ZEDER

INVESTMENTS LIMITED

INTERIM RESULTS AUGUST 2019

OVERVIEW

Zeder is an investor in the broad agribusiness and related industries, with a historical focus on the food and beverage sectors. Its underlying investment portfolio was valued at R12.0bn on 31 August 2019. Zeder's 28.6% interest in Pioneer Foods remains its largest investment, representing 51.2% (28 February 2019: 43.5%) of the portfolio.

STRATEGY

Zeder's portfolio consists of strategic interests in leading companies that provide it with a diversified exposure across the agribusiness spectrum, ranging from strategic agri-inputs to fast moving consumer goods. Zeder actively drives and assists with portfolio and investee strategies, while monitoring and overseeing optimal capital allocations to ensure sustainable investment returns. During the period under review, it dedicated most of its efforts to existing investments while evaluating select new and adjacent opportunities. Zeder continues to drive for additional growth from its existing investment platforms while aiming to add to its portfolio when opportune.

NOTEWORTHY DEVELOPMENTS

Category 1 disposal of investment in Pioneer Foods and application of proceeds

As detailed on SENS on 19 July 2019 (the "Zeder Announcement"), Pioneer Foods received an all-cash offer from PepsiCo Inc to acquire 100% of the Pioneer Foods ordinary shares in issue for a purchase consideration of R110 per share plus certain dividend(s) per Pioneer Foods ordinary share (the detail of which is set out in the Zeder Announcement) ("Transaction"). If the Transaction is successfully implemented, Pioneer Foods will thereafter be delisted from the JSE. This offer consideration represents a 56.5% premium to the Pioneer Foods 30-day VWAP of R70.31 per share as at 12 July 2019.

Zeder, through its wholly-owned subsidiary, Zeder Financial Services, holds 58 250 788 Pioneer Foods ordinary shares. To the extent that the Transaction, is implemented at the base cash consideration of R110 per Pioneer Foods ordinary share, it is anticipated that Zeder will receive approximately R6.4bn through this disposal. From a Zeder perspective, disposing of its investment in Pioneer Foods will be an affected transaction in terms of the Companies Act, section 112, i.e. it will entail the disposal of the greater part of its assets, and thus requires shareholder approval. Accordingly, a general meeting, properly constituted for this purpose, was held on Monday, 30 September 2019, where the intended disposal was approved by the requisite majority of Zeder shareholders. Zeder's mandate is therefore to proceed to vote in favour of this Transaction at the relevant general meeting of Pioneer Foods shareholders scheduled for 15 October 2019. The full and final implementation of the Transaction remains subject to the fulfillment of further conditions. Shareholders are referred to Zeder's circular dated 29 August 2019 for further information in this regard.

Subject to the implementation of the transaction, the broadly intended application of the proceeds was announced on SENS on 25 July 2019. Herein it was communicated that the estimated quantum for reduction or settlement of debt, transaction costs and all directly related obligations, will amount to approximately R1.59bn ("Obligations"), depending on the implementation date of the Transaction, and that the estimated net cash available following the settlement of the Obligations, will amount to approximately R4.82bn. Accordingly, it is anticipated that, based on the aforementioned assumptions, Zeder should be able to distribute between R4.25bn and R4.75bn to shareholders. This distribution is being considered by the Zeder board of directors and remains subject to the timing of the implementation of the Transaction and further evaluation of circumstances at the time. The remaining balance of the proceeds will be invested in new opportunities or in Zeder's existing underlying portfolio.

Investments in Zaad

Over the past number of years, Zeder has established and positioned Zaad as a strategic holding company that invests and operates in the specialised agri-inputs industry with a focus on emerging markets, especially Africa. Through acquisitions and organic growth, it has aggregated and developed attractive businesses and currently owns, develops, imports and distributes a broad range of agricultural seeds in Africa, Europe and other international emerging markets.

