)*	**5,2**

Recurring headline earnings per share of 27,7 cents in line with prior year mainly due to a recovery in earnings from most of its underlying investee companies, except for Capespan.

Headline earnings per share increased by 81,9% to 45,1 cents mainly due to the upward fair value adjustment reflecting the disposal value of Capespan's investment in Joy Wing Mau.

Attributable earnings per share decreased by 64,9% to 5,2 cents mainly due to the significant impairment charge recognised by Zeder on its associate investment Pioneer Foods, following the decline in its share price.

Pioneer Foods

Pioneer Foods reported a 25% increase in adjusted headline earnings per share from continuing operations for the year ended 30 September 2018 with a corresponding strong increase in net cash generated from operating activities resulting in a maintained dividend. This improvement was largely due to a strong recovery in the Essential and International divisions following the negative effect of the unfavourable procurement position on maize during the prior year. Continuing initiatives to enhance operating margins through cost mitigation and efficiency interventions remain well entrenched contributing to sound cash flow generation. Pioneer Foods remains one of the leading food companies in South Africa with a strong balance sheet and management team.

Pioneer Foods is listed on the JSE and further information is available at *www.pioneerfoods.co.za*.

Zaad

Zaad is positioned as a strategic holding company that invests and operates in the specialised agri-inputs industry. It currently owns, develops, imports and distributes a broad range of agricultural seeds in Africa, Europe and other international emerging markets. In recent years, Zaad has added strategic plant nutrition and agri-chemicals to its portfolio to complement its product offering, particularly in emerging markets. Its portfolio of companies represents a proud history spanning more than 50 years and it exports to more than 100 countries. Zaad's portfolio and operating divisions combine relatively mature cash generating activities on the one hand with significant research and development or green-fields investment on the other. This combination ensures a blended approach to earnings and cash generation in the short term with significant investment in growth for the longer term.

Zaad reported an increase in *recurring* headline earnings of 5,9% in absolute terms but a decrease of 5,5% on a per share basis for its financial year ended 31 January 2019. This was due to improved but below expected sales from its mature operations and the diluting impact of rights issues during the year to fund investment for future growth. Zeder invested an additional R341,3m during the period under review. While these investments are attractive in the medium to long term, the short-term impact on earnings per share may not always be positive due to the delay in earnings contribution from such development or j-curve acquisitions. The specialised agri-inputs market, and particularly the proprietary hybrid seed segment, remains attractive and Zaad is well positioned to benefit from it.

Further information can be viewed at *www.zaad.co.za*.

Capespan and The Logistics Group

Capespan is an unlisted group with a history spanning more than 70 years. The group has evolved and diversified in recent years to the extent that it today combines asset-intensive divisions, underpinned with strong net asset values, with earnings generating divisions that require fewer capital investments but offer scalable earnings growth optionality. On 2 January 2019, Capespan completed the separation and unbundling of its logistics division to shareholders thereby ensuring that Zeder now owns two separate investments and that these companies will be managed and reported on separately going forward. Capespan will focus on its core business activities that include the production, procurement, distribution and marketing of fresh produce worldwide, while The Logistics Group ("TLG") will continue to operate its existing strategic logistical and terminal assets in South Africa and expand its service offering and capabilities to a broader customer and market base in Southern Africa.

For its financial year ended 31 December 2018, Capespan reported a significant headline profit of R317,3m, largely due to the fair value gain on the investment in Joy Wing Mau, but delivered a disappointing loss of R21,0m in consolidated *recurring* headline earnings. The losses were largely incurred within South African and Namibian grape farming divisions where lower production volumes and suppressed market pricing impacted negatively on the group results. These losses were offset by strong earnings delivered within the logistical division and fruit associates. Despite these losses, Zeder has maintained its *SOTP values* assigned to Capespan as a result of the strong NAV underpin in farming, the capital injection and corresponding debt reduction flowing from the Joy Wing Mau disposal and the strong performances recorded in the logistics division.

