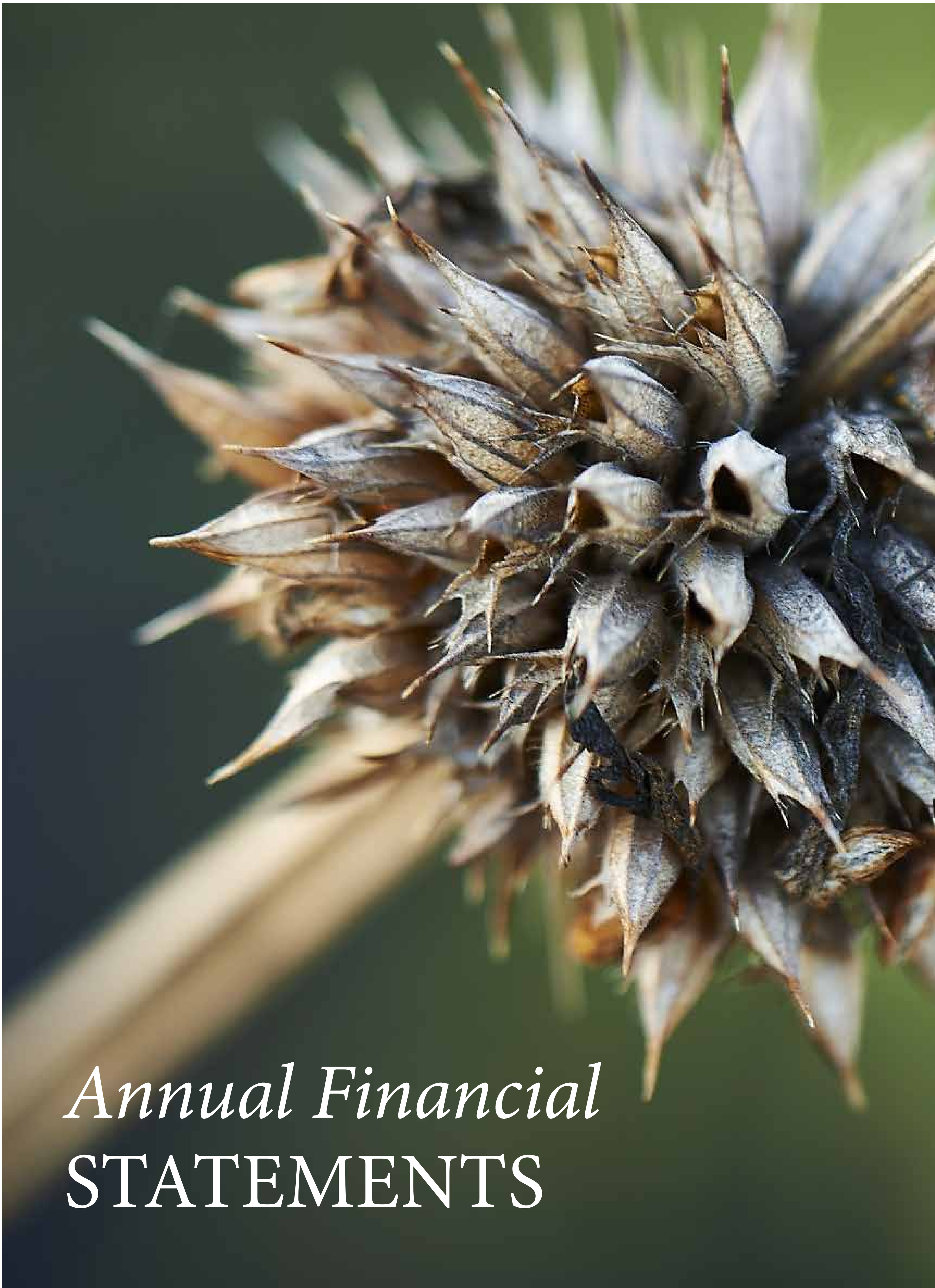
CROOKES
BROTHERS
LIMITED

ANNUAL FINANCIAL STATEMENTS 2015



# *Annual Financial* STATEMENTS

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## ANNUAL FINANCIAL STATEMENTS


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# *Directors'* APPROVAL *of the financial statements*

The directors of the company are responsible for the integrity and objectivity of the annual financial statements, which have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

In discharging this responsibility, the group maintains suitable internal control systems designed to provide reasonable assurance that assets are safeguarded and transactions are executed and recorded in accordance with group policies.

The directors, supported by the audit committee, are satisfied that such controls, systems and procedures are in place to minimise the possibility of material loss or misstatement.

The directors believe that the group and company have adequate resources to continue in operation for the foreseeable future and the financial statements have, therefore, been prepared on a going-concern basis.

The annual financial statements have been prepared on behalf of Crookes Brothers Limited by Nigel Naidoo CA(SA) under the supervision of Phillip Barker BA, ACMA, CGMA, group financial director.

The annual financial statements were approved by the board of directors on 29 May 2015 and are signed on its behalf by:

John Barton
*Chairman*

Guy Clarke
*Group managing director*

Renishaw
29 May 2015

# *Certificate from the* COMPANY SECRETARY

I hereby certify that the company has lodged with the Companies and Intellectual Property Commission all such returns that are required of a public company in terms of the Companies Act, 2008, as amended, in respect of the year ended 31 March 2015 and that all such returns are true, correct and up to date.

Highway Corporate Services (Pty) Ltd
*Company secretary*

Renishaw
29 May 2015

# *Independent* AUDITOR'S REPORT

## TO THE SHAREHOLDERS OF CROOKES BROTHERS LIMITED

We have audited the consolidated and separate financial statements of Crookes Brothers Limited set out on pages 9 to 69, which comprise the statements of financial position as at 31 March 2015, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

## DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Crookes Brothers Limited as at 31 March 2015, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

## OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the financial statements for the year ended 31 March 2015, we have read the Directors' Report, the Audit Committee's Report, and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements.

These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Deloitte & Touche

Deloitte & Touche
*Registered Auditors*

Per GD Kruger CA(SA), RA
*Partner*

1 June 2015

# *Directors'* REPORT

The directors have pleasure in submitting the annual financial statements of the group and company for the year ended 31 March 2015.

## NATURE OF BUSINESS

Crookes Brothers Limited specialises in the production of primary agricultural products, including sugar cane, bananas and deciduous fruit in South Africa, Swaziland and Zambia, with a major farming operation under development in Mozambique for the production of macadamia nuts, grain and vegetables. Sugar cane is currently the largest contributor to group and company revenue and profit.

## SHARE CAPITAL

The authorised share capital at 31 March 2015 consisted of 16 000 000 shares of 25 cents each (2014: 16 000 000). The company has no unlisted securities.

The number of issued shares is 12 576 817 at 31 March 2015 (2014: 12 546 817).

The company holds no treasury shares and has not repurchased any of its own shares during the year under review.

## FINANCIAL RESULTS

Group attributable earnings for the year ended 31 March 2015 were R40,7 million (2014: R201,1 million), representing earnings per share of 323,9 cents (2014: 1 609,0 cents). Headline earnings per share were 330,6 cents (2014: 676,8 cents).

The company has no restrictive funding arrangements.

Full details of the financial position and results of the group and company are set out in the annual financial statements.

## GOING-CONCERN

The directors believe that the group has adequate resources to continue in operation for the foreseeable future and the financial statements have, therefore, been prepared on a going-concern basis.

## DIVIDENDS

The following dividends per share were declared in respect of the year ended 31 March 2015:

- An ordinary interim dividend of 65,0 cents (2013: 80,0 cents) declared in November 2014 and paid in January 2015.
- An ordinary final dividend of 85,0 cents (2014: 120,0 cents) declared in May 2015 and payable in July 2015.

The aggregate distribution in respect of the year ended 31 March 2015 is therefore 150,0 cents (2014: 200,0 cents) per share.

## DIRECTORATE

Non-executive
John Robert Barton – *Chairman*
John Anthony Frederick Hewat
Phumla Mnganga
Malcolm Thomas Rutherford
Xola George Sibusiso Sithole
Rodger Edward Stewart
Gary Vaughan-Smith
Timothy Kipling Denton – *Alternate*

Executive
Guy Stanley Clarke – *Group managing director*
Phillip John Barker – *Group financial director*

Having reached mandatory retirement age, Paul Bhengu retired from the board on 25 February 2015 and Christopher Chance resigned his directorship on 29 May 2015.

Subsequent to the financial year-end and the date of this report, Xola Sithole resigned his non-executive directorship.

In terms of the company's memorandum of incorporation John Barton, Anthony Hewat and Gary Vaughan-Smith retire at the annual general meeting and, being eligible, offer themselves for re-election.

## INTERESTS OF DIRECTORS IN SHARE CAPITAL

At 31 March 2015, the directors of the company held beneficial interests in 112 000 of the company's issued ordinary shares. Since the end of the financial year to the date of this report the interests of the directors have changed with the resignation of non-executive director Chris Chance on the date of this report, 29 May 2015. The register of interests of directors and managers in the share capital of the company is available for inspection at the registered office of the company. Details of the shares held per individual director are listed below.

| Director | 2015 Direct | 2015 Indirect | 2014 Direct | 2014 Indirect |
|---|---|---|---|---|
| PJ Barker | 25 500 | – | 25 500 | – |
| CJH Chance | – | 75 000 | – | 75 000 |
| GS Clarke | 11 500 | – | 500 | – |
| | 37 000 | 75 000 | 26 000 | 75 000 |

*In addition, at 31 March 2015, managers of the company held 45 250 shares (2014: 46 000 shares).*

Non-executive director Gary Vaughan-Smith and non-executive alternate director Tim Denton represent the interests of, and are directly and indirectly interested in, Silverlands (SA) Plantations Sarl, a wholly-owned subsidiary of SilverStreet Private Equity Strategies SICAR – Silverlands Fund ("the Silverlands Fund"), a private equity fund based in Luxembourg. The Silverlands Fund is managed by SilverStreet Management Sarl (the fund's General Partner) of which they are directors and shareholders. Both also have vested interests in the Silverlands Fund. Silverlands (SA) Plantations Sarl owned 4 156 550 shares at year end (2014: 3 856 680), representing 33,1 % (2014: 30,7 % ) of the issued share capital of the company.

## DIRECTORS' REMUNERATION

At the forthcoming annual general meeting, shareholders will be requested to pass a non-binding advisory vote approving the group's remuneration policy and a special resolution to approve increases in fees payable to non-executive directors with effect from 1 April 2015 as follows:

| | Current Rands per annum | Proposed Rands per annum |
|---|---|---|
| Board | | |
| Chairman | 380 000 | 405 000 |
| Other non-executive board members | 150 000 | 160 000 |
| Audit committee | | |
| Chairman | 106 500 | 113 500 |
| Other members | 50 000 | 53 000 |
| Remuneration committee | | |
| Chairman | 30 000 | 32 000 |
| Other members | 20 000 | 21 500 |
| Nominations committee | | |
| Chairman | 15 000 | 16 000 |
| Other members | 10 000 | 10 500 |
| Risk committee | | |
| Chairman | 42 000 | 44 500 |
| Other non-executive board members | 28 000 | 30 000 |
| Social and ethics committee | | |
| Chairman | 30 000 | 32 000 |
| Other non-executive board members | 20 000 | 21 500 |
| Retirement funds | | |
| Employer-elected trustees | 17 000 | 18 000 |

# *Directors'* REPORT *continued*

## SUBSIDIARY COMPANIES

The names and financial information in respect of the interest of the company in its subsidiaries are disclosed in note 15 of the annual financial statements.

## SPECIAL RESOLUTIONS ADOPTED BY THE COMPANY AND ITS SUBSIDIARY COMPANIES

No special resolutions have been passed by the company or its subsidiary companies since the date of the previous annual general meeting.

## EVENTS AFTER THE REPORTING PERIOD

There have been no major changes in the affairs or financial position of the company or its subsidiary companies since the end of the year under review.

## CORPORATE INFORMATION

| | |
|---|---|
| Company name: | Crookes Brothers Limited |
| Registered office: | Renishaw, KwaZulu-Natal |
| Postal address: | PO Renishaw, 4181 |
| Telephone: | 039 978 4600 |
| Telefax: | 039 978 4628 |
| E-mail: | info@cbl.co.za |
| Website: | www.cbl.co.za |
| Share code: | CKS |
| Company registration number: | 1913/000290/06 |
| Company secretary: | Highway Corporate Services (Proprietary) Limited |
| Business address: | 14 Hillcrest Office Park, 2 Old Main Road, Hillcrest |
| Postal address: | PO Box 1319, Hillcrest, 3650 |
| Telephone: | 031 765 4989 |
| Telefax: | 086 679 3461 |
| Transfer secretaries: | Computershare Investor Services (Proprietary) Limited |
| Business address: | 70 Marshall Street, Johannesburg |
| Postal address: | PO Box 61051, Marshalltown, 2107 |
| Telephone: | 011 370 5000 |
| Telefax: | 011 688 5200 |
| Auditors: | Deloitte & Touche |
| Attorneys: | Livingston Leandy Incorporated |
| Bankers: | FirstRand Bank Limited |
| | Investec Bank Limited |
| Sponsor: | Sasfin Capital (A division of Sasfin Bank Limited) |

# *Audit committee* REPORT

The audit committee is a committee of the board of directors and in addition to having specific statutory responsibilities in terms of the Companies Act, it assists the board through advising and making recommendations on financial reporting, oversight of internal financial controls, external and internal audit functions and statutory and regulatory compliance of the company and the group.

## TERMS OF REFERENCE

The audit committee has adopted formal terms of reference that have been approved by the board of directors. The committee has executed its duties during the past financial year in accordance with these terms of reference.

## COMPOSITION

The audit committee consists of three independent non-executive directors. At 31 March 2015, the audit committee comprised:

| | |
|---|---|
| Anthony Hewat | MA (Oxon), CA(SA) |
| Malcolm Rutherford | BCom, BAcc, CA(SA) |
| Xola Sithole | BSc (Hons) (Microbiology) |

Xola Sithole was appointed to serve on this committee to replace John Barton who assumed the role of board chairman after the 2014 annual general meeting.

Subsequent to the financial year-end and the date of this report, Xola Sithole resigned his non-executive directorship. His position on the audit committee will be filled by Rodger Stewart, independent non-executive director.

The group managing director, group financial director, senior financial and IT executives of the group and representatives from the external and internal auditors attend the committee meetings by invitation. The auditors, both external and internal, have unrestricted access to the audit committee chairman or any other member of the committee as required.

## MEETINGS

The audit committee held two meetings during the year under review and there was full attendance at both meetings.

## STATUTORY DUTIES

In execution of its statutory duties during the financial year under review, the audit committee:

- nominated for appointment as auditor, Deloitte & Touche, who, in its opinion, is independent of the company;
- determined the fees to be paid to Deloitte & Touche;
- determined Deloitte & Touche's terms of engagement;
- ensured that the appointment of Deloitte & Touche complied with the relevant provisions of the Companies Act and King III;
- pre-approved all non-audit service contracts with Deloitte & Touche;
- confirmed that there were no complaints relating to accounting practices and internal audit of the company, the content or auditing of its financial statements, the internal financial controls of the company and any other related matters; and
- advised the board that, regarding matters concerning the company's accounting policies, financial control, records and reporting, it concurs that the adoption of the going-concern premise in the preparation of the financial statements is appropriate.

## INTERNAL FINANCIAL CONTROLS AND INTERNAL AUDIT

In execution of its delegated duties in this area, the audit committee has:

- reviewed and recommended the internal audit charter for approval;
- evaluated the independence, effectiveness and performance of the internal audit function;
- reviewed the effectiveness of the company's system of key internal financial controls;
- reviewed the competence, qualifications and experience of the company secretary;
- reviewed significant issues raised by the external and internal audit process and the adequacy of corrective action in response to such findings;
- reviewed audit reports regarding the adequacy of accounting records; and
- reviewed policies and procedures for preventing and detecting fraud.

The chief audit executive functionally reported to the audit committee and had unrestricted access to the audit committee chairman and is of the opinion that significant internal financial controls operated effectively during the period under review.

Based on the processes and assurances obtained, the audit committee believes that significant internal financial controls are effective.

# *Audit committee* REPORT *continued*

## REGULATORY COMPLIANCE

The audit committee has complied with all applicable legal, regulatory and other responsibilities, including a written response to the JSE Limited on 5 February 2015, based on pro-active monitoring of the annual financial statements for the year ended 31 March 2014.

## EXTERNAL AUDIT

Based on processes followed and assurances received, the audit committee is satisfied that Deloitte & Touche is independent of the group.

The audit committee confirmed that no reportable irregularities were identified and reported by the external auditors in terms of the Auditing Professions Act, No 26 of 2005.

Based on our satisfaction with the results of the activities outlined above, the audit committee has recommended to the board that Deloitte & Touche should be reappointed for 2016, with the designated auditor being Camilla Howard-Browne.

## FINANCE FUNCTION

We believe that Phillip Barker, the group financial director for the year under review and up to the date of this report, possessed the appropriate expertise and experience to meet his responsibilities in that position. We are also satisfied with the expertise and adequacy of resources within the finance function. In making these assessments, we have obtained feedback from both external and internal audit.

Based on the processes and assurances obtained, we believe that the accounting practices are effective.

## FINANCIAL STATEMENTS

Based on the processes and assurances obtained, we recommend that the current annual financial statements be approved by the board.

