



100 YEARS

1913-2013

celebrating 100 years of
excellence in agriculture

Integrated Annual Report 2013



**CROOKES
BROTHERS
LIMITED**

Scope of the report

The integrated annual report to stakeholders covers the performance of the operations of the Crookes Brothers Limited group, which includes subsidiaries, associate companies and joint ventures with communities.

The financial reporting period is for the 12 months ended 31 March 2013. However, the nature of our business and the intention of this report require reporting on operational and strategic activities which fall outside of this period.

The aim of this report is to communicate to all stakeholders an overview of our operations in a format that is both comprehensive and clear. The full report, which includes the full company and consolidated annual financial statements, is available on our website www.cbl.co.za.

In the period under review there have been no major changes to the business that would materially affect the comparability of the information provided in this report, save that readers should be aware of the following reporting differences between the 2013 and 2012 results:

- The sale of the deciduous fruit farm Belleview in the Western Cape positively affected 2012 earnings;
- The intended sale of the group's grain and sheep operation in Napier, Western Cape has resulted in this asset being shown as "held for sale" in the 2013 financial statements; and
- The receipt of a material interest payment, in the 2013 year, in respect of the sale of the Komati estate recognised in the 2011 financial statements.

The compilation of this report has been guided by the King Code of Governance for South Africa 2009 (King III) and the Global Reporting Initiatives (GRI) G3 guidelines. The information included in the report is provided in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the information as required by the International Accounting Standards Board's IAS 34: Interim Financial Reporting, the requirements of the South African Companies Act, 2008 and the JSE Listings Requirements.

Assurance in respect of the annual financial statements has been provided by the independent external auditors, Deloitte & Touche. The sustainability information has not been independently assured.

The board of directors acknowledges its responsibility to ensure the integrity of this report and in the opinion of the board it addresses all material issues and fairly presents the integrated performance of the organisation. The board has authorised the release of the integrated annual report for 2013.

Cross-referencing within our report



This icon denotes a reference to information to be found on the web.

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Financial


Revenue from continuing operations  **13%**
R387,5 m


Profit after taxation  **14%**
R93,5 m

Equity capital and reserves  **16%**
R582,2 m

Cash, earnings and distributions

Cash from operations  **24%**
R77,2 m

Headline earnings per share  **27%**
750 cents

Distributions per share  **20%**
240 cents

Returns, asset management, solvency and liquidity ratios

Return on net assets ▼ 17,2%

Operating margin ▼ 21,6%

Financial gearing ▼ 5,1%

Production

Sugar cane ▲ 1%
644 421 tons

Bananas ▶ 0%
12 638 tons

Deciduous ▲ 8%
17 143 tons



Chairman's message



“Let us all be proud of our traditions, through our capacity for honest work and consideration for others. Above all, let us always be prepared to take the lead so that we may build on the foundations we have inherited.”

It is an honour for me as the eighth chairman of Crookes Brothers Limited to report record headline earnings to mark the centenary of the establishment of the company in June 2013 by brothers George, Fred and John Crookes. I can also claim with pride that 100 years on the group is in excellent shape and the ethos of the company still reflects the values of its founders. As John Crookes remarked on the occasion of the commemoration of the 100th anniversary of his father Samuel's arrival in Durban: “Let us all be proud of our traditions, through our capacity for honest work and consideration for others. Above all, let us always be prepared to take the lead so that we may build on the foundations we have inherited.”

Turnover for the year increased by 13% to R411 million and headline earnings by 27% to R92,9 million, although the latter was boosted significantly by the payment of outstanding interest on a land sale to the government. The full year's dividend of 240 cents is 20% above the total dividend for the previous year, reflecting the group's current strong financial position.

Adjusted for the interest payment of R31,0 million (pre-tax), headline earnings would have been R70,6 million, in line with our expectations but marginally below the previous year, which was boosted by exceptionally good prices in all product categories. The result in the year under review was negatively affected by poor cane and sucrose yields, partially mitigated by excellent results from our deciduous and grain operations.

A major change in the shareholding of the group occurred in the year under review, with RMB selling its shareholding of 30,2% to Silverlands (SA) Plantations SARL, owned by the Silverlands Fund which is managed by SilverStreet Capital, a London-based private equity group. The Silverlands Fund is focused on investing into the agricultural sector in Sub-Saharan Africa. We welcome the change for the synergies between our two organisations. SilverStreet has substantial financial resources

and investment identification and evaluation capability, while Crookes Brothers in turn offers operational and developmental expertise and well established systems.

Good progress was also made during the year in the ongoing repositioning of the group as a major player in the southern African agricultural industry. An additional 242 hectares of irrigated cane was developed on our Swaziland estate and the final 38 hectares of the deciduous expansion was completed on the Vyeboom farm. A start was made in developing a 300 hectares macadamia estate on the recently acquired (leased) 3 200 hectares estate near Gurue in northern Mozambique.

During the past four years the group has incurred capital expenditure of R200 million in the acquisition and development of our new production capacity. In addition, as part of our continuous improvement programme, some 265 hectares of irrigation systems were upgraded on our cane farms, projects which generally yield returns in excess of 30% via improved yields, reduced water utilisation and lower electricity costs.

Numerous new project and acquisition options were investigated during the year and we are at present involved in negotiations for several promising prospects.

The grain operations in the Western Cape have been the subject of a number of interested bids and are at year end shown in the financial accounts as “held for sale” to reflect the prospect of their realisation in the 2014 year. The board regularly evaluates returns relative to the realisable capital value of its estates and has concluded that better yields on capital can be achieved elsewhere in the region in this commodity to better match the group strategy.



This year we have made further refinements to our integrated annual report with the intention of providing clearer and more easily digestible information to shareholders and other stakeholders. In particular we have excluded some of the detail as permitted by the JSE and Companies Act. This information can now be found on the company's website. We have also included a brief history of the company to commemorate our centenary. As always, we would welcome stakeholder feedback on the report.

Opportunities created by global food security concerns continue to drive the group's strategy for development in southern Africa. It is the company's goal to develop a new grain and oilseeds business and we expect to make some progress in this direction in the current year, while building on our cane and orchard crop production. There is a high level of interest in agricultural development in the region from both global and local players, which generates close competition for good opportunities. We are confident that the cautious approach in evaluating and approving new projects against stringent risk and return criteria, as well as focusing in areas of core competence, is appropriate under the circumstances.

The group's prospects remain promising despite the recent 52% increase in the minimum wage promulgated for the agricultural sector which will impact the profitability from our South African operations.

The group's pipeline of projects is more promising than ever and we will continue to reap the benefits of recent acquisitions and expansions as development plans take shape and come into full production.

Finally, I would like to compliment the board and management for their enthusiasm and commitment, not only in achieving the group's goals, but also in maintaining the values and culture and rekindling the pioneering spirit established in the company by its founders 100 years ago.

Strategic focus

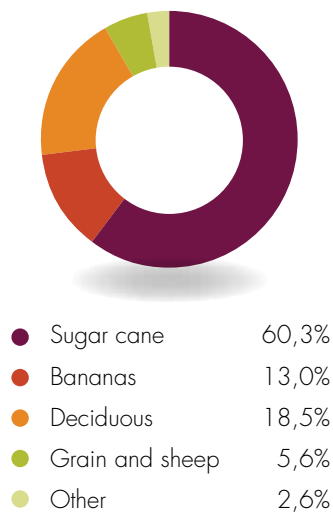
It is our vision to become a major player in the southern African agricultural sector.



THE GROUP

The Crookes Brothers group specialises in the production of primary agricultural products, including sugar cane, bananas, deciduous fruit and grain in South Africa, Swaziland and Zambia, with material new development underway in Mozambique. Cane is currently the largest contributor to group revenue and profit and will remain so. In the medium term it is planned to develop a substantial grain/oilseeds operation in response to increasing global demand. We also aim to continue to expand fruit and nut production to exploit market opportunities in these sectors, balancing our commodity, currency and geographic exposure.

FARMGATE REVENUE 2013



The group is extremely proud of its history as a pioneer in the South African sugar industry and the reputation it has established over 100 years for integrity, excellence and fairness.

We believe that our reputation is a major and sustainable source of competitive advantage in positioning the group as an employer and partner of choice in the industry.

Competitive advantage in farming is derived from the efficient management of high quality farms.

A great deal of attention is given to the selection and acquisition of new farms for the group portfolio, the upgrading and development of farms to top production standards and the disposal of underperforming assets.

The group's reputation for excellence is reflected in the commitment, enthusiasm and loyalty of its employees.

Staff development through bursary schemes, mentorship and on-the-job training is a core focus of the group. It is our goal to give every employee, at every level, an opportunity to achieve his or her full potential. In the context of recent political and labour unrest in the South African agricultural sector, the group has suffered little direct disruption, while we continually strive to improve our community and labour relationships.

OUR VISION

Global food security has been identified as a key challenge of the 21st century, with the nutritional demands of an increasing world population becoming more difficult to supply from finite natural resources, specifically water and land.

The situation is also driven by changes in diet patterns in the rapidly expanding middle classes in China, India and Africa, and the often unpredictable impact of climate change on agricultural production.

Sub-Saharan Africa is one of the few areas in the world which still offers abundant under-utilised land and water resources for a substantial expansion of agricultural production to meet global food security needs.

Crookes Brothers has the resources and expertise to capitalise on this opportunity, with the aim of leading the way in developing farm production in SADC, focusing on the more stable countries with established administrative and fiscal processes. It is our vision to become a major player in the southern African agricultural sector.

OUR GOALS

In setting our long-term financial goals we have considered the characteristics of the industry, market benchmarks, opportunities, resources and the expectations of stakeholders.

Our primary financial goal is to achieve long-term growth in headline earnings per share (HEPS) of 15% per annum.

This compares favourably with average long-term growth of JSE listed companies. In evaluating the appropriateness of this target it needs to be borne in mind that farming is an asset and labour intensive business which limits opportunities for rapid growth. Farming is a long-term endeavour, subject to climatic and market fluctuations, hence a rolling five year average is used as a measure of HEPS growth.

A secondary financial goal is to achieve a return on equity of greater than 15% per annum

as measured by headline earnings per share as a percentage of capital and reserves. This is considered aggressive for a farming operation, where single digit returns are the norm.

In order to achieve these goals we need to identify and implement high-return projects on a continuous basis.

The required rate of investment is estimated at R500 million over the next five years, with a targeted nominal internal rate of return (after tax) exceeding 20% per annum on new capital projects.

The strategy implementation process is opportunity driven and opportunities outside of our core areas of expertise to expand our range of crops or invest in new countries may still merit consideration.

The group thus progresses along a broadly defined path from its current position to our vision of the future. Core strategies tend to define the boundaries of this path.

CORE STRATEGIES

QUALITY FOCUS

The quality of the portfolio of farms under our management is a key determinant of success for the group.

Farm quality is measured, inter alia, by soil characteristics, climate variables, water availability, crop suitability, community and human capital factors and market prospects. A great deal of effort is applied in acquiring a quality portfolio of farms capable of delivering superior returns, and the group has built up significant evaluation capacity in this regard.

CONTINUOUS IMPROVEMENT

In all our operations we follow a philosophy of continuous improvement, largely through implementing new technology and applying best practice management and conservation techniques.

This is most evident in the ongoing upgrading of irrigation systems across our sugar cane estates, replacing flood and sprinkler systems with pivots and drip. Not only do we achieve better yields with the latter, but water and electricity consumption is greatly reduced. We have also instituted a programme of upgrading pump stations with the installation of variable speed drives which improve pump efficiency and reduce electricity and maintenance costs.

GEOGRAPHIC AND CROP DIVERSIFICATION

The mitigation of climatic and market risks is mainly achieved through the cultivation of a range of crops in a variety of well-spread geographic areas.

In the recent past the contribution of sugar cane to group profitability has ranged from as low as 50% to over 90% depending on the relative performance of our various business units. It is expected that dependence will lessen over time as the group increases its production of fruit, nuts, grains and oilseeds.

Current new investment is mainly outside of South Africa, where abundant water and land resources offer opportunity for development. Mozambique and Zambia are our preferred destinations in this regard, in view of their low political risk status, their proximity to South Africa and the abundance of fertile soils and untapped water resources.

INDUSTRY PARTNERSHIPS

It is an established strategy of the group to forge operating partnerships to supplement the expertise within the group and to add value to our agricultural production.

We are thus shareholders in the Two-A-Day group and Lebombo Growers which pack, process and market the production of our deciduous and banana farms respectively. Both groups are leaders in their fields and have a similar value ethos to Crookes Brothers. In evaluating the property potential of Renishaw, we have partnered with a compatible team of specialists in this arena.

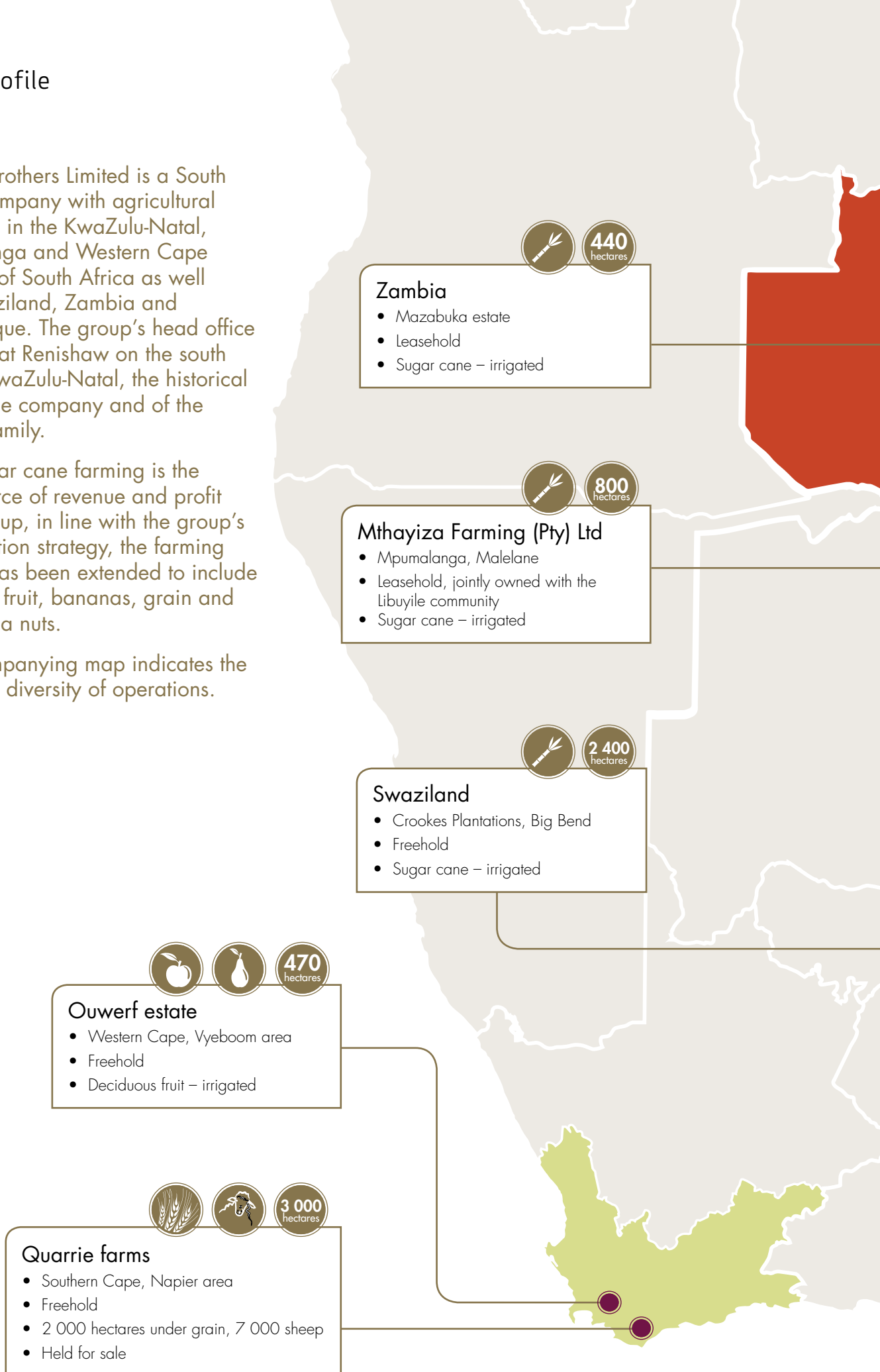
Our tried and tested community joint venture partnering model with the KwaCele and Mthayiza operations provides a base from which to design a long-term solution for our leased-land operations in Komatipoort. This model leverages our expertise and financial resources in jointly controlled operations, without requiring ownership of the land.

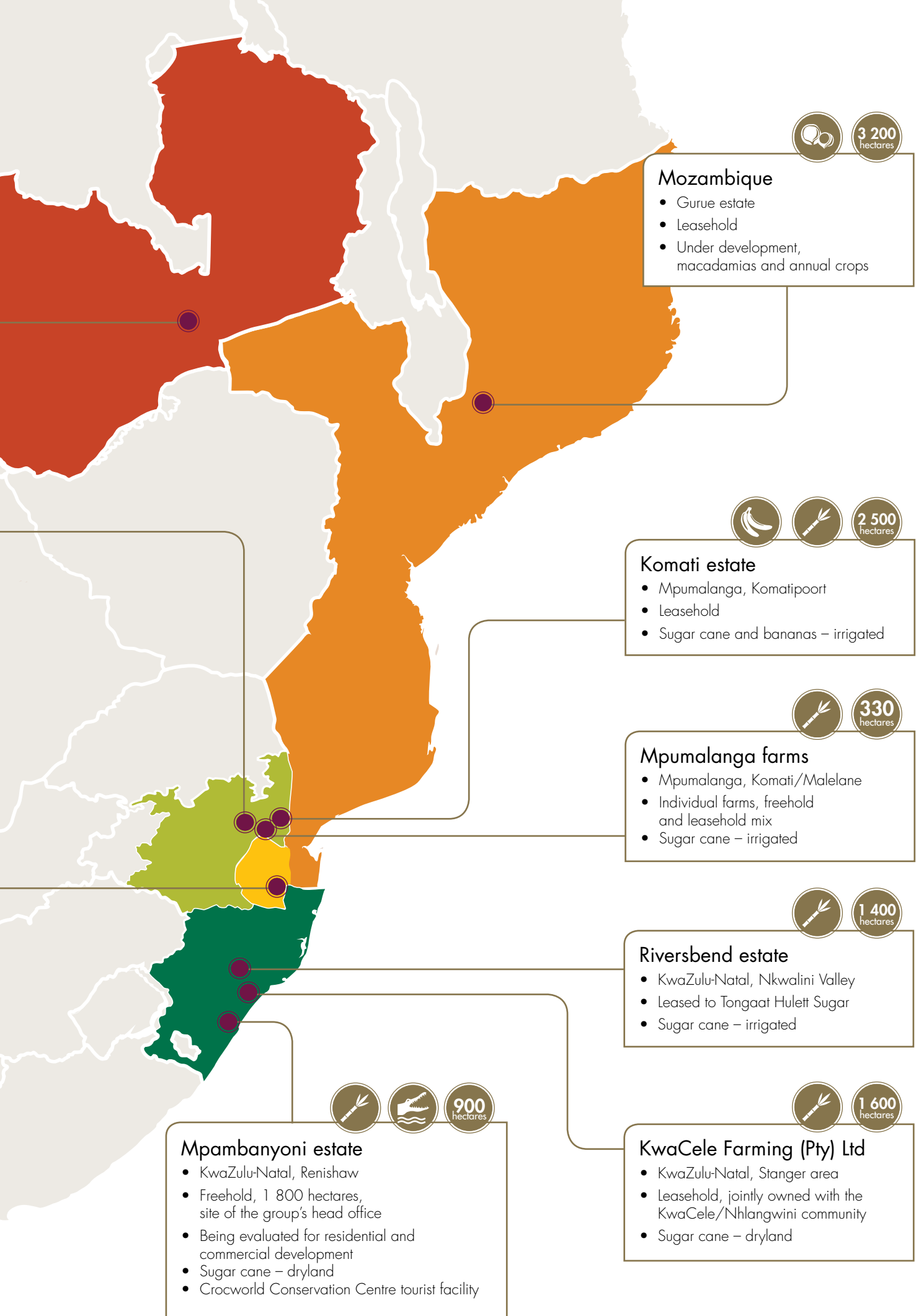
Group profile

Crookes Brothers Limited is a South African company with agricultural operations in the KwaZulu-Natal, Mpumalanga and Western Cape provinces of South Africa as well as in Swaziland, Zambia and Mozambique. The group's head office is located at Renishaw on the south coast of KwaZulu-Natal, the historical home of the company and of the Crookes family.