Further information can be viewed at *www.capespan.com* and *www.tlg.co.za*.

Kaap Agri

With an agricultural foundation, Kaap Agri has mainly retail characteristics, which account for 80% of the revenue, augmented by a dedicated retail fuel strategy that is gaining momentum. It supplies a variety of products and services to the agri sector and the general public. It has been in existence for more than 100 years and has more than 200 operating points throughout South Africa and Namibia. With its strategic footprint, infrastructure, facilities and client network, the group follows a differentiated market approach, bolstering the core retail business with financial, grain handling and agency services.

With an operating base largely exposed to the Western Cape, the severe drought had a predictably negative impact on the group's financial performance. Notwithstanding these challenges, Kaap Agri delivered commendable results with *recurring* headline earnings per share increasing by 0,7% for their financial year ended 30 September 2018. As the Western Cape drought was broken and dam levels improved during the previous winter months, a modest recovery is anticipated.

Kaap Agri is listed on the JSE and its results can be viewed at *www.kaapagri.co.za*.

Agrivision Africa

Agrivision Africa currently owns and operates two large-scale commercial farming operations and a milling business in Zambia. It has developed extensive irrigated productive farmland since 2011 and is continuously evaluating expansion opportunities. After rapid expansion, the focus during the past 36 months has been on achieving acceptable operational efficiencies, while navigating an extremely volatile and challenging phase in the macro and business cycle of Zambia and related regional markets.

While this strategy has yielded positive operational results, the corresponding financial performance has been disappointing as the subdued commodity price cycle, lagging rainfall recovery and water levels continued to negatively impact the farming results. Even though Agrivision improved its results compared to the prior year, it still reported a *recurring* headline loss from a Zeder perspective of \$0,9m for their financial year ended 31 December 2018. The current seasonal outlook has improved with normalised rainfall recorded and initiatives are underway to address underperforming assets and divisions.

Quantum Foods

Quantum Foods is a diversified feeds and poultry business providing quality animal protein to select South African and African markets. Having weathered adverse market conditions over the past couple of years, Quantum Foods released very strong results for their financial year ended 30 September 2018, reporting a 234% increase in headline earnings per share and rewarding shareholders with dividends and share buy-backs. Although it remains exposed to a highly cyclical industry, it has successfully restructured its business and embarked on a clearly defined growth strategy that should see it generate sustainable profits and cash flows from its established South African operations, while growing its footprint in the rest of Africa.

Quantum Foods is listed on the JSE and its results can be viewed at *www.quantumfoods.co.za*.

PROSPECTS AND OUTLOOK

Zeder has enviable strategic equity interests in leading organisations that span the agribusiness value chain. While the broader investor sentiment towards the sector and country is clearly negative at present and the external operating environment remains challenging, the underlying fundamentals of Zeder and its portfolio have not changed. The investee companies are well positioned with strong balance sheets and leading management teams that are committed to delivering on their respective long term strategies. We believe that, despite inevitable cyclicality, investing in the agribusiness industry should offer attractive long-term returns and the strength of our defensive portfolio should ensure that we deliver the required shareholder return over time.

SPECIAL THANKS

A special word of thanks and gratitude goes to the founder and retired chairman of the group, Jannie Mouton. His wisdom, counsel and ethical leadership were invaluable to Zeder and we thank him for his countless contributions made over the years to grow the group into what it is today. We wish him and his family all the very best for his retirement years.

DIVIDEND

The directors have resolved to declare a gross final dividend of 11,0 cents (2018: 11,0 cents) per share from income reserves in respect of the year ended 28 February 2019. The final dividend amount, net of South African dividend tax of 20%, is 8,8 cents (2018: 8,8 cents) per share for those shareholders who are not exempt from dividend tax. The number of ordinary shares in issue at the declaration date is 1 715 179 121 and the income tax number of the company is 9406891151.

