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 2018

HIGHLIGHTS

- SOTP value down 8.0% to R7.85 per share as at 28 February 2018
- Recurring headline earnings down 35.2% to 27.6 cents per share
- Dividend maintained at 11.0 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 R14,21bn on 28 February 2018. Zeder's 27.0% interest in Pioneer Foods remains its largest investment, representing 53.9% (2017: 62.7%) 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 dedicated most of its efforts to existing investments while evaluating select new and adjacent opportunities. Zeder continues to drive for additional growth from its existing investment platforms while aiming to add to its portfolio when opportune.

REVIEW OF OPERATING ENVIRONMENT

Zeder and its portfolio companies traded under challenging macro conditions during the period under review. Political uncertainty and the further deterioration of the fiscal stance of South Africa eroded business and consumer confidence; local and regional economic growth remained constrained while the impact and effects of the concurrent record drought had to be managed. Understandably, most of its investee companies reported weaker earnings for their corresponding reporting periods due to the aforementioned and, in large part, factors that are unlikely to reoccur. Combined, these factors weighed on Zeder’s financial results. Notwithstanding these challenges and financial results, most portfolio companies delivered acceptably against operational targets and should improve or recover during the next reporting cycle as some of the aforementioned factors improved significantly towards the end of the financial year.

FINANCIAL RESULTS

The two key benchmarks which Zeder believes to measure performance by are Sum-of-the-parts ("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, decreased by 8.0% during the reporting period to R7.85 as at 28 February 2018. At the close of business on Thursday, 5 April 2018, Zeder's SOTP value per share was R7.72.

	28 Feb 2017		28 Feb 2018		5 Apr 2018	
Company	Interest (%)	Rm	Interest (%)	Rm	Interest (%)	Rm
Pioneer Foods	27.1	9 538	27.0	7 660	27.0	7 340
Capespan	98.1	1 975	97.5	2 259	97.5	2 259
Zaad	91.4	1 531	93.2	2 043	93.2	2 043
Kaap Agri	39.8	1 321	40.9	1 376	40.9	1 465
Agrivision Africa	55.6	614	56.0	591	56.0	591
Quantum Foods	26.7	193	27.7	246	27.7	267
Other		39		33		34
Total investments		15 211		14 208		13 999
Cash		173		111		107
Other net assets		120		108		109
Debt funding		(798)		(1 000)		(1 008)
SOTP value		14 706		13 427		13 207
Number of shares in issue (net of treasury shares) (million)		1 725		1 710		1 710
SOTP value per share (rand)		8.53		7.85		7.72

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

Audited	28 Feb 2017 Rm	Change (%)	28 Feb 2018 Rm
Recurring headline earnings from investments	821	(29.8)	576
Management (base) fee	(75)		
Net interest, taxation and other income and expenses	(55)		(102)
Recurring headline earnings	691	(31.4)	474
Non-recurring headline earnings			
Management fee internalisation charge	(1 449)		
Other	(12)		(49)
Headline (loss)/earnings	(770)	n/a	425
Non-headline items	(26)		(171)
Attributable (loss)/earnings	(796)	n/a	254
Weighted average number of shares in issue (net of treasury shares) (million)	1 622		1 717
Recurring headline earnings per share (cents)	42.6	(35.2)	27.6
Headline (loss)/earnings per share (cents)	(47.5)	n/a	24.8
Attributable (loss)/earnings per share (cents)	(49.1)	n/a	14.8

Zeder's recurring headline earnings per share was 27.6 cents for the year ended 28 February 2018, reflecting a decrease of 35.2% compared to the 42.6 cents reported for the prior year. This result is due to a combination of decreases reported by Pioneer Foods, Capespan, Zaad and Agrivision Africa, increases reported by Kaap Agri and Quantum Foods and the positive effects of the internalisation of the base management fee.

Following the once-off management fee internalisation charge of R1,45bn to the income statement in the prior year, headline earnings per share increased from a loss of 47.5 cents in the prior year, to a profit of 24.8 cents in the current year. The recurring headline earnings was offset by net non-recurring losses of R49m (2017: R1,46bn), which consists mainly of the adverse accounting effect of Pioneer Foods' historical BEE transaction given the increase in its share price.

