SEED▲CO

The African Seed Company

2016 ANNUAL REPORT

"Defending the Core, Stimulating Growth"

WELCOME TO OUR 2016 REPORT

The African Seed Company

Seed Co Limited, a public listed company incorporated in Zimbabwe and quoted on the Zimbabwe Stock Exchange, is the leading producer and marketer of certified crop seeds in Southern Africa.

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Further information

Go online for more details

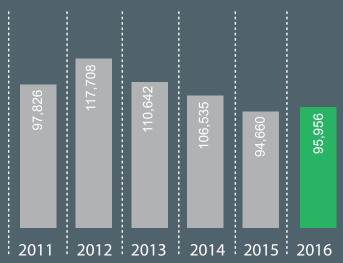
This report covers the financial year ended 31 March 2016. It is also available on our website as a downloadable PDF www.seedcogroup.com/annualreport

For more detailed information about Seed Co please refer to our website www.seedcogroup.com/investors

The terms "Seed co Limited", the "Group", "we", "our" and "us" refer to the Company and, as applicable, its subsidiaries and/or interests in joint ventures and associates.

Performance highlights

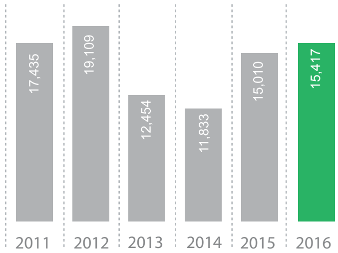
Group Revenue US$000s



$95.6m

↑ 1%

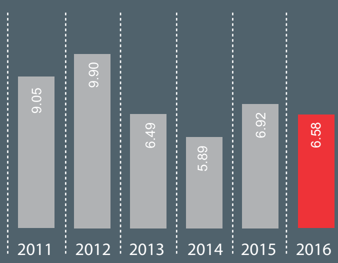
Group PAT US$000s



$15.4m

↑ 3%

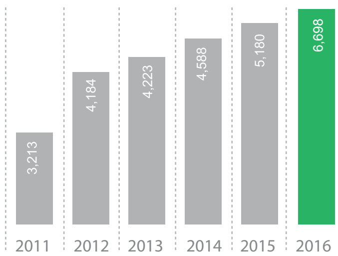
EPS (US cents)



6.58c

↓ 5%

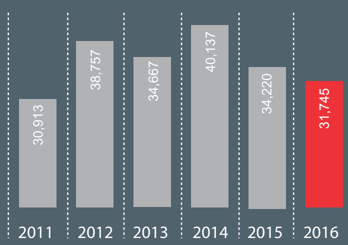
R&D Expenditure US$000s



$6.7m

↑ 29%

Seed Maize volumes



31,745mt

↓ 7%

Business highlights

2016 has seen Seed Co Group continuing in a leading position in the development of hybrid seeds, building on a succesful technical partnership with Limagrain. We expect more game-changing technology, with progressive launches across Africa.

Breakthrough heat & stress tolerant varieties

We have released an ultra early 3 series maize hybrid in Zimbabwe and Kenya to mitigate against the climate change phenomenon. Farmers can plant this hybrid and still get a decent crop if it rains for at least 2 months.

Prime Seed Co vegetable seed business

The acquisition of Prime seed has put us in a market with everyday seed demand to feed Africas increasing appetite for vegetables.The vegetable business will greatly benefit from the technical partnership with Limagrain.

New Laboratory fully functional

The new Molecular Laboratory at Rattrary Arnold Research Station is fully functional. A world class molecular work bench in place, state of the art research equipment and machinery has been installed.

Kenya processing facility under construction

The company is building a centralised processing factory for the Kenyan Highlands.

Pathology and Molecular work in progress

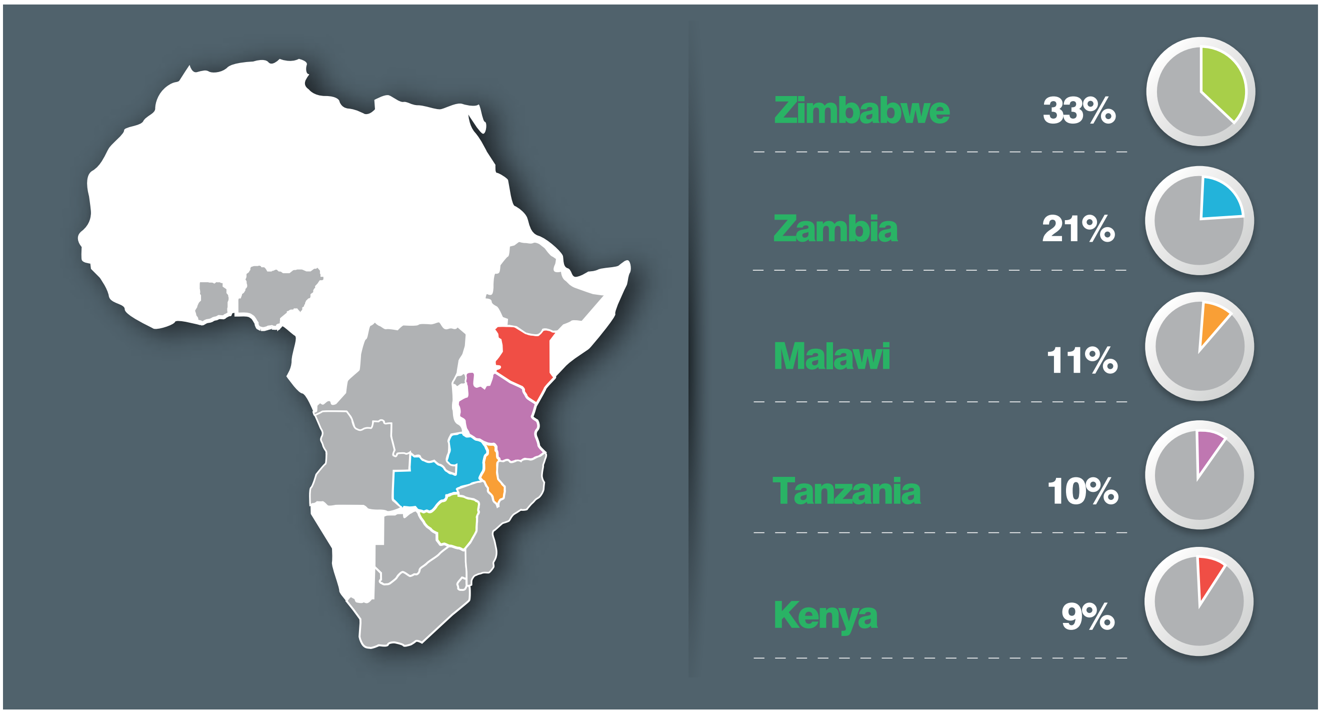
Dedicated DH, Pathology and Molecular Team in place at Rattrary Arnold Research Station, the combined effort from the Labs will speed variety release.

East Africa breeding work going well

Progress being made on Maize Lethal Necrosis Disease (MNLD) breeding in collaboration with Limagrain in East Africa

Contribution to Group revenue

Our teams around Africa are combining their knowledge and effort to make profitable growth

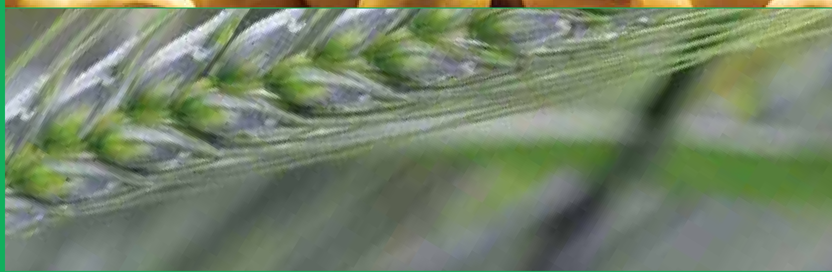


Our product portfolio

→ **Hybrid maize**

→ **Soyabean**

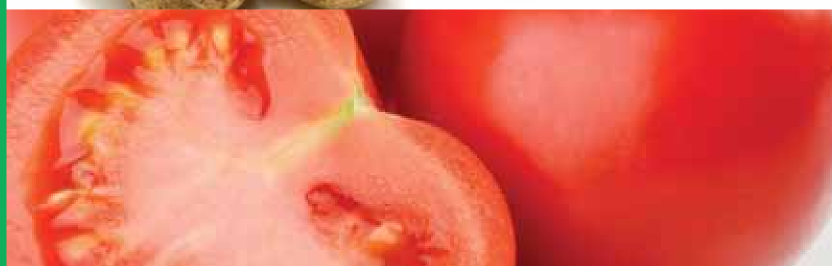
→ **Wheat**



→ **Sorghum**

→ **Groundnuts**

→ **Vegetables**



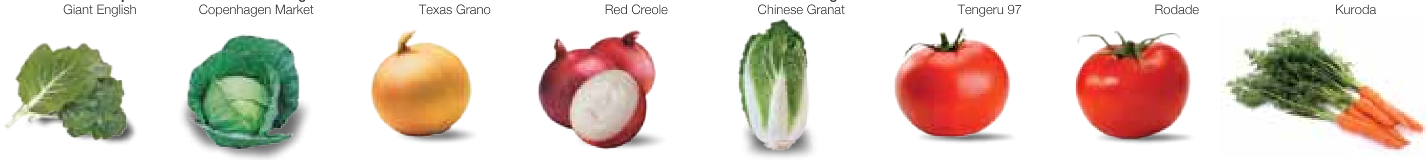
→ **Cotton**

NEW

prime SEED·CO

SEEDS AVAILABLE:

Rape Giant English | **Cabbage** Copenhagen Market | **Onion** Texas Grano | **Onion** Red Creole | **Cabbage** Chinese Granat | **Tomato** Tengeru 97 | **Tomato** Rodade | **Carrot** Kuroda



Cabbage Sugarloaf | **Tomato** Rio Grande | **Tomato** Roma VFN | **Cucumber** Ashley | **Cucumber** Poinsett | **Sweet Pepper** California Wonder | **Okra** Clemson Spineless | **Watermelon** Sweet Crimson

Butternut Squash Waltham | **Lettuce** Great Lakes | **Covo** Tronchuda | **Carrot** Nantes | **Covo** Tronchuda Portuguesa | **Beetroot** Detroit Dark Red

Available From: **Prime Seed Pvt Ltd**
318 Hillside Road, Msasa, Harare, Zimbabwe
Email: sales@primeseed.co.zw
Phone: +263 - 4 - 480501/2

prime SEED·CO

OUR PEOPLE OUR PRIDE

HARMONIOUS INDUSTRIAL RELATIONS

SAFE WORKING ENVIRONMENT

100% TEAM PLAY

WORK AND WIN TOGETHER

Our research team has 149 people with a combined experience of over 2000 years

PEOPLE WITH A DRIVE FOR PROFITABLE GROWTH

We continue to develop maize hybrids that win in local ecological climates

Progress and key achievements

- 2 Maize varieties released in Uganda SC637 and SC719
- SC301 Heat and drought resistant variety released in Zimbabwe and Kenya
- Progress being made on MNLD breeding in collaboration with Limagrain in East Africa

Maize is Seed Co's largest single crop. It is widely grown across Africa for food security.

Our enduring maize research and breeding programmes remain the cornerstone of our operations, and key to meeting various challenges that face agriculture. Consequently, every year we expend huge amounts of resources to ensure that we continuously strive to provide farmers with maize products that perform to their satisfaction.

We have developed maize hybrids that improve productivity through tackling disease and drought challenges in Africa. The result is that we have been at the forefront of seed breeding technologies that have SC727 that yields at 18 tonnes a hectare – the highest yielding seed maize in Africa – and created modern agriculture by moving the majority of our farmers from subsistence to farming as a business.

Chairman's Statement

John P. Rooney - Chairman

> "Despite, many exceptional negative factors, overally the Group produced outstanding results. I would like to commend management for overcoming these tough conditions and producing very good results."

Dear Shareholders,

Introduction

I am pleased to present to you my last Annual report of your Company for the Financial year ended 31 March 2016.

I am pleased to report that your company managed to post commendable earnings despite another year of serious challenges due to adverse effects of the El Niño weather pattern that saw most of its markets experiencing late rain and near drought conditions.

I am delighted to report that your company successfully acquired and integrated a vegetable seed business into its portfolio. This will be an exciting platform to diversify the income streams of the company.

A world class research laboratory which is now fully equipped and functional will see your company using modern research facilities and technology to be more effective and efficient in research and raise its productivity frontier to compete with the other top seed companies in the world.

Environmental Overview

The economic activity in sub-Saharan Africa deteriorated significantly in the period under review, with growth for the region as a whole declining to 3½% in 2015. This was the lowest level in 15years. The steep decrease in commodity prices did severely strain many of the sub-Saharan African economies that resulted in most of the Governments significantly cutting back their farmer subsidy programs. There was huge devaluation of currencies against the US dollar for almost all African countries.

Financial Review

Group turnover remained unchanged at $96m despite a 7% reduction in the maize seed uptake, thanks to the vegetable business turnover of $5m that offset the reduction as well as upward price adjustments in some markets.

Gross margins increased by 8% to 54% due to improved seed production efficiencies that lowered the costs.

Increased investment in Research & Development , new market development activities as well as the new vegetable business resulted in an increase in overheads. Group PAT increased by 3 % to $15.4m.

Chairman's Statement

Basic earnings per share decreased by 5% and diluted earnings per share decreased by 4.5% to 6.58 cents and 6.58 cents respectively.

The balance sheet grew by 6% to $199m with non current assets increasing due to capital expenditure and issue of more treasury bills to settle the central bank debts taken over by the Zimbabwe Government.

Borrowings went up due to increased seed production during the year as the Company ran out of seed in the previous year.

Seed Supply

The Group has made significant progress in increasing the irrigation capacity of its key seed growers, increasing the yields and lowering the cost of seed in the process. There is now adequate capacity to produce market demand.

Research and Technology

The research function has been strengthened with the appointment of new leadership, while highly experienced personnel have been deployed to champion breeding and research operations in East and West Africa. In South Africa, an experienced breeder has been appointed to spearhead breeding programs at the newly acquired research farm, while in Mozambique, a new breeder has been appointed to champion breeding of tropical low land varieties.

The new Technology Lab is now functional and a pathologist has been appointed to coordinate all green house and lab activities and support field research.

New Business Development

The new Vegetable business has now been integrated into the Group and capitalization of the business has been completed to enable it to grow. This new business unit is expected to start contributing positively going foward.

Production remains a challenge in West Africa but the Group is continuing with its development work in this market despite the challenges in seed production in West Africa, the Group is making progress in its quest to becoming an important player in this market.

Future Prospects

The negative effects of El Niño weather conditions on food production and the steep decrease in commodity prices that has severely strained many of the sub-Saharan African economies and the weakening of currencies is set to continue in the current year. However despite this tough economic environment, I am very positive about the future of the company, further buoyed by:

- The strategic technical equity partnership with Limagrain, which has been working very well
- The new vegetable seed distribution company recently acquired and which is expected to gather traction and follow the foot print of the maize seed business across Africa
- Increasing market share in East Africa with Kenya and Tanzania all continuing on an impressive growth projectile
- Promising development work in West Africa
- Increasing demand for the recently released ultra early maize seed varieties

Directorate

Welcome Daniel Jacquemond as JC Juilliards alternate. Lastly, I will be retiring from the Board at the upcoming Annual General Meeting. Having been on the board of your company for the past 20 years, it has been a truly rewarding experience and I have seen the Company grow from a single unit based in Zimbabwe to now covering most of East, Central and Southern Africa and starting operations in West Africa. I would like to thank all the shareholders, board members and management for all the support that they gave me while serving on the board and its committees wish the company great success in the future. May I also take this opportunity to thank Dr Charles Utete who will also be retiring from the Board on the same date for his contribution for over fourteen years as a Board member and wish him a well earned rest.

By Order of the Board

J P Rooney

Chairman

8 June 2016

Chief Executive Officer's Review

Morgan Nzwere - Group Chief Executive Officer

"I also once again acknowledge the continued dedication of the Seed Co team for taking the business through a very challenging year and thank the Board of directors for support of all the initiatives that we undertook in the current year."

Overview

We have come to the end of a very challenging year marked by the El Niño phenomena induced drought/delayed rains, reduced government input programs and currency devaluations curtailing growth of turnover.

The major Government subsidy programs reduced as follows:

- Zimbabwe by 68%
- Zambia by 39%
- In Malawi, the beneficiaries were reduced by 13% from 1,5m to 1,3m families
- In East Africa, the late rains and depreciation of currencies resulted in revenue maintained at the same as prior year.

The company was able to selectively adjust prices in certain markets to cushion the effects of reduced volumes while the newly acquired vegetable seed business was also able to contribute to turnover.

Group Financial Review

Financial Results

Revenue:

Group turnover marginally increased by 1% to $96m despite a 7% reduction in maize volumes and the huge currency devaluations experienced in all our markets, benefitting from value price adjustments and inclusion of Prime Seeds income.

Margins

Gross margins were increased by 8% due to a combination of increased efficiencies in stock management leading to reduced stock losses and write offs as well as upward price adjustments in some markets.

Other Income

Other Income decreased due to lower exchange gains and non seed disposals in current year.

Overheads

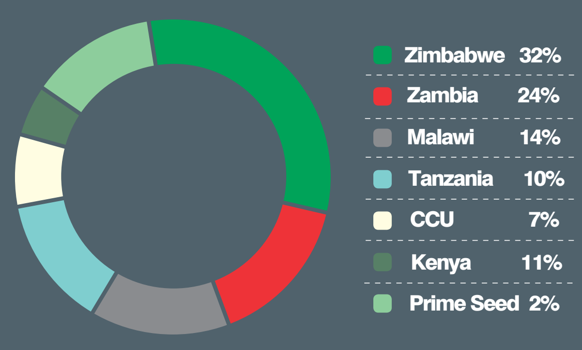
Operating costs went up by 16% due to the inclusion of the new vegetable business expenses as well as increased market development costs in new territories and investment in research and development with the new lab coming on stream.