On behalf of the audit committee

Anthony Hewat
*Audit committee chairman*

Renishaw
29 May 2015

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2015

| | | Notes | Group 2015 R'000 | Group 2014 R'000 | Company 2015 R'000 | Company 2014 R'000 |
|---|---|---|---|---|---|---|
| Continuing operations | | | | | | |
| Revenue | | 5.1 | 526 087 | 439 019 | 314 269 | 276 895 |
| Cost of sales | | | (324 031) | (256 129) | (183 152) | (171 478) |
| Gross profit | | | 202 056 | 182 890 | 131 117 | 105 417 |
| Other operating income | | 5.2 | 1 951 | 2 489 | 3 328 | 4 107 |
| Distribution expenses | | | (51 042) | (43 568) | (37 949) | (32 266) |
| Operating and administrative expenses | | | (91 856) | (51 046) | (44 880) | (45 066) |
| Operating profit | | 5.5 | 61 109 | 90 765 | 51 616 | 32 192 |
| Share of profit of associate companies | | | 655 | 1 121 | – | – |
| Investment income | | 5.3 | 3 211 | 4 504 | 2 183 | 5 261 |
| Finance costs | | 5.4 | (7 316) | (4 538) | (5 199) | (1 465) |
| Capital items | | 7 | 251 | 7 430 | 251 | 7 430 |
| Profit before taxation | | | 57 910 | 99 282 | 48 851 | 43 418 |
| Income tax expense | | 8 | (14 774) | (19 692) | (12 579) | (12 663) |
| Profit for the year from continuing operations | | | 43 136 | 79 590 | 36 272 | 30 755 |
| Discontinued operations | | | | | | |
| Profit for the year from discontinued operations | | 9 | – | 123 107 | – | 123 755 |
| Profit for the year | | | 43 136 | 202 697 | 36 272 | 154 510 |
| Other comprehensive (loss)/income, net of tax | | | | | | |
| Items that may not be reclassified subsequently to profit or loss | | | | | | |
| Remeasurement of defined benefit asset | | 24.2 | 1 962 | 4 746 | 1 962 | 4 746 |
| Remeasurement of post-employment medical aid obligation | | 24.1 | (876) | 1 231 | (876) | 1 231 |
| | | | 1 086 | 5 977 | 1 086 | 5 977 |
| Items that may be reclassified subsequently to profit or loss | | | | | | |
| Net fair value gain on available-for-sale financial assets | | | 15 | 2 052 | 15 | 2 052 |
| Reclassification adjustments on available-for-sale financial assets disposed of during the year | | | (204) | (7 430) | (204) | (7 430) |
| Exchange differences on translating foreign operations | | | (2 121) | (257) | – | – |
| | | | (2 310) | (5 635) | (189) | (5 378) |
| Other comprehensive (loss)/income for the year, net of tax | | | (1 224) | 342 | 897 | 599 |
| Total comprehensive income for the year | | | 41 912 | 203 039 | 37 169 | 155 109 |
| Profit for the year from continuing operations attributable to: | | | | | | |
| Shareholders of the company | | | 40 697 | 79 144 | 36 272 | 30 755 |
| Non-controlling interests | | | 2 439 | 446 | – | – |
| | | | 43 136 | 79 590 | 36 272 | 30 755 |
| Profit for the year from discontinued operations attributable to: | | | | | | |
| Shareholders of the company | | | – | 122 002 | – | 123 755 |
| Non-controlling interests | | | – | 1 105 | – | – |
| | | | – | 123 107 | – | 123 755 |
| Total comprehensive income for the year from continuing operations attributable to: | | | | | | |
| Shareholders of the company | | | 39 473 | 79 486 | 37 169 | 31 354 |
| Non-controlling interests | | | 2 439 | 446 | – | – |
| | | | 41 912 | 79 932 | 37 169 | 31 354 |
| Total comprehensive income for the year from discontinued operations attributable to: | | | | | | |
| Shareholders of the company | | | – | 122 002 | – | 123 755 |
| Non-controlling interests | | | – | 1 105 | – | – |
| | | | – | 123 107 | – | 123 755 |
| Earnings per share | | | | | | |
| From continuing and discontinued operations | | | | | | |
| Basic | (cents) | 10.1 | 323,9 | 1 609,0 | | |
| Diluted | (cents) | 10.2 | 317,9 | 1 580,4 | | |
| From continuing operations | | | | | | |
| Basic | (cents) | 10.1 | 323,9 | 633,1 | | |
| Diluted | (cents) | 10.2 | 317,9 | 621,9 | | |
| Headline earnings per share | | | | | | |
| Basic | (cents) | 10.3 | 330,6 | 676,8 | | |
| Diluted | (cents) | 10.4 | 324,5 | 664,7 | | |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2015

| | Notes | Group 2015 R'000 | Group 2014 R'000 | Company 2015 R'000 | Company 2014* R'000 |
|---|---|---|---|---|---|
| ASSETS | | | | | |
| Non-current assets | | 798 048 | 680 148 | 644 891 | 587 730 |
| Property, plant and equipment | 13 | 514 116 | 460 961 | 181 557 | 180 261 |
| Bearer biological assets | 14.1 | 254 234 | 192 883 | 153 929 | 136 961 |
| Unlisted investments | 15.1 | 727 | 979 | 703 | 979 |
| Investment in associates | 15.2 | 19 336 | 18 681 | 9 939 | 9 939 |
| Investment in subsidiaries | 15.3.2 | – | – | 289 127 | 252 946 |
| Retirement benefit surplus | 24 | 9 095 | 5 990 | 9 095 | 5 990 |
| Unsecured loans – long-term | 16 | 540 | 654 | 540 | 654 |
| Current assets | | 313 937 | 345 722 | 176 697 | 171 838 |
| Inventories | 17 | 60 655 | 52 808 | 36 805 | 30 143 |
| Biological assets | | | | | |
| – crops | 14.1 | 183 919 | 189 808 | 94 522 | 91 501 |
| – livestock | 14.2 | 945 | 954 | 945 | 954 |
| Trade and other receivables | 18 | 45 659 | 55 171 | 33 742 | 30 417 |
| Taxation | | 9 686 | – | 7 992 | – |
| Other financial assets | 19 | – | 14 636 | – | – |
| Unsecured loans – short-term | 16 | – | 3 498 | – | 3 498 |
| Cash and cash equivalents | | 13 073 | 28 847 | 2 691 | 15 325 |
| Total assets | | 1 111 985 | 1 025 870 | 821 588 | 759 568 |
| EQUITY AND LIABILITIES | | | | | |
| Capital and reserves | | 783 603 | 763 778 | 534 028 | 518 946 |
| Share capital | 20.1 | 3 144 | 3 137 | 3 144 | 3 137 |
| Share premium | 20.1 | 9 865 | 8 972 | 9 865 | 8 972 |
| Investment revaluation reserve | 20.1 | 869 | 1 058 | 869 | 1 058 |
| Foreign currency translation reserve | 20.1 | 2 725 | 4 846 | – | – |
| Share-based payment reserve | 20.1 | 1 036 | 792 | 1 036 | 792 |
| Retained earnings | | 761 356 | 742 804 | 519 114 | 504 987 |
| Equity attributable to owners of the company | | 778 995 | 761 609 | 534 028 | 518 946 |
| Non-controlling interests | 20.2 | 4 608 | 2 169 | – | – |
| Non-current liabilities | | 213 500 | 178 535 | 126 686 | 113 965 |
| Deferred taxation | 8.3 | 118 320 | 107 199 | 76 769 | 66 921 |
| Long-term borrowings: interest-bearing | 21.2 | 39 162 | 19 955 | – | – |
| Long-term liability: interest-free | 21.2 | 45 082 | 41 763 | 38 981 | 37 426 |
| Post-employment medical aid obligation | 24 | 10 936 | 9 618 | 10 936 | 9 618 |
| Current liabilities | | 114 882 | 83 557 | 160 874 | 126 657 |
| Trade and other payables | 22 | 14 076 | 26 517 | 10 312 | 12 025 |
| Short-term borrowings: interest-bearing | 21.1 | 91 653 | 34 178 | 85 630 | 27 393 |
| Provisions | 23 | 7 222 | 13 339 | 3 783 | 9 144 |
| Outside shareholders' loan | | 538 | 470 | – | – |
| Taxation | | 330 | 9 053 | – | 8 375 |
| Dividend withholding taxation | 8.1 | 1 063 | – | 1 063 | – |
| Amounts owing to subsidiaries | 15.3.3 | – | – | 60 086 | 69 720 |
| Total equity and liabilities | | 1 111 985 | 1 025 870 | 821 588 | 759 568 |

** Restatement to account for adjustment per note 12.*

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2015

| | Group 2015 R'000 | Group 2014* R'000 | Company 2015 R'000 | Company 2014* R'000 |
|---|---|---|---|---|
| Operating activities | | | | |
| Operating profit for the year from continuing operations | 61 109 | 90 765 | 51 616 | 32 192 |
| Operating profit for the year from discontinued operations | – | 16 063 | – | 13 112 |
| Other comprehensive income | 1 508 | 8 301 | 1 508 | 8 301 |
| Adjustment for non-cash items: | | | | |
| Depreciation | 30 502 | 24 953 | 14 371 | 12 241 |
| Bad debts written off | 114 | – | 114 | – |
| Adjustment to foreign currency translation reserve | 3 264 | 210 | – | – |
| Loss/(profit) on disposal of plant and equipment | 1 165 | (230) | 1 330 | 273 |
| Net increase/(decrease) in provision for post-employment medical aid benefits | 1 318 | (896) | 1 318 | (896) |
| Decrease in provision for retirement funds benefits | (3 105) | (5 990) | (3 105) | (5 990) |
| Change in fair value of livestock biological assets | 9 | 16 | 9 | 16 |
| Change in fair value of biological assets – crops (excluding expansions) | (15 698) | (65 822) | (18 434) | (35 985) |
| Increase/(decrease) in provisions | (6 117) | 1 791 | (5 361) | 1 108 |
| Share-based payment expense | 244 | 72 | 244 | 72 |
| Operating cash flows before movements in working capital | 74 313 | 69 233 | 43 610 | 24 444 |
| Increase in inventories | (7 847) | (24 480) | (6 662) | (5 582) |
| Decrease/(increase) in trade and other receivables | 8 083 | (26 059) | (4 754) | (10 790) |
| Net decrease/(increase) in amounts owing to and from subsidiaries | – | – | 10 127 | (92 548) |
| (Decrease)/increase in trade and other payables | (12 441) | 757 | (1 713) | (2 347) |
| Cash generated from/(utilised in) operations | 62 108 | 19 451 | 40 608 | (86 823) |
| Interest received* | 3 045 | 4 426 | 2 041 | 5 183 |
| Finance costs | (7 316) | (4 538) | (5 199) | (1 465) |
| Taxation paid | (21 134) | (16 781) | (18 300) | (15 297) |
| Net cash inflow/(outflow) from operating activities | 36 703 | 2 558 | 19 150 | (98 402) |
| Investing activities | | | | |
| Occupational interest received* | – | 3 720 | – | 3 707 |
| Dividends received | 40 | 78 | 34 | 78 |
| Proceeds on disposal of shares | 402 | – | 402 | – |
| Net proceeds on redemption of investments | 14 636 | 42 533 | – | 51 898 |
| Proceeds on disposal of livestock | – | 5 461 | – | 5 461 |
| Consideration on disposal of property, plant and equipment | 1 178 | 142 779 | 905 | 142 119 |
| Decrease/(increase) in unsecured loans | 3 498 | (2 621) | 3 498 | (2 950) |
| Payments for property, plant and equipment | (88 081) | (111 973) | (16 587) | (46 993) |
| Payments for property, plant and equipment in business combinations** | – | (90 000) | – | – |
| Investment in foreign subsidiaries | – | – | (55 942) | (52 352) |
| Net cash outflow on disposal of subsidiary (refer note 15.3.5) | – | (6 553) | – | – |
| Investment in expansion of area under crop | (38 569) | (2 034) | – | (2 034) |
| Net consideration paid for biological assets on acquired farms | – | (12 599) | – | – |
| Investment in associate companies | – | (2 250) | – | (2 250) |
| Net cash (used in)/generated by investing activities | (106 896) | (33 459) | (67 690) | 96 684 |
| Financing activities | | | | |
| Net increase in long-term borrowings | 19 207 | 18 709 | – | 8 972 |
| Net increase in short-term borrowings | 57 475 | 25 299 | 58 237 | 15 916 |
| Proceeds from issue of equity instruments of the company | 900 | – | 900 | – |
| Net increase in outside shareholders' loans | 68 | 73 | – | – |
| Cash dividends paid – prior financial year final | (15 056) | (10 916) | (15 056) | (10 916) |
| Cash dividends paid – current financial year interim | (8 175) | (10 037) | (8 175) | (10 037) |
| Net cash generated by financing activities | 54 419 | 23 128 | 35 906 | 3 935 |
| Net (decrease)/increase in cash and cash equivalents | (15 774) | (7 773) | (12 634) | 2 217 |
| Cash and cash equivalents at beginning of the year | 28 847 | 36 620 | 15 325 | 13 108 |
| Cash and cash equivalents at end of the year | 13 073 | 28 847 | 2 691 | 15 325 |

* *Prior year restated to reclassify interest received as an operating activity and occupational interest received as an investing activity.*

** *The consideration of R90 million paid for property, plant and equipment in the prior year was attributable to the acquisition of the High Noon deciduous farm.*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2015

| | Share capital and premium R'000 | Investment revaluation reserve R'000 | Foreign currency translation reserve R'000 | Share-based payment reserve R'000 | Retained earnings R'000 | Attributable to owners of the company R'000 | Non-controlling interest in subsidiary R'000 | Total R'000 |
|---|---|---|---|---|---|---|---|---|
| GROUP | | | | | | | | |
| Balance at 1 April 2013 | 3 208 | 6 436 | 5 103 | 720 | 565 534 | 581 001 | 3 548 | 584 549 |
| Net profit attributable to shareholders | – | – | – | – | 201 146 | 201 146 | 1 551 | 202 697 |
| Other comprehensive (loss)/income | – | (5 378) | (257) | – | 5 977 | 342 | – | 342 |
| Total comprehensive (loss)/income for the year | – | (5 378) | (257) | – | 207 123 | 201 488 | 1 551 | 203 039 |
| Dividends declared (refer note 11) | – | – | – | – | (29 853) | (29 853) | – | (29 853) |
| Capitalisation share issue – final 2013 dividend (refer note 11) | 8 901 | – | – | – | – | 8 901 | – | 8 901 |
| Change in non-controlling shareholding | – | – | – | – | – | – | (2 930) | (2 930) |
| Share-based payment expense | – | – | – | 72 | – | 72 | – | 72 |
| Balance at 31 March 2014 | 12 109 | 1 058 | 4 846 | 792 | 742 804 | 761 609 | 2 169 | 763 778 |
| Net profit attributable to shareholders | – | – | – | – | 40 697 | 40 697 | 2 439 | 43 136 |
| Other comprehensive (loss)/income | – | (189) | (2 121) | – | 1 086 | (1 224) | – | (1 224) |
| Total comprehensive (loss)/income for the year | – | (189) | (2 121) | – | 41 783 | 39 473 | 2 439 | 41 912 |
| Dividends declared and paid (refer note 11) | – | – | – | – | (23 231) | (23 231) | – | (23 231) |
| Exercise of share options (refer note 20) | 900 | – | – | – | – | 900 | – | 900 |
| Share-based payment expense | – | – | – | 244 | – | 244 | – | 244 |
| Balance at 31 March 2015 | 13 009 | 869 | 2 725 | 1 036 | 761 356 | 778 995 | 4 608 | 783 603 |
| Note | 20.1 | 20.1 | 20.1 | 20.1 | | | 20.2 | |
| COMPANY | | | | | | | | |
| Balance at 1 April 2013 (as previously reported) | 3 208 | 6 436 | – | 720 | 381 600 | 391 964 | – | 391 964 |
| Adjustments (refer note 12) | – | – | – | – | (7 247) | (7 247) | – | (7 247) |
| Net profit attributable to shareholders | – | – | – | – | 154 510 | 154 510 | – | 154 510 |
| Other comprehensive (loss)/income for the year, net of income tax | – | (5 378) | – | – | 5 977 | 599 | – | 599 |
| Total comprehensive (loss)/income for the year | – | (5 378) | – | – | 153 240 | 147 862 | – | 147 862 |
| Dividends declared (refer note 11) | – | – | – | – | (29 853) | (29 853) | – | (29 853) |
| Capitalisation share issue – final 2013 dividend (refer note 11) | 8 901 | – | – | – | – | 8 901 | – | 8 901 |
| Share-based payment expense | – | – | – | 72 | – | 72 | – | 72 |
| Balance at 31 March 2014* (restated) | 12 109 | 1 058 | – | 792 | 504 987 | 518 946 | – | 518 946 |
| Net profit attributable to shareholders | – | – | – | – | 36 272 | 36 272 | – | 36 272 |
| Other comprehensive (loss)/income | – | (189) | – | – | 1 086 | 897 | – | 897 |
| Total comprehensive (loss)/income for the year | – | (189) | – | – | 37 358 | 37 169 | – | 37 169 |
| Dividends declared and paid (refer note 11) | – | – | – | – | (23 231) | (23 231) | – | (23 231) |
| Exercise of share options (refer note 20) | 900 | – | – | – | – | 900 | – | 900 |
| Share-based payment expense | – | – | – | 244 | – | 244 | – | 244 |
| Balance at 31 March 2015 | 13 009 | 869 | – | 1 036 | 519 114 | 534 028 | – | 534 028 |
| Note | 20.1 | 20.1 | 20.1 | 20.1 | | | | |

* *Restated to account for adjustment per note 12.*

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2015

## GENERAL INFORMATION

Crookes Brothers Limited (the company) is a limited company incorporated in the Republic of South Africa. The addresses of its registered office and principal place of business are disclosed in the Directors' report. The principal activities of the company and its subsidiaries (the group) are described in the Directors' report.

## 1. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

### 1.1 Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year

In the current year, the group has applied a number of new and revised IFRSs and a new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2014.

#### 1.1.1 Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements for Investment Entities

The group has applied the amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements for Investment Entities for the first time in the current year. The amendments to IFRS 10 Consolidated Financial Statements define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements to introduce new disclosure requirements for investment entities.

As neither the company nor any other subsidiary in the group is an investment entity (assessed based on the criteria set out in IFRS 10 Consolidated Financial Statements as at 1 January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the group's consolidated financial statements.

#### 1.1.2 Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

The group has applied the amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The group has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognised in the group's consolidated financial statements.

#### 1.1.3 Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The group has applied the amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the group's consolidated financial statements.

#### 1.1.4 IFRIC 21 Levies

The group has applied IFRIC 21 Levies for the first time in the current year. IFRIC 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation.

The Interpretation provides guidance on how different levy arrangements should be accounted for. In particular, it clarifies that neither economic compulsion nor the going-concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The application of this Interpretation has had no impact on the disclosures or on the amounts recognised in the group's consolidated financial statements.

# NOTES TO THE FINANCIAL STATEMENTS



## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The consolidated and separate financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of those standards as issued by the IFRS Interpretations Committee (IFRIC), containing the information required by the Companies Act of South Africa, as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. The consolidated and separate financial statements have been prepared on the historical cost basis except for biological assets and certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payments, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, which are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

### 2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company and its subsidiaries. Control is achieved when the company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

- the size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the company gains control until the date when the company ceases to control the subsidiary.

## 2. SIGNIFICANT ACCOUNTING POLICIES *continued*

### 2.2 Basis of consolidation *continued*

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies in line with the group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

Changes in the group's ownership interests in existing subsidiaries

Changes in the group's ownership interests in subsidiaries that do not result in the group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

### 2.3 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the group, the liabilities incurred by the group to the former owners of the acquiree and the equity interests issued by the group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the group entered into to replace share-based payment arrangements of the acquiree, are measured in accordance with IFRS 2 Share-based Payments at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

# NOTES TO THE FINANCIAL STATEMENTS



## 2. SIGNIFICANT ACCOUNTING POLICIES *continued*

### 2.3 Business combinations *continued*

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39 Financial Instruments: Recognition and Measurement, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss.

Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete.

Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

### 2.4 Investments in subsidiaries

Investments in subsidiaries, associates and joint ventures in the separate financial statements presented by the company are recognised at cost less impairments.

### 2.5 Investments in associates

An associate is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associate companies are incorporated in these consolidated financial statements using the equity method of accounting, except where the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the group's share of the profit or loss and other comprehensive income of the associate. When the group's share of losses of an associate exceeds the group's interest in that associate (which includes any long-term interests that, in substance, form part of the group's net investment in the associate or joint venture), the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 Financial Instruments: Recognition and Measurement are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 Impairment of Assets to the extent that the recoverable amount of the investment subsequently increases.

The group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the group retains an interest in the former associate and the retained interest is a financial asset, the group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39 Financial Instruments: Recognition and Measurement. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

# 2. SIGNIFICANT ACCOUNTING POLICIES *continued*

## 2.5 Investments in associates *continued*

When the group reduces its ownership interest in an associate but continues to use the equity method, the group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the group.

## 2.6 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such an asset (or disposal group), and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the group will retain a non-controlling interest in its former subsidiary after the sale.

When the group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the group discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method. The group discontinues the use of the equity method at the time of disposal when the disposal results in the group losing significant influence over the associate.

After the disposal takes place, the group accounts for any retained interest in the associate in accordance with IAS 39 Financial Instruments: Recognition and Measurement unless the retained interest continues to be an associate, in which case the group uses the equity method (refer note 2.5 above).

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

## 2.7 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

### 2.7.1 Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### 2.7.2 Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### 2.7.3 Rental income

The group's policy for recognition of revenue from operating leases is described in note 2.8 below.

# NOTES TO THE FINANCIAL STATEMENTS



## 2. SIGNFICANT ACCOUNTING POLICIES *continued*

### 2.8 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

A lease of land and buildings is classified by considering the land and buildings elements separately. Minimum lease payments are allocated between the land and buildings elements in proportion to the relative fair values of the leasehold interest in the land and buildings elements of the lease at inception of the lease.

The group as lessee

*Operating leases*

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

The group as lessor

*Operating leases*

Rental income from operating leases is recognised on a straight-line basis over the lease term.

