CROOKES
BROTHERS

UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

Commentary

Seasonality of crops at interim period

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

The board emphasises that financial results for the six months ended 30 September 2022 should be used prudently and extrapolating them to reach projected full-year earnings for the year ending 31 March 2023 may produce a misleading result.

Financial performance

The group experienced challenging trading conditions during the period under review. The surge in agricultural input and logistical cost increases precipitated by the Russia/Ukraine conflict affected all agricultural operations. The financial performance, especially in the deciduous fruit, banana and macadamia divisions, was negatively impacted by a large contraction in average selling prices resulting in significant pressure on margins and losses in some divisions. Sugar volumes are slightly down due to the timing of the harvest, but prices have been stable.

Despite depressed selling prices in three of our five divisions, overall group revenue increased by 1% to R454.2 million (2021: R448.0 million).

The modest increase in revenue, combined with the considerable increases in agricultural input and logistical costs in all crops, eroded earnings attributable to the group's farming operations.

The increase in international fertiliser, chemical and energy prices precipitated by the Russia/Ukraine conflict, have seen agricultural input costs increase by 25% compared to the corresponding prior period.

Operating profit before biological assets consequently decreased by 37% to R82.5 million (2021: R130.3 million).

The reduction in the fair value movement of biological assets was R99.4 million (2021: R102.8 million).

The resultant effect is an overall operating loss after biological assets of R16.9 million (2021: operating profit of R27.5 million).

The prior period included a non-trading profit on the sale of one of the Riversbend farms in the Nkwalini Valley of northern KwaZulu-Natal, and the remaining portions of Riversbend farms were sold by the end of the previous financial year.

Low banana prices, impacting Lebombo Growers and Quinta Da Bela Vista, resulted in a R3.4 million equity accounted loss from these associates (2021: profit of R4.6 million).

Finance costs increased by R1.7 million to R16.7 million (2021: R15.0 million). Actual interest on bank borrowings increased by R3.9 million to R11.3 million (2021: R7.4 million).

The group is consequently reporting a loss for the period of R25.6 million (2021: profit of R17.6 million).

Basic loss per share increased to 192.1 cents per share (2021: 0.5 cents per share).

Headline loss per share increased to 193.7 cents per share (2021: 51.2 cents per share).

Divisional performance

Sugar cane

Revenue from sugar cane decreased by 2% to R297.5 million (2021: R303.5 million).

The group benefited from higher sugar prices in all its geographic operating locations. The higher prices were offset by lower volumes compared to the corresponding prior period, largely due to the timing of the commencement of sugar milling operations this season compared to the comparative prior period.

All our sugar cane farms are on track to complete their harvesting programmes, so we should see a catchup in earnings during the second half of the year.

Operating profit decreased slightly by 1% to R87.2 million (2021: R87.7 million).

Deciduous fruit

Revenue from deciduous fruit decreased by 15% to R35.1 million (2021: R41.3 million).

The year started on a positive note with a record 2022 crop of 27 848 tons, only to receive a very disappointing marketing report from our marketing agent at the end of July 2022.

Developments in Europe have resulted in the collapse of prices in that market. The major reason for this collapse was the closure of the Russian market due to sanctions imposed by the West, which obliged distributors to find alternative markets in Europe for fruit originally destined for Russia. The Russia/Ukraine conflict also resulted in logistical difficulties and cost increases.

Consequently, average net prices receivable on our 2022 crop are down by approximately 20% to 30% on last year, depending on the variety. Attempts to pass on some of our increased farming input and shipping costs were strongly resisted, particularly by the major UK supermarkets, Tesco and Waitrose.

Commentary continued

This is a disappointing setback to our deciduous operations for the current reporting period and the remainder of 2022/23, given the record crop that had recently been achieved.

The deciduous division is accordingly reporting an operating loss of R25.7 million (2021: operating loss of R12.5 million).

Bananas

Revenue from bananas increased by 22% to R55.8 million (2021: R45.8 million).

The increase in revenue was all volume driven.

In the comparative prior period excessive rainfall combined with colder weather at our Mawecro farm resulted in increased cycle times and lower bunch masses.

During the current reporting period, a record crop was achieved in terms of both bunch mass and the number of cartons packed. We are anticipating a "double-crop" in the younger orchards at Mawecro this year, which is a positive consequence of the increased cycle length last season pushing the crop into the early part of this year.

