Seed Co International

80TH ANNIVERSARY
EST. 1940

2020 ANNUAL REPORT

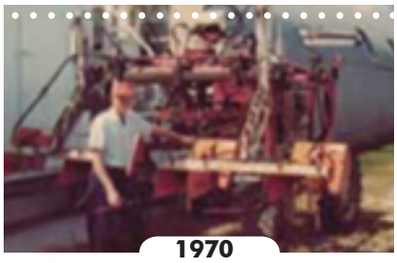
2018
Listing on the Botswana Stock Exchange

2017
Officially opened the processing plant in Kenya

2015
Successful equity partnership with Limagrain

1991
Stapleford facility opened

1983
CSA & SMA merged to form Seed Co-op



1970
Rattray Arnold Research station purchased

1960
SR52 (1st commercial hybrid) released

1957
Crop Seeds Association formed (CSA)

THE HOME OF BUMPER HARVESTS

It starts with the right seed

Welcome to our 2020 Annual Report

Seed Co International Limited, which is listed on the Botswana Stock Exchange (BSE) and Zimbabwe Stock Exchange (ZSE), is the leading producer and marketer of certified field crops and vegetable seed in Africa. We believe that our annual report can help our stakeholders make better informed decisions about our business.

This report, which is our primary report to stakeholders, covers the period 1 April 2019 to 31 March 2020. The scope of this report includes the Seed Co Group's operations, projects and the key functions over which we exercise control.

For ease of reference we have used Seed Co or the Group to represent the company and its group entities. All our subsidiaries, business divisions and products are referred to by their branded names. With respect to comparability, all items are reported on a like-for-like basis with no major restatements. Any restatements are noted and explained.

Reporting frameworks

Our report conforms to the requirements of local and international reporting frameworks, including those of the Botswana Stock Exchange and Zimbabwe Stock Exchange Listings Requirements. We have used the International Integrated Reporting Framework to guide us in structuring our report to show the connectivity between material information on our strategy, governance, performance and prospects and how our strategy affects and is affected by environmental, social and financial matters. We have been guided by the Global Reporting Initiative's (GRI) 3.1 indicators.

Our journey thus far

1940 Born as Seed Maize Association (SMA)

1949 Rattray and Arnold produced 1st hybrid for sale

1957 Crop Seeds Association formed (CSA)

1960 SR52 (1st commercial hybrid) released

1991 Kadoma Research Station acquired

1991 Stapleford facility opened

1983 CSA & SMA merged to form Seed Co-op

1970 Rattray Arnold Research station purchased

1996 Floated on Zimbabwe Stock Exchange

1997 Acquisition of Semoc - Mocambique

1998 Seed Co Zambia established

2000 Seed Co Malawi established

2006 Quton acquired

2005 Business right sized

2004 Kenya trading office

2000 Seed Co International - Botswana

2010 Search for New Horizons intensifying

2010 Tanzania SBU established

2015 Successfully concluded an equity partnership with Limagrain

2016 Vegetable Seed Business acquired

2020 80 Year Milestone for Seed Co

2019 Embarked on a Artificial Seed Drying Plant in Zimbabwe

2018 Listing on the Botswana Stock Exchange

2017 Kenya Seed processing plant officially opened

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About the Seed Co International Annual Report

The full edition of Seed Co International Annual Report 2020 comprises:

- Audited consolidated and company financial statements of Seed Co International set out on pages 41 to 85 which comprise the group and company statements of financial position as at 31 March 2020.
- The Annual Report includes notes to the financial statements, including a summary of significant accounting policies.
- Seed Co International AGM Notice and Proxy Form

A soft copy of this Annual Report and further information about the company is available on our corporate website: www.seedcogroup.com
The Proxy form and Abridged version of this financial report can also be downloaded online.

SEED CO INTERNATIONAL AT A GLANCE

We have the ability to create value for all our stakeholders with the strong foundation that we have laid to balance short-term and long-term sustainable growth through our innovation and research capabilities. We endeavor to grow our seed portfolio and enhance our market presence across all African Markets.

The resource we depend on

Financial Capital

In form of equity and reserves available

Human Capital

Includes knowledge, trainings and skill set of our people

Intellectual Capital

In terms of research, innovation in the field of Biotechnology, Genetics and plant breeding, Seed Production Research

Seed Production & processing units

Large scale seed production and processing of mandate crops.

Social and Relationship Capital

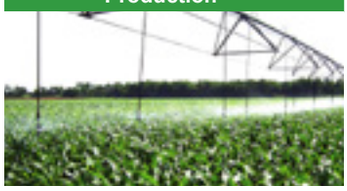
Engage with local communities across villages to improve education, agriculture and rural infrastructure. We also partner with National and State level programmes.