Finance Charges

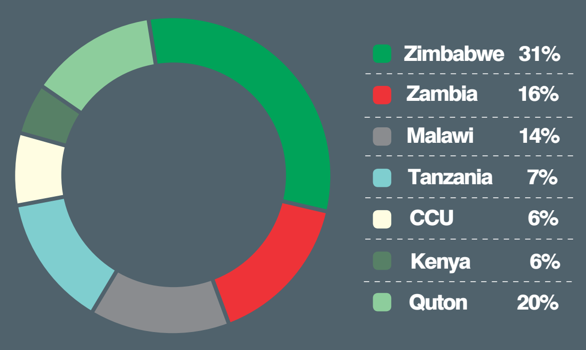
The net finance income increased due to short term deposit of excess funds on the money market and interest from treasury bills.

Chief Executive Officer's Review

Sales volume contribution by SBU 2016

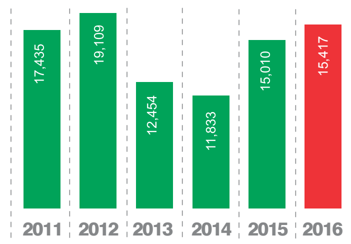


Sales volume contribution by SBU 2015



Group profit after tax

Group PAT $ 000s



Seed Maize volumes

Earnings.

Profit after tax (PAT) went up by 3% to $15,4m benefitting from improved margins .

Statement of financial position

Non Current Assets

The increase in property, plant and equipment (PPE) was due to a combination of capital expenditure and fair valuation of assets at the end of the financial year.

Other non current financial assets increased due to the issue of additional treasury bills by the Zimbabwe Government to settle amounts due for seed sold to them in previous years

The goodwill of $264k arose from the acquisition of the assets and liabilities of Prime Seeds.

Current Assets

Accounts Receivables

Accounts receivables amounted to $42.2m. Of the $42,2m trade receivables, $10m was due from the Governments of Zambia, Malawi and Botswana and is expected to be settled before the end of the first half of the year.

Inventory Levels

Inventories went up by 42% to $29m due to a combination of increased production and reduced seed uptake. Consequently production plans for the coming season have been revised downwards to take into account the carryover stocks.

Chief Executive Officer's Review

Equities and Liabilities

Non – distributable reserves reduced by 41% due to the effects of currency devaluation on translation of foreign assets and liabilities being offset by the fair valuation of the assets at the end of the year.

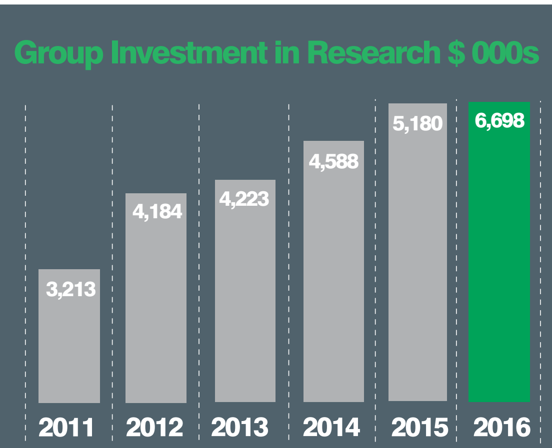
The revaluation of assets at year end also increased the deferred tax liability.

Borrowings and Trade payables

Bank borrowings increased due to funding of increased seed production during the year.

Research & Development

- The Group investment in Research and Development this year went up to 7% of revenue compared to 5,47 % last year . The medium term target is to push this figure to 10% of revenue to ensure the company stays ahead of the competition in terms of new products.



- Additional personnel resources were deployed in East Africa, South Africa, Mozambique and the new Technology Laboratory at Rattray Arnold Research station
- The breeding work at Muzarabani research station in Zimbabwe has been expanded to increase more off season activities
- The joint expertise of Limagrain, CIMMYT and Seed Co continue to work together to address the Maize Lethal Necrosis Disease in East Africa.

Business Development

- Production remains a key challenge in Nigeria , but we remain committed to finding a solution for this lucrative market. Four varieties have now been released while the production team has been strengthened and we are hopeful that we should be able to start producing meaningful quantities soon
- Development efforts continue in Ethiopia, Ghana and the East African lakes region

People

The Group continues to invest in training and development of its staff with most of the senior scientists now holding Ph.D qualifications while younger breeders are also being trained through various regional and international institutions as well as through exchange programs with Limagrain

Operations

Zimbabwe

- Seed Co Zimbabwe recorded a positive overall performance under challenging and uncertain economic conditions.
- The SBU attained a turnover of $31.2m on the back of declined government spend and late rains which resulted in reduced overall volumes. The turnover performance was 15% below prior year.
- Maize, soya and wheat contributed 84% , 9% and 6% to turnover respectively.
- The overall SBU recorded a profit after tax performance of $5.3m.

Chief Executive Officer's Review

Zambia

- The SBU achieved a Turnover of $29.5m and Profit After Tax of $8.8m which represents a growth of 24% compared to prior year
- Volumes were affected by the delayed rains and the depreciating kwacha leading to reduced spending power

Malawi

- The business registered a turnover of $10.3m and Profit after Tax of $336k with the numbers again being affected by the delayed rains and the reduction in Government and NGO funded input programs. The reduced input scheme meant price wars as all competitors jostled to sell their seed on the open market.

Tanzania

- The business unit recorded a very commendable growth given the tough operating environment
- Turnover at $9.5m was 36% higher than prior year while the PAT of $1.2m was a phenomenal turnaround compared to the loss of $1m achieved in prior year

Kenya

- The Business unit recorded a turnover of $8.6m and Profit after tax of $1m, again a commendable performance given the numbers were negatively impacted by the delayed rains and the Kenyan Shilling devaluation
- Work continues on development of a solution for the MNLD disease

Great Lakes

- Rwanda achieved a total sales of $1.2m which all went through the Government tender system as there is no open market sales of seed in the country. Volumes again came down as in all the other markets due to the El Niño phenomenon.

Chief Executive Officer's Review

Seed Co International

- The business achieved a turnover of $9.2m and a Profit after Tax of $1m. It services the markets of South Africa, Swaziland, Botswana and Lesotho.
- In Botswana the months of October to December 2015 were officially recorded as the driest for the past 35 years owing to the el nino phenomenon

Prime Seeds

- This newly acquired business unit achieved a turnover of $5.3m The revenue earnings were negatively impacted by the low uptake by farmers due to the prevailing drought
- The business is now being rolled out to Tanzania, Kenya, Malawi and Zambia

Outlook

•The Group's future growth will come from

- Leveraging on the expertise of the Limagrain Group to grow the vegetable business in the existing maize seed markets
- Increasing market share in East Africa through expansion of distribution network, and entry into the lucrative highland market in Kenya
- Adoption by farmers in the drier parts of the continent of the recently released 300 early maturing series which are giving a commendable a commendable yield advantage due to better response to the drier weather conditions
- Increased irrigation capacity for our key growers and resultant improved yields leading to lower unit cost of production and higher margins
- New markets coming on stream as our business development activities continue

Acknowledgement

I would like to sincerely thank our out-going chairman Mr Pat Rooney, who has been with the company since listing on the local stock exchange some 20 years ago for his stewardship, mentorship and support during the turbulent times that we have gone through. I would also like to thank Dr CMB Utete who is also retiring at this AGM for his contribution to the company during his fourteen year stint as a Board member . I also once again acknowledge the continued dedication of the Seed Co team for taking the business through a very challenging year and thank the Board of directors for support of all the initiatives that we undertook in the current year.

M Nzwere
Group Chief Executive
8 June 2016

Great Research and Development strides with Limagrain

Progress and key achievements

- Molecular Laboratory and equipment in place at Rattrary Arnold Research Station
- Pathology Laboratory and equipment in place at Rattrary Arnold Research Station
- Doubled Haploid (DH) Laboratory in place at Rattrary Arnold Research Station
- Dedicated DH, Pathology and Molecular Team at Rattrary Arnold Research Station
- World Class Laboratory work bench completed at Rattrary Arnold Research Station
- Molecular work in East Africa progressing well
- With the help from Limagrain we purchased state of the art Laboratory equipment directly from Europe therefore cutting middleman costs

Promoting innovative and responsible solutions for all types of agriculture (from big commercial farms to small family farms) is the common goal of Seed Co and Limagrain. In 2050 all farmers will need to be mobilised to increase world agricultural production by 70 % and meet the needs of 9.6 billion inhabitants (8.3 billion by 2030!) and for Africa 2.4 billion in 2050, and 1.6 billion in 2030. In this context, innovation is the foundation for major changes in agriculture especially plant breeding. Seeds require an international dimension and strong investment in research.

Board of Directors

M.S Ndoro, P Gowero, C Kabaghe, M Nzwere (Group Chief Executive), B Carette, Dr D Garwe, J.C Juilliard, J.P Rooney (Chairman), D.E.B Long, M Debrand, J Matorofa (Group Finance Director), Dr C.M.B Utete.

Report of the Directors

Share Capital

The authorised share capital of the company remained unchanged at US$500 000. The authorised share capital is made up of 500 000 000 ordinary shares of $0,001 each.

The issued and fully paid share capital increased during the year as follows:

Issued and fully paid at 31 March 2015	**234 448 466**
Issued during the year:	
Share option scheme	nil
Issued and fully paid at 31 March 2016	**234 448 466**

At 31 March 2016, 265 551 534 unissued shares were under the control of the Directors of which 13 604 307 (2015: 13 604 307) were committed to the share option scheme.

At 31 March 2016 options for a total of **6 516 200** shares had not been exercised or forfeited.

Accounting Policies

The consolidated financial statements have been prepared both in accordance with International Financial Reporting Standards (IFRS) and in compliance with provisions of the Companies Act (Chapter 24:03) and the relevant regulations there-under.

The Group Year's Results

The annexed Financial Statements adequately disclose the results of the Group's operations during the year. They should be read in conjunction with the Chairman's statement and Chief Executive's review of operations, both of which base their comments on the historical cost accounts.

Dividend

The board is recommending that a dividend of 2 cents per share be declared for the year ending March 2016 payable to shareholders in the register as at 24th of June 2016.

Capital Expenditure

Group capital expenditure for the year to 31 March 2016 amounted to US$5,787,968 (2015:US$8,544,904). Capital expenditure for the year to 31 March 2017 is planned at $6 876 406.

Directorate

Messrs C Kabaghe, D Long, and M.S Ndoro will retire by rotation and being eligible will offer themselves for re election. Mr G Longour has been replaced with Mr D Jacquemond as Mr J.C Juiliard's alternate director. Messers J.P Rooney and C.M.B Utete will retire in terms of the Paragraph 96 (g) of the Company's Articles of Association as amended.

Risk Management

The Group takes a proactive approach to risk management.

The following table on page 20 are major risks that we constantly manage that may materially affect our business, financial condition or results of our operations:

At 31 March 2016, the Directors held beneficial interests nil (2015- Nil) shares in the company.

Members will be asked to approve the payment of directors' fees amounting to $235,829 in respect of the year ended 31 March 2016 (31 March 2015 $235,829).

Members will be asked to re-appoint Ernst & Young as Auditors of the company for the ensuing year.

For and on behalf of the Directors.

J MATOROFA
COMPANY SECRETARY
8 June 2016

Processing Plants with a capacity to deliver are critical to our business

Progress and key achievements

- Zimbabwe processing plant upgraded to process vegetable seeds
- The Zambian centralised processing factory in Lusaka now with a packing capacity of over three hundred metric tons per day to meet big orders within a short period
- Building of Kenya new processing plant underway

Our Processing teams continue to deliver high-quality seeds through our processing initiatives - Lean Manufacturing and practices by driving out waste - Quality Drive rallying call: Pure for sure - Environmental Stewardship - Cost efficiency by reducing COGS - Visual Management by making work visible and traceable - Community of practice through benchmarking and improvement of sharing best practices

We invested in building a new processing plant in Kenya to ensure we can meet demand in East Africa. Our Zimbabwe processing plant now has the capacity to process vegetable seed for the growing market.

All our Plants have maintained their ability to deliver at high capacity even with the challenges of the regions reduced electricity generation.

Risk management

Principal risk	Context	Impact	Mitigation measures
Foreign Exchange Risk	The risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the group's operating activities (when revenue or expenses are denominated in a different currency).	Reduction in the real value of earnings when the currency of the markets we operate depreciate .	Regular review of the mix of local and foreign facilities , enter into USD denominated sales contracts where possible.
Interest Rate Risk	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The group's exposure to the risk of changes in the market interest rates relate primarily to the group long term debt obligation with floating interest rates.	High interest cost resulting in reduced earnings.	-Paying off long term loans where possible -Negotiating lower interest rates-Borrowing from markets where there are lower interest rates.
Inventory Risk	The group's inventory risk relates to seed stocks where the stocks are prone to damage/degradation during the stockholding period	Write off of stocks resulting in reduced profits	Thorough review of the sales projections to determine appropriate levels of production to avoid over stocking.
Credit Risk	The risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables). The group entities have significant transactions with the governments in the countries of operation. The propensity for the governments to honour terms of payment is rather on the low side and hence high levels of receivables on their account.	Where customers default on their payment commitment to us, the financial condition, results of operations and cashflows could be materially and adversely affected.	-Rigorous vetting of customers before extending credit. -Regular review of receivables to ensure adherence to payment terms -Enter into factoring arrangements on Government debt especially with those in financial crisis
Adverse Weather & Climate change	This affects the availability, quality and price of agricultural commodities	Weather changes affect the demand of seed in the various maturity groups	Breeding early maturing seed varieties especially for those markets with shorter wet seasons
Changes in Agricultural Commodity Prices	Commodities like soya beans, wheat, cotton and fetilizers have volatile prices as they are sensitive to international changes in the supply and demand	Fluctuations in these commodity prices directly affect the cost of seed production	Fixing prices for seed purchases at the beginning of each farming season
Economic and Political Instability	The Group has substantial assets located in various African Countries and any policy changes in these countries materially affect our operations	Political instability severally affects our small scale farmers who are our main customers.Policy changes affect the key economic parameters like interest and exchange rates	Diversify the country risks by growing the Group operations in many markets / countries
Increasing Competition	Competitors may price their products below Seed Co prices and this will have an effect on the demand for these products.	Reduced sales volumes especially in those markets that are price sensitive	Continuous investment in research and development to produce seed products that outcompete the competition and strengthen the distribution network.

Quality training to ensure Growers and Farmers keep up with changing technologies

Progress and key achievements

- Recruitment, training and retention of a stable seed grower base
- Exchange programmes to seed production countries like Zambia, Argentina and now going forward France
- We have provided up to date product manuals that Growers and Farmers can refer
- Resourcing Growers through GTI

To ensure that our farmers remain up to date with the changes we host annual field days across provinces enabling one on one and face to face farmer education. These events showcase Seed Co seeds capability in terms of quality and yield to the relevant stakeholders, as guests are able to see for themselves how the seeds can perform.

In addition the team realised that the best way to ensure excellent quality is achieved is by educating from the beginning of the food chain. Every year growers are hosted, educating them on how to achieve high productivity with our parent seeds to ensure quality is not compromised. These operations bring opportunities for in-house training on the essentials that give high production and an opportunity to air concerns and hear the resolutions.

Corporate Governance

The Directors of Seed Co Limited are committed to the principles of good corporate governance. The Board is responsible to the shareholders for the performance of the Group, its strategy, values and governance. The Board is also commited to acting with utmost good faith in its dealings with all stakeholders. The Group has adopted a Corporate Governance Manual that sets out in detail, the basic corporate governance principles that will be pursued by Seed Co Limited. In addition, all Senior employees of the Group are required to agree to and sign the Group's Conflict of interest policy.

Directors

The Board is composed of twelve directors, the majority of whom are non-executive. The Chairman of the Board is a Non-Executive Director. Board meetings are held at least quarterly to monitor the performance of executive management and deliberate on issues of company strategy and policy. The Board is responsible for the selection and appointment of the Chairman, Directors and the Chief Executive and their remuneration.

Name of Director	Number of Meetings Attended	
	Group Board	Audit Committee
Mr M Nzwere* (CEO)	4/4	4/4
Mr J P Rooney (Chairman)	4/4	4/4
Mr D Long	3/4	4/4
Dr C Utete	3/4	
Mr J Matorofa *	4/4	4/4
Dr D Garwe	4/4	
Mr M.S. Ndoro	4/4	4/4
Mr C Kabaghe	4/4	
Mr J C Julliard	4/4	4/4
Mr B Carette	4/4	
Mr P Gowero	3/4	
Mr M Debrand	3/3	

* - Executive

Financial statements and management reporting

The Board is responsible for the preparation of the financial statements and other information presented in the annual report in a balanced and understandable form. The Board is also responsible for ensuring that the Group's accounting policies are appropriate and adhere to accounting standards and that supporting judgements and estimates made are reasonable and prudent.

Comprehensive management reports, including the annual budget are presented to the Board regularly. Performance is reviewed against the budget and revised forecasts.

Audit Committee

The Board delegates certain of its responsibilities to the Audit Committee, which is composed of four non-executive directors. The Audit Committee liaises with the company's external auditors on accounting, internal control and financial reporting matters. The Group's financial statements, including certain disclosures are reviewed by the Audit Committee prior to their adoption by the Board and publication.

The Committee reviews the effectiveness of internal control systems and risk management processes within the Group and has set up an internal audit unit to ensure compliance with rules, regulations and policies.

Remuneration Committee

The Board has a remuneration Committee comprising of three non-executive directors. The Committee meets when required and sets the remuneration of executive Directors and senior management, including the granting of share options.