### 2.9 Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purposes of the consolidated financial statements, the results and financial position of each entity are expressed in South African Rands, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historic cost in a foreign currency are not translated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the group's foreign operations are translated into South African Rands using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (group's foreign currency translation reserve). Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

### 2.10 Retirement benefit costs

The group provides retirement benefits for its employees through a number of defined contribution and defined benefit plans.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Contributions made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position, with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

# 2. SIGNFICANT ACCOUNTING POLICIES *continued*

## 2.10 Retirement benefit costs *continued*

The group presents the first two components of defined benefit costs in profit or loss in the line item "Operating and administrative expenses" on the face of the statement of profit or loss and other comprehensive income. The remaining component is included in other comprehensive income.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Past service cost is recognised immediately to the extent that the benefits are already vested, or otherwise is amortised on the straight-line basis over the average period until the benefits become vested.

All plans are funded. Funding shortfalls arising in defined benefit plans are met by lump sum payments or increased future contributions.

Additional severance liabilities in terms of legislative regulations are assessed annually and provided for.

Historically, qualifying employees have been granted certain post-retirement medical benefits. Although the post-retirement medical benefit option is now closed, a liability still exists in respect of current and retired employees to whom the benefit was granted. These costs are provided on the accrual basis, determined actuarially.

## 2.11 Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 25.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled share-based payment reserve.

The group issues equity-settled share-based payments to certain employees in terms of the Crookes Brothers Share Option Scheme. The amount expensed on a straight-line basis over the vesting period is adjusted based on the group's estimate of the shares that will eventually vest and the effect of non-market-based vesting conditions.

Fair value is measured using the Black-Scholes pricing model.

## 2.12 Dividends

Dividends declared by the company to its shareholders are charged against reserves in the period declared, and raised as an outstanding payable until settled.

Where the company offers shareholders an option between receiving a cash consideration or a scrip dividend, the group applies IAS1:137, where the gross "cash equivalent" amount of the dividend is reflected as a debit to distributable reserves in the statement of changes in equity. The scrip element of the dividend is separately accounted for as a credit in the statement of changes in equity, attributable to the owners of the company.

## 2.13 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

### 2.13.1 Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other periods and items that are never taxable or deductible. The group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

### 2.13.2 Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets or liabilities in a transaction that affects neither taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

# NOTES TO THE FINANCIAL STATEMENTS



## 2. SIGNIFICANT ACCOUNTING POLICIES *continued*

### 2.13 Taxation *continued*

#### 2.13.2 Deferred tax *continued*

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

#### 2.13.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

### 2.14 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

The cost of property, plant and equipment includes professional fees and other directly attributable costs incurred in the acquisition and installation of such assets, as well as the present value of the estimated cost of dismantling, removal or site restoration costs if applicable, so as to bring the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.

The cost of small parts as well as repairs and maintenance costs are recognised in profit or loss as incurred.

Freehold land, leasehold land and assets under construction are carried at cost, less any impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land, leasehold land and assets under construction) to their residual value over their estimated useful lives, using the straight-line method. Depreciation commences when the assets are ready for their intended use and is calculated at rates appropriate in terms of management's current assessment of useful lives and residual values. Depreciation ceases at the earlier of the date the asset is classified as held for sale or at the date it is derecognised.

The varied nature of property, plant and equipment results in a range of different depreciation rates being applied to assets. Depreciation guidelines are defined for asset classes; however, individual consideration is given to the appropriateness of the useful life applied to each individual asset which reflects management's estimate of the consumption of economic benefits inherent in the value of the asset.

In summary, the following asset categories and depreciation ranges apply (useful lives measured in years):

| | |
|---|---|
| • Buildings and housing | 30 – 50 years |
| • Water installations | 5 – 25 years |
| • Irrigation equipment | 5 – 25 years |
| • Farming equipment (tractors, trailers, trucks, spraycarts and harvesters) | 5 – 20 years |
| • Furniture, fittings and office equipment | 5 – 10 years |
| • Computer software | 3 – 10 years |
| • Motor vehicles and motor cycles | 4 – 5 years |
| • Computer equipment | 2 – 5 years |

Management reviews the residual lives and depreciation methods annually, considering market conditions and projected disposal values. In the assessment of useful lives, maintenance programmes and technological innovations are considered.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, where there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

## 2. SIGNIFICANT ACCOUNTING POLICIES *continued*

### 2.15 Impairment of assets

At the end of each reporting period, the group reviews the carrying amounts of its assets to determine whether there is any indication that the assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to the recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increase does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

### 2.16 Biological assets – owned by the group

Growing crops and orchards comprise two elements:

- Bearer biological assets
  - Sugar cane roots, deciduous trees, macadamia trees and banana plants
- Consumable biological assets
  - Standing sugar cane, deciduous fruit, bananas, grain and vegetables

Biological assets are measured at fair value, determined on the following basis:

Growing crops and orchards

Bearer biological assets are valued at escalated average current replacement costs of planting and establishment, subsequently reduced in value over the period of their productive lives.

Consumable biological assets are measured, based at 31 March, on current estimated market prices for the following season, less the estimated costs of harvesting, transport, packing and point-of-sale costs:

- Standing cane at estimated sucrose content
- Growing fruit, bananas, grain and vegetables at estimated yields, quality standards and age

These values are assessed to fair values on an annual basis.

Livestock

Livestock are measured at their last revalued amounts prior to the discontinuation of fair value accounting, adjusted for changes in livestock population (deaths). As the Crocworld facility continues to operate profitably, no further valuation adjustments (i.e. impairments) are considered necessary.

### 2.17 Biological assets – leased by the group

Bearer biological assets are measured on initial recognition of the lease at fair value and credited to a long-term liability. At each period-end date, biological assets are measured at their fair values in accordance with note 2.16 above and any change in value is adjusted to the long-term liability for the period in which it arises.

Bearer biological assets leased relating to expansion areas subsequent to initial recognition, are measured at their fair values and any change in value is adjusted to profit or loss.

### 2.18 Agricultural produce

Agricultural produce represents biological assets, specifically deciduous fruit, potatoes, tomatoes, maize and beans harvested and awaiting sale. Agricultural produce is measured at their fair value at date of harvesting, less estimated point-of-sale costs incurred in bringing them to their present location and condition to be sold.

# NOTES TO THE FINANCIAL STATEMENTS



## 2. SIGNIFICANT ACCOUNTING POLICIES *continued*

### 2.19 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion or selling and distribution.

Redundant and slow-moving inventories are identified and written down to their net realisable values.

### 2.20 Merchandise

Merchandise is valued at the lower of cost or net realisable value, cost being determined on the weighted average method basis.

### 2.21 Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, where the effect of the time value of money is material.

### 2.22 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Financial assets and financial liabilities are offset and the net amount reported when the company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and liability simultaneously.

#### 2.22.1 Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'.

##### 2.22.1.1 Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "investment income" line item on the statement of profit or loss and other comprehensive income.

##### 2.22.1.2 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

# 2. SIGNIFICANT ACCOUNTING POLICIES *continued*

## 2.22 Financial instruments *continued*

### 2.22.1.3 Available-for-sale (AFS) financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

The group has investments in unlisted shares that are not traded in an active market but are classified as AFS financial assets and stated at fair value at the end of each reporting period (because the directors consider that fair value can be reliably measured). Interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the group's right to receive the dividends is established.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

### 2.22.1.4 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

### 2.22.1.5 Cash and cash equivalents

Cash and cash equivalents comprise cash, on demand balances and overnight balances with bankers.

### 2.22.2 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

### 2.22.2.1 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the "finance costs" line item on the statement of profit or loss and other comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES *continued*

### 2.22 Financial instruments *continued*

#### 2.22.2 Financial liabilities *continued*

##### 2.22.2.2 Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

### 2.23 Equity

Debt and equity instruments are classified as either financial liabilities or as equity based on the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Equity instruments issued by the company are recorded at the value of the proceeds received, net of direct issue costs.

### 2.24 Derivative financial instruments

The group enters into derivative financial instruments to manage its exposure to foreign exchange rate risks and commodity price risk, including foreign exchange contracts and certain commodity futures.

The use of financial derivatives is governed by the group's policies. The group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially measured at fair value on the contract date, and are subsequently re-measured to fair value at each reporting date. The resultant gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

### 2.25 Segmental analysis

Segment reporting is presented in respect of the group's business segments. The primary format and nature of business is based on the group's management and internal reporting structure and combines businesses with common characteristics.

Segmental results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segmental capital expenditure is the total costs incurred during the period to acquire segment assets that are expected to be used for more than one year.

The group consists of the following business segments:

- Sugar cane – the growing of sugar cane
- Bananas – the growing of banana trees
- Deciduous fruit – the growing of deciduous fruit trees
- Macadamias – the growing of macadamia nut trees
- Other operations – rental income, tourism revenue, sales of sand and stone and short-term cash crops including grains and various other vegetables e.g. potatoes and tomatoes.

### 2.26 Contingent liabilities

A contingent liability is recognised when the group has a possible obligation (legal or constructive), as a result of a past event, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group, or the amount of the obligation cannot be measured with sufficient reliability. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

### 2.27 Contingent assets

A contingent asset is recognised when the group has a possible asset, as a result of a past event, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group. Such contingent assets are only recognised as assets in the financial statements where the realisation of income is virtually certain. If the inflow of economic benefits is only probable, the contingent asset is disclosed as a claim in favour of the group but not recognised in the statement of financial position.

## 3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) IN ISSUE BUT NOT YET EFFECTIVE

The group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

| Standard/interpretation | Description | Effective date |
|---|---|---|
| IFRS 2 Share-based Payment | Changes to the definitions of 'vesting condition' and 'market condition' and addition of definitions for 'performance condition' and 'service condition'. | Annual periods beginning on or after 1 July 2014<br>Prospective application only. |
| IFRS 3 Business Combinations | Amendments to accounting for contingent consideration in a business combination. | Annual periods beginning on or after 1 July 2014<br>Prospective application only. |
| IFRS 8 Operating Segments | Disclosure of the judgements applied for the aggregation of operating segments. | Annual periods beginning on or after 1 July 2014<br>Prospective application only. |
| IFRS 9 Financial Instruments | Classification and measurement of financial assets and financial liabilities, derecognition and new general guidance for the application of hedge accounting. | Annual periods beginning on or after 1 January 2018<br>Retrospective application with restatement where required. |
| IFRS 11 Joint Arrangements | Accounting for acquisitions of interests in joint operations. | Annual periods beginning on or after 1 January 2016<br>Prospective application only. |
| IFRS 15 Revenue from contracts with customers | Recognition and measurement of revenue from contracts as well as additional disclosure requirements. | Annual periods beginning on or after 1 January 2018<br>Retrospective application with restatement where required. |
| Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets | Clarification of Acceptable Methods of Depreciation and Amortisation: revenue-based depreciation methods are presumed inappropriate (strict requirements apply). | Annual periods beginning on or after 1 January 2016<br>Prospective application only. |
| Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets | Clarification of accounting treatment for accumulated depreciation on revalued assets: Restatement of accumulated depreciation where net book value is adjusted. | Annual periods beginning on or after 1 July 2014<br>Retrospective application with restatement where required. |
| Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture | Defines a bearer plant and requires bearer plants to be accounted for under IAS 16 Property, Plant and Equipment instead of IAS 41 Agriculture. | Annual periods beginning on or after 1 January 2016<br>Retrospective application with restatement where required. |
| IAS 19 Employee Benefits | Accounting treatment for contributions made to defined benefit plans based on whether contributions are linked to years of service. | Annual periods beginning on or after 1 July 2014<br>Retrospective application with restatement where required. |
| IAS 24 Related Party Disclosures | Clarification that a management entity providing key management personnel to a reporting entity is a related party of that reporting entity. | Annual periods beginning on or after 1 July 2014<br>Retrospective application with restatement where required. |
| IAS 40 Investment Property | Amendments clarify that IAS 40 Investment Property and IFRS 3 Business Combinations are not mutually exclusive and the requirements of both standards must be given separate consideration i.e. consideration must be given as to whether the property purchase may be a business combination. | Annual periods beginning on or after 1 July 2014<br>Prospective application only. |

The directors of the company anticipate that the application of these new and amended standards in the future may have a material impact on the amounts reported and disclosures made in the consolidated and separate financial statements. However, it is not practicable to provide a reasonable estimate of the effect until the group performs a detailed review.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2015

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

### 4.1 Critical accounting judgements made by management

In the application of the group's accounting policies, the directors of the company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

### 4.2 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

#### 4.2.1 Impairment of assets

In making its judgement, management has assessed at each reporting date whether there is any indication that its assets may be impaired. If such an indication exists, the recoverable amount of the asset is assessed in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs to sell and value in use.

#### 4.2.2 Held-to-maturity financial assets

The directors have reviewed the group's held-to-maturity financial assets in the light of its capital expansion plans and liquidity requirements and have confirmed the group's positive intention and ability to hold those assets to maturity.

#### 4.2.3 Control over Mthayiza Farming (Pty) Ltd

Note 15.3.4 describes that Mthayiza Farming (Pty) Ltd is a subsidiary of the group although the group only owns 45 % equity shares of Mthayiza Farming (Pty) Ltd. Based on contractual arrangements between the group and other investors, the group has the power to control the operational and financial decisions of the company. Therefore, the directors of the group concluded that the group has control over Mthayiza Farming (Pty) Ltd and accordingly the entity has been consolidated into these group financial statements.

#### 4.2.4 Control over Kwacele Farming (Pty) Ltd

Note 15.3.5 describes that Kwacele Farming (Pty) Ltd was a subsidiary of the group although the group only owned 49 % equity shares of Kwacele Farming (Pty) Ltd. Based on contractual arrangements between the group and other investors, the group had the power to control the operational and financial decisions of the company. Therefore, the directors of the group concluded that the group had control over Kwacele Farming (Pty) Ltd and accordingly the subsidiary had been consolidated into these group financial statements. The ownership in Kwacele Farming (Pty) Ltd was sold in 2014 and the shareholding was de-recognised on 31 March 2014, being the effective date of sale.

#### 4.2.5 Significant influence over Lebombo Growers (Pty) Ltd

Note 15.2.1 describes that Lebombo Growers (Pty) Ltd is an associate of the group although the group only owns a 26,6 % ownership interest in Lebombo Growers (Pty) Ltd. The group has significant influence over Lebombo Growers (Pty) Ltd by virtue of its shareholding arising from significant delivery of its agricultural produce in the form of bananas to Lebombo Growers (Pty) Ltd.

#### 4.2.6 Significant influence over Mpambanyoni Construction Supplies (Pty) Ltd

Note 15.2.3 describes that Mpambanyoni Construction Supplies (Pty) Ltd is an associate of the group although the group only owns a 23 % ownership interest in Mpambanyoni Construction Supplies (Pty) Ltd. The group has significant influence over Mpambanyoni Construction Supplies (Pty) Ltd by virtue of its contractual representation on the board and provision of capital funding to the company.

#### 4.2.7 Discount rate used to determine the carrying amount of the group's defined benefit obligation

The group's defined benefit surplus/obligation is discounted at a rate set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded. The valuation was performed by the actuaries appointed by the company.

# 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *continued*

## 4.3 Key sources of estimation uncertainty

In the process of applying the group's accounting policies, management has made the following key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date:

### 4.3.1 Property, plant and equipment residual values and useful lives

Assets are written down to their estimated residual values over their anticipated useful lives using the straight-line basis. Management reviews the residual values annually considering market conditions and projected disposal values. In assessing useful lives, maintenance programmes and technological innovations are considered. The carrying value of property, plant and equipment is disclosed in note 13 to the financial statements.

### 4.3.2 Biological asset valuations and inventory – agricultural produce

The accounting policy is detailed above in this report and the assumptions that have been used to determine the fair value of the consumable biological assets are detailed in note 14.3 to the financial statements.

### 4.3.3 Post-employment benefit obligations

The key assumptions are provided in note 24 to the financial statements.

### 4.3.4 Deferred tax assets

Deferred tax assets are raised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Those entities, where unused tax losses and unused tax credits exist, are viable trading companies for which the going-concern basis of preparation remains appropriate as assessed by management. A reconciliation of the deferred tax balance is included in note 8.

There are no other key assumptions concerning the future, or key sources of estimation uncertainty at the reporting date, that management have assessed as having a significant risk of causing material adjustments to the carrying amounts of the assets and liabilities within the next financial year.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2015

| | Group 2015 R'000 | Group 2014 R'000 | Company 2015 R'000 | Company 2014 R'000 |
|---|---|---|---|---|
| **5.1 REVENUE** | | | | |
| Revenue represents the proceeds from: | | | | |
| Sugar cane | 281 281 | 298 150 | 132 354 | 113 056 |
| Deciduous fruit | 141 851 | 90 605 | 86 539 | 86 859 |
| Bananas | 84 930 | 66 408 | 84 930 | 66 408 |
| Grain and sheep | – | 24 061 | – | 24 061 |
| Other revenue[(i)] | 18 025 | 11 195 | 10 446 | 10 572 |
| | 526 087 | 490 419 | 314 269 | 300 956 |
| Attributable to: | | | | |
| Continuing operations | 526 087 | 439 019 | 314 269 | 276 895 |
| Discontinued operations | – | 51 400 | – | 24 061 |
| | 526 087 | 490 419 | 314 269 | 300 956 |
| Attributable to: | | | | |
| South Africa | 405 587 | 359 430 | 314 269 | 300 956 |
| Foreign countries | 120 500 | 130 989 | – | – |
| Total | 526 087 | 490 419 | 314 269 | 300 956 |
| **5.2 OTHER OPERATING INCOME** | 1 951 | 2 489 | 3 328 | 4 107 |
| (Loss)/profit on disposal of plant and equipment | (1 165) | 230 | (1 330) | (273) |
| Fees on sale of sand and stone | 1 015 | 1 675 | 1 015 | 1 675 |
| Sundry income | 2 101 | 584 | 2 211 | 584 |
| Management fees – subsidiaries | – | – | 1 432 | 2 121 |
| **5.3 INVESTMENT INCOME** | 3 211 | 4 504 | 2 183 | 5 261 |
| Dividends received from unlisted investments and preference shares | 166 | 78 | 142 | 78 |
| Interest received on loans and deposits | 3 045 | 4 426 | 671 | 2 737 |
| Interest earned on loans to group companies | – | – | 1 370 | 2 446 |
| **5.4 FINANCE COSTS** | 7 316 | 4 538 | 5 199 | 1 465 |
| Interest on bank overdrafts and loans | 6 119 | 1 474 | 4 169 | 465 |
| Occupational interest[(ii)] | – | 1 902 | – | – |
| Interest on loan from Two-A-Day Group (refer note 21.1) | 1 000 | 1 000 | 1 000 | 1 000 |
| Interest on obligations under instalment sale agreements | 167 | 153 | – | – |
| Other interest | 30 | 9 | 30 | – |

(i) *Other revenue comprises rental income from leased buildings, tourism revenue and the sale of grain and vegetables.*

(ii) *The company paid occupational interest of R1,9 million in the prior year in respect of the acquisition of the High Noon deciduous fruit farm in the Western Cape (refer note 29). Interest accrued at prime less 2 % per annum for the period 23 December 2013 to 31 March 2014.*

| | Group 2015 R'000 | Group 2014 R'000 | Company 2015 R'000 | Company 2014 R'000 |
|---|---|---|---|---|
| **5.5 OPERATING PROFIT** | | | | |
| The following items requiring separate disclosure include: | | | | |
| Staff costs | 143 654 | 140 448 | 83 454 | 81 517 |
| Depreciation | 30 502 | 24 953 | 14 371 | 12 241 |
| Buildings | 2 174 | 1 894 | 1 433 | 1 216 |
| Vehicles | 14 056 | 8 698 | 5 288 | 5 065 |
| Plant and other assets | 14 272 | 14 361 | 7 650 | 5 960 |
| Post-employment medical aid benefit expense | 102 | 814 | 102 | 814 |
| Retirement benefit costs | 11 429 | 14 784 | 8 741 | 12 370 |
| Retirement benefit contributions | 9 726 | 8 926 | 7 038 | 6 512 |
| Defined benefit service and interest cost | 1 703 | 5 858 | 1 703 | 5 858 |
| Auditors' remuneration | 2 778 | 1 667 | 1 969 | 1 127 |
| Audit fees – current year | 1 786 | 1 445 | 1 061 | 907 |
| Audit fees – prior year | 154 | 50 | 154 | 50 |
| Audit fees – expenses | 64 | 57 | 55 | 55 |
| Fees for other services | 774 | 115 | 699 | 115 |
| Legal and consulting fees | 2 863 | 3 068 | 1 988 | 2 783 |
| Listing fees paid to the JSE Limited | 231 | 325 | 231 | 325 |
| Operating lease charges (refer note 30.1) | 4 373 | 5 404 | 2 380 | 2 300 |

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2015

## 6. GROUP SEGMENTAL ANALYSIS

Information reported to the directors for the purposes of resource allocation and assessment of segment performance, focuses on the agricultural and farming operations of the group.

