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

SUMMARY PRELIMINARY GROUP FINANCIAL RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2017

HIGHLIGHTS

- SOTP value up 23.1% to R8.53 per share as at 28 February 2017
- Recurring headline earnings up 0.5% to 42.6 cents per share
- Dividend up 22.2% to 11 cents per share

OVERVIEW

Zeder is an investor in the broad agribusiness industry, with a specific focus on the food and beverage sectors. Its underlying investment portfolio was valued at R15.2bn on 28 February 2017. Zeder's 27.1% interest in Pioneer Foods remains its largest investment, representing 62.7% (2016: 60.9%) of the portfolio.

STRATEGY

Zeder is a long-term investor that owns large, strategic interests in companies and plays an active role therein. It assists with the determination of appropriate long-term strategies, optimal allocation of capital and ongoing measurement and monitoring of performance. During the year under review, Zeder maintained its strategy of "Internal Focus" and dedicated most of its efforts to existing investments. This strategic focus has delivered satisfactory results and will be maintained, as Zeder seeks to drive for additional growth from its existing investment platform. New opportunities are evaluated on an ongoing basis and will be pursued when appropriate.

INTERNALISATION OF PSG GROUP MANAGEMENT AGREEMENT

On 29 August 2016, Zeder shareholders voted in favour of acquiring the rights to the management agreement from PSG Group in exchange for the issue of 207,661,758 Zeder shares, representing a 12% equity interest. PSG Group's shareholding consequently increased from 34.5% to 42.1%, with no further management fees payable to PSG Group in terms of this agreement with effect from 1 September 2016. The base management fee payable to PSG Group for the six months to 31 August 2016, calculated as 1.5% p.a. of Zeder's volume weighted average market capitalisation, amounted to R75m (Feb 2016: R155m). The rights to the PSG Group management agreement so acquired, valued at R1.45bn, did not meet the recognition criteria for intangible assets in terms of International Financial Reporting Standards (IFRS), and was consequently accounted for in the income statement as a non-recurring headline expense. It should be noted that this was a once-off charge, with Zeder benefiting from the related cost savings thereafter.

This transaction should yield positive results for Zeder shareholders as free cash flow will improve significantly, while the large historical discount between Zeder's share price and sum-of-the-parts ("SOTP") value per share has already narrowed as anticipated. The existing PSG Group representatives continue to serve on both the Zeder Executive Committee and Zeder Board and assist in determining strategy and making investment decisions. PSG Group remains the largest shareholder in Zeder.

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 market-related valuations for unlisted investments, increased by 23.1% during the reporting period to R8.53 as at 28 February 2017. At the close of business on Friday, 31 March 2017, Zeder's SOTP value per share was R8.95.

	29 Feb 2016		28 Feb 2017		31 Mar 2017	
Company	Interest (%)	Rm	Interest (%)	Rm	Interest (%)	Rm
Pioneer Foods	27.2	7 574	27.1	9 538	27.1	10 288
Capespan	96.6	2 027	98.1	1 975	98.1	1 975
Zaad	92.3	1 246	91.4	1 531	91.4	1 531

Kaap Agri	39.4	758	39.8	1 321	39.8	1 321
Agrivision	55.9	614	55.6	614	55.6	614
Quantum Foods	26.4	168	26.7	193	26.7	184
Other		44		39		41
Total investments		12 431		15 211		15 954
Cash		118		173		166
Other net liabilities		(324)		(678)		(680)
SOTP value pre mgmt fee liability		12 225		14 706		15 440
Mgmt fee liability*		(1 667)				
SOTP value post mgmt fee liability		10 558		14 706		15 440
Number of shares in issue (net of treasury shares) (million)		1 523		1 725		1 725
SOTP value per share post mgmt fee liability (rand)		6.93		8.53		8.95

* Calculated as 12% newly issued Zeder shares multiplied by Zeder SOTP value per share.