Nomination Committee

The Nomination Committe is made up of a Non-Executive Chairman and two Non-Executive Directors. It assists with the identification and recommendation of potential Directors to the Board.

Environment

Seed Co Ltd believes that the protection of the environment is critical to the long-term sustainable future of the region and its people. The company is committed to acting responsibly in respect of health, safety and environmental issues.

Small Grains crops essential for business diversity and growth

Progress and key achievements

- We have released sorghum varieties that are drought tolerant and do well in below average rainfall years that we have been experiencing
- Wheat products are among the top staple diets in most African countries. We provide 25 wheat seed varieties that create food security
- Laboratory collaboration with Limagrain working on better disease and rust resistant small grain varieties

Seed Co has a range of sorghum varieties which can be grown throughout the African continent but particularly in areas where maize is a high-risk crop.

In these areas where the higher drought tolerance of sorghum is so important, it is more likely to produce a crop in years with less than average rainfall.

There are three sorghum varieties available from Seed Co. The brown seeded hybrid is used for malting purposes whilst the white seeded varieties are suitable for flour production, brewing and consumption.

Seed Co Complimentary Crops Breeding Programme, has released two sorghum OPVs; SC Sila (white) and SC Smile (for brewing), three groundnut varieties (SC Orion, SC Nyanda, SC Mwenje) and two sugarbean varieties (SC Bounty, SC Sharp).

Seed Co Wheat Breeding programme has been the first to put ten tonne spring wheat varieties under irrigation in Africa, raising the Zimbabwe and Zambia wheat national yield levels to 6.5 t/ha, second after Argentina. The programme released pre harvest sprouting tolerant varieties (SC Scan, SC Superb, SC Scarlet, SC Nduna) and is now working on introgressing stripe and stem rust resistance. So far 25 wheat varieties have been released in Zimbabwe, Zambia and Malawi by Seed Co Ltd.

Directors' Approval of Group Financial Statemets

Responsibility

The Directors of the company are responsible for the preparation and integrity of the annual financial statements and related information contained in this report. The financial statements are required by law and international Financial Reporting Standards (IFRS) to present fairly the financial position of the Group and the Company and the performance for that period.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that its financial statements comply with the Companies Act. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Compliance with Companies Act (Chapter 24:03) and Statutory instruments (SI 33/99 and SI 62/99)

These financial statements which have been prepared under the historical cost convention are in agreement with the underlying books and records and have been properly prepared in accordance with the accounting policies set out in note 2 of the financial statements, and comply with the disclosure requirements of the Companies Act (Chapter 24:03) and the relevant regulations made there under.

Compliance with International Financial Reporting Standards (IFRS)

The financial statements comply with the requirements of IFRS.

Going concern

The Directors have assessed the ability of the Group to continue operating as a going concern and believe that the preparation of these financial statements on a going concern is appropiate.

Significant assumptions and estimation uncertainties relating to assets and liabilities carried at fair value

The significant assumptions and the estimation uncertainties pertaining to items that are carried at fair value have been disclosed in note 2 to these financial statements.
These finacial statements have been approved by the Board of Directors and are signed on its behalf by:-

J P Rooney	M Nzwere
8 June 2016	8 June 2016

Rising to the challenge of feeding Africas fast growing population

Progress and key achievements

- 2 Soyabean varieties registered - SC Signal and SC Saxon promising to further improve Soyabean yeilds across Africa
- Zimbabwe’s conversion of the bulk of its production to irrigated land using its GTI initiative
- The combined effort from the Labs with Limagrain will speed variety release in the region
- Established an R&D station in Gwagwalada, FCT Abuja Nigeria
- Bulked up parental material required to produce certified seed in Nigeria
- Built a team that is competenet enough to deliver on the business unit’s 5 year growth plan for the West African market

Feeding a fast-growing African population, while mitigating the impacts of climate change, requires a step change in farm productivity and resource efficiency. We are working with farmers to help them grow more from less – focusing particularly on smallholders, who have the greatest potential to increase productivity.

We focus on delivering solutions to farmers that enhance yields without using more land, water or inputs. We have been advancing our technology to produce super seeds for Africa – we will continue to pioneer the use of applied analytics to breed higher-performing varieties faster.

Building a better working world

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors
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Kwame Nkrumah Avenue
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEED CO LIMITED

Report on the Consolidated and Company Financial Statements

We have audited the consolidated and company financial statements of Seed Co Limited set out on pages 27 to 65, which comprise the consolidated and company statement of financial position as at 31 March, 2016, and the consolidated and company statement of comprehensive income, consolidated and company statement of changes in equity and consolidated and company statement 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 Consolidated and Company Financial Statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and company financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (Chapter 24:03), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated and company 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 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 the directors, 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 opinion.

Opinion

In our opinion, the consolidated and company financial statements present fairly, in all material respects, the consolidated and company financial position of Seed Co Limited as at 31 March 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

In our opinion, the consolidated and company financial statements have been properly prepared in compliance with the disclosure requirements of the Companies Act (Chapter 24:03).

Ernst & Young

Ernst & Young

Chartered Accountants (Zimbabwe)

Registered Public Auditors

Harare

10 June 2016

Consolidated and Company Statement of Profit or Loss

FOR THE YEAR ENDED 31 MARCH 2016

	Note	GROUP 2016 US$	GROUP 2015 US$	COMPANY 2016 US$	COMPANY 2015 US$
Continuing operations					
Revenue		95,956,909	94,659,536	-	-
Cost of sales		(45,028,835)	(51,072,978)	-	-
Gross profit		**50,928,074**	**43,586,558**	-	-
Other income	3.2	816,110	4,319,623	14,638,395	4,764,556
Operating expenses		(36,123,081)	(31,246,348)	(930,506)	(212,046)
Selling and distribution expenses		(10,400,215)	(8,586,179)	-	-
Administrative expenses		(19,024,646)	(17,480,617)	(930,506)	(212,046)
Research expenses		(6,698,220)	(5,179,552)	-	-
Operating profit		**15,621,103**	**16,659,833**	**13,707,889**	**4,552,510**
Finance income	3.4	2,394,858	2,846,750	95,730	27,200
Finance cost	3.5	(1,937,621)	(3,183,978)	-	-
Share of profit/ (loss) of associates	9	201,581	(124,529)	-	-
Profit before tax		16,279,921	16,198,076	13,803,619	4,579,710
Income tax expense	4	(862,308)	(1,341,246)	(288,998)	(265,000)
Profit from continuing operations		15,417,613	14,856,830	13,514,621	4,314,710
Discontinued Operations					
Profit after tax for the year from discountinued operations	30	-	152,911	-	-
Profit for the year		15,417,613	15,009,741	13,514,621	4,314,710
Attributable to:					
Equity holders of the parent		15,417,613	15,240,587	13,514,621	4,314,710
Non-controlling interest		-	(230,846)	-	-
Profit attributable to shareholders		15,417,613	15,009,741	13,514,621	4,314,710
Earnings per share					
Basic, earnings for the year attributable to ordinary equity holders of the parent - cents	17.4	6.58	6.92		
Diluted, earnings for the year attributable to ordinary equity holders of the parent - cents	17.4	6.58	6.89		

Consolidated and Company Statement of other Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2016

	Note	GROUP 2016 US$	GROUP 2015 US$	COMPANY 2016 US$	COMPANY 2015 US$
Profit for the year		15,417,613	15,009,741	13,514,621	4,314,710
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		(23,706,079)	(7,905,310)	-	-
Recycling of translation reserve to profit or loss		-	390,506	-	-
		(23,706,079)	**(7,514,804)**		
Items that will not be reclassified subsequently to profit or loss:					
Revaluation of property, plant and equipment	6	10,635,658	12,199,355	-	-
Income tax effect	4	(3,010,800)	(1,328,889)	-	-
Impairment of property, plant and equipment		(408,732)	-	-	-
Income tax effect	4	101,161	-	-	-
		7,317,287	**10,870,466**	-	-
Other comprehensive (loss)/ income for the year, net of tax		**(16,388,792)**	**3,355,662**	-	-
Total comprehensive (loss)/ income for the year		**(971,179)**	**18,365,403**	**13,514,621**	**4,314,710**
Atributable to:					
Equity holders of the parent		(971,179)	18,596,249	13,514,621	4,314,710
Non-controlling interest		-	(230,846)	-	-
		(971,179)	**18,365,403**	**13,514,621**	**4,314,710**

Consolidated and Company Statements of Financial Position

AS AT 31 MARCH 2016

	Note	Group 2016 US$	Group 2015 US$	Company 2016 US$	Company 2015 US$
ASSETS					
Non-current assets					
Property, plant and equipment	6	62,145,127	58,357,840	-	-
Investment property	7	-	304,720	-	-
Goodwill	12	264,472	-	-	-
Investment in subsidiaries	10	-	-	55,592,880	36,361,020
Investment in associates	9	3,743,261	3,541,680	-	-
Financial assets held to maturity	8	30,889,336	24,685,744	-	-
Deferred tax asset	4.3	339,419	2,119,830	-	-
		97,381,615	89,009,814	55,592,880	36,361,020
Current assets					
Inventories	13	28,994,690	20,482,833	-	-
Biological assets	14	632,082	817,961	-	-
Trade and other receivables	15	52,870,050	56,411,010	1,534,099	-
Amounts owed by group companies	11	-	-	4,752,099	14,261,001
Cash and cash equivalents	16	19,514,900	20,255,496	-	-
		102,011,722	97,967,300	6,286,198	14,261,001
Total assets		**199,393,337**	**186,977,114**	**61,879,078**	**50,622,021**
EQUITY AND LIABILITIES					
Equity					
Share capital	17.2	234,449	234,449	234,449	234,449
Changes in owership reserve		190,277	190,277	-	-
Non-distributable reserves	18	24,350,900	41,208,865	44,806,072	44,741,534
Retained earnings		119,776,052	106,169,213	16,513,297	5,343,161
Total equity		**144,551,678**	**147,802,804**	**61,553,818**	**50,319,144**
Non-current liabilities					
Long term loans	19	1,274,998	2,239,629	-	-
Deferred tax liability	4.3	5,816,265	6,368,351	325,260	302,878
		7,091,263	8,607,980	325,260	302,878
Current liabilities					
Trade and other payables	21	14,406,862	14,143,325	-	-
Bank borrowings	20	28,546,081	11,743,272	-	-
Current tax payable		145,664	1,103,759	-	-
Provisions	21.1	4,651,789	3,575,974	-	-
		47,750,396	30,566,330	325,260	-
Total liabilities		**54,841,659**	**39,174,310**	**325,260**	**302,878**
Total equity and liabilities		**199,393,337**	**186,977,114**	**61,879,078**	**50,622,021**

J P Rooney

8 June 2016

M Nzwere

8 June 2016

Consolidated and Company Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2016

		Group		Company	
		2016	2015	2016	2015
	Note	US$	US$	US$	US$
Operating activities					
Profit before tax from continuing operations		16,279,921	16,198,076	13,803,619	4,579,710
Loss before tax from discontinued operations		-	(350,502)	-	-
Profit before tax		16,279,921	15,847,574	13,803,619	4,579,710
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation		2,875,052	3,253,637	-	-
Share based payments expense		86,920	98,920	86,920	98,920
Loss/ (Profit) on disposal of property plant and equipment		57,793	(130,107)	-	-
Gain on disposal of subsidiaries		-	(2,589,868)	-	(4,764,556)
Share of loss from associate		(201,581)	124,529	-	-
Allowances for credit losses		957,990	537,478	-	-
Unrealised exchange gains		(673,612)	(2,926,357)	-	-
Impairment of investment in subsidiaries		-	-	343,175	-
Provisions		(1,449)	(411,232)	-	-
Fair value adjustment of biological assets		119,274	-	-	-
Fair value adjustment of investment property		18,220	37,480	-	-
Finance income		(2,394,858)	(2,878,620)	(95,730)	(27,200)
Finance cost		1,937,621	3,489,284	-	-
Net cash flows before working capital changes		**19,061,291**	**14,452,718**	**14,137,984**	**(113,126)**
Working capital adjustments:					
(Increase)/ decrease in inventories		(14,111,860)	12,085,096	-	-
(Increase)/ decrease in trade and other receivables		(9,754,564)	1,348,766	-	-
Increase in amounts owed by group companies		-	-	(9,707,502)	(7,215,843)
(Increase)/ decrease in seed grower advances		(412,427)	908,274	-	-
Decrease/ (increase) in prepayments		3,348,459	(4,452,517)	-	-
Increase/ (decrease) in trade and other payables		263,537	(2,157,904)	-	-
Cash (utilised in)/ generated from operations		(1,605,564)	22,184,433	4,430,482	(7,328,969)
Income tax paid		(5,815,915)	(4,948,215)	(288,998)	(265,000)
Net cash flows from operating activities		**(7,421,479)**	**17,236,218**	**4,141,484**	**(7,593,969)**
Investing activities					
Proceeds from sale of property, plant and equipment		275,235	240,790	-	-
Purchase of property, plant and equipment		(5,787,968)	(8,544,904)	-	-
Sale of a subsidiary net of cash disposed of	30	-	4,911,611	-	4,911,611
Acquisition of Subsidiary	29.2	(1,796,999)	-	(1,796,999)	-
Decrease in biological assets		185,879	158,861	-	-
Increase in investment in existing subsidiaries		-	-	-	(24,587,945)
Interest received		2,394,858	778,620	-	-
Net cash flows used in investing activities		**(4,728,995)**	**(2,455,022)**	**(1,796,999)**	**(19,676,334)**
Financing activities					
Proceeds from issue of share capital		-	27,270,303	-	27,270,303
Dividend paid		(2,344,485)	-	(2,344,485)	-
Long term loan repaid		(964,631)	(1,763,120)	-	-
Finance lease liabilities repaid		-	(548,285)	-	-
Interest paid		(1,937,621)	(3,489,284)	-	-
Net cash flows (utilised)/ generated from financing activities		**(5,246,737)**	**21,469,614**	**(2,344,485)**	**27,270,303**
Net (decrease)/ increase in cash and cash equivalents		(17,397,211)	36,250,810	-	-
Effects of exchange rate changes on cash and cash equivalents		(146,194)	(62,922)	-	-
Cash and cash equivalents at beginning of year		8,512,224	(27,675,664)	-	-
Cash and cash equivalents at end of year	16	**(9,031,181)**	**8,512,224**	**-**	**-**

Consolidated and Company Statements of Changes in Equity

FOR THE PERIOD ENDED 31 MARCH 2016

	Attributable to owners of the parent						
	Share capital (note 17)	Non-distributable reserves (note 18)	Retained earnings	Changes of ownership Reserve	Total	Non-controlling interest	Total equity
	US$	US$	US$		US$	US$	US$
As at 31 March 2014	206,298	12,106,174	89,356,965	190,277	**101,859,714**	(76,676)	**101,783,038**
Profit for the year	-	-	15,240,587	-	**15,240,587**	(230,846)	**15,009,741**
Other comprehensive income	-	3,355,662	-	-	**3,355,662**	-	**3,355,662**
Total comprehensive income	-	3,355,662	15,240,587	-	**18,596,249**	(230,846)	**18,365,403**
Issue of share capital	27,389	26,572,557	-	-	**26,599,946**	-	**26,599,946**
Realisation of revaluation reserve on disposal	-	(1,375,680)	1,375,680	-	**-**	-	**-**
Share options exercised	762	669,595	-	-	**670,357**	-	**670,357**
Realisation of revaluation reserve through use	-	(195,981)	195,981	-	-	-	**-**
Derecognition of non-controling interest	-	-	-	-	-	307,522	**307,522**
Share based payments	-	76,538	-	-	**76,538**	-	**76,538**
As at 31 March 2015	234,449	41,208,865	106,169,213	190,277	**147,802,804**	-	**147,802,804**
Profit for the year	-	-	15,417,613	-	**15,417,613**	-	**15,417,613**
Other comprehensive income	-	(16,388,792)	-	-	**(16,388,792)**	-	**(16,388,792)**
Total comprehensive income	-	(16,388,792)	15,417,613	-	**(971,179)**	-	**(971,179)**
Dividends	-	-	(2,344,485)	-	**(2,344,485)**	-	**(2,344,485)**
Realisation of revaluation reserve through use	-	(533,711)	533,711	-	-	-	**-**
Share based payments	-	64,538	-	-	**64,538**	-	**64,538**
As at 31 March 2016	234,449	24,350,900	119,776,052	190,277	**144,551,678**	-	**144,551,678**

Company Statements of Changes in Equity

FOR THE PERIOD ENDED 31 MARCH 2016

	Share capital (note 17)	Non-distributable reserves (note 18)	Retained earnings	Total
	US$	US$	US$	**US$**
As at 31 March 2014	206,298	17,422,844	1,028,451	**18,657,593**
Profit for the period	-	-	4,314,710	**4,314,710**
Total comprehensive income	-	-	4,314,710	**4,314,710**
Issue of share capital	27,389	26,572,557	-	**26,599,946**
Share based payment	-	76,538	-	**76,538**
Share options exercised	762	669,595	-	**670,357**
As at 31 March 2015	234,449	44,741,534	5,343,161	**50,319,144**
Profit for the period	-	-	13,514,621	**13,514,621**
Total comprehensive income	-	-	13,514,621	**13,514,621**
Dividend	-	-	(2,344,485)	**(2,344,485)**
Share based payment	-	64,538	-	**64,538**
As at 31 March 2016	234,449	44,806,072	16,513,297	**61,553,818**

Notes to the Financial Statements

1. Corporate Information

Seed Co Limited is a company which is incorporated and domiciled in Zimbabwe and is listed on the Zimbabwe Stock exchange, acts as a holding company for a group of companies domiciled in Botswana, Kenya, Malawi, Nigeria, Tanzania, Rwanda, Zambia and Zimbabwe whose principal activities are the processing of agricultural seed on a commercial basis.