Whilst the directors of the company have chosen to organise the group on the basis of its revenue-generating crops, other revenue streams that have no direct bearing on crop performance have been aggregated under "other operations".

For the purposes of these annual financial statements, "other operations" represents the aggregation of the following segments:

– Grain and vegetables;
– Travel and tourism from the company's Crocworld facility;
– Plant nursery business;
– Sand and stone business; and
– Rental of buildings and housing.

| | Sugar cane R'000 | Deciduous fruit R'000 | Bananas R'000 | Macadamias R'000 | Other operations R'000 | Total continuing operations R'000 | Total discontinued operations R'000 | Group total R'000 |
|---|---|---|---|---|---|---|---|---|
| Year to 31 March 2015 | | | | | | | | |
| Revenue | 281 281 | 141 851 | 84 930 | – | 18 025 | 526 087 | – | 526 087 |
| Operating profit/(loss) | 73 366 | 16 183 | 15 949 | (5 183) | 7 630 | 107 945 | – | 107 945 |
| Loss on disposal of property, plant and equipment | | | | | | | | (1 165) |
| Unallocated corporate expenses | | | | | | | | (45 671) |
| Consolidated operating profit/(loss) | 73 366 | 16 183 | 15 949 | (5 183) | 7 630 | 107 945 | – | 61 109 |
| Balance sheet | | | | | | | | |
| Assets | | | | | | | | |
| Segmental assets | 434 958 | 294 764 | 34 024 | 142 291 | 9 010 | 915 047 | – | 915 047 |
| Investments and loans | | | | | | | | 20 603 |
| Unallocated corporate current assets | | | | | | | | 176 335 |
| Consolidated total assets | | | | | | | | 1 111 985 |
| Liabilities | | | | | | | | |
| Unallocated corporate liabilities | | | | | | | | 328 382 |
| Consolidated total liabilities | | | | | | | | 328 382 |
| Other information | | | | | | | | |
| Capital expenditure on property, plant and equipment* | 25 281 | 9 019 | 1 928 | 44 924 | 6 929 | 88 081 | – | 88 081 |
| Depreciation | 13 614 | 3 668 | 870 | 5 384 | 6 966 | 30 502 | – | 30 502 |

* *Other operations capital includes R2 million in property development costs on the Renishaw farm.*

## 6. GROUP SEGMENTAL ANALYSIS *continued*

| | Sugar cane R'000 | Deciduous fruit R'000 | Bananas R'000 | Macadamias R'000 | Other operations R'000 | Total continuing operations R'000 | Total discontinued operations R'000 | Group total R'000 |
|---|---|---|---|---|---|---|---|---|
| Year to 31 March 2014 | | | | | | | | |
| Revenue | 270 811 | 90 605 | 66 408 | – | 11 195 | 439 019 | 51 400 | 490 419 |
| Operating profit/(loss) | 88 728 | 38 617 | 6 871 | (587) | 7 711 | 141 340 | 16 063 | 157 403 |
| Profit on disposal of property, plant and equipment | | | | | | | | 230 |
| Unallocated corporate expenses | | | | | | | | (50 805) |
| Consolidated operating profit/(loss) | 88 728 | 38 617 | 6 871 | (587) | 7 711 | 141 340 | 16 063 | 106 828 |
| Balance sheet | | | | | | | | |
| Assets | | | | | | | | |
| Segmental assets | 413 769 | 284 516 | 31 589 | 78 822 | 35 910 | 844 606 | – | 844 606 |
| Investments and loans | | | | | | | | 23 812 |
| Short-term financial assets | | | | | | | | 14 635 |
| Unallocated corporate current assets | | | | | | | | 142 817 |
| Consolidated total assets | | | | | | | | 1 025 870 |
| Liabilities | | | | | | | | |
| Unallocated corporate liabilities | | | | | | | | 262 092 |
| Consolidated total liabilities | | | | | | | | 262 092 |
| Other information | | | | | | | | |
| Capital expenditure on property, plant and equipment^ | 45 308 | 95 695 | 1 338 | 31 000 | 28 323 | 201 664 | 309 | 201 973 |
| Depreciation | 13 156 | 3 024 | 680 | 2 538 | 4 771 | 24 169 | 784 | 24 953 |

^ *Other operations capital includes expenditure incurred to complete the Renishaw office renovations and implementation of a new financial accounting system.*

Information about geographical areas

Revenue and property, plant and equipment attributable to South Africa and foreign countries are disclosed in notes 5 and 13.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2015

| | Group 2015 R'000 | Group 2014 R'000 | Company 2015 R'000 | Company 2014 R'000 |
|---|---|---|---|---|
| **7. CAPITAL ITEMS** | | | | |
| Profit on disposal of available-for-sale investments | 251 | 7 430 | 251 | 7 430 |
| **8. TAXATION** | | | | |
| **8.1 Normal taxation** | | | | |
| Current taxation | | | | |
| South Africa – current year | 6 432 | 20 166 | 6 432 | 20 166 |
| – current year (discontinued operations) | – | 3 671 | – | 3 671 |
| – prior year | (4 348) | (1 135) | (4 382) | (1 133) |
| Swaziland – current year | 14 | 2 329 | – | – |
| Zambia – current year | 1 411 | 1 382 | – | – |
| Deferred taxation | | | | |
| South Africa – current year | 12 236 | 14 568 | 9 889 | 11 876 |
| – current year (discontinued operations) | – | 833 | – | – |
| – prior year | 148 | 1 427 | – | 1 338 |
| South Africa – reclassified from equity to profit or loss | – | (1 732) | – | (1 732) |
| Swaziland – current year | (2 003) | 2 806 | – | – |
| – prior year | 217 | – | – | – |
| – rate change^ | – | (2 500) | – | – |
| Zambia – current year | 27 | 231 | – | – |
| Dividend withholding taxation | | | | |
| South Africa – current year section 31 transfer pricing secondary adjustment | 1 063 | – | 1 063 | – |
| | 15 197 | 42 046 | 13 002 | 34 186 |
| Attributable to: | | | | |
| Income taxes relating to continuing operations recognised in profit or loss | 14 774 | 19 692 | 12 579 | 12 663 |
| Income taxes relating to discontinued operations recognised in profit or loss | – | 20 029 | – | 19 198 |
| Income taxes recognised in other comprehensive income | 423 | 2 325 | 423 | 2 325 |

| | % | % | % | % |
|---|---|---|---|---|
| **8.2 Reconciliation of rate of taxation** | | | | |
| Standard rate of taxation | 28,0 | 28,0 | 28,0 | 28,0 |
| Increase/(decrease) in charge for the year due to: | | | | |
| Capital gains | 0,1 | 6,4 | 0,1 | 8,3 |
| Taxation rate differentials – non-South African subsidiaries | 2,5 | (0,4) | – | – |
| Exempt income/permanent allowances | (5,5) | (18,9) | (1,3) | (21,6) |
| Disallowable expenditure | 5,4 | 2,7 | 5,6 | 2,9 |
| Prior year overprovision | (6,7) | (1,0) | (8,7) | – |
| Dividend withholding tax | 1,8 | – | 2,1 | – |
| Net decrease | (2,4) | (11,2) | (2,2) | (10,4) |
| Effective rate of taxation | 25,6 | 16,8 | 25,8 | 17,6 |

^ *The tax rate in Swaziland reduced from 30% to 27,5% in the prior year.*

| | Group 2015 R'000 | Group 2014 R'000 | Company 2015 R'000 | Company 2014 R'000 |
|---|---|---|---|---|

# 8. TAXATION *continued*

## 8.3 Deferred taxation provision

| | Group 2015 R'000 | Group 2014 R'000 | Company 2015 R'000 | Company 2014 R'000 |
|---|---|---|---|---|
| Provision for taxation on temporary differences resulting from: | | | | |
| Agricultural capital development allowances | 33 895 | 27 560 | 16 240 | 14 849 |
| Consumable stores | 4 139 | 3 046 | 2 765 | 2 265 |
| Biological assets | 92 753 | 88 439 | 58 914 | 53 489 |
| Other – (provisions)/prepayments | (2 014) | (4 756) | (1 349) | (3 923) |
| Tax losses* | (10 652) | (7 331) | – | – |
| Revaluation of available-for-sale investments | 199 | 241 | 199 | 241 |
| | 118 320 | 107 199 | 76 769 | 66 921 |
| The movement on the deferred taxation liability for the year was as follows: | | | | |
| Balance at beginning of year | 107 199 | 88 427 | 66 921 | 54 968 |
| Reclassification of tax liabilities against prior year assessed losses recognised | 608 | – | – | – |
| Accounted for in other comprehensive income: | | | | |
| Revaluation of available-for-sale financial assets during the year | 3 | 471 | 3 | 471 |
| Reclassification adjustments relating to available-for sale-financial assets disposed of during the year | (47) | (1 732) | (47) | (1 732) |
| Recognised in profit or loss – current year charge | 10 263 | 18 438 | 9 892 | 11 876 |
| Recognised in profit or loss – related to the prior year | 399 | 1 427 | – | 1 338 |
| Rate change adjustment | – | (2 500) | – | – |
| Recognised on business acquisition (refer note 29.1) | – | 4 899 | – | – |
| Derecognised on disposal of a subsidiary | – | (2 189) | – | – |
| Exchange rate translation | (105) | (42) | – | – |
| Balance at end of year | 118 320 | 107 199 | 76 769 | 66 921 |

* *Deferred tax assets are raised to the extent that it is probable that future taxable profits will be available against which the unused tax losses and unused tax credits can be utilised. Management has assessed those entities where unused tax losses and unused tax credits exist, and has concluded that these entities are viable trading companies for which the going-concern basis of preparation remains appropriate and they are expected to generate future taxable profits.*

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2015

## 9. DISCONTINUED OPERATIONS

Disposal of Quarrie farm

On 25 November 2013, the company sold its grain and sheep operation located near Napier in the Southern Cape.

The disposal of the operation was consistent with the group's long-term strategy to achieve maximum sustainable return from its assets. The proceeds of the sale substantially exceeded the carrying amount of the related net assets and accordingly no impairment losses were recognised on reclassification of this operation from held for sale.

The disposal of the operation was completed on 17 January 2014 on conclusion of transfer of the properties.

Disposal of shareholding in Kwacele Farming (Pty) Ltd

On 31 March 2014, the group disposed of its 49 % shareholding in Kwacele Farming (Pty) Ltd, which was a company engaged in sugar cane farming near KwaDukuza, KwaZulu-Natal.

Details of the assets and liabilities disposed of the above two operations are disclosed in note 15.3.5.

The combined results of the discontinued operations (i.e. grain and sheep operation and sugar cane subsidiary), included in profit or loss for the prior year are set out below.

| | Group 2015 R'000 | Group 2014 R'000 | Company 2015 R'000 | Company 2014 R'000 |
|---|---|---|---|---|
| Revenue | – | 51 400 | – | 24 061 |
| Expenses | – | (35 337) | – | (10 949) |
| Operating profit | – | 16 063 | – | 13 112 |
| Net finance income^ | – | 3 720 | – | 3 707 |
| Profit on sale of land, buildings, plant and equipment | – | 126 168 | – | 126 134 |
| Loss on sale of subsidiary | – | (2 815) | – | – |
| Profit before taxation | – | 143 136 | – | 142 953 |
| Taxation | – | (20 029) | – | (19 198) |
| Profit for the year from discontinued operations | – | 123 107 | – | 123 755 |

^ *The company earned occupational interest on the sale proceeds at a fixed rate of 6 % per annum, for the period 1 September 2013 to the transfer date of the sale, being 17 January 2014.*

| | Group 2015 cents | Group 2014 cents |
|---|---|---|

## 10. EARNINGS AND HEADLINE EARNINGS PER SHARE

### 10.1 Basic earnings per share

| | Group 2015 cents | Group 2014 cents |
|---|---|---|
| From continuing operations | 323,9 | 633,1 |
| From discontinued operations | – | 975,9 |
| Total basic earnings per share | 323,9 | 1 609,0 |

| | R'000 | R'000 |
|---|---|---|
| The earnings used in the calculation of basic earnings per share are as follows: | | |
| Profit for the year | 43 136 | 202 697 |
| Adjusted for outside shareholders | (2 439) | (1 551) |
| Total profit for the year attributable to owners of the company | 40 697 | 201 146 |
| Profit for the year from discontinued operations | – | (122 002) |
| Earnings used in the calculation of basic earnings per share from continuing operations | 40 697 | 79 144 |

| | Number of shares | Number of shares |
|---|---|---|
| Weighted average number of shares for the purposes of basic earnings per share | 12 563 913 | 12 501 154 |
| The weighted average number of shares for the purposes of basic earnings per share are as follows: | | |
| Number of shares in issue at the beginning of the year | 12 546 817 | 12 385 000 |
| 30 000 shares issued on 5 September 2014 through the exercise of share options and 161 817 shares on 12 July 2013 through a scrip dividend (refer note 11) | | |
| Weighted for the number of days the shares were in issue | 17 096 | 116 154 |
| Number of shares for the purposes of basic earnings per share | 12 563 913 | 12 501 154 |

### 10.2 Diluted earnings per share

| | cents | cents |
|---|---|---|
| From continuing operations | 317,9 | 621,9 |
| From discontinued operations | – | 958,6 |
| Total diluted earnings per share | 317,9 | 1 580,4 |

| | R'000 | R'000 |
|---|---|---|
| The earnings used in the calculation of diluted earnings per share are as follows: | | |
| Profit for the year | 43 136 | 202 697 |
| Adjusted for outside shareholders | (2 439) | (1 551) |
| Total profit for the year attributable to owners of the company | 40 697 | 201 146 |
| Profit for the year from discontinued operations | – | (122 002) |
| Earnings used in the calculation of diluted earnings per share from continuing operations | 40 697 | 79 144 |

| | Number of shares | Number of shares |
|---|---|---|
| Weighted average number of shares for the purposes of diluted earnings per share | 12 799 913 | 12 727 154 |
| The weighted average number of shares for the purposes of diluted earnings per share reconciles to the weighted number of shares used in the calculation of basic earnings per share as follows: | | |
| Weighted shares used in the calculation of basic earnings per share | 12 563 913 | 12 501 154 |
| Shares deemed to be issued for no consideration in respect of employee share options (refer note 25) | 236 000 | 226 000 |
| Weighted average shares used in the calculation of diluted earnings per share | 12 799 913 | 12 727 154 |

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2015

| | | Group 2015 R'000 | Group 2014 R'000 |
|---|---|---|---|
| **10. EARNINGS AND HEADLINE EARNINGS PER SHARE *continued*** | | | |
| **10.3 Headline earnings per share** | | | |
| Reconciliation of headline earnings: | | | |
| Profit for the year attributable to shareholders of the company | | 40 697 | 201 146 |
| Adjusted for: | | | |
| Profit on disposal of shares | | (251) | (7 430) |
| Tax effect of disposal of shares | | 33 | (19) |
| Loss on disposal of subsidiary | | – | 2 815 |
| Capital profit on disposal of property, plant and equipment | | – | (126 168) |
| Loss/(profit) on disposal of plant and equipment | | 1 165 | (230) |
| Tax effect of the adjustments | | (113) | 14 489 |
| Headline earnings | | 41 531 | 84 603 |
| Headline earnings per share | (cents) | 330,6 | 676,8 |
| Headline earnings per share (diluted) | (cents) | 324,5 | 664,7 |

Headline earnings of R41,531 million (2014: R84,603 million), divided by the weighted average number of shares in issue during the year.

### 10.4 Diluted headline earnings per share

Headline earnings of R41,531 million (2014: R84,603 million), divided by the weighted average number of shares in issue during the year after adjusting for the potentially dilutive shares.

## 11. DISTRIBUTIONS

| | Group 2015 R'000 | Group 2014 R'000 |
|---|---|---|
| Cash distributions | | |
| Distribution number 196 of 160 cents per share (final 2013) – paid 15 July 2013^ | – | 10 916 |
| Distribution number 197 of 80 cents per share (interim 2014) – paid 13 January 2014 | – | 10 036 |
| Distribution number 198 of 120 cents per share (final 2014) – paid 14 July 2014 | 15 056 | – |
| Distribution number 199 of 65 cents per share (interim 2015) – paid 12 January 2015 | 8 175 | – |
| | 23 231 | 20 952 |
| Scrip dividend | | |
| Distribution number 196 of 160 cents per share – paid 15 July 2013^ | – | 8 901 |
| Total dividends | 23 231 | 29 853 |

^ *In respect of the prior year, shares of 161 817 were issued to shareholders holding 5 562 511 shares who elected the capitalisation share alternative. This represented an equivalent cash dividend of R8,9 million.*

The directors declared a final dividend distribution of 85 cents per share which will be paid to shareholders on 13 July 2015. The distribution will be regarded as a distribution of reserves and shareholders will be liable for any dividend withholding tax consequences. The total distribution for the current year will be 150 cents per share (2014: 200 cents per share).

## 12. ADJUSTMENT TO CARRYING AMOUNT OF INVESTMENT IN ASSOCIATE

During the current year, it was identified that certain equity accounted accruals relating to the company's associate, Lebombo Growers (Pty) Ltd, were included in the books of the company and group in previous years, whereas they should have only been included in the group figures.

This resulted in the carrying amount of the investment being overstated in the company, which required an adjustment to the opening balances of the prior year company figures. There was no impact on the prior year profit or loss of the company and group, no impact on the current year profit or loss of the company and group and no impact on the current year statement of financial position of the company and group.

