# UNITED PLANTATIONS AFRICA LIMITED
# ANNUAL REPORT
# 2010

Company announcement No. 3/2010
No. of Pages: 32
Date 30 June 2010

United Plantations Africa Limited (Reg No 1949/035616/06)


Contact Persons:

John Goodwin
Chairman
Telephone: 00 268 437 1311

Per Nøddebo
Managing Director
Telephone: 00 268 437 1311

## Corporate information

**Directors**
J A Goodwin (British)
P S Nøddeboe (Danish)
R L Hersov (British)
P Knudsen (Danish)

**Secretary & Registered office**
J E B Hebbert
United Plantations Africa Limited
42 Wierda Road West
Wierda Valley
Sandton 2196
Republic of South Africa

**Share Register**
Principal register
United Plantations Africa Limited
42 Wierda Road West
Wierda Valley
Sandton 2196
Republic of South Africa

**Branch Register**
International Plantation Services Limited
Plantation House
H.C. Andersens Boulevard 49
DK-1553 Copenhagen V
Denmark

**Auditors**
PKF (JHB) Inc
42 Wierda Road West
Wierda Valley
Sandton 2196
Republic of South Africa

**Bankers**
The Standard Bank of South Africa Limited

**Attorneys**
Cloete Corporate Consultants
P O Box A972
Swazi Plaza H101
Swaziland

**Financial Advisors**
International Plantation Services Limited
Plantation House
H.C. Andersens Boulevard 49
DK-1553 Copenhagen V
Denmark

## Contents



The annual financial statements, which appear on pages 5 to 32, were approved by the Board of Directors on 23 June 2010 and are signed on its behalf by:

J A Goodwin
**Chairman**

P S Nøddeboe
**Managing director**

**Certificate by Secretary**
I certify that the Company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act 61 of 1973 and that all such returns are true, correct and up to date.

J E B Hebbert
**Secretary**
23 June 2010

## Notice to Members

**Annual General Meeting**

Notice is hereby given that the sixty first Annual General Meeting of the Company will be held at 42 Wierda Road West, Wierda Valley Sandton Republic of South Africa on Friday 30th July 2010 at 12h00 for the purpose of transacting the following business:

1. To receive and consider the Company's Annual Financial Statements and Reports for the 12 months ended 31 March 2010.

2. To elect directors in place of Mr. J A Goodwin and Mr. P Knudsen who retire by rotation in terms of the Article of Association but, being eligible, offer themselves for re-election.

3. To appoint auditors until the appointment of a liquidator to attend to the winding up of the company.

4. To transact such other business, if any, as may be transacted at an Annual General Meeting.

A member entitled to attend and vote at the meeting may appoint a proxy or proxies to attend, speak and, on a poll, vote in his stead. A proxy need not be a member of the Company.

Forms of proxy, in order to be valid, must be lodged at either one of the registered offices below no later than 12h00 on 26 July 2010.

United Plantations Africa Limited
42 Wierda Road West
Wierda Valley
Sandton 2196
Republic of South Africa

United Plantations Africa Limited
Danish Branch Registrar
International Plantation Services Limited
H.C. Andersens Boulevard 49
DK-1553 Copenhagen V
Denmark

On Behalf of the Board

JEB Hebbert
SECRETARY
23 June 2010

## REPORT OF THE INDEPENDENT AUDITORS

To the members of United Plantations Africa Limited

We have audited the financial statements and the group financial statements for the year ended 31 March 2010, which comprise the company statements of financial position at 31 March 2010, and the statements of comprehensive income, the statements of changes in equity and cash flow statements for the year then ended, and the notes to the financial statements, which include a summary of significant policies and other explanatory notes, and the directors' report as set out on pages 5 to 32.

**Directors' Responsibility for the Financial Statements**

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these 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 whether the financial statements are free of 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 judgement, 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.

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.

**Emphasis of matter**

As set out in the directors report the members have approved the voluntary liquidation of the company and steps are being taken to realise this process. As a result the financial statements have been prepared on a liquidation basis.

**Opinion**

In our opinion, subject to the emphasis of matter above, the financial statements fairly present, in all material respects, the financial position of the Company 31 March 2010, the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act South Africa.

**PKF (JHB) Inc**
**Chartered Accountants (S.A.)**
**Registered Accountants and Auditors**

**R J Lawson**
Chartered Accountant (S.A.)
**Registered Auditor**
Sandton
Director
23 June 2010

## Directors' Report

The directors have pleasure in submitting their report and the group financial statements for the twelve months ended 31 March 2010. These statements are stated in South African Rand (ZAR).

### Financial statements

It is the directors' responsibility to prepare the financial statements that fairly present the state of affairs of the Company and the Group, as at the end of the financial year and the profit or loss for the period. The external auditors are responsible for independently reviewing and reporting on these financial statements.

The financial statements set out in this report have been prepared by management in accordance with International Financial Reporting Standards. They are based on appropriate accounting policies which have been consistently applied and which are supported by reasonable and prudent judgements and estimates.

### Nature of business

The Group is engaged in farming, the principle crop being citrus. Other activities include the growing of sugar cane, bananas and production of lime oil and juice.

### Operating results

The operating results of the company are set out in the accompanying Financial Statements.

### Dividends

Dividends are dealt within the report below under winding up of the company.

### Subsidiaries

The company owned the entire issued share capital of United Plantations Swaziland Limited, which had two wholly owned subsidiaries, Maphobeni Sugar Company Limited and Tendekwa Limited. These two companies were dormant during the year.
All three companies were incorporated in Swaziland.

### Winding up of the Company

On 8 March 2010 the company passed a special resolution authorising the directors of the company to dispose of the company's investment in its wholly owned subsidiary United Plantations Swaziland Limited for a consideration of ZAR 65 million.

In addition the company passed a special resolution authorising the directors to wind up the company.

On the 20 February 2010 and on 23 March 2010 the company issued announcements to members setting out the details of the transactions and the results of the meeting referred to in the announcement dated 26 February 2010.

On the 22 March 2010 sale of the wholly owned subsidiary referred to above was finalised and United Citrus Investments Limited, the purchaser, paid the equivalent of ZAR 11,700,000 in cash to the company's Transfer secretaries International Plantation Services Limited to be held on behalf of the minority shareholders pending finalisation of the winding up of the company and distribution of capital and reserves to members. At the same time the company advanced loan funds of ZAR 53,300,000, secured by promissory notes in terms of the agreement of sale, such promissory notes to be set off against liquidation dividends when declared.