The consolidated financial statements of Seed Co Limited for the year ended 31 March 2016 were authorised for issue in accordance with a resolution of the directors on 8 June 2016.

2. Accounting policies

The financial statements are based on the statutory records that are maintained on the historical cost convention, except for property, plant and equipment, biological assets and investment property which are measured at fair value.

2.1. Basis of preparation

Basis of consolidation: The consolidated financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS), promulgated by the International Accounting Standards Board (IASB). The consolidated financial statements comprise the financial statements of Seed Co Limited and its subsidiaries as at 31 March 2016. Subsidiaries are fully consolidated from the date of acquisition, being date that the Group obtains control and continue to be consolidated until the date that such control ceases. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over investee (i.e. existing rights that give it the current liability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over an investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

- The contractual agreement with the other vote holders of investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.
Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group losses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of the investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parents share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 Changes in Accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year. Of the new pronouncements and amendments to the standards that became effective for the Group with effect from 1 April 2015 the Group was impacted by an amendment to IFRS 8 which requires disclosure of the judgements made by management in applying the aggregation criteria in IFRS8.12 as disclosed in note 28.

The remaining pronouncements and amendments which became effective on 1 April 2015 did not have a material effect on the Group's financial statements.

2.3 Standards and interpretations in issue not yet effective.

Standards issued but not yet effective up to the date of issuance of the consolidated financial statements are listed below.

This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective.

IFRS 9 Financial Instruments

On 24 July 2014, the International Accounting Standards Board (IASB) issued the final version of IFRS 9-Financial Instruments bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The classification and measurement requirements address specific application issues arising in IFRS 9 (2009) that were raised by preparers, mainly from the financial services industry. The expected credit loss model addresses concerns expressed following the financial crisis that entities recorded losses too late under IAS 39.

Notes to the Financial Statements cont...

IFRS 9 stipulates that financial assets are measured at amortised cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Apart from the 'own credit risk' requirements, classification and measurement of financial liabilities is unchanged from existing requirements. IFRS 9 is applicable for annual periods beginning on or after 1 January 2018, but early adoption is permitted. The Group is currently assessing the impact of IFRS 9.

IFRS 15- Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers replaces all existing revenue requirements. The core principle of IFRS 15 is that revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgements and estimates.

The standard is effective for annual periods beginning on or after 1 January 2018, but early adoption is permitted. The Group is still assessing the impact of the standard on its contracts with customers.

IAS 16 and IAS 38 Clarifications of Acceptable Methods of Depreciation and Amortisation

The IASB issued amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets prohibiting the use of revenue-based depreciation methods for fixed assets and limiting the use of revenue-based amortisation methods for intangible assets. The amendments are effective prospectively. The amendment becomes effective for annual periods beginning on or after1 January 2016 and will not have any impact on the Group as depreciation is not based on revenue methods.

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3 Business Combinations, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

In December 2016, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. These amendments are not expected to have any impact on the Group.

IFRS 11 Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11

The amendments require an entity acquiring an interest in a joint operation in which the activity of the joint operation constitutes a business to apply, to the extent of its share, all of the principles in IFRS 3, and other IFRSs, that do not conflict with the requirements of IFRS 11. Furthermore, entities are required to disclose the information required in those IFRSs in relation to business combinations.

The amendments also apply to an entity on the formation of a joint operation if, and only if, an existing business is contributed by the entity to the joint operation on its formation. Furthermore, the amendments clarify that for the acquisition of an additional interest in a joint operation in which the activity of the joint operation constitutes a business; previously held interests in the joint operation must not be remeasured if the joint operator retains joint control.

The amendments are applied prospectively and are effective for annual periods beginning on or after 1 January 2016. The Group will consider the amendments when it enters into transactions where the amendments are applicable.

Applying the Consolidation Exception - Amendments to IFRS 10, IFRS 12 and IAS 28

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10.

The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.

The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

The amendments are effective for annual periods beginning on or after 1 January 2016 and are not expected to affect the Group as no Companies within the Group meet the definition of an investment entity.

IAS 27 Equity Method in Separate Financial Statements – Amendments to IAS 27

Amendments to IAS 27 Separate Financial Statements allow an entity to use the equity method as described in IAS 28 to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. Therefore, an entity must account for these investments either:

Notes to the Financial Statements cont...

• At cost
• In accordance with IAS 39
Or
• Using the equity method
The entity must apply the same accounting for each category of investments.

The amendments must be applied retrospectively and are effective for year ends beginning on or after 1 January 2016. The parent entity will consider the amendment when it becomes effective.

IAS 1 Disclosure Initiative – Amendments to IAS 1

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements.

The amendments clarify:
• The materiality requirements in IAS 1
• That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated.
• That entities have flexibility as to the order in which they present the notes to financial statements
• That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss. Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income.

The amendments are effective for annual periods beginning on or after 1 January 2016 and early application is encouraged. The Group will consider the flexibility and clarifications offered by the amendments when presenting its financial statements but no significant impact is expected.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.

IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate
changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. Early application is permitted. The amendment is effective for year ends beginning on or after 1 January 2017 and will result in additional disclosures in the financial statements that will provide information to help investors better understand changes in the Group's debt.

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12

The IASB issued the amendments to IAS 12 Income Taxes to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explains in which circumstances taxable profit may include the recovery of some assets for more than their carrying amount.

The amendment is effective for year ends beginning on or after 1 January 2017 and is not expected to impact the Group as it currently does not have any debt instruments measured at fair value.

IFRS 16 - Leases

The International Accounting Standards board (IASB) issued IFRS 16 in January 2016 which requires lessees to recognize assets and liabilities for most leases on their balance sheets. Under the new standard, a lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration. To be a lease, a contract must convey the right to control the use of the identified asset, which could be a physically distinct portion of an asset.

The standard will be effective for annual periods beginning on or after 1 January 2019.The Group is still assessing the impact of the standard.

Notes to the Financial Statements cont...

2012 – 2014 Annual improvement cycles (issued September 2014)

In September 2014, the IASB issued Annual Improvements to IFRSs 2012-2014 Cycle, which contains five amendments to four standards, excluding consequential amendments. The amendments are effective for annual periods beginning on or after 1 January 2016. Below is a list of those amendments.

IFRS 7 – Servicing Contracts

Paragraphs 42A - H of IFRS 7 require an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety. The Board was asked whether servicing contracts constitute continuing involvement for the purposes of applying these disclosure requirements. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in paragraphs IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required.

The Group will consider the amendment, where applicable, when it becomes effective.

IFRS 7 – Applicability of the offsetting disclosures to condensed interim financial statements.

In December 2011, IFRS 7 was amended to add guidance on offsetting of financial assets and financial liabilities. In the effective date and transition for that amendment, paragraph 44R of IFRS 7 states that "[A]n entity shall apply those amendments for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods.

The interim disclosure standard, IAS 34, does not reflect this requirement, however, and it is not clear whether those disclosures are required in the condensed interim financial report.

The amendment removes the phrase 'and interim periods within those annual periods' from paragraph 44R, clarifying that these IFRS 7 disclosures are not required in the condensed interim financial report. However, the Board noted that IAS 34 requires an entity to disclose 'an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period'. Therefore, if the IFRS 7 disclosures provide a significant update to the information reported in the most recent annual report, the Board would expect the disclosures to be included in the entity's condensed interim financial report.

The Group will consider the amendments in preparing its interim financial statements when they become effective.

IAS 34 Disclosure of information 'elsewhere in the interim financial report

IAS 34 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'. However, it is unclear what the Board means by 'elsewhere in the interim financial report'.

The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

The Board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

The Group will consider the amendment, when it becomes effective, when preparing its interim financial report.

IAS 19 – Discount rate Regional market rates

IAS 19 requires an entity to recognise a post-employment benefit obligation for its defined benefit plans. This obligation must be discounted using market rates on high quality corporate bonds or using government bond rates if a deep market for high quality corporate bonds does not exist. Some entities thought that the assessment of a deep market was based at a country level (e.g., Greece) while others thought it was based at a currency level (e.g., the euro).

The amendment to IAS 19 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

The amendment must be applied for annual periods beginning on or after 1 January 2016, with earlier application permitted. The amendment will not affect the Group as the Group does not have defined benefit pension schemes.

IFRS 5 – Changes in methods of disposal

Assets (or disposal groups) are generally disposed of either through sale or through distribution to owners. The amendment to IFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5.

Notes to the Financial Statements cont...

The amendment must be applied prospectively to changes in methods of disposal that occur in annual periods beginning on or after 1 January 2016, with earlier application permitted.

The Group will consider the amendment, if applicable, when they become effective.

2.4 Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts, assets, liabilities, income and expenses. However, uncertainty about these assumptions and estimates could results in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgment, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Operating lease commitments - group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Estimates and assumptions

The key assumptions concerning the future and other key resources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

i. Useful lives and residual values of property, plant and equipment

The Group assesses useful lives and residual values of property, plant and equipment each year taking into consideration past experience, technology changes and the local operating environment. No changes to the useful lives have been considered necessary during the year. Residual values will be assessed each year and adjustments for depreciation will be done in future periods if there is indication of impairment in value. Refer to note 6 for the useful lives of property, plant and equipment and for the carrying amount of property, plant and equipment.

ii. Revaluation of property, plant and equipment and investment property

In assessing the carrying amounts of property, plant and equipment management has considered the condition of the assets and their life span on an item by item basis in determining fair market values. The following methods and assumptions were adopted by the professional value:

Land and Buildings: fair values were determined using the cost approach.

Plant and equipment: values were determined using the cost approach using the depreciated replacement cost of the assets.

Refer note 6 for more information on the estimates and assumptions used to determine the fair value of property, plant and equipment and the carrying amount of property, plant and equipment.

Investment property: The Group measures investment property at fair value with changes in fair value being recognised in the income statement. The Group's directors, with guidance from independent professional valuers, determined fair value as at 31 March 2016, with reference to market transaction prices of similar properties, adjusted for any differences in location and condition. Refer note 7 for more information on the estimates and assumptions used to determine the fair value of investment property and the carrying amount of investment property.

iii. Allowances for credit losses

The Group assesses at the end of each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred a flows of the financial asset or group of financial assets that can be reliably estimated. The criteria that the Group uses to determine that there is objective evidence of an impairment loss includes:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the Company, for economic or legal reasons relating to the borrower’s financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

Notes to the Financial Statements cont...

- it becomes probable that the borrower will enter bankruptcy or other financial reorganization or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets

Refer to note 15 for more information on the on the estimates and assumptions used to determine the allowance for credit losses.

iv. Share based payments

The Group measures the cost of equity-settled transactions with employees by references to the fair value of equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate inputs to the valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The value of the share options granted is determined using the Black Scholes model. Refer note 17.3 for more information on share based payments.

v. Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile. As the Group assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognised.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Refer note 4 for more information on taxation.

vi) Biological Assets

The Group measures biological assets which comprise of growers crops at fair value. Refer to note 14 for the carrying amount of biological assets and the assumptions and estimates used t determine the fair value.

2.5 Summary of Significant Accounting Policies

Business Combinations and Goodwill

a) Business combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date, fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition costs incurred are expensed.

When the Group acquires a business it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisitions date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the Group's previously held equity interest in the acquires is remeasured to fair value as at acquisition date through profit and loss.

Any contingent consideration to be transferred by the Group will be recognised at the fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in the profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost, being the excess of the consideration transferred and the amount recognised for non-controlling interest over the Group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Notes to the Financial Statements cont...

Where goodwill forms part of the cash-generating unit and part of the operation within the unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on relative values of the disposed operation and the portion of cash generating unit retained. Refer to note 29 for more information.

Investment is subsidiaries in the company financial statements are measured at cost. Refer to note 11 for more information on the investment in subsidiaries.

b) Foreign currency translation

The consolidated financial statements are presented in United States Dollars which is also the parent company's presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using the functional currency. The Group has elected to recycle the gain or loss that arises from the direct method of consolidation, which is the method the Group uses to complete its consolidation.

i. Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

ii. Group Companies

The assets and liabilities of foreign operations are translated to US$ at exchange rates prevailing at the reporting date and their income statements are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation.is recognised in the income statement. Any goodwill arising on the acquisition of a foreign operation subsequent to 1 January 2005 and any fair adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at closing rate.

c) Taxes

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted. by the reporting date. in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in other comprehensive income and not in the income statement.

Deferred Tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences. except:
• Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination. and. at the time of the transaction. affects neither the accounting profit or taxable profit or loss. and

•In respect of taxable temporary differences associated with investment in subsidiaries. associates and interests in joint ventures. where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward unused tax credits and unused tax losses to the extent that it is probable that the taxable profit will be available against the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:
•Where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset and liability in a transaction that is not a business combination and. at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss; and;

Notes to the Financial Statements cont...

•In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognisable deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively at the reporting date. Deferred income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset, if a legally foreseeable right exists to set off current tax assets against current income tax liabilities and the deferred income tax relates to the same taxable entity and the same taxation authority.

Value Added Tax (VAT)

Revenues and expenses are recognised net of the amount of VAT When the VAT incurred on a purchase of assets or services is not recover able from the tax authority, the VAT is recognised as part of the cost of acquisition of the expense item, as applicable. Receivables and payables are stated with the amount of VAT included. The net amount of VAT recoverable from. or payable to the taxation authorities is included as part of receivables or payables in the statement of financial position.

d) Property, plant and equipment

Property, plant and equipment is stated at cost or valuation net of accumulated depreciation and impairment losses if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets include the cost of materials, direct labour and any other costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management.

Items of property. plant and equipment are revalued by external independent valuers at least once every five years or earlier if it becomes apparent that their carrying amounts no longer reflect the fair value of such assets. At each financial year end where professional values are not involved, property, plant and equipment items are revalued by directors to restate these items to fair values.

Depreciation is not provided on freehold land and capital projects under development. Other property. plant and equipment are depreciated over their expected useful lives on a straight-lined basis at the following annual rates:

Freehold and leasehold properties	40-60years
Motor vehicles	5-7years
Plant and machinery	5-10years
Office furniture and equipment	5-10years

The carrying amounts are reviewed at each reporting date to assess whether they are fairly stated. Where carrying amounts exceeds the estimated recoverable amount, assets are written down to the recoverable amount. The asset's residual value and useful life are reviewed and adjusted if appropriate at each financial year end. Depreciation is not charged when the carrying amount of an item of property, plant and equipment becomes equal or less than the residual value.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the asset is derecognised. The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Revaluation surplus of property, plant and equipment

Increase in the carrying amount arising from revaluation is recognised in other comprehensive income and accumulated in equity in the revaluation reserves, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. Decreases that offset previous increases on the same assets are charged in other comprehensive income and set off against the revaluation reserve. All other decreases are charged to the income statement. An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Notes to the Financial Statements cont...

e) Investment properties

i. Recognition criteria

Investment property, which is property held to earn rental income and or for capital appreciation is measured initially at its cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that the cost is incurred if the recognition criteria are met but excludes the costs of day to day servicing of an investment property.

Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at reporting date. Gains or losses arising from changes in fair value of investment property are included in the income statement in the period in which they arise.

Fair value is determined by professional valuers at each reporting date on the basis of open market value which is the amount the property could be exchanged between knowledgeable, willing parties on an arm's length transaction.

ii. Transfers to and from investments properties

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

If the owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

iii. Derecognition

Investment property is derecognised when either they have been disposed or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

f) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:
Parent and commercial seed - actual cost
Stores and consumables - on the purchase cost on a first-in-first out basis

Growing crops at Research stations are not brought to account as all expenditure relating thereto is of a research nature and is written off to the income statement when incurred.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

g) Biological assets

Biological assets comprise of growing crops. At initial recognition, biological assets are valued at fair value. The biological assets was not being recorded at fair value in the prior years as fair value could not be reliably determined, however in the current year fair values can be reliably determined and the biological assets have been measured at fair value. Fair value of the biological assets is determined by reference to the average theoretical life span of crops and the prevailing market prices. The stock is evaluated in terms of its respective life span at the reporting date and consideration given to the crops that will germinate and pass the purity test. On that basis, an indicative value is established using the prevailing local and international market prices for the respective products. Fair value movements of the biological assets are recognized in profit or loss.

h) Revenue and other income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, and value added tax or duty. Intra Group revenue which arises in the normal course of business is excluded from revenue. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

Interest income

Revenue is recognised as interest accrues using the effective interest rate (that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instruments to the net carrying amount of the financial asset).

Notes to the Financial Statements cont...

Rental income
Rental income arising from operating leases on investment properties is accounted for on a straight line basis over the lease terms.

i) Research and development
Costs relating to research and development of new seed products are written off as incurred.

i) Share based payment transactions
Share options issued to employees are fair valued at the date of grant, and their fair value is recorded as an expense, with a corresponding amount being recognised in equity over the period in which options are expected to vest. The amount recognised as an expense is adjusted to reflect the actual number of options that vest.

The value of the share options granted is determined using the Black Scholes-model. For options that are forfeited or expired, the value recorded in the non-distributable reserve is transferred to distributable reserves.

j) Retirement benefits
Retirement benefits are provided for Group employees through self-administered defined contribution funds and the National Social Security Authority in the respective countries. The cost of retirement benefits for the defined contribution fund is determined by the amount of the contribution.

The cost of retirement benefits applicable to the National Social Security Authority is determined by the systematic recognition of legislated contributions. The cost of all retirement benefits is expensed in the income statement. Employees in the region are members of pension funds in their respective countries.

k) Cash and cash equivalents
Cash and cash equivalents consist of cash at banks and on hand and short term deposits with an original maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand and deposits in banks, net of bank overdrafts and short term borrowings.

l) Leases
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of IFRIC 4.

Group as a lessee
Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaini9ng balance of the liability.