The effect on the prior year opening balances is as follows:

| | Company Investment in associate R'000 | Company Retained earnings R'000 |
|---|---|---|
| Impact on 2014 statement of financial position: | | |
| As previously reported | 16 377 | (16 377) |
| Restated | 9 130 | (9 130) |
| Adjustment | (7 247) | 7 247 |
| Impact on 2013 statement of financial position: | | |
| As previously reported | 14 127 | (14 127) |
| Restated | 6 880 | (6 880) |
| Adjustment | (7 247) | 7 247 |

A full restated 2013 balance sheet has not been presented, as only the above two line items were impacted and there was no impact on the group figures.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2015

| | Group 2015 R'000 | Group 2014 R'000 | Company 2015 R'000 | Company 2014 R'000 |
|---|---|---|---|---|
| **13. PROPERTY, PLANT AND EQUIPMENT** | | | | |
| At cost | | | | |
| Freehold land | 170 777 | 168 759 | 64 970 | 64 970 |
| Leasehold land/land rights | 37 795 | 39 285 | – | – |
| Buildings | 57 389 | 54 382 | 37 217 | 34 286 |
| Vehicles, plant and other assets | 376 156 | 302 821 | 149 886 | 142 569 |
| Vehicles, plant and other assets under instalment sale agreements | 3 398 | 3 398 | – | – |
| | 645 515 | 568 645 | 252 073 | 241 825 |
| Accumulated depreciation and impairment | | | | |
| Buildings | 20 607 | 18 956 | 14 025 | 13 327 |
| Vehicles, plant and other assets | 109 569 | 87 913 | 56 491 | 48 237 |
| Vehicles, plant and other assets under instalment sale agreements | 1 223 | 815 | – | – |
| | 131 399 | 107 684 | 70 516 | 61 564 |
| Net book value | 514 116 | 460 961 | 181 557 | 180 261 |
| Reconciliation of net book value of property, plant and equipment: | | | | |
| Net book value at beginning of year | 460 961 | 285 614 | 180 261 | 146 391 |
| Capital replacement, improvements and additions from acquisitions(i)(ii) | 88 081 | 201 973 | 16 587 | 46 993 |
| Depreciation | (30 502) | (24 953) | (14 371) | (12 241) |
| Disposals | (1 027) | (1 005) | (920) | (882) |
| Exchange rate translation | (3 397) | 2 344 | – | – |
| Derecognised on disposal of subsidiary | – | (3 012) | – | – |
| Net book value at end of year | 514 116 | 460 961 | 181 557 | 180 261 |
| Located in South Africa | 295 956 | 288 561 | 181 557 | 180 261 |
| Located in other countries | 218 160 | 172 400 | – | – |
| | 514 116 | 460 961 | 181 557 | 180 261 |

(i) *The group continued with its upgrading of infrastructure on existing farms, primarily irrigation upgrades to yield improved results. The expansion of the group's macadamia development in Gurue, Mozambique gained momentum, with a further R50 million being spent on capital assets and infrastructure developments on the farm. During the current year, the group concluded the construction of a dam in Swaziland, at a final cost of R25 million.*

(ii) *During the prior year, the group acquired the High Noon deciduous fruit farm in the Western Cape. Land, buildings, plant and equipment of R90 million were acquired (refer note 29).*

The group's properties are wide-ranging, comprising largely the land on which the group's crop-growing activities are situated. As the number of properties is extensive, a list is not published with these annual financial statements, but registers of land and buildings are available for inspection at the registered offices of the company or its subsidiaries. Certain assets are encumbered in respect of instalment sale agreements, details of which are disclosed in note 21.2. The company's Ouwerf and Vyeboom deciduous fruit farms at Grabouw in the Western Cape are pledged as security for a bank loan facility (refer note 21.1).

| | Group 2015 R'000 | Group 2014 R'000 | Company 2015 R'000 | Company 2014 R'000 |
|---|---|---|---|---|

## 14. BIOLOGICAL ASSETS

### 14.1 Growing crops and orchards

| | Group 2015 R'000 | Group 2014 R'000 | Company 2015 R'000 | Company 2014 R'000 |
|---|---|---|---|---|
| At fair value | | | | |
| Sugar cane | 232 574 | 221 110 | 120 317 | 108 106 |
| Deciduous fruit | 124 019 | 119 952 | 99 006 | 92 977 |
| Bananas | 29 128 | 27 379 | 29 128 | 27 379 |
| Grain and vegetables | 4 224 | 3 395 | – | – |
| Macadamia nuts | 48 208 | 10 855 | – | – |
| Carrying amount at end of year | 438 153 | 382 691 | 248 451 | 228 462 |
| Non-current assets – bearer biological assets | 254 234 | 192 883 | 153 929 | 136 961 |
| Current assets – crops | 183 919 | 189 808 | 94 522 | 91 501 |
| | 438 153 | 382 691 | 248 451 | 228 462 |
| Reconciliation of carrying amounts of bearer, growing crops and orchards: | | | | |
| Carrying value at beginning of year | 382 691 | 325 024 | 228 462 | 190 443 |
| Purchases of biological assets in acquisitions (refer note 29) | – | 17 498 | – | – |
| Gains arising from changes attributable to physical and price changes | 247 958 | 256 948 | 110 438 | 125 299 |
| Decreases due to harvest and sales | (190 372) | (189 092) | (90 449) | (87 280) |
| Derecognised on disposal of subsidiary | – | (27 561) | – | – |
| Exchange rate translation | (2 124) | (126) | – | – |
| Carrying value at end of year | 438 153 | 382 691 | 248 451 | 228 462 |

In terms of IAS 41 Agriculture, sugar cane (roots and standing cane), trees (banana, deciduous and macadamia), and growing crops (bananas, deciduous fruit, grain, vegetables and macadamia nuts) are accounted for as biological assets and are measured and recognised at fair value. Changes in fair value, replanting and agricultural operating costs incurred are included in profit or loss.

The determination of the fair value of the roots and trees is more comprehensively described in note 2.16 of the accounting policies and note 14.3 which documents the valuation inputs.

The fair value of crops and agricultural produce is determined based on current market prices less estimated selling costs. Refer to note 2.16 of the accounting policies for the valuation assumptions and note 14.3 for the valuation inputs.

### 14.2 Livestock

| | Group 2015 R'000 | Group 2014 R'000 | Company 2015 R'000 | Company 2014 R'000 |
|---|---|---|---|---|
| Reconciliation of carrying amounts of livestock: | | | | |
| Carrying amount at beginning of year | 954 | 970 | 954 | 970 |
| Fair value changes attributable to births, deaths and ageing | (9) | (16) | (9) | (16) |
| Carrying amount at end of year | 945 | 954 | 945 | 954 |

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2015

| | | Group 2015 | Group 2014 | Company 2015 | Company 2014 |
|---|---|---|---|---|---|
| **14. BIOLOGICAL ASSETS *continued*** | | | | | |
| **14.3 Biological asset valuations** | | | | | |
| The following key assumptions have been used in determining the fair value of biological assets: | | | | | |
| SUGAR CANE | | | | | |
| Standing sugar cane | | | | | |
| Expected area to harvest – after 31 March | | | | | |
| – South Africa | (ha) | 3 672 | 3 729 | 2 906 | 3 012 |
| – Swaziland | (ha) | 2 360 | 2 318 | – | – |
| – Zambia | (ha) | 397 | 438 | – | – |
| Estimated yields | | | | | |
| – South Africa | (tons/ha) | 101,5 | 92,5 | 100,9 | 101,2 |
| – Swaziland | (tons/ha) | 104,9 | 111,4 | – | – |
| – Zambia | (tons/ha) | 126,7 | 130,0 | – | – |
| Average maturity of cane at 31 March | | | | | |
| – South Africa | ( % ) | 63 | 63 | 64 | 63 |
| – Swaziland | ( % ) | 64 | 64 | – | – |
| – Zambia | ( % ) | 64 | 64 | – | – |
| Estimated RV price – South Africa | (Rands) | 3 842 | 3 359 | 3 842 | 3 359 |
| Estimated sucrose price – Swaziland | (Rands) | 2 773 | 2 971 | – | – |
| Estimated ERC price – Zambia | (Rands) | 3 876 | 3 665 | – | – |
| Cane roots | | | | | |
| Estimated productive ratoons | (years) | 6 to 8 | 6 to 8 | 6 to 8 | 6 to 8 |
| Average indexed current replacement cost of establishment – reduced according to age | (R/ha) | 9 912 | 8 633 | 11 023 | 10 236 |
| Inflation escalation | ( % ) | 5,6 | 5,8 | 5,6 | 5,8 |
| DECIDUOUS FRUIT | | | | | |
| Crop | | | | | |
| Expected area to harvest – after 31 March | (ha) | 131 | 211 | 73 | 123 |
| Estimated yields | (tons/ha) | 64,1 | 64,0 | 69,1 | 66,0 |
| Average maturity of crop at 31 March | ( % ) | 88 | 87 | 88 | 87 |
| Estimated net price per kg – apples and pears | (Rands) | 2,73 | 3,14 | 2,83 | 3,31 |
| Estimated packout | | | | | |
| – Class 1 | ( % ) | 40,5 | 38,4 | 40,5 | 38,4 |
| – Class 2 | ( % ) | 14,7 | 13,0 | 14,7 | 13,0 |
| – Class 3 | ( % ) | 10,0 | 11,0 | 10,0 | 11,0 |
| – Juice | ( % ) | 34,8 | 37,6 | 34,8 | 37,6 |
| Deciduous trees | | | | | |
| Estimated productive life | (years) | 30 | 30 | 30 | 30 |
| Average indexed current replacement cost of establishment – reduced according to age | (R/ha) | 188 047 | 159 810 | 227 811 | 195 737 |
| Inflation escalation | ( % ) | 5,6 | 5,8 | 5,6 | 5,8 |
| BANANAS | | | | | |
| Crop | | | | | |
| Expected area to harvest – after 31 March | (ha) | 319 | 318 | 319 | 318 |
| Estimated yields | (tons/ha) | 53,6 | 55,0 | 53,6 | 55,0 |
| Average maturity of crop at 31 March | ( % ) | 50,0 | 50,0 | 50,0 | 50,0 |
| Estimated net price per carton | (Rands) | 89,10 | 80,39 | 89,10 | 80,39 |
| Banana plants | | | | | |
| Estimated productive life | (years) | 9 | 9 | 9 | 9 |
| Average indexed current replacement cost of establishment – reduced according to age | (R/ha) | 52 283 | 44 969 | 52 283 | 44 969 |
| Inflation escalation | ( % ) | 5,6 | 5,8 | 5,6 | 5,8 |

## 14. BIOLOGICAL ASSETS *continued*

### 14.3 Biological asset valuations *continued*

| | | Group 2015 | Group 2014 | Company 2015 | Company 2014 |
|---|---|---|---|---|---|
| **MACADAMIA NUTS** | | | | | |
| Crop | | | | | |
| Expected area to harvest – after 31 March | (ha) | – | – | – | – |
| Macadamia trees | | | | | |
| Estimated productive life | (years) | 30 | 30 | – | – |
| Average indexed current replacement cost of establishment – reduced according to age | (R/ha) | 199 472 | 69 623 | – | – |
| Inflation escalation | ( % ) | 2,7 | 4,0 | – | – |
| **VEGETABLES** | | | | | |
| Crop | | | | | |
| Expected area to harvest – after 31 March | (ha) | 1,5 | 19 | – | – |
| Estimated yields | (tons/ha) | 40 | 32 | – | – |
| Average maturity of crop at 31 March | ( % ) | 33 | 56 | – | – |
| Estimated net price per pocket | (Rands) | 54,52 | 56,45 | – | – |
| **GRAIN** | | | | | |
| Crop | | | | | |
| Expected area to harvest – after 31 March | (ha) | 294 | 140 | – | – |
| Estimated yields | (tons/ha) | 9,2 | 8,0 | – | – |
| Average maturity of crop at 31 March | ( % ) | 78 | 67 | – | – |
| Estimated net price per ton | (Rands) | 13 852 | 2 366 | – | – |

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2015

| | 2015 Number of shares held | 2014 Number of shares held | Group 2015 R'000 | Group 2014 R'000 | Company 2015 R'000 | Company 2014* R'000 |
|---|---|---|---|---|---|---|
| **15. INVESTMENTS** | | | | | | |
| **15.1 Unlisted investments** | | | | | | |
| Nkwaleni Investments | 71 | 71 | 100 | 100 | 100 | 100 |
| Two-A-Day Group | 1 893 481 | 1 893 481 | 66 | 65 | 65 | 65 |
| BKB | – | 44 600 | – | 268 | – | 268 |
| Elgin Co-operative Fruitgrowers | 1 660 081 | 1 660 081 | 166 | 166 | 166 | 166 |
| Villiersdorp Co-operative | 132 397 | 65 996 | 265 | 134 | 242 | 134 |
| Apsap Fruit | – | 58 069 | – | 116 | – | 116 |
| Other farming co-operatives and agribusinesses | – | – | 130 | 130 | 130 | 130 |
| | 3 686 030 | 3 722 298 | 727 | 979 | 703 | 979 |

**15.2 Investment in associates**

Details of each of the group's material associates at the end of the reporting period are as follows:

| | Group 2015 R'000 | Group 2014 R'000 | Company 2015 R'000 | Company 2014* R'000 |
|---|---|---|---|---|
| **15.2.1 Lebombo Growers (Pty) Ltd**** | | | | |
| Unlisted shares and loans | 9 130 | 9 130 | 9 130 | 9 130 |
| Share of retained earnings | 8 744 | 8 283 | – | – |
| Carrying value of associate company | 17 874 | 17 413 | 9 130 | 9 130 |
| Principal activity: Banana marketing and distribution | | | | |
| Percentage holding: 26,6 % (2014: 24,9 %) | | | | |
| Summarised assets and liabilities of associate company and its subsidiaries as per the audited financial statements (31 March 2014)*** | | | | |
| Property, plant, equipment and investments | 101 188 | 46 759 | – | – |
| Current assets | 38 529 | 12 023 | – | - |
| Total assets | 139 717 | 58 782 | – | – |
| Long-term liabilities including shareholders' loans | (64 897) | (26 682) | – | – |
| Current liabilities | (28 442) | (13 682) | – | – |
| Net assets | 46 378 | 18 418 | – | – |
| **15.2.2 Mpambanyoni Sand (Pty) Ltd**** | | | | |
| Unlisted shares and loans | 49 | 49 | 49 | 49 |
| Share of retained deficit | (22) | (22) | – | – |
| Carrying value of associate company | 27 | 27 | 49 | 49 |
| Principal activity: Dormant | | | | |
| Percentage holding: 37,0 % (2014: 37,0 %) | | | | |
| Net liabilities per the most recent audited results (31 March 2015)*** | (59) | (59) | – | – |

* *Restatement to account for adjustment per note 12.*
** *Incorporated in South Africa.*
*** *Latest available audited financial information at the date of reporting.*

| | Group 2015 R'000 | Group 2014 R'000 | Company 2015 R'000 | Company 2014 R'000 |
|---|---|---|---|---|
| **15. INVESTMENTS *continued*** | | | | |
| **15.2 Investment in associates *continued*** | | | | |
| 15.2.3 Mpambanyoni Construction Supplies (Pty) Ltd** | | | | |
| Unlisted shares and loans | 760 | 760 | 760 | 760 |
| Share of retained profit | 675 | 481 | – | – |
| Carrying value of associate company | 1 435 | 1 241 | 760 | 760 |
| Principal activity: Manufacture of blocks, bricks, lintels, pavers and associated cement products | | | | |
| Percentage holding: 23 % (2014: 23 % ) | | | | |
| Aggregate assets and liabilities as per the most recent audited financial statements (28 February 2015)*** | | | | |
| Property, plant and equipment | 11 197 | 6 395 | – | – |
| Current assets | 4 012 | 3 997 | – | – |
| Total assets | 15 209 | 10 392 | – | – |
| Long-term liabilities including shareholders' loans | (9 462) | (5 595) | – | – |
| Current liabilities | (2 610) | (2 507) | – | – |
| Net assets | 3 137 | 2 290 | – | – |
| Included in the consolidated statement of financial position as: Investment in associates | 19 336 | 18 681 | 9 939 | 9 939 |

** *Incorporated in South Africa.*

*** *Latest available audited financial information at the date of reporting.*

All of the associates are accounted for using the equity method in these consolidated financial statements. There is no quoted market value for the investment in these associates.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2015

| | Company 2015 R'000 | Company 2014 R'000 |
|---|---|---|
| **15. INVESTMENTS *continued*** | | |
| **15.3. INVESTMENT IN SUBSIDARIES** | | |
| The principal subsidiaries of Crookes Brothers Limited and their respective loan balances are listed in note 15.3.2 and 15.3.3. | | |
| **15.3.1 Profits/(losses) of subsidiaries** | | |
| Aggregate profits | 14 789 | 53 631 |
| Aggregate (losses) | (8 696) | (2 626) |

15.3.2 Shares and amounts owing by subsidiaries

| Subsidiary | % holding 2015 | % holding 2014 | Issued capital | Country of in-corporation | Principal activity | Company 2015 R'000 | Company 2014 R'000 |
|---|---|---|---|---|---|---|---|
| Murrimo Macadamias Lda(ii) | 99 | 99 | MZN55 000 | Mozambique | Farming | 121 649 | 65 707 |
| Murrimo Farming Lda(ii) | 99 | 99 | MZN20 000 | Mozambique | Agricultural land holding company | 19 451 | 19 451 |
| CBL Agri Services (Pty) Ltd(ii) | 100 | 100 | R100 | South Africa | Farming | 127 009 | 131 167 |
| CBL Agri International (Pty) Ltd(ii) | 100 | 100 | R100 | South Africa | Agricultural holding company | 47 | 36 |
| Crookes Plantations Limited(ii) | 100 | 100 | E500 000 | Swaziland | Farming | 830 | 830 |
| Bar J Limited (a subsidiary of Crookes Plantations Limited) | 100 | 100 | E200 | Swaziland | Agricultural land holding company | – | – |
| Mthayiza Farming (Pty) Ltd(i)(iii) | 45 | 45 | R100 | South Africa | Farming | 313 | 442 |
| Renishaw Property Developments (Pty) Ltd(ii) | 100 | 100 | R100 | South Africa | Property development | 9 265 | 7 155 |
| CBL Agri Zambia Limited (a subsidiary of CBL Agri International (Pty) Ltd)(i) | 100 | 100 | ZMW5 000 | Zambia | Farming | 10 563 | 28 158 |
| | | | | | | 289 127 | 252 946 |

| | Company 2015 R'000 | Company 2014 R'000 |
|---|---|---|
| **15.3.3 Amounts owing to subsidiaries** | | |
| Crookes Plantations Limited(ii) | 60 086 | 69 720 |
| | 60 086 | 69 720 |

(i) *The loans are unsecured, interest-bearing and have no fixed terms of repayment. Variable interest is charged at South African prime less 2 % per annum. These loans will not be settled in the next financial year.*

(ii) *The loans are unsecured, interest-free and have no fixed terms of repayment. The loans will not be settled in the next financial year.*

(iii) *The group owns 45 % equity shares of Mthayiza Farming (Pty) Ltd. Based on contractual arrangements between the group and other investors, the group has the power to control the operational and financial decisions of the company. Therefore, the directors concluded that the group has control over Mthayiza Farming (Pty) Ltd and accordingly the entity has been consolidated into these group financial statements.*

| | Group 2015 R'000 | Group 2014 R'000 |
|---|---|---|

## 15. INVESTMENTS *continued*

### 15.3 INVESTMENT IN SUBSIDARIES *continued*

#### 15.3.4 Shares and loans

Summarised financial information of the group's subsidiaries that have a material non-controlling interest is set out below.

| | Group 2015 R'000 | Group 2014 R'000 |
|---|---|---|
| **Mthayiza Farming (Pty) Ltd** | | |
| Current assets | 22 561 | 24 740 |
| Non-current assets | 19 290 | 15 626 |
| Current liabilities | (8 485) | (10 194) |
| Non-current liabilities | (24 774) | (26 175) |
| Equity attributable to owners of the company | 3 866 | 1 798 |
| Non-controlling interests | 4 725 | 2 199 |
| Revenue | 33 138 | 26 955 |
| Expenses | (28 545) | (26 135) |
| Profit for the year | 4 593 | 820 |
| Profit attributable to owners of the company | 2 067 | 369 |
| Profit attributable to non-controlling interests | 2 526 | 451 |
| | 4 593 | 820 |

#### 15.3.5 Change in the group's ownership interest in a subsidiary

On 31 March 2014, the group disposed of its 49% interest in Kwacele Farming (Pty) Ltd which it owned since the inception of the company in 2009.

The shares of R49 were sold at book value and no further disposal proceeds were received. The amount of R2,8 million, being the group's interest in the net assets of Kwacele Farming (Pty) Ltd and the consideration received, was charged to profit or loss in the prior year.