**Winding up of the Company continued**

It is anticipated that a final dividend in contemplation of the winding up comprising a return of capital and distribution of reserves will be declared in July 2010. Immediately thereafter application will be made for the voluntary liquidation of the company and a liquidator will be appointed.

The final dividend is estimated to amount to ZAR 2.90 per share calculated as follows:

**Shareholders Equity**

| | | **ZAR '000** |
|---|---|---|
| Share capital and reserves | | 17,941 |
| Capital redemption reserve fund | | 2,573 |
| Accumulated profit | | 43,140 |
| At 31 March 2010 | | 42,602 |
| Add: estimated surplus on disposal of investment | | 714 |
| less capital gains tax thereon | | (176) |
| Total | | 63,654 |
| Less: Secondary tax on companies | | 4,156 |
| Amount available for distribution | | 59,498 |
| Number of shares | | 20,523,570 |
| Estimated dividend and return on capital per share | **ZAR** | **2.90** |

Provision has been made in the above calculation for all costs until the 31 July by which time it is expected that all shareholders will have been paid out in full.

**Delisting**

A final application to delist the company will be made shortly.

**Corporate Governance**

The Management and Board of the Company regard corporate governance as a routine part of the Company's obligations in the undertaking of responsible business activities. However, being amongst the smallest companies in terms of market capitalization on the OMX Nordic Exchange Copenhagen and given its limited resource base, the Company has limited facilities formally to apply to complying with the Recommended Corporate Governance Standards issued by the OMX Nordic Exchange Copenhagen. This, coupled with the stated aim of delisting the Company, has inhibited the formal adoption of the Recommended Corporate Governance Standards. The Board recognizes that corporate governance is a dynamic and on-going process and that there are procedures and policies that have not been adopted to the extent recommended. For example, regarding the remuneration of the members of the Board, the company does not publish information on the company's remuneration policy or the remuneration paid to individual Board Members or Management as such information is not considered relevant.

Details of incentive remuneration payable to Board Members are set out in the Company statutes. There are other, less significant, areas of non-compliance and these are in the process of being addressed.

**Directors and secretary**

Details of the directors and secretary at year end are provided on page 1 of the annual report.

There have been no changes in the shares held by directors from the statement of financial position date to the signing date.

Aside from the interest of certain Directors in United Citrus Investments Limited, no directors hold any direct beneficial interest in the shares of the company and there have been no changes in this situation from the balance sheet date to the signing date.

**Substantial interest in shares**

The Board is aware of two shareholders, namely United Citrus Investments Limited and S P Vela, holding more than 5% of the issued share capital.
Those shareholder's beneficial interests were as follows:

| | **2010** | | 2009 | |
|---|---|---|---|---|
| | **Shares** | **%** | Shares | % |
| UCI Ltd | **16,829,182** | **82.00** | **16,829,182** | 82.00 |
| Steen Patrick Vela | **965,305** | **5.18** | **-** | - |

**Foreign currencies**

Selected foreign currencies used throughout the year for reporting and transaction purposes. Currencies shown as number of ZAR equal to one foreign unit.

| *Rate at 31 March* | **2010** | 2009 |
|---|---|---|
| British Pound | **11.055** | 13.550 |
| Danish Krone | **1.331** | 1.693 |
| Euro | **9.890** | 12.613 |
| Swaziland Emalangeni | **1.000** | 1.000 |

## Index to the Annual Financial Statements

### Annual Report



### Index of notes to the Annual Financial Statements

## STATEMENTS OF FINANCIAL POSITION

*At 31 March 2010* *Expressed in ZAR*

| | | Group | Company | |
|---|---|---|---|---|
| | | 31 March 2009 | **31 March 2010** | 31 March 2009 |
| | Notes | in '000 | **in '000** | in '000 |
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Land and buildings | 4 | 40,196 | **-** | - |
| Machinery | 4 | 12,676 | **-** | - |
| Vehicles and equipment | 4 | 3,669 | **-** | - |
| Capitalised leased assets | 4 | 558 | **-** | - |
| **Property, plant and equipment** | | 57,099 | **-** | - |
| Biological assets | 5 | 13,215 | **-** | - |
| Interest in subsidiaries | 6 | - | **-** | 22,594 |
| United Citrus Investments Limited Loan Account | | - | **53,300** | - |
| Investments | 7 | 5,167 | **714** | 585 |
| | | 75,481 | **54,014** | 23,179 |
| **Current assets** | | | | |
| Inventories | 8 | 5,686 | **-** | - |
| Biological assets | 5 | 10,565 | **-** | - |
| Trade and other receivables | 9 | 2,152 | **-** | - |
| Taxation | | 400 | **-** | - |
| Bank balances and cash | | 6,592 | **12,717** | 351 |
| | | 25,395 | **12,717** | 351 |
| **Total assets** | | 100,876 | **66,731** | 23,530 |
| **EQUITY** | | | | |
| Issued capital | 10 | 10,262 | **10,262** | 10,262 |
| Share premium | 10 | 7,679 | **7,679** | 7,679 |
| Capital redemption reserve fund | 13 | 2,573 | **2,573** | 2,573 |
| Fair value reserve | 11 | 5,073 | **625** | 514 |
| Revaluation reserves | 12 | 26,847 | **-** | 6,891 |
| Accumulated profit/(loss) | | 33,128 | **42,602** | (5,219) |
| Ordinary equity attributable to equity holders of the parent | | 85,562 | **63,741** | 22,700 |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| Interest bearing loans and borrowings | 14 | 74 | **-** | - |
| Deferred Tax Liability | 26 | 1,517 | **88** | 69 |
| | | 1,591 | **88** | 69 |
| **Current liabilities** | | | | |
| Trade and other payables | 15 | 10,442 | **675** | 302 |
| Taxation | 22 | - | **1,143** | - |
| Current portion of interest bearing loans and borrowings | 14 | 327 | **1,084** | - |
| Bank overdrafts | 16 | 2,495 | **-** | - |
| Unclaimed dividends | | 459 | **-** | 459 |
| | | 13,723 | **2,902** | 761 |
| **Total equity and liabilities** | | 100,876 | **66,731** | 23,530 |