Finance charges are reflected in profit or loss. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

Group as a lessor
Leases where the Group does not transfer substantially all the risks and benefits of the ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

m) Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a results of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the income statement net of any reimbursement. If the effects of the time value of money is material, provisions are discounted using the current pre tax rate that reflects, where appropriate, the risks specific to the .liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

Notes to the Financial Statements cont...

n) Financial Instruments

The Group's financial instruments are classified into the following categories:

- Fair value through profit and loss
- Held to maturity investments
- Loans and Receivables
- Loans and Borrowings

Classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Group does not hold or issue derivative financial instruments.

o) Financial assets

Recognition and measurement

Financial instruments are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attribute able transaction costs, when the Group has rights or other access to economic benefits. Subsequent to initial recognition these instruments are measured as set out below.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs.

Loans and receivables

Trade receivables, prepayments, input scheme receivables, loans and other receivables are measured at fair value on initial recognition, and are subsequently measured at amortised cost using the effective interest rate method less impairment. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate computed at initial recognition.

Impairment of financial asset

The Group assess at each reporting date whether there is any objective that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of the asset (an incurred loss event) and that the loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficult, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observ-able data indicates that there is a measureable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate (EIR).

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowances are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the finance costs in the income statement.

Notes to the Financial Statements cont...

Derecognition of financial assets
A financial asset (or, where applicable a part of a financial asset or a part of a group of similar financial assets) is derecognised when:
•The Rights to receive cash flows from the asset have expired
•The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risk and rewards of the asset, but has transferred control of the asset.

ii) Financial liabilities
All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings and bank overdrafts. Subsequent measurement to initial recognition these instruments are measured as set out below:

Loans and Borrowings
All loans and borrowings are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement. Gains and losses are recognised in income statement when the liabilities are derecognised as well as through the EIR amortisation process. Trade and other payables, bank borrowings and long term loans are classified as loans and borrowings.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liabilty are substantially modified, such an exchange or modification is treated as the derecogntion of the original liability and the recognition of the new liability. The difference in the respective carrying amounts is recognised in the income statement.

iii) Offsetting of financial instruments
If a legally enforceable right exists to set-off recognised amounts of financial assets and liabilities which are in determinable monetary amounts and the Group intends to settle on a net basis, the relevant financial assets and liabilities are offset.

p) Fair value measurement
The Group measures non-financial assets such as property, plant and equipment, biological assets and investment property at fair value at reporting date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous must be accessible to the Group.
The fair value of an asset or a liability is measured using assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their best interest.

The fair value measurement of a non-financial asset takes place into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 – Quoted (unadjusted) market prices in the active markets identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Notes to the Financial Statements cont...

q) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If there is any such indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined. The recoverable amount of an asset is the higher of its fair value less costs to sell and value in use. If the recoverable amount of an asset is less than the carrying amount, the asset is reduced to its recoverable amount.

That reduction is an impairment loss. The reversal of an impairment loss of assets carried at costs less accumulated depreciation or amortisation is recognised immediately in profit or loss. Any reversal of an impairment loss or a revalued asset is treated as a revaluation increase. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. The reversal of an impairment loss of assets carried at costs less accumulated depreciations or amortisation is recognised immediately in income statement. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

Goodwill

Goodwill is tested for impairment annually (as at 31 March) and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash generating unit to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

r) Segment reporting

The operating businesses are managed separately according to the country that they operate in, with each segment representing a strategic business unit that operates in the same geographical area. For reporting purposes, the Group has aggregated operating segments into two reportable segments based on geographical location. Refer to Note 28 for more information.

s) Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.
A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current assets.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Notes to the Financial Statements cont...

	Group 2016 US$	Group 2015 US$
3 OPERATING PROFIT		
Operating profit is arrived at after taking into account:		
3.1 Depreciation of property, plant and equipment		
- freehold and lease properties	764,951	395,055
- plant and machinery	690,813	1,340,392
- motor vehicles	1,129,691	1,209,247
- office furniture and equipment	289,597	308,943
	2,875,052	**3,253,637**
3.2 Other income		
Commissions received	7,383	13,926
(Loss)/ profit on sale of property, plant and equipment	(57,793)	130,107
Unrealised exchange gains	673,612	2,926,357
Realised exchange (losses)/ gains	(277,664)	1,118
Rental income arising on rental-earning investment properties	41,200	55,951
Sweepings and non-seed income	447,592	1,229,644
Change in fair value of investment properties (Note 7)	(18,220)	(37,480)
	816,110	**4,319,623**

	Company 2016 US$	Company 2015 US$
Other income		
Dividends received	14,638,395	-
Profit on disposal of investment in subsidiaries	-	4,764,556
	14,638,395	**4,764,556**

	Group 2016 US$	Group 2015 US$
3.3 After charging the following:		
Directors' emoluments:		
- for services as directors	194,409	170,536
- for managerial services	733,596	719,212
Audit fees	306,558	312,933
Research expenses	6,698,220	5,179,552
Fair value adjustment of biological assets	119,274	-
Employee benefits expense:		
- Salaries and wages	15,552,396	15,257,671
- Social security costs	660,019	659,391
- Pension costs - defined contribution plan	838,566	806,492
- Medical benefits expenses	441,212	467,487
- Share based payments	86,920	98,920

	Company 2016 US$	Company 2015 US$
Administrative expenses		
Share based payments	86,920	98,920
Impairment of investment in subsidiaries	343,175	-
Legal and secretarial costs	500,411	113,126

	Group 2016 US$	Group 2015 US$
3.4 Finance income		
Interest on bank deposits	2,307,515	701,332
Interest on accounts receivables	87,343	2,145,418
	2,394,858	**2,846,750**
3.5 Finance cost		
Interest on borrowings	1,674,086	2,829,212
Interest on unpaid invoices	263,535	354,766
	1,937,621	**3,183,978**

Notes to the Financial Statements cont...

		Group 2016 US$	Group 2015 US$	Company 2016 US$	Company 2015 US$
4.	**TAX**				
4.1	**Current income tax:**				
	Current income tax charge	3,034,723	3,469,064	-	-
	Withholding tax	288,998	-	-	-
	Capital gains tax	-	265,000	288,998	265,000
	Deferred income tax credit	(2,461,413)	(2,392,818)	-	-
	Income tax expense reported in the income statement	**862,308**	**1,341,246**	**288,998**	**265,000**
	Consolidated statement of other comprehensive income				
	Deferred tax related to items charged or credited directly to Other Comprehensive Income during the year:				
	Revaluation of property, plant and equipment	3,010,800	1,328,889	-	-
	Impairment of property, plant and equipment	(101,161)	-	-	-
	Income tax charged directly to other comprehensive income	**2,909,639**	**1,328,889**	**-**	**-**
4.2	**Reconciliation of current tax charge**				
	Accounting profit before tax from continuing operations	16,279,921	16,198,076		
	Loss before tax from discontinued operations	-	(350,502)		
	Accounting profit before tax	**16,279,921**	**15,847,574**		
	Statutory tax rate + AIDS/development levy	25.75%	25.75%		
	Income tax at statutory rate	4,192,080	4,080,750		
	Effect of revenue that is exempt from tax	(577,606)	(308,578)		
	Effect of revenue that is taxed at special rates	-	39,250		
	Effect of expenses that are not deductible in determining taxable profit	17,063	26,238		
	Utilisation of previously unrecognised tax losses	(1,476,173)	(1,082,696)		
	Effect of different tax rates of subsidiaries operating in other jurisdictions	(1,293,056)	(910,305)		
	At the effective rate of 5% (2015: 12%)	**862,308**	**1,844,659**		
	Income tax expense reported in the income statement	862,308	1,341,246		
	Income tax attributable to a discontinued operation	-	(503,413)		
		862,308	**1,844,659**		

4.3 Deferred Tax

Group

Deferred tax relates to the following:

	Consolidated Statement of financial position 2016 US$	Consolidated Statement of financial position 2015 US$	Consolidated income statement 2016 US$	Consolidated income statement 2015 US$
Accelerated depreciation for tax purposes	2,737,559	3,945,643	(1,841,959)	(2,698,529)
Share based payment reserve	325,260	302,878	(22,681)	(22,381)
Current year revaluation of property, plant and equipment	3,010,800	-	-	-
Losses available for offsetting future taxable income	(596,773)	-	(596,773)	328,092
Net deferred tax	**5,476,846**	**4,248,521**	**(2,461,413)**	**(2,392,818)**
Reflected in the statement of financial positions as follows:				
Deferred tax assets	(339,419)	(2,119,830)		
Deferred tax liability	5,816,265	6,368,351		
Deferred tax liability net	**5,476,846**	**4,248,521**		

Deferred tax assets relates to assessed losses in Niculata Investment (Private) Limited t/a Prime seed and Seed Co Rwanda Limited. Deferred tax assets have been recognised in respect of these losses as they will be used to offset taxable profits in future. The Directors are of the opinion that, Niculata Investment (Private) Limited t/a Prime seed and Seed Co Rwanda Limited will make taxable profits in the immediate future. The current year losses were due to once off restructuring expenses which will not recur. These expenses were incurred to align the companies with the overall group structure. Management has implemented strategies around the product mix, reduction of costs, increasing sales and market share which will bring these companies back to profitability. Unutilised tax losses amounted to $1,289,303 and they will expire after 5 years.

Company

Deferred tax relates to the following:

	Company Statement of financial position 2016 US$	Company Statement of financial position 2015 US$
Share based payment reserve	325,260	302,878
Deferred tax liability	**325,260**	**302,878**

Notes to the Financial Statements cont...

5 ORDINARY DIVIDENDS

	Group and Company 2016 US$	2015 US$
Proposed dividend for 2016: 2.00 cents per share (2015: 1.00 cent per share)	4,688,969	2,344,485

Proposed dividend on ordinary shares are subject to approval at the annual general meeting and are not recognised as a liability as at 31 March.

6 PROPERTY, PLANT AND EQUIPMENT - GROUP

	Freehold land and buildings	Plant and machinery	Motor vehicles	Office furniture and equipment	Total
Cost or valuation:					
At 31 March 2014	49,333,156	17,579,062	9,160,836	2,709,967	78,783,021
Additions	2,352,695	3,084,071	2,610,555	497,582	8,544,904
Revaluation	12,199,356	-	-	-	12,199,355
Discontinued operation	(1,505,224)	(3,608,315)	(1,169,748)	(811,315)	(7,094,602)
Disposal	-	-	(922,815)	(12,870)	(935,685)
Exchange adjustment	(2,498,333)	(532,598)	(318,160)	(169,926)	(3,519,017)
At 31 March 2015	**59,881,650**	**16,522,220**	**9,360,668**	**2,213,438**	**87,977,976**
Additions	500,002	2,473,778	1,939,419	874,769	5,787,968
Revaluation	9,162,504	944,839	528,315	-	10,635,658
Transfer from investment property (Note 7)	286,500	-	-	-	286,500
Disposal	(243,626)	-	(410,314)	(17,194)	(671,134)
Exchange adjustment	(5,392,704)	(5,141,175)	(1,037,860)	(432,375)	(12,004,114)
At 31 March 2016	**64,194,326**	**14,799,662**	**10,380,228**	**2,638,638**	**92,012,854**
At 31 March 2014	**17,997,176**	**7,116,865**	**5,278,342**	**1,263,928**	**31,656,311**
Depreciation charge for the year	395,055	1,340,392	1,209,247	308,943	3,253,637
Exchange adjustment	(45,800)	(457,788)	(191,977)	(98,749)	(794,314)
Disposals	-	-	(817,792)	(7,110)	(824,902)
Discontinued operation	(232,993)	(2,741,022)	(623,402)	(73,179)	(3,670,596)
At 31 March 2015	**18,113,438**	**5,258,447**	**4,854,418**	**1,393,833**	**29,620,136**
Depreciation charge for the year	764,951	690,813	1,129,691	289,597	2,875,052
Revaluation loss	(388,847)	(6,572)	(13,313)	-	(408,732)
Exchange adjustment	(363,930)	(966,731)	(201,307)	(290,863)	(1,822,831)
Disposals	(255,243)	-	(123,461)	(17,194)	(395,898)
At 31 March 2016	**17,870,369**	**4,975,957**	**5,646,028**	**1,375,373**	**29,867,727**
Net book value					
At 31 March 2016	46,323,957	9,823,705	4,734,200	1,263,265	62,145,127
At 31 March 2015	41,768,212	11,263,773	4,560,250	819,605	58,357,840

If property, plant and equipment were measured using the cost model, the carrying amount would be as follows:

	2016 US$	2015 US$
Freehold land and buildings	15,919,882	14,632,575
Plant and machinery	8,985,778	7,033,768
Motor vehicles	5,681,238	4,560,249
Office furniture and equipment	1,612,415	819,606
	32,199,313	**27,046,198**

Reconciliation of opening and closing carrying amounts

	GROUP 2016 US$	2015 US$
Net carrying amount at 1 April 2015	58,357,840	47,126,710
Cost	87,977,976	78,783,021
Accumulated depreciation and impairment	(29,620,136)	(31,656,311)
Movement for the year:		
Additions	5,787,968	8,544,904
Net carrying amount of disposals	(275,235)	(110,783)
Revaluation	10,635,658	12,199,356
Depreciation charge for the year	(2,875,052)	(3,253,637)
Net exchange adjustment	(10,181,283)	(2,724,702)
Impairment	(408,732)	-
Transfer from investment property	286,500	-
Discontinued operations	-	(3,424,006)
Net carrying amount at 31 March 2016	62,145,127	58,357,840
Cost	92,012,854	87,977,976
Accumulated depreciation and impairment	(29,867,727)	(29,620,136)

As at 31 March 2016, the directors assessed the carrying amounts of all property, plant and equipment. They are of the opinion that no impairment write down is necessary. In 2015, there were no impairment on property, plant and equipment.

Borrowing cost of $nil (2015: $1,146,061) were capitalised during the year on the qualifying expenditure.

Measurement of fair values

Valuation process

The group engages independent valuers who are registered, qualified and experienced for the purpose of determining fair values of the property, plant and equipment.

Land and buildings

Asset Class	Valuation technique	Significant Unobservable Inputs	Range	Narrative Sensitivity
Land and buildings	Market approach	Price per square metre (sqm)	US$ 450-US$ 1,200	Increase/ decrease in price per sqm, rental per sqm results in an increase/ decrease in fair value
		Rentals per square metre	US$10-US$12	
		Prime yield	8%-12%	Increase/ decrease in prime yield result in a decrease/ increase in fair value

Notes to the Financial Statements cont...

Motor vehicles, plant and equipment

Asset Class	Valuation Technique	Significant Unobservable Inputs	Range	Narrative Sensitivity
Plant and Machinery	- Cost approach	Adjustments for obsolescence	-	Increase/ decrease in the cost of replacing the asset results in an increase/ decrease in fair value
		Cost of replacing the asset	-	
		Estimated remaining life	5 - 20years	
Motor vehicles	- Cost approach	Adjustments for obsolescence	-	
		Cost of replacing the asset	-	
		Estimated remaining life	1 - 5years	

Fair value hierarchy

31 March 2016

	Level 1 USD	Level 2 USD	Level 3 USD	**Total USD**
Commercial Properties	-	-	46,323,956	**46,323,956**
Plant and machinery	-	-	9,823,704	**9,823,704**
Motor vehicles	-	-	4,734,200	**4,734,200**
Furniture and equipment	-	-	1,263,268	**1,263,268**

31 March 2015

	Level 1 USD	Level 2 USD	Level 3 USD	**Total USD**
Commercial Properties	-	-	41,768,212	**41,768,212**
Plant and machinery	-	-	11,263,773	**11,263,773**
Motor vehicles	-	-	4,560,249	**4,560,249**
Furniture and equipment	-	-	819,606	**819,606**

There were no transfers between Levels 1, 2 and 3 during the year.

7 INVESTMENT PROPERTIES	GROUP **2016 US$**	**2015 US$**
Balance at beginning of year	304,720	342,200
Fair value adjustment	(18,220)	(37,480)
Transfer to property, plant and equipment	(286,500)	-
Balance at the end of year	**-**	**304,720**

The Group's investment properties consisted of one commercial property in Botswana. Management determined that the investment property consist of one class of asset, being office − based on the nature, characteristics and risks of the property. At 31 March 2016 the investment property became owner occupied and was transferred to property, plant and equipment.

Investment properties have been stated at fair value, which has been determined based on valuations performed by an accredited independent valuer, as at 31 March 2016 and 31 March 2015. The valuer is an industry specialist in valuing these types of investment properties. The fair value of the properties has not been determined on transactions observable in the market because of the nature of the property and lack of comparable data. Instead, the valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied which was the DCF method.

	GROUP **2016 US$**	**2015 US$**
Rental income derived from investment properties	-	36,746
Direct operating expenses (including repairs and maintenance) generating rental income	-	(6,345)
Direct operating expenses (including repairs and maintenance) that did not generate rental income (included in cost of sales)	-	-
Profit arising from investment properties carried at fair value	**-**	**30,401**

Notes to the Financial Statements cont...

7 INVESTMENT PROPERTIES (continued)

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Below is the fair value hierarchy disclosures for investment properties.

Fair value hierarchy
31 March 2016

Commercial Properties	Level 1 USD	Level 2 USD	Level 3 USD	**Total USD**
	-	-	-	-

31 March 2015

Commercial Properties	Level 1 USD	Level 2 USD	Level 3 USD	**Total USD**
	-	-	304,720	304,720

There were no transfers between Levels 1, 2 and 3 during the year.

Description of valuation techniques used and key inputs to valuation on investment properties:

	Valuation technique	**Significant unobservable inputs**		**Range (weighted average)**
Commercial Properties	DCF method (refer below)	(i)	Estimated rental value per sqm per month	$15 - $20 ($17.5)
		(ii)	Rent growth p.a.	1.05%
		(iii)	Long-term vacancy rate	2% - 5% (3%)
		(iv)	Discount rate	5%

The quantitative information about the significant unobservable inputs did not change from prior year.