Through its subsidiaries and associates it has a history spanning more than 50 years of developing, distributing and owning leading seed genetics in Southern Africa, the Middle-East, Turkey and the Netherlands. In recent years, Zaad has added strategic plant nutrition and agrochemicals to its portfolio to complement its product offering, particularly in emerging markets with the Farm-Ag and Hygrotech acquisitions. In terms of agreements previously entered into, Zaad acquired all the remaining shares in Farm-Ag effective 1 September 2019.

Zaad also concluded transaction agreements whereby it will acquire a 40% stake in the EAS group of companies ("EAS") in Kenya, with an option to acquire an additional stake in the future. EAS was established in 1972 and has steadily grown to become the leading independent seed company within the Eastern and Central African regions. It has business operations in Kenya, Uganda, Rwanda, Tanzania and Zambia and its products are distributed through a wide distribution network of appointed dealers and stockists in major cities and towns throughout Eastern and Central Africa.

Zaad has identified East and Central Africa as important growth areas for seed and agrochemicals, and upon completion, this investment will provide Zaad with access to these markets. Furthermore, Zaad's seed products and genetics will enhance the profile of EAS. Shareholders should note that the agreement is still subject to several conditions precedent, including receipt of relevant regulatory and competition approvals.

Zeder has committed an additional R300m investment into Zaad to enable the aforementioned transactions.

PERFORMANCE OF PORTFOLIO COMPANIES

From a valuation point of view, the aforementioned Pioneer Foods offer had a positive impact on the share price of Pioneer Foods, and this contributed to an 11% increase in Zeder's *Sum-of-the-Parts (''SOTP'')* per share. However, the overall market sentiment towards Zeder and the sector it operates in continues to be negative due to the prevailing challenging macro conditions and has resulted in continued subdued valuations across the remaining portfolio and Zeder's own share price.

From an earnings point of view, the interim reporting period traditionally represents the lesser half of Zeder and its portfolio's annual earnings as this period reflects the annual input-cost cycle associated with many of its agriculture investments, as well as the softer half of the annual consumer sales and spending cycles associated with its other investments. Year-on-year comparisons at the interim stage of reporting may therefore reflect seasonal variances. Notwithstanding these seasonal variances, Zeder's portfolio traded under extremely difficult conditions with *recurring* headline earnings per share decreasing 63% compared to the prior corresponding period.

FINANCIAL RESULTS

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

SOTP

Zeder's *SOTP value* per share, calculated using the quoted market prices for all JSE-listed investments, and internal valuations for unlisted investments, increased by 11% during the reporting period to R6.25 as at 31 August 2019. At the close of business on Monday, 30 September 2019, Zeder's *SOTP value* per share was R6.22.

Company	28 Feb 2019 Interest (%)	28 Feb 2019 Rm	31 Aug 2019 Interest (%)	31 Aug 2019 Rm	30 Sep 2019 Interest (%)	30 Sep 2019 Rm
Pioneer Foods	27.1	4 689	**28.6**	**6 145**	**28.6**	**6 175**
Zaad	95.3	2 235	**95.3**	**2 243**	**95.7**	**2 243**
Capespan	97.4	1 193	**97.4**	**1 081**	**97.4**	**1 081**
The Logistics Group	97.4	978	**97.4**	**1 028**	**97.4**	**1 028**
Kaap Agri	41.1	959	**41.0**	**865**	**41.0**	**949**
Agrivision Africa	56.0	493	**56.0**	**398**	**56.0**	**398**
Quantum Foods	29.3	216	**30.8**	**228**	**30.8**	**225**
Other		19		**15**		**17**
Total investments		10 782		**12 003**		**12 116**
Cash and cash equivalents		254		**72**		
Other net assets		109		**119**		**121**
Debt funding		(1 500)		**(1 500)**		**(1 593)**
SOTP value		9 645		**10 694**		**10 644**
Number of shares in issue *(net of treasury shares)* (million)		1 710		**1 710**		**1 710**
***SOTP value* per share (rand)**		5.64		**6.25**		**6.22**

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 the *recurring* headline earnings 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, while once-off (i.e. *non-recurring*) income and expenses are excluded. This provides management and investors with a more transparent way of evaluating Zeder's earnings performance.