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

Recurring headline earnings

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

		Audited	
	29 Feb 2016 Rm	Change (%)	28 Feb 2017 Rm
Recurring headline earnings from investments	805	2	821
Management (base) fee	(155)		(75)
Net interest, taxation and other income and expenses	(18)		(55)
Recurring headline earnings	632	9	691
Non-recurring headline earnings			
Management fee internalisation charge			(1 449)
Other	(87)		(12)
Headline earnings/(loss)	545	n/a	(770)
Non-headline items	237		(26)
Attributable earnings/(loss)	782	n/a	(796)
Weighted average number of shares in issue (net of treasury shares) (million)	1,490		1,622
Recurring headline earnings per share (cents)	42.4	0.5	42.6
Headline earnings/(loss) per share (cents)	36.5	n/a	(47.5)
Attributable earnings/(loss) per share (cents)	52.5	n/a	(49.1)

The modest 0.5% increase in recurring headline earnings per share for the year under review resulted from the higher number of shares in issue following the aforementioned internalisation of the PSG Group management agreement as well as the tough trading conditions experienced at Pioneer Foods, Capespan and Quantum Foods in particular, offset by commendable results from Kaap Agri, Zaad and Agrivision.

Following the once-off management fee internalisation charge of R1.45bn to the income statement, Zeder's headline earnings per share and attributable earnings per share decreased significantly from a 36.5 cents per share and 52.5 cents per share profit in the prior year, to a loss of 47.5 cents and 49.1 cents per share in the current year, respectively.

Pioneer Foods

Pioneer Foods reported a 6% increase in adjusted headline earnings per share from continuing operations for the year ended 30 September 2016. While the core divisions reported satisfactory results from a volumes, revenue and market share perspective, the impact of rising costs because of the rand weakening and high commodity prices were evident in declining margins. Pioneer Foods has confirmed the continued impact of these factors in a SENS trading statement dated 21 February 2017, and cautioned that its earnings for the six months ended 31 March 2017 were expected to decrease significantly compared to the corresponding period in the previous financial year. However, management emphasized that they anticipated earnings to recover during the second half of the financial year. Pioneer Foods is one of the leading food companies in South Africa and is well positioned to benefit from the growing demand for food and beverages, both in South Africa and select international markets.

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

Capespan

Capespan is an unlisted group with a history spanning more than 70 years. Its core business activities are focused on the production, procurement, distribution and marketing of fruit worldwide, while it also owns and operates several strategic logistical and terminal assets in Southern Africa. For its financial year ended 31 December 2016, Capespan reported a 45% decline in recurring headline earnings per share following the negative impact that El Nino and corresponding drought conditions had on fruit volumes in most procurement territories, the negative impact of which was not recoverable through higher market pricing. The group continues to reposition itself in order to achieve its long-term growth objectives. During the past year, Zeder invested an additional R206m in Capespan to fund further growth.

Further information about Capespan can be viewed at www.capespangroup.com.

Kaap Agri

Kaap Agri is an unlisted retail, trade and services group that supplies a variety of products and services to the agri sector and the general public. It has been in existence for more than 100 years with 180 operating points throughout South Africa and Namibia. Despite a challenging macro environment, the group delivered encouraging results for its financial year ended 30 September 2016, with headline earnings per share having increased by 15.1%. Its strategy of product and geographic diversification bodes well, while its recent focus on adding non-agri income streams and improving efficiencies has gained traction. Kaap Agri recently announced its intention to list on the main board of the JSE during 2017.

Kaap Agri's results can be viewed at www.kaapagri.co.za.

Zaad

Zaad operates in the specialised agri-inputs industry and currently owns, develops, imports and distributes a broad range of agri seeds in Africa, Europe and other international emerging markets. Through Agricol, Klein Karoo Seed Marketing and Gebroeders Bakker, it has a proud history spanning more than 50 years and currently exports to more than 90 countries. Its portfolio, product and geographic mix have been structured to mitigate agri cyclicality. The specialised agri-inputs market, and particularly the proprietary hybrid seed segment, remains attractive and Zaad is well positioned to benefit from it.

Zaad reported a 13% increase in recurring headline earnings per share for its financial year ended 31 January 2017. In the past year, Zeder invested an additional R57m in Zaad to fund growth, which should yield positive results in the medium to long term. Zaad entered the agri-chemical market having acquired a 49% equity investment in Farm-AG, which in recent years has established itself as one of the largest South African-owned formulators and distributors of crop protection chemicals, selling both locally and internationally.