What we do

Research and Product Development

- Advance Plant Breeding and Seed Technology Research
- Development of market competitive hybrids
- Develop suitable products tolerant to biotic and abiotic situations

Production



- Implemented advanced seed production planning tools to achieve targeted seed volumes in newer and multi-location geographies
- Implemented seed production technologies to field staff and seed growers to improve seed quality
- Various production strategies employed to improve seed yields, forecasting production volumes by scientific estimates
- Efficient processing technologies

Processing

Marketing

- Product life cycle management
- Vibrant marketing and distribution manned by technically competent marketing team
- Marketing in to new geographies
- New product promotions by conducting demos and creating awareness among the farmers

Sales

- Trained sales team representatives
- Safe and sustainable use of our products
- Product registration
- Health, Safety and environment
- Support Services and multi-stakeholder dialogue

Support services

PERFORMANCE HIGHLIGHTS

	2020	2019	
REVENUE	US$ 71.4m	US$ 60.1m	▲ 19%
EBITDA	US$ 15.5m	US$ 7.0m	▲ 59%
PAT	US$ 6.0m	US$ 3.8m	▲ 62%
MAIZE SALES VOLUMES	29,228mt	21,334mt	▲ 37%

D.E.B Long - Chairman

Chairman's Letter

> "My thanks to Morgan Nzwere and his Executive Team for their decisive and supportive leadership as well as to all our employees across the various African markets"

Dear Shareholders,

I am pleased to present to you the second post-listing Annual Report on your Company for the Financial Year ended 31 March 2020. As we celebrate the 80th year of the Seed Co heritage, we call upon our shareholders and stakeholders to commemorate this huge milestone of the Brand's legacy. All our operating and financial metrics showed significant improvement compared to the previous year despite currency headwinds in regional markets. We have the processes, systems, and people in place to ensure that we have performance discipline and operating leverage into the future. Constant engagement and feedback from our customers, the farmers, inform us that the quality of our products is good and getting better with new product releases. We are seeing increased business development opportunities as we expand our brand and footprint across Africa.

This past season has been characterised by below average to average rainfall in Southern Africa and above average rainfall in East and Central Africa. The emergence of the COVID-19 pandemic across the world has resulted in significant changes in how the world lives and works and, in the process, made doing business extremely difficult. This continues to adversely impact product demand as businesses and customers are being forced to focus more on survival as opposed to growth.

Financial Review

The Group posted turnover of USD$71m which was 19% above last year while operating profit of USD$12m and PBT of USD$9m both increased by 74% as compared to prior year. The performance during the period under review was boosted by the increased seed demand in the region after the severe drought experienced last year. In addition, exchange gains on foreign denominated receivables contributed positively to the financial performance for the year.

Product Quality and Seed Supply

Despite excessive rainfall in markets like Tanzania and Kenya, seed production was not severely affected, and the Group has adequate stocks to supply its markets and augment the building up of food reserves post-Covid-19.

Research and Technology

The Company continues to benefit from its partnership with Limagrain in Research and Development collaboration which has already seen the effective use of the latest breeding techniques. Seed Co International, through its continued association with Seed Co Limited, continues to play a leading role in releasing ultra-early seed varieties demanded by farmers seeking advantage in low / erratic rain fall areas. To this end, we celebrate the first proprietary maize variety and 2 Maize Lethal Necrosis Disease (MLND) resistant varieties in Kenya for the East African markets. In neighbouring Uganda, 4 new maize products and 3 soyabean varieties were released. In both West and Central Africa new products exhibiting superior performance have been identified, further enhancing our product portfolio.

Chairman's Letter

People

As your Company continues to nurture and develop talent, I am proud to congratulate those of our staff who continue to advance their education further enhancing the company's pool of very experienced professionals, skilled scientists, and agronomists. To all our teams of committed employees who braved the COVID-19 pandemic and continued to work, caretaking our funds and activities : thank you, you have all been instrumental in moulding our company into what it is today.

The Competitive Landscape

While the competitive landscape remains intense in Africa, your Company is leveraging its strategic relationships to keep ahead in the African seed industry by releasing new and better products that appeal to farmers from a yield and climate adaptation perspective.

New Business Development

I am happy to report that your Company is making pleasing inroads into new markets in Angola, Mozambique, and Ethiopia as well as several countries in West and Central Africa. The Company is diversifying its income streams by scaling up the vegetable seeds joint venture business with HM Clause. We are also exploring product out- licensing opportunities in North African and some Asian markets.

Future Prospects

We continue to see increased business development opportunities as we expand our brand and footprint across Africa; however, the exploitation of these opportunities might be delayed by the effects of the COVID-19. The pandemic and its effects remain fluid with no respite in sight; however, many Governments, after investing in health responsive measures, have started to ease emergency restrictions allowing for the resumption of economic activities. In anticipation of the potentially catastrophic effects of the pandemic on lives and business (economy, customers, labour & logistics), your Company swiftly formulated and implemented a Business Continuity Plan.

Prospectively, we take some comfort from the fact that our seed business is at the beginning of the food value chain and this strategic positioning puts the business in good stead to benefit from the efforts of Governments, development partners, major customers and other key stakeholders to ensure continued food security for the markets we serve and uninterrupted production and availability during and post the pandemic.

Responsible Corporate Citizen

Your Company remains committed to sustainable and responsible environmental, social and governance (ESG) practices across all our African markets. The main areas of focus are transformation and empowerment; broadening access to rural farmers in support of government agriculture initiatives to produce more home grown products; investing in our people to ensure the success and sustainability of the business; and investing in our communities through socio-economic and enterprise development.