	Audited	Unaudited		
	28 Feb 19 12 months Rm	31 Aug 18 6 months Rm	*Change* %	31 Aug 19 6 months Rm
Recurring headline earnings from investments	604	231		**135**
Net interest, taxation and other income and expenses	(133)	(64)		**(74)**
***Recurring* headline earnings**	471	167	*(63)*	**61**
Non-recurring headline items	296	348		**(20)**
Headline earnings	767	515	*(92)*	**41**
Non-headline items	(678)	(51)		**398**
Attributable earnings	89	464	*(5)*	**439**
Weighted average number of shares in issue (*net of treasury shares*) (million)	1 702	1 702		**1 702**
***Recurring* headline earnings per share (cents)**	27.7	9.8	*(63)*	**3.6**
Headline earnings per share (cents)	45.1	30.3	*(92)*	**2.4**
Attributable earnings per share (cents)	5.2	27.3	*(5)*	**25.8**

Recurring headline earnings per share decreased by 63% to 3.6 cents mainly due to the weaker performance of most investees following continued challenging trading conditions experienced by the food and related business sector.

Headline earnings per share decreased by 92% to 2.4 cents, mainly as a result of the above and due to the upward fair value adjustment of the investment in Joy Wing Mau (previously known as Golden Wing Mau) in the prior corresponding period prior to its disposal.

Attributable earnings per share decreased by 5% to 25.8 cents, a lower percentage than *recurring* headline and headline earnings per share, mainly due to the to the reversal of the *non-headline* impairment charge recognised by Zeder on its associate investment in Pioneer Foods which was recognised at the prior year-end.

Profit before finance costs and taxation per Zeder's consolidated income statement decreased by 24% to R535m, mainly as a result of the aforementioned factors.

PROSPECTS AND OUTLOOK

The negative macro conditions are likely to remain unchanged in the short to medium term but should improve over the longer term. As a result, earnings and valuations at both a Zeder and portfolio level are expected to be subdued during the next reporting period. Notwithstanding these challenges, and in light of the anticipated Pioneer Foods disposal, Zeder should be in a position to create value for its shareholders through this cycle. It is anticipated that the substantial cash proceeds will enable Zeder to return capital to its shareholders, while also actively investing into its existing portfolio and new opportunities when opportune. Zeder remains committed to delivering sustainable returns to shareholders.

DIVIDEND

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

Signed on behalf of the board

Chris Otto
Chairman

Norman Celliers
Chief executive officer

Stellenbosch

8 October 2019

FOR THE SIX MONTHS ENDED 31 AUGUST 2019

	Unaudited		Audited
	Aug 19 6 months Rm	Aug 18 6 months Rm	Feb 19 12 months Rm
Revenue	**3 152**	3 408	7 641
Cost of sales	**(2 524)**	(2 760)	(6 154)
Gross profit	**628**	648	1 487
Income			
Change in fair value of biological assets	**37**	31	194
Investment income	**31**	42	90
Net fair value gains	**1**	479	469
Other operating income	**32**	12	34
Total income	**101**	564	787
Expenses			
Marketing, administration and other expenses	**(933)**	(826)	(1 734)
(Impairment)/reversal of impairment of trade and other receivables	**(9)**		6
Total expenses	**(942)**	(826)	(1 728)
Net income from associates and joint ventures			
Share of profits of associates and joint ventures	**253**	324	636
Reversal of impairment/(impairment) of associates and joint ventures (note 2)	**584**		(647)
Net (loss)/gain on dilution of interest in associates (note 2)	**(89)**	(10)	21
Net income from associates and joint ventures	**748**	314	10
Profit before finance costs and taxation	**535**	700	556
Finance costs	**(160)**	(150)	(324)
Profit before taxation	**375**	550	232
Taxation	**31**	(88)	(110)
Profit for the period	**406**	462	122
Profit attributable to:			
Owners of the parent	**439**	464	89
Non-controlling interests	**(33)**	(2)	33
	406	462	122
DILUTIVE EARNINGS, EARNINGS PER SHARE AND NUMBER OF SHARES IN ISSUE			
Dilutive earnings (Rm)			
Headline	**35**	497	743
Attributable	**434**	446	65
Earnings per share (cents)			
Recurring headline	**3.6**	9.8	27.7
Headline (basic) (note 2)	**2.4**	30.3	45.1
Headline (diluted)	**2.1**	29.2	43.6
Attributable (basic)	**25.8**	27.3	5.2
Attributable (diluted)	**25.5**	26.2	3.8
Number of shares (million)			
In issue	**1 715**	1 715	1 715
In issue *(net of treasury shares)*	**1 702**	1 702	1 702
Weighted average	**1 702**	1 702	1 702
Diluted weighted average	**1 702**	1 703	1 704