While sugar cane farming is the major source of revenue and profit for the group, in line with the group's diversification strategy, the farming portfolio has been extended to include deciduous fruit, bananas, grain and macadamia nuts.

The accompanying map indicates the extent and diversity of operations.





 **3 200**
hectares

Mozambique

- Gurrue estate
- Leasehold
- Under development, macadamias and annual crops

  **2 500**
hectares

Komati estate

- Mpumalanga, Komatipoort
- Leasehold
- Sugar cane and bananas – irrigated

 **330**
hectares

Mpumalanga farms

- Mpumalanga, Komati/Malelane
- Individual farms, freehold and leasehold mix
- Sugar cane – irrigated

 **1 400**
hectares

Riversbend estate

- KwaZulu-Natal, Nkwalini Valley
- Leased to Tongaat Hulett Sugar
- Sugar cane – irrigated

  **900**
hectares

Mpambanyoni estate

- KwaZulu-Natal, Renishaw
- Freehold, 1 800 hectares, site of the group's head office
- Being evaluated for residential and commercial development
- Sugar cane – dryland
- Crocworld Conservation Centre tourist facility

 **1 600**
hectares

KwaCele Farming (Pty) Ltd

- KwaZulu-Natal, Stanger area
- Leasehold, jointly owned with the KwaCele/Nhlangwini community
- Sugar cane – dryland

Company history



Renishaw Mill and surrounding area

Crookes Brothers Limited was formally registered as a joint stock company 100 years ago in June 1913, but the story of Crookes Brothers dates back to 1860 when Samuel Crookes from Finningley in Yorkshire, England arrived on the shores of Durban aboard the Rydal. After serving an apprenticeship as a wheelwright or wagon builder, Samuel moved south to Scottburgh and soon started farming sugar cane. Within a year he married neighbour Joseph Landers' daughter Fanny and they duly produced three sons, George, Fred and John, and three daughters, Clara, Helena and Emily.

In 1878 Samuel Crookes registered the company S Crookes & Sons to house his farming and milling interests. Although Samuel died at the age of 67 in 1906, the company prospered under the management of his sons, and expanded its farming and milling activities.

In 1913 the brothers consolidated the family farms and milling operation into Crookes Brothers Limited. The first board of directors included the three brothers as well as Frank Reynolds and CG Smith, both of whom also played major roles in the development of the fledgling South African sugar industry.

Crookes board meetings were held monthly and are said to have been short and sharp with the three brothers in full control. CG Smith had high praise of the new company and congratulated the brothers on the "extraordinarily satisfactory condition of everything in connection with the company".

The early South African sugar industry consisted of an exclusive club of planter-cum-miller family businesses all pioneered before the turn of the 19th century; Natal Estates (the Campbells), Tongaat Sugar (the Saunders), Illovo Estates (the Pearces), Reynolds Brothers, Sir J.L. Hulett and Sons and Crookes Brothers. The sugar produced was sold through agencies such as CG Smith and Co.

In fact, the early history of the company is inextricably tied to that of CG Smith and Co and Reynolds Brothers, which were linked not only by complex cross-shareholdings, but also by shared management, with the Crookes family playing a dominant role in the management of the farming and milling operations. The original three brothers, followed by their offspring, Vernon, Victor and Charles, as well as Fred Gillat (son of Clara), and then Dennis and Dudley Crookes, Fred Palmer and Ivan Gillat from the next generation, all made significant contributions to the development of the company and the industry itself.

The CG Smith group, as it came to be known, was a significant force in the sugar industry – it owned mills at Chaka's Kraal and Gledhow on the North Coast and Illovo, Renishaw, Sezela, Esperanza and Umzimkulu on the South Coast, as well as the Smith marketing and distribution business. In 1915 the group established Natal Cane By-Products Limited which extracted wax from the caked waste on sugar mill filters. The manufacture of vehicle fuel from molasses, called Natalite, was also undertaken by the company. In the 1950s the group established the Pongola mill and in the 1960s was even the driving force in the takeover of the Hulett's empire by Tongaat.

Weather, natural disasters, pests and diseases tested the ingenuity, spirit and perseverance of the pioneering farming community and Crookes Brothers experienced its fair share of these mishaps. Frequent droughts, some major floods, malaria and even plagues of locusts all contrived to make life difficult.

By 1974 the Renishaw mill, which was small by industry standards, required a substantial injection of capital to remain competitive. It also needed a larger cane throughput, which was difficult as its plantations were hemmed in by Reynolds and Illovo. Ultimately it was decided to sell the milling rights to Reynolds Brothers in exchange for shares. At that stage the Renishaw mill had been in operation for 114 years and was one of the oldest surviving mills in Natal. The remaining assets of the company included some 2 000 hectares of cane around

Harvesting sugar cane



*Working the fields at Renishaw
in the early 1900s*



Scottburgh and 550 hectares at Big Bend, as well as substantial shareholdings in CG Smith, Reynolds Brothers and Tongaat.

The period since the closure of the Renishaw mill has been dedicated to the refocus of the group as a specialist farming company, the only such company listed on the main board of the JSE. Dudley Crookes, the grandson of John, was appointed as General Manager in 1980 (and subsequently Managing Director), with Charles, the son of George, as Chairman. They rapidly set about establishing an impressive portfolio of farming assets, producing a variety of crops throughout South Africa and Swaziland.

This period also marked significant changes in the structure of the sugar industry. Takeovers and mergers reshaped the industry, with the disappearance of the old family empires. CG Smith was acquired by the Barlow Rand Group and Tongaat-Hulett's by Anglo American. Both groups subsequently unbundled their assets, CG Smith to form the independent Illovo Sugar in 1999 and Anglo American to form Tongaat Hulett Sugar in 2009.

In 1981, Crookes Brothers undertook a major expansion of the cane farm in Swaziland with the acquisition of the 6 700 hectares neighbouring property, and in 1989, with the announcement that TSB was to build a new mill at Komatipoort, Crookes Brothers acquired prime property adjacent to the new mill to establish cane.

At an early stage it was determined that the company should produce a range of crops in a variety of locations, to mitigate climatic and market risks. In 1987 Quarrie grain and sheep farm near Bredasdorp was acquired, to be followed in 1992 by a deciduous fruit farm at Vyeboom near Grabouw in the Western Cape.

The change in government in 1994 brought a new challenge: the transformation of the agricultural economy. From the outset Crookes Brothers made the decision to co-operate with and assist the authorities in their transformation efforts, and this strategy has shaped the company's development in the modern era.

Several farms were sold to the government in support of land restitution, including what had become the company's flagship estate near Komatipoort. It is the company's strategy to establish joint venture farming operations with the community recipients of these land claims. A key feature of these joint ventures is the development of farming and general management skills in the community. The joint venture model developed by Crookes Brothers offers an effective means of achieving land transformation on a large scale and developing a black commercial farming community.

The 21st century marked a significant change in the global supply-demand balance in the food and agricultural sectors. Food security has become a hot topic, as the global population continues to increase and the availability of land and water resources becomes limited. Sub-Saharan Africa is one of the last areas in the world offering untapped resources for large scale agricultural development to meet global food security concerns. Crookes Brothers' expansion strategy addresses this opportunity.

In tandem with its support for transformation in South Africa, Crookes Brothers has embarked on an ambitious southern African expansion programme with a view to becoming a major force in agriculture in the region. In 2009 the company acquired a sugar cane farm at Mazabuka in Zambia and in 2011 acquired a long-term lease over a property in Mozambique, which is in the process of being developed to macadamias and annual crops such as oilseeds and potatoes.

Today Crookes Brothers owns and manages some 8 500 hectares under cane, 2 000 hectares under grain, 400 hectares of banana plantations and 470 hectares of deciduous fruit orchards, and is in the process of developing the 3 200 hectares Mozambique farm. Commitment to the core values of the company, integrity, excellence and fairness, which have shaped the success of the company and its predecessor, S Crookes and Sons, for well over 100 years, is as strong today as it was in 1913.

Board of directors

1 Guy Wayne (68)

CA(SA)

Independent non-executive chairman

Remuneration/nominations committee chairman

Appointed to the board: January 2008

Appointed chairman: December 2008

Guy is director and/or trustee of entities in the insurance, financial services and medical scheme industries. He was a partner of Deloitte & Touche and chairman of the South African Institute of Chartered Accountants and the KwaZulu-Natal Society of Chartered Accountants.

2 John Barton (65)

FCMA, CGMA, AMP (Harvard)

Independent non-executive director

Appointed to the board: May 2013

John worked for the Anglo American group and subsidiary company Mondi where he was CEO and deputy chairman until 2007 when he left to establish a consulting company and build a portfolio of private equity investments. He currently holds three non-executive directorship positions and is a past president of the Durban Chamber of Commerce and co-chairman of the KZN Growth Coalition.

3 Anthony Hewat (53)

MA (Oxon), CA(SA)

Independent non-executive director

Audit committee chairman

Appointed to the board: October 2006

Anthony co-founded the Metier private equity and sustainability investing group and has extensive private equity investing, management consulting and financial accounting experience with Brait, Capital Partners, Gemini Consulting and Deloitte.

4 Phumla Mnganga (45)

BA, BEd, MBL

Independent non-executive director

Social and ethics committee chairman

Appointed to the board: May 2011

Phumla is managing director of Lehuma Women's Investment Holdings. She serves on the boards of Tolcon-Lehuma (Pty) Ltd, Gold Circle (Pty) Ltd, The Spar Group Limited and is chairperson of the University of KwaZulu-Natal Council and chairperson of the Siyazisiza Trust. She previously worked for Deloitte & Touche and the Tongaat Hulett group.

5 Malcolm Rutherford (51)

BCom, BAcc, CA(SA)

Independent non-executive director

Risk committee chairman

Member of the audit, and remuneration/nominations committees

Appointed to the board: May 2008

For much of Malcolm's career he was financial director of Dimension Data and has served on a number of boards including that of Coronation Holdings Limited. He runs his own private equity company focusing on food and agricultural investments.

6 Rodger Stewart (64)

BSc (Agric)

Independent non-executive director

Member of the audit, risk and social and ethics committees

Appointed to the board: May 2011

Rodger is a non-executive director of the Institute of Natural Resources. He is a previous chairman of the South African Cane Growers Association and a previous council member of the South African Sugar Association. Rodger has been integrally involved in sugar cane operations and policy at a senior level for more than three decades.



7 Paul Bhengu (68)

MEd

Non-executive director

Member of the risk committee

Appointed to the board: February 1999

Paul is an independent HR consultant and trustee of the company's retirement benefit funds. He has also served as a teacher, lecturer, and employee relations consultant to the farming, mining and manufacturing sectors.

8 Christopher Chance (60)

BSc

Non-executive director

Member of the remuneration/nominations committee

Appointed to the board: November 1993

Chris is currently responsible for business development for a fruit export company. He has extensive experience in the agricultural sector, having been involved in a number of farming enterprises and in various initiatives within the sugar and fruit industries.

9 Gary Vaughan-Smith (49)

BSc, MPhil, F.I.A

Non-executive director

Appointed to the board: November 2012

Gary is Chief Investment Officer of agricultural private equity investment group SilverStreet Capital. He spent 11 years at Gartmore Investment Limited in London, latterly heading the Global Team. He was also Head of the Alternative Investment Group at ABN AMRO Asset Management for five years. He started his career working for Southern Life in Cape Town.

10 Guy Clarke (56)

MSc (Eng), MBA, Adv Tax Cert

Group managing director

Member of the risk and social and ethics committees

Appointed to the board: April 2006

Prior to his appointment as group managing director, Guy was a senior executive at the Industrial Development Corporation (IDC). During his time at the IDC he had extensive involvement in project evaluation and implementation in the agricultural and food industries.

11 Phillip Barker (60)

BA, ACMA, CGMA

Group financial director

Member of the risk and social and ethics committees

Appointed to the board: June 2010

Phillip joined the group in 1985 and has held various positions in financial and management accounting, filling the position of group financial manager for a number of years prior to his appointment to the board.

Tim Denton (51)

Alternate non-executive director

Appointed to the board: November 2012

Tim is Head of Agricultural Research for SilverStreet Capital and is based in Harare, Zimbabwe. He has extensive experience in the management of large commercial farms in Africa, including the development of greenfield sites and out-grower schemes.



Operating environment

FOOD SECURITY

Global markets for food and agricultural products continue to be driven by food security concerns, but exhibit significant volatility in response to short-term supply and demand fluctuations. Although European markets are weak in the face of persistent financial problems in the region, the fundamental drivers of the food security equation remain in place: the steadily increasing world population, change in food consumption patterns amongst the rising middle classes in China, India and Africa, the use of agricultural products to produce green energy, the impact of climate change and, not least, the relative scarcity of unexploited

water and land resources to expand production. The global focus on food security is the primary motivation for the group's strategy for development in southern Africa, one of the few regions worldwide offering abundant unexploited water and land resources for the expansion of agricultural production. Concerns around food security are reflected in the continued strong interest by international investors in agricultural land and projects in southern Africa. The attrition rate for greenfield agricultural projects is high, however, and the landscape is littered with costly failures.

INDUSTRY CHALLENGES

The issues faced by farmers in the 21st century stand in stark contrast to rising food needs. Market volatility, regulatory controls and exchange rate fluctuations pose challenges, especially for private and small-scale farmers who have limited resources to manage the associated risks. Inputs such as wages, electricity, fertiliser, fuel and chemicals are becoming more costly. Skills and labour are becoming more difficult

to source in the face of increasing urbanisation and the decreasing attractiveness of farm work as an occupation. In South Africa in particular, labour tenancy, land restitution and empowerment all have a critical impact on the industry. The modern farmer has to make provision to meet the social and economic expectations of both his employees and surrounding communities.

MARKETS – SUGAR



Global

The global sugar price (US number 11) has declined steadily over the past two years from highs of more than US30 ¢ per lb in 2011 to around US17 ¢ per lb currently. With continued strong production forecast, particularly from Brazil and India, a significant uptick in the price is not expected in the current year, although the proportion of cane used to produce ethanol in Brazil is on the increase. At current levels the economic viability of sugar production is under pressure in many regions, which would appear to limit the possibility of further downside in price.

South Africa

After several years of above inflation increases, the relative value (RV) price of sucrose paid to South African cane farmers is under pressure, with the projection of the South African Sugar Association (SASA) for the current year standing at R3 133 per ton, 2% lower than the price achieved in the year under review. This is due to several factors: local production is expected to increase from 1,7 million tons of sugar to 2,3 million tons, resulting in a significant increase in sugar exports at increased costs and lower prices; imports of sugar from outside of the Southern African Development Community (SADC), currently amounting to around 10% of South Africa's production, are unlikely to decline unless there is a major revision to the tariff structure; and the world spot price is currently at a relatively low level of around US17 ¢ per lb, although this is offset to some extent by the relatively weak Rand.

Swaziland

Swaziland sugar production is currently marketed by the Swaziland Sugar Association, although the structure of the industry is under review and the marketing process could change in the future. Sugar is sold in roughly equal proportions

into Europe and South Africa. In Europe the prices benefit from the country's preferential market access as a least developed nation, and in South Africa from the tariff structure.

The forecast for the Swaziland sucrose price for the 2013/14 season is much better than the equivalent RV price for South Africa primarily due to Swaziland's preferential access to the European market. The long-term prognosis is uncertain, however, as the preferential access comes to an end in 2015 and may not be renewed after that date because of the weak state of the European Union (EU) economy. As in South Africa, the weak currency will support prices in the current year.

Zambia

In Zambia the group delivers its entire cane crop to Nakambala mill, which is majority-owned by Zambia Sugar Limited (Zamsugar), an Illovo subsidiary. Zamsugar's production is sold internally in Zambia (approximately 40%), exported to other regional markets such as the Democratic Republic of the Congo (DRC), and exported to the EU, where Zambia also enjoys preferential status as an exporter.

In the case of Zamsugar, however, the net price of the EU export component is substantially reduced due to the high cost of transport to ports in South Africa and Mozambique.

The Zambia ERC price originally declined with the expansion of the mill, which was completed in 2011, due to the resultant increase of the EU export component, but has since strengthened as local and regional sales have increased. In the past year the group also benefited from a weakening of the Rand against the Zambian Kwacha. It is difficult to make long-term projections on price, but Zambia's EU exports are also subject to changes in the sugar marketing regime post 2015.

MARKETS – DECIDUOUS FRUIT



The group's production of deciduous fruit is sold through the Two-A-Day Group (TAD) in which the group has a 9% shareholding. TAD is wholly owned by the farmers supplying fruit for packing and marketing. The group's production makes up approximately 15% of TAD's total throughput. All of TAD's profit after making an allowance for capital expenditure and working capital is effectively distributed to shareholders via payments for fruit.

TAD is a 50% shareholder in Tru-Cape with Ceres Fruit Growers; Tru-Cape markets the entire production of TAD. TAD is a 20% shareholder in APL Cartons, which gives it access to low cost packaging material, which is a significant cost factor in the fruit supply chain. TAD is also a 20% shareholder in Link Supply Chain Management which manages the logistics for the group's deciduous fruit exports, again resulting in substantial cost savings. In addition, TAD provides a technical advisory service to growers and undertakes the aggregated purchasing of chemicals and fuel for its growers. A wholly

owned subsidiary of TAD, Elgin Fruit Juices, processes fruit not suitable for sale on the fresh market.

TAD's sales comprise approximately 50% exports to overseas destinations and 20% Africa exports, with the balance sold locally. With the financial problems prevailing in Europe, TAD has in the past few years focused on diverting sales away from the EU to alternative more lucrative eastern markets.

Market strength and prices in any year depend primarily on the global supply-demand balance. In both the 2012 and 2013 seasons, poor crops in Europe and North America have resulted in good prices which have been enhanced by the weakening of the Rand in the same period. The South African market tends to follow global markets; when global supply exceeds demand, a greater proportion of local supply is sold on the local market, resulting in lower prices, and vice versa. Rapid growth in fruit consumption in Africa has resulted in increasing sales to the region, offering a lucrative alternative to overseas exports.