On 31 March 2017, Zeder announced that Zaad would be acquiring a 35% equity interest in May Seed, the largest private sector breeder, producer and distributor of agricultural seed in Turkey. The numerous potential synergies between Zaad and May Seed should yield additional attractive returns.

Further information can be viewed at www.agricol.co.za, www.seedmarketing.co.za and www.bakkerbrothers.nl.

Agrivision

Agrivision currently owns and operates two large-scale commercial farming operations and a milling business in Zambia. It has developed extensive irrigated productive farmland since 2011, and is continuously evaluating expansion opportunities. After rapid expansion, the focus during the past 18 months has been on achieving acceptable operational efficiencies, while navigating a volatile and challenging phase in the macro and business cycle. This strategy has yielded positive results with Agrivision having reported a R40m recurring headline profit for its financial year ended 31 December 2016, as opposed to a R60m recurring headline loss in the previous year.

Further information about Agrivision can be viewed at www.agrivisionafrica.com.

Quantum Foods

Quantum Foods is a diversified feeds and poultry business providing quality animal protein to select South African and African markets.

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

PROSPECTS

Zeder remains actively involved with its underlying portfolio of companies and continuously seeks new investment opportunities. We believe that, despite inevitable cyclicality, investing in the agribusiness industry should offer attractive long-term returns.

CORPORATE ACTIVITY

Pioneer Foods released a cautionary announcement on 7 March 2017 informing the market of preliminary discussions held in relation to potential corporate activity. Given the significance of Zeder's interest in Pioneer Foods, Zeder was compelled to release its own cautionary announcement in response thereto. This cautionary remains in place and shareholders are advised to continue exercising caution when dealing in the Company's securities until a further announcement is made.

DIVIDEND

The directors have resolved to declare a gross final dividend of 11 cents (2016: 9 cents) per share from income reserves in respect of the year ended 28 February 2017, which represents a 22.2% increase. The final dividend amount, net of South African dividend tax of 20%, is 8.8 cents per share for those shareholders who are not exempt from dividend tax. The number of ordinary shares in issue at the declaration date is 1,730,514,648 and the income tax number of the company is 9406891151.

The salient dates of this dividend distribution are:

Last day to trade cum dividend	Tuesday, 2 May 2017
Trading ex dividend commences	Wednesday, 3 May 2017
Record date	Friday, 5 May 2017
Date of payment	Monday, 8 May 2017

Share certificates may not be dematerialised or re-materialised between Wednesday, 3 May 2017 and Friday, 5 May 2017, both days inclusive.

SUMMARY GROUP INCOME STATEMENT

	Audited 2017 Rm	Audited 2016 Rm
Revenue	10 209	9 318
Cost of sales	(8 546)	(7 759)
Gross profit	1 663	1 559
Income		
Change in fair value of biological assets	224	244
Investment income	67	47
Net fair value losses	(7)	(53)
Other operating income	29	51
Total income	313	289
Expenses		
Management fees (note 2)	(75)	(155)
Management fee internalisation charge (note 2)	(1 449)	
Marketing, administration and other expenses	(1 562)	(1 430)
Total expenses	(3 086)	(1 585)
Net income from associates and joint ventures		
Share of profits of associates and joint ventures	629	569
Net (loss)/profit on dilution of interest in associates (note 3)	(8)	258
Net income from associates and joint ventures	621	827
(Loss)/profit before finance costs and taxation	(489)	1 090
Finance costs	(232)	(180)

(Loss)/profit before taxation	(721)	910
Taxation	(21)	(122)
(Loss)/profit for the year	(742)	788
Attributable to:		
Owners of the parent	(796)	782
Non-controlling interests	54	6
	(742)	788

EARNINGS PER SHARE AND NUMBER OF SHARES IN ISSUE

(Loss)/earnings per share (cents)		
Recurring headline	42.6	42.4
Headline (basic) (note 3)	(47.5)	36.5
Headline (diluted)	(49.7)	33.8
Attributable (basic)	(49.1)	52.5
Attributable (diluted)	(51.3)	49.4
Number of shares (m)		
In issue	1 731	1 523
In issue (net of treasury shares)	1 725	1 523
Weighted average	1 622	1 490
Diluted weighted average	1 624	1 490