For many years, the group like the rest of the South African banana industry, benefited from strong banana prices. Lower banana prices had been anticipated due to the additional supply of bananas into the South African market, but the market price correction was far greater than the industry had expected.

Since the start of the financial year, average net banana prices per carton have fallen by 24% compared to the corresponding prior period.

The drop in price is attributed to a higher volume of bananas, in many cases of poor quality finding its way into the South African market from neighbouring Mozambique, thus contributing to an oversupply.

A consequence of the record banana crop achieved is higher direct costs which are volume driven, in the form of carton and packing costs.

Poor selling prices were therefore exacerbated by these higher volume-based direct costs and the record high fertiliser and chemical costs, coupled with unprecedented increases in carton costs.

The banana division made an operating loss of R12.1 million (2021: operating loss of R4.4 million).

Macadamias

Revenue from macadamias increased by 25% to R40.2 million (2021: R32.2 million).

The increase in revenue is mainly attributable to an increase in volume with 876 tons harvested, compared to 701 tons in the corresponding prior period.

The current harvest experienced some quality issues, largely due to above average rainfall. This included three cyclones during the period December 2021 to March 2022, which hampered efforts to effectively complete crucial spray cycles in the orchards for pests. This had a negative impact on prices when the nuts were sold.

Marketing reports have indicated that China's years of heavy investment in its own macadamia plantations have successfully reduced their dependence on imports from other countries. The fallout from this has resulted in the complete disappearance of demand from the Chinese dry-nut-in-shell ("DNIS") market for imports from Southern Africa, which in the past fetched extremely attractive hard currency prices. The switch to alternative customers in an oversupplied market has seen a significant downward price correction notwithstanding the benefit of a weaker Rand/Dollar exchange rate.

The Macadamia division also experienced high fertiliser, chemical and fuel prices, resulting in further margin pressure.

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 2022 which was subsequently harvested and sold during this six-month period.

These factors, when combined, resulted in an operating loss of R43.1 million (2021: operating loss of R19.8 million).

Property

Revenue from the property division decreased by 8% to R14.8 million (2021: R16.0 million).

The initial five phases of the Renishaw Hills residential development are nearly sold out.

Phase 6 has commenced, with current sales tempo tracking slightly slower than the comparative prior period.

During this reporting period, our first land sale in the Renishaw Coastal Precinct was concluded with proceeds of R8.9 million.

Operating profit from the property division increased by 33% to R4.1 million (2021: R3.0 million).

Other operations

Revenue from other operations increased by 18% to R10.9 million (2021: R9.2 million), mostly due to the sale of beans used as a "break crop" at the Mawecro farm.

The Crocworld tourism division, still recovering from the impact of COVID-19 and enforced lockdowns on the tourism sector, was heavily impacted by the April 2022 KZN floods, which resulted in the park closing over the lucrative Easter weekend.

The resultant effect is an operating loss of R0.8 million (2021: operating profit of R1.9 million).

Commentary continued

Capital expenditure

Capital expenditure for the period amounted to R39.0 million (2021: R36.2 million).

For the current financial year, the group will only undertake capital projects that are essential in terms of its replacement and maintenance programmes.

Further expansion of the macadamia estate in Mozambique has been put on hold pending a recovery in macadamia prices.

Regarding the rest of the agricultural operations, replanting of cane and banana fields and deciduous orchards will continue in accordance with the group's replant programme to ensure sustainable yields in the future.

Liquidity and financing activities

The reduction in operating earnings has put a commensurate strain on operating cash flows required to support the group's working capital needs.

As a result, cash generated from operations decreased by 61% to R28.9 million (2021: R74.6 million).

Since the beginning of the comparative prior period the cost of borrowings has also gone up, with a 2.75% increase in the South African prime lending rate over the last 12 months.

Cash paid to service interest on borrowings increased by 7% to R14.8 million (2021: R13.8 million).

Net cash generated from operating activities decreased by 76% to R12.5 million (2021: R53.0 million).

The group remains committed to matching the periodicity of its cash flows, with a balance of short- and long-term facilities. To this end, the first R20 million of a R40 million in-country term-facility in eSwatini was drawn down to finance the solar generation installation and the banana expansion at the group's eSwatini farm.

Net debt (total interest-bearing borrowings, net of cash balances) increased by 89% to R225.9 million (2021: R119.8 million).

Outlook

As we enter the second half of the year our agricultural crops are tracking well in terms of volume and quality.

