CROOKES
BROTHERS

# UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

The board cautions against using interim earnings to project full year earnings without proper analysis particularly of the biological asset valuations. The consistent application of IFRS principles as they relate to biological asset valuations, combined with the impact of seasonality, particularly in the deciduous and macadamia nut divisions, distorts the presentation of actual operating performance.

The board emphasises accordingly that financial results for the six months ended 30 September 2021 should be used with caution and extrapolating them to reach a projected full-year earnings for the year ending 31 March 2022 may produce a misleading result.

# Financial and operational key features

Revenue increased by 9% to R448.0 million (2020: R412.1 million).

Operating profit before biological assets showed an improvement of 15% to R130.3 million (2020: R113.2 million). However, adjusting for changes in fair value of growing crops, operating profit after biological assets decreased by 58% to R27.5 million (2020: R66.1 million).

The lower operating profit is mainly due to the Group's sugar cane and banana yields declining due to the unfavourable regional climatic weather experienced, coupled with a reduction in the fair value of biological assets. Sugar cane and hanging macadamia nuts represent R53.2 million of this reduction compared to the corresponding prior period.

Notwithstanding the impact of COVID-19 and the civil unrest in KZN, the property division achieved an operating profit of R3 million for the period.

The Group's equity share of earnings from banana associates Lebombo Growers and Quinta Da Bela Vista is down 38% to R4.5 million (2020: R7.3 million). This is due to lower bunch masses and increased average cycle times brought about by the unusually cold weather experienced this year.

Finance costs reduced by 16% to R15.0 million (2020: R17.8 million), with actual interest on borrowings decreasing by 32% to R7.4 million (2020: R10.9 million). The cash proceeds realised from the sale of non-core operations were used to reduce short-term interest-bearing borrowings with a consequential reduction in the interest bill.

Profit for the period decreased by 62% to R17.6 million (2020: R46.3 million).

Due to a larger portion of profit for the period being attributable to non-controlling interests, a headline loss of 51.2 cents per share is reported (2020: headline earnings: 151.1 cents per share).

The increase in operating profit before biological assets is reflected in a 28% improvement in cash generated by operations from R58.5 million to R74.6 million. Combined with the reduction in finance costs, net cash generated by operating activities increased by 37% to R53.0 million (2020: R38.7 million).

# Divisional performance

## Sugar cane

Revenue from sugar cane increased by 4% to R303.5 million (2020: R292.3 million) due mainly to an increase in sugar prices in all of the geographic locations that the Group operates in.

Unfavourable regional climatic conditions in the form of excessive rainfall precipitated by Cyclone Eloise, coupled with higher than normal cloud cover at our Mpumalanga, Eswatini and Zambia farms adversely impacted soil drainage, thereby reducing yields on these farms. These climatic factors unfortunately ended up diluting what could have been a higher growth in reported revenue for this period.

Crookes Brothers along with other Agri businesses is facing strong headwinds with double-digit inflation increases in farming inputs particularly in the areas of fertilizer, chemicals, fuel, other agricultural farming inputs and electricity tariffs. These factors were offset to some extent by the improvement in sugar cane prices. The Group did experience some arson fire damage during the civil unrest in July but fortunately this impact was minimal.

The reduction in the valuation of standing sugar cane is directly related to the decrease in yields expected owing to the climatic factors described above.

Operating profit from sugar cane operations decreased by 30% to R87.7 million (2020: R125.0 million).

## Deciduous fruit

Revenue from deciduous operations decreased by 1% to R41.3 million (2020: R41.9 million). The prior period included revenue of R12.1 million from the High Noon farm which was sold in February 2021.

Revenue from continuing operations is therefore up 39%, owing to a 22% increase in our crop yields, offset by a slight reduction in average prices.

The sale of High Noon contributed to a saving of R15 million in costs compared to the corresponding prior period. Operating profit before biological assets increased to R5.2 million compared to an operating loss of R9.6 million at September 2020.

With the reversal of the year end valuation of hanging fruit, the operating loss from deciduous operations reduced to R12.5 million compared to an operating loss of R25.3 million in the corresponding prior period.

## Bananas

Revenue from bananas is up 33% to R45.7 million compared to R34.3 million in the corresponding prior period. This increase is mostly due to the removal of the negative impact from last year's hailstorm at our Nicoskamp farm in Mpumalanga.

During the current period, excessive rainfall combined with colder weather at our Mawecro farm, resulted in increased cycle times and lower bunch masses realised from the crop.

Planting at Eswatini has commenced with the 75 ha second phase of our planned 250 ha expansion. An operating profit of R0.6 million was realised from this operation for the current reporting period.

The reduced yields at Mawecro, combined with additional costs required at our Nicoskamp farm, resulted in an overall operating loss of R4.4 million for our banana operation, compared to an operating loss of R3.1 million in the corresponding prior period.

### Macadamias

Revenue from our macadamia operation is up 12%, and this is mostly due to a final 2021 crop yield of 701 tons compared to 328 tons achieved in the corresponding prior period.

Average prices are down 22% since the prior period, due to relative Rand strength impacting on our US Dollar exports and quality setbacks due to the COVID-19 pandemic induced delays by the shipping lines, which were beyond our control.