Directorate

I would like to take this opportunity to welcome those directors who were appointed during this past year and to thank all my fellow board members, management and staff for their support and dedication in achieving the milestone of listing the Company as well as for showing great resilience during this very challenging year.

Acknowledgements

My thanks to Morgan Nzwere and his Executive Team for their decisive and supportive leadership as well as to all our employees across the various African markets we serve for their hard work and energy in delivering another outstanding performance. My fellow Non-Executive Directors ensure that the Board meets the highest standards of probity, oversight, and governance, and I thank them for their support and commitment. Thank you also our external stakeholders, including our customers, shareholders, suppliers, and industry regulators, for your ongoing support and contribution to our success.

D.E.B Long Chairman
30 June 2020

Morgan Nzwere - Group Chief Executive

Chief Executive Officer's Review

"I would like to thank Team Seed Co for the sterling efforts in achieving the positive results during this challenging time and record my appreciation of the Board's continued support and guidance on all the initiatives we undertook during the year."

Overview

The past season was marked by good rainfall in Eastern and Central Africa resulting in increased seed demand and on the other hand below average rainfall in Southern Africa resulting in mixed performance. Overall the Group experienced a rebound in product demand following devastating drought experienced in all markets in the previous year. Depreciating currencies weighed in on the revenue despite the volumes growth.

Group Financial Review

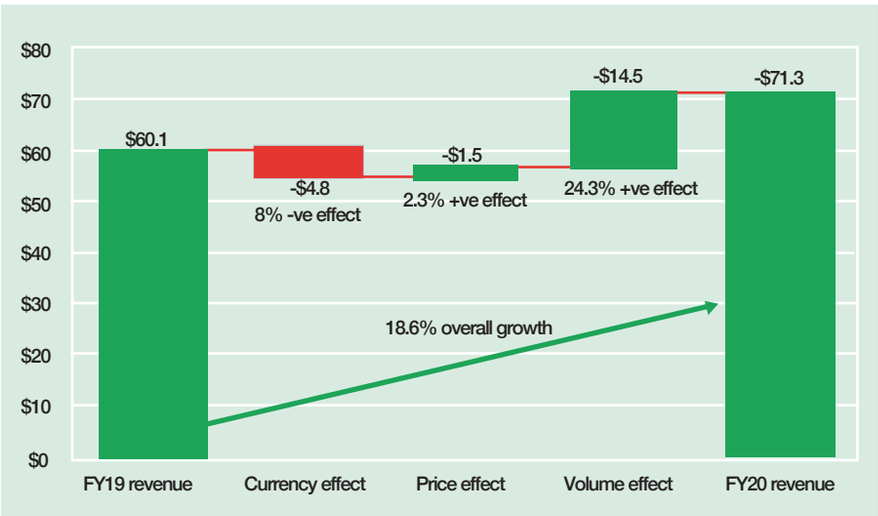
Income Statement

Revenue

A combination of normal to above normal rainfall in Tanzania, Malawi and some parts of Zambia together with improved maize commodity prices drove product demand in these markets resulting in volumes growing by 37%. Revenue however only increased by 19% largely due to sharp depreciation of the Zambian kwacha against the reporting currency.

The revenue evolution is shown in **figure 1** below

SCI FY19-FY20 revenue evolution [US$'M]



Group Profit for the year up by **62%**

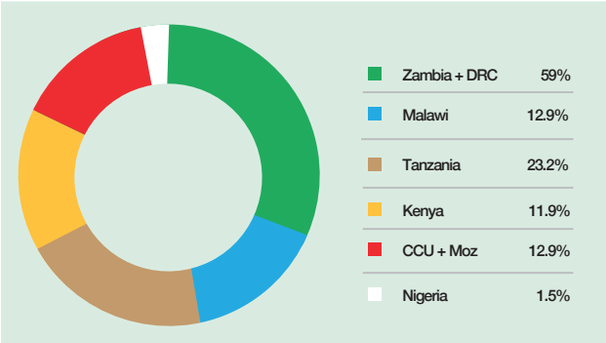
4 new maize products released in Uganda to spearhead market penetration

Adequate stocks and competitive product performance in all markets.

CHIEF EXECUTIVE OFFICER'S REVIEW

The revenue contribution of the various markets is shown in Figure 2 below.

In terms of volumes, performance was very satisfactory with Tanzania, CCU, Nigeria, Zambia, and Malawi surpassing last year by 59%, 46%, 43%, 20% and 8% respectively



Other income

Exchange gains in Zambia, profit on related fertilizer & chemicals trade in Botswana and bad debt recoveries in Rwanda and Tanzania resulted in improvement in other income.

Operating expenses

Investment in the marketing and sales to drive volumes and market share especially in East Africa increased the overall operating expenditure by 6%.

Finance costs

Delayed settlement of receivables from major Government customers kept our facilities at higher levels resulting in increased finance costs.

Joint Venture Operations

Unfavourable currency movements especially towards the end of the financial year, mostly a reaction to the COVID 19 pandemic adversely affected the vegetable business in Zambia and South Africa resulting in significant exchange losses.

Profit for the year

The Group recorded a 61% increase in Group Profit driven by strong product demand in all markets, as reported above.