Under the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties.

Significant increases (decreases) in long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value.

Generally, a change in the assumption made for the estimated rental value is accompanied by:

- A directionally similar change in the rent growth per annum and discount rate (and exit yield)
- An opposite change in the long term vacancy rate

8 FINANCIAL ASSETS HELD TO MATURITY

	GROUP	
	2016 US$	**2015 US$**
Held-to-maturity investments		
- ZB Bank	850,405	821,653
- Stanbic Bank	195,105	-
- Treasury bills	29,843,826	23,864,091
Total	**30,889,336**	**24,685,744**

The ZB Bank and Stanbic Bank investment attracts interest at 8% per annum and matures in 10 years time. Treasury bills attracts interests at 5% per annum and matures in 5 years time. The treasury bills were received as a settlement for amounts owed by Government.

Notes to the Financial Statements cont...

	Group 2016 US$	Group 2015 US$

9 INVESTMENT IN ASSOCIATES

9.1 Reconciliation of movements in associates

	2016 US$	2015 US$
Balance at the beginning of the year	3,541,680	-
Fair value of investment retained on loss of control of subsidiary	-	3,666,209
Equity accounted profit/ (loss)	201,581	(124,529)
Balance at the end of the year	**3,743,261**	**3,541,680**

9.2 Quton Zimbabwe (Private) Limited

The Group holds a 40% interest in Quton Zimbabwe (Private) Limited. Quton Zimbabwe (Private) Limited is involved in the processing of cotton seed on a commercial basis.

Reconciliation of the investment in associate	2016 US$	2015 US$
Balance at the beginning of the year	3,282,920	-
Fair value of investment retained on loss of control of subsidiary	-	3,407,449
Equity accounted profit/ (loss)	460,341	(124,529)
Balance at the end of the year	**3,743,261**	**3,282,920**

Below is a reconciliation of share of net assets to carrying amount of investment:

	2016	2015
Net assets	9,358,153	8,207,298
Share of net assets	3,743,261	3,282,920
Impairment recognised in prior years	-	-
Carrying amount of investment	**3,743,261**	**3,282,920**

9.3 Quton Malawi (Private) Limited

The Group holds a 40% interest in Quton Malawi (Private) Limited. Quton Malawi (Private) Limited is involved in the processing of cotton seed on a commercial basis. The fair value of the retained investment was assessed to be nil as at the date of disposal

Reconciliation of the investment in associate	2016 US$	2015 US$
Balance at the beginning of the year	-	-
Fair value of investment retained on loss of control of subsidiary	-	-
Equity accounted loss	-	-
Balance at the end of the year	**-**	**-**

Losses amounting to $439,810 were not recognised since the carrying amount of the investment in associate was nil

9.4 Quton Tanzania (Private) Limited

The Group holds a 30% interest in Quton Tanzania (Private) Limited. Quton Tanzania (Private) Limited is involved in the processing of cotton seed on a commercial basis.

Reconciliation of the investment in associate	2015 US$	2015 US$
Balance at the beginning of the year	258,760	-
Fair value of investment retained on loss of control of subsidiary	-	258,760
Equity accounted loss	(258,760)	-
Balance at the end of the year	**-**	**258,760**

The share of loss recognised was limited to the carrying amount of the investment in associate. Therefore losses amounting to $42,711 were not recognised.

9.5 Summarised financial information of associates

	Revenue	Profit/ (loss) after tax	Total comprehensive income/ (loss)	Non-current assets	Current assets	Non-current liabilities	Current liabilities
	USD	USD	USD	USD	USD	USD	USD
Quton Zimbabwe (Private) Limited							
31 March 2016	**12,145,706**	**1,150,853**	**1,150,853**	**3,344,134**	**6,671,203**	**-**	**657,184**
31 March 2015	**5,702,966**	**(621,805)**	**(621,805)**	**3,591,753**	**6,609,430**	**177,493**	**1,816,392**
Quton Malawi (Private) Limited							
31 March 2016	**1,199,182**	**(1,099,526)**	**(1,099,526)**	**528,222**	**2,041,230**	**-**	**4,398,988**
31 March 2015	**1,312,130**	**(1,203,088)**	**(1,203,088)**	**668,455**	**2,583,140**	**-**	**5,566,244**
Quton Tanzania (Private) Limited							
31 March 2016	**51,930**	**(1,004,906)**	**(1,004,906)**	**841,842**	**3,177,099**	**-**	**5,902,791**
31 March 2015	**1,038,628**	**(923,385)**	**(923,385)**	**1,936,224**	**3,701,375**	**218,490**	**4,556,575**

Notes to the Financial Statements cont...

10 INVESTMENTS	Company 2016 US$	2015 US$
10.1 Investments in subsidiaries		
Unquoted shares at cost		
- National Seed Company of Zimbabwe Limited	-	240,790
- Clapham Investments (Private) Limited	-	102,385
- Seed Co Zambia International Limited	16	16
- Seed Co International Limited	18,584,875	14,170,000
- Barrow Investments Limited	-	3,396
- Niculata Investments Private Limited t/a Prime Seed	2,050,000	-
- Seed Co Zimbabwe (Private) Limited	34,683,286	21,569,730
- Quton Seed Company (Private) Limited	274,703	274,703
	55,592,880	**36,361,020**

Increased investment in Seed Co Zimbabwe (Private) Limited was as a result of capitalisation of amounts owed to Seed Co Limited. The investments in National Seed Company and Clapham Investments were impaired as the companies seized operations in current year. An additional $200,000 equity investment was made in Niculata Investments through a transfer of property, plant and equipment.

11. AMOUNTS OWED BY GROUP COMPANIES	Company 2016 US$	2015 US$
- Seed Co Zimbabwe (Private) Limited	4,752,099	14,261,001
	4,752,099	**14,261,001**

Amounts owed by group companies are generaly on a short term basis and repayable within 3 months. They do not bear any interest.

12. GOODWILL	Group 2016 US$	2015 US$
Cost		
Balance at beginning of year	-	186,753
Aquisition of subsidiary (note 29)	264,472	-
Derecognition of goodwill on disposal of subsidiary	-	(186,753)
Balance at the end of year	264,472	-

The Goodwill above relates to the Prime Seed Cash Generating Unit (CGU).The Group performed its annual impairment test as at 31 March 2016. The recoverable amount of the Prime Seed CGU was determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections was 8% and cashflows beyond the five-year period were extrapolated using a 5% growth rate.

13. INVENTORIES	Group 2016 US$	2015 US$
Parent and commercial seed	23,509,558	15,734,079
Spares and general consumables	4,106,886	3,706,064
Goods in transit	1,378,246	1,042,690
Total of inventories at lower of cost and net realisable value	**28,994,690**	**20,482,833**

The amount of write down of inventories recognised as an expense is US$1,220,389 (2015 : US$2,322,154) which is recognised in cost of sales. Inventories amounting to US$4,500,000 (2015 : US$4,500,000) have been ceded as security for borrowing facilities. Refer to note 20.2.

Notes to the Financial Statements cont...

14. BIOLOGICAL ASSETS

	Group	
	2016 US$	2015 US$
Crops		
Cost		
Balance at beginning of year	817,961	976,823
Increases due to new plantings	751,356	817,961
Harvested plants transferred to inventories	(817,961)	(976,823)
Fair value adjustment	(119,274)	-
Balance at the end of year	**632,082**	**817,961**
Current (due for sale/disposal within 12 months)	632,082	817,961

The Group's biological assets comprise of plants not yet harvested that are used to produce parent seeds. The parent seeds are used to produce hybrid seeds which are sold to the market. The biological assets have a short life cycle of less than one year.

14.1 MEASUREMENT OF FAIR VALUES

Valuation Process

The group engages independent consultants (agronomist) to determine the estimated yield of seed crops in the field. The finance department then determine the fair value of the biological assets by applying the market price per tonne to the estimated yield. The Group Finance Director reviews the fair value calculated for reasonableness.

Valuation Technique

Type	Valuation Technique	Significant Unobservable Inputs	Range
Crops - Comprising of foundation seed and certified seed.	Market comparison technique. The valuation model is based on the price per tonne of seed multiplied by expected yield.	Price per tonne	$783 - $2,031
		Germination and purity probability	95% - 100%
		Expected yield	90% - 100%

Fair Value Hierarchy

	Level 1	Level 2	Level 3	Total	Fair value loss
Crops	-	-	632,082	632,082	119,277
Total	**-**	**-**	**632,082**	**632,082**	**119,277**

Sensitivity

Significant increase/(decreases) in price per tonne in isolation would result in a significantly higher or lower fair value measurement
Significant increase/(decreases) in expected yield in isolation would result in a significantly higher or lower fair value measurement

14.2 COMMITMENTS FOR THE DEVELOPMENT OR ACQUISITION OF BIOLOGICAL ASSETS

The Group had not committed itself to acquiring any biological assets.

15. TRADE AND OTHER RECEIVABLES

	Group	
	2016 US$	2015 US$
Trade receivables	42,175,432	44,314,460
Prepayments	4,258,044	6,072,403
Seed grower advances	6,436,574	6,024,147
	52,870,050	**56,411,010**

The carrying amounts of trade and other receivables is a reasonable approximation of their fair value at the end of the reporting period. The Group did not hold any collateral or security on its trade receivables.

Prepayments and seed grower advances relate to amounts paid or advanced for which the related goods will be received within three months.

Notes to the Financial Statements cont...

As at 31 March the ageing analysis of trade receivables was as follows:

		Total	Neither due nor impaired	Past due but not impaired		
				< 60 days	60 days - 90 days	> 90 days
		US$	US$	US$	US$	US$
Total	**2016**	42,175,432	9,467,883	3,552,024	5,579,238	23,576,287
Total	**2015**	44,314,460	6,475,890	5,129,156	4,162,134	28,547,280

See note 26.4 on credit risk of trade receivables to understand how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

Included in the trade and other receivables is an allowance for credit losses of US$ 2,437,254 (2015: US$4,847,668). The movement in the credit losses is as shown below:

	Group	
	2016	2015
Movement in the allowance for credit losses	US$	US$
Balance at beginning of the year	4,847,668	4,310,190
Charge for year	1,077,263	1,314,890
Utilised for year	(3,487,677)	(777,412)
Balance at the end of the year	**2,437,254**	**4,847,668**

The Group credit policy is split into Zimbabwe and regional operations. For subsidiaries operating in Zimbabwe, the policy is strictly cash except for wholesalers who are allowed a 30 day credit period. Grower accounts are set off with deliveries. Regional credit policy is cash for individuals and 30 days for wholesalers and retailers. Special contracts are negotiable, and terms vary per contract. Interest is charged at the rate of 15% per annum on overdue accounts. Accounts receivables valued at $8,000,000 is pledged as security, refer note 20.1.

16. CASH AND CASH EQUIVALENTS

	Group	
	2016	2015
	US$	US$
Cash at bank and on hand	15,008,525	6,148,621
Short-term deposits	4,506,375	14,106,875
	19,514,900	**20,255,496**

Cash at bank earns interest at floating rates based on daily deposits rates. Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the group and earn interest at respective short-term deposits rates.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at 31 March:

	Group	
	2016	2015
	US$	US$
Cash at bank and on hand	15,008,525	6,148,621
Short-term deposits	4,506,375	14,106,875
Bank overdrafts and short term borrowings (Note 19)	(28,546,081)	(11,743,272)
Net cash	**(9,031,181)**	**8,512,224**

Notes to the Financial Statements cont...

17 SHARE CAPITAL	Group and Company 2016 Number	2015 Number
17.1 Authorised shares		
Ordinary shares of $0,001 each	500 000 000	500 000 000
17.2 Issued and fully paid		
Balance at beginning of year	234,448,466	206 297 726
Share options exercised	-	761 307
Shares issued	-	27 389 433
Balance at the end of year	**234 448 466**	**234 448 466**

	2016 US$	2015 US$
Balance at beginning of year	234,449	206 298
Issue of share capital	-	28 151
Balance at the end of year	234 449	234 449

Subject to the limitations imposed by the Companies Act (Chapter 24:03) in terms of the resolution passed by the company in a general meeting, the unissued shares have been placed under the control of the Directors.

17.3 Share options

Group and Company

Senior Management Plan

Under the Senior Managemement Plan (SMP), share options of the parent are granted to senior management of the group.The share option scheme is an equity settled scheme. The exercise price of the share options is equal to the market price of the underlying shares on the date of grant. The share options vest if and when the employee completes five years of service with the organisation from the grant date. If the condition is not met, the share options do not vest.

The fair value of the share options is estimated at the grant date using the black scholes valuation model, taking into account the terms and conditions upon which the share options were granted.

The following options have been granted and are outstanding in terms of the share option scheme as at 31 March 2016.

Date of grant	Number
1 April 2012	3,333,200
1 April 2013	3,015,000
1 April 2014	100,000
1 April 2015	68,000
	6,516,200

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2016 Number	2016 WAEP	2015 Number	2015 WAEP
At 31 March 2015	6,448,200	$0.75	7,109,507	$0.81
Options exercised	-	-	(761,307)	$0.88
Options forfeited	-		-	
New options granted	68,000	$0.75	100,000	$0.94
At 31 March 2016	**6,516,200**	$0.75	**6,448,200**	$0.81
Exerciseable at 31 March 2016	**3,333,200**	$0.75	**3,292,000**	$0.81

The weighted average remaining contractual life for the share options outstanding as at 31 March 2016 is 3 years (2015: 3.5 years)

Unexercised options for 6,516,200 (2015: 6,448,200) shares were held by executive directors at 31 March 2016. Employees exercised nil (2015: 761,307) options for shares during the year. The share option expense included in profit or loss for the year amounts to $86,920 (2015: $98,920).

The following table list the inputs to the model used to value the options;

	2016	2015
-The exercise price of the option (US$)	0.75	0.81
-The market price of the option	1.03	1.03
-The expected volatility of the share price (%)	9.15	9.15
-The dividend yield (%)	-	-
- Risk free rate (%)	0.54	0.54
-The term of the option (years)	3-5	3-5
-Exit rate	-	-
-Vesting period (Years)	5	5

Notes to the Financial Statements cont...

17.4 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Group	
	2016 US$	**2015 US$**
Net profit attributable to ordinary equity holders of the parent for basic earnings	15,417,613	15,240,587
Net profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution	**15,417,613**	**15,240,587**
	Number	Number
Weighted average number of ordinary shares for basic earnings per share	234,448,466	220,373,096
Effect of dilution:		
Share options	-	891,772
Weighted average number of ordinary shares adjusted for the effect of dilution	**234,448,466**	**221,264,868**

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements. The share options were not dilutive in the current year as the exercise price was above the market price of the shares as at year end.

18 NON-DISTRIBUTABLE RESERVES
Group

	Foreign currency conversion Reserve US$	Share premium US$	Share based payments reserve US$	Foreign currency translation reserve US$	Asset revaluation reserve US$	Total reserves US$
As at March 2014	**3,163,762**	**13,270,716**	**988,366**	**(14,609,419)**	**9,292,749**	**12,106,174**
Exchange differences on translation of foreign operations	-	-	-	(7,877,780)	(27,530)	(7,905,310)
Revaluation	-	-	-	-	12,199,355	12,199,355
Deferred tax on revaluation	-	-	-	-	(1,328,889)	(1,328,889)
Realisation of revaluation reserve on disposal	-	-	-	-	(1,375,680)	(1,375,680)
Issue of shares	-	26,572,557	-	-	-	26,572,557
Realisation of revaluation reserve through use	-	-	-	-	(195,981)	(195,981)
Realisation of share option reserve	-	12,000	(12,000)	-	-	-
Reclassification of translation reserve to income statement on disposal	-	-	-	390,506	-	390,506
Share options exercised	-	669,595	-	-	-	669,595
Share based payment	-	-	98,920	-	-	98,920
Deferred tax on share based payment	-	-	(22,382)	-	-	(22,382)
As at March 2015	**3,163,762**	**40,524,868**	**1,052,904**	**(22,096,693)**	**18,564,024**	**41,208,865**
Exchange differences on translation of foreign operations	-	-	-	(13,186,967)	(10,519,113)	(23,706,079)
Revaluation	-	-	-	-	10,635,658	10,635,658
Deferred tax on revaluation	-	-	-	-	(3,010,800)	(3,010,800)
Impairment of property, plant and equipment	-	-	-	-	(408,732)	(408,732)
Deferred tax on impairment	-	-	-	-	101,161	101,161
Realisation of share option reserve	-	11,000	(11,000)	-	-	-
Realisation of revaluation reserve through use	-	-	-	-	(533,711)	(533,711)
Share options exercised	-	-	-	-	-	-
Share based payment	-	-	86,920	-	-	86,920
Deferred tax on share based payment	-	-	(22,382)	-	-	(22,382)
Balance at the end of year	**3,163,762**	**40,535,868**	**1,106,442**	**(35,283,660)**	**14,828,487**	**24,350,900**

NON-DISTRIBUTABLE RESERVES
Company

	Foreign currency conversion Reserve US$	Share premium US$	Share based payments reserve US$	Total reserves US$
As at 31 March 2014	**3,163,762**	**13,270,716**	**988,366**	**17,422,844**
Share based payment	-	-	98,920	98,920
Deferred tax on share based payment	-	-	(22,382)	(22,382)
Issue of share capital	-	26,572,557	-	26,572,557
Realisation of share based payment reserve	-	12,000	(12,000)	-
Share options exercised	-	669,595	-	669,595
As at 31 March 2015	**3,163,762**	**40,524,868**	**1,052,904**	**44,741,534**
Share based payment	-	-	86,920	86,920
Deferred tax on share based payment	-	-	(22,382)	(22,382)
Realisation of share based payment reserve	-	11,000	(11,000)	-
Balance at the end of year	**3,163,762**	**40,535,868**	**1,106,442**	**44,806,072**

Nature and purpose of reserves

Foreign currency conversion reserve
The foreign currency conversion reserve arose as a result of the change in functional currency from Zimbabwean dollar to United States dollar. It represents the residual equity in existence as at the change over period and has been designated as Non-Distributable Reserve.