MARKETS – BANANAS



The group's banana production is marketed and distributed by Lebombo Growers in which the group has a 25% shareholding. Similar to TAD, Lebombo is wholly owned by its grower suppliers. Lebombo markets the entire product from its shareholders in the South African market, where it has a market share of around 23%. Lebombo is particularly strong in the Western Cape, where it has established a distribution facility dedicated to packing and ripening bananas and other fresh produce for Woolworths. Lebombo has a 50% shareholding in DIX Logistics with Du Toit Boerdery based in the Western Cape, which transports subtropical fruit from Mpumalanga to the Western Cape and deciduous fruit from the Western Cape to Gauteng. Like TAD, Lebombo returns all its profits to shareholders via payment for product, and is a leader in its field.

The local banana market exhibits extreme volatility from week to week, but less so from year to year, depending on the supply-demand balance. The short-term volatility is due to the perishable nature of the product and erratic supply through the year due to variable climatic conditions. Recently, increased production from southern Mozambique destined for the South African market has put prices under pressure, although this has tended to be balanced by market growth and reduced local production due to the impact of the Panama virus in the Hazyview/White River area. With the recent increase in minimum wages South African banana production could come under pressure due to the labour intensive harvesting and packing processes. Generally, local banana prices have kept pace with inflation over the past decade.

TRANSFORMATION

In South Africa pressure for the transformation of the agricultural industry, land restitution and redistribution is expected to intensify, with recent indications from the government that the land claim process will be reopened to allow additional claims to be lodged and that the "willing buyer – willing seller" principle that has hitherto been applied for the purchase of claimed land is to be amended. Despite the uncertainty this creates, efficient farmers still succeed and the price for quality farms remains high.

The future of the transformation process and its impact on agricultural production and land ownership is unclear, with government policy and planning taking precedence over

effective implementation. It is worth noting that the only remaining unresolved claim at this stage over the group's properties relates to 400 hectares on the Renishaw farm.

With increasing demands for local ownership and indigenisation in the whole of the SADC region, it is unrealistic to expect that our investments outside of South Africa will not be vulnerable to similar pressure in the future. We are working to secure credible local partners in Zambia and Mozambique to mitigate this risk. Nonetheless, these countries remain desirable investment destinations for their relatively untapped land and water resources.

COST PRESSURES

The recent increase of the statutory minimum wage for agriculture has dominated headlines for the past six months and will undoubtedly have a major impact on the industry, especially amongst smaller operators in labour intensive sectors. Although appropriate steps have been taken to renegotiate and restructure packages where possible, the change in legislation will have the effect of increasing wages in the group by some 25% over and above the normal

inflation increase applied from 1 April and reduce operating profit (before tax) by R12 million in the current financial year.

In the light of the above, the lower than expected increase in Eskom tariffs of 8% is a significant improvement on previous years, but still represents a real increase in electricity costs. The sector remains vulnerable to increases in fertiliser and chemical costs too, which are volatile in the face of fuel price and exchange rate movements.

Strategic performance

QUALITY FOCUS

The quality of the portfolio of farms under our management is a key determinant of success for the group. Whilst we aim to acquire quality farms to complement our existing portfolio, we also expend significant resources in transforming farms within the portfolio to high quality production units capable of delivering superior returns. We have achieved notable successes in this regard during the year under review.

- The Swaziland estate was expanded by a further 242 hectares to complete the 800 hectares development programme. This brings the total area under cane to 2 444 hectares. Management has successfully maintained state-of-the-art infrastructure and agricultural standards and strives to improve water security, cane quality and yields.
- The deciduous operations were expanded by a further 38 hectares to complete the 100 hectares expansion programme, which brings the total area under crop to 467 hectares.
- The development of the macadamia project is well underway on the Gurue farm in north western Mozambique, with 40 hectares of the 300 hectares programme complete. An application has been submitted for the lease of a further 1 700 hectares on an adjacent farm which could result in 4 900 hectares being available for cultivation. The plan is to develop at least 2 500 hectares to grains and other annual crops over the next five years in conjunction with the macadamias. It is our intention to accelerate and increase the initial macadamia programme to achieve critical mass. Gurue is expected to become a major contributor to group earnings in future.

CONTINUOUS IMPROVEMENT

The continuous improvement programme remains a key focus area on all estates. During the year under review the emphasis has been on upgrading irrigation systems across the sugar cane estates with the aim of improving yields and reducing power and water consumption.

The programme has achieved a major improvement in yields as well as reduced water and electricity usage, principally by converting inefficient furrow and sprinkler systems to sub-surface drip and pivot irrigation.

Results for the 212 hectares upgraded previously and harvested in 2012/13 show an average 38% increase in yield, with next season's projections averaging a 40% yield improvement on a further 265 hectares which have already been converted to more efficient irrigation systems. 445 hectares are planned for upgrade in the 2013/14 season, to be harvested in 2014/15, with estimates of similar average yield improvements on this area.

INDUSTRY PARTNERSHIPS

As we expand the group's deciduous fruit and banana production, our interests in both Two-A-Day and Lebombo Growers will increase. We are looking at establishing a similar marketing partnership for the export of macadamias when the Gurue project comes into production.

Forging business partnerships with local communities continues to be a core strategic focus of the group. The existing joint ventures with the community recipients of claimed land, the KwaCele-Nhlangwini community near Stanger (KwaCele Farming) and the Libuyile community at Malelane (Mthayiza Farming) are excellent examples of economically and socially successful post-restitution operations.

Our partnership model is expanding with a similar joint venture on a deciduous farm sold to the state. At Scottburgh we have established Mpambinyoni Construction Supplies with the Cele community and local entrepreneurs to own and manage a sand mining and concrete products manufacturing business.

The group's ability to manage such partnerships with communities and industry players offering complementary skills is a major advantage when tackling new projects.

GEOGRAPHIC AND CROP DIVERSIFICATION

The mitigation of climatic and market risks is mainly achieved through the cultivation of a range of crops in a variety of well-spread geographic regions. The current focus is on increasing investment outside South Africa where water and land resources offer better opportunity for development. Zambia and Mozambique remain our preferred destinations, although Tanzania and Malawi also offer some interesting opportunities.

With the sugar industry in SADC offering limited development opportunities for the group, our focus has moved to other crops, including tropical fruit, grain/oilseeds and nuts. The Gurue project will assist in achieving this goal. Several other projects have been identified and are currently at different stages of review. It remains strategically imperative to build on our core competencies and with appropriate scale.



Financial performance

Financial overview

The year under review was characterised by poor cane yields and quality on our major sugar cane estates, the financial effects of which were fortunately offset to some extent by excellent production and profits from the deciduous fruit and grain operations.

Revenue from continuing operations increased 13% to R387,5 million (2012: R342,5 million) with the main contributors being sugar cane at R247,5 million and deciduous fruit at R76,0 million (64% and 20% respectively of revenue from continuing operations).

Headline earnings for the year at R92,9 million was enhanced by the receipt of R31,0 million (pre-tax) in respect of outstanding interest payable on the sale of the Komati estate and was the major contributor to the 27% increase over the prior year's

R72,9 million. Operating costs were 15% higher than the previous year largely due to expanded farming areas but exacerbated by significant increases in fuel, fertiliser and electricity costs.

Cash generation from operations remained strong at R77,2 million (2012: R62,2 million). Despite the investment of R180 million over the last two years in the purchase of properties and expansion of farms, the group remains substantially ungeared. A further R63,2 million has been committed to capital expenditure over the next 12 months.

Our financial goals of achieving long-term growth in headline earnings per share (HEPS) of 15% per annum and a return on equity (ROE) greater than 15% were both achieved in the year under review, with HEPS growth of 34% against a five year rolling average and an ROE of 17%.

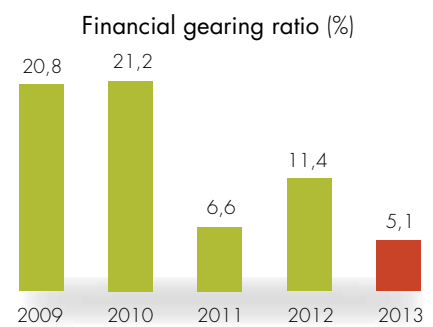
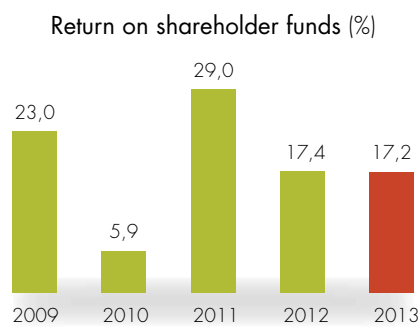
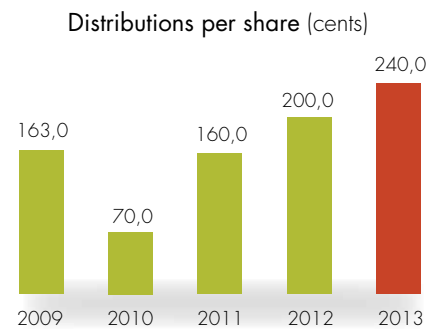
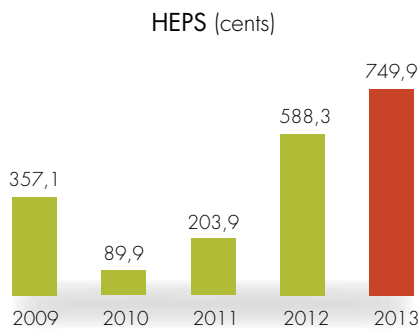
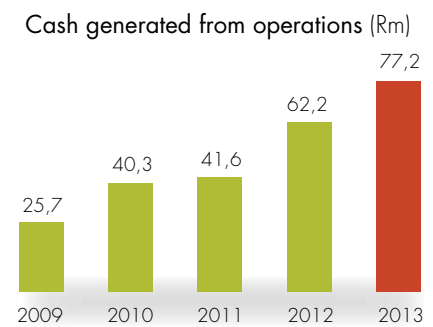
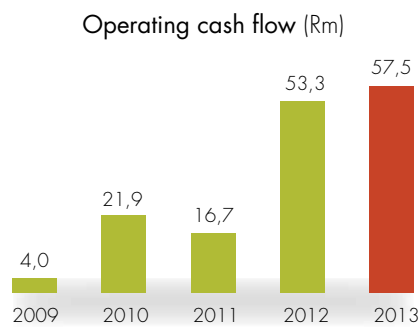
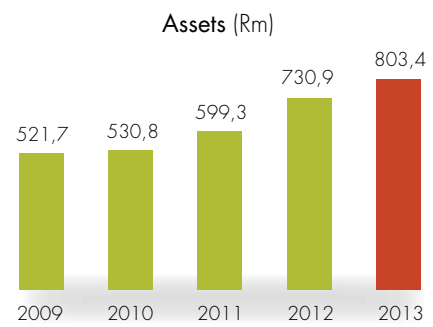
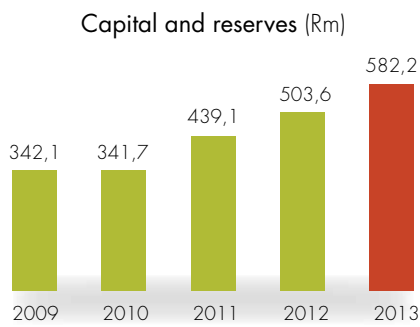
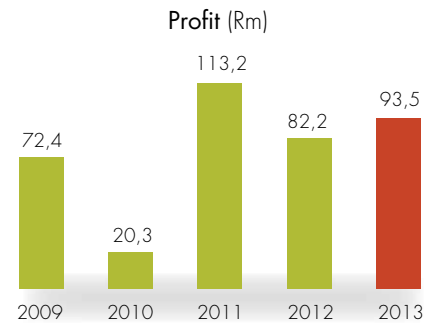
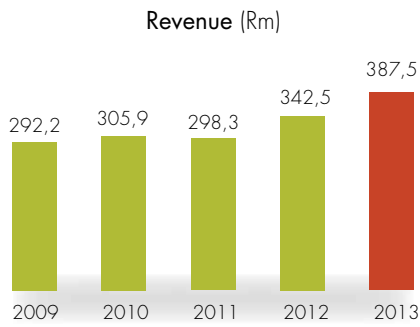
Financial summary for the year ended 31 March 2013

		2013	2012	%
Shareholders' equity	R'000	582 198	503 595	16
Revenue (continuing operations)	R'000	387 526	342 514	13
Operating profit before taxation	R'000	117 053	101 288	16
Profit for the year	R'000	93 465	82 184	14
Headline earnings	R'000	92 879	72 855	27
Headline earnings per share	cents	749,9	588,3	27
Basic earnings per share	cents	757,1	631,9	20
Cash flow from operating activities per share	cents	464,6	430,1	8
Dividends declared per share – ordinary	cents	240,0	200,0	20
Net asset value per share	cents	4 701	4 066	16
Market price per share at year end	cents	5 550	4 700	18
Dividend cover (headline earnings)	times	3,1	2,9	
Interest cover (operating profit before interest and tax)	times	38,9	28,6	
Return on shareholders' funds	%	17,2	17,4	
Operating margin	%	21,6	26,4	
Financial gearing ratio	%	5,1	11,4	

Exchange rates (average)

Rand/US Dollar	8,50	7,44
Rand/Euro	10,96	10,23
Rand/British Pound	13,43	11,86
Zambian Kwacha/Rand	0,62	0,66
Mozambican Metical/Rand	3,39	3,76

Five year financial review



Five year financial review

	2013 R'000	2012* R'000	2011 R'000	2010 R'000	2009* R'000
Consolidated statement of comprehensive income					
Revenue	387 526	342 514	298 303	305 883	292 213
Operating profit	83 792	90 286	25 794	36 402	73 677
Share of profit/(loss) of associate companies	158	120	51	7	8
Dividends from investments	1 532	8 708	4 501	101	1 476
Interest received	33 767	1 014	911	401	573
Finance costs	(2 196)	(3 467)	(4 353)	(5 828)	(9 752)
Capital items	–	4 627	93 741	13 188	27 457
Profit before taxation	117 053	101 288	120 645	44 271	93 439
Income tax expense	(30 159)	(24 906)	(7 439)	(7 214)	(21 885)
Profit for the year from continuing operations	86 894	76 382	113 206	37 057	71 554
Profit/(loss) for the year from discontinued operations	6 571	5 802	–	(16 797)	858
Profit for the year	93 465	82 184	113 206	20 260	72 412
Other comprehensive income/(loss)					
Investment revaluation	2 821	(1 516)	1 542	305	(847)
Exchange differences on translating foreign operations	8 776	(160)	(2 646)	(867)	–
Other comprehensive income/(loss) for the year	11 597	(1676)	(1104)	(562)	(847)
Total comprehensive income for the year	105 062	80 508	112 102	19 698	71 565
Headline earnings	92 879	72 855	25 250	11 133	44 225
Consolidated statement of financial position					
Assets					
Property, plant and equipment	285 614	236 952	177 847	159 790	126 310
Bearer biological assets	145 518	116 000	101 730	79 153	65 680
Investments	20 827	17 026	15 394	11 936	9 323
Other non-current assets	1 203	938	650	–	737
Current assets	329 444	356 376	303 664	163 812	190 422
Assets classified as held for sale	20 837	3 564	–	116 078	129 224
Total assets	803 443	730 856	599 285	530 769	521 696
Equity and liabilities					
Capital and reserves	582 198	503 595	439 056	341 705	342 095
Deferred taxation	87 514	71 456	53 103	57 547	65 960
Long-term borrowings – interest-bearing	13 513	16 373	6 559	10 332	2 296
Long-term liability – interest-free	51 635	45 174	41 076	16 550	–
Post-employment obligations	13 778	14 470	16 190	14 377	14 392
Current liabilities – interest-bearing	15 911	41 146	22 546	62 112	68 786
Trade and other payables and provisions	38 894	38 642	20 755	18 146	18 167
Liabilities associated with assets held for sale	–	–	–	10 000	10 000
Total equity and liabilities	803 443	730 856	599 285	530 769	521 696
Consolidated statement of cash flows					
Cash generated from operations	77 173	62 210	41 561	40 301	25 732
Finance costs	(2 196)	(3 467)	(4 353)	(5 828)	(9 752)
Taxation paid	(17 431)	(5 469)	(20 470)	(12 552)	(11 990)
Cash inflow from operating activities	57 546	53 274	16 738	21 921	3 990
Dividends paid	(26 628)	(16 100)	(14 862)	(20 188)	(17 958)
Net cash inflow/(outflow) from operating activities	30 918	37 174	1 876	1 733	(13 968)
Net cash inflow/(outflow) from investing activities	7 556	(58 114)	55 936	(16 462)	(38 774)
Decrease/(increase) in funding requirements	38 474	(20 940)	57 812	(14 729)	(52 742)

* Re-presented to account for discontinued operations.

Five year financial review continued

	Notes	2013 R'000	2012* R'000	2011 R'000	2010 R'000	2009* R'000
Share performance						
Headline earnings per share	cents	749,9	588,3	203,9	89,9	357,1
Basic earnings per share	cents	757,1	631,9	911,0	166,7	585,1
Dividends declared per share – ordinary	cents	240,0	200,0	110,0	70,0	163,0
Dividends declared per share – special	cents	–	–	50,0	–	–
Dividend cover (headline earnings)	times 1	3,1	2,9	1,9	1,3	2,2
Earnings yield (headline earnings)	%	13,5	12,5	5,7	2,0	7,8
Dividend yield	% 2	4,3	4,3	4,4	1,6	3,5
Net asset value per share	cents 3	4 701	4 066	3 545	2 759	2 762
Market price per share – closing	cents	5 550	4 700	3 600	4 500	4 600
– highest	cents	6 000	5 200	4 500	5 400	4 600
– lowest	cents	4 600	3 250	3 050	4 000	3 250
Closing price/net asset value per share	%	118,1	115,6	101,5	163,1	166,5
Price/headline earnings ratio at year end	times 4	7,4	8,0	17,7	50,1	12,9
Shares in issue	'000	12 385	12 385	12 385	12 385	12 385
Volume of shares traded	'000	3 956	608	314	380	364
Number of share transactions		285	229	191	141	166
Value of shares traded	R'm	205,6	24,2	12,3	17,6	16,1
Volume of shares traded/issued shares	%	31,9	4,9	2,5	3,1	2,9
Returns and profitability						
Return on shareholders' funds	% 5	17,2	17,4	29,0	5,9	23,0
Taxed return on net assets	% 6	15,9	16,0	25,7	4,9	17,5
Pre-tax return on total assets	% 7	11,1	14,9	5,4	6,9	16,3
Operating margin	% 8	21,6	26,4	8,6	11,9	25,2
Solvency and liquidity						
Total liabilities to total shareholders' funds	% 9	38,0	45,1	36,5	55,3	52,5
Financial gearing ratio	% 10	5,1	11,4	6,6	21,2	20,8
Current ratio	times 11	6,4	4,5	7,0	3,1	3,2
Cash flow per share	cents 12	464,6	430,1	135,1	177,0	32,2
Interest cover	times 13	38,9	28,6	7,0	6,3	7,8

* Re-presented to account for discontinued operations.