	Unaudited		Audited
	Aug 19 6 months Rm	Aug 18 6 months Rm	Feb 19 12 months Rm
Profit for the year	**406**	462	122
Other comprehensive income/(loss) for the year, net of taxation	**(27)**	57	(90)
Items that may be reclassified to profit or loss			
Currency translation adjustments	**(117)**	109	(48)
Share of other comprehensive income/(loss) of associates and joint ventures	**94**	(48)	(39)
Items that may not be reclassified to profit or loss			
Losses from changes in financial and demographic assumptions of post-employment benefit obligations	**(4)**	(4)	(3)
Total comprehensive income for the year	**379**	519	32
Attributable to:			
Owners of the parent	**455**	504	11
Non-controlling interests	**(76)**	15	21
	379	519	32

	Unaudited		Audited
	Aug 19 6 months Rm	Aug 18 6 months Rm	Feb 19 12 months Rm
Assets			
Non-current assets	**10 518**	10 020	9 492
Property, plant and equipment	**1 521**	1 704	1 699
Right-of-use assets	**429**		
Intangible assets	**681**	638	669
Biological assets (bearer plants)	**403**	413	426
Biological assets (agricultural produce)	**15**	11	15
Investment in ordinary shares of associates and joint ventures	**6 997**	6 812	6 291
Loans to associates and joint ventures	**162**	170	166
Equity securities	**26**	38	30
Loans and advances	**66**	80	79
Deferred income tax assets	**177**	112	74
Employee benefits	**41**	42	43
Current assets	**3 083**	3 845	3 300
Biological assets (agricultural produce)	**88**	70	151
Loans to associates and joint ventures	**19**		6
Inventories	**1 194**	1 367	1 218
Loans and advances	**22**	47	16
Trade and other receivables	**1 422**	1 849	1 416
Current income tax assets	**64**	27	60
Cash, money market investments and other cash equivalents	**274**	485	433
Non-current assets held for sale (note 5)		1 185	1
Total assets	**13 601**	15 050	12 793
Equity and liabilities			
Ordinary shareholders' equity	**8 188**	8 561	8 096
Non-controlling interests	**224**	342	316
Total equity	**8 412**	8 903	8 412
Non-current liabilities	**2 710**	2 987	2 101
Deferred income tax liabilities	**85**	359	93
Borrowings	**1 936**	2 500	1 880
Lease liabilities	**557**		
Derivative financial liabilities	**25**	26	25
Employee benefits	**107**	102	103
Current liabilities	**2 479**	3 160	2 280
Borrowings	**1 370**	1 779	1 192
Lease liabilities	**77**		
Derivative financial liabilities		14	1
Trade and other payables	**951**	1 268	993
Current income tax liabilities	**22**	32	31
Employee benefits	**59**	67	63
Total liabilities	**5 189**	6 147	4 381
Total equity and liabilities	**13 601**	15 050	12 793
Net asset value per share (cents)	**481.1**	503.0	475.7
Tangible asset value per share (cents)	**441.1**	465.5	436.4