## STATEMENTS OF COMPREHENSIVE INCOME

*for the twelve months ended 31 March 2010* *Expressed in ZAR*

| | Notes | Group **12 Months ended 31 March 2010 in '000** | Group 12 Months ended 31 March 2009 in '000 | Company **12 Months ended 31 March 2010 in '000** | Company 12 Months ended 31 March 2009 in '000 |
|---|---|---|---|---|---|
| REVENUE | 18 | **102,579** | 117,631 | **-** | - |
| Cost of sales | | **(87,083)** | (99,274) | **-** | - |
| **GROSS PROFIT** | | **15,496** | 18,357 | - | - |
| Administrative expenses | | **(15,139)** | (12,598) | **(989)** | (593) |
| Depreciation | | **(3,161)** | (2,675) | - | - |
| Other operating expenses | | **(758)** | (881) | - | - |
| Profit/(Loss) on Foreign Exchange | | **32** | - | **32** | (123) |
| Other operating income | | **3,658** | 1,136 | - | - |
| **OPERATING PROFIT / (LOSS)** | 19 | **128** | 3,339 | **(957)** | (716) |
| Investment income | 20 | **312** | 794 | **20** | 65 |
| Finance charges | 21 | **(163)** | (288) | - | - |
| Unclaimed dividends | | **459** | **-** | **459** | - |
| Surplus/(Loss) on disposal of investment in wholly owned subsidiary | | **(6)** | - | **49,466** | - |
| Transfer from fair value reserve | | **5,073** | **-** | **-** | **-** |
| Transfer from revaluation reserve | | **26,847** | **-** | **6,891** | **-** |
| Transfer from accumulated profit | | **33,128** | **-** | **-** | **-** |
| Current year | | **(65,054)** | **-** | **42,575** | **-** |
| **PROFIT/(LOSS) BEFORE TAXATION** | | **730** | 3,845 | **48,988** | (651) |
| Income tax expense | 22 | **(970)** | (2,542) | **(1,167)** | |
| **(LOSS) / PROFIT AFTER TAXATION** | | **(240)** | 1,303 | **47,821** | (651) |
| Other comprehensive income for the year | | | | | |
| Fair Value adjustment on assets | 5 | **240** | (141) | - | - |
| **TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR** | | **-** | 1,162 | **47,821** | (651) |
| Earnings per share (cents) - basic | 23 | **-** | 5.66 | **233.01** | (3.17) |
| Adjusted Earnings per share | 23 | **-** | **-** | **(8.02)** | - |

## STATEMENTS OF CHANGES IN EQUITY
*for the twelve months ended 31 March 2010*

*Expressed in ZAR*

| | Ordinary share capital | Share premium | Capital redemption reserve fund | Fair value reserve | Revaluation reserves | Accumulated (loss)/profit | Total |
|---|---|---|---|---|---|---|---|
| | in '000 | in '000 | in '000 | in '000 | in '000 | in '000 | in '000 |
| **GROUP** | | | | | | | |
| Balance at 1 April 2008 | 10,262 | 7,679 | 2,573 | 5,073 | 26,847 | 31,966 | 84,400 |
| Comprehensive Income for the year | - | - | - | - | - | 1,162 | 1,162 |
| Balance at 31 March 2009 | **10,262** | **7,679** | **2,573** | **5,073** | **26,847** | **33,128** | **85,562** |
| Revaluation of investment transferred to statement of comprehensive income | - | - | - | **(5,073)** | **(26,847)** | - | **(31,920)** |
| Transfer of accumulated profit to loss on disposal of investment in subsidiary | - | - | - | - | - | **(33,128)** | **(33,128)** |
| Comprehensive income for the year | - | - | - | - | - | - | - |
| Balance as at 31 March 2010 | **10,262** | **7,679** | **2,573** | **-** | **-** | **-** | **20,514** |
| **COMPANY** | | | | | | | |
| Balance at 1 April 2008 | 10,262 | 7,679 | 2,573 | 514 | 6,891 | (4,568) | 23,351 |
| Total comprehensive loss for the year | - | - | - | | | (651) | (651) |
| Balance at 31 March 2009 | **10,262** | **7,679** | **2,573** | **514** | **6,891** | **(5,219)** | **22,700** |
| Revaluation of investment transferred to statement of comprehensive income | - | - | - | - | **(6,891)** | - | **(6,891)** |
| Change in fair value of available-for-sale investments | - | - | - | **111** | - | - | **111** |
| Gross | - | - | - | **130** | - | - | **130** |
| Deferred tax | - | - | - | **(19)** | - | - | **(19)** |
| Total comprehensive income for the year | - | - | - | - | - | **47,821** | **47,821** |
| Total movement for the year | **-** | **-** | **-** | **111** | **(6,891)** | **47,821** | **41,041** |
| Balance at 31 March 2010 | **10,262** | **7,679** | **2,573** | **625** | **-** | **42,602** | **63,741** |

## STATEMENTS OF CASHFLOW

*for the twelve months ended 31 March 2010* *Expressed in ZAR*

| | Notes | Group | Company | |
|---|---|---|---|---|
| | | 31 March 2009 in '000 | **31 March 2010 in '000** | 31 March 2009 in '000 |
| **OPERATING ACTIVITIES** | | | | |
| Cash receipts from clients | | 118,970 | **-** | 1,553 |
| Cash payments to suppliers and staff | | (119,332) | **(585)** | (716) |
| Cash (utilised in)/generated from operating activities | 25 | (362) | **(585)** | 837 |
| Investment income | | 794 | **20** | 65 |
| Finance charges | | (288) | **-** | - |
| Taxation paid | | (2,095) | **(24)** | - |
| **Cash (utilised in)/generated from operating activities** | | (1,951) | **(589)** | 902 |
| **INVESTING ACTIVITIES** | | | | |
| Proceeds on disposal of investment in subsidiary | | - | **65,000** | - |
| Additions to property, plant and equipment | | (5,662) | **-** | - |
| Proceeds on disposal of property, plant and equipment | | 56 | **-** | - |
| Loan to related party | | - | **(53,300)** | - |
| Increase in biological assets due to establishment | | (632) | **-** | - |
| Increase in loan to subsidiary | | - | **-** | (869) |
| **Cash (utilised in)/generated from investing activities** | | (6,238) | **11,700** | (869) |
| **FINANCING ACTIVITIES** | | | | |
| (Repayment of) / increase in interest bearing loans and borrowings | | (335) | **171** | **-** |
| Proceeds from interest bearing loans and borrowings raised | | 47 | **-** | - |
| Increase in loan payable | | - | **1,084** | - |
| **Cash (utilised in)/generated from financing activities** | | (288) | **1,255** | - |
| **NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS** | | (8,477) | **12,366** | 33 |
| Cash and cash equivalents at beginning of year | | 12,574 | **351** | 318 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | | 4,097 | **12,717** | 351 |
| Bank balances and cash | | 6,592 | **12,717** | 351 |
| Bank overdrafts | | (2,495) | **-** | - |
| **Cash and cash equivalents** | | 4,097 | **12,717** | 351 |