Notes to the five year financial review

- Dividend/cash distribution cover**
Headline earnings per share divided by cash distributions and ordinary dividends per share (interim: paid; final: declared).
- Dividend/cash distribution yield**
Dividends per share (interim: paid; final: declared) and cash distributions per share as a percentage of year end market price.
- Net asset value per share**
Shareholders' funds, divided by the number of shares in issue at year end.
- Price:headline earnings ratio**
Market price at year end, divided by headline earnings per share.
- Return on shareholders' funds**
Profit after taxation, expressed as a percentage of the average of the financial period's opening and closing shareholders' funds.
- Taxed return on net assets**
Profit after taxation, expressed as a percentage of average net assets.
- Pre-tax return on total assets (continuing operations)**
Operating profit before interest and taxation (but including income from investments), expressed as a percentage of the average of the financial period's opening and closing total assets.
- Operating margin (continuing operations)**
Operating profit before interest, expressed as a percentage of revenue.
- Total liabilities ratio**
Interest-bearing debt and other liabilities, expressed as a percentage of shareholders' funds.
- Financial gearing ratio**
Interest-bearing debt, expressed as a percentage of shareholders' funds.
- Current ratio**
Current assets divided by current liabilities.
- Cash flow per share**
Cash available from operating activities, divided by the average number of shares in issue during the year.
- Interest cover (continuing operations)**
Operating profit before interest paid and taxation (but including income from investments), divided by interest paid.

Operational performance

Sugar cane

The results from the group's sugar cane operations were below expectations, with revenue 10% higher than the previous year at R247,5 million, but operating profit 14% lower at R85,2 million. Total production of 644 421 tons was only marginally higher than the previous year, despite an increase of 6% in the area harvested. Climatic conditions as well as cane having to be cut an average of almost one month younger than normal influenced yield as well as quality.

The cane operations once again benefited from higher prices. The South African RV (relative value) price increased by 6% this season to R3 197 per ton, on the back of above inflation increases in the previous three seasons; the ERC (estimated recoverable crystal) price in Zambia increased by 15% to R2 963 per ton, partially due to the strengthening of the average Kwacha/Rand exchange rate by 6% over the year; and the Swaziland sucrose price increased to R2 888 from last year's price of R2 252, a 28% increase, after several years of below inflation increases.

The South African RV price for the 2013/14 season, which has a direct impact on the valuation of the biological assets at the end of the period under review, is projected at R3 133 per ton, 2,0% lower than that for the 2013 season; the comparable prices in Swaziland and Zambia are forecast to be only marginally higher than the 2013 prices.

Komati

Although the yield of 216 197 tons was only 5% below that of the previous year, operating profit from cane declined by 33% to R32,4 million. This was mainly due to the poor RVs and a reduced year end biological assets valuation.

The low RV was caused by unseasonal heavy rains that were experienced throughout the summer in this normally dry region. The inclement weather, in combination with a two week mill shut-down due to labour unrest, resulted in the Komati estate being unable to complete harvesting.

Mthayiza

Profit declined significantly as a result of a decrease in production by 5% to 63 995 tons and a decrease in RV percentage. This operation was affected by exceptionally heavy rains throughout the summer. Cost pressures also contributed to the disappointing operating profit.

Malelane

These farms, comprising a total cultivatable area of 350 hectares, are currently being upgraded, so comparative results are not meaningful at this stage. Nonetheless, production increased by 124% to 15 692 tons and operating profit by 150%. The upgrading process will be completed in the 2013/14 financial year, whereafter these farms are expected to make a steady contribution to group profitability.

Swaziland

Operating profit increased by 52% to R38,3 million largely due to the area harvested increasing from 1 625 to 1 929 hectares and the increase in the sucrose price.

Production of 183 926 tons was only 5% higher than the previous year, with a decrease in cane yields per hectare by

12% when compared to the previous season, mainly due to the younger cutting age. The expansion of 242 hectares completed during the year, which increased the total area on the estate to 2 444 hectares, will further increase production on this estate in the future.

Zambia

Operating profit was 17% lower than the previous year, largely as a result of the 5% decrease in production to 55 195 tons. This was caused by erratic irrigation water supply which resulted from the failure of the mill generator. This is expected to have a negative impact on the forthcoming crop as well.

KwaCele

Although production increased by 3% to 76 301 tons, operating profit declined significantly due to increased costs and the exceptionally low RV percentage. Better results are expected in the coming season with an increased age at harvest.

Renishaw

Despite a 31% increase in yield to 33 114 tons this estate remains marginal and generated a loss for the year. Large areas which were destroyed in the drought in 2011 still have to be replanted. The very wet early summer hampered replanting efforts. As an alternative to marginal cane production, the group is considering property development on this estate.

Deciduous fruit

In the 2013 financial year revenue increased by 45% to R76,0 million and operating profit by 137% to R24,7 million over the prior year. The total production amounted to 17 143 tons, 8% higher than the previous year, despite the area harvested reducing by 12% due to the grubbing of old orchards on the Vyeboom farm. The average yield per hectare harvested increased by 23% from last year, to a record of 61 tons per hectare.

Prices of all varieties increased significantly due to both strong local demand and the weakening Rand against the currencies of our overseas trading partners. The area to be harvested next year will decrease by a further 50 hectares, to 266 hectares out of a total of 470 hectares, but this will mark the end of the accelerated replanting programme. Over the next few years the area harvested and production will increase rapidly as the replanted orchards come into production.

Bananas

Revenue increased by 3% to R53,4 million but operating profit declined by 15% to R6,3 million, largely due to weak prices, with the average just 2% above that of the previous year, despite a significant improvement in quality.

Banana production was once again impacted by adverse climatic conditions, with a single severe storm destroying an estimated 600 tons of fruit. As a result total production of 12 638 tons was similar to that of the previous year. In the current year the final 55 hectares of bananas will be relocated in terms of the three year upgrading programme, bringing the total area under bananas to 430 hectares, which will have a major positive impact on yields and profits in the medium term.

Grain and sheep

Revenue increased by 19% to R23,2 million and operating profit by 13% to R9,1 million. This operation again exceeded expectations despite adverse weather conditions during the harvest which affected quality. Grain production increased by 6% to 6 708 tons. The barley price was similar to that of the previous year but the wheat and canola prices increased by 29% and 12% respectively. Wool prices remained firm but the price of mutton fell by 11% when compared to the previous year.

The firm grain and mutton prices of recent years have resulted in strong demand for farms in the area, attracting several offers for our property on an excellent earnings multiple relative to

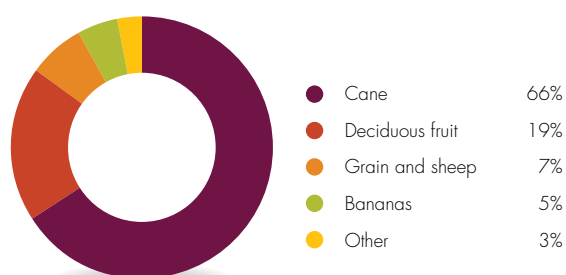
the average. The group is of the opinion that better options for investment in grain crops exist in neighbouring countries at lower land prices. Negotiations for the sale of this operation are at an advanced stage.

Future prospects

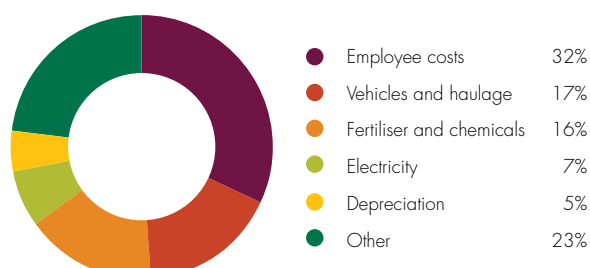
A much better result from the sugar cane operations is anticipated in the forthcoming season with a return to normal cutting ages and 700 hectares of the Swaziland expansion now in full production. The newly replanted banana areas are expected to enhance the production and quality from this enterprise. With the reduced area harvestable in the deciduous operation due to the accelerated replanting, the short-term profitability of this division is expected to come under pressure.

Five year agricultural statistics review	2013	2012	2011	2010	2009
Cane					
Hectares	7 849	7 171	6 993	8 010	9 114
Tons harvested	644 421	636 728	563 113	617 916	594 894
Average RV price per ton – South Africa (Rand)	3 197	3 018	2 572	2 284	2 011
Average sucrose price per ton – Swaziland (Rand)	2 888	2 252	1 891	1 975	1 988
Average ERC price per ton – Zambia (Rand)	2 963	2 580	2 228		
Deciduous fruit					
Hectares	409	404	374	371	377
Hectares harvested	280	319	329	335	355
Tons harvested					
Apples	14 858	12 786	11 546	15 196	12 167
Pears	2 285	3 097	2 387	3 265	3 805
Net price per kilogramme – (export fruit)					
Apples (Rand)	4,64	3,79	3,48	2,71	4,08
Pears (Rand)	4,45	3,71	3,27	4,01	5,00
Bananas					
Hectares	340	320	362	421	421
Tons harvested	12 638	12 618	14 602	15 132	17 394
Price per kilogramme (Rand)	4,30	4,23	3,63	3,74	3,33
Grain					
Hectares	1 928	1 962	1 937	1 989	2 051
Tons harvested	6 708	6 314	4 055	5 227	5 476
Barley price per ton (malt grade) (Rand)	2 214	2 209	2 178	2 255	2 820
Wheat price per ton (Rand)	2 652	2 059	2 301	1 468	1 824
Sheep					
Number of sheep	6 945	7 110	6 781	6 680	6 516
Sheep sold	3 519	2 626	3 186	3 288	2 938
Kilogrammes of wool sold	16 697	18 760	15 984	18 131	16 527
Price per sheep (Rand)	842	943	791	637	590
Wool price per kilogramme (Rand)	84,85	81,12	63,19	44,24	39,19

Operating profit (R'000)

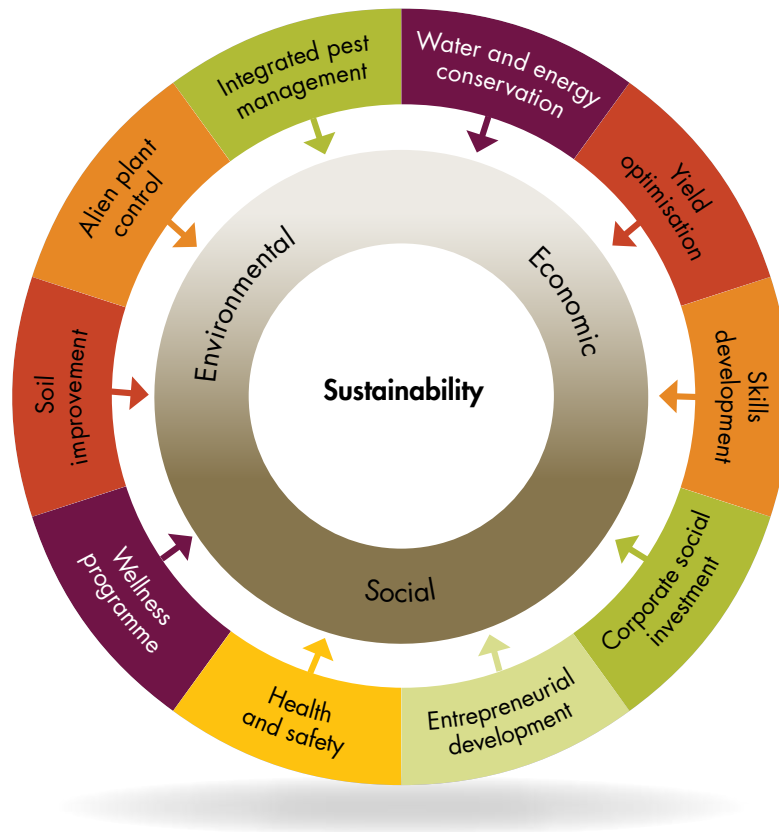


Breakdown of operating costs



Sustainability

Sustainable development ensures that we meet our present needs without compromising our ability to meet future needs.



Sustainability report

Considerations of sustainability are becoming increasingly important in the 21st century as global climate change poses new challenges for the future of humanity and social issues become more relevant to the growing world population.

As a significant regional player in the agricultural sector, Crookes Brothers prides itself on optimising the social and environmental impact of its operations, without compromising economic viability. It is the group's goal to position itself as employer and partner of choice for employees, communities, business initiatives and governments.

Economic impact

Rural economies

As a major employer in the various regions in which we operate and as a community business partner in some of those regions, Crookes Brothers plays an increasingly significant economic role in rural communities in South Africa, Swaziland, Zambia and Mozambique.

As a farming company we proactively support the socio-economic upliftment of the community residents of the areas in which we operate.

Employment

The group provides permanent employment for 2 000 people and contracts a further 2 500 short-term seasonal staff. Employees are generally sourced from communities who reside in close proximity to the farming operations and the wages and benefits earned support many more people than those directly employed.

Preferential procurement

We have a preferential procurement policy that supports the participation of historically disadvantaged communities in economically beneficial activities. Local suppliers of goods and services are utilised whenever feasible and a growing proportion of our procurement spend is received by small and emerging businesses.

Entrepreneurial development

It is a core strategy of the group to increase the provision of agricultural management and mentoring services to the community recipients of land restitution. We are currently involved in two joint ventures, one with 600 households comprising the Libuyile community near Malelane (Mthayiza Farming) and the other with 800 households comprising the Cele community inland of Stanger (KwaCele Farming). The group has a minority shareholding in these operations and is

the operating partner in control of operations. Both initiatives are considered models for post land restitution co-operation and management.

Following the recent sale of the group's Belleview deciduous fruit farm for a land transformation project, we are engaging with the Department of Rural Development and Land Reform of the Western Cape to establish a similar joint venture with ex-employees.

At Scottburgh we have established Mpambinyoni Construction Supplies (MCS) in which the local Cele community and historically disadvantaged individuals have a 37% shareholding.

MCS mines sand on Crookes Brothers' property and manufactures bricks and blocks for the construction industry.

We also plan to involve the local community in the Renishaw property development project once the EIA has been approved, the land rezoned and the land restitution claim resolved.

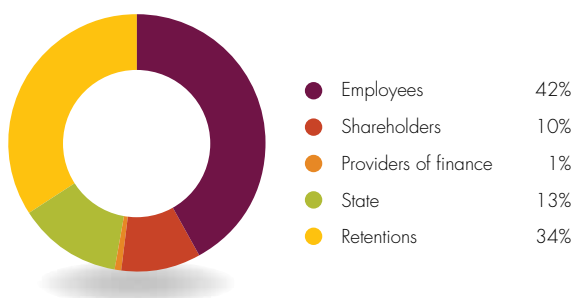
The wealth created and distributed by the group is shown in the value added statement. During the 2013 financial year R254,5 million was created, with R168,7 million (66%) of that being distributed to employees, providers of capital and to governments.

Value added statement for the year ended 31 March 2013

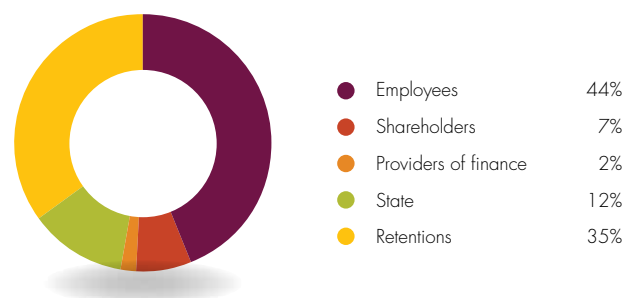
Value added is the wealth created and this statement shows how this wealth has been distributed amongst its various stakeholders.

	2013 R'000	2012 R'000
Wealth created		
Revenue	410 705	361 964
Other operating income	2 488	2 456
Capital items	–	4 627
Share of profits/(loss) of associate company	158	120
Dividends received	1 532	8 708
Interest received	33 767	1 014
	448 650	378 889
Materials and services purchased	(194 135)	(161 041)
	254 515	217 848
Wealth distributed		
To employees as salaries, wages and other benefits	107 177	94 982
To pay providers of capital	28 824	19 567
Dividends	26 628	16 100
Interest paid	2 196	3 467
To governments as direct taxation	32 714	27 163
	168 715	141 712
Wealth retained for future growth	85 800	76 136
Depreciation	18 656	13 975
Retained earnings	67 144	62 161
	254 515	217 848

Percentage distributions 2013



Percentage distributions 2012



Social impact

Employer of choice

The group endeavours to offer equal opportunity to all and avoid discrimination based on race and gender, not only by adhering to the standards set out in codes of practice, but also by establishing a culture of fairness, transparency, support and reward for effort.

We have several ongoing initiatives to establish a position as employer of choice in the agricultural industry. In addition to competitive salaries and performance-based incentives for staff, these initiatives include an employee wellness programme, continuous upgrading of company housing, various corporate social investment initiatives and bursary, training and development schemes.

Talent management/succession planning

The group recognises that the expertise of its staff is central to the achievement of its regional growth strategy. Crookes Brothers is committed to ensuring that staff members are able to develop their potential to meet their own aspirations and also enhance the group's value. To this end, Crookes Brothers has implemented a talent management system that aims to ensure that we attract and retain the best talent and skills available; that mission critical positions and roles are staffed with key people; and that a pipeline of talent and skills is provided for the future. It is of note that 80% of external recruitment and internal promotions were sourced from previously disadvantaged groups.

Skills development

The maintenance and development of an adequate skills base is identified as a critical component in ensuring the sustainability of the agricultural industry into the future. The group's core strategic goal of continued expansion outside the South African borders and across a range of crops requires ongoing commitment to skills development. Our processes integrate selection and recruitment, training, coaching and mentoring, promotion and succession planning to meet our goals.

The group offers a bursary programme for selected candidates to attend universities and colleges, mainly for agricultural courses. This is supplemented by a focused farm manager development programme aimed at progressing aspirant managers from entry level supervisors to fully-fledged farm managers. The programme is not limited to graduates and we have several highly successful farm managers who have been developed from the ranks of first line supervisors. Development programmes are also in place for middle and senior management to ensure that we have appropriate succession plans in place at every level.

Currently, 21 employees are participating in these training programmes, of whom 19 are agricultural trainees and two are in finance. During the year one employee successfully completed all stages of the training programme and has been appointed to a farm management position.

We also provide bursary funding for four students undertaking agricultural studies at tertiary educational institutions.



PERMANENT EMPLOYEE COMPLEMENT AS AT 31 MARCH 2013									
	Management and skilled		Semi-skilled		Unskilled		Foreign nationals		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
African	21	8	223	41	788	672	1		1 754
Coloured	3	0	63	14	37	36			153
Indian	3	1	7	3	0	3			17
White	41	4	1	8	0	0		1	55
Total	68	13	294	66	825	711	1	1	1 979

In addition, 2 500 short-term contract employees were employed at different times throughout the past year in various seasonal farming operations.

Candidates for these programmes are sourced from within the company as well as externally. We have been successful in identifying candidates from the ranks of supervisors with potential to progress to management level, who then complete the NQF training courses developed by AgriSeta and run by the South African Sugar Association.

In addition to these development programmes, numerous technical, operational, safety, health awareness and supervisory training courses are facilitated. In the past year 800 employees underwent training of this nature.

Health

The health and wellbeing of our employees and neighbouring communities is of critical importance, especially in view of the fact that the HIV/Aids pandemic has had such a devastating impact in rural areas.

We have adopted a holistic employee wellness programme to address problems in the workplace, improving productivity and the general health and wellness of our people. The main focus continues to be basic health care, health education and HIV/Aids. Relationships have been formed with public health facilities to improve health care for our employees.

In 2012 the group commemorated "World Aids Day" where confidential testing, counselling and care were provided to all employees, as well as a Health Education day where health screening tests were conducted to assist employees in identifying, improving and monitoring their health risks.