Attributable earnings per share increased from a loss of 49.1 cents in the prior year to a profit of 14.8 cents in the current year as a result of the aforesaid, offset by net non-headline losses of R171m (2017: R26m), which consists mainly of the recognition of deferred tax on the transfer of the Golden Wing Mau associate to equity securities and goodwill impairments at investee level.

Pioneer Foods
Pioneer Foods reported a 50% decrease in adjusted headline earnings per share from continuing operations for the year ended 30 September 2017. This decrease was largely due to constrained local and regional trading conditions and an unfavourable procurement position on maize following the severe drought in the northern part of South Africa during the 2015/16 season. Continuing initiatives to enhance operating margins through cost mitigation and efficiency interventions delivered sound cash flow generation during the year and this allowed Pioneer Foods to declare a dividend equal to that of the prior year. Pioneer Foods remains one of the leading food companies in South Africa and is well positioned for recovery during their 2018 financial year.

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. The group has evolved and diversified in recent years to the extent that it today combines asset-intensive divisions, underpinned with strong net asset values, with earnings generating divisions that require less capital investments but offer scaleable earnings growth optionality.

For its financial year ended 31 December 2017, Capespan reported a decline of 27.6% in recurring headline earnings per share while it maintained its SOTP valuation due to the aforementioned Net Asset Value underpin on its farming operations and associate investments. The negative lag-effects of El Niño and corresponding drought conditions continued to have a negative effect on overall fruit volumes in most procurement territories, the impact of which was not recoverable through higher market pricing. The group made significant progress during the year in its continued efforts to reposition itself in order to achieve its long-term growth objectives.

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

Zaad

Zaad is positioned as a strategic holding company that invests and operates in the specialised agri-inputs industry. It currently owns, develops, imports and distributes a broad range of agricultural seeds in Africa, Europe and other international emerging markets. Its portfolio of companies represents a proud history spanning more than 50 years and it exports to more than 100 countries. During the period under review, it added to its solid foundation of Agricol, Klein Karoo Seed Marketing, Gebroeders Bakker and Farm-AG, with a 35% equity investment 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. These investments ensure improved portfolio, product, IP and geographic mix and strategic market access.

Zaad reported a 16.7% decrease in recurring headline earnings per share for its financial year ended 31 January 2018. This decline was largely due to lower sales from its South African operations during the aforementioned drought. Zaad continues to pursue growth and investment opportunities. Accordingly, Zeder invested an additional R145m during the period under review and have committed to invest a further R200m during the first half of the next financial year to fund further acquisitions and investments in research and development. While these investments are attractive in the medium to long term, the short-term impact on earnings per share may not always be positive due to the delay in earnings contribution from such development or j-curve acquisitions. The specialised agri-inputs market, and particularly the proprietary hybrid seed segment, remains attractive and Zaad is well positioned to benefit from it.

Further information can be viewed at www.agricol.co.za, www.seedmarketing.co.za, www.bakkerbrothers.nl and www.may.com.tr/en/.

Kaap Agri

Kaap Agri is a diversified group that specialises in retailing and trading in agricultural, fuel and related retail markets in southern Africa. It supplies a variety of products and services to the agri sector and the general public. It has been in existence for more than 100 years and has more than 200 operating points throughout South Africa and Namibia. With its strategic footprint, infrastructure, facilities and client network, the group follows a differentiated market approach, bolstering the core retail business with financial, grain handling and agency services.

Despite a challenging macro environment, the group delivered encouraging results for its financial year ended 30 September 2017, with headline earnings per share having increased by 17.9%. Its strategy of product and geographic diversification bodes well, while its recent focus on adding non-agri income streams and improving efficiencies continues to gain traction. A highlight of the period under review was the successful listing of Kaap Agri on the JSE main board on 26 June 2017.

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

Agrivision Africa

Agrivision Africa currently owns and operates two large-scale commercial farming operations and a milling business in Zambia. It has developed extensive irrigated productive farmland since 2011, and is continuously evaluating expansion opportunities. After rapid expansion, the focus during the past 24 months has been on achieving acceptable operational efficiencies, while navigating an extremely volatile and challenging phase in the macro and business cycle of Zambia and related regional markets.

While this strategy has yielded positive operational results, the corresponding financial performance has been disappointing as the subdued commodity price cycle and lagging drought effects continued to negatively impact the farming results. Agrivision Africa reported a R55m recurring headline loss for its financial year ended 31 December 2017, as opposed to a R40m recurring headline profit in the previous year.