The Russia/Ukraine conflict, together with the high global inflationary environment and difficult market conditions, particularly in the deciduous, banana and macadamia divisions, will continue to exert margin pressure on the business resulting in trading conditions being very challenging.

On the positive side, fertiliser, chemical and fuel prices have fallen significantly from their peaks on international markets and coupled with the recent strengthening of the Rand, we expect the effects of these market movements to benefit the group through reduced agricultural input costs in the near future. Furthermore, a significant reduction in global sea freight costs from their recent highs should translate into lower freight rates on the shipping lanes for our fruit and nut exports. We are also seeing some positive early indications of banana price improvements, which, when coupled with our excellent yields would have the potential to have a positive impact on our earnings.

The management team of our property division continues to work hard to unlock cash through further land sales at the Renishaw Coastal Precinct. Several property developers have expressed interest in the Medium Impact Mixed-Use site, the Mixed-Use Retail sites, the Light Industrial sites, the Filling Station site, as well as the large School site in the Interchange Node of the Renishaw Coastal Precinct. The Medium Impact Mixed-Use site has garnered significant interest from many of the National Food Retailers, to the extent that those interested would justify a shopping centre of approximately 15 000m^2. Negotiations with property developers to purchase the site and to develop a shopping centre are currently taking place.

The focus for the remaining six months of the financial year is to implement smart initiatives aimed at cost savings, to defend our margins and improve cash flows. To further support this, all non-essential capital expenditure has been deferred.

Basis of preparation

The unaudited condensed consolidated interim results 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 Nigel 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 measured at fair value.

Accounting policies

The accounting policies adopted, and methods of computation used in the preparation of the unaudited condensed consolidation interim results are in terms of IFRS and are consistent with those of the annual financial statements for the year ended 31 March 2022. 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.

Commentary continued

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. Based on the forecast cash flows of the group and company in conjunction with secured funding lines from financial institutions, the directors believe that the group and company have adequate resources to continue in operation for the foreseeable future. The unaudited condensed consolidated interim results have therefore been prepared on a going-concern basis.

Changes to the board

There were no changes to the board during the period under review.

Farzanah Mall was elected as Chairman of the Audit Committee on 1 April 2022, and subsequently appointed as a member of the Risk Committee and Social and Ethics Committee.

Events after the reporting period

Shortly after the end of the current reporting period, the R15 million revolving credit Akwandze loan was refinanced in favour of the group's Mawecro subsidiary.

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 2022.

For and on behalf of the board

Larry Riddle
Chairman

Kennett Sinclair
Chief Executive Officer

Ziyanda Ngwenya
Company secretary

Umhlanga
29 November 2022

Condensed consolidated Statement of profit or loss

for the period ended 30 September 2022

	Notes	Unaudited Six months to 30 September 2022 R'000	Unaudited Six months to 30 September 2021 R'000	Audited 12 months to 31 March 2022 R'000
Revenue	1	**454 186**	448 045	678 602
Operating profit before biological assets		**82 464**	130 299	46 344
Change in fair value of biological assets	6	**(99 389)**	(102 823)	13 005
Operating (loss)/profit after biological assets		**(16 925)**	27 476	59 349
Non-trading items	2	**347**	5 826	35 427
Share of (loss)/profit of joint venture and associate companies		**(3 431)**	4 557	16 739
Investment income		**1 908**	1 518	6 586
Finance costs	3	**(16 738)**	(14 980)	(25 995)
(Loss)/profit before tax		**(34 839)**	24 397	92 106
Tax expense		**9 287**	(6 831)	(13 120)
(Loss)/profit for the period		**(25 552)**	17 566	78 986
Attributable to:				
Owners of the Company		**(29 329)**	(69)	62 610
Non-controlling interests		**3 777**	17 635	16 376
		(25 552)	17 566	78 986
(Loss)/earnings per share				
Basic	(cents)	**(192.1)**	(0.5)	410.2
Diluted	(cents)	**(192.1)**	(0.5)	410.2

Condensed consolidated Statement of comprehensive income

for the period ended 30 September 2022

	Notes	Unaudited Six months to 30 September 2022 R'000	Unaudited Six months to 30 September 2021 R'000	Audited 12 months to 31 March 2022 R'000
(Loss)/profit for the period		(25 552)	17 566	78 986
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of post-employment medical aid obligation		–	–	(328)
Items that will be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	8.1	106 055	4 401	(15 086)
Other comprehensive income/(loss), net of income tax		106 055	4 401	(15 414)
Total comprehensive income for the period		80 503	21 967	63 572
Attributable to:				
Owners of the company		76 726	4 332	47 196
Non-controlling interests		3 777	17 635	16 376
		80 503	21 967	63 572