A holistic wellness programme has been running for a trial period on our Mthayiza estate incorporating peer education, condom distribution, workplace policy education, community outreach and HIV counselling and testing. This is planned to roll out to other estates in due course.

Safety

Safety is a core priority for our employees; good progress has been made towards reducing the number of safety incidents on our estates. During the past year 80 incidents have been reported, the majority being minor injuries which were either treated as first aid cases on-site or referred to local clinics/hospitals for further medical treatment.

Support for transformation

Support for the transformation of the agricultural sector, in terms of the transfer of ownership and skills and the upliftment of the communities in which we operate, is a key element of the group's strategy, both in South Africa and SADC.

To date this has largely been achieved through co-operation with government in transferring properties to communities under land restitution legislation and the establishment of joint venture (JV) farming operations with the community recipients of claimed land.

The JV model has been proven by Crookes Brothers to be an effective option for land reform. In this model the community retains ownership of the land but partners with an established commercial farmer such as Crookes Brothers to farm the land. The farming company typically leases the land from the community and the commercial farmer has a management contract with the farming company to provide administration and technical services, as well as to train and mentor aspirant farmers from the community. This model not only ensures the commercial viability of the business, but also facilitates community involvement at all levels. Our reputation for integrity, excellence and fairness is a key differentiator in earning selection as a preferred partner in such structures.

Environmental impact

The Crookes Brothers group is committed to the sustainable production of primary agricultural products in a manner that is not only economically viable and socially acceptable, but also environmentally sound.

Climate change

Although the threats posed by climate change are well documented on a macro scale, little information is available to determine an appropriate response at farm level. Certainly though, it appears that the occurrence of extreme climatic events and climatic variability are increasing. We mitigate these risks by diversifying our operations geographically, in terms of crop types and through the use of appropriate technology to reduce water and electricity demand.

Environmental management

It is our goal to establish the group's farms as benchmarks for good farming practice. Accordingly, we endeavour to employ best management practices in our operations so as to ensure agricultural production on a sustainable basis with a positive impact on the environment. The management practices are based on farming guidelines as advocated by the Global GAP (Good Agricultural Practices) system and the South African Sugar Research Institute.

Global GAP is an international best practice standard designed to minimise possible detrimental environmental impacts of farming operations, reduce the use of chemical inputs and ensure a responsible approach to worker health and safety.

In all our operations we aim to conserve and upgrade natural assets, maintain and enhance critical ecosystems and use agricultural resources sustainably. In order to achieve this each estate has drawn up an environmental management plan (EMP).

A forum consisting of senior agricultural managers has been established to evaluate global best practice standards, and update and monitor the implementation of the EMP. The plans are estate and crop specific and incorporate programmes with the following elements:

Alien plant control

Problem plants are categorised according to the Conservation of Agricultural Resources Act, 1983. A number of the category 1 plants (problematic species) occur on our estates, including trifid, bugweed, lantana and Brazilian pepper.

The control process focuses on the initial drastic reduction of the existing population by uprooting, burning, treating with registered herbicides and biological control, followed by repeated programmes to remove seedlings, root suckers and coppice growth. This is coupled with the rehabilitation of indigenous species in the areas that have had the alien vegetation removed.

Conservation of fauna and bird life

Hunting is not permitted on any estates and poaching is controlled by security patrols. The removal of alien vegetation and rehabilitation of indigenous species assist with conservation by creating safe and natural habitats for animals and birds.

Soil improvement

Conservation farming is primarily aimed at improving soil health. Some of the specific techniques used are outlined below:

- A fallow period is allowed between uprooting an old crop or orchard and replanting with the same material.
- Chemical fumigation is limited, with environmentally-friendly products used where possible.
- Soil analysis is done to determine the best cultivation methods and the quantity and type of ameliorants to be used. Soil disturbance is thus kept to a minimum.
- Green manures (fallow crops) are planted to rejuvenate certain soils and assist with the eradication of weeds. The areas selected are where the soil has become degraded and requires organic matter to improve soil structure and fertility.
- Organic fertilisers are applied as a means to increase the organic matter content of the soil.
- Green cane harvesting and trash blanketing is implemented as much as possible on the sugar cane estates, as this reduces smoke pollution, increases soil organic matter content, reduces water runoff and limits weed infestation.
- Drainage and water carrying structures are laid out according to good agricultural practices and land use plans, thereby reducing soil erosion. Artificial waterways are planted with grass to slow down the flow of water.

Mulching

Mulch is applied to increase the organic content of soil, reduce moisture content fluctuations and maintain constant soil temperatures, resulting in better crop health, growth and quality. Straw and wood chips are used as mulch on the group's fruit estates. The wood chips are derived from grubbed orchards, thereby reducing air pollution through burning old trees.

Application of agro-chemicals and fertilisers

Great care is taken when applying pesticides, herbicides and fertiliser adjacent to natural watercourses to ensure that minimal pollution of water occurs.

Integrated pest management

Wet areas on cane estates are planted with natural habitat to attract eldana borers away from the cane. Areas susceptible to eldana are planted with resistant varieties and cut annually. The use of pesticides is limited.

The deciduous fruit farms have adopted an integrated pest management approach which complies with both Global GAP and Nature's Choice standards as required by the European and UK retailers. Emphasis is placed on using biologically-friendly products that are pest and disease specific.

On our grain farms crop rotation is the main element used to achieve pest and disease control by interrupting the infection chain between subsequent crops.

Electricity

A reduction in electricity consumption and associated electricity costs is the target of an ongoing project. Low energy pumps,

variable speed drives, optimisation of irrigation systems, use of heat pumps instead of geysers and use of off-peak tariffs are methods used to reduce consumption and costs. The co-generation of electricity from cane bagasse may also offer opportunities in the medium term.

Electricity usage across the group is monitored, recorded and reported through management structures.

Water

On our irrigated farms we are gradually changing from high water use systems to more efficient drip and pivot irrigation systems as part of our continuous improvement programme. The increased use of probes to measure soil moisture content and more detailed irrigation scheduling is also having a positive impact in reducing both water and electricity usage.

Water usage across the group is monitored, recorded and reported through management structures.



Corporate governance report

Governance, ethics and compliance structures

The board of directors is fully committed to the principles of good corporate governance as set out in the King Report on Governance for South Africa 2009 (King III). The group's stated policy is to conduct business in accordance with the principles of integrity, accountability, fairness and transparency.

The group has a written Code of Business Ethics and a set of Professional Management Practices with which all directors and employees are required to comply.

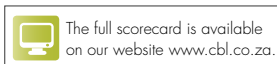
The board receives assurance on the group's compliance with applicable laws, regulations, codes and standards from reports of the chairmen of board committees which have a delegated duty to monitor the legislative and regulatory framework and the group's adherence to the applicable laws, regulations, codes and standards. Compliance is a regular item on the agenda of these board committees and management regularly submits a compliance evaluation report.

The directors are of the opinion that the group has complied, in all material respects, with King III and the related Listings Requirements of the JSE Limited (JSE) during the period under review. Exceptions and opinions thereof are noted below under the appropriate sections of this report.

King III

The group has subscribed to the Governance Assessment Instrument (GAI) of the Institute of Directors (IODSA) in order to assess its level of compliance with the recommendations of the King Report. The group achieved an overall AA rating (high application level). Two areas were highlighted in the year for further attention: stakeholder relationship management and IT governance, both scoring B (moderate application). The board is satisfied that executive management is giving appropriate attention to these issues.

An abbreviated 27-point compliance assessment scorecard, based on chapter 2 of the King Report, is shown opposite.



Assurance

King III introduced the combined assurance model whereby assurance is required to be affected on three levels by management, internal and external assurance providers.

In accordance with these principles:

- the first level of assurance is via management's quality assurance processes and self-audits, with the reporting line to executive management;
- the second level of assurance is through risk management, compliance functions and the safety, health and environmental management processes, with the reporting line to the agricultural managers' forum and the executive management committee; and

- the third level comprises internal audit, external audit, regulators, certification bodies and insurance assessors, with the reporting line to the board of directors via the audit committee, risk committee and social and ethics committee.

Board of directors

The group has a unitary board structure which comprises a majority of non-executive directors, most of whom are independent. Brief biographical details of each of the directors are set out on pages 12 and 13 of this integrated annual report.

The responsibility for the functioning of the board and the executive responsibility for managing the business are separated and the chairman is an independent non-executive director. The chairman of the board is elected on an annual basis.

The board's objective is to ensure responsible business leadership in a manner that balances the needs of all stakeholders. The board aims to retain full and effective control of the group and to give strategic direction to management. The detailed responsibilities of the board are set out in a formal **charter** which is updated from time to time to align it with corporate law and governance best practice. The group has adopted a written **Directors' Code of Conduct**, with which all directors are required to comply, as well as a formal document detailing the **chairman's roles and responsibilities**.



Appointments to the board are made after consideration of the recommendations of the remuneration/nominations committee and are subject to confirmation by shareholders at the first annual general meeting after appointment.

Non-executive directors are subject to retirement and re-election by shareholders at intervals of no more than three years. Non-executive directors who have served three terms or more of three years each are subject to retirement and re-election annually.

Two non-executive directors, Paul Bhengu and Chris Chance, have each served terms in excess of the recommended nine years in total. In the board's considered opinion the length of service does not, at present, impair their ability to act independently.

An evaluation of the performance of the board and its members is undertaken annually through a formal process of detailed evaluation questionnaires, discussion of results and formulation of action plans at a board meeting as well as individual engagement between the chairman and each board member. Similar processes are followed at board committee level.

For the year under review, the board satisfied its responsibilities in compliance with its charter.

KING III SCORECARD			
Key	Applied	✓	
	Substantially applied	*	
	Partially applied	#	
	Not applied	✗	
The board should act as the focal point for and custodian of corporate governance	✓		
The board should appreciate that strategy, risk, performance and sustainability are inseparable	✓		
The board should provide effective leadership based on an ethical foundation	✓		
The board should ensure that the company is and is seen to be a responsible corporate citizen	✓		
The board should ensure that the company's ethics are managed effectively	✓		
The board should ensure that the company has an effective and independent audit committee	*		1
The board should be responsible for the governance of risk	✓		
The board should be responsible for information technology (IT) governance	#		2
The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	✓		
The board should ensure that there is an effective risk-based internal audit	✓		
The board should appreciate that stakeholders' perceptions affect the company's reputation	✓		
The board should ensure the integrity of the company's integrated report	✓		
The board should report on the effectiveness of the company's system of internal controls	✓		
The board and its directors should act in the best interests of the company	✓		
The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act	✗		3
The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the board	*		4
The board should appoint the chief executive officer and establish a framework for the delegation of authority	✓		
The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	✓		
Directors should be appointed through a formal process	✓		
The induction of and ongoing training and development of directors should be conducted through formal processes	✓		
The board should be assisted by a competent, suitably qualified and experienced company secretary	✓		
The evaluation of the board, its committees and the individual directors should be performed every year	✓		
The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	✓		
A governance framework should be agreed between the group and its subsidiary boards	✓		
Companies should remunerate directors and executives fairly and responsibly	*		5
Companies should disclose the remuneration of each individual director and certain senior executives	✓		
Shareholders should approve the company's remuneration policy	✓		

Notes:

1. In November 2012 the board replaced a member of the audit committee with an independent non-executive director, which fulfilled the requirement that all members of the audit committee be independent non-executive directors.
2. The board accepts responsibility for IT governance and has delegated the oversight of IT governance to the risk committee which ensures that management gives the necessary attention to the implementation of an improved IT governance framework.
3. As the company is not financially distressed it has not been necessary to consider business rescue proceedings.
4. The chairman of the board is an independent non-executive director. However, during the past year he has also served as the chairman of the remuneration/nominations committee. This will be rectified at the next meeting of the board with the separation of the two committees and the appointment of a new chair for the remuneration committee.
5. The board deems it unnecessary to remunerate non-executive directors with an attendance fee in addition to a base fee due to the fact that attendance of members at board and board committee meetings has always been excellent.

ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS						
		Board	Audit	Risk	Remuneration/ Nominations	Social and Ethics
Independent non-executive directors						
JAF Hewat	Audit committee chair	5/5	2/2			
P Mnganga	Social and ethics committee chair	5/5				2/2
MT Rutherford	Risk committee chair	5/5	2/2	2/2		
RE Stewart		5/5	1/1	2/2		2/2
GP Wayne	Chairman and remuneration/ Nominations Committee chair	5/5			2/2	
Non-executive directors						
P Bhengu		5/5		2/2		
CJH Chance		5/5	2/2		2/2	
T Denton*	Appointed 23 Nov 2012	1/1				
PG Joubert	Resigned 23 Nov 2012	3/4			2/2	
G Vaughan-Smith	Appointed 23 Nov 2012	1/1				
Executive directors						
PJ Barker	Group financial director	5/5	2/2	2/2		2/2
GS Clarke	Group managing director	5/5	2/2	2/2	2/2	1/2

* *Alternate director.*

Board committees

The board has established four committees to assist in discharging its responsibilities without in any way reducing its accountability.

Specific responsibilities have been formally delegated to the audit committee, the risk committee, the remuneration/nominations committee and the social and ethics committee. Board-approved charters define terms of reference, reporting procedures and scope of authority for each committee. The charters are reviewed annually and updated to stay abreast of developments in corporate law and governance best practice.

The committees are chaired by independent non-executive directors and membership of the committees is made up of predominantly non-executive directors. The chairmen of the board committees attend the annual general meeting in order to respond to shareholder queries.

The chairmen and members of the board committees are appointed annually at the first board meeting after the annual general meeting. Audit committee members are elected annually at the annual general meeting of shareholders.

Audit Committee

The audit committee is a statutory committee in terms of the Companies Act and the audit committee report, which includes details of its responsibilities and activities, is included in the annual financial statements on pages 46 and 47 of this report.

Members: Anthony Hewat (chairman), Malcolm Rutherford and Rodger Stewart.

Christopher Chance resigned from the committee during the year in compliance with the JSE Listings Requirements and the recommendations of King III relating to the independence of all members.

Composition and proceedings: The committee is chaired by an independent non-executive director and consists exclusively of independent non-executive directors. The group managing director, group financial director, group financial manager, chief audit executive and internal audit manager attend meetings by invitation but do not have a vote. In addition, representatives of the external and internal auditors attend committee meetings to answer queries. The committee is required to meet at least twice a year.

Role: The committee is governed by a **charter** which details statutory and delegated duties.



The function of the committee is to assist the directors in discharging their responsibilities relating to the safeguarding of assets, the operation of adequate and effective systems and control processes, the preparation of fairly presented financial statements in compliance with all applicable legal and regulatory requirements and accounting standards, and the oversight of the external and internal audit appointments and functions.

Remuneration and Nominations Committee

Members: Guy Wayne (chairman), Christopher Chance and Malcolm Rutherford.

Composition and proceedings: The committee is chaired by an independent non-executive director and consists exclusively of non-executive directors, the majority of whom are independent. The managing director attends the meetings by invitation, but does not participate in discussions regarding his own remuneration. The committee is required to meet at least once a year.



Role: The overall objective of the committee, which operates under formal **terms of reference** approved by the board, is to ensure that the company remunerates directors, executives and senior management fairly and responsibly.

The remuneration philosophy and practices are enunciated in the group's remuneration policy which is reproduced in full on pages 38 and 39 of this corporate governance report.

A further objective of the remuneration/nominations committee is to ensure that the board has the appropriate composition to execute its duties effectively and is consequently mandated to review and make representations to the board on the structure, size and composition of the board and its committees. New appointments to the board are subject to the recommendation of the committee.

Risk Committee

Members: Malcolm Rutherford (chairman), Phillip Barker, Paul Bhengu, Guy Clarke and Rodger Stewart.

Composition and proceedings: The committee consists of three non-executive directors, one of whom chairs the meetings, the group managing director and the group financial director. The group financial manager and group human resources manager attend meetings by invitation. The committee is required to meet at least twice a year.



Role: The committee is governed by a **charter**, and its responsibilities and activities are guided by a formal **risk policy and strategy document**. The primary objective of the committee is to assist the board and the audit committee to fulfil their corporate governance responsibilities relating to the management of risk in the group. Their role is to oversee the identification of risks, ensure the development of policies, procedures and controls, evaluate risk mitigation strategies, promote effective and efficient risk management practices and provide appropriate advice on risk issues to facilitate decision-making by the board.

There is an ongoing process for identifying, evaluating and managing the strategic risks faced by the group. These are subject to review and discussion at both risk committee and board meetings.

Further detail regarding the risk management process is provided in the risk management report which is presented on pages 36 and 37 of this corporate governance report.

Social and Ethics Committee

The social and ethics committee is a statutory committee in terms of the Companies Act and the committee report, which includes details of its responsibilities and activities, is included immediately below.

Social and Ethics Committee report

Members: Phumla Mnganga (chairman), Phillip Barker, Guy Clarke and Rodger Stewart.

Terms of reference: The social and ethics committee has adopted formal terms of reference in the form of a **charter**, which have been approved by the board of directors.



Composition and proceedings: The committee consists of two independent non-executive directors, one of whom chairs the meetings, the group managing director and the group financial director. The group human resources manager, assistant financial manager and assistant human resources manager attend meetings by invitation. The committee is required to meet at least twice a year.

Primary objective and role: The primary objective of the committee is to assist the board to fulfil its corporate governance responsibilities relating to social and economic development, good corporate citizenship, the environment, health and public safety, consumer relations, labour and employment.

The committee's role is to monitor the group's activities with regard to these issues, to draw matters within its mandate to the attention of the board and to report to shareholders at the annual general meeting.

Short-term objectives: The committee's objectives for its first full year of operation were to adopt the terms of reference, prepare an annual work plan, draft a compliance report for review at each meeting, prepare a committee resource pack and draft the committee's first report. These objectives were achieved.

Medium-term objectives: The committee's objectives for next year are to agree an assurance framework, monitor levels of compliance with relevant legislation, regulations and good practice and agree substantive issues for focus over the medium term.

Codes of best practice: The group is committed to the principles of integrity, accountability and transparency. The implementation of sound corporate governance practices has been an integral part of the group's business operations for many years. The board has continued to provide effective leadership based on an ethical foundation as articulated in the **Code of Business Ethics**.



Assurance: Based on the processes in place, assurances obtained and information reported, it is our opinion that the social and ethics committee has executed its duties and responsibilities in accordance with the requirements of the Companies Act and its terms of reference.

Phumla Mnganga

Phumla Mnganga
Social and ethics committee chairman

Executive Committee

The executive directors, together with the senior executives responsible for business development, finance, human resources and operations, constitute the core executive committee that meet weekly to discuss current relevant operational issues.

On a quarterly basis the full executive management team, which includes the executive directors, operations management and head office support services management, meets to review operational performance, capital programmes, project progress and issues of strategic importance.

Company Secretary

The board is assisted by a suitably qualified company secretary, Highway Corporate Services (Proprietary) Limited, whose competence and expertise are regularly assessed in accordance with the JSE Listings Requirements.

The company secretary maintains an arm's-length relationship with the board and its directors and is recognised as the gatekeeper of good governance. Directors have access to the advice and services of the company secretary who provides guidance on their responsibilities according to the prevailing regulatory and statutory environment and the manner in which such responsibilities should be discharged.


JSE Sponsor

Sasfin Capital, a division of Sasfin Bank Limited, has been mandated to act as the group's sponsor. Sasfin provides an annual audit programme checklist to assist compliance with the continuing obligations and other applicable rules and regulations imposed by the JSE Listings Requirements.

