ABRIDGED GROUP AUDITED RESULTS FOR THE YEAR ENDED 31 MARCH 2017

The African Seed Company

"Defending the Core, Exploiting the Pan African Opportunities"

COMMENTARY

Highlights

40%	42%	41%	40%	119%
Turnover $135m	Maize volumes	PAT $ 20.7m	EPS 8.77 cents	Normal dividend 2.92 cents Special dividend 1.46 cents

Financial Results

Revenue
The Group achieved a turnover of $135m, a 40% increase on prior year driven by increased maize seed sales volumes.

Margins
Gross margin improved by 1% compared to prior year mainly due to product mix.

Other Expenditure
Other expenditure in current year relates to exchange losses on foreign denominated monetary items due to the movements of currencies in regional markets especially in Zambia and Malawi.

Overheads
Operating costs increased by 22% due to impairment of some receivables relating to the cotton seed business and increased distribution and marketing costs related to the growth in sales volumes.

Finance Charges
Finance charges increased due to discounting of treasury bills for cash in Zimbabwe and timing delays in payments by some regional Governments which led to extended borrowings.

Earnings
Group PAT increased by 41% compared to prior year benefiting from strong demand for maize seed on the back of a very good rainy season and strong input programs. The out turn was particularly satisfactory given the inventory write offs, exchange losses and increased finance charges incurred during the year.

Statement of Financial Position

Non Current Assets
Property, plant and equipment increased by $3.4m mainly due to capital expenditure on purchase of a new research farm in South Africa, completion of the first phase of seed drying and processing facilities in Kenya, acquisition of a production farm in Zambia, resourcing of the new research laboratory and replacement of some seed dressing lines in Zimbabwe.

Financial assets decreased due to the disposal of some treasury bills during the period.

Current Assets

Accounts Receivable
Accounts receivable increased by 14% compared to prior year due to delays in payments by Governments in the region. Included in the trade receivables are amounts due from the Governments of Botswana, Zambia, Malawi, Tanzania and Rwanda which together owed the Group $16.7m. Subsequent to year end we were able to collect $7.3m and efforts are continuing to collect the outstanding balances.

Inventory Levels
The stock levels decreased due to the increased sales with some markets experiencing stock outs.

Equities and Liabilities
Despite devaluation of some regional currencies and dividend payment during the year, the shareholders' funds increased by 15% due to the 41% increase in profit after tax for the year.

Cash Generation
The Group closed the year with a net cash position of $18m, compared to net borrowings of $9m last year, due to a combination of growth in profitability, increased cash sales, aggressive debt collection, reduction in inventories and liquidation of treasury bills.

Seed Supply
The Group closed the year with a carryover volume position of almost 20% of expected annual sales which is the desired position. However due to anticipated increased demand in the new selling season, seed production has been increased by 20% including some winter production to ensure that all markets are adequately serviced.

Research and Technology
- Two new maize hybrid products have been released for the Kenya Highlands market. Some current long maturing hybrids have turned into block busters in almost all markets and are being introduced into new agro-ecological zones where demand is far outstripping supply.
- The Group is making some inroads in the research for new products to address the Maize Lethal Necrosis Disease (MLND) in East Africa.
- The new research facilities at Potchefstroom, in South Africa are in the process of being resourced with manpower and operational equipment.
- Genetic purity tests on maize seed samples are now being conducted internally following the successful commissioning of our new laboratory at RARS.
- The Group has expanded its collaboration activities with other international institutions like ICRISAT, ICARDA, Hybrid Rice Development Consortium (HRDC), International Wheat Yield Project (IWYP) in addition to CYMMIT, and this is expected to quicken the pace of new product release.

Outlook
- Another season of good rains is being forecast in our main markets which is expected to spur demand for seed.
- The Command Agriculture programme in Zimbabwe was a huge success in turning around maize production in the country and is earmarked by authorities to be in place for another three years. With the company's products having done well in this programme, the company expects to maintain a strong position in this market segment.
- Challenges of international debt servicing by the Zambian government and the Malawian government's inadequate budgetary support may be carried forward into 2017. These factors are likely to dampen economic growth and further reduce any Government input subsidy programmes in those respective markets.
- The debilitating drought which was experienced in East Africa in the planting season just ended is expected to spur demand as households increase plantings to re-stock household grain reserves.
- The recently signed joint venture with HM Clause, a Limagrain subsidiary, on vegetable seeds is expected to start pushing the vegetable unit into profit territory.

Directorate
Mr David E.B. Long was appointed Group Board Chairman with effect from 7 September 2016, replacing Mr Patrick J. Rooney who retired from the board on 10 August 2016.