The reversal of the year end valuation of hanging macadamias had more of an impact in this period compared to the corresponding prior period due to a higher crop valuation over 31 March 2021 which was subsequently harvested and sold during this six-month period.

This seasonal distortion arising from the reversal of year end biological assets results in an operating loss of R19.8 million, compared to an operating loss of R1.5 million in the corresponding prior period.

### Property

Despite the negative impact of COVID-19 and the KZN civil unrest, revenue from the property division increased by 142% to R16.0 million (2020: R6.6 million).

Included in our operating results in the current reporting period were twelve Reversionary Transfer Obligation sales, compared to five in the corresponding prior period. The fair value gain resultant from the capital appreciation of these investment properties contributed to an overall operating profit of R3.0 million (2020: operating loss: R1 million) for the property division.

### Other operations

Revenue and operating profit from other operations are up, mostly due to the R2.1 million net revenue on the sale of beans and maize at our Mawecro farm.

Crocworld tourism results remain subdued due to the intermittent COVID-19 lockdown restrictions which have negatively impacted the tourism and leisure sectors but these are not material to the Group.

## Liquidity and financing activities

The Group's operating cash flows and liquidity position has improved substantially compared to the corresponding prior period.

The Group's South African banking facilities are in the process of being restructured into a balance of long-term and short-term debt, to ensure that the periodicity of funding matches the associated cash flows generated.

The improvement in the operating cash flows has translated into a saving in interest costs.

## Prospects

The climatic events that have affected the sugar industries in Mpumalanga, Eswatini and Zambia will unfortunately have an adverse impact on the Group's year-end sugar cane earnings through a concomitant reduction in yield. It is possible that final sugar prices earned could trend higher with some potential upside to revenue and earnings from this business segment.

A large portion of our deciduous fruit has been packed in the first six months of the year and we remain cautiously optimistic about achieving budgeted yields.

Some of the expected revenues from our banana operations will be deferred into the following financial year due to the longer than normal cycle times associated with the adverse weather. An industry-wide reduction in bunch mass arising from this unfavourable weather may impact favourably on banana prices due to less fruit being available in the open market.

We are encouraged by the healthy nut set on our macadamias orchards, which bodes well for our 2023 harvest. There is a high probability that we will achieve a crop well in excess of what was achieved in the current reporting period.

The property division has had two significant setbacks during the period, namely the effects of the COVID-19 pandemic and, more recently, the negative impact of the widespread unrest in KZN. The impact of these events has unfortunately translated into muted interest in residential property, not just at the south coast but also at the pricier north coast. South Africans are however resilient by nature, and we are heartened by a recent uptick in sales interest and the positive contribution to operating profit in this reporting period.

The business is pleased to report that it has successfully commissioned its solar project rollout in Eswatini at five sites which will result in a more reliable supply of electricity and is in line with our ESG goals. All five sites are now operational with some optimising of generation still taking place, and will deliver a total combined energy output of 1 371.4kWp. We are now investigating the viability of the expansion of the solar generation capability throughout the Group.

# Basis of preparation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the Framework concepts recognition and measurement criteria of IFRS and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and as a minimum, contain the information required by IAS 34 Interim Financial Reporting, and comply with the Listings Requirements of the JSE Limited applicable to provisional reports and the Companies Act No. 71 of 2008 of South Africa requirements applicable to condensed financial statements.

The results have been prepared under the supervision of N Naidoo CA (SA), Chief Financial Officer. The financial information has been prepared on the historical cost basis except for the valuation of biological assets, investment property, certain financial instruments and share-based payments, which are recorded at fair value.

# Accounting policies

The accounting policies adopted, and methods of computation used in the preparation of the unaudited condensed consolidation interim financial statements are in terms of IFRS and are consistent with those of the annual financial statements for the year ended 31 March 2021. Non-trading items are a non-IFRS measure and consist of items that are usually capital in nature or not of an operational nature. In most cases non-trading items are those items excluded from headline earnings in accordance with the SAICA Circular 1/2021.

# Going concern

There were no material changes in the affairs or financial position of the Group or its subsidiary companies since the end of the current reporting period. The directors believe that the Group and company have adequate resources to continue in operation for the foreseeable future and the unaudited condensed consolidated interim financial statements have therefore been prepared on a going-concern basis.

# Changes to the board

Greg Veale resigned from the board on 30 April 2021. Nigel Naidoo was appointed as Chief Financial Officer and a director of the board on 3 May 2021.

The resolution for the re-appointment of Malcolm Rutherford as a non-executive director was not passed by the requisite number of votes at the Annual General Meeting. Larry Riddle was subsequently elected as Chairman of the Board on 21 October 2021.

Dr Phumla Mnganga resigned as a non-executive director on 29 August 2021. Farzanah Mall was appointed as an independent non-executive director and member of the Audit Committee on 5 November 2021.

# Events after the reporting period

There were no other major changes in the affairs or financial position of the Group or its subsidiary companies since the end of the current reporting period.

# Cash dividend declaration

The board is mindful of the need to conserve cash during this interim period and has decided not to declare an interim dividend for the six-month period ended 30 September 2021.

Statements contained in this announcement including the prospects of the Group, have not been reviewed nor audited by the Group's external auditors.