Information Technology (IT)

The board has assigned the responsibility of monitoring IT governance to the risk committee. Management has analysed the recommendations of King III with regard to IT governance best practice and is in the process of enhancing its governance framework and processes.

Internal Audit

The scope and responsibilities of internal audit are defined in a formal **charter** approved by the audit committee. The annual internal audit plan, approved by the audit committee, is risk-based. 

The department acts as an independent appraisal function which conducts reviews of operations and management procedures. It reports findings and recommendations to management, the audit committee and the risk committee.

The head of internal audit reports administratively to the financial director and functionally to the chairman of the audit committee to whom he has unrestricted access.

Internal controls

The group maintains internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability for its assets. Such controls and systems are based on established policies and procedures. These are implemented by trained personnel and are monitored, dependent upon the particular circumstances, through:

- the use by management of internal accounting control checklists;
- the establishment of defalcation reporting procedures;
- the functions of the internal audit department; and
- the use of the internal audit assurance services division of Deloitte & Touche to conduct independent quality reviews of the scope and approach of the group's internal audit function.

There are comprehensive management reporting disciplines in place which include the preparation of annual budgets by all operating and service units. Individual and consolidated operational budgets are reviewed and approved by the board.

Monthly results and the financial status of operating units are reported against approved budgets and prior years. Profit projections and cash flow forecasts are updated on a quarterly basis; these are reviewed by the board.

Nothing has come to the attention of the directors to indicate any material breakdown in the functioning of internal controls and systems during the year under review.

Financial statements

The directors are responsible for the preparation and integrity of the annual financial statements and other information presented in the integrated annual report in a manner that fairly presents the state of affairs and results of the operations of the company and the group.

The annual financial statements are prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the information as required by the International Accounting Standards Board's IAS 34: Interim Financial Reporting, the requirements of the Companies Act, No 71 of South Africa, 2008 as amended and the JSE Limited's Listings Requirements.

The external auditors are responsible for carrying out an independent examination of the financial statements in accordance with International Standards on Auditing and reporting their findings thereon.

In the opinion of the directors the group has adequate resources to continue in operational existence for the foreseeable future. Financial gearing, cash flows and access to equity and loan capital are considered to be sufficient to fund existing activities and any chosen opportunities to expand the business cost-effectively. For this reason, the directors continue to adopt the going-concern basis in preparing the annual financial statements.

Conflicts of interest

Directors are obliged to disclose their shareholdings, additional directorships and any potential conflicts of interest, direct or indirect, that may arise, at every board meeting. These are appropriately managed and recorded in a register and in the minutes of the meeting.

The group has a formal policy in place which governs the dissemination of price-sensitive information and only the chairman and the managing director may discuss matters which may involve price-sensitive information with third parties within appropriately regulated confidentiality undertakings.

Directors and officers of the group who have access to unpublished and price-sensitive information are prohibited from dealing in shares of the company during restricted periods, covering those immediately prior to the announcement of the interim and final results, whilst the company is under a cautionary announcement, as well as at any other time the directors may deem it necessary.

Directors and the company secretary may not deal in the company's shares without advising the chairman in advance and after receiving clearance from him. Officers of the company may not deal in the company's shares without advising the managing director in advance and after receiving clearance from him. Share dealings by directors of the company are notified to the JSE for publication via the Stock Exchange News Services (SENS).

Access to information

The group complies with the requirements of the Promotion of Access to Information Act, 2000. The relevant information is available on application from the group head office. No request for access to records was received during the year under review.

Risk management report

The board recognises that the proactive engagement of risk is an essential aspect of the group’s core business and is thus fully committed to and accountable for an effective risk management process that mitigates exposure to losses and enhances exposure to opportunities by identifying, understanding and managing risks in accordance with a defined risk management strategy.



A formal **strategy document** defines the group’s risk management objectives, its risk management structure, and the roles and responsibilities of the board, the risk committee, a risk facilitator, management, the executive committee, the audit committee and internal audit.

In pursuance of risk management objectives, the board undertakes to:

- Openly disclose, both internally and externally, the risk management process to ensure that stakeholders view the group as a transparent organisation and that awareness and understanding of the risk management framework is established at the appropriate levels of the organisation.
- Constantly identify, manage, monitor and report on risk and hold management accountable for the effective management of those risks.

To ensure that the risk management process is effective, the board will:

- Execute the process under the governance of a risk management strategy, the key components of which are documented in the risk management strategy document.

- Identify risks through an objective driven process, which assesses the impact that risks would have on the achievement of the objectives of the organisation.
- Have a clearly defined responsibility structure.

Risk assessment workshops are held annually and risk management is a standing item on the quarterly executive committee meeting agenda.

The key strategic risks identified during workshops and meetings, together with current and planned actions to mitigate these risks, have been summarised in the table below and opposite.

The risk committee is appointed by the board to assist it in carrying out its responsibilities in relation to risk management which relates to the facilitation, development, establishment and maintenance of an efficient and effective risk management process in the organisation.

The composition, proceedings and role of the risk committee are detailed on page 33 in the corporate governance section of this integrated annual report.

In the year under review, a detailed legal and ESG due diligence of the group was undertaken to comply with the requirements of the SilverStreet Capital fund, which indicated no areas of concern or non-compliance.

Based on assurances obtained and information reported, it is the board’s opinion that the systems and processes in place, as described above, have ensured effective risk management during the period under review.

KEY STRATEGIC RISKS	
Description of risk	Mitigating controls/actions
CLIMATIC	
Extreme weather conditions	Geographic diversification
	Irrigated farms in areas that have major dams
	Asset insurance
Long-term changes in weather patterns	Product diversification
	Selection of quality farms and product mix
MARKET	
Volatility in agricultural markets	Skilled marketing partners
Prolonged market weakness	Market diversification
	Balance of long- and short-term crops
Exchange rate volatility	Geographic diversification
RESOURCES	
Scarcity of quality land	Geographic diversification
	Best practice environmental management
Interruption of electricity supply	Energy-efficient irrigation systems
	Standby generators at key sites
Disruption in water supply	Efficient irrigation systems
	Participation in irrigation management structures
Shortage of skills	Skills development programmes
	Aim to be “employer of choice”

KEY STRATEGIC RISKS	
Description of risk	Mitigating controls/actions
REGULATORY	
Legislative and regulatory compliance	Compliance monitoring through board committees Engagement with legal and tax consultants
Agricultural market controls	Market, product and geographic diversification
Legislative changes	Proactive monitoring of planned changes
OPERATIONAL	
Delays in new projects and expansions	Evaluation and implementation skills Rigorous project analysis Added-value partnerships Tried and tested systems Limit greenfield projects
Termination of a significant farm lease agreement	Proactive engagement with lessees/lessors and other stakeholders "Partner of choice" in community joint ventures
Input cost pressures – wages, electricity, fuel and fertiliser	Geographic and product diversification Budgetary control systems Environmental management
FINANCIAL	
Fluctuations in exchange rates	Geographic and market diversification
Cash flow pressure	Regular monitoring of funding requirements, resources and facilities Adequate facilities to manage working capital requirements Proactive engagement with funding providers
GEO-POLITICAL	
Land restitution claims	Settlement of valid claims Proactive monitoring of proposed legislative changes Geographic diversification
Unstable political regimes	Geographic diversification Non-partisan relationships Relationship management
Unlawful occupation of farms	Non-partisan relationships Stakeholder engagement Sound corporate governance Corporate social investment initiatives Relationship management Geographic diversification
CORPORATE	
Negative incident with reputational consequence	Stakeholder management Partnerships with local communities

Remuneration report

Remuneration management

The objective of the group's remuneration management strategy is to employ the necessary skills for the group to achieve its strategic objectives and to base remuneration on personal and group performance in accordance with competitive market practices.

The application of the group's remuneration management practices ensures that performance management is an integral part of remuneration with the aim of attracting, retaining and motivating talented people and encouraging superior performance. It also forms an integral part of competing to be a preferred employer.

The board has delegated responsibility for oversight of the group's remuneration management policy and practices to the remuneration/nominations committee as indicated in the board committees section of this report on pages 32 and 33.

Remuneration policy

Preamble

As a listed agricultural company operating throughout southern Africa, the Crookes Brothers Limited (CBL) remuneration policy needs to be consistent throughout the group while at the same time taking account of regional and industry norms. This is achieved by offering a combination of fixed and incentive-based remuneration to attract the right mix of expertise and experience to achieve the group's objectives.

Objectives

The policy has the following key objectives:

- To support the group's strategic objective of becoming a major player in the southern African agricultural sector;
- To support the group's objective of becoming the employer of choice in regions in which it operates;
- To attract and retain people with the right skills, expertise, experience and commitment to achieve the required growth and financial performance to realise the group's strategic objective;
- To reflect the group's culture of equity and fairness, in correlating levels of remuneration with individuals' contribution, roles and responsibilities;
- To take account of scarce skills and regional variances in order to attract appropriate skills;
- To motivate employees and reward them for exceptional performance; and
- To enable employees to share in the financial success of the company.

Remuneration structure

The remuneration packages offered by CBL comprise the following elements, as appropriate for different job grades:

- Fixed remuneration, including base pay and benefits (all permanent staff);
- Short-term incentive, based on achievement of short-term financial and strategic objectives (Paterson bands C3 to E4); and
- Long-term incentive, comprising share options, based on achievement of long-term financial and strategic objectives, to reward senior executives for increasing returns to shareholders (Paterson D and E bands).

Fixed (guaranteed) remuneration

The following basic structure applies in terms of fixed remuneration:

- All permanent positions are defined by a job description;
- Seasonal jobs (eg picking fruit and cutting cane) are remunerated purely on a task basis;
- All permanent positions are allocated a Paterson grading according to the job description;
- Salary bands generally ranging from 80% to 120% of a median are defined for each Paterson grading;
- The salary bands are adjusted periodically using the results of appropriate external salary surveys;
- An employee's position within a salary band depends on his or her performance, skills, experience, commitment and years of service, as well as the scarcity of skills in the relevant job category;
- Remuneration for employees in the C band and above is defined as a "total-cost-to-company package";
- Annual increases are awarded to take account of the impact of inflation on the cost of living, and also to adjust employees' relative salaries within a salary band; and
- Apart from annual increases, increases are also granted for promotions when these occur, or special adjustments to take account of the factors listed above.

Short-term incentive

Performance-based incentive pay is offered to employees ranked Paterson grade C3 and above.

Performance is evaluated annually at year end and bonuses awarded accordingly. Bonuses are paid within three months of the year end. Performance reviews performed for all qualifying employees ensure that problem areas are addressed, that a transparent process is maintained and appropriate development plans are put in place.

Performance is rated according to a balanced scorecard which takes into account individual, divisional and company performance, with a mix of subjective and objective measures, as well as each individual's achievement of specific objectives and personal development targets.

The performance rating of employees ranked D2 and below is reviewed by an executive committee and those for executives by the remuneration/nominations committee of the board to ensure that the ratings are equitable and consistent.

A detailed performance bonus policy outlines the philosophy and process in detail. The policy is updated by the remuneration/nominations committee on a regular basis to meet the needs of the group and to maintain alignment with industry best practice.

Long-term incentive

The long-term incentive scheme is designed to retain key senior executives in the medium to long term, to focus their attention on long-term strategic imperatives and to ensure sustainable future growth of the group.

This scheme is governed by a detailed policy which is also updated as required by the remuneration/nominations committee. In terms of the scheme, share options may be offered to senior executives on an annual basis. Eligibility criteria, the quantum of the allocations and the conditions governing each allocation are determined by the remuneration/nominations committee.

Governance

The board remuneration/nominations committee meets bi-annually to consider strategic and policy issues, review remuneration of non-executive directors, approve promotions for executives, approve salary increases for executives and senior management, approve the performance bonus and approve the granting of share options.

The board, in consultation with the remuneration/nominations committee, may amend the Remuneration Policy from time to time to comply with applicable legislation and/or industry best practice, or as circumstances may require.

The remuneration/nominations committee comprises three non-executive directors and is chaired by the chairman of the board. The managing director attends the meetings by invitation and assists the committee in its deliberations except when issues relating to his own remuneration or performance are discussed.

No executive directors are involved in determining their own remuneration.

Non-executive directors' remuneration

The remuneration of non-executive directors, including that for participation on board committees, is reviewed annually in terms of market standards. Fees are recommended by the board and approved by the shareholders at annual general meetings.

Non-executive directors are compensated based on the responsibility assumed, their overall contribution and input to the company, and not just for attendance at meetings. On this basis, non-executive directors receive an annual fee, payable quarterly in arrears, for their services on the board and board committees.

There are no contractual arrangements for compensation for the loss of office for any directors. Non-executive directors do not receive short-term incentives nor do they participate in the company's long-term incentive scheme.

Over and above their remuneration as members of the board and its various committees, non-executive directors are compensated at market-related rates for undertaking consulting work for the company.

Directors' fees and remuneration

Executive directors

Executive directors are remunerated in accordance with the Remuneration Policy and do not have rights to additional benefits which are not available to be awarded to other executive management.

Guy Clarke's appointment as group managing director is subject to a fixed-term service contract for a period of five years. He was initially appointed on 1 August 2006 and re-appointed for a further five-year contract on 1 August 2011.

Mr Phillip Barker was appointed as group financial director on 1 June 2010 and is not subject to a fixed-term service contract.

There are no prescribed officers who are not executive directors of the company.

REMUNERATION OF EXECUTIVE DIRECTORS

	Salary R000	Bonus R000	Retirement and medical contributions R000	Other benefits R000	Total R000
For the year ended 31 March 2013:					
GS Clarke	1 880	950	383	129	3 342
PJ Barker	1 091	507	282	163	2 043
Total	2 971	1 457	665	292	5 385
For the year ended 31 March 2012:					
GS Clarke	1 712	1 134	394	140	3 380
PJ Barker	979	685	256	217	2 137
Total	2 691	1 819	650	357	5 517

Remuneration report continued

Non-executive directors

Non-executive directors do not have employment contracts with the company and are paid for their services as both directors and board-appointed committee members and in accordance with the group's Remuneration Policy.

Fees for non-executive directors are recommended by the remuneration/nominations committee, recommended by the board and approved by shareholders at the annual general

meeting. Proposed fees for the period 1 April 2013 to 31 March 2014 in respect of directorship and membership of the board and the various board committees are detailed in the directors' report in the annual financial statements and in the notice of the annual general meeting.

For the period ended 31 March 2013, fees paid to non-executive directors totalled R1 443 000 (2012: R1 379 000) as follows:

	Directors' fees 2013 R000	Directors' fees 2012 R000	Committee fees 2013 R000	Committee fees 2012 R000
GP Wayne	300	277	20	17
P Bhengu	118	111	37	34
CJH Chance	118	111	44	47
DJ Crookes	–	28	–	–
JAF Hewat	118	111	77	72
PG Joubert*	89	111	11	11
P Mnganga	118	111	20	17
MT Rutherford	118	111	80	67
RE Stewart	118	111	57	32
Total	1 097	1 082	346	297

* Resigned 23 November 2012.

The Crookes Brothers Share Option Scheme

As approved at an annual general meeting of shareholders, a total of 900 000 ordinary shares is reserved and placed under the control of the directors for the purpose of the **Crookes Brothers Share Option Scheme** for employees. At the discretion of the board, share options are awarded for outstanding

contributions to meeting the strategic objectives of the business. Options are exercisable at a price equal to the volume-weighted average price of a share on the JSE over the 20 trading days immediately prior to the day on which the option was granted, vest after stipulated periods over five years and are exercisable up to a maximum of ten years from the date of grant.

OPTIONS GRANTED AND UNEXPIRED AS AT 31 MARCH 2013

	Options as at 31 March 2012	Options granted during the year	Weighted average option price (cents)	Options forfeited during the year	Options exercised during the year	Exercise price (cents)	Options as at 31 March 2013
Executive directors							
GS Clarke	105 000	15 000	4 079	–	–	–	120 000
PJ Barker	23 000	8 000	4 486	–	–	–	31 000
Management	16 000	26 000	4 978	(4 000)	–	–	38 000
Total	144 000	49 000	4 340	(4 000)	–	–	189 000

OPTIONS AVAILABLE AT 31 MARCH 2013, FOR FURTHER GRANTS

	Number of shares
Shares reserved for the share option scheme	900 000
Shares issued to the end of the financial year	(385 000)
Options granted and unexpired as shown above	(189 000)
Balance available	326 000

Stakeholder engagement report

The directors appreciate that stakeholder relationship management is an essential element of strategy implementation supporting long-term sustainability objectives. The legitimate interests of stakeholders are regularly considered and addressed with the conviction that stakeholder perceptions affect the group's reputation and stakeholder support influences group performance.

The group's stakeholder engagement process is wide and varied depending on the geographic base and characteristics of the individual stakeholder grouping. The board has delegated to management the responsibility of proactively managing stakeholder relationships through an ongoing and structured process of constructive engagement with key stakeholders.

STAKEHOLDER GROUPING	RESPONSIBILITIES	ENGAGEMENT PROCESS
Business partners	Consistent trading performance Efficient dispute resolution process Transparent and effective communication	Ad-hoc informal communication Participation on boards of directors Regular management meetings Participation in management development workshops
Communities	Business opportunities Employment opportunities Investment	Programmed meetings Corporate Social Investment initiatives Ad-hoc problem-solving
Customers	Quality products Reliable delivery Sustainability of relationship	Formal interaction driven by line management Ad-hoc informal contact
Employees	Challenging and safe work Fair remuneration and benefits Sound inter-group relationships	Formal and informal interaction on a daily basis Internal communication channels
Government and regulators	Land restitution Regulatory compliance Sector transformation	Structured communication programme Formal meetings Ad-hoc problem-solving
Shareholders and investors	Sustainable returns Long-term growth Consistent trading performance	Annual general meeting Integrated annual report SENS announcements and press releases One-on-one meetings
Suppliers	Communication of requirements Fair payment terms Sustainability of relationship	Formal and informal interaction via line management Ad-hoc informal contact and problem-solving

Audited condensed consolidated annual financial statements

for the year ended 31 March 2013

Directors' approval of financial statements

 The full financial statements are available on our website www.cbl.co.za.

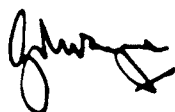
The directors of the company are responsible for the integrity and objectivity of the annual financial statements and other information contained in this integrated annual report, which has been prepared in accordance with International Financial Reporting Standards and in the manner required by the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

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

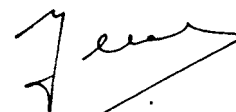
The directors, supported by the audit committee, are satisfied that such controls, systems and procedures are in place to minimise the possibility of material loss or misstatement.

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

The annual financial statements and the condensed consolidated annual financial statements version were approved by the board of directors on 24 May 2013 and are signed on its behalf by:



GP Wayne
Chairman



GS Clarke
Group managing director

Renishaw
24 May 2013

Certificate from the company secretary

I hereby certify that the company has lodged with the Registrar of Companies all such returns that are required of a public company in terms of the Companies Act, 2008, as amended, in respect of the year ended 31 March 2013 and that all such returns are true, correct and up to date.



Highway Corporate Services (Pty) Ltd
Company secretary

Renishaw
24 May 2013

Basis of preparation

The condensed consolidated financial information has been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the information as required by the International Accounting Standards Board's IAS 34: Interim Financial Reporting, the Companies Act, No 71 of South Africa, 2008 as amended and the JSE Limited's Listings Requirements. The report has been prepared using accounting policies that comply with IFRS which are consistent with those applied in the financial statements for the year ended 31 March 2012.