Statement of financial position

Property, plant and equipment

The increase in non-current assets was due to the acquisition and capitalization of the seed production farms in Zambia, and of right of use of assets as well as breeding rights in Seed Co International.

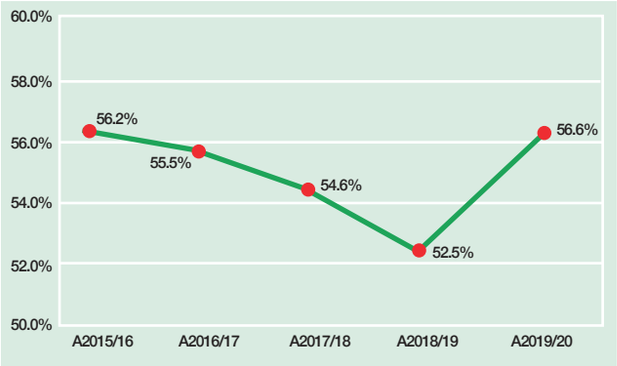
Inventories and biological assets

A combination of excessive rains in Kenya in the country's first season and COVID 19 movement restrictions in the second season towards the end of the financial year stalled the sales volumes in this market and this resulted in increased inventories at year end.

Trade and other receivables

A combination of increased revenue growth and slow movement in the regional Government debts increased the receivables at year end. Efforts to get these paid are continuing.

The trend in trade receivables at year end as a percentage of turnover over the years is as shown in the chart below:



Amounts due from related parties are mainly due from Zimbabwe and declined by 40% as compared to prior year and efforts continue to get these amounts paid.

Equity

The decrease in equity is due to net exchange differences on translation of foreign operations whose currencies are declining against the reporting currency.

Net debt

The net debt increased due to higher seed production volumes as well as capital expenditure.

Seed supply

Despite the challenges posed by COVID 19 restrictions, the Group is adequately stocked to meet anticipated demand in the ensuing season. Fortunately in all markets , Agriculture has been designated as an essential and critical area and operations have been allowed to continue with limited interruptions.

CHIEF EXECUTIVE OFFICER'S REVIEW

Research & development

The company continues to make progress in releasing new products in the various markets it operates:

- The first proprietary highland maize variety and 2 MLND resistant varieties were released in Kenya.
- Four new maize products and 3 soyabean varieties were released in Uganda to spearhead market penetration in the Great Lakes region.
- In both West and Central Africa mid altitude regions , new products exhibiting superior performance have been identified in our product portfolio.

The testing program for both hybrid and OPV rice in Southern Africa is progressing well with some products showing good signs of adaptability.

Operations

Zambia

The good rains generally received in the country, coupled improved commodity prices increased local product demand resulting in overall sales volumes increasing by almost 8% as compared to prior year.

The sharp kwacha devaluation dampened the overall increase in turnover to 16% despite the volumes outturn.

On the other hand the business benefited from the devaluation of the kwacha by having an increase in exchange gains of its foreign denominated receivables.

While the Government made efforts to pay outstanding debts by settling 75% of current debts, continued delays in paying overdue debts resulted in the business carrying high levels of debt for the greater part of the year incurring higher finance costs as compared to prior year.

The business is upscaling both winter and summer cereals seed production at its Mkushi farms which have posted good yields.

Annual Profit After Tax grew by 6% to $6,7m.

Malawi

The business achieved a turnover of $10,9 which was 24% higher than prior year. Sales volumes were 25% ahead of prior year due to a combination of early seed placement in response to Cyclone Idai disaster recovery initiatives and local market development efforts that saw seed sales increasing significantly.

PAT achieved of $1,6m was 62% higher than prior year due to a combination of volume growth and margin management.

Tanzania

The business achieved an impressive 58% revenue growth to $17m from $10.7m prior year and volumes went up by 70% benefiting from:

- Strong commodity price for grain incentivizing farmers to increase area under maize cultivation
- Above average rainfall
- Continued opening up of new areas in this vast country

The business achieved a growth in Profit After Tax from $0.8m in prior year to $2.5m this year.

Kenya

Turnover and volumes at $8.5m and 3851mt were 10% and 18% lower than prior year respectively, due to a combination of:

- Excessive rains in the first selling season around September and October which hindered planting activities by farmers.
- COVID 19 restrictions in the second selling season in February and March.

The reduced volumes and the weakening of the Kenya shilling resulted in a marginal loss for the year of $0,2m.

Seed Co International and CCU

The CCU achieved a turnover of $9,2m which was 43% higher than prior year.

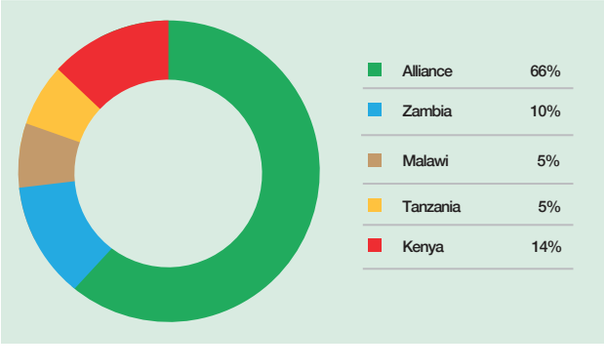
- The return of the Government's ISPAD program that encourages farmers to choose their own preferred seed varieties saw the volumes achieved in Botswana doubling as compared to prior year.
- There was also increased demand in Swaziland and South Africa.
- However sharp devaluation of the South African rand to an all time low resulted in exchange losses on both rand and pula denominated receivables reversing the gains achieved from turnover growth.