The salient dates of this dividend distribution are:

Last day to trade *cum* dividend	Monday, 6 May 2019
Trading *ex*-dividend commences	Tuesday, 7 May 2019
Record date	Friday, 10 May 2019
Date of payment	Monday, 13 May 2019

Share certificates may not be dematerialised or rematerialised between Tuesday, 7 May 2019 and Friday, 10 May 2019, both days inclusive.

Certificated shareholders should note that dividend payments will no longer occur by cheque and will only be paid via electronic transfer into the bank accounts of certificated shareholders, whose banking details are held by the company's transfer secretaries, Computershare Investor Services Proprietary Limited. Certificated shareholders whose bank account details are not held by the transfer secretaries, are requested to provide such details to the transfer secretaries to enable payment of the dividend to be made to them. The manner of payment to dematerialised shareholders will remain unchanged.

Signed on behalf of the board

Chris Otto
Chairman

Norman Celliers
Chief executive officer

Stellenbosch
16 April 2019

SUMMARY CONSOLIDATED INCOME STATEMENT

for the year ended 28 February 2019

Audited	Feb 19 Rm	Feb 18 Rm
Revenue	**7 641**	8 485
Cost of sales	**(6 154)**	(6 996)
Gross profit	**1 487**	1 489
Income		
Change in fair value of biological assets	**194**	195
Investment income	**90**	77
Net fair value gains	**469**	45
Other operating income	**34**	116
Total income	**787**	433
Expenses		
Marketing, administration and other expenses	**(1 734)**	(1 671)
Reversal of impairment/(impairment) of trade and other receivables	**6**	
Total expenses	**(1 728)**	(1 671)
Net income from associates and joint ventures		
Share of profits of associates and joint ventures	**636**	472
Impairment of associates and joint ventures (note 2)	**(647)**	(1)
Net gain/(loss) on dilution of interest in associates (note 2)	**21**	(29)
Net income from associates and joint ventures	**10**	442
Profit before finance costs and taxation	**556**	693
Finance costs	**(324)**	(289)
Profit before taxation	**232**	404
Taxation	**(110)**	(196)
Profit for the year	**122**	208
Profit attributable to:		
Owners of the parent	**89**	254
Non-controlling interests	**33**	(46)
	122	208
EARNINGS PER SHARE AND NUMBER OF SHARES IN ISSUE		
Earnings per share (cents)		
Recurring headline	**27,7**	27,6
Headline (basic) (note 2)	**45,1**	24,8
Headline (diluted)	**43,6**	23,7
Attributable (basic)	**5,2**	14,8
Attributable (diluted)	**3,8**	14,0
Number of shares (million)		
In issue	**1 715**	1 715
In issue *(net of treasury shares)*	**1 702**	1 702
Weighted average	**1 702**	1 717
Diluted weighted average	**1 704**	1 719

for the year ended 28 February 2019

Audited	Feb 19 Rm	Feb 18 Rm
Profit for the year	**122**	208
Other comprehensive loss for the year, net of taxation	**(90)**	(16)
Items that may be reclassified to profit or loss		
Currency translation adjustments	**(48)**	(100)
Share of other comprehensive (loss)/income of associates and joint ventures	**(39)**	64
Items that may not be reclassified to profit or loss		
(Losses)/gains from changes in financial and demographic assumptions of post-employment benefit obligations	**(3)**	20
Total comprehensive income for the year	**32**	192
Attributable to:		
Owners of the parent	**11**	257
Non-controlling interests	**21**	(65)
	32	192