Further information about Agrivision Africa 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. Having weathered adverse market conditions over the past couple of years, Quantum Foods released strong results for their financial year ended 30 September 2017, reporting a 74.0% increase in headline earnings per share. Although it remains exposed to a highly cyclical industry, it has successfully restructured its business and embarked on a clearly defined growth strategy that should see it generate sustainable profits and cash flows from its established South African operations, while growing its footprint in the rest of Africa.

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

NOTEWORTHY FEEDBACK

During the period under review, Zeder initiated and progressed on a number of corporate actions and potential investments, both within its existing portfolio and new platform opportunities. Unfortunately, the larger opportunities pursued did not materialise. Encouraging progress was however made on smaller, higher growth sectors, as alluded to during Zeder's previous results presentations. In this regard, initial investments and commitments were made to new ventures in the logistics, related technology and smart vertical farming industries respectively.

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 and the strength of our companies and management teams, combined with a defensive portfolio mix, should contribute to the continued sustainability of results. We believe that the company and its shareholders will benefit from same.

DIVIDEND

The directors have resolved to declare a gross final dividend of 11.0 cents (2017: 11.0 cents) per share from income reserves in respect of the year ended 28 February 2018. 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 1 715 179 121 and the income tax number of the company is 9406891151.

The salient dates of this dividend distribution are:

Last day to trade cum dividend	Tuesday, 8 May 2018
Trading ex dividend commences	Wednesday, 9 May 2018
Record date	Friday, 11 May 2018
Date of payment	Monday, 14 May 2018

Share certificates may not be dematerialised or re-materialised between Wednesday, 9 May 2018 and Friday, 11 May 2018, both days inclusive.

SUMMARY GROUP INCOME STATEMENT

Audited	2018 Rm	2017 Rm
Revenue	8 485	10 209
Cost of sales	(6 996)	(8 546)
Gross profit	1 489	1 663
Income		
Change in fair value of biological assets	195	224
Investment income	77	67
Net fair value gains/(losses)	45	(7)
Other operating income	116	29
Total income	433	313
Expenses		
Management fees (note 2)		(75)
Management fee internalisation charge (note 2)		(1 449)
Marketing, administration and other expenses	(1 671)	(1 562)
Total expenses	(1 671)	(3 086)
Net income from associates and joint ventures		
Share of profits of associates and joint ventures	472	629
Impairment of associates and joint ventures (note 3)	(1)	
Net loss on dilution of interest in associates (note 3)	(29)	(8)
Net income from associates and joint ventures	442	621
Profit/(loss) before finance costs and taxation	693	(489)
Finance costs	(289)	(232)
Profit/(loss) before taxation	404	(721)
Taxation	(196)	(21)
Profit/(loss) for the year	208	(742)
Profit/(loss) attributable to:		
Owners of the parent	254	(796)
Non-controlling interests	(46)	54

	208	(742)

EARNINGS PER SHARE AND NUMBER OF SHARES IN ISSUE

Earnings/(loss) per share (cents)		
Recurring headline	27.6	42.6
Headline (basic) (note 3)	24.8	(47.5)
Headline (diluted)	23.7	(49.7)
Attributable (basic)	14.8	(49.1)
Attributable (diluted)	14.0	(51.3)
Number of shares (million)		
In issue	1 715	1 731
In issue (net of treasury shares)	1 702	1 725
Weighted average	1 717	1 622
Diluted weighted average	1 719	1 624

SUMMARY GROUP STATEMENT OF COMPREHENSIVE INCOME

Audited	2018 Rm	2017 Rm
Profit/(loss) for the year	208	(742)
Other comprehensive income for the year, net of taxation	(16)	(470)
Items that may be reclassified to profit or loss		
Currency translation adjustments	(100)	(423)
Share of other comprehensive income of associates and joint ventures	64	(43)
Items that may not be reclassified to profit or loss		
Gains/(losses) from changes in financial and demographic assumptions of post-employment benefit obligations	20	(4)
Total comprehensive income for the year	192	(1 212)
Attributable to:		
Owners of the parent	257	(1 193)
Non-controlling interests	(65)	(19)
	192	(1 212)