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 AUGUST 2019

	Unaudited		Audited
	Aug 19 6 months Rm	Aug 18 6 months Rm	Feb 19 12 months Rm
Ordinary shareholders' equity at beginning of the year	**7 918**	8 247	8 247
Previously reported	**8 096**	8 269	8 269
Adjustment due to initial application of IFRS 16 (note 1.1)	**(178)**		
Adjustment due to initial application of IFRS 9		(22)	(22)
Total comprehensive income for the year	**455**	504	11
Net movement in treasury shares	**1**		1
Transactions with non-controlling interests	**(6)**	(11)	9
Other movements	**8**	9	16
Dividends paid	**(188)**	(188)	(188)
Ordinary shareholders' equity at end of the year	**8 188**	8 561	8 096
Non-controlling interests at beginning of the year	**311**	325	325
Previously reported	**316**	327	327
Adjustment due to initial application of IFRS 16 (note 1.1)	**(5)**		
Adjustment due to initial application of IFRS 9		(2)	(2)
Shares issued		10	11
Total comprehensive (loss)/income for the year	**(76)**	15	21
Transactions with non-controlling interests	**4**	13	(21)
Other movements			2
Dividends paid	**(15)**	(21)	(22)
Non-controlling interests at end of the year	**224**	342	316
Total equity	**8 412**	8 903	8 412
Dividend per share (cents)			11.0

	Unaudited		Audited
	Aug 19 6 months Rm	Aug 18 6 months Rm	Feb 19 12 months Rm
Cash generated from/(utilised by) operations (note 3)	**43**	(246)	79
Investment income	**128**	121	385
Finance cost and taxation paid	**(213)**	(178)	(601)
Cash flow from operating activities	**(42)**	(303)	(137)
Acquisition of subsidiary		(41)	(44)
Cash acquired from acquisition of subsidiary			3
Proceeds from disposal of subsidiaries/subsidiaries' operations (note 4)		4	4
Net loans granted to associates and joint ventures	**(5)**	(31)	(48)
Additions to property, plant and equipment	**(109)**	(81)	(177)
Proceeds from disposal of property, plant and equipment	**20**	1	19
Additions to intangible assets	**(47)**	(34)	(116)
Acquisition of equity securities			(1)
Proceeds from disposal of equity securities	**3**	5	1 161
Other	**12**	58	42
Cash flow from investing activities	**(126)**	(119)	843
Capital contributions by non-controlling interests		1	6
Treasury shares sold	**1**		1
Dividends paid to group shareholders	**(188)**	(188)	(188)
Dividends paid to non-controlling interests	**(15)**	(21)	(22)
Borrowings repaid	**(280)**	(183)	(1 030)
Borrowings drawn	**518**	962	651
Lease liabilities paid	**(27)**		
Other	**(1)**		(11)
Cash flow from financing activities	**8**	571	(593)
Net (decrease)/increase in cash and cash equivalents	**(160)**	149	113
Exchange differences on cash and cash equivalents	**1**	10	(6)
Cash and cash equivalents at beginning of the year	**433**	326	326
Cash and cash equivalents at end of the year	**274**	485	433

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

These condensed consolidated interim financial statements have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, including IAS 34 *Interim Financial Reporting*; the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council; the requirements of the South African Companies Act, 71 of 2008, as amended; and the JSE Limited Listings Requirements.

The condensed consolidated interim 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 these condensed consolidated interim financial statements 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 2020, but, these revisions have not resulted in material changes to the group's reported results or disclosures in these condensed consolidated interim financial statements, except for the adoption of the new standard IFRS 16 *Leases*, which was effective from 1 March 2019 (refer note 1.1).

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same to those applied in the consolidated annual financial statements for the year ended 28 February 2019.

1.1 Adoption of IFRS 16 *Leases* ("IFRS 16")

IFRS 16, adopted by the group effective 1 March 2019, is a new standard and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use ("ROU") asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures ROU assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the ROU asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows.

Transition:

The group elected, as permitted by IFRS 16, not to restate comparative financial statements. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 March 2019.