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 28 February 2019

Audited	Feb 19 Rm	Feb 18 Rm
Assets		
Non-current assets	**9 492**	10 298
Property, plant and equipment	**1 699**	1 626
Intangible assets	**669**	606
Biological assets (bearer plants)	**426**	406
Biological assets (agricultural produce)	**15**	
Investment in ordinary shares of associates and joint ventures	**6 291**	6 636
Loans to associates and joint ventures	**166**	136
Equity securities	**30**	688
Loans and advances	**79**	100
Deferred income tax assets	**74**	61
Employee benefits	**43**	39
Current assets	**3 300**	3 103
Biological assets (agricultural produce)	**151**	152
Loans to associates and joint ventures	**6**	
Inventories	**1 218**	1 286
Loans and advances	**16**	38
Trade and other receivables	**1 416**	1 274
Current income tax assets	**60**	27
Cash, money market investments and other cash equivalents	**433**	326
Non-current assets held for sale (note 5)	**1**	7
Total assets	**12 793**	13 408
Equity and liabilities		
Ordinary shareholders' equity	**8 096**	8 269
Non-controlling interests	**316**	327
Total equity	**8 412**	8 596
Non-current liabilities	**2 101**	2 276
Deferred income tax liabilities	**93**	222
Borrowings	**1 880**	1 939
Derivative financial liabilities	**25**	24
Employee benefits	**103**	91
Current liabilities	**2 280**	2 536
Borrowings	**1 192**	1 428
Derivative financial liabilities	**1**	15
Trade and other payables	**993**	994
Current income tax liabilities	**31**	34
Employee benefits	**63**	65
Total liabilities	**4 381**	4 812
Total equity and liabilities	**12 793**	13 408
Net asset value per share (cents)	**475,7**	485,8
Tangible asset value per share (cents)	**436,4**	450,2

for the year ended 28 February 2019

Audited	Feb 19 Rm	Feb 18 Rm
Ordinary shareholders' equity at beginning of the year	**8 247**	8 291
Previously reported	**8 269**	8 291
Adjustment due to initial application of IFRS 9 (note 1.1)	**(22)**	
Total comprehensive income for the year	**11**	257
Shares purchased and cancelled		(94)
Net movement in treasury shares	**1**	(23)
Transactions with non-controlling interests	**9**	18
Other movements	**16**	10
Dividends paid	**(188)**	(190)
Ordinary shareholders' equity at end of the year	**8 096**	8 269
Non-controlling interests at beginning of the year	**325**	407
Previously reported	**327**	407
Adjustment due to initial application of IFRS 9 (note 1.1)	**(2)**	
Shares issued	**11**	8
Total comprehensive income/(loss) for the year	**21**	(65)
Transactions with non-controlling interests	**(21)**	(5)
Other movements	**2**	2
Dividends paid	**(22)**	(20)
Non-controlling interests at end of the year	**316**	327
Total equity	**8 412**	8 596
Dividend per share (cents)	**11,0**	11,0

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 28 February 2019

Audited	Feb 19 Rm	Feb 18 Rm
Cash generated from operations (note 3)	**79**	267
Investment income	**385**	342
Finance cost and taxation paid	**(601)**	(297)
Cash flow from operating activities	**(137)**	312
Acquisition of subsidiary (note 4)	**(44)**	
Cash acquired from acquisition of subsidiary (note 4)	**3**	1
Proceeds from disposal of subsidiaries/subsidiaries' operations	**4**	27
Acquisition of associates and joint ventures		(183)
Net loans granted to associates and joint ventures	**(48)**	(52)
Additions to property, plant and equipment	**(177)**	(213)
Proceeds from disposal of property, plant and equipment	**19**	25
Additions to intangible assets	**(116)**	(97)
Acquisition of equity securities	**(1)**	(6)
Proceeds from disposal of equity securities	**1 161**	9
Other	**42**	76
Cash flow from investing activities	**843**	(413)
Capital contributions by non-controlling interests	**6**	4
Shares purchased and cancelled		(94)
Purchase of treasury shares		(27)
Treasury shares sold	**1**	5
Dividends paid to group shareholders	**(188)**	(190)
Dividends paid to non-controlling interests	**(22)**	(20)
Borrowings repaid	**(1 030)**	(1 333)
Borrowings drawn	**651**	1 660
Other	**(11)**	(10)
Cash flow from financing activities	**(593)**	(5)
Net increase/(decrease) in cash and cash equivalents	**113**	(106)
Exchange differences on cash and cash equivalents	**(6)**	10
Cash and cash equivalents at beginning of the year	**326**	422
Cash and cash equivalents at end of the year	**433**	326

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

These summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*.