For and on behalf of the board

**Larry Riddle**
*Chairman*

**Kennett Sinclair**
*Chief Executive Officer*

**Ziyanda Ngwenya**
*Company secretary*

Mount Edgecombe
24 November 2021

# Condensed consolidated Statement of profit or loss

for the period ended 30 September 2021

| | Notes | Unaudited Six months to 30 September 2021 R'000 | Unaudited Six months to 30 September 2020 R'000 | Audited 12 months to 31 March 2021 R'000 |
|---|---|---|---|---|
| **Revenue** | 1 | **448 045** | 412 067 | 635 583 |
| **Operating profit before biological assets** | | **130 299** | 113 184 | 39 344 |
| Change in fair value of biological assets | 7 | **(102 823)** | (47 087) | 58 515 |
| **Operating profit after biological assets** | | **27 476** | 66 097 | 97 859 |
| Non-trading items | 2 | **5 826** | 8 366 | (34 085) |
| Share of profit of joint venture and associate companies | | **4 557** | 7 323 | 13 628 |
| Investment income | | **1 518** | 336 | 3 757 |
| Finance costs | 3 | **(14 980)** | (17 838) | (35 185) |
| **Profit before tax** | | **24 397** | 64 284 | 45 974 |
| Tax expense | | **(6 831)** | (17 999) | (3 167) |
| **Profit for the period** | | **17 566** | 46 285 | 42 807 |
| **Attributable to:** | | | | |
| Owners of the company | | **(69)** | 32 060 | 23 235 |
| Non-controlling interests | | **17 635** | 14 225 | 19 572 |
| | | **17 566** | 46 285 | 42 807 |
| **(Loss)/earnings per share** | | | | |
| Basic | (cents) | **(0.5)** | 210.0 | 152.2 |
| Diluted | (cents) | **(0.5)** | 210.0 | 152.2 |

# Condensed consolidated Statement of comprehensive income

for the period ended 30 September 2021

| | Unaudited Six months to 30 September 2021 R'000 | Unaudited Six months to 30 September 2020 R'000 | Audited 12 months to 31 March 2021 R'000 |
|---|---|---|---|
| **Profit for the period** | **17 566** | 46 285 | 42 807 |
| ***Items that will not be reclassified subsequently to profit or loss:*** | | | |
| Remeasurement of post-employment medical aid obligation | **–** | – | (127) |
| ***Items that will be reclassified subsequently to profit or loss:*** | | | |
| Exchange differences on translating foreign operations | **4 401** | (7 951) | (16 911) |
| **Other comprehensive income/(loss), net of income tax** | **4 401** | (7 951) | (17 038) |
| **Total comprehensive income for the period** | **21 967** | 38 334 | 25 769 |
| **Attributable to:** | | | |
| Owners of the company | **4 332** | 24 109 | 6 197 |
| Non-controlling interests | **17 635** | 14 225 | 19 572 |
| | **21 967** | 38 334 | 25 769 |

# Condensed consolidated Statement of financial position

as at 30 September 2021

| | Notes | Unaudited 30 September 2021 R'000 | Unaudited 30 September 2020 R'000 | Audited 31 March 2021 R'000 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | **1 149 169** | 1 090 873 | 1 115 865 |
| Property, plant and equipment | 6 | **752 381** | 756 108 | 751 297 |
| Right-of-use assets | | **154 215** | 155 315 | 154 656 |
| Investment property | | **94 018** | 53 446 | 67 152 |
| Deferred tax assets | | **26 894** | 23 578 | 27 138 |
| Financial assets | | **24 586** | 17 979 | 24 075 |
| Investments in joint venture and associates | | **97 075** | 78 992 | 91 547 |
| Unsecured loans | | **–** | 5 455 | – |
| **Current assets** | | **598 498** | 722 264 | 637 045 |
| Biological assets | 7 | **191 813** | 193 526 | 286 509 |
| Inventories | | **131 050** | 136 860 | 124 606 |
| Trade and other receivables | | **186 164** | 178 754 | 137 278 |
| Current tax assets | | **6 722** | 9 194 | 6 232 |
| Financial assets | | **8 267** | 1 580 | 2 340 |
| Retirement benefit surplus | | **1 693** | 1 693 | 1 693 |
| Cash and bank balances | | **70 822** | 40 548 | 73 614 |
| | | **596 531** | 562 155 | 632 272 |
| Assets classified as held for sale | 8 | **1 967** | 160 109 | 4 773 |
| **Total assets** | | **1 747 667** | 1 813 137 | 1 752 910 |
| **EQUITY AND LIABILITIES** | | | | |
| **Capital and reserves** | | **1 104 002** | 1 104 154 | 1 089 667 |
| Share capital and premium | | **226 271** | 226 271 | 226 271 |
| Investment revaluation reserve | | **951** | 951 | 951 |
| Foreign currency translation reserve | | **(52 317)** | (47 757) | (56 718) |
| Share-based payment reserve | | **4 234** | 5 780 | 4 234 |
| Retained earnings | | **857 001** | 866 457 | 864 702 |
| Equity attributable to owners of the company | | **1 036 140** | 1 051 702 | 1 039 440 |
| Non-controlling interests | | **67 862** | 52 452 | 50 227 |
| **Non-current liabilities** | | **506 980** | 425 659 | 481 057 |
| Deferred tax liabilities | | **114 812** | 127 150 | 114 050 |
| Borrowings – interest-bearing | 9.1 | **125 245** | 74 016 | 124 619 |
| Other financial liabilities | | **67 690** | 34 426 | 44 752 |
| Obligations to return leased farmland | | **35 511** | 30 078 | 35 810 |
| Lease liabilities | | **161 216** | 157 588 | 159 320 |
| Post-employment medical aid obligation | | **2 506** | 2 401 | 2 506 |
| **Current liabilities** | | **136 685** | 283 324 | 182 186 |
| Trade and other payables and provisions | | **65 452** | 47 125 | 80 788 |
| Current tax liabilities | | **–** | 19 446 | 1 373 |
| Borrowings – interest-bearing | 9.1 | **65 426** | 206 886 | 90 849 |
| Lease liabilities | | **5 807** | 5 165 | 5 599 |
| Bank overdraft | 9.2 | **–** | 4 702 | 3 577 |
| **Total equity and liabilities** | | **1 747 667** | 1 813 137 | 1 752 910 |