The results of the subsidiary were included in profit or loss for the prior year from discontinued operations (refer note 9).

| | Group 2015 R'000 | Group 2014 R'000 |
|---|---|---|
| **An analysis of the asset and liabilities over which control was lost:** | | |
| **Non-current assets** | | |
| Property, plant and equipment | – | 3 012 |
| Biological assets – bearer | – | 11 468 |
| **Current assets** | | |
| Inventories | – | 47 |
| Biological assets – crops | – | 16 093 |
| Trade receivables | – | 1 117 |
| Cash and cash equivalents | – | 6 553 |
| **Non-current liabilities** | | |
| Deferred tax liabilities | – | (2 189) |
| Long-term liabilities | – | (22 138) |
| **Current liabilities** | | |
| Trade payables | – | (1 186) |
| Short-term borrowings: interest-bearing | – | (7 032) |
| Net assets disposed of | – | 5 745 |
| Consideration received in cash and cash equivalents | – | – |
| Net assets disposed of | – | (5 745) |
| Non-controlling interests (refer note 20.2) | – | 2 930 |
| Loss on disposal | – | (2 815) |

The loss on disposal was included in profit or loss for the prior year from discontinued operations (refer note 9.2).

| | Group 2015 R'000 | Group 2014 R'000 |
|---|---|---|
| **Net cash outflow on disposal of subsidiary** | | |
| Consideration received in cash and cash equivalents | – | – |
| Less: Cash and cash equivalent balances disposed of | – | 6 553 |
| Total cash outflow | – | (6 553) |

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2015

| | Group 2015 R'000 | Group 2014 R'000 | Company 2015 R'000 | Company 2014 R'000 |
|---|---|---|---|---|
| **16. UNSECURED LOANS** | | | | |
| Kwacele Development Company (Pty) Ltd[(i)] | 459 | 459 | 459 | 459 |
| Mphenjwa Training and Development CC[(ii)] | 81 | 81 | 81 | 81 |
| Le Pront Catering CC[(iii)] | – | 114 | – | 114 |
| Kwacele Farming (Pty) Ltd[(iv)] | – | 3 498 | – | 3 498 |
| | 540 | 4 152 | 540 | 4 152 |
| Movements during the year | | | | |
| Balance at beginning of year | 4 152 | 1 531 | 4 152 | 1 203 |
| Interest accrued | – | 1 | – | 1 |
| Advanced during the year | – | 3 498 | – | 3 498 |
| Repaid during the year | (3 498) | (878) | (3 498) | (550) |
| Written off during the year | (114) | – | (114) | – |
| Balance at end of year | 540 | 4 152 | 540 | 4 152 |
| Included in the consolidated statement of financial position as: | | | | |
| Unsecured loans – long-term | 540 | 654 | 540 | 654 |
| Unsecured loans – short-term | – | 3 498 | – | 3 498 |
| | 540 | 4 152 | 540 | 4 152 |

(i) *The loan provided to Kwacele Development Company (Pty) Ltd enabled that company to acquire an empowerment shareholding in Mpambanyoni Construction Supplies (Pty) Ltd, the group's brick and block making associate company (refer note 15.2.3).*

*The unsecured loan is interest-free and is repayable by March 2017.*

(ii) *The loan provided to Mphenjwa Training and Development CC enabled that company to acquire an empowerment shareholding in Mpambanyoni Construction Supplies (Pty) Ltd, the group's brick and block making associate company (refer note 15.2.3).*

*The unsecured loan is interest-free and is repayable by March 2017.*

(iii) *The working capital loan was provided to the owners of the Le Rendez-Vous restaurant who operated from the company's Crocworld facility.*

*The unsecured loan related to the remaining interest portion and was written off during the current year as irrecoverable.*

(iv) *The group sold its equity interest in its subsidiary, Kwacele Farming (Pty) Ltd, and the working capital loan that was provided to the group company remained unpaid at the end of the prior year. The unsecured loan accrued interest at prime plus 2%.*

*The loan was repaid during April 2014.*

The fair value adjustments on these unsecured loans are considered immaterial.

| | Group 2015 R'000 | Group 2014 R'000 | Company 2015 R'000 | Company 2014 R'000 |
|---|---|---|---|---|
| **17. INVENTORIES** | | | | |
| Consumable stores | 20 080 | 14 572 | 9 875 | 8 822 |
| Agricultural produce | 39 388 | 37 978 | 25 743 | 21 063 |
| Merchandise | 1 187 | 258 | 1 187 | 258 |
| | 60 655 | 52 808 | 36 805 | 30 143 |
| Agricultural produce (as stated above) – reflected at fair value | 39 388 | 37 978 | 25 743 | 21 063 |
| Cost of inventories recognised as an expense in profit or loss | 84 693 | 65 449 | 52 218 | 45 873 |
| Cost of inventories written down to net realisable value | 203 | 293 | 90 | 242 |
| **18. TRADE AND OTHER RECEIVABLES** | | | | |
| Receivables – trade | 43 800 | 53 467 | 32 703 | 29 455 |
| Less: Allowances for doubtful debts | (192) | (346) | (192) | (346) |
| Net trade receivables | 43 608 | 53 121 | 32 511 | 29 109 |
| Prepayments | 2 051 | 2 050 | 1 231 | 1 308 |
| Total trade and other receivables | 45 659 | 55 171 | 33 742 | 30 417 |
| Reconciliation of allowances for doubtful debts: | | | | |
| Opening balance | 346 | 202 | 346 | 202 |
| Impairment losses recognised on receivables | 80 | 153 | 80 | 153 |
| Amounts written off during the year | (234) | (9) | (234) | (9) |
| Closing balance | 192 | 346 | 192 | 346 |

In determining the recoverability of trade receivables, the group considers any change in the credit quality from the date credit was initially granted to the end of the reporting period.

The concentration of credit risk is limited due to the group only dealing with reputable customers who have consistent payment histories.

The directors consider that the carrying amounts of trade and other receivables approximate their fair value, and that the present allowance for doubtful debts is adequate.

The directors believe there is no further credit risk provision required in excess of the allowance for doubtful debts.

Disclosures concerning the management of credit risk have been provided in note 26.3.

| | Group 2015 R'000 | Group 2014 R'000 | Company 2015 R'000 | Company 2014 R'000 |
|---|---|---|---|---|
| **19. OTHER FINANCIAL ASSETS** | | | | |
| Available-for-sale investments carried at amortised cost | | | | |
| Call deposits(i) | – | 14 636 | – | – |
| | – | 14 636 | – | – |

(i) *The group invested in a three-month fixed deposit with First National Bank Limited, Zambia, for the equivalent of R14,6 million. The investment yielded a return of 9,75 % per annum. This investment was rolled over during the year until March 2015, when it was not reinvested.*

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2015

| | Group and Company 2015 R'000 | 2014 R'000 |
|---|---|---|
| **20. CAPITAL, RESERVES AND SHAREHOLDING INTERESTS** | | |
| **20.1 Share capital, share premium and reserves** | | |
| Authorised | | |
| 16 000 000 (2014: 16 000 000) ordinary shares of 25 cents (2014: 25 cents) each | 4 000 | 4 000 |
| Issued | | |
| 12 576 817 (2014: 12 546 817) ordinary shares of 25 cents (2014: 25 cents) each | 3 144 | 3 137 |
| Share premium account | 9 865 | 8 972 |
| | 13 009 | 12 109 |
| The share capital movement for the year was as follows: | | |
| Balance at the beginning of the year | 12 109 | 3 208 |
| Share options exercised and capitalisation shares issued(i)(ii) | 900 | 8 901 |
| Balance at the end of the year | 13 009 | 12 109 |

| | Number of shares | Number of shares |
|---|---|---|
| The shares in issue movement for the year was as follows: | | |
| Balance at the beginning of the year | 12 546 817 | 12 385 000 |
| Share options exercised and capitalisation shares issued(i)(ii) | 30 000 | 161 817 |
| Balance at the end of the year | 12 576 817 | 12 546 817 |

(i) *In the current year, 30 000 share options were exercised by the managing director at an exercise price of 2 999 cents.*

(ii) *In the prior period, capitalisation shares were awarded as a scrip dividend (refer note 11).*

Under control of directors:

– for the purposes of the employee share option scheme 249 000 shares (2014: 289 000 shares)
– in terms of a shareholders' resolution 943 261 shares (2014: 941 011 shares)

| | Group 2015 R'000 | Group 2014 R'000 | Company 2015 R'000 | Company 2014 R'000 |
|---|---|---|---|---|

## 20. CAPITAL, RESERVES AND SHAREHOLDING INTERESTS *continued*

### 20.1 Share capital, share premium and reserves *continued*

| | Group 2015 R'000 | Group 2014 R'000 | Company 2015 R'000 | Company 2014 R'000 |
|---|---|---|---|---|
| Investment revaluation reserve | | | | |
| Balance at beginning of year | 1 058 | 6 436 | 1 058 | 6 436 |
| Net gain arising on revaluation of available-for-sale financial assets | 15 | 2 052 | 15 | 2 052 |
| Cumulative gain reclassified to profit or loss on sale of available-for-sale financial assets | (204) | (7 430) | (204) | (7 430) |
| Balance at end of year[i] | 869 | 1 058 | 869 | 1 058 |
| Foreign currency translation reserve | | | | |
| Balance at beginning of year | 4 846 | 5 103 | – | – |
| Exchange differences on translation of subsidiaries | (2 121) | (257) | – | – |
| Balance at end of year[ii] | 2 725 | 4 846 | – | – |
| Share-based payment reserve | | | | |
| Balance at beginning of year | 792 | 720 | 792 | 720 |
| Share-based payment expense | 244 | 72 | 244 | 72 |
| Balance at end of year | 1 036 | 792 | 1 036 | 792 |

### 20.2 Non-controlling interests

| | Group 2015 R'000 | Group 2014 R'000 | Company 2015 R'000 | Company 2014 R'000 |
|---|---|---|---|---|
| Balance at beginning of year | 2 169 | 3 548 | – | – |
| Share of profit for the year | 2 439 | 1 551 | – | – |
| Change in non-controlling interests on disposal of subsidiary (refer note 15.3.5) | – | (2 930) | – | – |
| Balance at end of year | 4 608 | 2 169 | – | – |

*(i) The investment revaluation reserve represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of during the year.*

*(ii) Exchange differences relating to the translation of the results and net assets of the group's foreign subsidiaries from their functional currency to the group's presentation currency are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.*

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2015

| | Group 2015 R'000 | Group 2014 R'000 | Company 2015 R'000 | Company 2014 R'000 |
|---|---|---|---|---|
| **21. BORROWINGS** | | | | |
| **21.1 Short-term borrowings: interest-bearing** | | | | |
| Call loans[(i)] | 10 128 | 10 375 | 10 128 | 10 375 |
| Current portion of long-term borrowings (refer note 21.2) | 6 023 | 6 785 | – | – |
| Amounts due to bankers[(ii)] | 75 502 | 17 018 | 75 502 | 17 018 |
| | 91 653 | 34 178 | 85 630 | 27 393 |
| **21.2 Long-term borrowings** | | | | |
| Instalment sale agreements[(iii)] | | | | |
| Capital repayments due: | | | | |
| Not later than one year | 581 | 659 | – | – |
| Later than one year and not later than five years | 632 | 1 045 | – | – |
| | 1 213 | 1 704 | – | – |
| Term loan arrangements[(iv)] | | | | |
| Capital repayments due: | | | | |
| Not later than one year | 5 442 | 6 126 | – | – |
| Later than one year and not later than five years | 38 530 | 18 910 | – | – |
| | 43 972 | 25 036 | – | – |
| Unsecured liability | | | | |
| Komatipoort Estate[(v)] | 38 981 | 37 426 | 38 981 | 37 426 |
| Mthayiza Estate[(vi)] | 6 101 | 4 337 | – | – |
| | 45 082 | 41 763 | 38 981 | 37 426 |
| Included in the consolidated financial statements as: | | | | |
| Long-term borrowings: interest-bearing | 39 162 | 19 955 | – | – |
| Long-term liability: interest-free | 45 082 | 41 763 | 38 981 | 37 426 |
| Short-term borrowings (refer note 21.1) | 6 023 | 6 785 | – | – |
| | 90 267 | 68 503 | 38 981 | 37 426 |
| **21.3 Borrowing powers** | | | | |
| Total permitted level of borrowings is limited in terms of the memorandum of incorporation to the equity of the company | 534 028 | 518 946 | 534 028 | 518 946 |
| Actual borrowings | 130 815 | 54 133 | 85 630 | 27 393 |

## 21. BORROWINGS *continued*

Summary of borrowing arrangements

(i) *Call loans represent a loan of R10 million from the Two-A-Day Group, bearing fixed interest at 10 % per annum. The loan has no fixed terms of repayment and is linked to the Two-A-Day Group's use of the Vyeboom pack-house facility in the Western Cape.*

*The remaining call loans of R0,1 million (2014: R0,4 million) bear interest at prime less 3,5 % per annum.*

(ii) *The amounts due to bankers have no fixed terms of repayment and bear interest at variable market-related interest rates.*

*The group has unsecured bank overdraft facilities of R115 million (2014: R70 million). These facilities are subject to annual review and bear interest as follows:*

*R30 million – prime less 0,25 %*
*R60 million – prime less 1,00 %*
*R25 million – prime*

*The company's Ouwerf and Vyeboom deciduous fruit properties in the Western Cape with a book value of R42 million (2014: R42 million) are encumbered as security for additional standby funding of R30 million. (This amount does not form part of the total R115 million unsecured facilities above, but can be activated into a facility at short notice).*

(iii) *The group has five-year instalment sale agreements with Standard Bank, secured by sugar cane haulage trucks and trailers with a net book value of R2,1 million (2014: R2,6 million). The agreements bear interest at prime less 0,75 % , repayment terms of R0,1 million per month, payable for seven months per year in the months of June to December.*

*The financing is in relation to the group's subsidiary company, Mthayiza Farming (Pty) Ltd.*

(iv) *In prior years, Mthayiza Farming (Pty) Ltd secured two loan facilities of R20 million and R12,5 million from the Land Bank, administered by Akwandze Agricultural Finance. These facilities are repayable over six years, at a fixed interest of rate of 4 % per annum and repayments of R0,3 million per month. The nine repayment months per year are structured into cane season revenue-generating months from May to January inclusive. Security for both loans is provided by a cession over the cane proceeds with additional surety provided by Crookes Brothers Limited, by way of standing surety for the due and punctual performance of all of Mthayiza Farming (Pty) Ltd's obligations and the payment on demand of all amounts owing by Mthayiza Farming (Pty) Ltd to Crookes Brothers Limited.*

*On 9 April 2014, the group's Mozambique subsidiary, Murrimo Macadamias Lda, secured a USD 2 million loan from Investec Bank (Mauritius) Limited to fund its capital expansion and working capital requirements. The loan bears interest at 4,2 % per annum, payable quarterly. There are no capital repayments due for the first three years. Capital repayments accrue thereafter, culminating in the maturity of the loan on the fifth anniversary of the advance date, being 9 April 2019, whereby it will be settled in full. There is no security provided for the loan. However, the group has signed an agreement to disclose to the bank any change in its financial indebtedness, since date of signature of the loan agreement.*

(v) *The liability is interest-free, has no fixed terms of repayment and relates to the valuation attributable to bearer biological assets attached to leased land in Komatipoort. The liability will be settled by handover of the bearer biological assets after 10 years, being the duration of the lease agreement. The lease is due to end in 2021.*

(vi) *The liability is interest-free, has no fixed terms of repayment and relates to the valuation attributable to bearer biological assets attached to leased land. The liability will be settled by handover of the bearer biological assets on termination of the lease agreement with the Libuyile Community Trust. The lease is due to end in September 2023.*

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2015

| | Group 2015 R'000 | Group 2014 R'000 | Company 2015 R'000 | Company 2014 R'000 |
|---|---|---|---|---|
| **22. TRADE AND OTHER PAYABLES** | | | | |
| Trade payables and accruals | 11 806 | 23 473 | 8 567 | 9 525 |
| Payroll accruals | 2 270 | 3 044 | 1 745 | 2 500 |
| | 14 076 | 26 517 | 10 312 | 12 025 |

Trade payables and accruals principally comprise outstanding trade payables in respect of goods or services acquired.

No interest is charged on the majority of trade payables for the first 45 days from the date of invoice. Suppliers charging interest on overdue accounts predominantly charge at 2 % above the prime lending rate.

The group has financial risk management policies in place to ensure that all payables are paid within the pre-approved credit terms.

The directors consider that the carrying amount of trade and other payables approximates their fair value.

| | Group 2015 R'000 | Group 2014 R'000 | Company 2015 R'000 | Company 2014 R'000 |
|---|---|---|---|---|
| **23. PROVISIONS** | | | | |
| Balance at beginning of year | 13 339 | 11 918 | 9 144 | 8 036 |
| Leave pay | 4 914 | 4 177 | 3 502 | 2 972 |
| Bonuses | 6 827 | 6 131 | 5 642 | 5 064 |
| Severance allowances | 1 598 | 1 610 | – | – |
| Net movements during the year | (6 117) | 1 421 | (5 361) | 1 108 |
| Leave pay | 169 | 737 | (22) | 530 |
| Bonuses | (6 428) | 696 | (5 339) | 578 |
| Severance allowances | 142 | (12) | – | – |
| Balance at end of year | 7 222 | 13 339 | 3 783 | 9 144 |
| Leave pay(i) | 5 083 | 4 914 | 3 480 | 3 502 |
| Bonuses(ii) | 399 | 6 827 | 303 | 5 642 |
| Severance allowances(iii) | 1 740 | 1 598 | – | – |

(i) *The provision for leave pay represents annual leave entitlements accrued by employees based on leave days not taken at financial year end multiplied by the applicable daily pay rate.*

(ii) *The provision for bonuses is payable to qualifying employees in terms of a "balanced scorecard", which refers to a weighting of group and individual performance. The board has the discretion to reduce or cancel the payment if one or both of the aforementioned criteria has not been achieved.*

(iii) *The provision for severance allowances is based on terms included in the collective agreements between the labour unions and the group's Swaziland and Zambia subsidiaries, Crookes Plantations Limited and CBL Agri Zambia Limited. The severance allowance is calculated based on number of years' service, age of employee and the applicable daily pay rate.*

| | Group 2015 R'000 | Group 2014 R'000 | Company 2015 R'000 | Company 2014 R'000 |
|---|---|---|---|---|
| **24. NET POST-EMPLOYMENT OBLIGATION** | | | | |
| Post-employment medical aid benefits | 10 936 | 9 618 | 10 936 | 9 618 |
| Retirement benefits | (9 095) | (5 990) | (9 095) | (5 990) |
| | 1 841 | 3 628 | 1 841 | 3 628 |
| Included in the consolidated statement of financial position as: | | | | |
| Retirement benefit surplus | (9 095) | (5 990) | (9 095) | (5 990) |
| Post-employment medical aid obligation | 10 936 | 9 618 | 10 936 | 9 618 |
| | 1 841 | 3 628 | 1 841 | 3 628 |

### 24.1 Post-employment medical aid benefits

The obligation of the group to pay medical aid benefits after retirement is no longer part of the conditions of employment for employees engaged after August 1996.

However, eleven pensioners (2014: 10) and thirteen current employees (2014: 15) remain entitled to this benefit.

The continued entitlement to this benefit for current employees is dependent upon the employee remaining in service until retirement age, being 63 years of age.

The company continues to pay medical aid benefits in the form of an allowance for qualifying employees until the age of 65, thereafter it purchases individual CPI-linked annuities from approved insurers to extinguish the company's ongoing liability. During the current year the group settled a post-employment obligation in respect of a certain pensioner at a cost of R0,7 million. During the prior year, the company did not settle any similar post-employment obligations.

Valuation data of qualifying employees

| Status | Members | Subsidy weighted average age | Average past service (Years) | Proportion married (%) | Average monthly subsidy (Rands) |
|---|---|---|---|---|---|
| Working employees | 13 | 56,2 | 27,0 | 100 | 3 117 |
| Pensioners and widower members | 11 | 78,3 | – | 18 | 2 561 |

The value of the liability is in accordance with the company's subsidy policy for each given member and is based on:

– the benchmark subsidy amount;
– the member's date of joining the company; and
– the member's marital status.

The fixed subsidy benchmark amounts are reviewed and increased on an annual basis, each individual member receiving a percentage of the benchmark based on the member's date of joining the company.