Condensed consolidated Statement of financial position

as at 30 September 2022

	Notes	Unaudited 30 September 2022 R'000	Unaudited 30 September 2021 R'000	Audited 31 March 2022 R'000
Assets				
Non-current assets		**1 316 714**	1 149 169	1 204 623
Property, plant and equipment	5	**872 982**	752 381	773 561
Right-of-use assets		**151 821**	154 215	148 787
Investment property		**117 217**	94 018	113 637
Deferred tax assets		**39 394**	26 894	29 356
Financial assets		**25 174**	24 586	26 687
Investments in joint venture and associates		**110 126**	97 075	112 595
Current assets		**667 079**	598 498	629 947
Biological assets	6	**221 177**	191 813	306 088
Inventories		**145 847**	131 050	118 870
Trade and other receivables		**217 835**	186 164	140 409
Current tax assets		**17 632**	6 722	10 373
Financial assets		**5 630**	8 267	9 420
Retirement benefit surplus		**1 961**	1 693	1 961
Cash and bank balances		**56 997**	70 822	42 826
		667 079	596 531	629 947
Assets classified as held for sale		**–**	1 967	–
Total assets		**1 983 793**	1 747 667	1 834 570
Equity and liabilities				
Capital and reserves		**1 220 213**	1 104 002	1 144 963
Share capital and premium		**226 271**	226 271	226 271
Investment revaluation reserve		**951**	951	951
Foreign currency translation reserve	8.1	**34 251**	(52 317)	(71 804)
Treasury shares	8.2	**(7 032)**	–	(1 779)
Share-based payment reserve		**5 556**	4 234	5 556
Retained earnings		**891 876**	857 001	921 205
Equity attributable to owners of the company		**1 151 873**	1 036 140	1 080 400
Non-controlling interests		**68 340**	67 862	64 563
Non-current liabilities		**585 802**	506 980	514 986
Deferred tax liabilities		**121 350**	114 812	115 320
Borrowings – interest-bearing	9.1	**186 432**	125 245	130 825
Other financial liabilities		**71 711**	67 690	70 464
Obligations to return leased farmland		**40 212**	35 511	37 586
Lease liabilities		**163 195**	161 216	157 889
Post-employment medical aid obligation		**2 902**	2 506	2 902
Current liabilities		**177 778**	136 685	174 621
Trade and other payables and provisions		**69 723**	65 452	66 902
Current tax liabilities		**175**	–	370
Borrowings – interest-bearing	9.1	**96 485**	65 426	96 672
Other financial liabilities		**4 517**	–	4 427
Lease liabilities		**6 878**	5 807	6 250
Total equity and liabilities		**1 983 793**	1 747 667	1 834 570

Condensed consolidated Statement of cash flows

for the period ended 30 September 2022

	Notes	Unaudited Six months to 30 September 2022 R'000	Unaudited Six months to 30 September 2021 R'000	Audited 12 months to 31 March 2022 R'000
Operating activities				
Operating (loss)/profit for the period		**(16 925)**	27 476	59 349
Adjustment for non-cash items:				
Depreciation		**34 243**	31 971	66 293
Change in fair value of biological assets	6	**99 389**	102 823	(13 005)
Other non-cash items		**7 070**	(13 039)	(27 033)
Operating cash flows before changes in working capital		**123 777**	149 231	85 604
Net outflow from changes in working capital		**(94 875)**	(74 608)	(27 144)
Cash generated from operations		**28 902**	74 623	58 460
Interest received		**693**	336	1 353
Interest paid		**(14 831)**	(13 806)	(25 607)
Income taxes paid		**(2 260)**	(8 116)	(19 690)
Net cash generated by operating activities		**12 504**	53 037	14 516
Investing activities				
Proceeds from/(investment in) financial assets		**1 000**	(700)	(1 359)
Unsecured loans advanced		**–**	–	(5 000)
Proceeds on repayment of unsecured loans		**5 000**	–	–
Proceeds on disposal of property, plant and equipment		**424**	8 593	39 750
Investment in property, plant and equipment		**(38 981)**	(36 205)	(94 410)
Investment in investment property		**(70)**	(5 833)	(5 639)
Investment in associate companies		**–**	–	(3 359)
Loans to joint venture and associate companies		**(436)**	(524)	(859)
Funds repaid by joint venture and associate companies		**–**	–	3 360
Other net investing activities		**–**	–	67
Net cash utilised in investing activities		**(33 063)**	(34 669)	(67 449)
Financing activities				
Proceeds from loans and borrowings		**46 301**	15 000	22 484
Repayment of loans and borrowings		**(15 000)**	(14 577)	(16 008)
Proceeds from general banking facilities		**90 000**	76 000	193 000
Repayment of general banking facilities		**(80 000)**	(102 000)	(188 000)
Receipts from other financial liabilities		**3 744**	23 510	31 464
Repayment of other financial liabilities		**(1 761)**	–	–
Repayment of lease liability		**(3 301)**	(2 884)	(5 767)
Purchase of treasury shares		**(5 253)**	–	(1 779)
Shareholder loan advanced		**–**	(5 000)	–
Dividends paid – ordinary shareholders		**–**	(7 632)	(7 632)
Dividends paid – community partners		**–**	–	(2 040)
Net cash generated by/(utilised in) financing activities		**34 730**	(17 583)	25 722
Net increase/(decrease) in cash and cash equivalents		**14 171**	785	(27 211)
Cash and cash equivalents at beginning of the period		**42 826**	70 037	70 037
Cash and cash equivalents at end of the period		**56 997**	70 822	42 826