Messers Andrew G. Barron, Fungai Ruwende and Mrs Remina C.D. Chitengu were appointed to the Group Board with effect from 7 September 2016 while Mr J.C. Juilliard resigned from the Board with effect from 3 October 2016, with Mr Daniel Jacquemond being appointed as his replacement on the same day.

Dividend
The Board is recommending that a dividend of 2.92 cents per share be declared for the year ending 31 March 2017 payable to shareholders in the register of the company as at 23 June 2017. In addition, the Board would like to declare an additional once-off special dividend of 1.46 cents per share due to the exceptional performance in the current year.
Shareholders will have an option to elect either cash or scrip dividend. Shares will trade cum-div until 20 June 2017 and ex-div from 21 June 2017. A separate announcement of the payment date will be made in due course.

By Order of the Board

J. Matorofa
SECRETARY

Registered Office
Shamwari Road
Stapleford

Transfer Secretaries
Corpserve (Pvt) Ltd
4th Floor Intermarket Centre
Corner First Street/Nkwame
Nkrumah Avenue, Harare

Directors: D E B Long (Chairman), M Nzwere (Group Chief Executive), A G Barron, B Carette, R C D Chitengu, M Debrand, Dr D Garwe, P Gowero, D Jacquemond, C Kabaghe, J Matorofa (Group Finance Director), M S Ndoro, F H Ruwende.

SUPPLEMENTARY INFORMATION

1. Corporate Information
- Seed Co Limited is a company which is incorporated and domiciled in Zimbabwe and listed on the Zimbabwe Stock Exchange, is a holding company for a Group of companies domiciled in Botswana, Kenya, Malawi, Nigeria, Rwanda, Tanzania, Zambia and Zimbabwe, whose principal activities are the processing of agricultural seeds on a commercial basis.
- These financial statements are presented in the United States dollars being the currency of primary economic environment, in which the Group operates.

2. Accounting Policies
- The principal accounting policies of the Group have been consistently followed in all material respects.

3. Basis of Preparation
- The financial statements from which these abridged results have been extracted were prepared in accordance with International Financial Reporting Standards (IFRS).

4. Capital Expenditure
- Capital expenditure for the period was US$6,295,628 (2016:US$5,787,968).

5. Commitments for Capital Expenditure
- Authorised by directors but not contracted was US$10,264,100 (2016:$6,876,406)
- The capital expenditure will be financed out of the group's own resources and existing facilities.

6. Depreciation
- Depreciation for the year was US$3,377,906 (2016:US$2,875,052)

7. Approval of financial statements
- The underlying financial statements to these results were approved by the Board on 1 June 2017.

8. Prior period adjustment
- Foreign exchange gains for the years 2014 to 2016 were incorrectly treated on the current tax calculation resulting in misstatement of estimated tax losses included in calculating deferred tax. The adjustment resulted in the previously reported deferred tax liability and retained earnings balances increasing and decreasing by $ 681,478 respectively as at 1 April 2015 and increasing and decreasing by $1,449,829 respectively as at 31 March 2016. The deferred tax expense for the year ended 31 March 2016 increased by $768,351 and basic and diluted earnings per share decreased by 0.0033 cents.

9. Audit opinion
- The Group's auditors Ernst & Young have issued an unmodified opinion on the consolidated financial statements, for the year ended 31 March 2017, on which this abridged set is based on. The auditors considered trade and other receivables and deferred tax to be key audit matters. The audit opinion, with a detailed description of the key audit matters and how they were addressed, is available for inspection at the Company's registered address.

ABRIDGED GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

	2017 US$	Restated* 2016 US$
Revenue	134,574,106	95,956,909
Cost of sales	(61,317,423)	(45,028,835)
Gross profit	**73,256,683**	**50,928,074**
Other(expenditure)/ income	(98,379)	816,110
Operating expenses	(44,033,122)	(36,123,081)
Operating profit	**29,125,182**	**15,621,103**
Finance income	1,695,090	2,394,858
Finance costs	(4,117,132)	(1,937,621)
Share of profit from associates	395,468	201,581
Profit before taxation	**27,098,608**	**16,279,921**
Income tax expense	(6,388,878)	(1,630,659)
Profit for the year	**20,709,730**	**14,649,262**
Attributable to:		
Equity holders of the parent	20,709,730	14,649,262
Non-controlling interest	-	-
Profit attributable to shareholders	**20,709,730**	**14,649,262**
Earnings per share		
Earnings per share -basic, for profit for the year atributable to equity holders of the parent - cents	8.77	6.25
Diluted earnings per share for profit for the year atributable to equity holders of the parent - cents	8.77	6.25