The group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17 *Leases*:

- Applied the exemption not to recognise ROU assets and liabilities for leases with less than a 12-month lease term
- Low-value assets. All leases that meet the criteria of a lease of a low-value asset are accounted for on a straight-line basis over the lease term
- Use a single discount rate for a portfolio of leases with reasonably similar characteristics

Extensions options:

Extension options are only included in the lease term if the lease is reasonably certain to be extended. Factors such as significant leasehold improvements, the importance of the underlying assets to the group's operations, and past practice within the group, were taken into account to determine reasonable certainty.

Impacts on the financial statements on transition:

On transition to IFRS 16, the group recognised the lease liabilities, at the present value of the remaining lease payments, discounting using the lessee's incremental borrowing rate at transition date, and the corresponding ROU assets was measured on a retrospective basis as if the new rules had always been applied.

The impact on transition is recognised below as at 1 March 2019:

	Unaudited 1 Mar 2019 Rm
Recognition of Right-of-use assets	441
Recognition of Lease liabilities	(641)
Derecognition of previously recognised straightlining lease liability	(2)
Deferred tax impact	38
Share of opening balance adjustment of retained earnings of associates and joint ventures on transition[1]	(19)
Adjustment due to initial application of IFRS 16 on 1 March 2019	(183)
Ordinary shareholders' equity	(178)
Non-controlling interests	(5)

[1] IFRS 16 also has an impact on the retained earnings opening balances 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 16 on the underlying associates and joint ventures financial assets and liabilities.

Lease liability reconciliation as at 1 March 2019:

	Unaudited 1 Mar 2019 Rm
Non-cancellable operating lease commitments disclosed as at 28 February 2019	1 020
Less: lease payments associated with low-value items recognised on a straight-line basis as expense	(34)
Less: lease payment associated with short-term leases recognised on a straight-line basis as expense	(7)
Less: adjustments as a result of different treatment of lease extensions options and changes in the index	(73)
	906
Less: discounting effect using the incremental borrowing rate	(265)
Lease liability recognised at the date of transition	641

Also in relation to those leases under IFRS 16, the group recognised depreciation and finance costs, instead of operating lease expenses. During the 6 months ended 31 August 2019, the group recognised R34m of depreciation in marketing, administration and other expenses and R30m of finance costs for these leases.

There was no significant impact on earnings for the six months ended 31 August 2019 as a result of the adoption of IFRS 16.

2. HEADLINE EARNINGS

	Unaudited		Audited
	Aug 19 6 months Rm	Aug 18 6 months Rm	Feb 19 12 months Rm
Profit for the period attributable to owners of the parent	**439**	464	89
Non-headline items	**(398)**	51	678
Gross amounts			
Profit on disposal of subsidiaries' operations	**(11)**		
Net loss/(gain) on dilution of interest in associates	**89**	10	(21)
(Reversal of impairment)/impairment of associates and joint ventures	**(584)**		647
Non-headline items of associates and joint ventures	**3**	(9)	(16)
Impairment of intangible assets and goodwill	**26**	52	66
Net loss/(profit) on sale and impairment of property, plant and equipment	**111**	(1)	2
Other	**1**	(1)	
Non-controlling interests	**(20)**		(1)
Taxation	**(13)**		1
Headline earnings	**41**	515	767

During the period under review, Zeder reversed the impairment charge previously recognised on its associate investment in Pioneer Foods, due to the subsequent recovery of its share price. This was countered by Capespan's impairment of R33m on its investments in two associates.

Zeder, together with Agrivision Africa, also impaired R98m on land and buildings through previous business combinations and Capespan impaired R13m on a packhouse in the Northern Cape.

In addition, Zaad impaired R3m goodwill at a subsidiary level and Capespan impaired R23m computer software.

Zeder also incurred a dilution loss on its associate investment in Pioneer Foods, as a result of the maturing of the Pioneer Foods' Phase II B-BBEE equity transaction. This transaction had a dilutionary effect on Zeder's economic interest and consequently Zeder incurred a dilution loss.

During the previous year, 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.