The summary consolidated financial statements do not include all of the information required for full consolidated annual financial statements and should be read in conjunction with the consolidated annual financial statements for the year ended 28 February 2019.

The accounting policies applied in the preparation of the consolidated annual financial statements from which these summary consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements. However, the group adopted the various revisions to IFRS which were effective for its financial year ended 28 February 2019, but, these revisions have not resulted in material changes to the group's reported results or disclosures in these summary consolidated financial statements, except for the adoption of the new standard IFRS 9 *Financial Instruments* (refer note 1.1).

In preparing these summary group financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were similar to those disclosed in the consolidated annual financial statements for the year ended 28 February 2018.

1.1 Adoption of IFRS 9 *Financial Instruments* ("IFRS 9")

IFRS 9 is the new standard governing the classification, recognition and measurement of financial instruments, and replaces IAS 39 *Financial Instruments: Recognition and Measurement*. The year ended 28 February 2019 is the first period during which IFRS 9 was applied, thus the group transitioned to IFRS 9 on 1 March 2018. IFRS 9 was generally adopted without restating comparative information, thus any differences in the carrying amounts of financial instruments will be made to opening retained earnings as at the start of the current financial year, in accordance with the new standard's transitional arrangements. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the statement of financial position as at 28 February 2018, but are recognised in the opening statement of financial position on 1 March 2018.

Classification and measurement:

IFRS 9, *inter alia*, replaces the multiple classification and measurement models in IAS 39 with a single model that has only two categories: amortised cost and fair value. On 1 March 2018 (the date of initial application of IFRS 9), the group's management has assessed which business models apply to the financial assets and financial liabilities held by the group and has classified its financial instruments into the appropriate IFRS 9 categories. There were no effects with regards to the changes in categories of financial assets and financial liabilities,except for Money market funds classified as fair value through profit and loss.

Change in measurement:

IFRS 9 establishes a new approach for financial assets carried at amortised cost – an "expected credit loss" model that focuses on the risk that a loan or trade debtor will default rather than whether a loss has been incurred. The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all loans and receivables.

The group has four types of financial assets that are subject to IFRS 9's new expected credit loss model: loans to associates and joint ventures; loans and advances; trade and other receivables; and cash and cash equivalents. The group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. The impact of the change in impairment methodology on the group's retained earnings and equity is disclosed in the table below. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

Statement of financial position *(extract)*	Previously reported 28 Feb 18 Rm	Adjustment due to initial application of IFRS 9 Rm	Restated 1 Mar 18 Rm
Assets			
Investment in ordinary shares of associates and joint ventures[1]	6 636	(3)	6 633
Loans to associates and joint ventures	136	(2)	134
Loans and advances	138	(1)	137
Deferred income tax assets	61	4	65
Trade and other receivables	1 274	(22)	1 252
Total assets	8 245	(24)	8 221
Equity and liabilities			
Ordinary shareholders' equity	8 269	(22)	8 247
Non-controlling interests	327	(2)	325
Total equity	8 596	(24)	8 572

[1] *IFRS 9 also has an impact on the financial assets and liabilities of the group's underlying associates and joint ventures. The equity method of accounting applied in terms of IAS 28 Investments in Associates and Joint Ventures requires the group to account for its share of post-acquisition movements in other comprehensive income and other equity movements are recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. Due to the aforementioned, an estimation calculation was performed on the adjustment due to the initial application of IFRS 9 on the underlying associates and joint ventures financial assets and liabilities.*