Share premium
Share premium arose from the redenomination of shares capital, issue of shares and from share options exercised.

Share based payments reserve
Share based payments reserve is used to recognise the value of equity-settled share based payment transactions provided to employees, including key managment personnel, as a part of their remuneration.

Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Asset revaluation reserve
The asset revaluation reserve is used to record increases in the fair value of property, plant and equipment and decreases to the extent that such decreases relates to an increase on the same asset previously recognised in equity.

Change in ownership reserve
This relates to the difference between the purchase price and carrying amount of non-controlling interest on acquisitions of non-controlling interests' share in subsidiary of the Group.

Notes to the Financial Statements cont...

19 LONG TERM LOANS	Group 2016 US$	2015 US$
Secured	1,274,998	2,239,629

The long term loan is denominated in Malawian Kwacha (MK 1,725,176,199) and bears interest of 38% per annum. The loan has a 6 year tenure and expires in 2019. The principal amount is repayable in two equal tranches, the inital repayment will be done at the end of 2017 and the final repayment on maturity.

20 BANK BORROWINGS

20.1 Bank overdraft	**28,546,081**	**11,743,272**

The bank overdraft bears interest of between 4.85% - 8% (2015:8%) per annum for United States denominated drawdowns and is payable by 31 August 2016. The bank overdraft is secured over inventory, accounts receivables and guarantees by Seed Co Limited.

20.2 Facilities and borrowing powers

Total facilities available to the Group	54,300,000	63,830,295
Facilities utilised at year end	(28,546,081)	(13,982,901)
Unutilised borrowing capacity	**25,753,919**	**49,847,394**

After obtaining the balance sheet restructuring approval, the balance sheet can now support USD borrowings for the group out of Seed Co International.Resultantly, Seed Co went into the market to raise funding at interest rates of between 3.75%pa and 4.5%pa.

We got the following main facilities that are still in full force, and the facilities are expiring as follows:-

Standard Bank Facility - US$39.3 Million
•- Mortgage Bond - $640k over Gaborone Property.
•-BWP6.6Mn Deed of hypothecation over Stocks & Debtors.
•-BWP20Mn Deed of hypothecation over Stocks & Debtors.
•-Unlimited interlinking guarantees from SCI subsidiaries.
•-Cession of all shareholders loans
•-Negative Pledge by the Borrower and all Guarantors.
•-Cession over Insurance Policies.

Barclays Bank Facility - US$ 15 Milion
•Deed of Hypothecation over stocks & debtors.
•- Intercompany guarantees
•- Negative Pledge by the Borrower.

20.3 In terms of the Articles of Association the borrowing powers of the group are limited to the aggregate amount of monies (so borrowed) shall not, without the previous sanction of an ordinary resolution of the Company in general meeting, exceed thrice the aggregate of:-

(i) the nominal amount of the issued and paid share capital for the time being of the Company: and
(ii) the aggregate of the amounts standing to the credit of all capital and revenue reserve accounts, any share premium account and profit or loss account as set out in the latest consolidated audited Statement of Financial Position of the company and its subsidiaries which has been drawn up to be laid before the shareholders of the Company in general meeting at the relevant time.

Notes to the Financial Statements cont...

21 TRADE AND OTHER PAYABLES

	Group 2016 US$	Group 2015 US$
Trade payables	6,541,264	5,261,847
Accruals and other creditors	7,865,598	8,881,478
	14,406,862	**14,143,325**

Terms and conditions of the the above financial liabilities:
- Trade payables are non-interest bearing and are normally settled on 60-day terms.
- Accruals and other creditors are non-interest bearing and have an average term of 3 months.

21.1 PROVISIONS

2016

	Bonus US$	Severance pay US$	Total US$
At the beginning of the year	2,956,589	619,385	3,575,974
Arising during the year	1,787,057	295,801	2,082,858
Utilised	(955,452)	(51,591)	(1,007,043)
At the end of the year	**3,788,194**	**863,595**	**4,651,789**

2015

	Bonus US$	Severance pay US$	Total US$
At the beginning of the year	1,192,036	300,276	1,492,312
Arising during the year	2,138,698	376,231	2,514,929
Utilised	(374,145)	(57,122)	(431,267)
At the end of the year	**2,956,589**	**619,385**	**3,575,974**

The above provisions are payroll related and are expected to be utilised in the next 12 months.

22 PENSION AND RETIREMENT SCHEMES

22.1 Seed Co Pension Scheme

The Seed Co Pension Fund is a Defined Contribution Pension Fund were the liability is only limited to the monthly contribution. The market value of the assets decreased from $3,716,381 as at 1 April 2015 to $3,701,652 at year end. The fund membership increased from 158 to 183 in the same period.

In Zambia the market value decreased from US$1,103,794 as at 1 April 2015 to US$800,363 at year end, as at 31 March 2016 and the fund membership decreased from 100 to 99 in the same period.

The market value in Malawi grew from US$404,562 as at 1 April 2015 to US$433,237 as at 31 March 2015 and the fund membership increases from 37 to 39 in the same period.

22.2 National Social Security Authority Scheme (Zimbabwe)

This is a pension scheme promulgated under the National Social Security Authority Act (1989). The obligations under the scheme are limited to specific contributions legislated from time to time. These are presently 4% of the full pensionable emoluments per month for each employee.

22.3 National Social Security Authority Scheme (Zambia)

This is a defined contribution pension scheme promulgated under the National Pension Scheme Act. The obligations under the scheme are limited to specific contributions legislated from time to time. These are presently 5% employee and 10% employer of the full pensionable emoluments per month for each employee.

22.4 National Social Security Fund Scheme (Malawi)

This is a defined contribution scheme established and administered by Old Mutual Malawi.

22.5 Pension costs charged to the income statement during the year

	Group 2016 US$	Group 2015 US$
Seed Co Pension Fund - defined contribution	838,566	806,492
National Social Security Schemes	660,019	659,391
	1,498,585	**1,465,883**

Notes to the Financial Statements cont...

23 RELATED PARTY TRANSANCTIONS

23.1 The financial statements include the financial statements of the Group and the subsidiaries and associate listed in the following table:

Name	Country of Incorporation	% Equity interest 2016	2015
Seed Co Zimbabwe (Private) Limited	Zimbabwe	100	100
Seed Co Malawi Limited	Malawi	100	100
Seed Co Zambia International Limited	Zambia	100	100
Seed Co International Limited	Botswana	100	100
Seed Co Tanzania Limited	Tanzania	100	100
Agri Seed Co Limited	Kenya	100	100
Seed Co West Africa	Nigeria	100	100
Barrow Investments (Private) Limited	Zimbabwe	100	100
Seed Co International Rwanda Limited	Rwanda	100	100
Seed Co South Africa	South Africa	100	100
Niculata Investments (Private) Limited t/a Prime Seed	Zimbabwe	100	-
Quton Zimbabwe (Private) Limited	Zimbabwe	40	40
Quton Malawi (Private) Limited	Malawi	40	40
Quton Tanzania (Private) Limited	Tanzania	30	30

23.2 The following table provide the total amount of transactions that have been entered into with related parties for the relevant financial year

		Sales to Related Parties US$	Purchases from Related Parties US$	Amount owed by Related Parties US$
Quton Zimbabwe(Private) Limited	2016	-	-	325,383
	2015	-	-	1,627,685
Quton Tanzania (Private) Limited	2016	-	-	3,954,000
	2015	-	-	735,465
Quton Malawi (Private) Limited	2016	-	-	2,586,000
	2015	-	-	2,898,907
Key management personel of the Group	2016	271,041	-	50,960
	2015	387,201	147,425	56,623

The ultimate parent
The reporting entity domiciled in Zimbabwe is the ultimate parent.

Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made at normal business terms. Outstanding balances at year -end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2016 the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2015: US$Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Company related party transactions and balances

During the year $1,444,990 was received from SC Zambia as dividends received from subsidiaries.

During the year, Seed Co Limited increased its shareholding in Seed Co Zimbabwe by $13,113,555.

For intercompany balances refer to note 11.

23.3 Loans to related parties

		Interest Received US$	Amount owed by Related Parties US$
Directors' loans	2016	9,387	134,375
Directors' loans	2015	10,869	156,448

The loans bear interest at 5% per annum and are repayable over 5 years. The loans are unsecured.

Reconciliation of directors loans	**2016** US$	**2015** US$
Opening balance	156,478	279,753
Interest for the period	9,387	10,869
Loan repayments	(31,490)	(134,144)
Closing balance	**134,375**	**156,478**

Notes to the Financial Statements cont...

23.4 Key management compensation

	2016	2015
	US$	US$
Short term employee benefits	2,482,221	2,364,020
Share-based payment transaction	86,920	97,920
Post-employment pension and medical benefits	1,279,778	1,273,979

The amounts disclosed in the table are amounts recognised as an expense during the reporting period related to key management personel.

Directors' interest in the Senior Management Plan

For details on the Senior Management Plan refer to note 17.3.

24. COMMITMENTS AND CONTINGENCIES

24.1 Commitments for capital expenditure

	Group	
	2016	2015
	US$	US$
Approved by the directors but not yet contracted for - plant, equipment and vehicles	6,876,406	8,144,927
	6,876,406	8,144,927

The capital expenditure will be funded from the Group's own resources, existing overdraft and loan facilities.

24.2 Operating lease commitments

The Group no longer rents an office under an operating lease.

	Group	
	2016	2015
	US$	US$
Minimum lease payment under operating lease recognised as an expense during the year	-	125,521

At the reporting date, the Group has outstanding committments under operating leases over cancellation period,which is three months notice, as follows:

Not later than one year	-	31,463
Later than one year but not later than five years	-	-
Later than five years	-	-
	-	31,463

24.3 The Group as a lessor

Operating lease related to the investment property which was rented out with a lease term of two years, escalating by 10% per annum, with an option to renew for a further one year at the choice of lessees'. The lease expired in December 2015. The property is now owner occupied.

	2016	2015
	US$	US$
Future minimum rentals receivable under operating lease arrangements:		
Not later than one year	-	17,160
Later than one year but not later than five years	-	-
Later than five years	-	-
	-	17,160

Notes to the Financial Statements cont...

24.4 Contingent liabilities

There were no contigent liabilities as at 31 March 2016 and 31 March 2015.

25. FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities comprise bank loans, overdrafts, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has trade and other receivables, and cash and short-term deposits that arise directly from its operations.

It is and has been through out the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are cash flow interest risk, liquidity risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks as summarised on note 25.2 to note 25.5.

25.1. Fair Value

The estimated net fair values of all financial instruments approximate the carrying amounts shown in the financial statements.

25.2. Liquidity Risk

The Group is principally funded through locally arranged facilities in each country of operation. In Botswana the facility was at 5.5% per annum while in Zambia the US dollar overdraft loans were at 3.5% above the libor rate, while the local kwacha loans were at 17.22% per annum. In Malawi the overdraft facility was in Malawi kwacha at 20%. The Group's policy is that not more than 25% of borrowings should mature in the next 6 month period. 6 % of the Group's debt will mature in less than 6 months at 31 March 2016 (2015: 4.5%) based on the carrying value of borrowings reflected in the financial statements. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 6 months can be rolled over with existing lenders.

Maturity profile of the Group's financial liabilities

	On demand US$	Less than 3 months US$	3 to 12 months US$	1 to 5 years US$	Total US$
Year ended 31 March 2016					
Interest bearing loans and borrowings	-	18,890,503	10,428,024	1,784,997	31,103,524
Trade and other payables	-	9,838,986	4,567,876	-	14,406,862
	-	**28,729,489**	**14,995,900**	**1,784,997**	**45,510,386**
Year ended 31 March 2015					
Interest bearing loans and borrowings	-	2,348,655	10,138,357	2,799,537	15,286,549
Trade and other payables	-	6,599,986	7,543,339	-	14,143,325
	-	**8,948,641**	**17,681,696**	**2,799,537**	**29,429,874**

Notes to the Financial Statements cont...

25.3. Foreign Currency risk management

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows

	Liabilities (Foreign amount) 2016	Liabilities (US$) 2016	Liabilities (Foreign amount) 2015	Liabilities (US$) 2015
ZAR	2,211,563	150,583	3,507,120	280,570
Tanzania Shillings	492,856,352	227,175	2,163,544,083	1,174,244
Malawi Kwacha	5,820,506,650	8,518,931	3,720,663,723	8,557,308
Botswana Pula	9,315,122	889,594	8,873,408	919,089
Zambian Kwacha	75,154,207	6,835,308	82,334,065	10,868,433
	Assets (Foreign amount) 2016	**Assets (Foreign amount) 2016**	**Assets (Foreign amount) 2015**	**Assets (Foreign amount) 2015**
ZAR	26,962,922	1,835,873	4,965,643	397,251
Tanzania Shillings	7,550,162,955	3,480,140	6,729,870,955	3,652,576
Malawi Kwacha	7,151,505,287	10,466,989	5,547,198,808	12,758,232
Botswana Pula	18,076,747	1,726,392	29,244,873	3,041,462
Zambian Kwacha	253,720,889	23,076,024	243,488,563	32,111,912
	Net Exposure (Foreign amount) 2016	**Net Exposure (Foreign amount) 2016**	**Net Exposure (Foreign amount) 2015**	**Net Exposure (Foreign amount) 2015**
ZAR	24,751,358	1,685,291	1,458,523	116,682
Tanzania Shilings	7,057,306,603	3,252,965	4,566,326,872	2,478,332
Malawi Kwacha	1,330,998,638	1,948,058	1,826,535,085	4,200,924
Botswana Pula	8,761,625	836,735	20,407,465	2,122,372
Zambian Kwacha	178,566,682	16,240,717	161,154,498	21,253,478

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenues or expenses are denominated in a different currency).

The following table demostrates the sensitivity to a reasonably possible change in US dollar exchange rate against the following currencies, with all other variables held constant, of the Group's profit before tax. There is no impact on equity.

	Change in rate	Effect on profit before tax
2016		**US$**
Zambia kwacha denominated balances	+10%	(621,392)
	-10%	621,392
Rand denominated balances	+10%	(26,807)
	-10%	26,807
Pula denominated balances	+10%	(80,872)
	-10%	80,872
Tanzania Shillings balances	+10%	(301,509)
	-10%	301,509
Malawi kwacha balances	+10%	(774,448)
	-10%	774,448
2015		**US$**
Zambia kwacha denominated balances	+10%	(987,130)
	-10%	987,130
Rand denominated balances	+10%	(42,511)
	-10%	42,511
Pula denominated balances	+10%	(83,554)
	-10%	83,554
Tanzania Shillings balances	+10%	(243,558)
	-10%	243,558
Malawi kwacha balances	+10%	(299,671)
	-10%	299,671

Notes to the Financial Statements cont...

25.4 Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance. The requirement for an impairment is analysed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in the statement of financial position.

The Group evaluates the concentration of risk with respect to trade receivables as high. Though its customers are located in several juristrictions and largely indepent markets, a significant portion of the receivables is owed by the Governments of Zimbabwe, Tanzania, Malawi and Zambia representing 46% (2015: 42%) of the total receivables.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments.

25.5 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in the market interest rates. The Group's exposure to the risk of changes in the market interest rates relates primarily to the Group's long term debt obligation with floating interest rates.

The Group manages its interest rate risk by having a mixed portfolio of fixed and variable rate loans and borrowings.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/decrease in basis points	Effect on profit before tax
2016		**US$**
US dollar	+50	(12,824)
	-50	12,824

	Increase/decrease in basis points	Effect on profit before tax
2015		**US$**
US dollar	+50	(5,324)
	-50	5,324

Notes to the Financial Statements cont...

26 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the periods ended 31 March 2015 and 31 March 2016. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio below 50%. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations. Capital is equity attributable to the equity holders of the parent.

	2016 US$	2015 US$
Interest bearing loans and borrowings	29,821,080	13,982,901
Trade and other payables	14,406,862	14,143,325
Less cash and short term deposits	(19,514,900)	(20,255,496)
Net debt	24,713,042	7,870,730
Equity	144,551,678	147,802,804
Capital and net debt	169,264,720	155,673,534
Gearing ratio	21%	5%

27 EXCHANGE RATES

The following exchange rates to the US dollar were used to convert the Income Statement, Statement of Comprehensive Income and Statement of Financial Position at year end of the various foreign entities.

	2016	2015
Zambian Kwacha (ZK)		
Income Statement	9.29	6.94
Statement of Financal Position	11.00	7.58
Malawi Kwacha (MK)		
Income Statement	572	431
Statement of Financal Position	683	435
Botswana Pula (BP)		
Income Statement	10.72	9.47
Statement of Financal Position	10.47	9.62
Tanzania Shilings (TSH)		
Income Statement	2,128	1,707
Statement of Financal Position	2,170	1,843

Notes to the Financial Statements cont...

28 SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on their geographical locations and has two reportable operating segments as follows:

The regional segment operates in countries outside Zimbabwe but within Africa namely Zambia, Malawi, Botswana, Kenya, South Africa,Tanzania Nigeria and Rwanda.

The Zimbabwe segment is made up of Seed Co Zimbabwe (Private) Limited and Niculata Investments (Private Limited) t/a Prime seed

Segment performance is evaluated based on operating profit or loss.