## 1 STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB).

## 2 BASIS OF PREPARATION

The principle accounting policies of United Plantations Africa Limited and its subsidiaries are set out below and have been consistently applied in all material respects.

The financial statements have been prepared on the historical cost basis, except for the revaluation of land and buildings, biological assets and certain financial instruments. The principle accounting policies adopted remain unchanged from the previous period.

These financial statements are presented in South African Rand (ZAR), which is the Company's functional currency, since that is the currency in which the majority of the Group's transactions are denominated.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 30.

## 3 SIGNIFICANT ACCOUNTING POLICIES

### BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the assets, liabilities, income, expenses and cash flows of the Company and its subsidiaries as if they are a single economic entity. Control is achieved where the Company has power to govern the financial and operational policies of an investee enterprise so as to obtain benefit from its activities.

On acquisition, the assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The results of subsidiaries acquired or disposed during the period are included in the consolidated income statement from the date that control commences until the date that control ceases.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All significant intercompany transactions and balances between group enterprises are eliminated on consolidation.

No Group statement of financial position or cash flow statement have been prepared at 31 March 2010 as the wholly owned subsidiary was disposed of on 22 March 2010.

## 3 SIGNIFICANT ACCOUNTING POLICIES - continued

***Property, plant and equipment***

Land and buildings and other permanent improvements, held for use in the production or supply of goods, or for administrative purposes, are stated in the balance sheet at their revalued amounts, being fair value on the basis of their existing use at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred to accumulated profit or loss.

Machinery, vehicles and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

Depreciation is charged so as to write off the depreciable amount of the assets, other than land, over their estimated useful lives, using a method that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity.

The methods of depreciation, useful lives and residual values are reviewed annually. The following method and rates were used during the period:

| | |
|---|---|
| Buildings | 20 years |
| Machinery | 10 years |
| Vehicles and equipment | 4 - 20 years |

***Biological assets***

Biological assets as part of an agricultural activity are measured on initial recognition and at each balance sheet date at their fair value less estimated point-of-sale costs. Fair value is determined using a discounted cashflow model. The discount rate used takes account of the risks associated with an agricultural enterprise. Any fair value gains and losses are recognised in profit or loss.

***Leased assets***

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

Assets held under finance leases are capitalised at the lower of their fair value and present value of minimum lease payments at the date of inception of the lease and are depreciated over the same rates and method as stated above. The corresponding liability to the lessor, net of finance charges, is included in the balance sheet as a finance lease obligation. Finance charges, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligation for each accounting period.

## 3 SIGNIFICANT ACCOUNTING POLICIES - continued

***Impairment***

The carrying amounts of the Group's assets, other than biological assets, inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

***Calculation of recoverable amount***

The recoverable amount of the Group's investments and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less cost to sell 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

***Reversals of impairment***

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

***Inventories***

Inventories are stated at the lower of cost and net realisable value. Cost comprises 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 to completion and costs to be incurred in marketing, selling and distribution.

## 3 SIGNIFICANT ACCOUNTING POLICIES - continued

***Financial instruments***

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group has become a party to the contractual provision of the instrument. Financial instruments are initially measured at fair value.

***Trade and other receivables***

Trade and other receivables are stated at their nominal value as reduced by appropriate impairment losses.

***Investments in equity securities***

Investments in equity securities held by the Group are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity, except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised in equity is recognised in profit or loss.

The fair value of financial instruments classified as available-for-sale is their quoted bid price at balance sheet date.

Financial instruments classified as available-for-sale investments are recognised / derecognised by the Group on the date it commits to purchase / sell the investments.

***Interest-bearing borrowings***

Interest-bearing borrowings are measured at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis, less any impairment losses.

***Trade and other payables***

Trade and other payables are stated at their nominal value.

***Derivative financial instruments and hedge accounting***

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The Group uses derivative financial instruments (primarily foreign currency forward contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions.

## 3 SIGNIFICANT ACCOUNTING POLICIES - continued

*Derivative financial instruments and hedge accounting continued*

The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy. The Group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially measured at fair value on the contract date, attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are accounted for as described below.

Changes in the value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in profit or loss. For hedges that do not result in the recognition of an asset or liability, amounts deferred in equity are recognised in profit or loss in the same period in which the hedged item affects profit or loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit or loss as they arise.

***Provisions***

Provisions are recognised when the Company has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made for the amount of the obligation.

Provisions for restructuring costs are recognised when the Group has a detailed formal plan for the restructuring which has been notified to affected parties.

***Share capital***

Share capital is recorded at the proceeds received, net of direct issue costs.

***Lease payments***

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rental payable under operating leases are charged to the income statement on a straight line basis over the term of the relevant lease.

***Revenue recognition***

Revenue comprises of the net invoiced value of goods sold as well as interest and dividend income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred, when delivery has been made and title has passed, when the amount of the revenue and the related costs can be reliably measured and when it is probable that the debtor will pay for the goods.

**3 SIGNIFICANT ACCOUNTING POLICIES - continued**

***Investment income***

Interest income and expenditure is accrued on a time basis, by reference to the principal outstanding and the interest rate applicable.

Dividends are recognised when the right to receive payment is established.