2. HEADLINE EARNINGS

Audited	Feb 19 Rm	Feb 18 Rm
Profit for the year attributable to owners of the parent	**89**	254
Non-headline items	**678**	171
Gross amounts		
Profit on disposal of subsidiaries' operations		(85)
Net (gain)/loss on dilution of interest in associates	**(21)**	29
Impairment of associates and joint ventures	**647**	1
Fair value gain resulting from transfer of associate to equity security		(15)
Non-headline items of associates and joint ventures	**(16)**	7
Impairment of intangible assets and goodwill	**66**	123
Net (profit)/loss on sale and impairment of property, plant and equipment	**2**	10
Other		(1)
Non-controlling interests	**(1)**	(49)
Taxation	**1**	151
Headline earnings	**767**	425

During the year under review, Zeder impaired its investments in two associates, Pioneer Foods and Quantum Foods due to the recent decline in the JSE listed share prices, as well as the goodwill relating to the investment in Agrivision Africa as a result of tough trading conditions in Zambia. During the previous year, the impairment related to computer software at a restructured United Kingdom operation, intellectual property at Klein Karoo Seed Marketing, where there is no foreseeable future commercialisation of the specific seed line, and goodwill at Mpongwe Milling, following two consecutive loss-making years.

During the previous year, the group, through Capespan Group Limited ("Capespan") merged its Asian operations with Golden Wing Mau to form JWM Asia and therefore 70% of its business operations were sold to JWM Asia and Capespan retained a 30% shareholding in JWM Asia.

3. CASH GENERATED FROM OPERATIONS

Audited	Feb 19 Rm	Feb 18 Rm
Profit before taxation	**232**	404
Investment income	**(90)**	(77)
Finance costs	**324**	291
Depreciation and amortisation	**219**	203
Changes in fair value of biological assets	**(194)**	(195)
Net fair value gains	**(425)**	(43)
Profit on disposal of subsidiaries' operations		(85)
Share of profits of associates and joint ventures	**(636)**	(472)
Impairment of associates and joint ventures	**647**	1
Net (gain)/loss on dilution of interest in associates	**(21)**	29
Net (profit)/loss on sale and impairment of property, plant and equipment	**2**	10
Impairment of intangible assets and goodwill	**66**	123
Net harvest short-term biological assets	**105**	60
Other non-cash items	**(4)**	(7)
	225	242
Changes in working capital and other financial instruments	**21**	204
Additions to biological assets	**(167)**	(179)
Cash generated from operations	**79**	267

4. SUBSIDIARIES ACQUIRED

Hygrotech Proprietary Limited ("Hygrotech")

On 1 August 2018 the Group, through Zaad Holdings Limited, acquired 100% interest in Hygrotech for a cash consideration of R43,7m. As reported in the condensed unaudited results for the six months ended 31 August 2018, goodwill of R1m arose due to provisional accounting of the business combination. After finalising the accounting of the business combination, the identifiable net assets acquired increased with R1m, therefore reducing the goodwill previously recognised and in turn accounted for a gain on bargain purchase of R0,3m. Accounting for Hygrotech's business combination has now been finalised.

Sonkwasdrif Proprietary Limited ("Sonkwasdrif")

On 1 December 2018 the Group, through Capespan Group Limited, acquired the remaining 52% interest in the pome farm Sonkwasdrif for a R1 purchase consideration. The goodwill arose due to the fact that the 48% investment in associate was carried at a negative carrying value due to previously recognised losses. This has been subsequently impaired. Previously Sonkwasdrif had a R250m facility with the Land Bank and the Capespan group provided surety for the associate's facility in a maximum amount of R122,5m. The facility and security were settled before the acquisition of Sonkwasdrif. Accounting for Sonkwasdrif's business combination has been finalised.