*refer to supplementary information note 8

ABRIDGED GROUP STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

	2017 US$	Restated* 2016 US$
Profit for the year	**20,709,730**	**14,649,262**
Other comprehensive income		
Net exchange difference on translation of foreign operations	3,500,153	(23,706,079)
Revaluation of property, plant and equipment	-	7,317,287
Total comprehensive income for the period, net of tax	**3,500,153**	**(16,388,792)**
Attributable to:		
Equity holders of the parent	24,209,883	(1,739,530)
Non-controlling interest	-	-
	24,209,883	**(1,739,530)**

*refer to supplementary information note 8

ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2017

	2017 US$	Restated* 2016 US$
ASSETS		
Property,plant and equipment	65,568,600	62,145,127
Non-current financial assets	19,448,259	30,889,336
Other non-current assets	4,621,974	4,347,152
Inventories and biological assets	25,247,654	29,626,775
Trade receivables	48,144,922	42,175,432
Other current assets	70,648,763	30,209,515
Total assets	**233,680,172**	**199,393,337**
EQUITY AND LIABILITIES		
Equity		
Share capital	236,233	234,449
Non-distributable reserves	25,950,267	24,541,177
Retained earnings	137,692,044	118,326,223
Total equity	**163,878,544**	**143,101,849**
Liabilities		
Deferred tax liability	7,067,391	7,266,094
Bank borrowings - non-current	270,950	1,274,998
Bank borrowings - current	37,160,861	28,546,081
Other current liabilities	25,302,426	19,204,315
Total liabilities	**69,801,628**	**56,291,488**
Total equity and liabilities	**233,680,172**	**199,393,337**

*refer to supplementary information note 8

ABRIDGED GROUP STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 MARCH 2017

	2017 US$	2016 US$
Operating activities		
Profit before tax	**27,098,608**	**16,279,921**
Non-cash adjustment to reconcile profit before tax to net cashflows	12,815,063	2,781,371
Working capital adjustments and tax paid	(11,197,029)	(26,482,770)
Net cash flows from operating activities	**28,716,642**	**(7,421,478)**
Investing activities		
Proceeds from sale of property, plant and equipment	398,116	275,235
Purchase of property, plant and equipment	(6,295,628)	(5,787,968)
Proceeds from sale of non-current financial assets	11,441,077	-
Dividends received from associate	400,000	-
Acquisition of subsidiary, net of cash	-	(1,796,999)
Increase in biological assets	382,060	185,879
Interest received	1,695,090	2,394,858
Net cash flows generated by / (utilised in) investing activities	**8,020,715**	**(4,728,995)**
Financing activities		
Dividend paid	(4,688,969)	(2,344,485)
Proceeds from exercise of share options	233,991	-
Long term loan repaid	(1,004,048)	(964,631)
Interest paid	(4,117,132)	(1,937,621)
Net cash flows utilised in financing activities	**(9,576,158)**	**(5,246,737)**
Net increase / (decrease) in cash and cash equivalents	27,161,199	(17,397,210)
Effects of exchange rate changes on cash and cash equivalents	(299)	(146,196)
Cash and cash equivalents at beginning of year	(9,031,182)	8,512,224
Cash and cash equivalents at end of year	**18,129,718**	**(9,031,182)**

ABRIDGED GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

	Attributable to owners of the parent				
	Share capital	Non-distributable reserves	Retained earnings	Changes of ownership Reserve	Total equity
	US$	US$	US$		US$
As at 31 March 2015	**234,449**	**41,208,865**	**106,169,213**	**190,277**	**147,802,804**
Restatement due to prior period error*	-	-	(681,478)	-	**(681,478)**
Restated at 31 March 2015	**234,449**	**41,208,865**	**105,487,735**	190,277	**147,121,326**
Profit for the year (restated)*	-	-	14,649,262	-	**14,649,262**
Other comprehensive income	-	(16,388,792)	-	-	**(16,388,792)**
Total comprehensive income	-	(16,388,792)	14,649,262	-	**(1,739,530)**
Dividends	-	-	(2,344,485)	-	**(2,344,485)**
Realisation of revaluation reserve through use	-	(533,711)	533,711	-	**-**
Share based payments	-	64,538	-	-	**64,538**
As at 31 March 2016	**234,449**	**24,350,900**	**118,326,223**	**190,277**	**143,101,849**
Profit for the year	-	-	20,709,730	-	**20,709,730**
Other comprehensive income	-	3,500,153	-	-	**3,500,153**
Total comprehensive income	-	3,500,153	20,709,730	-	**24,209,883**
Dividends	-	-	(4,688,969)	-	**(4,688,969)**
Share options exercised	1,784	1,253,997	-	-	**1,255,781**
Realisation of revaluation reserve through use	-	(181,298)	181,298	-	**-**
Transfer to retained earnings	-	(3,163,762)	3,163,762	-	**-**
As at 31 March 2017	**236,233**	**25,759,990**	**137,692,044**	**190,277**	**163,878,544**

*refer to supplementary information note 8