Condensed consolidated Statement of changes in equity

for the period ended 30 September 2022

	Note	Unaudited Six months to 30 September 2022 R'000	Unaudited Six months to 30 September 2021 R'000	Audited 12 months to 31 March 2022 R'000
Balance at beginning of period		**1 144 963**	1 089 667	1 089 667
Treasury shares purchased	8.2	**(5 253)**	–	(1 779)
Movements in share-based payment reserve		**–**	–	3 175
Other comprehensive income for the period		**80 503**	21 967	63 572
Dividends declared and paid		**–**	(7 632)	(9 672)
Balance at end of period		**1 220 213**	1 104 002	1 144 963

Condensed consolidated Segmental analysis

for the period ended 30 September 2022

	Unaudited Six months to 30 September 2022 R'000	Unaudited Six months to 30 September 2021 R'000	Audited 12 months to 31 March 2022 R'000
Revenue			
Sugar cane	**297 518**	303 457	374 906
Deciduous fruit	**35 050**	41 323	101 918
Bananas	**55 757**	45 753	103 007
Macadamias	**40 186**	32 239	44 432
Property	**14 805**	16 037	33 355
Other operations	**10 870**	9 236	20 984
	454 186	448 045	678 602
Operating profit before biological assets			
Sugar cane	**122 802**	135 884	68 017
Deciduous fruit	**(7 548)**	5 176	16 095
Bananas	**(10 365)**	(1 725)	9 866
Macadamias	**869**	14 396	(9 675)
Property	**4 053**	3 037	17 800
Other operations	**(803)**	1 944	1 655
Corporate expenses	**(26 544)**	(28 413)	(57 414)
	82 464	130 299	46 344
Change in fair value of biological assets			
Sugar cane	**(35 585)**	(48 160)	1 298
Deciduous fruit	**(18 147)**	(17 725)	422
Bananas	**(1 733)**	(2 711)	5 555
Macadamias	**(43 924)**	(34 227)	5 730
	(99 389)	(102 823)	13 005
Operating (loss)/profit after biological assets			
Sugar cane	**87 217**	87 724	69 315
Deciduous fruit	**(25 695)**	(12 549)	16 517
Bananas	**(12 098)**	(4 436)	15 421
Macadamias	**(43 055)**	(19 831)	(3 945)
Property	**4 053**	3 037	17 800
Other operations	**(803)**	1 944	1 655
Corporate expenses	**(26 544)**	(28 413)	(57 414)
	(16 925)	27 476	59 349
Segmental assets			
Sugar cane	**670 906**	608 515	611 740
Deciduous fruit	**229 994**	214 202	252 023
Bananas	**248 820**	199 621	237 583
Macadamias	**456 560**	350 360	383 656
Property	**276 614**	250 419	268 690
Other operations	**21 053**	42 232	21 124
Unallocated corporate assets	**79 846**	82 318	59 754
	1 983 793	1 747 667	1 834 570
Segmental liabilities			
Sugar cane	**267 078**	254 890	250 401
Deciduous fruit	**27 214**	27 574	24 621
Bananas	**117 819**	85 940	88 812
Macadamias	**86 989**	49 725	55 338
Property	**156 880**	149 359	159 261
Other operations	**1 177**	841	955
Unallocated corporate liabilities	**106 423**	75 336	110 219
	763 580	643 665	689 607