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



PJ Barker
Group financial director

Renishaw
24 May 2013

Independent auditor's report

The accompanying condensed consolidated financial statements of Crookes Brothers Limited as set out on pages 48 to 53, which comprise the condensed consolidated statement of financial position as at 31 March 2013, the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Crookes Brothers Limited for the year ended 31 March 2013. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 28 May 2013. Our auditor's report on the audited consolidated financial statements contained an Other Matter paragraph "Other reports required by the Companies Act" (included below).

The condensed consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the condensed consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Crookes Brothers Limited.

DIRECTOR'S RESPONSIBILITY FOR THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the condensed consolidated financial statements in accordance with the framework concepts, and the measurement and recognition requirements of International Financial Reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the information as required by IAS 34: Interim Financial Reporting, the requirements of the Companies Act No 71 of South Africa 2008, the JSE Limited's Listing Requirements for abridged reports and for such internal control as the directors determine is necessary to enable the preparation of the condensed consolidated financial statements that are free from material misstatement whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

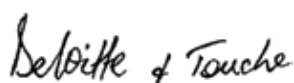
Our responsibility is to express an opinion on the condensed consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, Engagements to Report on Summary Financial Statements.

OPINION

In our opinion, the condensed consolidated financial statements derived from the audited consolidated financial statements of Crookes Brothers Limited for the year ended 31 March 2013 are consistent, in all material respects, with those consolidated financial statements, in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the information required by IAS 34 Interim Financial Reporting, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

The "other reports required by the Companies Act" paragraph in our audit report dated 28 May 2013 states that as part of our audit of the consolidated financial statements for the year ended 31 March 2013, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. These reports are the responsibility of the respective preparers. The paragraph states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited consolidated financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the condensed consolidated financial statements or our opinion thereon.



Deloitte & Touche
Registered Auditors
Per **GD Kruger** CA(SA), RA
Partner

28 May 2013

2 Pencarrow Crescent, Pencarrow Park, La Lucia Ridge Office Estate, La Lucia, 4051, South Africa

National executive: LL Bam (Chief executive), AE Swiegers (Chief operating officer), GM Pinnock (Audit), DL Kennedy (Risk advisory and legal services), NB Kader (Tax), TP Pillay (Consulting), K Black (Client and industries), JK Mazzacco (Talent and transformation), CR Beukman (Finance), M Jordan (Strategy), S Gwala (Special projects), TJ Brown (Chairman of the board), MJ Comber (Deputy chairman of the board).

Regional leader: GC Brazier

A full list of partners and directors is available on request.

B-BBEE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code

Member of Deloitte Touche Tohmatsu Limited

Directors' report

The directors have pleasure in submitting the annual financial statements of the group for the year ended 31 March 2013.

NATURE OF BUSINESS

Crookes Brothers Limited produces a range of primary agricultural products, including sugar cane, bananas, deciduous fruit, grain and sheep, on properties located in South Africa (Mpumalanga, southern and south western areas of the Western Cape and KwaZulu-Natal), Swaziland, Zambia and on a developing estate in Mozambique. Sugar cane continues to be the largest contributor to both revenue and profits.

SHARE CAPITAL

The authorised share capital at 31 March 2013 consisted of 16 000 000 shares of 25 cents each (2012: 16 000 000).

The company has no unlisted securities.

The number of issued shares is 12 385 000 at 31 March 2013, no change from the previous year.

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

At the forthcoming annual general meeting shareholders will be asked to place the unissued shares of the company, up to seven comma five per cent (7,5%) of the authorised share capital of the company (excluding those reserved for the share option scheme), under the control of the directors to allot these shares on such terms and conditions as they deem fit including, but not limited to, any allotments to shareholders as capitalisation awards.

FINANCIAL RESULTS

Group attributable earnings for the year ended 31 March 2013 was R93,8 million (2012: R78,3 million), representing earnings per share of 757 cents (2012: 632 cents). Headline earnings per share were 750 cents (2012: 588 cents).

The company has no restrictive funding arrangements.

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

DIVIDENDS

The following dividends per share were declared in respect of the year ended 31 March 2013:

- An ordinary interim dividend of 80,0 cents (2011: 65,0 cents) declared in November 2012 and paid in December 2012.
- An ordinary final dividend of 160,0 cents (2012: 135,0 cents) declared in May 2013 and payable in July 2013.

The aggregate distribution in respect of the year ended 31 March 2013 is therefore 240,0 cents (2012: 200,0 cents) per share.

DIRECTORATE AND COMPANY SECRETARY

The names of the directors at the date of this report are set out on pages 12 and 13 of this report and the name and business address of the company secretary on the inside back cover.

Gary Vaughan-Smith was appointed as a non-executive director and Tim Denton as an alternate non-executive director on 23 November 2012 and John Barton was appointed as an independent non-executive director on 8 May 2013 and, in terms of the company's memorandum of incorporation, they will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

In terms of the company's memorandum of incorporation Paul Bhengu, Christopher Chance, Anthony Hewat and Phumla Mnganga retire at the annual general meeting and, being eligible, offer themselves for re-election.

INTERESTS OF DIRECTORS IN SHARE CAPITAL

At 31 March 2013, the directors of the company held beneficial interests in 97 700 of the company's issued ordinary shares. Since the end of the financial year to the date of this report the interests of the directors has remained unchanged. The register of interests of directors and managers in the share capital of the company is available for inspection at the registered office of the company. Details of the shares held per individual director are listed below.

Director	2013 Direct	2013 Indirect	2012 Direct	2012 Indirect
PJ Barker	21 800	–	21 800	–
P Bhengu	400	–	400	–
CJH Chance	–	75 000	–	75 000
GS Clarke	500	–	500	–
	22 700	75 000	22 700	75 000

In addition, at 31 March 2013, managers of the company held 57 050 shares (2012: 59 750 shares).

INTERESTS OF DIRECTORS IN SHARE CAPITAL *continued*

Non-executive director Gary Vaughan-Smith and non-executive alternate director Tim Denton represent the interests of, and are directly and indirectly interested in, Silverlands (SA) Plantations SARL, a wholly owned subsidiary of SilverStreet Private Equity Strategies SICAR – Silverlands Fund (“the Silverlands Fund”), a private equity fund based in Luxembourg. The Silverlands Fund is managed by SilverStreet Management SARL (the fund’s General Partner) of which they are directors and shareholders. Both also have invested interests in the Silverlands Fund. Silverlands (SA) Plantations SARL owned 3 739 593 shares at year end, representing 30,2% of the issued share capital of the company.

DIRECTORS’ REMUNERATION

At the forthcoming annual general meeting shareholders will be requested to pass a non-binding advisory vote approving the group’s remuneration policy and a special resolution to approve increases in fees payable to non-executive directors with effect from 1 April 2013 as follows:

	Current Rands per annum	Proposed Rands per annum
Board		
Chairman	300 000	350 000
Other non-executive board members	118 000	128 000
Audit Committee		
Chairman	77 000	100 000
Other members	38 500	45 000
Remuneration/Nominations Committee		
Chairman	20 000	–
Other members	15 000	–
Remuneration Committee		
Chairman	–	22 000
Other members	–	16 000
Nominations Committee		
Chairman	–	11 000
Other members	–	8 000
Risk Management Committee		
Chairman	33 500	36 000
Other non-executive board members	22 500	24 000
Social and Ethics Committee		
Chairman	20 000	22 000
Other non-executive board members	15 000	16 000
Retirement funds		
Chairman	40 000	44 000
Employer-elected trustees	14 500	16 000

SUBSIDIARY COMPANIES

The names and financial information in respect of the interest of the company in its subsidiaries are set out in the full Integrated Annual Report on the company’s website www.cbl.co.za



SPECIAL RESOLUTIONS ADOPTED BY THE COMPANY AND ITS SUBSIDIARY COMPANIES

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

SUBSEQUENT EVENTS

There have been no major changes in the affairs or financial position of the company or its subsidiary companies since the end of the period under review. The company is in negotiations for the sale of its grain and sheep operation; a firm offer has been made but no sale agreement has been signed.

Audit committee report

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

TERMS OF REFERENCE

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

COMPOSITION

The committee consists of three independent non-executive directors. At 31 March 2013, the audit committee comprised:

Anthony Hewat	MA (Oxon), CA(SA)
Malcolm Rutherford	BCom, BAcc, CA(SA)
Rodger Stewart	BSc (Agric)

During the year Christopher Chance resigned his membership of the committee in compliance with the JSE Listings Requirements stipulation that all members of the audit committee be independent. Rodger Stewart was appointed to the committee in August 2012.

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

MEETINGS

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

STATUTORY DUTIES

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

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

INTERNAL FINANCIAL CONTROLS AND INTERNAL AUDIT

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

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

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

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

REGULATORY COMPLIANCE

The audit committee has complied with all applicable legal, regulatory and other responsibilities.

EXTERNAL AUDIT

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

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

Based on our satisfaction with the results of the activities outlined above, the audit committee has recommended to the board that Deloitte & Touche should be reappointed for 2014.

FINANCE FUNCTION

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

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

FINANCIAL STATEMENTS

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

On behalf of the audit committee



JAF Hewat

Audit committee chairman

Renishaw
24 May 2013

Condensed consolidated statement of comprehensive income

for the year ended 31 March 2013

	Note	2013 R'000	2012* R'000
Continuing operations			
Revenue		387 526	342 514
Cost of sales		(209 881)	(162 466)
Gross profit		177 645	180 048
Other operating income		2 488	2 456
Distribution expenses		(38 239)	(35 875)
Administrative expenses		(58 102)	(56 343)
Operating profit		83 792	90 286
Share of profit or losses of associate companies		158	120
Investment income	1	35 299	9 722
Finance costs		(2 196)	(3 467)
Capital items	2	–	4 627
Profit before taxation		117 053	101 288
Taxation		(30 159)	(24 906)
Profit for the year from continuing operations		86 894	76 382
Discontinued operations			
Profit for the year from discontinued operations	4	6 571	5 802
Profit for the year		93 465	82 184
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Investment revaluation		2 821	(1 516)
Exchange differences on translating foreign operations		8 776	(160)
Other comprehensive income/(loss) for the year, net of tax		11 597	(1 676)
Total comprehensive income for the year		105 062	80 508
Profit/(loss) for the year from continuing operations attributable to:			
Shareholders of Crookes Brothers Limited		87 201	72 459
Non-controlling interests		(307)	3 923
		86 894	76 382
Profit for the year from discontinued operations attributable to:			
Shareholders of Crookes Brothers Limited		6 571	5 802
Non-controlling interests		–	–
		6 571	5 802
Total comprehensive income/(loss) for the year from continuing operations attributable to:			
Shareholders of Crookes Brothers Limited		98 798	70 783
Non-controlling interests		(307)	3 923
		98 491	74 706
Total comprehensive income for the year from discontinued operations attributable to:			
Shareholders of Crookes Brothers Limited		6 571	5 802
Non-controlling interests		–	–
		6 571	5 802
Weighted average number of shares on which earnings per share are based ('000)		12 385	12 385
Diluted weighted average number of shares on which earnings per share are based ('000)		12 574	12 480
Earnings per share			
From continuing and discontinuing operations			
Basic	(cents)	757,1	631,9
Diluted	(cents)	745,8	627,1
From continuing operations			
Basic	(cents)	704,1	585,1
Diluted	(cents)	693,5	580,6
Headline earnings per share			
Basic	(cents)	749,9	588,3
Diluted	(cents)	738,7	583,8
Dividend per share	(cents)	240,0	200,0

* Re-presented to account for discontinued operations.

Condensed consolidated statement of financial position

as at 31 March 2013

	Note	2013 R'000	2012 R'000
ASSETS			
Non-current assets		453 162	370 916
Property, plant and equipment		285 614	236 952
Bearer biological assets		145 518	116 000
Unlisted investments		5 517	3 769
Investment in associates		15 310	13 257
Unsecured loans – long-term		1 203	938
Current assets		350 281	359 940
Inventories		29 444	25 467
Biological assets			
– crops		179 506	157 224
– livestock		970	7 156
Trade and other receivables		29 159	43 318
Taxation		491	1 572
Other financial assets		52 926	101 756
Unsecured loans – short-term		328	500
Cash and cash equivalents		36 620	19 383
		329 444	356 376
Assets classified as held for sale	5	20 837	3 564
Total assets		803 443	730 856
EQUITY AND LIABILITIES			
Capital and reserves		582 198	503 595
Share capital		3 096	3 096
Share premium		112	112
Investment revaluation reserve		6 436	3 615
Foreign currency translation reserve		5 103	(3 673)
Share-based payment reserve		720	551
Retained earnings		563 183	496 039
Equity attributable to owners of the company		578 650	499 740
Non-controlling interests		3 548	3 855
Non-current liabilities		166 440	147 473
Deferred taxation		87 514	71 456
Long-term borrowings: interest-bearing		13 513	16 373
Long-term liability: interest-free		51 635	45 174
Post-employment obligations		13 778	14 470
Current liabilities		54 805	79 788
Trade and other payables		26 579	24 921
Short-term borrowings: interest-bearing		15 911	41 146
Provisions		11 918	13 721
Outside shareholders' loan		397	–
Total equity and liabilities		803 443	730 856

Condensed consolidated statement of cash flows

for the year ended 31 March 2013

	2013 R'000	2012* R'000
Operating activities		
Operating profit for the year from continuing operations	83 792	90 286
Operating profit for the year from discontinued operations	9 126	8 059
Adjustment for non-cash items:		
Depreciation	18 656	13 975
Adjustment to foreign currency translation reserve	(5 438)	(270)
Profit on disposal of property, plant and equipment	(1 178)	(436)
Net increase/(decrease) in provision for post-employment medical aid benefits	914	(1 729)
(Decrease)/increase in provision for retirement funds benefits	(1 606)	9
Change in fair value of livestock biological assets	842	1 774
Change in fair value of crops biological assets (excluding expansions)	(38 141)	(49 462)
(Decrease)/increase in provisions	(1 803)	4 859
Share-based payments expense	169	131
Operating cash flows before movements in working capital	65 333	67 196
Increase in inventories	(3 977)	(6 119)
Decrease/(increase) in trade and other receivables	14 159	(11 895)
Increase in trade and other payables	1 658	13 028
Cash generated from operations	77 173	62 210
Finance costs	(2 196)	(3 467)
Taxation paid	(17 431)	(5 469)
Net cash flows from operating activities	57 546	53 274
Investing activities		
Interest received	33 767	1 014
Dividends received from investments	1 532	8 708
Net proceeds on redemption from investments	62 204	24 730
Consideration on disposal of property, plant, equipment and biological assets	1 968	1 035
Increase in unsecured loans	(93)	(756)
Payments for property, plant, equipment, and land rights	(78 484)	(76 149)
Investment in expansion of area under crop	(11 326)	(10 623)
Consideration paid for biological assets on acquired farms	–	(2 637)
Purchases of livestock biological assets	(117)	(117)
Investment in associate companies	(1 895)	(3 319)
Net cash generated by/(used in) investing activities	7 556	(58 114)
Financing activities		
Net increase in long-term borrowings	3 601	13 912
Net (decrease)/increase in short-term borrowings	(25 235)	18 600
Net increase in outside shareholders' loans	397	–
Dividends paid – prior financial year final	(16 720)	(8 050)
Dividends paid – current financial year interim	(9 908)	(8 050)
Net cash (used in)/generated by financing activities	(47 865)	16 412
Net increase in cash and cash equivalents	17 237	11 572
Cash and cash equivalents at beginning of the year	19 383	7 811
Cash and cash equivalents at end of the year	36 620	19 383

* Re-presented to account for discontinued operations.

Consolidated statement of changes in equity

for the year ended 31 March 2013

	Share capital and premium R'000	Investment revaluation reserve R'000	Share-based payment reserve R'000	Foreign currency translation reserve R'000	Retained earnings R'000	Attributable to owners of the company R'000	Non-controlling interest in subsidiary R'000	Total R'000
Balance at 31 March 2011	3 208	5 131	420	(3 513)	433 878	439 124	(68)	439 056
Net profit attributable to shareholders	–	–	–	–	78 261	78 261	3 923	82 184
Other comprehensive loss	–	(1 516)	–	(160)	–	(1 676)	–	(1 676)
Total comprehensive (loss)/income for the year	–	(1 516)	–	(160)	78 261	76 585	3 923	80 508
Dividends paid	–	–	–	–	(16 100)	(16 100)	–	(16 100)
Share-based payment expense	–	–	131	–	–	131	–	131
Balance at 31 March 2012	3 208	3 615	551	(3 673)	496 039	499 740	3 855	503 595
Net profit/(loss) attributable to shareholders	–	–	–	–	93 772	93 772	(307)	93 465
Other comprehensive income	–	2 821	–	8 776	–	11 597	–	11 597
Total comprehensive income/(loss) for the year	–	2 821	–	8 776	93 772	105 369	(307)	105 062
Dividends paid	–	–	–	–	(26 628)	(26 628)	–	(26 628)
Share-based payment expense	–	–	169	–	–	169	–	169
Balance at 31 March 2013	3 208	6 436	720	5 103	563 183	578 650	3 548	582 198

Segmental analysis

for the year ended 31 March 2013

	Sugar cane R'000	Bananas R'000	Deciduous fruit R'000	Other operations/ sundry income R'000	Total continuing operations R'000	Grain and sheep dis- continued operations R'000	Group total R'000
Year to 31 March 2013							
Revenue	247 532	53 406	76 046	10 542	387 526	23 179	410 705
Operating profit							
Segmental results	85 172	6 312	24 727	3 518	119 729	9 126	128 855
Profit on disposal of property, plant and equipment							1 178
Unallocated corporate expenses							(37 115)
Consolidated operating profit							92 918
Balance sheet							
Assets							
Segment assets	465 035	11 158	85 942	49 473	611 608	20 838	632 446
Investments and loans							22 358
Short-term financial assets							52 925
Unallocated corporate current assets							95 714
Consolidated total assets							803 443
Liabilities							
Unallocated corporate liabilities							221 245
Consolidated total liabilities							221 245
Other information							
Capital expenditure on property, plant, equipment and land rights	36 348	707	7 404	33 837*	78 296	188	78 484
Depreciation	11 084	504	2 318	4 042	17 948	708	18 656
Year to 31 March 2012**							
Revenue	225 808	51 700	52 468	12 538	342 514	19 450	361 964
Operating profit							
Segmental results	98 700	7 463	10 452	4 305	120 920	8 059	128 979
Profit on disposal of property, plant and equipment							436
Unallocated corporate expenses							(31 070)
Consolidated operating profit							98 345
Balance sheet							
Assets							
Segment assets	327 819	22 805	127 222	18 273	496 119	21 213	517 332
Investments and loans							18 464
Short-term financial assets							105 320
Unallocated corporate current assets							89 740
Consolidated total assets							730 856
Liabilities							
Unallocated corporate liabilities							227 261
Consolidated total liabilities							227 261
Other information							
Capital expenditure on property, plant and equipment	63 349	1 015	3 639	8 146	76 149	–	76 149
Depreciation	7 439	381	2 244	3 372	13 436	539	13 975

* Includes R25,1 million expansion capital on the group's Mozambique estate.