3. CASH GENERATED FROM/(UTILISED BY) OPERATIONS

	Unaudited		Audited
	Aug 19 6 months Rm	Aug 18 6 months Rm	Feb 19 12 months Rm
Profit before taxation	**375**	550	232
Investment income	**(31)**	(42)	(90)
Finance costs	**160**	150	324
Depreciation and amortisation	**142**	102	219
Changes in fair value of biological assets	**(37)**	(31)	(194)
Net fair value gains	**(2)**	(474)	(425)
Profit on disposal of subsidiaries' operations	**(11)**		
Share of profits of associates and joint ventures	**(253)**	(324)	(636)
(Reversal of impairment)/impairment of associates and joint ventures	**(584)**		647
Net loss/(gain) on dilution of interest in associates	**89**	10	(21)
Net (profit)/loss on sale and impairment of property, plant and equipment	**111**	(1)	2
Impairment of intangible assets and goodwill	**26**	52	66
Net harvest short-term biological assets	**98**	105	105
Other non-cash items	**24**	(11)	(4)
	107	86	225
Changes in working capital and other financial instruments	**49**	(246)	21
Additions to biological assets	**(113)**	(86)	(167)
Cash generated from/(utilised by) operations	**43**	(246)	79

4. PROCEEDS FROM SALE OF SUBSIDIARIES

Aggrigate Investments Proprietary Limited ("Aggrigate")

On 1 August 2019, Zeder, through Capespan, disposed of a Northern Cape Grape farming subsidiary, Aggrigate for a deferred purchase consideration receivable of R36m.

Dormell Properties 485 Proprietary Limited ("Dormell")

On 1 August 2019, Zeder, through Capespan, disposed of a Northern Cape Grape farming subsidiary, Dormell for a deferred purchase consideration receivable of R17m.

The summarised assets and liabilities effectively disposed of was:

	Unaudited		
	Aggrigate Rm	Dormell Rm	Total Rm
Property, plant and equipment	**7**	**6**	**13**
Biological assets	**16**	**10**	**26**
Equity securities	**1**		**1**
Loans and advances	**1**		**1**
Inventories	**1**		**1**
Total identifiable net assets	**26**	**16**	**42**
Profit on sale of subsidiaries	**10**	**1**	**11**
Cash proceeds on sale	**36**	**17**	**53**
Deferred purchase consideration receivable	**(36)**	**(17)**	**(53)**
Net cash flow on disposal of subsidiaries	**–**	**–**	**–**

5. NON-CURRENT ASSETS HELD FOR SALE

As at 28 February 2019, non-current assets held for sale of R0,6m comprised of the Zaad property in Gauteng which was subsequently sold during the period. In the prior year, non-current assets held for sale comprised mainly of Capespan's investment in Joy Wing Mau amounting to R1,18bn, which was transferred on 31 August 2018 from equity securities to non-current assets held for sale and successfully sold during the second half of the prior 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 condensed consolidated interim 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.

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 2019.

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:

Unaudited	**Level 1 Rm**	**Level 2 Rm**	**Level 3 Rm**	**Total Rm**
31 August 2019				
Assets				
Cash and cash equivalents – money market fund	71			71
Equity securities		2	24	26
	71	2	24	97
Opening balance			29	
Disposals			(3)	
Currency translation adjustments			(1)	
Subsidiaries sold			(1)	
Liabilities				
Derivative financial liabilities			25	25
Opening balance			25	
Fair value gains			(1)	
Finance cost			1	

6. FINANCIAL INSTRUMENTS CONTINUED

Unaudited	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
31 August 2018				
Assets				
Equity securities	9		29	38
Opening balance			679	
Fair value gains			490	
Disposals			(5)	
Transfer to non-current assets held for sale (note 5)			(1 182)	
Currency translation adjustments			47	
Liabilities				
Derivative financial liabilities		1	39	40
Opening balance			39	
Fair value gains			(1)	
Finance cost			1	

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	

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 consolidated *recurring* headline earnings is the sum of its effective interest in the *recurring* headline earnings of each of its underlying investments. The result is that investments which Zeder does not equity account or consolidate in terms of accounting standards, are included in the calculation of *recurring* headline earnings.