CHIEF EXECUTIVE OFFICER'S REVIEW

Prime Seed Co International (51% JV)

Vegie divisions consolidated under Prime Seed Co International (Zambia, Tanzania, Kenya and Malawi and Alliance Seeds in South Africa) achieved sales of $3.9m compared to the $1,5m in prior year.

Reliance on imports in these markets with depreciating currencies is slowing down the penetration strategy
The Revenue contribution is as shown below:



The positive turnover growth was eroded by exchange losses in Zambia and South Africa resulting in an overall loss of $0,9m.

Business Development files

1. Nigeria

Turnover of $1.1k from 455mt sales volume was 15% ahead of prior year but significantly lower than budget due to a combination of the following:

- Late rains.
- Slower than anticipated adoption of maize hybrids coupled with low commodity prices which saw farmers switching to soybean & sorghum.
- Market penetration issues (price, competition from OPVs, other hybrids and farm saved seed).

The business is working on installing a new 2,000mt processing plant to address processing quality issues as well as enhance capacity. Commissioning is expected before the end of this year.

A net loss of $0.3m was recorded compared to the prior-year breakeven position with write-off of poor quality seeds worsening the outturn.

2.Ghana and Francophone West Africa

Progress is being made towards the setting up of the JV with Limagrain to tackle this market with both yellow and white maize products.
The following product advancement and releases were done:

- SC649, SC719, LG222, LG336, and LG345 submitted for registration and release trials in Cameroon to address regulatory requirements
- SC649 was released in Ghana.

There are growing in-country regulatory calls for official product releases as the ECOWAS regulatory harmonization is still a long way to be adopted by all countries.

Demand creation activities are continuing in Ghana, Mali, Cameroon, Togo, Benin, Côte d'Ivoire, Congo Brazzaville, Burkina Faso and Senegal.

A global distributor agreement with a major player in this West African region is expected to be concluded during the second quarter of the new financial year.

3.Angola

There is increasing product demand from Angola with the Government actively encouraging the company to set up a local subsidiary.

There is also demand for other seeds like millet, sorghum, beans, wheat, soya and potatoes. The Government struggled to find suppliers of these seed crops and Seed Co is exploring ways to take advantage of this opportunity.

4.DRC

The in-country volume sold was up by 28% from prior year and there was a stock out of some popular Seed Co varieties in that country. Demand for the Seed Co products continues to rise but we are cautious of the attendant credit risk and therefore are approaching the market cautiously.

Total sales recorded in country were 595mt against 465mt recorded in prior year.

Customers from the DRC are also crossing into Zambia to buy seed directly to take advantage of the kwacha devaluation.

5. Rwanda

This market is now being serviced out of Zambia and the business was scaled down due non-payment issues from the major customer there.

6. Mozambique

The demand for Seed Co products is growing in this market with significant volumes being supplied from both Malawi and Zimbabwe.

Demand creation activities through demonstration fields were successfully established in partnership with strategic NGOs.

Pilot Produced of SC537 in Niassa province was successfully done in partnership with AC Matama. There is also increasing demand for vegetable seeds in this market.

CHIEF EXECUTIVE OFFICER'S REVIEW

7. Ethiopia

Progress has been made in the business license acquisition process. The application process is now awaiting relevant Ministerial approval having secured all the supporting paperwork required. The process was slowed down by the COVID-19 Pandemic.

Outlook

•The Group will continue to implement measures to ensure business continuity amid the challenges being brought by COVID-19 whose full effects on the business are expected to be fully felt in the new financial year.

•Agriculture has been listed as an essential activity in all markets and hence our activities should be less affected by the regional COVID-19 lockdowns.

•Market development initiatives will continue in East Africa and the adjacent markets of Angola, DRC and Mozambique.

•The Group is expected to remain on the growth trajectory with adequate stocks and competitive product performance in all markets.

Acknowledgement

I would like to thank Team Seed Co for the sterling efforts in achieving the positive results during this challenging time and record my appreciation of the Board's continued support and guidance on all the initiatives we undertook during the year.

The company remains strongly positioned to meet customer demand in existing markets and grow the business in territories and product lines.

M Nzwere
Group Chief Executive
12 June 2020

RESEARCH & DEVELOPMENT

A commitment towards research and innovation has led us to launch new products consistently over the past decades.

For the past 80 years we have always kept pace with evolving agricultural landscapes, encouraging innovation, to meet the farmers and consumers demand. We are providing the farmers with the improved seeds, backed by breeding and biotech innovation that will help to meet the increasingly dynamic consumer demands.

Scientific progress, especially in the genetic sphere, has allowed us to make rapid and useful progress to improve plants. The results of varietal creation now allow us to offer more productive varieties that are better adapted to the climates and other characteristics of particular regions, more resistant to disease and pests, while preserving and improving nutritional qualities.