***Foreign currencies***

Transactions in currencies other than South African Rands (ZAR) are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in net profit or loss for the period.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts and options.

On consolidation, the assets and liabilities of the Group's foreign based operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates which approximates the exchange rate ruling at the transaction date for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

***Income tax expense***

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is based on the results for the year as adjusted for income that is exempt and expenses that are not deductible using tax rates that are enacted or substantively enacted at the reporting date, and include any adjustments to tax payable in respect of previous years.

***Deferred taxation***

Deferred taxation is accounted for using the comprehensive liability method in respect of temporary differences arising from differences between the carrying value of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse , based on laws that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

A deferred tax asset is only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are offset 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.

***Retirement benefit costs***

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement schemes are dealt with as payments to defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

## 3 SIGNIFICANT ACCOUNTING POLICIES - continued

***Segment reporting***

A segment is a distinguishable component of the Group that is engaged either in providing products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of the other segments.

***Unclaimed dividends***

Dividends which remain unclaimed 12 years after date of declaration are forfeited and will be written back to the accumulated profit or loss.

## 4 PROPERTY, PLANT AND EQUIPMENT

*Expressed in ZAR*

**The Group**

| | Land & Buildings in '000 | Machinery in '000 | Vehicles and equipment in '000 | Capitalised leased assets in '000 | Total in '000 |
|---|---|---|---|---|---|
| **31 March 2009** | | | | | |
| Cost or valuation | 44,529 | 18,307 | 12,083 | 1,713 | 76,632 |
| Accumulated depreciation | (4,874) | (8,145) | (8,620) | (838) | (22,477) |
| At 1 April 2008 | 39,655 | 10,162 | 3,463 | 875 | 54,155 |
| Additions | 1,081 | 3,674 | 907 | - | 5,662 |
| Disposals | - | - | (152) | - | (152) |
| Transfers | | | 338 | (338) | - |
| Depreciation charge for period | (540) | (1,160) | (789) | (186) | (2,675) |
| Depreciation on disposals/transfers | - | - | 109 | - | 109 |
| Transfer Depreciation | - | - | (207) | 207 | - |
| Cost or valuation | 45,610 | 21,981 | 12,969 | 1,582 | 82,142 |
| Accumulated depreciation | (5,414) | (9,305) | (9,300) | (1,024) | (25,043) |
| At 31 March 2009 | 40,196 | 12,676 | 3,669 | 558 | 57,099 |

As noted in the directors report the company disposed of its wholy owned subsidiaries on 22 March 2010.

## 5 BIOLOGICAL ASSETS

| | Group | Company | |
|---|---|---|---|
| | 31 March 2009 in '000 | **31 March 2010** in '000 | 31 March 2009 in '000 |
| Classes of biological assets | | | |
| Banana orchards | 6,143 | - | - |
| Citrus orchards | 17,264 | - | - |
| Sugarcane | 373 | - | - |
| | 23,780 | - | - |
| Reconciliation of change in carrying amount: | | | |
| Carrying amount at beginning of period | 23,289 | - | - |
| Profit/ (loss) from fair value adjustment less | (141) | - | - |
| Increase due to establishment | 632 | - | - |
| Write back of depreciation of orchards | - | - | - |
| Closing carrying value | 23,780 | - | - |
| Non-current | 13,215 | - | - |
| Current | 10,565 | - | - |
| | 23,780 | - | - |

*Information on biological assets:*

The biological assets consist of banana orchards, citrus orchards and sugarcane. These assets are situated on the two estates, Ngonini and Tambuti Estate, forming the operations of the principal subsidiary, United Plantations Swaziland Limited.

The estates were located in the Kingdom of Swaziland, Ngonini Estate is situated in the Pigg's Peak region and Tambuti Estate is situated in the Big Bend region.

## 6 INTEREST IN WHOLLY OWNED SUBSIDIARIES

*Expressed in ZAR*

| | Company | |
|---|---|---|
| | **31 March 2010 in '000** | 31 March 2009 in '000 |
| United Plantations Swaziland Limited | | |
| Shares held | - | 50 |
| Shares at valuation | - | 11,933 |
| Short term loan | - | 10,661 |
| | - | 22,594 |

The Company has subordinated its current account in United Plantations Swaziland Limited in favour of Standard Bank of Swaziland Limited.

Details of the Company's subsidiaries at March 2009 were as follows:

| **Name of subsidiary** | **Place of incorporation** | **Proportion of ownership interest** | **Proportion of voting power held** | **Principal activity** |
|---|---|---|---|---|
| United Plantations Swaziland Limited | Swaziland | 100% | 100% | Farming of citrus, sugar and bananas |
| Maphobeni Sugar Company Limited | Swaziland | 100% | 100% | Dormant |
| Tendekwa Limited | Swaziland | 100% | 100% | Dormant |

As noted in the directors' report the company disposed of its wholly owned subsidiaries on 22 March 2010 to United Citrus Investments Limited for a consideration of ZAR 65,000,000 and realised a surplus of ZAR 49,466,000 (before capital gains tax of ZAR 1,143,000). The disposal took place in anticipation of the liquidation of the company.

## 7 INVESTMENTS

| | Group | | Company | |
|---|---|---|---|---|
| | **31 March 2010 in '000** | 31 March 2009 in '000 | **31 March 2010 in '000** | 31 March 2009 in '000 |
| Non-current investments | | | | |
| Equity securities available-for-sale | | | | |
| Capespan Group Holdings Limited | | | | |
| Ordinary shares | - | 5,167 | **714** | 585 |
| | - | 5,167 | **714** | 585 |

**8 INVENTORIES** *Expressed in ZAR*

| | Group 31 March 2009 in '000 | Company **31 March 2010 in '000** | Company 31 March 2009 in '000 |
|---|---|---|---|
| Farm stores | 5,619 | - | - |
| Cattle | 244 | - | - |
| Impairment | (177) | - | - |
| | 5,686 | - | - |

Inventories have been pledged as security for certain of the Group's bank overdrafts. (note 18)

**9 TRADE AND OTHER RECEIVABLES**

| | Group 31 March 2009 in '000 | Company **31 March 2010 in '000** | Company 31 March 2009 in '000 |
|---|---|---|---|
| Trade receivables | 2,128 | - | - |
| Deposits and payments in advance | 143 | - | - |
| Insurance claims | - | - | - |
| Other | 79 | - | - |
| | 2,350 | - | - |
| Impairment | (198) | - | - |
| | 2,152 | - | - |

Trade receivables were pledged as security for certain of the Company's bank overdrafts (note 18).