SUMMARY GROUP STATEMENT OF FINANCIAL POSITION

Audited	2018 Rm	2017 Rm
Assets		
Non-current assets	10 298	9 835
Property, plant and equipment	1 626	1 640
Intangible assets	606	666
Biological assets (bearer plants)	406	364
Investment in ordinary shares of associates and joint ventures	6 636	6 833
Loans to associates and joint ventures	136	80
Equity securities	688	46
Loans and advances	100	111
Deferred income tax assets	61	58
Employee benefits	39	37
Current assets	3 103	3 336
Biological assets (agricultural produce)	152	122
Inventories	1 286	1 319
Trade and other receivables	1 274	1 414
Loans and advances	38	36
Current income tax assets	27	23
Cash, money market investments and other cash equivalents	326	422
Non-current assets held for sale (note 6)	7	
Total assets	13 408	13 171

Equity and liabilities

Ordinary shareholders' equity	8 269	8 291
Non-controlling interests	327	407
Total equity	8 596	8 698
Non-current liabilities	2 276	1 320
Deferred income tax liabilities	222	94
Borrowings	1 939	1 015
Derivative financial liabilities	24	94
Employee benefits	91	117
Current liabilities	2 536	3 153
Borrowings	1 428	1 958
Trade and other payables	994	1 092
Derivative financial liabilities	15	
Current income tax liabilities	34	37
Employee benefits	65	66
Total liabilities	4 812	4 473
Total equity and liabilities	13 408	13 171
Net asset value per share (cents)	485.8	480.6
Tangible net asset value per share (cents)	450.2	442.0

SUMMARY GROUP STATEMENT OF CHANGES IN EQUITY

Audited	2018 Rm	2017 Rm
Ordinary shareholders' equity at beginning of the year	8 291	8 251
Shares issued		1 449
Shares purchased and cancelled	(94)	
Net movement in treasury shares	(23)	(50)
Total comprehensive income for the year	257	(1 193)
Transactions with non-controlling interests	18	(37)
Other movements	10	8
Dividends paid	(190)	(137)
Ordinary shareholders' equity at end of the year	8 269	8 291
Non-controlling interests at beginning of the year	407	442
Shares issued	8	25
Total comprehensive income for the year	(65)	(19)
Transactions with non-controlling interests	(5)	(31)
Other movements	2	3
Dividends paid	(20)	(13)
Non-controlling interests at end of the year	327	407
Total equity	8 596	8 698
Dividend per share (cents)	11.0	11.0

SUMMARY GROUP STATEMENT OF CASH FLOWS

Audited	2018 Rm	2017 Rm
Cash generated from operations (note 7)	267	97
Investment income	342	314
Finance costs and taxation paid	(297)	(235)
Cash flow from operating activities	312	176
Acquisition of subsidiaries		(115)
Cash acquired from acquisition of subsidiary (note 4)	1	
Proceeds from sale of subsidiaries (note 5)	27	
Acquisition of associates and joint ventures	(183)	(109)
Loans granted to associates and joint ventures	(52)	(69)
Additions to property, plant and equipment	(213)	(311)
Proceeds from disposal of property, plant and equipment	25	35
Additions to intangible assets	(97)	(89)
Acquisition of equity securities	(6)	(1)
Proceeds from sale of equity securities	9	
Other	76	(66)
Cash flow from investment activities	(413)	(725)

Capital contributions by non-controlling interests	4	25
Shares purchased and cancelled	(94)	
Purchase of treasury shares	(27)	(62)
Treasury shares sold	5	11
Dividends paid to group shareholders	(190)	(137)
Dividends paid to non-controlling interests	(20)	(13)
Borrowings repaid	(1 333)	(289)
Borrowings drawn	1 660	866
Other	(10)	(53)
Cash flow from financing activities	(5)	348
Net decrease in cash and cash equivalents	(106)	(201)
Exchange differences on cash and cash equivalents	10	(61)
Cash and cash equivalents at beginning of the year	422	684
Cash and cash equivalents at end of the year	326	422

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 2018, 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 28 February 2017.

2. Management fees and management fee internalisation charge

The base and performance management fees were payable during the first half of the prior year to PSG Corporate Services Proprietary Limited ("PSGCS"), a subsidiary of PSG Group Limited, the company's ultimate holding company, 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.