Abbreviated notes to the interim results

for the period ended 30 September 2022

	Unaudited Six months to 30 September 2022 R'000	Unaudited Six months to 30 September 2021 R'000	Audited 12 months to 31 March 2022 R'000
1. Revenue			
The following is an analysis of revenue for the period:			
By reportable segment			
Sugar cane	**297 518**	303 457	374 906
Deciduous fruit	**35 050**	41 323	101 918
Bananas	**55 757**	45 753	103 007
Macadamias	**40 186**	32 239	44 432
Property	**14 805**	16 037	33 355
Other operations			
Lease rental	**4 875**	3 695	8 206
Utility services related to property development	**3 138**	2 816	5 893
Tourism	**2 857**	2 725	6 885
	454 186	448 045	678 602
By geographic segment			
South Africa	**287 627**	288 421	468 603
Foreign countries			
eSwatini	**95 648**	109 136	137 139
Zambia	**30 725**	18 249	28 428
Mozambique	**40 186**	32 239	44 432
	454 186	448 045	678 602
By customer percentage			
Sugar cane			
– RCL Foods, Sugar and Milling	**37%**	38%	30%
– Illovo Sugar	**29%**	30%	26%
Deciduous fruit			
– Two-A-Day	**6%**	8%	13%
– Western Cape Fruit Processors	**2%**	2%	2%
Bananas			
– Lebombo Growers	**12%**	10%	15%
Macadamias			
– Various	**9%**	7%	7%
Property			
– Various	**3%**	3%	5%
Other operations			
– Various	**2%**	2%	2%
	100%	100%	100%

Abbreviated notes to the interim results continued

for the period ended 30 September 2022

		Unaudited Six months to 30 September 2022 R'000	Unaudited Six months to 30 September 2021 R'000	Audited 12 months to 31 March 2022 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:				
Gain on disposal – Riversbend farms		–	6 344	35 953
Gain on disposal – Mpambanyoni Sands Investment		–	–	17
Net gains/(losses) on disposal – general items		347	(518)	(543)
		347	5 826	35 427
3. Finance costs				
Interest on bank overdraft and borrowings		11 262	7 398	15 255
Interest on reversionary sale and transfer obligations		2 213	1 135	2 470
Interest on lease liabilities		6 554	6 447	12 894
		20 029	14 980	30 619
Less: Borrowing costs capitalised to qualifying asset		(3 291)	–	(4 624)
		16 738	14 980	25 995
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		(29 329)	(69)	62 610
Adjusted for:				
Gain on disposal of property, plant and equipment		(122)	(5 826)	(35 364)
Gain on disposal of investment in associate		–	–	(17)
Loss arising on impairment of property, plant and equipment		–	–	3 404
Gain arising on changes in fair value of investment property		(204)	(4 926)	(6 034)
Tax effect of the adjustments		88	3 011	10 443
Headline (loss)/earnings		(29 567)	(7 810)	35 042
Headline (loss)/earnings per share (basic)	(cents)	(193.7)	(51.2)	229.6
Headline (loss)/earnings per share (diluted)	(cents)	(193.7)	(51.2)	229.6

5. 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 R76.9 million (2021: R72.5 million).

A valuation conducted over the group's land in the 2022 financial year by an independent valuator determined the market value of the group's land to be R1.67 billion (2021: R1.5 billion).