**Exposure to credit risk**

Gross trade receivables represents the maximum credit exposure

The maximum exposure to credit risk for gross trade receivables at the reporting date by geographical region was

| | Average Terms | | | |
|---|---|---|---|---|
| Copenhagen office | 30 days | - | - | - |
| Middle East and Islands | 30 days | 116 | - | - |
| South Africa and Swaziland | 60 days | 2,234 | - | - |
| | | 2,350 | - | - |

Management regards debtors days for geographic regions as within expectations compared with the Company's standard payment terms for that region.

Debtors terms differ in Europe and Africa due to local economic and market conditions and the risks attached in trading in those regions.

Credit risk is minimised through client acceptance procedures whereby potential customers are assessed prior to an allocation of an appropriate credit limit. Credit ratings are obtained for all new agents.

**Impairment losses - March 2009**

The following table illustrates the relationship between the aged debtors and the impairment provision.

| | Group | | Company | |
|---|---|---|---|---|
| | **Gross in '000** | **Impairment in '000** | Gross in '000 | Impairment in '000 |
| **Current** | **913** | **-** | - | - |
| **Overdue 31-90 days** | **479** | **-** | - | - |
| **Overdue 210 +** | **736** | **198** | - | - |
| | **2,128** | **198** | - | - |

Overdue customers are reviewed monthly. Any customer exceeding their credit terms must pay their outstanding balance before further credit is extended. Appropriate steps are taken to recover long outstanding debt.

*Expressed in ZAR*

## 10 ORDINARY SHARE CAPITAL AND PREMIUM

| | **31 March 2010** | | 31 March 2009 | |
|---|---|---|---|---|
| **Group and company** | **Number** | **Amount in '000** | Number | Amount in '000 |
| Ordinary shares of ZAR 0.50 each | | | | |
| Authorised | **30,000,000** | **15,000** | 30,000,000 | 15,000 |
| Issued | **20,523,570** | **10,262** | 20,523,570 | 10,262 |
| Share premium | | | | |
| Gross | | **9,774** | | 9,774 |
| Less capital raising costs | | **(2,095)** | | (2,095) |
| Total ordinary share capital and share premium | | **17,941** | | 17,941 |

## 11 FAIR VALUE RESERVE

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments until the investment is derecognised.

## 12 REVALUATION RESERVES

| | **Group** | **Company** | |
|---|---|---|---|
| | 31 March 2009 in '000 | **31 March 2010 in '000** | 31 March 2009 in '000 |
| Surplus on revaluation of property, plant and equipment | 31,789 | - | - |
| Surplus on revaluation of investment in subsidiaries | - | **11,833** | 11,833 |
| | 31,789 | **11,833** | 11,833 |
| Utilised to issue bonus shares at par in prior years | (4,942) | **(4,942)** | (4,942) |
| Transfer to statement of of comprehensive income on disposal of wholly owned subsidiary | - | **(6,891)** | - |
| | 26,847 | - | 6,891 |

## 13 CAPITAL REDEMPTION RESERVE

| | | | |
|---|---|---|---|
| Capital Redemption Reserve | 2,573 | **2573** | 2573 |

## 14 INTEREST BEARING LOANS AND BORROWINGS

| | | | |
|---|---|---|---|
| Secured loans | | **1084** | |
| Wesbank Swaziland | 401 | - | - |
| Secured by a finance lease agreement over certain of the machinery, vehicles and equipment (note 4), bearing interest at the bank prime overdraft rate and repayable in monthly instalments of ZAR 30,024 (2008: ZAR 33,169). | | | |
| | 401 | **1,084** | - |
| Less: Portion payable within one year transferred to current liabilities | (327) | - | - |
| | 74 | **1,084** | - |

*Expressed in ZAR*

| Finance lease liabilities were payable as follows: | **Minimum lease payments in '000** | **Interest in '000** | **Principal in '000** |
|---|---|---|---|
| **2009** | | | |
| Less than one year | 358 | 31 | 327 |
| Between one and five years | 77 | 3 | 74 |
| | 435 | 34 | 401 |

## 15 TRADE AND OTHER PAYABLES

| | **Group** | **Company** | |
|---|---|---|---|
| | 31 March 2009 **in '000** | **31 March 2010 in '000** | 31 March 2009 in '000 |
| Trade payables | 5,073 | **-** | - |
| Non-trade payables and accruals | 5,369 | **675** | 302 |
| | 10,442 | **675** | 302 |

**Management of liquidity risk**

The company was not exp[osed to liquidity risk at the year end.

**Interest rate risk**

The company was not exposed to interest re-ate risk at the year end.

## 16 BANK OVERDRAFTS

The bank overdrafts were secured by mortgage over the land and buildings of Tambuti and Ngonini estates. The bank overdrafts of the subsidiaries were also secured by deed of hypothecation over inventories, moveable assets and trade and other receivables to the value of ZAR 4,000,000.

| | | | |
|---|---|---|---|
| At period end overdraft facilities, which are subject to annual review, amounted to | 30,500 | **-** | - |
| Bank overdraft balance at period end amounted to | 2,495 | **-** | - |

The Group limits its exposure to credit risk by investing only in liquid investments and only with recognised main stream banks.

## 17 REVENUE

Revenue represents the delivered in port value of export citrus sales, local citrus sales which are valued at delivered-in-port sales, and sugar sales. Reported Group turnover excludes inter-group transactions.

## 18 GEOGRAPHICAL SEGMENTS

Expressed in ZAR

The Group has only one reportable segment, that of producing and selling agricultural produce. The regional information shows sales to Europe, the Far East and Southern Africa.