# Condensed consolidated Statement of cash flows

for the period ended 30 September 2021

| | Notes | Unaudited Six months to 30 September 2021 R'000 | Unaudited Six months to 30 September 2020 R'000 | Audited 12 months to 31 March 2021 R'000 |
|---|---|---|---|---|
| **Operating activities** | | | | |
| Operating profit for the period | | **27 476** | 66 097 | 97 859 |
| **Adjustment for non-cash items:** | | | | |
| Depreciation | | **31 971** | 33 303 | 65 502 |
| Change in fair value of biological assets | 7 | **102 823** | 47 087 | (58 515) |
| Other non-cash items | | **(13 039)** | (7 154) | (5 396) |
| **Operating cash flows before changes in working capital** | | **149 231** | 139 333 | 99 450 |
| Net (outflow)/inflow from changes in working capital: | | **(74 608)** | (80 855) | 2 832 |
| **Cash generated from operations** | | **74 623** | 58 478 | 102 282 |
| Interest received | | **336** | 207 | 1 452 |
| Interest paid | | **(13 806)** | (16 566) | (31 252) |
| Income taxes paid | | **(8 116)** | (3 384) | (19 902) |
| **Net cash generated by operating activities** | | **53 037** | 38 735 | 52 580 |
| **Investing activities** | | | | |
| (Investment in)/proceeds from financial assets | | **(700)** | 58 | – |
| Proceeds on disposal of biological assets | | **–** | 1 595 | – |
| Proceeds on disposal of property, plant and equipment | | **8 593** | 4 501 | 117 647 |
| Investment in property, plant and equipment | | **(36 205)** | (22 686) | (57 304) |
| Investment in investment property | | **(5 833)** | (117) | (869) |
| Loans to joint venture and associate companies | | **(524)** | (2 078) | (6 561) |
| Other net investing activities | | **–** | (118) | 15 |
| **Net cash (utilised in)/generated by investing activities** | | **(34 669)** | (18 845) | 52 928 |
| **Free cash flow** | | **18 368** | 19 890 | 105 508 |
| **Financing activities** | | | | |
| Proceeds from loans and borrowings | | **15 000** | 12 588 | 63 965 |
| Repayment of loans and borrowings | | **(14 577)** | (7 902) | (10 726) |
| Proceeds from general banking facilities | | **76 000** | 60 000 | 128 000 |
| Repayment of general banking facilities | | **(102 000)** | (56 000) | (230 000) |
| Receipts from other financial liabilities | | **23 510** | 7 426 | 18 173 |
| Repayment of lease liability | | **(2 884)** | (2 479) | (5 166) |
| Shareholder loan | | **(5 000)** | – | – |
| Dividends paid – ordinary shareholders | | **(7 632)** | – | – |
| Dividends paid – community partners | | **–** | – | (2 040) |
| **Net cash (utilised in)/generated by financing activities** | | **(17 583)** | 13 633 | (37 794) |
| **Net increase in cash and cash equivalents** | | **785** | 33 523 | 67 714 |
| Cash and cash equivalents at beginning of the period | | **70 037** | 2 323 | 2 323 |
| **Cash and cash equivalents at end of the period** | | **70 822** | 35 846 | 70 037 |

# Condensed consolidated Statement of changes in equity

for the period ended 30 September 2021

| | Unaudited Six months to 30 September 2021 R'000 | Unaudited Six months to 30 September 2020 R'000 | Audited 12 months to 31 March 2021 R'000 |
|---|---|---|---|
| **Balance at beginning of period** | **1 089 667** | 1 065 938 | 1 065 938 |
| Movements in share-based payment reserve | **–** | (118) | – |
| Other comprehensive income for the period | **21 967** | 38 334 | 25 769 |
| Dividends declared and paid | **(7 632)** | – | (2 040) |
| **Balance at end of period** | **1 104 002** | 1 104 154 | 1 089 667 |