The benchmark subsidy is per the below:

| Member type | 2015 subsidy Rands | 2014 subsidy Rands |
|---|---|---|
| Single member | 2 327 | 2 185 |
| Married member | 4 313 | 4 050 |

The benchmark subsidy members are eligible to receive is based on their date of joining the company.

| Members | % |
|---|---|
| Members employed before 1 January 1991 | 100 |
| Members employed between 1 January 1991 and 31 July 1996 | 70 |

The membership data used for the valuation was provided by the company to the actuaries and verified by the relevant medical scheme administrator.

The actuarial present value of the unfunded post-employment medical aid obligation as at 31 March 2015 and 2014 has been determined by Jac Schreuder (BSc (Hons) FASSA FFA) (Primary regulator: Actuarial Society of South Africa), in his capacity as an actuary of NMG Consultants and Actuaries (Pty) Ltd.

# NOTES TO THE FINANCIAL STATEMENTS



## 24. NET POST-EMPLOYMENT OBLIGATION *continued*

### 24.1 Post-employment medical aid benefits *continued*

Valuation assumptions and methodology

The post-employment health care liabilities have been valued using the projected unit credit discounted cash flow method.

The key assumptions used are shown below:

| Economic assumptions | 31 March 2015 % | 31 March 2014 % |
|---|---|---|
| Consumer Price Inflation (CPI) | 6,78 | 7,27 |
| Health care cost inflation | 8,28 | 8,77 |
| Discount rate | 8,68 | 9,83 |
| Real discount rate | 0,37 | 0,97 |

| | Group and Company 2015 R'000 | 2014 R'000 |
|---|---|---|
| Amounts recognised in comprehensive income in respect of the post-employment medical aid benefits are as follows: | | |
| Service cost | 226 | 251 |
| Interest cost | 929 | 872 |
| Benefit payments | (334) | (309) |
| Purchase of annuities | (719) | – |
| Components of post-retirement medical aid benefits recognised in profit or loss | 102 | 814 |
| Remeasurement (loss)/gain of post-retirement medical aid benefits recognised in other comprehensive income | (1 216) | 1 710 |
| Tax effect of remeasurement | 340 | (479) |
| Components of post-retirement medical aid benefits recognised in other comprehensive income, net of tax | (876) | 1 231 |
| The amount included in the consolidated statement of financial position arising from the company's obligations in respect of post-retirement medical is as follows: | | |
| Net liability at beginning of year | 9 618 | 10 514 |
| Service cost | 226 | 251 |
| Interest cost | 929 | 872 |
| Benefit payments | (334) | (309) |
| Purchase of annuities | (719) | – |
| Remeasurement loss/(gain) | 1 216 | (1 710) |
| Net liability at end of year | 10 936 | 9 618 |
| Sensitivity of health care cost trend rates | | |
| 1 % increase in trend rate | | |
| – effect on the aggregate of the service and interest costs | 188 | 176 |
| – effect on the obligation | 1 673 | 1 433 |
| 1 % decrease in trend rate | | |
| – effect on the aggregate of the service and interest costs | (152) | (146) |
| – effect on the obligation | (1 378) | (1 183) |
| Estimated contributions payable in the next financial year | 347 | 334 |

## 24. NET POST-EMPLOYMENT OBLIGATION *continued*

### 24.2 Pension and provident funds

South Africa

The group provides retirement benefits through two previously defined benefit plans, the Crookes Brothers Pension Fund and the Crookes Brothers Retirement Fund, both funds being registered under the Pension Funds Act No 24 of 1956.

Although both these funds were converted from defined benefit to defined contribution funds in January 2003, they still retained a defined benefit underpin.

The defined benefit plans are administered by a separate fund that is legally separated from the company, with a board of trustees composed equally of representatives from both the employer and employees. The board is required by law to act in the interest of the fund and of all relevant stakeholders, i.e. active employees, inactive employees, retirees and employer.

The board of the funds is responsible for the investment policy with regard to the assets of the fund.

A buyout exercise was undertaken during the course of April 2012, with changes to the rules made to remove the defined benefit liability.

The rule amendments for the retirement fund were approved during 2013; however, the pension fund amendments have not as yet been approved.

The pension fund has one remaining member with guaranteed benefits.

The company also operates a defined contribution plan, namely the Crookes Brothers Provident Fund.

A valuation using the projected unit credit method was performed on the two funds by NMG Employee Benefits (Pty) Ltd, utilising information provided by the fund administrators.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at 31 December 2014 by Natasha Huggett-Henchie (BBusSc FIA FASSA CFP), in her capacity as valuator of the Fund and director of NMG Employee Benefits (Pty) Ltd Administrators.

The principal assumptions used for the purposes of the actuarial valuation were as follows:

| | | 1 January 2015 | 1 January 2014 |
|---|---|---|---|
| Discount rate | % | n/a | 8,5 |
| Expected rate of salary increases | % | n/a | 7,0 |
| Average longevity at retirement age for current pensioners | | | |
| Males | years | n/a | PA90 (x-2) |
| Females | years | n/a | PA90 (x-2) |
| Average longevity at retirement age for current employees (future pensioners) | | | |
| Males | years | n/a | PA90 (x-2) |
| Females | years | n/a | PA90 (x-2) |
| Expected return on plan assets | % | n/a | 9,25 |
| Pension increases | % | n/a | 6,0 |
| General price inflation | % | n/a | 6,0 |

The pension fund still retains a liability for the pensioners, due to the fact that section 14 dealing with the transferring of the pensions to the names of the pensioners has not yet been approved. The liability is matched by an equivalent asset held with the actual insurer.

No disclosure of assumptions were required in the current year, as the liability was measured at the exact amount advised by the outsourced insurer, to which the liability was transferred.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2015

| | Group and Company 2015 R'000 | 2014 R'000 |
|---|---|---|
| **24. NET POST-EMPLOYMENT OBLIGATION** *continued* | | |
| **24.2 Pension and provident funds** *continued* | | |
| Amounts recognised in comprehensive income in respect of the defined benefit plans are as follows: | | |
| Service cost | 2 207 | 5 835 |
| Net interest | (504) | 23 |
| Components of defined benefit costs recognised in profit or loss | 1 703 | 5 858 |
| The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss. | | |
| Remeasurement of the net defined benefit asset: | | |
| Return on plan assets (excluding amounts included in net interest expense) | (1 472) | 12 251 |
| Actuarial gains/(losses) arising from changes in demographic/financial/experience adjustments | 1 316 | (4 035) |
| Effect of asset ceiling | 2 881 | (1 624) |
| Components of defined benefit income recognised in other comprehensive income | 2 725 | 6 592 |
| Tax effect of remeasurements | (763) | (1 846) |
| Components of defined benefit income recognised in other comprehensive income, net of tax | 1 962 | 4 746 |

| | 1 January 2015 R'000 | 1 January 2014 R'000 |
|---|---|---|
| The amount included in the consolidated statement of financial position arising from the company's obligations in respect of its defined benefit plans is as follows: | | |
| Present value of defined benefit obligation | 29 867 | 58 607 |
| Fair value of plan assets | (38 962) | (67 252) |
| Funded status | (9 095) | (8 645) |
| Restrictions on asset recognised | – | (2 655) |
| Net asset arising from defined benefit obligation | (9 095) | (5 990) |
| Movements in the present value of the defined benefit obligation in the current year were as follows: | | |
| Opening defined benefit obligation | 58 607 | 76 742 |
| Current service cost | 2 207 | 5 835 |
| Interest cost | 4 728 | 6 181 |
| Actuarial (gains)/losses arising from changes in demographic, financial and experience adjustments | (1 316) | 4 036 |
| Benefits paid | (8 180) | (4 775) |
| Settlement(i) | (26 179) | (29 412) |
| Closing defined benefit obligation | 29 867 | 58 607 |
| Movements in the fair value of the plan assets in the current year were as follows: | | |
| Opening fair value of plan assets | 67 252 | 77 697 |
| Expected return on plan assets | 5 457 | 6 235 |
| Contribution from the employer | 2 083 | 5 256 |
| Contributions from plan participants | 1 051 | 795 |
| Benefits paid | (9 231) | (5 570) |
| Settlement of obligations(i) | (26 178) | (29 412) |
| Actuarial (loss)/gain | (1 472) | 12 251 |
| Closing fair value of plan assets | 38 962 | 67 252 |

(i) *The retirement fund liability was settled during the year and for the remaining defined benefit pension fund member, his share of fund exceeded the defined benefit underpin.*

The fair value of the plan assets at the end of the reporting period for each category are as follows:

The plan assets are invested in the Strategic Investment Services Management Company Limited and SA Road Board Stocks and are in compliance with Regulation 28.

Actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increases and mortality. The sensitivity analyses below have been determined based on possible changes of the respective assumptions occurring at the end of the reporting period:

– if the discount rate is 1 % higher or lower, the defined benefit obligation would remain unchanged.
– if the discount rate is 1 % higher or lower, the change in service cost plus net interest would decrease/increase by 0,2 % respectively.

## 24. NET POST-EMPLOYMENT OBLIGATION *continued*

### 24.2 Pension and provident funds *continued*

Swaziland

All employees who are Swaziland citizens contribute to the government operated Swaziland National Provident Fund, which is a defined contribution plan.

The Swaziland subsidiary contributes an amount equivalent to the employees' contributions, which is charged against profits in the year in which it is due.

Employees who are not Swaziland citizens are entitled to be members of the group's South African retirement fund or pension fund.

Zambia

All employees contribute to the government operated NAPSA Fund, which is a defined contribution plan.

The Zambian subsidiary contributes an amount equivalent to the employees' contributions of 5 %, which is charged against profits in the year in which it is due

Employees who are not Zambian citizens are entitled to be members of the group's South African retirement fund or pension fund.

Mozambique

All employees contribute to the government operated INSS fund, which is a defined contribution plan, at a rate of 3 % of earnings.

The Mozambican subsidiary contributes 4 % of the employees' earnings, which is charged against profits in the year in which it is due.

Employees who are not Mozambican citizens are entitled to be members of the group's South African retirement fund or pension fund.

## 25. EMPLOYEE SHARE INCENTIVE SCHEME

The group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant.

The fair value at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of the shares that will eventually vest. Options vest over a period of five years and all shares must be taken up by way of purchase and delivery by no later than 10 years after the date of grant.

The exercise price of the option is not less than the market value of the ordinary shares on the day preceding the date of grant.

Fair value is measured using the Black-Scholes option-pricing model and the following inputs were used in valuing the option grants.

Options granted and unexpired as at 31 March 2015

| | Options as at 31 March 2014 | Options granted during the year | Weighted average option price (cents) | Options forfeited during the year | Options exercised during the year | Exercise price (cents) | Options as at 31 March 2015 |
|---|---|---|---|---|---|---|---|
| Executive directors | | | | | | | |
| GS Clarke | 135 000 | 23 000 | 5 228 | – | (30 000) | 2 999 | 128 000 |
| PJ Barker | 31 000 | – | 4 486 | – | – | – | 31 000 |
| Management | 60 000 | 48 000 | 6 708 | (31 000) | – | – | 77 000 |
| Total | 226 000 | 71 000 | 5 613 | (31 000) | (30 000) | 2 999 | 236 000 |

Options available at 31 March 2015 for further grants

| | Numbe of shares |
|---|---|
| Shares reserved for the share option scheme | 900 000 |
| Shares issued to the end of the financial year | (415 000) |
| Options granted and unexpired as shown above | (236 000) |
| Balance available | 249 000 |

Assumptions used in the valuation of the option grants include market volatility, dividend yield and 100 % of options exercised, not forfeited.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2015

## 26. FINANCIAL RISK MANAGEMENT

Financial instruments consist primarily of cash deposits with banks, short and medium-term investments, short and medium-term loans, trade and other receivables and other payables, bank borrowings and loans to and from associates and subsidiaries.

Financial instruments are carried at cost, amortised cost or fair value where available for sale.

| Categories of financial instruments | Group 2015 R'000 | Group 2014 R'000 | Company 2015 R'000 | Company 2014 R'000 |
|---|---|---|---|---|
| Financial assets | | | | |
| Cash and bank balances | 13 073 | 28 847 | 2 691 | 15 325 |
| Loans and receivables | 46 199 | 59 323 | 34 282 | 34 569 |
| Unlisted investments | 727 | 979 | 703 | 979 |
| Investments carried at amortised cost | – | 14 636 | – | – |
| Investment in associates | 9 939 | 9 939 | 9 939 | 9 939 |
| Investment in subsidiaries | – | – | 289 127 | 252 946 |
| | 69 938 | 113 724 | 336 743 | 313 758 |
| Financial liabilities | | | | |
| Long-term borrowings: interest-bearing | 39 162 | 19 955 | – | – |
| Trade and other payables | 14 076 | 26 517 | 10 312 | 12 025 |
| Short-term borrowings: interest-bearing | 91 653 | 34 178 | 85 630 | 27 393 |
| Outside shareholders' loan | 538 | 470 | – | – |
| Loans from subsidiaries | – | – | 60 086 | 69 720 |
| | 145 429 | 81 120 | 156 028 | 109 138 |

### 26.1 Interest rate risk management

Taking cognisance of the seasonality of the group's cash flows and treasury risk, management positions the group's interest rate exposures according to expected movements in interest rates in the countries in which the group operates.

| Group interest rate profile is as follows: | | Floating rate Less than one year | Floating rate Greater than one year | Fixed rate Less than one year | Fixed rate Greater than one year | Total borrowings |
|---|---|---|---|---|---|---|
| 2015 | | | | | | |
| Borrowings | (R'000) | 76 211 | 632 | 15 442 | 38 530 | 130 815 |
| Total borrowings | % | 58 | – | 12 | 29 | 100 |
| 2014 | | | | | | |
| Borrowings | (R'000) | 18 052 | 1 045 | 16 126 | 18 910 | 54 133 |
| Total borrowings | % | 33 | 2 | 30 | 35 | 100 |

| Company interest rate profile is as follows: | | Floating rate Less than one year | Floating rate Greater than one year | Fixed rate Less than one year | Fixed rate Greater than one year | Total borrowings |
|---|---|---|---|---|---|---|
| 2015 | | | | | | |
| Borrowings | (R'000) | 75 630 | – | 10 000 | – | 85 630 |
| Total borrowings | % | 88 | – | 12 | – | 100 |
| 2014 | | | | | | |
| Borrowings | (R'000) | 17 393 | – | 10 000 | – | 27 393 |
| Total borrowings | % | 63 | – | 37 | – | 100 |

Fluctuations in interest rates impact on the return on short-term cash investments and the cost of financing activities, giving rise to cash flow interest rate risk. The exposure to interest rate risk is managed through the group's cash management system which enables the group to maximise returns while minimising risks.

The group has not entered into any interest rate derivatives during the year.

## 26. FINANCIAL RISK MANAGEMENT *continued*

### 26.1 Interest rate risk management *continued*

| Effective interest rate on borrowings | | Group 2015 | Group 2014 |
|---|---|---|---|
| Amounts due to local bankers | % | 8,8 | 7,0 |
| Amounts due to foreign bankers | % | 4,2 | 0,0 |
| Term loans | % | 4,0 | 4,0 |
| Instalment sale agreements | % | 8,5 | 8,3 |
| Call loans | % | 10,0 | 10,0 |

Based on year-end exposure to borrowings at variable interest rates, the impact of a 1% move in interest rates will have a R768 000 (2014: R191 000) effect on pre-tax profit or loss and a R553 000 (2014: R138 000) impact on equity for the group.

Based on year-end exposure to cash investments with yields linked to variable interest rates, the impact of a 1% move in interest rates will have a R131 000 (2014: R435 000) effect on pre-tax profit or loss and a R98 000 (2014: R312 000) impact on equity for the group.

### 26.2 Liquidity risk management

The company and group manage liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. The company and group have access to financing facilities as described in note 21.1, of which R39 million (2014: R53 million) was unused at the end of the reporting period.

Short-term borrowings have been disclosed in note 21.1 to the financial statements.

Trade and other payables have been disclosed in note 22 to the financial statements. All payables are due within a 30 to 60 day period.

The maturities of contractual liabilities are as follows:

| | 2015 | | | | 2014 | | | |
|---|---|---|---|---|---|---|---|---|
| | One to three months R'000 | Four to 12 months R'000 | Greater than 12 months R'000 | Total R'000 | One to three months R'000 | Four to 12 months R'000 | Greater than 12 months R'000 | Total R'000 |
| GROUP | | | | | | | | |
| Trade and other payables | 14 076 | – | – | 14 076 | 26 517 | – | – | 26 517 |
| Outside shareholders' loan | 538 | – | – | 538 | 470 | – | – | 470 |
| Instalment sale agreements | 69 | 512 | 632 | 1 213 | 97 | 562 | 1 045 | 1 704 |
| Term loan arrangements | 1 166 | 4 276 | 38 530 | 43 972 | 1 360 | 4 766 | 18 910 | 25 036 |
| Bank overdrafts | 75 502 | – | – | 75 502 | 17 018 | – | – | 17 018 |
| Call loans | 128 | 10 000 | – | 10 128 | 375 | 10 000 | – | 10 375 |
| | 91 479 | 14 788 | 39 162 | 145 429 | 45 837 | 15 328 | 19 955 | 81 120 |
| COMPANY | | | | | | | | |
| Trade and other payables | 10 312 | – | – | 10 312 | 12 025 | – | – | 12 025 |
| Bank overdrafts | 75 502 | – | – | 75 502 | 17 018 | – | – | 17 018 |
| Loans from subsidiaries | 60 086 | – | – | 60 086 | 69 720 | – | – | 69 720 |
| Call loans | 128 | 10 000 | – | 10 128 | 375 | 10 000 | – | 10 375 |
| | 146 028 | 10 000 | – | 156 028 | 99 138 | 10 000 | – | 109 138 |

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2015

## 26. FINANCIAL RISK MANAGEMENT *continued*

### 26.3 Credit risk management

Credit risk consists mainly of short-term cash deposits, cash equivalent investments, trade receivables and loans. The group limits its exposure in relation to cash balances by only dealing with well established financial institutions of high quality credit standings and limits the amount of credit exposure to any one counterparty.

The group's trade and other receivables comprise a widespread base, and group companies undertake ongoing credit evaluations of the financial condition of the other parties.

At 31 March 2015, the directors did not believe there is any significant concentration of credit risk which has not been adequately provided for.

Past due trade receivables

Included in trade receivables at the reporting date, are debtors which are past the original expected collection date (past due).

A summarised age analysis of past due debtors is set out below:

| | Group 2015 R'000 | Group 2014 R'000 | Company 2015 R'000 | Company 2014 R'000 |
|---|---|---|---|---|
| Less than one month | 46 | 91 | 43 | 83 |
| Between one and two months | 50 | 76 | 37 | 43 |
| Between two and three months | 24 | 26 | 19 | 24 |
| Greater than three months | 217 | 206 | 212 | 201 |
| | 337 | 399 | 311 | 351 |

No specific trade receivables have been placed under liquidation in the current or the prior year.

An allowance for doubtful debts (refer note 18) is assessed annually, on a debtor-by-debtor basis, considering the credit risk of the debtor and the likely recoverability of the receivable.

### 26.4 Foreign currency risk management

The group undertakes certain transactions denominated in foreign currency and hence direct exposure to exchange rate fluctuations arise.

Exchange rate exposure is hedged through the use of forward exchange contracts where considered required. There were no forward exchange contracts outstanding at 31 March 2015 (2014: nil).

A portion of the group's exchange rate exposure also relates to the conversion of its investments in foreign subsidiaries and earnings in non-Rand currencies which are translated into the Rand reporting currency.

The group operates in Zambia and Mozambique, the local currencies being the Kwacha (ZMW) and Metical (MZN) respectively.

Translation exposure is not hedged.

The group's Mozambique subsidiary undertook various foreign currency transactions during the year, including the inception of the interest-bearing loan with Investec Bank (Mauritius) Limited. The loan is US dollar (USD) denominated. There are no capital repayments due for the first three years of the advance date. However, during the financial year, the entity incurred and paid interest on the loan amounting to a ZAR equivalent of R0,9 million.