** Re-presented to account for discontinued operations.

Condensed consolidated notes

for the year ended 31 March 2013

	2013 R'000	2012 R'000
1. INVESTMENT INCOME	35 299	9 722
Dividends received from preference shares and unlisted investments	1 532	5 047
<i>In specie</i> dividend received from Pioneer Food Group Limited	–	3 661
Interest received on loans and deposits	2 809	1 014
Interest received on the Komatipoort estate sale proceeds	30 958	–
2. CAPITAL ITEMS		
Capital profit on disposal of land, buildings and bearer biological assets	–	4 627
3. RECONCILIATION OF HEADLINE EARNINGS		
Profit attributable to shareholders of Crookes Brothers Limited	93 772	78 261
Adjusted for:		
Capital profit on disposal of land, buildings and bearer biological assets	–	(4 627)
Profit on disposal of plant and equipment	(1 178)	(436)
Tax effect of the adjustments	285	(343)
Headline earnings	92 879	72 855
Headline earnings per share (cents)	749,9	588,3
The interest received of R31,0 million (R22,3 million after tax) in the current year from the sale of the Komatipoort estate had a positive 180 cents effect on headline earnings per share.		
4. DISCONTINUED OPERATIONS		
On 24 August 2012, the decision was made to actively seek a buyer of the grain and sheep operation, this being consistent with the group's long-term policy to achieve maximum sustainable return from its assets. At the date of this report a firm offer had been received, but no binding agreement yet reached.		
The results of the discontinued operations included in profit for the year are set out below:		
Revenue	23 179	19 450
Expenses	(14 053)	(11 391)
Profit before taxation	9 126	8 059
Taxation	(2 555)	(2 257)
Profit for the year from discontinued operations	6 571	5 802
5. ASSETS CLASSIFIED AS HELD FOR SALE		
Property, plant and equipment	15 376	–
Livestock	5 461	–
Listed investments	–	3 564
	20 837	3 564
<i>The group is actively seeking to dispose of its grain and sheep operation and anticipates the transfer will be completed within the next financial year.</i>		
6. OTHER SALIENT FEATURES		
6.1 Proposed capital expenditure		
Contracted	15 182	9 347
Authorised by the directors but not yet contracted	47 993	53 018
	63 175	62 365
6.2 Contingent assets	–	28 900
The company's claim from the National Department of Land Affairs in respect of interest payable on the proceeds of the sale of its Komatipoort estate in 2010 was settled during the year.		

Shareholder information

Shareholder profile

	Number of shareholdings	Percentage of total shareholdings	Number of shares	Percentage of shares in issue
Shareholder spread				
1 – 2 000 shares	262	53,4	206 828	1,7
2 001 – 10 000 shares	110	22,4	556 043	4,5
10 001 – 20 000 shares	42	8,5	604 745	4,9
20 001 – 50 000 shares	39	7,9	1 289 137	10,4
50 001 – 100 000 shares	20	4,1	1 508 236	12,2
Over 100 000 shares	18	3,7	8 220 011	66,3
	491	100,0	12 385 000	100,0
Shareholder type				
Non-public shareholders				
Silverlands (SA) Plantations SARL	1		3 739 593	30,2
Directors (direct and indirect holdings)	4		97 700	0,8
Associates of directors	3		54 000	0,4
	8	1,6	3 891 293	31,4
Public shareholders	483	98,4	8 493 707	68,6
Total	491	100,0	12 385 000	100,0
Shareholder distribution				
Trusts	93	19,0	4 683 978	37,8
Stockbrokers and nominees	6	1,2	45 972	0,4
Individuals	357	72,7	2 780 952	22,4
Private companies and other corporations	35	7,1	4 874 098	39,4
Total	491	100,0	12 385 000	100,0
Beneficial shareholders with a holding greater than 5% of the shares in issue				
Silverlands (SA) Plantations SARL			3 738 793	30,2
Ellingham Estate (Pty) Ltd			840 000	6,8
T C B Crookes Grandchildren's Trust			700 000	5,6
Total			5 278 793	42,6

Shareholders' diary

Financial year end		March
Annual general meeting		July
Reports and profit statements	Interim report	November
	Audited group results	May
	Annual report and financial statements	June
Distributions		
Interim	– declaration	November
	– payable	December
Final	– declaration	May
	– payable	July

Notice of annual general meeting

Notice is hereby given that the 100th annual general meeting of shareholders will be held at the Durban Country Club, Isaiah Ntshangase Road, Durban, 4001 on Friday, 26 July 2013 at 12:00 for the transaction of the following business:

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

To present the audited annual financial statements of the company, including the reports of the directors, audit committee, social and ethics committee and auditors, for the year ended 31 March 2013. A full copy of the company and consolidated annual financial statements is available on the company website www.cbl.co.za.

2. RE-APPOINTMENT OF AUDITORS

"Resolved to authorise the company to re-appoint the auditors, Deloitte & Touche (with the designated auditor currently being Mr GD Kruger)."

3. RE-ELECTION OF NON-EXECUTIVE DIRECTORS

The nominations committee of the company conducted an assessment of the performance of each of the retiring directors and the board of directors considered the findings of the nominations committee. Based on these findings, the board recommends to shareholders the re-election of each of the retiring directors as set out in ordinary resolutions 3.1 to 3.3.

3.1 The following non-executive directors retire by rotation in terms of article 24.7.1 of the company's Memorandum of Incorporation (MOI) and, being eligible, offer themselves for re-election, each by way of a separate vote. Brief curricula vitae in respect of these directors are shown on page 12 of the 2013 integrated annual report.

3.1.1 "Resolved that Mr JAF Hewat be and is hereby re-elected as a director of the company."

3.1.2 "Resolved that Ms P Mnganga be and is hereby re-elected as a director of the company."

3.2 The following non-executive directors who have served for longer than nine years retire in terms of article 24.7.3 of the company's MOI and, being eligible, offer themselves for re-election, each by way of a separate vote. Brief curricula vitae in respect of these directors are shown on page 13 of the 2013 integrated annual report.

The company has introduced a requirement in terms of which all directors who have been on the board for longer than nine years are subject to annual re-election by shareholders at the annual general meeting.

3.2.1 "Resolved that Mr P Bhengu be and is hereby re-elected as a director of the company."

3.2.2 "Resolved that Mr CJH Chance be and is hereby re-elected as a director of the company."

3.3 The following non-executive directors who were appointed during the year retire in terms of article 24.7.4 of the company's MOI and, being eligible, offer themselves for re-election, each by way of a separate vote. Messrs G Vaughan-Smith and TK Denton were appointed as director and alternate director respectively on 23 November 2012. Mr JR Barton was appointed as director on 8 May 2013. Brief curricula vitae in respect of these directors are shown on pages 12 and 13 of the 2013 integrated annual report.

3.3.1 "Resolved that Mr G Vaughan-Smith be and is hereby re-elected as a director of the company and Mr TK Denton as his alternate director."

3.3.2 "Resolved that Mr JR Barton be and is hereby re-elected as a director of the company."

4. ELECTION OF AUDIT COMMITTEE

"Resolved that the following non-executive directors be and are hereby individually elected as members of the audit committee to remain members until the conclusion of the next annual general meeting of the company:

JAF Hewat
JR Barton
MT Rutherford

Brief curricula vitae in respect of these directors are shown on page 12 of the 2013 integrated annual report.

Notice of annual general meeting continued

5. UNISSUED SHARES

To consider and, if approved, to pass the following ordinary resolution:

"Resolved that the company hereby grants, until the next annual general meeting, the directors authority to allot and issue at their discretion and on such terms and conditions as they may determine, the unissued shares of the company (other than those reserved for the purposes of the Crookes Brothers Share Option Scheme over which the directors have specific authority), subject to the proviso that the aggregate number of shares to be allotted and issued in terms of this resolution shall not exceed seven comma five percent (7,5%) of the authorised share capital and shall be allotted and issued subject to the regulations of the JSE Limited."

6. COMPANY'S REMUNERATION POLICY

To consider and, if approved, to pass with or without modification the following ordinary resolution:

"Resolved to consider and endorse, by way of a non-binding advisory vote, the company's Remuneration Policy and its implementation."

The reason for proposing this resolution is to request shareholders to signify their approval of the company's Remuneration Policy by way of a non-binding advisory resolution as is provided for in the King Report on Governance for South Africa – 2009 (King III). The policy is outlined on pages 38 to 39 of the integrated annual report.

7. To consider and, if approved, to pass the following resolutions as special resolutions:

7.1 SPECIAL RESOLUTION NUMBER 1 – REMUNERATION OF DIRECTORS

"Resolved that unless otherwise determined by the company in general meeting, the revised annual fees payable by the company to non-executive directors be approved with effect from 1 April 2013, as follows:"

	Current Rands per annum	Proposed Rands per annum
Board		
Chairman	300 000	350 000
Other non-executive board members	118 000	128 000
Audit Committee		
Chairman	77 000	100 000
Other members	38 500	45 000
Remuneration/Nominations Committee		
Chairman	20 000	–
Other members	15 000	–
Remuneration Committee		
Chairman	–	22 000
Other members	–	16 000
Nominations Committee		
Chairman	–	11 000
Other members	–	8 000
Risk Management Committee		
Chairman	33 500	36 000
Other non-executive board members	22 500	24 000
Social and Ethics Committee		
Chairman	20 000	22 000
Other non-executive board members	15 000	16 000
Retirement funds		
Chairman	40 000	44 000
Employer-elected trustees	14 500	16 000

All fees are paid quarterly in arrears.

The reason for this resolution is to obtain prior approval for the payment of the non-executive directors' fees and the effect will be that the non-executive directors will be paid in accordance with this resolution.

7.2 SPECIAL RESOLUTION NUMBER 2 – FINANCIAL ASSISTANCE IN TERMS OF SECTION 44 OF THE COMPANIES ACT, 2008

“Resolved that, to the extent required by the Companies Act, 2008 (Act 71 of 2008) (“the Act”), the board of directors of the company may as a general approval, subject to compliance with the requirements of the company’s MOI and the Act, each as presently constituted and as amended from time to time, authorise the company to provide direct or indirect financial assistance, by way of loans, guarantees, the provision of security or otherwise to any person for the purpose of, or in connection with, the subscription of any option, or any securities (as such term is defined in the Act), issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company, subject to a maximum of five million Rand (R5 million), on the basis that the board of directors of the company are satisfied that following the provision of the financial assistance, the solvency and liquidity tests referred to in Section 4 of the Act will, as required in terms of section 44 (3)(b)(i) of the Act, be met and that the terms under which the financial assistance is proposed to be given as contemplated in section 44 (3)(b)(ii) of the Act are fair and reasonable to the company and accordingly pass a resolution to this effect.

Such authority is valid for a period of 2 (two) years commencing on the date of this special resolution.”

The reason for, and effect of this special resolution number 2 is to obtain the necessary approvals from shareholders to allow the company to provide financial assistance in accordance with the provisions of Section 44 of the Act, as and when required. This special resolution does not authorise the provision of financial assistance to a director and/or prescribed officer of the company.

7.3 SPECIAL RESOLUTION NUMBER 3 – FINANCIAL ASSISTANCE TO RELATED AND INTER-RELATED COMPANIES IN TERMS OF SECTION 45 OF THE COMPANIES ACT, 2008

“Resolved that, to the extent required by the Companies Act, 2008 (Act 71 of 2008) (“the Act”), the board of directors of the company may as a general approval, subject to compliance with the requirements of the company’s MOI and the Act, each as presently constituted and as amended from time to time, authorise the company to provide direct or indirect financial assistance to a related or inter-related company on the basis that the board of directors of the company are satisfied that following the provision of the financial assistance, the solvency and liquidity tests referred to in Section 4 of the Act will, as required in terms of Section 45 (3)(b)(i) of the Act, be met and that the terms under which the financial assistance is proposed to be given as contemplated in Section 45 (3)(b)(ii) of the Act are fair and reasonable to the company and accordingly pass a resolution to this effect.

Such authority is valid for a period of 2 (two) years commencing on the date of this special resolution.”

The reason for and effect of this special resolution number 3 is to obtain the necessary approvals from shareholders to allow the company to provide financial assistance to the company’s related or inter-related companies in accordance with the provisions of Section 45 of the Act, as and when required. This special resolution does not authorise the provision of financial assistance to a director and/or prescribed officer of the company.

8. OTHER BUSINESS

To transact such other business as may be transacted at an annual general meeting of members.

A member who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and, on a poll, vote in his/her stead. The proxy need not be a member of the company.

Proxy forms should be forwarded to reach the company’s registered office, or the company’s transfer secretaries at the addresses as stated on the inside back cover, not less than 48 hours before the commencement of the meeting.

By order of the board



Highway Corporate Services (Proprietary) Limited
Company Secretary
Renishaw

24 May 2013

Notice of annual general meeting continued

VOTING AND PROXIES

All shareholders are entitled to attend and vote at the annual general meeting. Shareholders who hold their shares in certificated form or who are own name registered dematerialised shareholders who are unable to attend the general meeting but who wish to be represented thereat, are required to complete and return the attached form of proxy so as to be received by the company, or the company's transfer secretaries, by not later than 12:00 on Wednesday, 24 July 2013. Shareholders who have dematerialised their shares through a Central Securities Depository Participant (CSDP) or broker, other than by own name registration, who wish to attend the general meeting should instruct their CSDP or broker to issue them with the necessary authority to attend the meeting, in terms of the custody agreement entered into between such shareholders and their CSDP or broker. Shareholders who have dematerialised their shares through a CSDP or broker, other than by own name registration, who wish to vote by way of proxy, should provide their CSDP or broker with their voting instructions, in terms of the custody agreement entered into between such shareholders and their CSDP or broker. These instructions must be provided to their CSDP or broker by the cut-off time or date advised by their CSDP or broker for instructions of this nature.

SALIENT DATES

Record date to receive the notice of the annual general meeting	Friday, 21 June 2013
Last date to trade to be eligible to vote	Friday, 12 July 2013
Record date to be eligible to vote	Friday, 19 July 2013
Last date for lodging forms of proxy	Wednesday, 24 July 2013

IDENTIFICATION OF MEETING PARTICIPANTS

Please note that in terms of Section 63 (1) of the Companies Act meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a meeting. Forms of identification include valid identity documents, driver's licences and passports.

Form of proxy

CROOKES BROTHERS LIMITED

Registration number 1913/000290/06

Share code: CKS

ISIN: ZAE000001434



Annual general meeting

For use only by certificated shareholders, own name registered dematerialised shareholders, Central Securities Depository Participants' ("CSDPs") nominee companies and brokers' nominee companies at the annual general meeting of shareholders to be held at the Durban Country Club, at 12:00 on Friday, 26 July 2013.

Dematerialised shareholders other than by own name registration, must not complete this form of proxy and must provide their CSDP or broker with their voting instructions, or alternatively, should they wish to attend the meeting themselves, they may request the CSDP or broker to provide them with a letter of representation in terms of the custody agreement entered into between such shareholders and their CSDP or broker.

I/We _____ (block capitals)

of _____ (address)

being a member(s) of the above-named company and entitled to vote,

do hereby appoint _____ of _____

or failing him/her _____ of _____

or failing him/her the chairman of the annual general meeting as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting of the company to be held on Friday, 26 July 2013 or at any adjournment thereof.

I/We hereby direct that my/our proxy shall exercise his/her discretion as to the manner in which he/she votes, except as indicated below.

Agenda Item	Mark with X where applicable		
	For	Against	Abstain
2. Re-appointment of auditors			
3.1.1 Re-election of non-executive director – JAF Hewat			
3.1.2 Re-election of non-executive director – P Mnganga			
3.2.1 Re-election of non-executive director – P Bhengu			
3.2.2 Re-election of non-executive director – CJH Chance			
3.3.1 Re-election of non-executive director and non-executive alternate director – G Vaughan-Smith and TK Denton			
3.3.2 Re-election of non-executive director – JR Barton			
4. Election of audit committee members			
JAF Hewat			
JR Barton			
MT Rutherford			
5. Authority to directors to allot shares			
6. Remuneration Policy – Non-binding advisory vote			
7.1 Special resolution number 1 – Remuneration of non-executive directors			
7.2 Special resolution number 2 – Authority to grant financial assistance in terms of Section 44 of the Companies Act			
7.3 Special resolution number 3 – Authority to grant financial assistance to related and inter-related parties in terms of Section 45 of the Companies Act			

Signed at _____ on this _____ day of _____ 2013

Signature _____ Number of shares _____

AGM luncheon invitation

Shareholders are advised that a luncheon will be served at the Durban Country Club after the conclusion of the annual general meeting. In order to assist with catering requirements shareholders are requested to complete this catering notification card and post it to Crookes Brothers Limited, PO Renishaw, 4181 or scan and mail it to cclifton@cbl.co.za.

I/We, being a member/members of the above-named company, wish to attend the annual general meeting of the company to be held on Friday, 26 July 2013 and would like to/cannot attend the shareholders' luncheon.

Signature _____

RSVP: No later than 19 July 2013

Number of people: _____

Notes to the form of proxy

A Crookes Brothers Limited ("Crookes") shareholder may insert the name of a proxy or the names of two alternative proxies of the Crookes shareholder's choice in the space/s provided, with or without deleting "the chairman of the general meeting", but any such deletion must be initialled by the Crookes shareholder concerned. The person whose name appears first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.

Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in Crookes, insert the number of ordinary shares held in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A Crookes shareholder or his/her proxy is not obliged to use all the votes exercisable by the Crookes shareholder or by his/her proxy, but the total of the votes cast and in respect whereof abstentions recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.

The date must be filled in on this proxy form when it is signed.

The completion and lodging of this form of proxy will not preclude the relevant Crookes shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof. Where there are joint holders of shares, the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the register of members, will be accepted.

Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries or the company secretary of Crookes or waived by the chairman of the general meeting of Crookes shareholders.

Any alterations or corrections made to this form of proxy must be initialled by the signatory/ies.

A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries or the company secretary of Crookes Brothers Limited.

Forms of proxy must be received by the company, Crookes Brothers Limited at Renishaw, KwaZulu-Natal (PO Renishaw, 4181) or by the company's transfer secretaries, Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by not later than 12:00 on Wednesday, 24 July 2013.

The chairman of the annual general meeting may accept or reject any form of proxy, in his absolute discretion, which is completed other than in accordance with these notes.

If required, additional forms of proxy are available from the company secretary of Crookes Brothers Limited.

Dematerialised shareholders, other than by own name registration, must not complete this form of proxy but must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between such shareholders and their CSDP or broker.

Corporate information

Company name: Crookes Brothers Limited
Registered office: Renishaw, KwaZulu-Natal
Postal address: PO Renishaw, 4181
Telephone: 039 978 4600
Telefax: 039 978 4628
E-mail: info@cbl.co.za
Website: www.cbl.co.za

Share code: CKS
Company registration number: 1913/000290/06

Company secretary: Highway Corporate Services (Proprietary) Limited
Business address: 14 Hillcrest Office Park, 2 Old Main Road, Hillcrest
Postal address: PO Box 1319, Hillcrest, 3650
Telephone: 031 765 4989
Telefax: 086 679 3461

Transfer secretaries: Computershare Investor Services (Proprietary) Limited
Business address: 70 Marshall Street, Johannesburg
Postal address: PO Box 61051, Marshalltown, 2107
Telephone: 011 370 5000
Telefax: 011 688 5200

Auditors: Deloitte & Touche
Attorneys: Livingston Leandy Inc.
Bankers: FirstRand Bank Limited
Investec Bank Limited
Sponsor: Sasfin Capital (A division of Sasfin Bank Limited)