# Condensed consolidated Segmental analysis

for the period ended 30 September 2021

| | Unaudited Six months to 30 September 2021 R'000 | Unaudited Six months to 30 September 2020 R'000 | Audited 12 months to 31 March 2021 R'000 |
|---|---|---|---|
| **Revenue** | | | |
| Sugar cane | **303 457** | 292 301 | 391 082 |
| Deciduous fruit | **41 323** | 41 934 | 93 094 |
| Bananas | **45 753** | 34 298 | 82 633 |
| Macadamias | **32 239** | 28 793 | 25 913 |
| Property | **16 037** | 6 612 | 24 172 |
| Other operations | **9 236** | 8 129 | 18 689 |
| | **448 045** | 412 067 | 635 583 |
| **Operating profit before biological assets** | | | |
| Sugar cane | **135 884** | 147 249 | 105 178 |
| Deciduous fruit | **5 176** | (9 579) | (8 673) |
| Bananas | **(1 725)** | (876) | 4 366 |
| Macadamias | **14 396** | 5 482 | (14 748) |
| Property | **3 037** | (946) | 4 788 |
| Other operations | **1 944** | (1 046) | 2 612 |
| Corporate expenses | **(28 413)** | (27 100) | (54 179) |
| | **130 299** | 113 184 | 39 344 |
| **Change in fair value of biological assets** | | | |
| Sugar cane | **(48 160)** | (22 212) | 23 390 |
| Deciduous fruit | **(17 725)** | (15 678) | 12 398 |
| Bananas | **(2 711)** | (2 222) | (144) |
| Macadamias | **(34 227)** | (6 975) | 22 871 |
| | **(102 823)** | (47 087) | 58 515 |
| **Operating profit after biological assets** | | | |
| Sugar cane | **87 724** | 125 037 | 128 568 |
| Deciduous fruit | **(12 549)** | (25 257) | 3 725 |
| Bananas | **(4 436)** | (3 098) | 4 222 |
| Macadamias | **(19 831)** | (1 493) | 8 123 |
| Property | **3 037** | (946) | 4 788 |
| Other operations | **1 944** | (1 046) | 2 612 |
| Corporate expenses | **(28 413)** | (27 100) | (54 179) |
| | **27 476** | 66 097 | 97 859 |
| **Segmental assets** | | | |
| Sugar cane | **608 515** | 595 521 | 582 932 |
| Deciduous fruit | **214 202** | 389 700 | 249 774 |
| Bananas | **199 621** | 173 874 | 193 383 |
| Macadamias | **350 360** | 325 549 | 357 860 |
| Property | **250 419** | 225 952 | 240 587 |
| Other operations | **42 232** | 56 348 | 46 147 |
| Unallocated corporate assets | **82 318** | 46 193 | 82 227 |
| | **1 747 667** | 1 813 137 | 1 752 910 |
| **Segmental liabilities** | | | |
| Sugar cane | **254 890** | 269 963 | 256 349 |
| Deciduous fruit | **27 574** | 55 339 | 21 375 |
| Bananas | **85 940** | 82 132 | 81 757 |
| Macadamias | **49 725** | 3 483 | 49 740 |
| Property | **149 359** | 105 346 | 128 992 |
| Other operations | **841** | 793 | 1 286 |
| Unallocated corporate liabilities | **75 336** | 191 927 | 123 744 |
| | **643 665** | 708 983 | 663 243 |

# Abbreviated notes to the interim results

for the period ended 30 September 2021

| | **Unaudited Six months to 30 September 2021 R'000** | Unaudited Six months to 30 September 2020 R'000 | Audited 12 months to 31 March 2021 R'000 |
|---|---|---|---|
| **1. Revenue** | | | |
| The following is an analysis of revenue for the period: | | | |
| **By reportable segment** | | | |
| Sugar cane | **303 457** | 292 301 | 391 082 |
| Deciduous fruit | **41 323** | 41 934 | 93 094 |
| Bananas | **45 753** | 34 298 | 82 633 |
| Macadamias | **32 239** | 28 793 | 25 913 |
| Property | **16 037** | 6 612 | 24 172 |
| Other operations | | | |
| Lease rental | **3 695** | 5 144 | 10 326 |
| Utility services related to property development | **2 816** | 2 308 | 4 517 |
| Tourism | **2 725** | 677 | 3 846 |
| | **448 045** | 412 067 | 635 583 |
| **By geographic segment** | | | |
| South Africa | **288 421** | 268 565 | 448 522 |
| Foreign countries | | | |
| Eswatini | **109 136** | 95 662 | 133 281 |
| Zambia | **18 249** | 19 047 | 27 867 |
| Mozambique | **32 239** | 28 793 | 25 913 |
| | **448 045** | 412 067 | 635 583 |
| **By customer percentage** | | | |
| **Sugar cane** | | | |
| – RCL Foods, Sugar and Milling | **38** | 41 | 34 |
| – Illovo Sugar | **30** | 30 | 28 |
| **Deciduous fruit** | | | |
| – Two-A-Day | **8** | 9 | 13 |
| – Elgin Fruit Juices | **2** | 1 | 1 |
| **Bananas** | | | |
| – Lebombo Growers | **10** | 8 | 13 |
| **Macadamias** | | | |
| – Various | **7** | 7 | 4 |
| **Property** | | | |
| – Various | **3** | 2 | 4 |
| **Other operations** | | | |
| – Various | **2** | 2 | 3 |
| | **100** | 100 | 100 |