SUMMARY GROUP STATEMENT OF COMPREHENSIVE INCOME

	Audited 2017 Rm	Audited 2016 Rm
(Loss)/profit for the year	(742)	788
Other comprehensive income for the year, net of taxation	(470)	(132)
Items that may be reclassified to profit or loss		
Currency translation adjustments	(423)	(131)
Share of other comprehensive income of associates	(43)	(8)
Cash flow hedges		(2)
Items that may not be reclassified to profit or loss		
(Losses)/gains from changes in financial and demographic assumptions of post-employment benefit obligations	(4)	9
Total comprehensive income for the year	(1 212)	656
Attributable to:		
Owners of the parent	(1 193)	765
Non-controlling interests	(19)	(109)
	(1 212)	656

SUMMARY GROUP STATEMENT OF FINANCIAL POSITION

	Audited 2017 Rm	Audited 2016 Rm
Assets		
Non-current assets	9 835	9 182
Property, plant and equipment	1 640	1 562
Intangible assets	666	657
Biological assets (bearer plants)	364	279
Investment in ordinary shares of associates and joint ventures	6 833	6 456
Loans to associates and joint ventures	80	
Equity securities	46	50
Loans and advances	111	65
Deferred income tax assets	58	70
Employee benefits	37	43
Current assets	3 336	3 722
Biological assets (agricultural produce)	122	127
Inventories	1 319	1 291

Debt securities		23
Trade and other receivables	1 414	1 575
Loans and advances	36	2
Current income tax assets	23	20
Cash, money market investments and other cash equivalents	422	684
Total assets	13 171	12 904
Equity and liabilities		
Ordinary shareholders' equity	8 291	8 251
Non-controlling interests	407	442
Total equity	8 698	8 693
Non-current liabilities	1 320	1 474
Deferred income tax liabilities	94	102
Borrowings	1 015	1 166
Derivative financial liabilities	94	65
Employee benefits	117	141
Current liabilities	3 153	2 737
Borrowings	1 958	1 276
Trade and other payables	1 092	1 328
Current income tax liabilities	37	62
Employee benefits	66	71
Total liabilities	4 473	4 211
Total equity and liabilities	13 171	12 904
Net asset value per share (cents)	480.6	541.8
Tangible net asset value per share (cents)	442.0	498.6

SUMMARY GROUP STATEMENT OF CHANGES IN EQUITY

	Audited 2017 Rm	Audited 2016 Rm
Ordinary shareholders' equity at end of the year	8 291	8 251
Ordinary shareholders' equity at beginning of the year	8 251	7 133
Shares issued	1 449	610
Total comprehensive income for the year	(1 193)	765
Transactions with non-controlling interests	(37)	(181)
Net movement in treasury shares	(50)	
Other movements	8	3
Dividends paid	(137)	(79)
Non-controlling interests at end of the year	407	442
Non-controlling interests at beginning of the year	442	608
Shares issued	25	365
Total comprehensive income for the year	(19)	(109)
Transactions with non-controlling interests	(31)	(413)
Other movements	3	11
Dividends paid	(13)	(20)
Total equity	8 698	8 693
Dividend per share (cents)	11.0	9.0

SUMMARY GROUP STATEMENT OF CASH FLOWS

	Audited 2017 Rm	Audited 2016 Rm
Cash generated from operations (note 6)	97	107
Investment income	314	267
Finance costs and taxation paid	(235)	(254)

Cash flow from operating activities	176	120
Acquisition of subsidiaries (note 4)	(115)	(275)
Acquisition of associates and joint ventures	(109)	(58)
Loans to associates and joint ventures	(69)	
Acquisition of equity securities	(1)	(7)
Additions to property, plant and equipment	(311)	(359)
Additions to intangible assets	(89)	(95)
Proceeds from disposal of non-current assets held for sale (note 5)		13
Proceeds from disposal of property, plant and equipment	35	48
Other	(66)	(9)
Cash flow from investment activities	(725)	(742)
Capital contributions by non-controlling interests	25	365
Purchase of treasury shares	(62)	
Treasury shares sold	11	
Dividends paid to group shareholders	(137)	(79)
Dividends paid to non-controlling interests	(13)	(20)
Borrowings repaid	(289)	(396)
Borrowings drawn	866	694
Other	(53)	(6)
Cash flow from financing activities	348	558
Net decrease in cash and cash equivalents	(201)	(64)
Exchange differences on cash and cash equivalents	(61)	(22)
Cash and cash equivalents at beginning of the year	684	770
Cash and cash equivalents at end of the year	422	684

NOTES TO THE SUMMARY GROUP FINANCIAL STATEMENTS

1. Basis of presentation and accounting policies

These summary group 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; and the Listings Requirements of the JSE for preliminary reports.