We have invested in blending traditional breeding with cutting-edge biotechnology, with the set up of biotech laboratories. In the lab we have developed methodologies like candidate gene strategy, association mapping, and other procedures to develop superior hybrids and varieties that are high-yielding under optimum input use and stress environments.

Some of the new technologies we have deployed includes Doubled haploid breeding, MAS (Marker Aided Selection), MARS (Marker Assisted Recurrent Selection), RGA (Rapid Generation Advance), Inbred pool-heterotic bins, MPS (Multi-parent synthetics) and MAGIC (Multi-parent Advanced Generation Inter- cross populations).

Seed Co owns a vast pool of germ plasm and acts as a fuel for the Company's futuristic innovations for the product development to meet the aspirations of the farmers.

Science team at our headquarter biotech laboratories - Zimbabwe

Seed Analyst conducting the germination capacity evaluations - Kenya

Conducting the physical purity analysis on a maize seed sample - Zambia

PRODUCTION

We produce high-quality seeds with focus on time to market by meticulous planning and using the best grower methods to date.

Key highlights during the year to improve our dedicated network of grower farmers

- Optimise cost of production
- Technology based production
- Achieve capacity utilization across all locations
- Provide support to growers
- Prepare an inventory management strategy
- Strengthened our state-of-the-art seed testing facility with processing, conditioning and packaging technology with large warehouse facility for seed storage
- Improved the Seed Programmes with a vibrant crop improvement methodology in place
- Upgraded the processing / conditioning techniques of quality enhancement and standards to maintain optimum quality
- Improved seed quality so as to enhance the export sales in different countries
- Implemented advanced seed production planning tools to achieve targeted seed volumes in newer geographies
- Introduced new hybrids in seed production multi-location geographies with trials to test feasibility and assess the seed yield potential to ramp up of hybrids
- Streamlined operational efficiencies, logistics and workforce to ensure delivery of inventory well before the season
- Training programmes held for field staff and seed growers in multiple geographies for improvement in seed production
- Different production strategies employed to improve seed yields forecasting production volumes through scientific estimates

GCEO inspects maize seed at one of our production farms in Witbank South Africa

Seed harvesting and quality check done by a worker at the production farm

Pure maize seed harvested ready for processing

PROCESSING

State-of-the-art seed technology, processing and storage plants give us a competitive advantage as they are among the largest and best in Africa

Among the largest processing capacities in Africa

- 6 company-owned plants across key locations in Africa with a combined processing capacity of approx. 180 tonnes per hour
- Modern equipment for pre-cleaning, grading, cob drying, storage and packing
- Maize cob drying facility with a capacity of 4,000 tonnes per cycle
- Greenhouses for screening, uniform blast nursery for disease/pest screening
- Warehouses across Africa with combined storage space of around 7,00,000 square feet
- Dehumidified, climate- controlled storage facilities
- Established new vegetable seed processing plants at strategic locations
- Maximising seed yields through an improved production strategy by applying several measures that include anticipating seasonal challenges.
- The Artificial Seed Drying Plant technology that Seed Co is installing in Zimbabwe will have the benefit of minimizing importation of seed as has been the case in the past. It is also expected that the current plant utilization (seed cleaning, treating & packing) will increase from 60% to 80% i.e. from volumes of 15,000mt to 20,000mt out of a maximum plant capacity of 25,000mt of maize seed. Above all, this latest technology will put Seed Co at par with other leading global seed players who have employed such technology elsewhere.

Modern and seamless equipment for seed packing

Organised seed processing plants in multiple geographies

Seed ready for delivery to domestic and export markets

SALES AND MARKETING

At 80 years we have developed a pan-african distribution, sales and marketing network for our products. Through our marketing and branding initiatives, we offer our products to a diverse farmer base across geographies.

Our network of distributors and retailers form an integral part of our value chain. Our marketing teams promote our brand stewardship, educating the distributors and retailers about each product benefit, imparting technical, safety and environmental knowledge to pass the benefits to the farmers.

The Company has over the years built a strong distribution network across Africa making our products available in the remotest villages of the continent.

As a part of our team building culture, we identify high-potential personnel, rewarding them every year. Along with several development programmes to enhance managerial skills, we organize training programmes to improve the behavioral and communication skills of our people. We are also participating in several national and international workshops, where our marketing personnel participate for exposure and knowledge.

Our annual award programme continues to incentivize employees to achieve sustainability objectives, recognizing top performers from the Sales and Marketing and various departments such as R&D, Seed production and others.

Maize showed promising growth in terms of volumes and market share. This was particularly because of identifying new markets in the western, central and northern regions of Africa.

We strengthened our vegetable seed business with increasing investment in marketing and the launch of new products. Vegetable seeds are low-volume and high-value crops and provide a new opportunity for Seed Co. In the coming years, this portfolio will help to diversify our risk and contribute to our growth.

Malawi - Marketing products to farmers attending agricultural show

Kenya - Sales personnel interact with customers purchasing seeds

Zambia - Farmers meet their favourite Seed Co mascot at a field day

SUPPORT SERVICES

To strengthen the confidence and trust of farmers on our brand, we conduct farmer education programmes across geographies equipping them with agronomic know-how and training that help them to achieve high-yields.