Management has applied the following judgements in aggregating operating segments:
-All the companies are involved in the processing of agricultural seed for commercial purposes
-The production process is the same in all segments
-Similar nature of customers i.e governments, commercial farmers and retailers
-Similar long term average gross margins

Period ended 31 March 2016

	Zimbabwe Operations US$	Regional Operations US$	Total US$
Gross sales	36,521,936	68,947,763	105,469,699
Inter- segment sales	-	(9,512,790)	(9,512,790)
Revenue	**36,521,936**	**59,434,973**	**95,956,909**
Profit before tax	5,692,781	10,587,140	16,279,921
Taxation	(1,232,306)	369,998	(862,308)
Segment profit	**4,460,475**	**10,957,138**	**15,417,613**
Segment assets	87,154,493	111,848,592	199,003,085
Segment liabilities	(12,276,278)	(42,917,344)	(55,193,622)
Net segment assets	**74,878,215**	**68,931,248**	**143,809,463**
Segment interest expense	1,991,994	402,864	2,394,858
Segment interest income	837,596	1,100,025	1,937,621
Non-current assets	34,711,330	32,585,377	67,296,707
Depreciation charge for the year	950,883	1,924,169	2,875,052
Capital expenditure	2,777,707	3,010,261	5,787,968
Number of employees	136	206	342

Period ended 31 March 2015

	Zimbabwe Operations US$	Regional Operations US$	Total US$
Gross sales	36,804,489	70,321,457	107,125,946
Inter- segment sales	-	(12,466,410)	(12,466,410)
Revenue	**38,804,489**	**57,855,047**	**94,659,536**
Profit before tax	6,756,493	9,441,583	16,198,076
Taxation	(2,132,106)	790,860	(1,341,246)
Segment profit	**4,624,387**	**10,232,443**	**14,856,830**
Segment assets	86,157,516	100,819,598	186,977,114
Segment liabilities	(9,605,789)	(29,568,521)	(39,174,310)
Net segment assets	**76,551,727**	**71,251,077**	**147,802,804**
Segment interest expense	1,630,008	1,553,971	3,183,978
Segment interest income	2,846,750	-	2,846,750
Non-current assets	51,993,820	37,015,994	89,009,814
Depreciation charge for the year	1,421,516	1,832,121	3,253,637
Capital expenditure	2,502,501	6,042,403	8,544,904
Number of employees	138	249	387

- Inter-segment sales are eliminated on consolidation
- Capital expenditure consist of additions of property, plant and equipment and investment property.
- Non current assets comprise investment property and property, plant and equipment.
- Prior year comparatives have been restated to account for discontinued operations.

GEOGRAPHICAL INFORMATION

External revenue attributed to the entity's country of domicile is as presented under Zimbabwe and regional operations above. Similarly non-current assets located in the country of domicile and in all foreign countries is as presented under Zimbabwe and regional operations above. Operating segments have been aggregated in line with the requirements of IFRS 8.12.

INFORMATION ABOUT MAJOR CUSTOMERS

During the year the Government of Zimbabwe bought seed worth US$10million. The Government falls under the Zimbabwean operation segment.

INFORMATION ABOUT PRODUCTS

The Group has not disclosed revenues from external customers for each product as the cost of compiling the information would be excessive.

Notes to the Financial Statements cont...

29 BUSINESS COMBINATIONS

Acquisition of Prime Seeds

On 1 April 2015, the Group acquired 100% of the voting shares of Prime Seeds Private Limited, an unlisted company based in Harare, Mt Hampden and specialising in the sale of vegetable seeds, in exchange of cash. The Group acquired Prime Seeds because it significantly complement and enlarges the range of products in the seed business.

29.1 Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Prime Seeds as at the date of acquisition were:

	Fair value recognised on acquisition	
	2016 US$	**2015 US$**
Assets		
Property, plant and equipment	292,519	-
Cash and cash equivalents	53,001	-
Trade and other receivables	1,659,086	-
Inventories	2,289,066	-
Liabilities		
Trade and other payables	1,647,257	-
Bank borrowings	1,060,849	-
Total identifiable net assets at fair value	1,585,566	-
Goodwill arising on acquisition	264,434	-
Purchase consideration transferred	1,850,000	

The fair value of the trade receivables amounts to $1,483,824. The gross amount of trade and other receivables is $1,659,086. However, none of the trade and other receivables have been impaired and it is expected that the full contractual amounts can be collected.

The goodwill of $264,434 comprises the value of expected synergies arising from the acquisition and a customer list, which is not separately recognised. Goodwill is allocated entirely to the vegetable business. None of the goodwill recognised is expected to be deductible for income tax purposes.

From the date of acquisition, Prime Seeds has contributed $5,268,952 of revenue and $865,225 to the loss before tax from continuing operations of the Group.

29.2 Purchase consideration:

	2016 US$	**2015 US$**
Cash consideration	1,850,000	-
Total consideration	**1,850,000**	-

Analysis of cash flows on acquisition:	**2016 US$**	**2015 US$**
Cash paid	1,850,000	-
Net cash acquired with the subsidiary	(53,001)	-
(included in cash flows from investing activities)	-	-
Net cash flow on acquisition	1,796,999	-

The Group paid cash amounting to $1,850,000 in cash towards the consideration of 200 shares in Prime Seeds. The balance was payable upon receipt of the share certificates. The share certificate was received in the current financial year.

Notes to the Financial Statements cont...

30 DISCONTINUED OPERATIONS

During the financial year ending March 2015 the shareholders of Seed Co Limited approved the decision by the Board of Directors to dispose an interest of the cotton business to Mahyco. The sale of a 60% interest in Quton Seed Company (Private) Limited was completed on 30 November 2014, whilst the sale of 60% interest in both Quton Tanzania and Quton Malawi was completed on 31 March 2015. Quton Seed Company was part of the Zimbabwe operations segment, whilst Quton Malawi and Quton Tanzania were part of the regional operations segment. The results of the discontinued operations for the year are presented below:

	2016 US$	2015 US$
Revenue	-	5,991,915
Expenses	-	(8,848,571)
Operating (loss)/ income	-	(2,856,656)
Other income	-	189,721
Finance income	-	31,870
Finance costs	-	(305,305)
Gain on disposal of subsidiaries	-	2,589,868
Loss before tax from discontinued operations	-	(350,502)
Income tax credit/ (expense)	-	503,413
Profit/ (loss) for year	**-**	**152,911**

30.1 The major classes of assets and liabilities of Quton disposed were as follows:

	2016 US$	2015 US$
Property, plant and equipment	-	3,424,005
Deferred tax assets	-	213,894
Financial assets	-	2,383,348
Inventories	-	4,011,069
Trade and other receivables	-	9,458,594
Cash and bank balances	-	41,980
Assets sold	**-**	**19,532,890**
Liabilities		
Trade and other payables	-	8,914,896
Borrowings	-	3,551,488
Total liabilities	**-**	**12,466,384**
Net assets directly associated with Group	-	7,066,506
Total Consideration	-	6,608,355
Consideration received, net of cash disposed	-	4,911,611

30.2 The net cash flows incurred by Quton business are as follows:

	2016 US$	2015 US$
Operating	-	(237,929)
Investing	-	(144,866)
Financing	-	(305,305)
Net cash (outflow)/inflow	-	**(688,100)**

30.3 Earnings per share

	2016	2015
Basic, loss for the year from discontinued operations - cents	-	(1.11)
Diluted, loss for the year from discontinued operation - cents	-	(1.10)

31 EVENTS AFTER THE REPORTING PERIOD

There were no reportable events after the reporting period.

Analysis of shareholders at 31 march 2016

Shareholder classification

	Shareholder classification	Total Holding	Percentage of total
1	PENSION FUNDS	54,916,021	23.42%
2	FOREIGN COMPANIES	95,282,998	40.64%
3	NEW NON RESIDENT	35,532,575	15.16%
4	INSURANCE COMPANIES	27,073,361	11.55%
5	LOCAL COMPANIES	11,479,133	4.9%
6	CHARITABLE AND TRUSTS	3,272,954	1.4%
7	LOCAL INDIVIDUAL RESIDENT	2,948,783	1.26%
8	OTHER INVESTMENTS & TRUST	2,619,868	1.12%
9	FUND MANAGERS	839,895	0.36%
10	LOCAL NOMINEE	240,759	0.1%
11	EMPLOYEES	188,236	0.08%
12	DECEASED ESTATES	27,101	0.01%
13	GOVERNMENT / QUASI	22,083	0.01%
14	BANKS	4,680	0%
15	FOREIGN INDIVIDUAL RESIDENT	19	0%
		234,448,466	**100%**

Top ten shareholders

1	VILMORIN ET CIE- NNR	71,229,896	30.38%
2	STANBIC NOMINEES (PVT) LTD.	42,544,210	18.15%
3	OLD MUTUAL LIFE ASSURANCE COMPANY ZIMBABWE LIMITED	25,319,798	10.8%
4	SCB NOMINEES 033663900002	19,643,426	8.38%
5	NATIONAL SOCIAL SECURITY AUTHORITY	17,694,246	7.55%
6	MINING INDUSTRY PENSION FUND	6,708,304	2.86%
7	BURKET ASSOCIATES LIMITED NNR	4,529,583	1.93%
8	LOCAL AUTHORITIES PENSION FUND	3,347,975	1.43%
9	CAPERAL LIMITED NNR	3,050,648	1.3%
10	NATIONAL SOCIAL SECURITY AUTHORITY (WCIF)	2,735,443	1.17%
11	OTHER	37,644,937	16.05%
		234,448,466	**100%**

Analysis of shareholders at 31 march 2015

	Shareholder classification	Total Holding	Percentage of total
1	LOCAL COMPANIES	57,496,749	24.52%
2	PENSION FUNDS	53,423,452	22.79%
3	FOREIGN COMPANIES	81,734,860	34,87%
4	INSURANCE COMPANIES	27,556,316	11.75%
5	LOCAL INDIVIDUAL RESIDENT	4,323,923	1.84%
6	CHARITABLE AND TRUSTS	3,584,865	1.53%
7	FOREIGN NOMINEE	3,177,827	1.36%
8	LOCAL NOMINEE	1,103,379	0.47%
9	FUND MANAGERS	1,067,236	0.46%
10	INVESTMENTS	412,306	0.18%
11	GOVERNMENT/QUASI-GOVERNMENT	274,742	0.12%
12	EMPLOYEES	197,375	0.08%
13	BANKS	59,203	0.03%
14	DECEASED ESTATES	36,214	0.02%
15	FOREIGN INDIVIDUAL RESIDENT	19	0%
		234,448,466	**100%**

Top ten shareholders

1	VILMORIN ET CIE- NNR	71,229,896	30.38%
2	STANBIC NOMINEES (PRIVATE) LIMITED.	34,174,913	14.58%
3	OLD MUTUAL LIFE ASSURANCE COMPANY ZIMBABWE LIMITED	25,500,717	10.88%
4	SCB NOMINEES 033663900002	23,973,901	10.23%
5	NATIONAL SOCIAL SECURITY AUTHORITY	17,694,246	7.55%
6	MINING INDUSTRY PENSION FUND	6,708,304	2.86%
7	BURKET ASSOCIATES LIMITED NNR	4,529,583	1.93%
8	STANBIC NOMINEES (PRIVATE) LIMITED - NNR	3,520,131	1.5%
9	LOCAL AUTHORITIES PENSION FUND	3,347,975	1.43%
10	OLD MUTUAL ZIMBABWE LIMITED	3,236,334	1.38%
11	OTHER	40,532,466	17.63%
		234,448,466	**100%**

Notice to Shareholders

Notice is hereby given that the 21st Annual General Meeting of Seed Co Limited will be held in the Seed Co Administration Block at Stapleford on Wednesday 10 August 2016 at 10.00 am for the purpose of transacting the following business:

Ordinary Business

1. To receive, consider and adopt the financial statements and reports of the Directors and auditors for the year ended 31 March 2016.

2. To Appoint Directors
   Messers C Kabaghe, D Long, and M S Ndoro will retire by rotation and being eligible, offer themselves for re-election.

   Messers J P Rooney and C M B Utete will retire and will not be seeking re-election.

3. To approve the fees of the directors.

4. To approve the remuneration of the auditors for the past audit and re-appoint Ernst & Young, Chartered Accountants (Zimbabwe) as auditors for the current year.

Special Business

5. Loans to Directors
   To resolve as an ordinary resolution, with or without amendments:-

   "That the Company be and is hereby authorised to make any loan to any Executive Director or to enter into any guarantee or provide any security in connection with a loan to such Executive Director for the purpose of enabling him to properly perform his duty as an officer of the Company, as may be determined by the Remuneration Committee of the Board of Directors, provided that the amount of the loan or the extent of the guarantee or security shall not exceed the annual remuneration of that Director".

Amendments to Articles of Association

6. To consider and if deemed fit, pass with or without amendment, the following resolution as special resolutions:

   Directors Term of Office
   Paragraph 96 (g) of the Company's Articles of Association be amended by the inclusion of the following paragraph:

   "Any persons that are seventy years old are disqualified persons from holding position of director of the company"

Share Buy Back

7. To consider and if deemed fit, resolve as a special resolution:

   That the Company be authorised in advance, in terms of Article 50A of the Company's Articles of Association and section 79 of the Companies Act [Chapter 24:03] and the Zimbabwe Stock Exchange Listing Requirements, to purchase its own shares, but subject to the following:-

   i) This Authority shall expire on the date of the Company's Next Annual General Meeting; and

   ii) Acquisitions shall be of ordinary shares which, in aggregate shall not exceed one million shares (0,426% of issued share capital) and

   iii) The maximum and minimum prices respectively, at which such ordinary shares may be acquired will be weighted average of the market price at which such ordinary shares are traded on the Zimbabwe Stock Exchange, as determined over the 5 (five) business days immediately proceeding the date of purchase of such ordinary shares by the company; and

   iv) A press announcement will be published as soon as the company has acquired ordinary shares constituting on a cumulative basis in the period between annual general meetings, (0,426% of issued share capital) of the number of ordinary shares in issue prior to the acquisition.

   It will be recorded that, in terms of Companies Act and the regulations of the Zimbabwe Stock Exchange, it is the intention of the Directors of the Company to utilise this authority at a future date provided the cash resources of the Company are in excess of its requirements and the transaction is considered to be in the best interests of shareholders generally. In considering cash resource availability the Directors will take account of, inter alia, the long term cash need of the Company, and will ensure the Company will remain solvent after the re-purchase.

By Order of the Board

J Matorofa
Secretary
8 June 2016

Notes

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend, vote and speak in their stead. The proxy need not be a member of the company.

To be effective, the form of the proxy must be lodged at the company's office at least 48 hours before the meeting.

Group Administration

BOARD COMMITTEES

Audit Committee
J P Rooney(Chairman), D E B Long, M S Ndoro

Remuneration Committee
D E B Long (Chairman), Dr. C. Utete, J P Rooney

SUBSIDIARY BOARDS

Seed Co Zimbabwe
C Utete (Chairman)
C Davenport
C Fambisai
K Mafukidze
J Matorofa
S Mtizwa
C Mutunhu
F Ndawi
M Nzwere
T Taylor
D Zaranyika

Seed Co Zambia
C Kabaghe (Chairman)
G Bwanali
D Clements
J Matorofa
M Nzwere
J P Rooney
E Rupende
C Sichangwa

Seed Co Malawi
D E B Long (Chairman)
A Barron
C Chilungulo
J Lungu
J Matorofa
M Nzwere
D W Phiri

Seed Co Tanzania
M Ndoro (Chairman)
D Clements
J Matorofa
M Nzwere
J Kabissa

Seed Co International
N Armstrong (Chairman)
Dr Q Masire
J Matorofa
M Nzwere

Agri Seed Co Kenya
J Kedera (Chairman)
J Matorofa
M Ndoro
M Nzwere

COMPANY SECRETARY
J Matorofa

GROUP EXECUTIVES AND SENIOR MANAGEMENT
M Nzwere - Group Chief Executive Officer
G Bwanali - Managing Director Zambia
C Mugadza - Managing Director Tanzania
J Matorofa - Group Finance Director
K Owino - Managing Director Kenya
D Phiri - Managing Director Malawi
D Zaranyika - Managing Director Zimbabwe
J Derera - Head of Research
C Fambisai - Business Development
S Ruwisi - Treasury
P Mutandwa - Human Resources
F Ndawi - Finance Director Zimbabwe

SENIOR CROP BREEDERS
Maize - M J Caulfield, P G Rupende, E Tembo, G Mabuyaye
Wheat - E K Havazvidi
Soyabeans - J S Tichagwa

AUDITORS
Ernst & Young, P O Box 702, Harare, Zimbabwe

TRANSFER SECRETARIES
Corpserve, P O Box 2208, Harare, Zimbabwe
Tel: +263 4 758551

REGISTERED OFFICE
Shamwari Road, Stapleford, Zimbabwe, P O Box WGT 64, Westgate, Harare, Zimbabwe
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Email: seedco@seedco.co.zw
Website:www.seedcogroup.com

NOTES

SEED CO LIMITED

TWENTY-FIRST ANNUAL GENERAL MEETING
FORM OF PROXY

I/We ____

of ____

being a member of Seed Co Limited hereby appoint

of ____

or failing him/ her ____

of ____

or failing him/ her, the chairman of the company, or failing him, the chairman of the meeting as my/ our proxy to vote for me/ us on my/ our behalf at the Annual General Meeting of the Company to be held on Wednesday 10 August 2016 and at any adjournment thereof.

Signed on this ____________________ day of ____________________ 2016

Signature of member

Notes

1. A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint one person as his proxy (who need not be a member of the company) to attend and speak, and on a poll to vote in the place of the shareholder.
2. The proxy form should be lodged at the registered office of the company at least forty-eight hours before the time appointed for holding the meeting.

The African Seed Company


SOW THE SEED THAT ALWAYS GIVES YOU THE BEST HARVEST
Since 1940 we've integrated our knowledge of African agronomical conditions so that we can combine a broad range of technologies that will give seed with the greatest impact on yields.
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THE HOME OF BUMPER HARVESTS
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E-mail: seedco@seedco.co.zw website: www.seedco.co.zw

"Defending the Core, Stimulating Growth"

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