The accounting policies applied in the preparation of these summary group financial statements are consistent in all material respects with those used in the prior year's annual financial statements.The group adopted the various revisions to IFRS which were effective for its financial year ended 28 February 2017, however, these revisions have not resulted in material changes to the group's reported results or disclosures in these summary group financial statements.

In preparing these summary group financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were similar to those disclosed in the group annual financial statements for the year ended 29 February 2016.

2. Management fees and management fee internalisation charge

The base and performance fees were payable to PSG Corporate Services (Pty) Ltd ("PSGCS"), a subsidiary of PSG Group Ltd, the company's ultimate holding company (as accounted for in terms of IFRS), in terms of the PSG management agreement. In accordance with the management agreement, PSGCS provided management services, including corporate, secretarial, advisory, investment and financial services and all related aspects thereto to the Zeder group of companies.

With regards to the PSG management agreement, the base management fee was calculated at the end of every half-year as 1.5% p.a (exclusive of VAT) of the company's volume weighted average market capitalisation for that half-year. The performance management fee was calculated at the end of each financial year as 20% p.a (exclusive of VAT) of the company's share price outperformance of the GOVI (comprising the most liquid government bonds, being the government bonds within the top 10 of the All Bond Index) yield plus 4%, adjusted for dividends ("hurdle price"). The performance management fee pertaining to a financial year may not exceed that year's base management fee. If the performance management fee exceeded the base management fee, the excess performance management fee was carried forward to the following financial year, by adjusting the starting hurdle price of the following year accordingly. The excess performance management fee at 29 February 2016 amounted to Rnil. Consequently, the starting hurdle share price for performance fee determination purposes at 1 March 2016 was R5.65.

Effective 1 September 2016, Zeder internalised the management agreement, and issued 207,661,758 ordinary shares to PSGCS, valued at R1.45bn. The rights to the acquired management agreement, did not meet the recognition criteria for intangible assets in terms of IFRS, and was consequently accounted for in the income statement as a non-recurring headline expense. It should be noted that this was a once-off charge, with no further management fees payable to PSGCS in terms of this agreement.

3. Headline (loss)/earnings

	Audited 2017 Rm	Audited 2016 Rm
(Loss)profit for the year attributable to owners of the parent	(796)	782
Non-headline items	26	(237)
Gross amounts		
Non-headline items of associates and joint ventures	12	20
Net (loss)/profit on dilution of interest in associates	8	(258)
Fair value gains on step-up from associates and joint ventures to subsidiaries		(4)
Net profit on sale of property, plant and equipment	(1)	(30)
Impairment of property, plant and equipment	3	14
Impairment of intangible assets (incl. goodwill)	5	8
Other	1	2
Non-controlling interests	(2)	11
Headline (loss)/earnings	(770)	545

During the current year, the group through Capespan, incurred a further dilution in the interest in Golden Wing Mau to 10.46%, due to the issue of shares to a new shareholder in order to finalise the prior year agreed merger arrangements. During the prior year, Golden Wing Mau, an associate of Capespan Group Ltd, merged as equals with Joyvio. Both companies are leading players in China’s fresh fruit business and the merger resulted in the group’s interest in Golden Wing Mau diluting from 25% to 11.3% during the prior year. The group continues to exercise significant influence through, inter alia, board representation. The dilution gain of R277m consequently recognised by the group was determined with reference to the fair value at which the merger was concluded being above the carrying value of the investment. The fair value was determined by the appointed appraiser using the discounted cash flow method and price-to-sales ratios.