Successful and productive farming is the golden key to food security and national wellbeing. As Seed Co we see farmers as economic partners that we support through our world-class fit for purpose Breeding Programmes, Seed distribution and Extension support. The key elements of farmer's profit equation are well-bred seed, good agronomic and management practices to optimise the seed potential. We are always striving to broaden our seed basket and provide superior genetics of both field crops and vegetables.

Support services is a step in our efforts to hold up farmers and ensure good agronomic and grain crop management practices. We are obsessed with enhancing farmer productivity. The farmer profit story is our key motivation and that is what this support services is all about.

Good farming is a relationship. We provide ongoing farmer support through our radio, TV, digital and print media programmes. Other extension tools include 11 ton plus club, high achievers and field days.

Our Agromomy Team initiates ongoing education to farmers on Good Agronomic Practices (GAPs) which play a crucial role in achieving high and economically sustainable yields. A productive farmer has to combine variety choice and the environment with GAPs to be successful.

Our Agonomist farmer relationship provides some basic information that will help farmers produce crops profitably and sustainably, ensure success of the seed we provide them and their farming enterprise.

We provide knowledge on new technologies and better farming techniques to farmers

Our team participates in various agricultural festivals at district and state levels

Educating farmers about agronomy practices to be followed in their specific geographies

SUPPLY CHAIN OPERATIONS

80 years at Seed Co have come with mastering how we work with our partners and suppliers to drive compliance and seamless availability of our seeds to farmers. We have strengthened our in-house procedures to build a strong framework that has resulted in timely supply of seed across our diverse geographies.

Some of the supply chain strategies we undertook during the year were:

- Optimise cost of production Technology based production
- Achieve capacity utilization across all locations
- Provide support to growers
- Prepare an inventory management strategy
- Strengthened our state-of-the-art seed testing facility with processing, conditioning and packaging technology with large warehouse facility for seed storage
- Introduced new hybrids in seed production multi-location geographies with trials to test feasibility and assess the seed yield potential to ramp up of hybrids
- Streamlined operational efficiencies, logistics and workforce to ensure delivery of inventory well before the season
- Training programmes held for field staff and seed growers in multiple geographies for improvement in seed production
- Different production strategies employed to improve seed yields forecasting production volumes through scientific estimates
- Securing the best retail and distributor touch points across the country

Management Team inspect one of seed retail shops in Nigeria

Management Team touring a production farm in Kitale Kenya

Management Team at the processing plant in Kenya

PRODUCT DEVELOPMENT

We design focused farmer-based scientific data that verify research outputs and acceptance of new varieties by farmers, harvesting deep and rich farmer insights for the Seed Co value chain ultimately improving product launch efficiency.

Seed Co's PD function has managed to establish a reliable & extensive pan-Africa trial network to better understand the needs of our farmers. Understanding and validating farmer experiences scientifically within their own environments and contexts helps us to better target product offering to meet our farmers' needs and thus create shareholder value.

The PD function is investing in a platform for large-scale engagement of farmers using crowdsourcing techniques to generate as much data as possible, including geospatial data to recommend varieties for the diverse agro-ecological zones and contexts. To ensure better product placement, PD is currently working with sales & marketing and R&D to redefine market segments. Synergies amongst internal value chain partners guarantees availability of seed of new varieties for new launches across strategic business units. Annually, the PD function conducts group-wide crop tours in which all relevant functions participate, giving participants an opportunity to benchmark and exchange best practice.

Nigeria - Farmer testimony on high performance variety

Field day in Segue, Mali

Field day in Diebougou, Burkina Faso

NEW SEED VARIETIES

It has been our mandate and goal as Seed Co to ensure the development of crop varieties that are better suited to new and ever changing climatic conditions.

The challenge of climate change continues to disrupt temperature and weather patterns. Our highly adaptable hybrid seed provides farmers with varieties containing improved genetics, such as high yield potential and unique trait combinations to counter diseases and adverse growing conditions.

The process of breeding, delivery and adoption of new maize varieties in Seed Co is an on-going process. All our seed varieties that end with a 9 are adapters which are suited to various climatic conditions.

However, it is important to note that for Seed Co the majority of these regional markets are developing countries which are the most vulnerable to climatic change effects due to limited resources to adapt. There is therefore an urgent need to give all farmers hybrids that are adapted to climate change and which will give them the greatest yield. To achieve this, testing of crop varieties is carried out across different agro-ecologies (throughout Africa) to generate extensive genotype by environment interaction data.

New varieties come from a background of an intense breeding programme whose focus is to select for abiotic (heat and drought, low nitrogen use efficiency, soil acidity and alkalinity), biotic (foliar and cob diseases) and response to different agronomic practices. Resultant efforts have produced a number of crop varieties which have allowed farmers to easily adapt to the effects of climatic change in their farming systems and achieve highest yields possible.

Advanced new technologies make it possible to develop adaptable varieties faster

Bringing technology and solution in a seed benefits the smallholder farmers greatly

New seed varieties for West Africa have improved farm productivity and food security

VEGETABLES

Our specialised technical staff and world-class vegetable seed production facilities allow us to provide the highest quality seed offering to our customers.