# Abbreviated notes to the interim results continued

for the period ended 30 September 2021

| | | Unaudited Six months to 30 September 2021 R'000 | Unaudited Six months to 30 September 2020 R'000 | Audited 12 months to 31 March 2021 R'000 |
|---|---|---|---|---|
| **2. Non-trading items** | | | | |
| Non-trading items cover those amounts that are not considered to be of an operating/trading nature. | | | | |
| During the current and prior periods, the group disposed of various forms of property, plant and equipment through the sale of farms and on an item by item basis. | | | | |
| The gains/(losses) realised on these sales are considered to be non-trading, and are reconciled as follows: | | | | |
| Loss on disposal – High Noon farm | | **–** | – | (54 875) |
| Gain on disposal – Riversbend farms | | **6 344** | – | 14 319 |
| Gain on disposal – Strathmore farm | | **–** | 6 628 | 6 628 |
| Net (losses)/gains on disposal – general items | | **(518)** | 1 738 | (157) |
| | | **5 826** | 8 366 | (34 085) |
| **3. Finance costs** | | | | |
| Interest on bank overdraft and borrowings | | **7 398** | 10 954 | 20 969 |
| Interest on reversionary sale and transfer obligations | | **1 135** | 587 | 1 270 |
| Interest on lease liabilities | | **6 447** | 6 297 | 12 946 |
| | | **14 980** | 17 838 | 35 185 |
| **4. Headline (loss)/earnings per share** | | | | |
| **4.1 Number of shares** | | | | |
| In issue | | **15 264 317** | 15 264 317 | 15 264 317 |
| Weighted average (basic) | | **15 264 317** | 15 264 317 | 15 264 317 |
| Weighted average (diluted) | | **15 264 317** | 15 264 317 | 15 264 317 |
| **4.2 Headline (loss)/earnings** | | | | |
| (Loss)/profit for the period attributable to owners of the company | | **(69)** | 32 060 | 23 235 |
| **Adjusted for:** | | | | |
| (Gain)/loss on disposal of property, plant and equipment | | **(5 826)** | (8 366) | 34 085 |
| Gain arising on changes in fair value of investment property | | **(4 926)** | (4 120) | (8 644) |
| Tax effect of the adjustments | | **3 011** | 3 496 | (7 124) |
| Headline (loss)/earnings | | **(7 810)** | 23 070 | 41 552 |
| Headline (loss)/earnings per share (basic) | (cents) | **(51.2)** | 151.1 | 272.2 |
| Headline (loss)/earnings per share (diluted) | (cents) | **(51.2)** | 151.1 | 272.2 |
| **5. Exchange rates** | | | | |
| Rand/US Dollar closing | | **15.12** | 16.84 | 14.83 |
| Rand/US Dollar average | | **14.40** | 17.45 | 16.38 |
| Rand/Metical closing | | **4.27** | 4.33 | 4.67 |
| Rand/Metical average | | **4.40** | 4.06 | 4.48 |
| Rand/Kwacha closing | | **1.11** | 1.19 | 1.49 |
| Rand/Kwacha average | | **1.44** | 1.07 | 1.23 |

# Abbreviated notes to the interim results continued
for the period ended 30 September 2021

## 6. Property, plant and equipment

The Group applies the depreciated historic cost model, in that property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is not depreciated, however leasehold land/land rights are amortised over the remaining period of the Group's leases in the jurisdictions they operate in.

The net book value/depreciated historic cost of the Group's freehold and leased land during the current reporting period totalled R72.5 million.

A valuation conducted over the group's land in the 2021 financial year by an independent valuator determined the market value of the Group's land to be R1.5 billion.