Through its Zambia and Mozambique operations, the group's exchange rate exposure relates to:

- loans to shareholders – Rand (ZAR) as well as US dollar (USD) denominated, in the case of the portion owing to the Mozambique outside shareholders;
- the interest-bearing long-term loan from Investec Bank (Mauritius) Limited – US dollar (USD) denominated (refer note 21.2).
- payments to certain foreign creditors, utilised for the supply of certain capital goods and consulting services in the group's Mozambique operation – Rand (ZAR) denominated; and
- the Mozambique foreign currency bank account – US dollar (USD) denominated.

Based on year-end exposure to variable exchange rates, the impact of a 1% move in exchange rates will have a R1,9 million (2014: R1,2 million) effect on pre-tax profit or loss and a R1,9 million (2014: R1,1 million) impact on equity for the group.

## 26. FINANCIAL RISK MANAGEMENT *continued*

### 26.5 Commodity price risk management

Commodity price risk arises from the fluctuations in the world sugar price and the impact this may have on current or future earnings potential of the group's sugar cane crop.

The sale of sugar on the world market, as well as the related hedging activities, is undertaken by the South African Sugar Association (SASA).

Sugar cane price risk in Swaziland is not hedged by the group.

Foreign currency fluctuations relating to sugar cane sales in Zambia are not hedged.

Commodity price risk arises from fluctuations in the prices for bananas sold in the local market. The group, through its association with Lebombo Growers (Pty) Ltd (refer note 15.2.1), markets the sale of bananas to receive the best possible prices.

The group's deciduous crop is subject to price and foreign currency risk arising from foreign currency fluctuations.

The group's marketing partner, Two-A-Day Group Limited, enters into currency contracts for its export sales.

The company participates in decisions made by Two-A-Day relative to its hedging activities via representation on the Two-A-Day board.

The group's macadamia development is yet to produce nuts; as a result, the group is not directly exposed to this commodity price risk.

Refer to note 27 for sensitivity analysis disclosure relating to commodity risk, as applicable to biological assets.

## 27. FAIR VALUE MEASUREMENT

The directors are of the opinion that the book value of financial assets and liabilities does not exceed their approximate fair value.

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).

| Group | Level 1 R'000 | Level 2 R'000 | Level 3 R'000 | Total R'000 |
|---|---|---|---|---|
| 2015 | | | | |
| Unlisted investments | – | 727 | – | 727 |
| Biological assets | – | – | 438 153 | 438 153 |
| Inventories – agricultural produce | – | – | 39 388 | 39 388 |
| Cash and bank balances | 13 073 | – | – | 13 073 |
| | 13 073 | 727 | 477 541 | 491 341 |
| 2014 | | | | |
| Unlisted investments | – | 979 | – | 979 |
| Call deposits | 14 636 | – | – | 14 636 |
| Biological assets | – | – | 382 691 | 382 691 |
| Inventories – agricultural produce | – | – | 37 978 | 37 978 |
| Cash and bank balances | 28 847 | – | – | 28 847 |
| | 43 483 | 979 | 420 669 | 465 131 |

The group's financial assets and financial liabilities are measured at fair value on a recurring basis.

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

## 27. FAIR VALUE MEASUREMENT *continued*

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

| Financial assets/ financial liabilities | Group Fair value as at 2015 | Group Fair value as at 2014 | Fair value hierarchy | Valuation technique(s) and key input(s) | Significant unobservable inputs to fair value | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|---|
| Unlisted investments | **727** | 979 | Level 2 | Quoted bid prices in an active market. | n/a | n/a |
| Biological assets – bearer | **254 234** | 192 883 | Level 3 | Escalated average current replacement costs of planting and establishment, reduced in value over its productive life. | Current inflation adjusted replacement cost. | Fair value derived by escalating planting and establishment costs by annual inflation. |
| Biological assets – crops | **183 919** | 189 808 | Level 3 | 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 are 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. |
| Inventories – agricultural produce | **39 388** | 37 978 | Level 3 | Current estimated market prices for the following season, less the estimated costs of harvesting, transport, packing and point-of-sale costs. | Estimated price and packout are subject to fluctuation and change. Prices are not based on published or quoted market and commodity listings. | In arriving at the fair value at the date of harvesting, the estimated price is applied against the estimated point-of-sale costs incurred, in bringing the produce to their present location and condition to be sold. |

The group's growing crops, banana plants, trees, sugar cane roots and agricultural produce are measured at fair value which is determined using estimated unobservable inputs and is categorised as level 3 under the fair value hierarchy. The unobservable inputs are disclosed in the above fair value hierarchy.

The fair value of sugar cane roots is determined on a current amortised cost basis, which is adjusted for cost increases, and the amortisation takes place over the estimated number of productive ratoons (approximately 6 to 8 years life span).

The fair value of banana plants, deciduous and macadamia trees is determined using the average current replacement costs associated with planting and establishing them. The fair values of these plants and trees are then reduced in value, over their estimated productive lives (9 years in the case of banana plants and 30 years in the case of the trees).

The fair value of standing crops and agricultural produce is determined by their growth factor, estimated yield, quality, age and selling prices less costs to harvest, transport and sell.

The group's valuation policy and methodology is fully disclosed in the accounting policies in note 2.16 and the assumptions and valuation inputs are disclosed in note 14.3.

## 27. FAIR VALUE MEASUREMENT *continued*

Changes in the fair value of biological assets are included in profit or loss, with an increase of R54 million (2014: increase of R57 million) being recognised in profit or loss in the current year. A reconciliation of the change in fair value for the year is included in note 14.1.

The directors consider the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements to approximate their fair values.

| Sensitivity analysis | Group 2015 R'000 | Group 2014 R'000 | Company 2015 R'000 | Company 2014 R'000 |
|---|---|---|---|---|
| The impact of a 1% change in the inflation rate on bearer biological assets will have the following effect on pre-tax profit or loss: | | | | |
| Sugar cane roots | 314 | 268 | 124 | 95 |
| Deciduous fruit trees | 806 | 669 | 670 | 543 |
| Macadamia trees | 110 | 15 | – | – |
| | 1 230 | 952 | 794 | 638 |
| The impact of a 1% change in the price or yield of biological assets – crops will have the following effect on pre-tax profit or loss: | | | | |
| Standing sugar cane | 2 300 | 1 536 | 946 | 670 |
| Deciduous fruit | 155 | 260 | 93 | 166 |
| Bananas | 190 | 79 | 190 | 79 |
| Vegetables | 1 | 16 | – | – |
| Grain | 42 | 17 | – | – |
| | 2 688 | 1 908 | 1 229 | 915 |
| The impact of a 1% change in the price of agricultural produce will have the following effect on pre-tax profit or loss: | | | | |
| Agricultural produce | 394 | 380 | 257 | 211 |
| The impact of a 1% change in the packout of biological assets from Class 1 to juice will have the following effect on pre-tax profit or loss: | | | | |
| Deciduous fruit | 248 | 300 | 154 | 186 |
| The impact of a 1% change in the packout of agricultural produce from Class 1 to Class 3 will have the following effect on pre-tax profit or loss: | | | | |
| Deciduous fruit | 370 | 370 | 229 | 229 |

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2015

## 28. RELATED PARTY TRANSACTIONS

During the year, the group, in the ordinary course of business, entered into various transactions with related parties.

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial and operating decisions. These transactions occurred under terms that are no more or less favourable than those arranged with third parties.

The company's related parties are its subsidiaries, associates and key management, including directors.

Related party transactions and balances have been eliminated on consolidation.

| | | Company | |
|---|---|---|---|
| | | 2015<br>R'000 | 2014<br>R'000 |
| 28.1 | **Compensation relating to key management personnel** | | |
| | The remuneration of executive directors and three other members of key management during the year was: | | |
| | Salary | 6 761 | 6 083 |
| | Bonus | 200 | 2 989 |
| | Share options exercised | 1 369 | – |
| | Retirement, medical, accident and death benefits | 1 500 | 1 208 |
| | Other material benefits | 947 | 522 |
| | Total | 10 777 | 10 802 |
| 28.2 | **Transactions and balances with associate companies** | | |
| | Lebombo Growers (Pty) Ltd | | |
| | Short-term receivable from associate at year end | 3 793 | 2 999 |
| | Rebate income | 4 561 | 4 166 |
| | Total banana marketing and transport costs paid to associate company on an arm's-length basis | 25 372 | 20 923 |
| | Mpambanyoni Sand (Pty) Ltd | | |
| | Loan to associate | 49 | 49 |
| | Mpambanyoni Construction Supplies (Pty) Ltd | | |
| | Loan to associate | 760 | 760 |
| | Details of material investments in associates are set out in note 15.2. | | |
| 28.3 | **Transactions and balances with subsidiary companies** | | |
| | Renishaw Property Developments (Pty) Ltd | | |
| | Short-term receivable | 9 265 | 7 155 |
| | CBL Agri International (Pty) Ltd | | |
| | Short-term receivable | 47 | 36 |
| | CBL Agri Services (Pty) Ltd | | |
| | Short-term receivable | 127 009 | 131 167 |
| | Management fees received | 1 621 | 2 086 |
| | Mthayiza Farming (Pty) Ltd | | |
| | Short-term receivable | 313 | 442 |
| | Management fees received | – | 96 |
| | Management fees paid | (189) | (183) |
| | Interest received | 101 | 515 |
| | Surety fee received | 439 | 277 |
| | Kwacele Farming (Pty) Ltd | | |
| | Management fees received | – | 122 |
| | Crookes Plantations Limited | | |
| | Short-term payable | (60 086) | (69 720) |
| | Murrimo Macadamias Lda | | |
| | Short-term receivable | 121 634 | 65 707 |
| | Murrimo Farming Lda | | |
| | Short-term receivable | 19 446 | 19 451 |
| | CBL Agri Zambia Limited | | |
| | Short-term receivable | 10 563 | 28 158 |
| | Interest received | 1 269 | 2 446 |

Details of investments in subsidiaries are set out in note 15.3.

# 28. RELATED PARTY TRANSACTIONS *continued*

## 28.4 Interest of directors in contracts

All directors of the company have confirmed that they were not materially interested in any contract of significance with the company or any of its subsidiaries which could have resulted in a conflict of interest during the year.

The following is a list of directors' interests in contracts which are not considered material to the company:

Mr JAF Hewat had an effective 4,3% stake in the Vista Construction group, who were contracted by Renishaw Property Developments (Pty) Ltd to provide certain project management services.

The total amount paid to Vista for the year ended 31 March 2015 was Rnil (2014: R175 560).

## 28.5 Shareholdings and related interests of directors and officers in share capital

Details of directors' interests in share capital have been disclosed in the directors' report.

## 28.6 Directors' emoluments

| Executive directors | Salary R'000 | Bonus R'000 | Retirement and medical contributions R'000 | Share options exercised R'000 | Other benefits R'000 | Total R'000 |
|---|---|---|---|---|---|---|
| Year to 31 March 2015 | | | | | | |
| GS Clarke | 2 269 | – | 431 | 1 369 | – | 4 069 |
| PJ Barker | 1 290 | – | 341 | – | 372 | 2 003 |
| Total | 3 559 | – | 772 | 1 369 | 372 | 6 072 |
| Year to 31 March 2014 | | | | | | |
| GS Clarke | 2 130 | 1 091 | 406 | – | – | 3 627 |
| PJ Barker | 1 229 | 783 | 321 | – | 167 | 2 500 |
| Total | 3 359 | 1 874 | 727 | – | 167 | 6 127 |

| Non-executive directors | Directors' fees 2015 R'000 | Directors' fees 2014 R'000 | Committee fees 2015 R'000 | Committee fees 2014 R'000 |
|---|---|---|---|---|
| JR Barton | 323 | 128 | 46 | 39 |
| P Bhengu(i) | 150 | 128 | 45 | 40 |
| CJH Chance(ii) | 150 | 128 | 20 | 22 |
| JAF Hewat | 150 | 128 | 106 | 108 |
| P Mnganga | 150 | 128 | 63 | 22 |
| MT Rutherford | 150 | 128 | 92 | 85 |
| XGS Sithole(iii) | 112 | – | 38 | – |
| RE Stewart | 150 | 128 | 48 | 63 |
| G Vaughan-Smith | 150 | – | 10 | – |
| GP Wayne(iv) | 127 | 350 | 11 | 26 |
| Total | 1 612 | 1 246 | 479 | 405 |

(i) *Retired 25 February 2015*
(ii) *Resigned 29 May 2015*
(iii) *Appointed 30 May 2014, resigned 6 June 2015*
(iv) *Retired 1 August 2014*

Refer to note 25 for details of directors' and management's share options granted and unexpired as at 31 March 2015.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2015

## 28. RELATED PARTY TRANSACTIONS *continued*

### 28.7 Shareholder information

| | Number of shareholdings | Percentage of total shareholdings | N.umber of shares | Percentage of shares in issue |
|---|---|---|---|---|
| Shareholder spread | | | | |
| 1 – 2 000 shares | 318 | 55,4 | 223 667 | 1,8 |
| 2 001 – 10 000 shares | 134 | 23,3 | 665 560 | 5,3 |
| 10 001 – 20 000 shares | 43 | 7,5 | 589 530 | 4,7 |
| 20 001 – 50 000 shares | 46 | 8,0 | 1 585 770 | 12,6 |
| 50 001 – 100 000 shares | 17 | 3,0 | 1 278 348 | 10,2 |
| Over 100 000 shares | 16 | 2,8 | 8 233 942 | 65,4 |
| | 574 | 100,0 | 12 576 817 | 100,0 |
| Shareholder type | | | | |
| *Non-public shareholders* | | | | |
| Silverlands (SA) Plantations Sarl | 1 | | 4 156 550 | 33,1 |
| Directors (direct and indirect holdings) | 3 | | 112 000 | 0,9 |
| Associates of directors | 3 | | 55 571 | 0,4 |
| | 7 | 1,2 | 4 324 121 | 34,4 |
| *Public shareholders* | 567 | 98,8 | 8 252 696 | 65,6 |
| Total | 574 | 100,0 | 12 576 817 | 100,0 |
| Shareholder distribution | | | | |
| Trusts | 101 | 17,6 | 4 497 297 | 35,8 |
| Stockbrokers and nominees | 6 | 1,1 | 32 975 | 0,3 |
| Individuals | 409 | 71,2 | 2 595 985 | 20,6 |
| Private companies and other corporations | 58 | 10,1 | 5 450 560 | 43,3 |
| Total | 574 | 100,0 | 12 576 817 | 100,0 |
| Beneficial shareholders with a holding greater than 5% of the shares in issue | | | | |
| Silverlands (SA) Plantations Sarl | | | 4 156 550 | 33,1 |
| Ellingham Estate (Pty) Ltd | | | 840 000 | 6,6 |
| TCB Crookes Grandchildren's Trust | | | 700 000 | 5,6 |
| Total | | | 5 696 550 | 45,3 |

## 29. BUSINESS COMBINATIONS

The group acquired a 1 815 hectare deciduous fruit farm in the Western Cape on 23 December 2013. The full consideration of R103 million was paid in cash.

The farm, known as High Noon, was acquired to continue the expansion of the group's deciduous fruit segment.

### 29.1 Assets acquired and liabilities recognised at the date of acquisition

| | Group R'000 |
|---|---|
| Non-current assets | |
| Plant and equipment | 1 678 |
| Land and buildings | 88 722 |
| Biological assets – bearer | 17 498 |
| Shares | 1 |
| Non-current liabilities | |
| Deferred tax liabilities | (4 899) |
| | 103 000 |

### 29.2 Goodwill arising on acquisition

| | |
|---|---|
| Consideration transferred | 103 000 |
| Less: fair value of identifiable net assets acquired | 103 000 |
| Goodwill arising on acquisition | – |

Based on experience in the deciduous sector, utilising best practise valuation techniques and assessing the fair values against existing deciduous fruit farms in the group, an offer of R103 million was accepted as a fair price for the identified assets being acquired, and hence no goodwill was recognised.

Acquisition-related costs have been excluded from the consideration transferred and have been recognised as an expense in profit or loss in the prior year, within the administrative expenses line item.

### 29.3 Impact of acquisitions on the results of the group

Included in profit for the prior year was R5,7 million attributable to the additional business acquired in the High Noon acquisition. This related to the period after the transaction became unconditional.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2015

| | Group 2015 R'000 | Group 2014 R'000 | Company 2015 R'000 | Company 2014 R'000 |
|---|---|---|---|---|
| **30. OPERATING LEASE ARRANGEMENTS** | | | | |
| **30.1 Payments recognised as an expense** | | | | |
| Minimum lease payments | 4 373 | 5 404 | 2 380 | 2 300 |
| | 4 373 | 5 404 | 2 380 | 2 300 |

Lease payments in the prior year included rentals paid for the group's subsidiary Kwacele Farming (Pty) Ltd, which was sold at the end of the prior year.

The company leases the Komatipoort Estate (banana and sugar operations) from the Department of Rural Development: Land Affairs (refer note 21.2) based on a fixed annual rate escalated by 7 % in July each year.

The 10-year lease is due to expire in 2021, based on a renewal option exercisable by the company in 2016.

The group, through its subsidiary Mthayiza Farming (Pty) Ltd, leases the Mthayiza Estate (sugar operation) from the Libuyile Community Trust (a joint venture company with the Libuyile community), based on a fixed Rand rate per hectare under crop, escalated annually by the consumer price index.

The 15-year lease is due to expire in 2023.

The company leases office space in Durban based on a fixed rate per square metre, escalating at 6,5 % per annum. The lease term is four years, based on the initial term of two years and a renewal option, exercisable by the company, for a further two years on the same terms (excluding further right of renewal).

The group does not have an option to purchase leased office space or leased land at the expiry of the respective lease terms. Accordingly, these leases are accounted for as operating leases.

| | Group 2015 R'000 | Group 2014 R'000 | Company 2015 R'000 | Company 2014 R'000 |
|---|---|---|---|---|
| **30.2 The group's commitments in respect of operating leases are as follows:** | | | | |
| Not later than one year | 5 239 | 4 634 | 3 245 | 2 622 |
| Later than one year and not later than five years | 9 688 | 10 852 | 1 713 | 2 805 |
| Later than five years | 6 978 | 9 053 | – | – |
| | 21 905 | 24 539 | 4 958 | 5 427 |
| **31. PROPOSED CAPITAL EXPENDITURE** | | | | |
| Contracted | 15 623 | 11 183 | 42 | 4 894 |
| Authorised by the directors but not yet contracted | 26 457 | 89 644 | 7 142 | 11 231 |
| | 42 080 | 100 827 | 7 184 | 16 125 |

The authorised capital expenditure proposed includes capital requirements of R10 million for the group's continued expansion into Mozambique and R16,5 million of other expansion and improvement capital.

The above expenditure will be funded from the group's liquid resources, short-term borrowing facilities and future instalment sale agreements.

| | Group 2015 R'000 | Group 2014 R'000 | Company 2015 R'000 | Company 2014 R'000 |
|---|---|---|---|---|
| **32. GUARANTEES AND CONTINGENT LIABILITIES** | | | | |
| **32.1 Guarantees** | | | | |
| The company has provided a guarantee to the Department of Minerals & Energy for the rehabilitation of the sand mining area in the Mpambanyoni River | 30 | 30 | 30 | 30 |
| First National Bank has provided other guarantees on behalf of the group | 56 | 56 | – | – |
| **32.2 Contingent liabilities** | | | | |
| A contingent liability exists as a result of the company's interest in its subsidiary Mthayiza Farming (Pty) Ltd. The company has provided surety for its subsidiaries' term loan arrangements (refer note 21.2) | – | – | 43 972 | 25 036 |

## 33. EVENTS AFTER THE REPORTING PERIOD

There have been no major changes in the affairs or financial position of the group or its subsidiary companies since the end of the year under review.