During the prior year and 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 earnings/(loss)

Audited	2018 Rm	2017 Rm
Profit/(loss) attributable to equity holders of the company	254	(796)
Non-headline items	171	26
Gross amounts		
Net profit on sale of subsidiary companies (note 5)	(85)	
Net loss on dilution of interest in associates	29	8
Impairment of associates and joint ventures	1	
Fair value gain resulting from transfer of associate to equity security	(15)	
Non-headline items of associates and joint ventures	7	12
Impairment of intangible assets and goodwill	123	5
Net loss on sale and impairment of property, plant and equipment	10	2
Other	(1)	1
Non-controlling interests	(49)	(2)
Taxation	151	
Headline earnings/(loss)	425	(770)

During the year under review, the group, through Capespan Group Limited ("Capespan") merged its Asian operations with Golden Wing Mau to form JWM Asia and therefore 70% of its business operations were sold to JWM Asia and Capespan retained a 30% shareholding in JWM Asia (refer note 5).

The current year impairment relates to computer software at a restructured United Kingdom operation, intellectual property at Klein Karoo Seed Marketing, where there is no foreseeable future commercialisation of the specific seed line, and on goodwill at Mpongwe Milling, following two consecutive loss making years.

4. Subsidiaries acquired

The Logistic Company Proprietary Limited

During October 2017, Zeder invested in a start-up company in the technology, transport and logistics industries. The Logistic Company Proprietary Limited ("TLC"), had limited operations prior to investment. Zeder paid R4m for a subscription of newly issued ordinary shares, representing 51% of the issued share capital of TLC. Goodwill (less than R1m) arose in respect of, inter alia, synergies pertaining to the integration of logistical activities within the Zeder group of companies. Accounting for TLC's business combination has been finalised.

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

Audited	TLC Rm
Property, plant and equipment	1
Cash, money market investments and other cash equivalents	1
Borrowings	(1)
Trade and other payables	(1)
Total identifiable net assets	-
Subscription of newly issued ordinary shares	4
Total consideration transferred	4
Cash consideration paid with regards to subscription of newly issued ordinary shares	(4)
Shares issued	4
Cash and cash equivalents acquired	1
Net cash inflow from business combination	1

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

Had TLC been consolidated with effect from 1 March 2017 instead of its acquisition date, the consolidated income statement would have reflected additional revenue of R1.6m and profit after tax of R0.9m.

5. Subsidiaries sold

Capespan Japan Limited and Metspan Hong Kong Limited

During July 2017, the group, through Capespan Group Limited ("Capespan") merged its Asian operations with Golden Wing Mau to form JWM Asia. Capespan therefore sold 70% of its business operations to JWM Asia and retained a 30% shareholding in JWM Asia.

Capespan sold the business operations of Capespan Japan Limited ("Capespan Japan"), a fruit marketing company situated in Japan, to JWM Asia, for a cash consideration of R3m.

Capespan sold the business operations of Metspan Hong Kong Limited ("Metspan"), a fruit marketing company situated in Hong Kong, to JWM Asia, for a cash consideration of R57m.

Nichebrands Proprietary Limited

During January 2018, the group, through Zaad Holdings Limited disposed of its 100% interest in Nichebrands Proprietary Limited ("Nichebrands") for R1, resulting in a gain on disposal of R5m due to previously recognised losses.

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

Audited	Capespan Japan Rm	Metspan Rm	Nichebrands Rm	Total Rm
Property, plant and equipment	1	1	4	6
Intangible assets	1	11		12
Deferred income tax assets			4	4
Loans and advances	1	1	(35)	(33)
Inventories	16	6	20	42
Trade and other receivables	73	82	11	166
Cash, money market investments and other cash equivalents	18	15		33
Borrowings			(1)	(1)

Trade and other payables	(34)	(63)	(8)	(105)
Current income tax liabilities		(1)		(1)
Total identifiable net assets	76	52	(5)	123
Transfer to investment in ordinary shares of associates		(26)		(26)
Transfer to loans to associates	(73)	(49)		(122)
Profit on sale of subsidiaries' operations (note 3)		80	5	85
Cash proceeds on sale	3	57	-	60
Cash and cash equivalents given up	(18)	(15)		(33)
Net cash flow on disposal of subsidiaries' operations	(15)	42	-	27

6. Non-current assets held for sale
As at 28 February 2018, property, plant and equipment within the Capespan UK operations, through Capespan Group Limited, amounting to R7m is presented as non-current assets held for sale in the current year following the adoption of a plan to sell the assets.