# Abbreviated notes to the interim results continued

for the period ended 30 September 2021

| | Unaudited Six months to 30 September 2021 R'000 | Unaudited Six months to 30 September 2020 R'000 | Audited 12 months to 31 March 2021 R'000 | Audited 12 months to 31 March 2020* R'000 |
|---|---|---|---|---|
| **7. Biological assets** | | | | |
| **Fair value** | | | | |
| Sugar cane | **165 310** | 167 154 | 209 352 | 193 128 |
| Deciduous fruit | **–** | – | 17 725 | 15 678 |
| Bananas | **16 339** | 17 322 | 19 400 | 19 544 |
| Macadamias | **10 164** | 13 619 | 40 032 | 17 161 |
| | **191 813** | 198 095 | 286 509 | 245 511 |
| Included in the financial statements as: | | | | |
| Current | **191 813** | 193 526 | 286 509 | 245 511 |
| Assets classified as held for sale (see note 8) | **–** | 4 569 | – | – |
| | **191 813** | 198 095 | 286 509 | 245 511 |
| **Analysis of fair values of growing crops:** | | | | |
| **Fair value at beginning of year** | **286 509** | 245 511 | 245 511 | 260 806 |
| **Disposals:** | | | | |
| **Sugar cane**[1] | **–** | (1 595) | (1 595) | – |
| **Deciduous fruit**[1] | **–** | – | (10 352) | – |
| **(Losses)/gains arising from changes attributable to volume and price:** | **(102 823)** | (47 087) | 58 515 | (12 856) |
| **Sugar cane** | | | | |
| – Loss arising from physical growth/yield | **(52 031)** | (45 534) | (7 545) | (5 192) |
| – Loss arising from area under crop to be harvested | **–** | – | (5 049) | (7 490) |
| – Gain arising from price changes | **4 221** | 23 322 | 35 984 | 19 166 |
| **Deciduous fruit** | | | | |
| – (Loss)/gain arising from physical growth/yield | **(17 725)** | (15 678) | (1 057) | 3 404 |
| – Gain/(loss) arising from area under crop to be harvested | **–** | – | 14 513 | (10 852) |
| – Loss arising from price changes | **–** | – | (1 058) | (5 670) |
| **Bananas** | | | | |
| – Loss arising from physical growth/yield | **(1 557)** | (3 665) | (1 029) | (585) |
| – Gain arising from area under crop to be harvested | **–** | – | 815 | 1 146 |
| – (Loss)/gain arising from price changes | **(1 504)** | 1 443 | 70 | 4 146 |
| **Macadamias** | | | | |
| – (Loss)/gain arising from physical growth/yield | **(26 307)** | (19 700) | 19 605 | (10 054) |
| – (Loss)/gain arising from price changes | **(7 920)** | 12 725 | 3 266 | (875) |
| Effect of foreign currency exchange differences | **8 127** | 1 266 | (5 570) | (2 439) |
| **Fair value at end of year** | **191 813** | 198 095 | 286 509 | 245 511 |

In terms of IAS 41: Agriculture, growing crops, comprising sugar cane, deciduous fruit, bananas and macadamias are accounted for as biological assets and are measured and recognised at fair value. Changes in the fair value are included in profit or loss.

The fair value of growing crops is determined based on current market prices less estimated selling costs.

(1) *Sale of High Noon and Strathmore. Refer to note 2.*

* *31 March 2020 disclosed for comparative purposes only.*

# Abbreviated notes to the interim results continued

for the period ended 30 September 2021

## 8. Assets classified as held for sale

During the prior reporting period, the directors resolved to dispose of the High Noon deciduous fruit farm in the Western Cape and the Riversbend sugar cane farm in northern KwaZulu-Natal.

The High Noon farm and four portions of the Riversbend farm were sold in the 2021 financial year and two portions were sold in the current reporting period.

One portion of the Riversbend land and associated movables remain unsold, which the directors have resolved to dispose of as follows:

| | Unaudited Six months to 30 September 2021 R'000 | Unaudited Six months to 30 September 2020 R'000 | Audited 12 months to 31 March 2021 R'000 |
|---|---|---|---|
| **Statement of financial position** | | | |
| Property, plant and equipment | **1 967** | 109 968 | 4 773 |
| Bearer assets | **–** | 38 762 | – |
| Biological assets | **–** | 4 569 | – |
| Inventory | **–** | 3 955 | – |
| Deposits – deciduous trees | **–** | 2 855 | – |
| | **1 967** | 160 109 | 4 773 |

# Abbreviated notes to the interim results continued

for the period ended 30 September 2021

| | Security | Unaudited Six months to 30 September 2021 R'000 | Unaudited Six months to 30 September 2020 R'000 | Audited 12 months to 31 March 2021 R'000 |
|---|---|---|---|---|
| **9. Borrowings – interest-bearing** | | | | |
| **9.1 Loans and demand facilities: amortised cost** | | | | |
| Call loan – Two-A-Day | Unsecured | **–** | 10 000 | – |
| Demand facility – Investec Bank Limited | Secured | **–** | 40 000 | – |
| Demand facility – Rand Merchant Bank | Secured | **49 000** | 141 000 | 75 000 |
| Revolving credit loan – Akwandze Agricultural Finance | Unsecured | **–** | 10 459 | 10 918 |
| Revolving credit loan – Akwandze Agricultural Finance | Secured | **15 023** | – | – |
| Term-loans – Akwandze Agricultural Finance | Secured | **–** | 5 325 | 3 347 |
| Term-loan – Grindrod Bank Limited | Secured | **79 918** | 72 588 | 79 918 |
| Term-loan – AgDevCo Limited | Secured | **46 249** | – | 45 494 |
| Instalment sale agreements | Secured | **481** | 1 530 | 791 |
| | | **190 671** | 280 902 | 215 468 |
| Included in the financial statements as: | | | | |
| Non-current | | **125 245** | 74 016 | 124 619 |
| Current | | **65 426** | 206 886 | 90 849 |
| | | **190 671** | 280 902 | 215 468 |
| **9.2 Bank overdraft at amortised cost** | | | | |
| Bank overdraft – FNB Eswatini | | **–** | 4 702 | 3 577 |
| **9.3 Total interest-bearing borrowings at amortised cost** | | | | |
| Loans, bank overdrafts and facilities | | **190 671** | 285 604 | 219 045 |

**9.4 Total short-term banking facilities**

| | Type | Interest | 2021 | 2020 | March 2021 |
|---|---|---|---|---|---|
| Investec Bank Limited | Demand | Prime | **–** | 40 000 | – |
| Rand Merchant Bank | Demand | Prime | **100 000** | 160 000 | 100 000 |
| First National Bank Eswatini | Overdraft | Prime | **25 000** | 25 000 | 25 000 |
| | | | **125 000** | 225 000 | 125 000 |