4. Subsidiaries acquired

Incotec laboratory division ("Incotec")

During August 2016, the group, through Zaad Holdings Ltd ("Zaad"), acquired the laboratory division of Incotec South Africa (Pty) Ltd for a cash consideration of R8m. The laboratory support the research and development operations of Zaad. No goodwill arose in respect of this business combination. Accounting for Incotec’s business combination has been finalised.

Loza Lodge

During October 2016, the group, through Agrivision Africa, acquired the business operations of Loza Lodge, for a cash consideration of R4m. Loza Lodge is a guest house in Mkushi, Zambia. Goodwill arose in respect of, inter alia, synergies pertaining to the reputation of the lodge and the current farming operations, but was subsequently impaired. Accounting for Loza Lodge's business combination has been finalised.

Groot Patrysvlei farming operations ("Groot Patrysvlei")

During September 2016, the group, through Capespan Group Ltd ("Capespan"), acquired the farming operations of Groot Patrysvlei, a citrus fruit farm, for a cash consideration of R73m. Groot Patrysvlei complements the group's existing citrus farming operations in South Africa. No goodwill arose in respect of this business combination. Accounting for Groot Patrysvlei's business combination has been finalised.

Port Services (Pty) Ltd ("Port Stevedores")

During January 2017, the group, through Capespan, acquired 100% of the issued share capital of Port Stevedores for a cash consideration of R33m and a contingent consideration of R17m. Port Stevedores operates in the port logistics industry and goodwill arose in respect of, inter alia, expected synergies with Capespan's current logistical operations. Accounting for Port Stevedores's business combination is provisional.

The summarised assets and liabilities recognised at the respective acquisition dates were:

Audited	Loza Lodge Rm	Incotec Rm	Groot Patrysvlei Rm	Port Stevedores Rm	Total Rm
Property, plant and equipment	1	8	29	41	79
Biological assets (bearer plants)			40		40
Inventories			4		4
Trade and other receivables				10	10
Cash, money market investments and other cash equivalents				3	3
Borrowings				(6)	(6)
Deferred tax liabilities				(1)	(1)
Trade and other payables				(4)	(4)
Total identifiable net (liabilities)/assets	1	8	73	43	125
Goodwill recognised	3			7	11
Total consideration	4	8	73	50	135
Total consideration	4	8	73	50	135
Contingent consideration				(17)	(17)
Total consideration transferred	4	8	73	33	118
Cash consideration paid	(4)	(8)	(73)	(33)	(118)
Cash and cash equivalents acquired				3	3
Net cash outflow from subsidiaries acquired	(4)	(8)	(73)	(30)	(115)

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

Had Incotec, Loza Lodge, Groot Patrysvlei and Port Stevedores been consolidated with effect from 1 March 2016 instead of their respective acquisition dates, the consolidated income statement would have reflected additional revenue of R96.8m and profit after tax of R8.2m.

5. Non-current assets held for sale

At 29 February 2015, non-current assets held for sale comprised the assets of Addo Cold Storage (Pty) Ltd (a subsidiary). The disposal was concluded during the prior year under review for cash proceeds of R13m, and non-controlling interests of R17m was derecognised.

6. Cash generated from operations

	Audited 2017 Rm	Audited 2016 Rm
(Loss)/profit before taxation	(721)	910
Share of profits of associates and joint ventures	(629)	(569)
Depreciation and amortisation	180	167
Changes in fair value of biological assets	(224)	(244)
Net loss/(profit) on dilution of interest in associates	8	(258)
Investment income	(67)	(47)
Finance costs	232	180
Net harvest short-term biological assets	67	44
Other non-cash items	(15)	74
Management fee internalisation	1 449	
	280	257
Change in working capital and other financial instruments	68	26
Additions to biological assets	(251)	(176)
Cash generated from operations	97	107

7. Financial instruments

7.1 Financial risk factors

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

The summary group financial statements do not include all financial risk management information and disclosures as set out in the annual financial statements, and therefore they should be read in conjunction with the group's annual financial statements for the year ended 28 February 2017. Risk management continues to be carried out throughout the group under policies approved by the respective boards of directors.

7.2 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.