7. Cash generated from operations

Audited	2018 Rm	2017 Rm
Profit/(loss) before taxation	404	(721)
Investment income	(77)	(67)
Finance costs	291	232
Depreciation and amortisation	203	180
Net fair value (gains)/losses	(43)	2
Net profit on sale of interest in subsidiary company	(85)	
Share of profits of associates and joint ventures	(472)	(629)
Net loss on dilution of interest in associates	29	8
Impairment of associates and joint ventures	1	
Impairment of intangible assets and goodwill	123	5
Net loss on sale and impairment of property, plant and equipment	10	2
Changes in fair value of biological assets	(195)	(224)
Net harvest short-term biological assets	60	67
Other non-cash items	(7)	(24)
Management fee internalisation charge		1 449
	242	280
Change in working capital and other financial instruments	204	(30)
Additions to biological assets	(179)	(153)
Cash generated from operations	267	97

8. Financial instruments

8.1 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 2018. Risk management continues to be carried out throughout the group under policies approved by the respective boards of directors.

8.2 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 2018				
Assets				
Equity securities	9		679	688
Opening balance			44	
Transfer from associates to equity securities			700	
Disposal			(7)	
Fair value losses			8	
Exchange differences			(66)	
Liabilities				
Derivative financial liabilities			39	39
Opening balance			94	
Disposals			(47)	
Fair value gains			(15)	
Finance costs			7	
28 February 2017				
Assets				
Equity securities		2	44	46
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	

9. 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. The group'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 the group do not equity account or consolidate in terms of accounting standards, are included in the calculation of recurring headline earnings.

Non-recurring headline earnings includes 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.

SOTP is a key valuation tool used to measure the group's performance. In determining SOTP value, listed assets and liabilities are valued using quoted market prices, whereas unlisted assets and liabilities are valued using appropriate valuation methods. These values will not necessarily correspond with the values per the statement of financial position since the latter are predominantly measured 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	2018 Rm	2017 Rm
Recurring headline earnings segmental analysis:		
Segments		
Food, beverages and related services	394	582
Agri-related retail, trade and services	102	89
Agri-inputs	110	124
Agri-production	(30)	26
Recurring headline earnings from investments	576	821
Management (base) fee		(75)
Net interest, taxation and other income and expenses	(102)	(55)
Recurring headline earnings	474	691
Non-recurring headline earnings		
Management fee internalisation charge		(1 449)
Other	(49)	(12)
Headline earnings/(loss)	425	(770)
Non-headline items (note 3)	(171)	(26)
Attributable earnings/(loss)	254	(796)
SOTP segmental analysis:		
Segments		
Food, beverages and related services	10 169	11 706
Agri-related retail, trade and services	1 405	1 360
Agri-inputs	2 043	1 531
Agri-production	591	614
Cash and cash equivalents	111	173
Other net assets	108	120
Debt funding	(1 000)	(798)
SOTP value	13 427	14 706
SOTP value per share (rand)	7.85	8.53
Profit before tax segmental analysis:		
Segments		
Food, beverages and related services	479	638
Agri-related retail, trade and services	93	89
Agri-inputs	102	123
Agri-production	(156)	29
Management fees and other income and expenses	(114)	(1 600)
	404	(721)
IFRS revenue (revenue and investment income) segmental analysis:		
Segments		
Food, beverages and related services	6 672	8 359
Revenue	6 621	8 311
Investment income	51	48
Agri-inputs	1 412	1 325
Revenue	1 398	1 314
Investment income	14	11
Agri-production	467	585
Revenue	466	584
Investment income	1	1
Unallocated investment income (mainly head office interest income)	11	6
	8 562	10 275

10. Related-party transactions

Related-party transactions similar to those disclosed in the group's annual financial statements for the prior year ended 28 February 2017 took place during the year under review, except treasury shares allocated to executive directors in terms of a share incentive scheme, were recognised on loans granted on or prior to 28 February 2018. In terms of the accounting standard, the loans receivable has been accounted for in terms of IFRS 2 Share-based Payment.

11. Events subsequent to the reporting date

The directors are 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.

12. 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.

Signed on behalf of the board

Jannie Mouton	Norman Celliers
Chairman	Chief executive officer

Stellenbosch
17 April 2018

Directors:
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