The Group sells through agents abroad and therefore does not own assets other than in Southern Africa. All assets are shown in the geographical area where they are located.

| | Europe in '000 | Far East in '000 | Southern Africa in '000 | Total in '000 |
|---|---|---|---|---|
| **Twelve months ended 31 March 2010** | | | | |
| **Segment revenue** | | | | |
| Gross sales | 49,651 | 16,806 | 38,912 | **105,369** |
| Less: delivered to port costs | 2,018 | 773 | - | **2,791** |
| Net sales | 47,633 | 16,033 | 38,912 | **102,578** |
| **Segment results** | | | | |
| Depreciation | - | - | (3,161) | **(3,161)** |
| Investment income | - | - | 312 | **312** |
| Finance charges | - | - | (163) | **(163)** |
| Profit before fair value adjustment | - | - | 730 | **730** |
| Fair value adjustment | - | - | 240 | **240** |
| Profit before taxation | - | - | 970 | **970** |
| Income taxation expense | - | - | (1,167) | **(1,167)** |
| Net profit for the year | - | - | (197) | **(197)** |

## 19 OPERATING PROFIT / (LOSS)

*Expressed in ZAR*

| | Group | | Company | |
|---|---|---|---|---|
| | **12 months ended 31 March 2010 in '000** | 12 months ended 31 March 2009 in '000 | **12 months ended 31 March 2010 in '000** | 12 months ended 31 March 2009 in '000 |
| The operating profit / (loss) is stated after crediting or charging the following items: | | | | |
| (Loss) / profit on disposal of property, plant and equipment | **(37)** | 13 | - | - |
| Auditors' remuneration: | | | | |
| For audit - current period | **210** | **192** | **60** | 60 |
| - prior period | **237** | **-** | - | - |
| Other charges | - | - | - | 19 |
| | **447** | 192 | **60** | 79 |
| Depreciation | | | | |
| - buildings | **738** | 540 | - | - |
| - machinery | **1,360** | 1,160 | - | - |
| - vehicles and equipment | **917** | 789 | - | - |
| - leased assets | **146** | 186 | - | - |
| | **3,161** | 2,675 | - | - |
| Research and development costs expensed | **758** | 881 | - | - |
| Executive directors' emoluments: | | | | |
| Services as director | **123** | 125 | **3** | 3 |
| Other services | **1,072** | 994 | - | - |
| Non-executive directors' emoluments: | | | | |
| Services as directors | **218** | 225 | **8** | 8 |
| Other services | **-** | - | - | - |
| Executive directors' provident fund: | | | | |
| Services as directors | **-** | - | - | - |
| Other services | **106** | 96 | - | - |
| | **1,519** | 1,440 | 11 | 11 |
| Staff costs | **28,368** | 27,461 | **30** | 30 |
| Staff numbers (not in '000) | **225** | 231 | **3** | 3 |
| Fees to technical advisors | **892** | 569 | - | - |
| Operating lease payments - equipment rental | **219** | 74 | - | - |
| Defined contribution plan - provident funds, included in staff costs above (note 31) | **1,100** | 1,059 | - | - |
| Gain on foreign exchange transactions | **295** | 139 | - | - |

## 20 INVESTMENT INCOME

*Expressed in ZAR*

| | Group | | Company | |
|---|---|---|---|---|
| | **12 months ended 31 March 2010 in '000** | 12 months ended 31 March 2009 in '000 | **12 months ended 31 March 2010 in '000** | 12 months ended 31 March 2009 in '000 |
| Interest received | **263** | 663 | **20** | 61 |
| Dividends - unlisted | **49** | 131 | **-** | 4 |
| | **312** | 794 | **20** | 65 |

## 21 FINANCE CHARGES

| | | | | |
|---|---|---|---|---|
| Interest on borrowings | **135** | 213 | **-** | - |
| Interest on obligations under finance leases | **28** | 75 | **-** | - |
| | **163** | 288 | **-** | - |

## 22 INCOME TAXATION EXPENSE

| | | | | |
|---|---|---|---|---|
| The tax charge comprises: | | | | |
| South African normal taxation | **-** | - | **-** | - |
| Current year | **-** | - | **-** | |
| Prior year | **(24)** | | **(24)** | |
| Swaziland normal taxation | **(146)** | (1,695) | **-** | - |
| Capital Gains Tax | **(1,143)** | | **(1,143)** | |
| Deferred tax - current period (note 27) | **343** | 1,094 | **-** | - |
| Taxation attributable to Company and subsidiaries | **(970)** | (601) | **(1,167)** | - |
| Computed losses for Swaziland and South African tax purposes that can be set off against future Swaziland and South African taxable income amount to | **-** | - | **-** | - |

## 23 EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the net profit for the period and issued ordinary shares of 20,523,570.

The calculation of adjusted earnings per share is based on the net profit for the period excluding the surplus on disposal of wholly owned subsidiaries of ZAR 49,466,000 and issued ordinary shares of 20,523,570.

## 24 EARNINGS PER SHARE - continued

*Expressed in ZAR*

| | Group | Company | |
|---|---|---|---|
| | 12 months ended 31 March 2009 in '000 | **12 months ended 31 March 2010 in '000** | 12 months ended 31 March 2009 in '000 |
| *Reconciliation of net profit to earnings* | | | |
| Net profit per income statement | 24,185 | | |
| Basic earnings | 24,185 | | |

## 25 CASH GENERATED FROM/ (UTILISED IN) OPERATIONS

| | Group 2009 | Company 2010 | Company 2009 |
|---|---|---|---|
| Reconciliation from profit/(loss) before taxation to cash generated from operations: | | | |
| Profit / (loss) before fair value adjustment | 3,845 | **48,988** | (651) |
| *Adjusted for items separately presented:* | | | |
| Investment income | (795) | **(20)** | (65) |
| Finance charges | 288 | - | - |
| *Adjusted for items not involving the flow of cash and cash equivalents:* | | | |
| (Profit)/loss on disposal of investment in wholly owned subsidiary | - | **(49,466)** | - |
| (Profit)/loss on disposal of property, plant and equipment | (13) | - | - |
| Depreciation | 2,675 | - | - |
| Reversal of unclaimed dividends | - | **(459)** | - |
| Change in fair value of financial instruments | - | - | - |
| *Adjusted for changes in working capital:* | | | |
| Increase in inventories | (2,433) | - | - |
| Decrease in trade and other receivables | 1,339 | - | 1,322 |
| (Decrease)/increase in trade and other payables | (5,268) | **372** | 231 |
| **Cash generated from / (utilised in) operations** | (362) | **(585)** | 837 |