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

Audited	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
28 February 2017				
Assets				
Equity securities		1	44	45
Opening balance			72	
Disposal			(23)	
Fair value losses			(5)	
Liabilities				
Derivative financial liabilities			94	94
Opening balance			65	
Additions			25	
Fair value gains			(3)	
Finance costs			7	
29 February 2016				
Assets				
Equity securities		1	49	50

Debt securities		23	23
Closing balance	1	72	73
Opening balance		80	
Additions		30	
Disposal		(29)	
Fair value losses		(9)	
Liabilities			
Derivative financial liabilities		65	65
Opening balance		64	
Fair value gains		(4)	
Finance costs		5	

8. Segmental reporting

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

Headline earnings comprise recurring and non-recurring headline earnings. Recurring headline earnings (being a measure of segment profit) is calculated on a see-through basis. Zeder's recurring headline earnings is the sum of its effective interest in that of each of its underlying investments. The result is that investments which Zeder do 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/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.

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

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

	Audited 2017 Rm	Audited 2016 Rm
Recurring headline earnings segmental analysis:		
Segments		
Food, beverages and related services	582	662
Agri-related retail, trade and services	89	79
Agri-inputs	124	101
Agri-production	26	(37)
Recurring headline earnings from investments	821	805
Management (base) fee	(75)	(155)
Net interest, taxation and other income and expenses	(55)	(18)
Recurring headline earnings	691	632
Non-recurring headline earnings		
Management fee internalisation charge	(1 449)	
Other	(12)	(87)
Headline earnings	(770)	545
Non-headline items (note 3)	(26)	237
Attributable earnings	(796)	782

SOTP segmental analysis:

Segments

Food, beverages and related services	11 706	9 768
Agri-related retail, trade and services	1 360	802
Agri-inputs	1 531	1 246
Agri-production	614	614
Cash and cash equivalents	173	118
Other net liabilities	(678)	(323)
SOTP value - pre management fee liability	14 706	12 225
Management fee liability*		(1 667)
SOTP value - post management fee liability	14 706	10 558

* Calculated at 12% newly issued Zeder shares multiplied by Zeder SOTP value per share.

SOTP value per share (rand)		
Pre management fee liability		8.03
Post management fee liability	8.53	6.93

Profit before tax segmental analysis:

Segments

Food, beverages and related services	638	913
Agri-related retail, trade and services	89	76
Agri-inputs	123	134
Agri-production	29	(46)
Management fees and other income and expenses	(1 600)	(167)
	(721)	910

IFRS revenue (revenue and investment income) segmental analysis:

Segments

Food, beverages and related services	8 359	7 720
Revenue	8 311	7 688
Investment income	48	32
Agri-inputs	1 325	1 231
Revenue	1 314	1 226
Investment income	11	5
Agri-production	585	404
Revenue	584	404
Investment income	1	
Unallocated investment income (mainly head office interest income)	6	10
	10 275	9 365

9. Related party transactions

Related-party transactions similar to those disclosed in the group's annual financial statements for the year ended 29 February 2016 took place during the year under review, except for the internalisation of the management agreement (refer to Internalisation of PSG Group management agreement included in the commentary section of this announcement for further details) and loans granted to executive directors of Zeder, in terms of shares obtained through the vesting of share options.

10.Events subsequent to the reporting date

Zeder, through its subsidiary, Zaad Holdings Ltd, has concluded agreements for the acquisition of a 35% stake in the Turkish seed company May-Agro Tohumculuk Sanayi ve Ticaret Anonim Sirketi ("May Seed"), subject to the fulfilment of certain conditions precedent.

The directors are, except for the above, unaware of any matter or event which is material to the financial affairs of the group that have occurred between the reporting date and the date of approval of these annual financial statements.

11.Preparation

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

A copy of the auditor's report on the summary group preliminary financial statements and of the auditor's report on the annual group financial statements are available for inspection at the company's registered office, together with the financial statements identified in the respective auditor's reports.

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

On behalf of the board

Jannie Mouton	Norman Celliers
Chairman	Chief executive officer

Stellenbosch
10 April 2017

DIRECTORS
JF Mouton (Chairman), N Celliers* (CEO), JH le Roux* (FD), GD Eksteen#, WL Greeff, ASM Karaan#, N Mjoli-Mncube#, PJ Mouton, CA Otto#

*   executive
\#   independent non-executive

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PSG Capital (Pty) Ltd

AUDITOR
PricewaterhouseCoopers Inc.