The summarised assets and liabilities recognised at the acquisition date was:

Audited	Hygrotech Rm	Sonkwasdrif Rm	Total Rm
Identifiable net assets acquired	44	(15)	29
Transfer from investment in ordinary shares of associates		7	7
Goodwill recognised		8	8
Cash purchase consideration	44	–	44
Cash consideration paid	(44)		(44)
Cash and cash equivalents acquired	3		3
Net cash flow for subsidiaries acquired	(41)	–	(41)

The aforementioned business combinations do not contain any contingent consideration or indemnification asset arrangements and the acquisition-related costs expensed were insignificant.

Had Hygrotech been consolidated with effect from 1 March 2018 instead of its acquisition date, the consolidated income statement would have reflected additional revenue of R117,5m and loss after tax of R11,6m.

Had Sonkwasdrif been consolidated with effect from 1 March 2018 instead of its acquisition date, the consolidated income statement would have reflected additional revenue of R10,4m and loss after tax of R5,5m.

5. NON-CURRENT ASSETS HELD FOR SALE

As at 28 February 2019, non-current assets held for sale of R0,6m comprise the expected sale of a property in Gauteng. In the prior year, it included property, plant and equipment within the Capespan UK operations, amounting to R7,1m, subsequently sold during the year.

6. FINANCIAL INSTRUMENTS

6.1 Financial risk factors

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

The summary consolidated financial statements do not include all financial risk management information and disclosures set out in the consolidated annual financial statements, and therefore they should be read in conjunction with the consolidated annual financial statements for the year ended 28 February 2019. Risk management continues to be carried out throughout the group under policies approved by the respective boards of directors.

6.2 Fair value estimation

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

Level 1

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

Level 2

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

6. FINANCIAL INSTRUMENTS CONTINUED

6.2 Fair value estimation continued

Level 3

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

There have been no significant transfers between level 1, 2 or 3 during the year under review and the valuation techniques and inputs used to determine fair values are similar to those disclosed in the consolidated annual financial statements for the year ended 28 February 2018.

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

Audited	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
28 February 2019				
Assets				
Cash and cash equivalents – money market fund	**252**			**252**
Equity securities		**1**	**29**	**30**
	252	**1**	**29**	**282**
Opening balance			**679**	
Disposals			**(1 177)**	
Fair value gains			**473**	
Currency translation adjustments			**54**	
Liabilities				
Derivative financial liabilities		**1**	**25**	**26**
Opening balance			**39**	
Disposals			**(15)**	
Fair value gains			**(3)**	
Finance cost			**4**	
28 February 2018				
Assets				
Equity securities	9		679	688
Opening balance			44	
Transfer from associates to equity securities			700	
Disposals			(7)	
Fair value gains			8	
Exchange differences			(66)	
Liabilities				
Derivative financial liabilities			39	39
Opening balance			94	
Disposals			(47)	
Fair value gains			(15)	
Finance cost			7	

7. SEGMENTAL REPORTING

The group is organised into four reportable segments, namely i) food, beverages and related services, ii) agri-related retail, trade and services, iii) agri-inputs and iv) agri-production. The segments represent different sectors in the broad agribusiness industry.

Headline earnings comprise *recurring* and *non-recurring* headline earnings. *Recurring* headline earnings (being a measure of segment profit) is calculated on a see-through basis. Zeder's *recurring* headline earnings is the sum of its effective interest in each of its underlying investments. The result is that investments which Zeder does not equity account or consolidate in terms of accounting standards, are included in the calculation of *recurring* headline earnings.

Non-recurring headline earnings include the elimination of equity securities' see-through *recurring* headline earnings not equity accounted, the related net fair value gains/losses and investment income (as recognised in the income statement). Associates' and subsidiaries' once-off gains and losses are excluded from *recurring* headline earnings and included in *non-recurring* headline earnings.