**9.5 Total long-term banking facilities**

| | Type | Interest | 2021 | 2020 | March 2021 |
|---|---|---|---|---|---|
| Grindrod Bank Limited | Term | Prime | **80 000** | 80 000 | 80 000 |
| AgDevCo Limited | Term | USD 8% | **120 981** | – | 118 679 |
| | | | **200 981** | 80 000 | 198 679 |

**9.6 Net undrawn short-term banking facilities**

| | Type | Interest | 2021 | 2020 | March 2021 |
|---|---|---|---|---|---|
| Rand Merchant Bank | Demand | Prime | **51 000** | 19 000 | 25 000 |
| FNB Eswatini | Overdraft | Prime | **25 000** | 20 298 | 21 423 |
| | | | **76 000** | 39 298 | 46 423 |

**9.7 Net undrawn long-term banking facilities**

| | Type | Interest | 2021 | 2020 | March 2021 |
|---|---|---|---|---|---|
| Grindrod Bank Limited | Term | Prime | **82** | 7 412 | 82 |
| AgDevCo Limited | Term | USD 8% | **74 732** | – | 73 185 |
| | | | **74 814** | 7 412 | 73 267 |

# Abbreviated notes to the interim results continued

for the period ended 30 September 2021

## 10. Fair value disclosure

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

| | Level 1 R'000 | Level 2 R'000 | Level 3 R'000 | Total R'000 |
|---|---|---|---|---|
| **Unaudited six months to 30 September 2021** | | | | |
| Investment property | **–** | **94 018** | **–** | **94 018** |
| Financial assets | **–** | **–** | **5 326** | **5 326** |
| Biological assets | **–** | **–** | **191 813** | **191 813** |
| | **–** | **94 018** | **197 139** | **291 157** |
| **Unaudited 12 months to 30 September 2020** | | | | |
| Investment property | – | 53 446 | – | 53 446 |
| Financial assets | – | – | 4 582 | 4 582 |
| Biological assets | – | – | 193 526 | 193 526 |
| | – | 53 446 | 198 108 | 251 554 |
| **Audited 12 months to 31 March 2021** | | | | |
| Investment property | – | 67 152 | – | 67 152 |
| Financial assets | – | – | 4 626 | 4 626 |
| Biological assets | – | – | 286 509 | 286 509 |
| | – | 67 152 | 291 135 | 358 287 |

The above assets are measured at fair value on a recurring basis.

There have been no material transfers between level 1 and 2 of any financial assets in the current financial reporting period.

The fair values of other financial assets under IFRS 9 are not readily determinable, therefore the directors have measured these investments at cost, which they assess to be the closest approximation of fair value.

# Abbreviated notes to the interim results continued

for the period ended 30 September 2021

## 10. Fair value disclosure continued

The following table gives information about how the fair values of these assets are determined (in particular, the valuation technique(s) and inputs used).

| Financial assets/ financial liabilities | Unaudited fair value as at 30 September 2021 R'000 | Unaudited fair value as at 30 September 2020 R'000 | Audited fair value as at 31 March 2021 R'000 | Fair value hierarchy | Valuation technique(s) and key input(s) | Significant unobservable inputs to fair value | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|---|---|
| Investment property | **94 018** | 53 446 | 67 152 | Level 2 | Relevant selling price per square metre with respect to similar residential units or number of bedrooms. | None. | None. |
| Financial assets | **5 326** | 4 582 | 4 626 | Level 3 | Fair value approximates cost. | None. | None. |
| Biological assets | **191 813** | 193 526 | 286 509 | Level 3 | Discounted cash flow. Current estimated market prices for the following season, less the estimated costs of harvesting, transport, packing and point-of-sale costs. | Estimated price, yield and inflation is subject to fluctuation and change. Prices are not based on published or quoted market and commodity listings. | In arriving at the fair value, the estimated price is applied against the expected area to harvest, together with the estimated yields and average maturity of the crop. |

# Corporate information

## Crookes Brothers Limited

Incorporated in the Republic of South Africa
Registration number 1913/000290/06
Share code: CKS
ISIN: ZAE000001434

## Registered office and postal address

170 Flanders Drive, Mount Edgecombe, KwaZulu-Natal, 4300
PO Box 611, Mount Edgecombe, KwaZulu-Natal, 4300

## Directors

LW Riddle *(Chairman), KA Sinclair (CEO), N Naidoo (CFO)
RGF Chance*, TJ Crookes*, TK Denton*#, F Mall*, G Vaughan-Smith*#, ST Xaba*

**Non-executive director*
*#British*

## Attorneys

Livingston Leandy Inc.
Webber Wentzel

## Auditors

BDO South Africa Inc.

## Bankers

FirstRand Bank Limited
Investec Bank Limited

## Transfer secretaries

Computershare Investor Services (Pty) Ltd
PO Box 61051, Marshalltown, 2107

## Sponsor

Sasfin Capital (a member of the Sasfin Group)

## Website

www.cbl.co.za

CROOKES
BROTHERS

www.cbl.co.za