**26 DEFERRED TAXATION** *Expressed in ZAR*

| | Group | Company | |
|---|---|---|---|
| | 31 March 2009 ZAR '000 | **31 March 2010 ZAR '000** | 31 March 2009 ZAR '000 |
| Accelerated wear and tear for tax purposes | 2,241 | - | - |
| Tax Loss | (135) | - | - |
| Provisions | (589) | - | - |
| Deferred tax Liability/(Asset) | 1,517 | - | - |
| Deferred tax liability arising from potential South African Capital Gains Tax on the sale of the revalued investment. | 69 | **88** | 69 |
| Brought forward | 69 | **69** | 69 |
| Current year | - | **18** | - |

**27 FINANCIAL INSTRUMENTS**

***Currency risk***

The Group incurs currency risk as a result of transactions which are denominated in a currency other than the Group functional currency on sales. The currencies, giving rise to currency risk, are Pounds Sterling, Euros and Japanese Yen.The Group normally hedges trade debtors denominated in foreign currencies.

***Liquidity Risk***

The Company manages liquidity risk by maintaining adequate reserves, banking facilities, cash holdings and by continuously monitoring forecast and actual cash flows.

***Financial risk management strategies:***

The Group is exposed to financial risk arising from changes in the prices in the export market and changes in foreign currency volatility. The Group is also exposed to financial risk arising from physical changes in the environment.

The Group manages its risk in the export market by marketing its own produce and bidding for prices. The Group manages its foreign exchange risk by means of forward exchange contracts and foreign currency options.

The environmental changes and risks are covered by insurance cover in respect of all natural disasters. The managing of the uncontrollable natural phenomena for which no insurance is available such as drought are seen as normal inherent risks in the agricultural industry and are managed to the best of management's ability so as to minimise the financial losses resulting from these risks.

***Credit Risk***

Financial assets which potentially subject the Group to concentrations of credit risk consist principally of cash and trade receivables. The Group's cash equivalents are placed with high credit quality financial institutions. Trade receivables are presented net of impairment losses. Credit risk with respect to trade receivables is limited due to the Group selling through large well established and reputable sales agents. Credit ratings are obtained for all new agents prior to any sales being granted to these agents.

The carrying amount of the financial assets included in the consolidated balance sheet represent the Group's exposure to credit risk in relation to these assets.

Major concentrations of credit risk that arise from the Company's receivables in relation to the location of the customers by the percentage of total receivables from customers are:

| | 31 March 2009 % |
|---|---|
| Europe | 49 |
| Far East | 16 |
| Southern Africa | 35 |

## 27 FINANCIAL INSTRUMENTS - continued

*Expressed in ZAR*

***Interest rate risk***

The Group's exposure to interest rate risk and the effective interest rates on financial instruments at balance sheet date was:

| | Weighted average effective interest rate % | Floating interest rate in '000 | 1 year or less in '000 | 2 to 5 years in '000 | Non interest bearing in '000 | Total in '000 |
|---|---|---|---|---|---|---|
| **31 March 2009** | | | | | | |
| Total financial assets | 7.35 | 6,592 | - | - | 2,152 | 8,744 |
| Total financial liabilities | 1.72 | 2,495 | 327 | 74 | 12,418 | 15,314 |
| ***Net financial assets (liabilities)*** | | 4,097 | (327) | (74) | (10,266) | (6,570) |

As at 31 March 2010 the company was not exposed to interest rate risk.

## 28 RETIREMENT BENEFIT PLANS

**Defined contribution plan**

The Group operated defined contribution provident funds for all qualifying employees. The assets of the schemes were held separately from those of the Group. The cost charged to income represents contributions payable to the fund by the Group at rates specified in the rules of the scheme. The employees of the Group's subsidiary in Swaziland are members of a state-managed provident fund operated by the government of Swaziland. The subsidiary was required to contribute a specific percentage of its payroll costs to the provident fund to fund the benefits. The only obligation of the Group with regards to the provident fund scheme was to make the specified contributions. Contributions to the Swaziland scheme are included in the amount disclosed in note 21 for contributions to defined contribution plans.

*Expressed in ZAR*

## 29 RELATED PARTY TRANSACTIONS

| | Group | | Company | |
|---|---|---|---|---|
| | **31 March 2010 in '000** | 31 March 2009 in '000 | **31 March 2010 in '000** | 31 March 2009 in '000 |

The Company has a related party relationship with its holding company, subsidiaries (see note 6) and with its directors and executive officers.

***Subsidiaries***

Details of income from investments and interest in subsidiaries is made in notes 6 and 20.

***Directors***

Executive directors are defined as senior management. Diretors' emoluments and shareholdings in the Group are disclosed in the Directors report and note 19.

***Shareholders***

The principal shareholders of the Company are detailed in the directors report.

***Compensation of key management personnel***

The remuneration of directors and other members of key management during the year was as follows:

| | Group 31 March 2010 in '000 | Group 31 March 2009 in '000 | Company 31 March 2010 in '000 | Company 31 March 2009 in '000 |
|---|---|---|---|---|
| Short term benefits | **2,191** | 2,078 | **-** | - |
| Post-employment benefits | **254** | 236 | **-** | - |
| | **2,445** | 2,314 | **-** | - |

## 30 ACCOUNTING ESTIMATES AND JUDGEMENTS

*Expressed in ZAR*

Management discusses with the Audit Committee the development, selection and disclosure of the Company's critical accounting policies and estimates and the application of these policies and estimates.

**Key sources of estimation uncertainty**

In note 27 detailed analysis is given of the foreign exchange exposure of the Company and risks in relation to foreign exchange movements.

**Judgements made by management**

In preparing financial statements in accordance with International Financial Reporting Standards, estimates and assumptions that affect the reported amounts and related disclosures are as follows:

***Impairment of assets***

Property, plant and equipment are considered for impairment when conditions indicate that that impairment may be necessary. These conditions include economic conditions of the the operating unit as well as the viability of the asset itself. The discounted cash flow method is used, taking into account future expected cash flows, market conditions and the expected useful lives of the assets.

## 31 STANDARDS AND INTERPRETATIONS

A number of new interpretations became effective from 1 April 2010. In view of the pending winding up of the company (as detailed in the directors report) these will have no effect on the company's financial statements.