7. SEGMENTAL REPORTING CONTINUED

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

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

The chief operating decision-maker (executive committee) evaluates the following information to assess the segments' performance:

Audited	Feb 19 Rm	Feb 18 Rm
***Recurring* headline earnings segmental analysis:**		
Segments		
Food, beverages and related services	**372**	394
Agri-related retail, trade and services	**115**	102
Agri-inputs	**124**	110
Agri-production	**(7)**	(30)
***Recurring* headline earnings from investments**	**604**	576
Net interest, taxation and other income and expenses	**(133)**	(102)
***Recurring* headline earnings**	**471**	474
Non-recurring headline items	**296**	(49)
Headline earnings	**767**	425
Non-headline items (note 2)	**(678)**	(171)
Attributable earnings	**89**	254
***SOTP* segmental analysis:**		
Segments		
Food, beverages and related services	**7 076**	10 169
Agri-related retail, trade and services	**978**	1 405
Agri-inputs	**2 235**	2 043
Agri-production	**493**	591
Cash and cash equivalents	**254**	111
Other net assets	**109**	108
Debt funding	**(1 500)**	(1 000)
SOTP value	**9 645**	13 427
***SOTP value* per share (rand)**	**5,64**	7,85
Profit before tax segmental analysis:		
Segments		
Food, beverages and related services	**818**	479
Agri-related retail, trade and services	**104**	93
Agri-inputs	**131**	102
Agri-production	**(22)**	(156)
Management fees and other income and expenses (including impairments)	**(799)**	(114)
	232	404

7. SEGMENTAL REPORTING CONTINUED

Audited	Feb 19 Rm	Feb 18 Rm
IFRS revenue (revenue and investment income) segmental analysis:		
Segments		
Food, beverages and related services	**5 644**	6 672
Revenue	**5 599**	6 621
Investment income	**45**	51
Agri-inputs	**1 652**	1 412
Revenue	**1 636**	1 398
Investment income	**16**	14
Agri-production	**407**	467
Revenue	**406**	466
Investment income	**1**	1
Unallocated investment income (mainly head office interest income)	**28**	11
IFRS revenue	**7 731**	8 562

8. CAPITAL COMMITMENTS, CONTINGENCIES AND SURETYSHIPS

Apart from the surety referred to in note 4, capital commitments, contingencies and suretyships similar to those disclosed in the consolidated annual financial statements for the year ended 28 February 2018 remained in effect during the year under review.

9. RELATED-PARTY TRANSACTIONS

Related-party transactions similar to those disclosed in the consolidated annual financial statements for the year ended 28 February 2018 took place during the year under review.

10. EVENTS SUBSEQUENT TO THE REPORTING DATE

No material event occurred between the end of the reporting year and the date of approval of the summary consolidated financial statements.

11. PREPARATION

The summary consolidated preliminary financial statements were compiled under the supervision of the group financial director, Mr JH le Roux, CA (SA), and have been audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the consolidated annual financial statements from which the summary consolidated financial statements were derived.

A copy of the auditor's report on the consolidated annual financial statements is available for inspection at the company's registered office, together with the consolidated annual financial statements identified in the respective auditor's reports.

The auditor's report does not necessarily report on all of the information contained in this announcement and/or financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

Independent auditor's report on the summary consolidated financial statements

To the Shareholders of Zeder Investments Limited

Opinion

The summary consolidated financial statements of Zeder Investments Limited, contained in the accompanying preliminary report, which comprise the summary consolidated statement of financial position as at 28 February 2019, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Zeder Investments Limited for the year ended 28 February 2019.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, as set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Summary consolidated financial statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 16 April 2019. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Director's responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 *(Revised), Engagements to Report on Summary Financial Statements*.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: **D De Jager**
Registered Auditor

Stellenbosch
16 April 2019

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

DIRECTORS
CA Otto# (Chairman), N Celliers* (CEO), JH le Roux* (FD), GD Eksteen#, RM Jansen (appointed on 29 January 2019)#, WL Greeff, ASM Karaan#, NS Mjoli-Mncube#, PJ Mouton (JF Mouton retired on 20 November 2018)
* *executive*
\# *independent non-executive*

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PSG Capital Proprietary Limited

AUDITOR
PricewaterhouseCoopers Inc.

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