Abbreviated notes to the interim results continued

for the period ended 30 September 2022

	Unaudited Six months to 30 September 2022 R'000	Unaudited Six months to 30 September 2021 R'000	Audited 12 months to 31 March 2022 R'000	Audited 12 months to 31 March 2021* R'000
6. Biological assets				
Fair value				
Sugar cane	**185 371**	165 310	213 628	209 352
Deciduous fruit	**–**	–	18 147	17 725
Bananas	**23 222**	16 339	24 955	19 400
Macadamias	**12 584**	10 164	49 358	40 032
	221 177	191 813	306 088	286 509
Analysis of fair values of growing crops:				
Fair value at beginning of year	**306 088**	286 509	286 509	245 511
Disposals:				
Sugar cane	**–**	–	–	(1 595)
Deciduous fruit	**–**	–	–	(10 352)
(Losses)/gains arising from changes attributable to volume and price:	**(99 389)**	(102 823)	13 005	58 515
Sugar cane				
– Loss arising from physical growth/yield	**(47 944)**	(52 031)	(4 725)	(7 545)
– Loss arising from area under crop to be harvested	**–**	–	(9 972)	(5 049)
– Gain arising from price changes	**12 359**	4 221	15 995	35 984
Deciduous fruit				
– (Loss)/gain arising from physical growth/yield	**(18 147)**	(17 725)	1 338	(1 057)
– Gain arising from area under crop to be harvested	**–**	–	866	14 513
– Loss arising from price changes	**–**	–	(1 782)	(1 058)
Bananas				
– Gain/(loss) arising from physical growth/yield	**1 995**	(1 557)	398	(1 029)
– Gain arising from area under crop to be harvested	**–**	–	552	815
– (Loss)/gain arising from price changes	**(3 728)**	(1 504)	4 605	70
Macadamias				
– (Loss)/gain arising from physical growth/yield	**(34 052)**	(26 307)	17 540	19 605
– (Loss)/gain arising from price changes	**(9 872)**	(7 920)	(11 810)	3 266
Effect of foreign currency exchange differences	**14 478**	8 127	6 574	(5 570)
Fair value at end of period	**221 177**	191 813	306 088	286 509

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.

* *31 March 2021 disclosed for comparative purposes only.*

Abbreviated notes to the interim results continued

for the period ended 30 September 2022

	Unaudited Six months to 30 September 2022	Unaudited Six months to 30 September 2021	Audited 12 months to 31 March 2022
7. Exchange rates			
US Dollar/Rand closing	**18.02**	15.12	14.56
US Dollar/Rand average	**16.31**	14.40	14.87
Rand/Metical closing	**3.58**	4.27	4.43
Rand/Metical average	**3.95**	4.40	4.31
Rand/Kwacha closing	**0.87**	1.11	1.24
Rand/Kwacha average	**1.02**	1.44	1.29

	R'000	R'000	R'000
8. Reserves			
8.1 Foreign currency translation reserve			
Balance at beginning of year	**(71 804)**	(56 718)	(56 718)
Exchange differences on translation of subsidiaries	**106 055**	4 401	(15 086)
Balance at end of period	**34 251**	(52 317)	(71 804)

The foreign currency translation reserve represents an accumulation of foreign currency translation differences, arising from the Group's translation and consolidation of its Mozambique and Zambia subsidiaries.

The Group translates these subsidiaries statements of financial position and profit or loss, at the spot and average rates respectively, based on their functional currencies of Meticals (MZN) and Kwacha (ZMW), versus the Group's reporting currency of Rands (ZAR).

Refer to note 7 for the prevailing foreign exchange rates that impact the Group.

During the current reporting period, the ZAR weakened significantly against most major currencies, especially the USD, MZN and ZMW.

As a consequence, an equity increase of R106 million was recognised in the foreign currency translation reserve during the current reporting period (2021: R4.4 million).

This equity increase represents an increased ZAR translated value of the Group's investment in its Mozambique and Zambia subsidiary, and is recorded in other comprehensive income, with no impact on profit or loss or headline earnings.

	R'000	R'000	R'000
8.2 Treasury shares			
Balance at beginning of year	**(1 779)**	–	–
Shares purchased during the period	**(5 253)**	–	(1 779)
Balance at end of period	**(7 032)**	–	(1 779)

The group has purchased 175 179 shares for the Deferred Bonus Scheme from the public at face value.

The weighted average price of the shares purchased is 4 000 cents.