Non-recurring headline earnings include 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.

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 internal 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.

7. SEGMENTAL REPORTING CONTINUED

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

	Unaudited		Audited
	Aug 19 6 months Rm	Aug 18 6 months Rm	Feb 19 12 months Rm
***Recurring* headline earnings segmental analysis:**			
Segments			
Food, beverages and related services	**105**	187	372
Agri-related retail, trade and services	**60**	58	115
Agri-inputs	**(7)**	10	124
Agri-production	**(23)**	(24)	(7)
***Recurring* headline earnings from investments**	**135**	231	604
Net interest, taxation and other income and expenses	**(74)**	(64)	(133)
***Recurring* headline earnings**	**61**	167	471
Non-recurring headline items	**(20)**	348	296
Headline earnings	**41**	515	767
Non-headline items (note 2)	**398**	(51)	(678)
Attributable earnings	**439**	464	89
***SOTP* segmental analysis:**			
Segments			
Food, beverages and related services	**8 482**	8 575	7 076
Agri-related retail, trade and services	**880**	1 217	978
Agri-inputs	**2 243**	2 235	2 235
Agri-production	**398**	493	493
Cash and cash equivalents	**72**	272	254
Other net assets	**119**	111	109
Debt funding	**(1 500)**	(1 500)	(1 500)
SOTP value	**10 694**	11 403	9 645
***SOTP value* per share (rand)**	**6.25**	6.67	5.64
Profit before tax segmental analysis:			
Segments			
Food, beverages and related services	**53**	661	818
Agri-related retail, trade and services	**56**	57	104
Agri-inputs	**(41)**	(5)	131
Agri-production	**(99)**	(44)	(22)
Management fees and other income and expenses (including impairment reversals/impairments)	**406**	(119)	(799)
	375	550	232
IFRS revenue (revenue and investment income) segmental analysis:			
Segments			
Food, beverages and related services	**2 436**	2 762	5 644
Revenue	**2 424**	2 739	5 599
Investment income	**12**	23	45
Agri-inputs	**578**	501	1 652
Revenue	**570**	493	1 636
Investment income	**8**	8	16
Agri-production	**159**	176	407
Revenue	**158**	176	406
Investment income	**1**		1
Unallocated investment income (mainly head office interest income)	**10**	11	28
IFRS revenue	**3 183**	3 450	7 731

8. CAPITAL COMMITMENTS, CONTINGENCIES AND SURETYSHIPS

Capital commitments, contingencies and suretyships similar to those disclosed in the consolidated annual financial statements for the year ended 28 February 2019 remained in effect during the period 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 2019 took place during the period under review.

10. EVENTS SUBSEQUENT TO THE REPORTING DATE

During September 2019, Zeder invested an additional R130m via a rights issue in Zaad, in order to assist with the first installment of the acquisition of the remaining 50% in Gap Chemicals. Apart from this investment and the Zeder general meeting already referred to under Noteworthy Developments, no other material event occurred between the end of the reporting period and the date of approval of these condensed consolidated interim financial statements.

11. PREPARATION

The condensed consolidated interim financial statements were compiled under the supervision of the group financial director, Mr JH le Roux, CA (SA), and were not reviewed or audited by the group's external auditor, PricewaterhouseCoopers Inc. Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the company's auditor.

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#, WL Greeff, ASM Karaan#, NS Mjoli-Mncube#, PJ Mouton
* *executive*
\# *independent non-executive*

COMPANY SECRETARY AND REGISTERED OFFICE
Zeder Corporate Services Proprietary Limited
2nd Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600
PO Box 7403, Stellenbosch, 7599

TRANSFER SECRETARY
Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
PO Box 61051, Marshalltown, 2107

SPONSOR
PSG Capital Proprietary Limited

AUDITOR
PricewaterhouseCoopers Inc.