Abbreviated notes to the interim results continued

for the period ended 30 September 2022

			Security	Unaudited Six months to 30 September 2022 R'000	Unaudited Six months to 30 September 2021 R'000	Audited 12 months to 31 March 2022 R'000
9. Borrowings – interest-bearing						
9.1 Loans and demand facilities: amortised cost						
Demand facility – Rand Merchant Bank			Secured	**90 000**	49 000	80 000
Revolving credit loan – Akwandze Agricultural Finance			Secured	**–**	15 023	15 654
Term-loans – Akwandze Agricultural Finance			Secured	**10 000**	–	–
Term-loan – Grindrod Bank Limited			Secured	**79 918**	79 918	79 918
Term-loan – AgDevCo Limited			Secured	**82 670**	46 249	51 925
Term-loan – First National Bank eSwatini			Secured	**20 329**	–	–
Instalment sale agreements			Secured	**–**	481	–
				282 917	190 671	227 497
Included in the financial statements as:						
Non-current				**186 432**	125 245	130 825
Current				**96 485**	65 426	96 672
				282 917	190 671	227 497
9.2 Total interest-bearing borrowings at amortised cost						
Loans, bank overdrafts and facilities				**282 917**	190 671	227 497
9.3 Net debt						
Loans, bank overdrafts and facilities				**282 917**	190 671	227 497
Less: Cash and bank balances				**(56 997)**	(70 822)	(42 826)
				225 920	119 849	184 671
9.4 Total short-term banking facilities						
	Type	**Interest**				
Rand Merchant Bank	Demand	Prime		**100 000**	100 000	100 000
First National Bank eSwatini	Overdraft	Prime		**25 000**	25 000	25 000
				125 000	125 000	125 000
9.5 Total long-term banking facilities						
	Type	**Interest**				
Grindrod Bank Limited	Term	Prime		**80 000**	80 000	80 000
AgDevCo Limited	Term	USD 8%		**144 025**	120 981	116 483
First National Bank eSwatini	Term	eSwatini Prime plus 1.5%		**40 000**	–	–
				264 025	200 981	196 483
9.6 Net undrawn short-term banking facilities						
	Type	**Interest**				
Rand Merchant Bank	Demand	Prime		**10 000**	51 000	20 000
FNB eSwatini	Overdraft	Prime		**25 000**	25 000	25 000
				35 000	76 000	45 000
9.7 Net undrawn long-term banking facilities						
	Type	**Interest**				
Grindrod Bank Limited	Term	Prime		**82**	82	82
AgDevCo Limited	Term	USD 8%		**63 011**	74 732	64 558
First National Bank eSwatini	Term	eSwatini Prime plus 1.5%		**20 000**	–	–
				63 093	74 814	64 640

Abbreviated notes to the interim results continued

for the period ended 30 September 2022

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 1 that 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).

The following table provides an analysis of financial instruments that are measured at fair value:

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Unaudited six months to 30 September 2022				
Investment property	**–**	**117 217**	**–**	**117 217**
Financial assets	**–**	**–**	**6 073**	**6 073**
Biological assets	**–**	**–**	**221 177**	**221 177**
	–	**117 217**	**227 250**	**344 467**
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
Audited 12 months to 31 March 2022				
Investment property	–	113 637	–	113 637
Financial assets	–	–	6 073	6 073
Biological assets	–	–	306 088	306 088
	–	113 637	312 161	425 798

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 2022

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).

Assets	Unaudited fair value as at 30 September 2022 R'000	Unaudited fair value as at 30 September 2021 R'000	Audited fair value as at 31 March 2022 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	**117 217**	94 018	113 637	Level 2	Relevant selling price per square metre with respect to similar residential units or number of bedrooms.	None.	None.
Financial assets	**6 073**	5 326	6 073	Level 3	Fair value approximates share price or cost where exit price is at cost.	None.	None.
Biological assets	**221 177**	191 813	306 088	Level 3	Recoverable value. 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. The higher the estimated market price less the estimated costs, the higher the value of the biological assets.

11. Related party transactions

Information regarding significant transactions with related parties is presented below.

Transactions are carried out on an arms length basis.

	Unaudited Six months to 30 September 2022 R'000	Unaudited Six months to 30 September 2021 R'000	Audited 12 months to 31 March 2022 R'000
Silverlands Mozambique Holdings Limited (Joint venture)			
Management fees	**467**	384	2 090
Interest income	**519**	445	–
Current account	**(6 854)**	(18 892)	(8 600)
Loan to joint venture	**25 465**	22 237	24 502
Lebombo Growers (Pty) Ltd (Associate)			
Banana marketing and transport costs paid	**(28 725)**	(16 708)	(38 010)
Dividend income	**–**	–	2 858
Current account	**(4 825)**	(513)	–
Banana pool accrual	**6 169**	5 433	8 426
Loan to associate	**–**	2 305	–

Corporate information

Crookes Brothers Limited

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Registration number 1913/000290/06
Share code: CKS
ISIN: ZAE000001434

Registered office and postal address

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RGF Chance*, TJ Crookes*, TK Denton*#, F Mall*, G Vaughan-Smith*#, ST Xaba*

**Non-executive director*
#British

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