We are committed to supplying high quality seeds with high purity and germination rates; all trialled under local conditions. Our commitment to our quality standards ensures that we provide vegetable seeds that perform, and full technical support to our customers.

Our Vegetables business covers many species across leafy and fruity plant categories. Across all these markets, there is an overall trend of rising expectations in terms of both quality and seasonal availability. We help growers meet the requirements of their customers – whether consumers, retailers or processors – while improving their productivity and sustainability.

At Seed Co, we continue to be the most collaborative and trusted seed player in the sector, building long-term partnerships and earning trust of the stakeholders. We are sincerely fostering a culture of collaboration, partnering with farmers, distributors and retailers.

As we make efforts with HM Clause to scale up our research and innovation capabilities, we are also deepening our understanding of farmers' requirement and circumstances. We also conducting seasonal surveys at country level to understand farmers needs and satisfaction on our brands. This direction supports our focus to improve seed development, helping farmers enhance their output.

Our network of distributors and retailers form an integral part of our value chain. Our marketing teams promote our brand stewardship, educating the distributors and retailers about each product benefit, imparting technical, safety and environmental knowledge to pass the benefits to the farmers. This has helped enhance our brand with commitment to drive a sustainable agrarian economy.

Showing of one of our king onion variety at a field day

Farmers get education on our high performance vegetable products in Tanzania

Seed Co agronomist gives advice to farmers on how to grow vegetables in Zambia

SMALL GRAIN CROPS

Seed Co farmers are being encouraged and trained to grow small grains in addition to maize, the region's staple crop, because of small grains' resistance to erratic weather.

Small grains are cereal crops such as wheat, sorghum, and barley. They are hardy plants and require relatively little water, making them more drought resistant. Maize is vulnerable to low rainfall, so agriculture experts and nutritionists alike are encouraging and training farmers to take up small grains farming as a solution to food insecurity in Africa. In turn, small grains production is increasing on the continent.

Livelihoods of small holder farmers depend on rain-fed agricultural production, so planting small grain alongside maize in unpredictable weather patterns can mitigate risk as small grains require less water.

Seed Co small grain cereals should also be included in rotations on small-scale farms. Not only may the grain be used for human food, but they are also useful for livestock feeding and silage. A break of two or three years between sorghum crops is recommended because sorghum is susceptible to nematodes. Rotate with broadleaf crops, like soyabean or groundnut.

Our small grain have been breed to resist diseases, is more resilient to severe weather conditions and produces more organic material from each hectare. Also, farmers are able to plant two crops a year instead of one because our varieties have a shorter production time than alternative crops.

A succesfull NS5655 sorghum hybrid crop in a dry region of Botswana

Seed Co sorghum varieties on show at a field day

Professor Derera discussing new rice varieties with farmers

COVID-19 PANDEMIC

The pandemic is impacting global food systems, disrupting regional agricultural value chains, and posing risks to household food security.

Seed Co has been at the forefront of the COVID-19 battle and the earliest to have taken broad action. Total movement control or "lockdown" has been successful in containing the spread of the virus, although admittedly at some inconvenience. This "lockdown" approach has been adopted by most countries we operate in and subsequently this has disrupted parts of the supply chain.

In this regard, it is also important that governments view agricultural activities and farm workers as providing "essential" services and be exempted from some of the total lockdown measures.

Africa is characterized by diverse food systems and a multiplex of supply chains. Under normal circumstances, food security is already threatened by a multitude of factors. We have therefore started by reaching out to marginalised communities during the lockdown through donation of maize meal following reports that many people required urgent food aid.

COVID-19 poses a major threat to global food security. The most at-risk populations in most emergency situations are those that are already struggling with hunger, health, and poverty. These populations will be at great risk during a severe pandemic. In addition to these groups, many other households are vulnerable to the impact of a severe pandemic because of the way it may affect economic and social systems.

Seed Co is taking necessary actions to prepare for a severe pandemic as the world faces greater difficulties in coping with the impacts of a spreading disease.

Essential daily Seed Co farm duties resume thanks to our dedicated workers

Seed Co on the frontline to ensure food security during the COVID-19 pandemic

Head seed grower delegates duties for the day on seed production farm

SEED CO GOVERNANCE AT A GLANCE

Leadership

Sets out the Group's governance structure as well as the function and operation of the Board

The role of the Board

- Leadership of the Group
- Meets 4 times a year
- Schedule of matters reserved for the Board

Division of responsibility

- Separation of roles of Chairman and Chief Executive
- Statement of division of responsibilities

The Chairman and Non-Executive Directors

- Independent Chairman
- Meetings of Non-Executive Directors held without Executives after each Board meeting

King IV Corporate Governance Code (2016)

Full compliance

Risk management and internal control

- Robust assessment of principal risks
- Effectiveness of risk management and internal control systems
- Viability statement

Audit-Risk Committee and auditors

- Audit Committee report
- Whistleblowing policy
- Review of need for internal audit function
- Recent and relevant financial experience

Financial and business reporting

- Annual report which is fair, balanced and understandable
- Auditor's report
- Business model description
- Going concern

Accountability

Explains the role of the Board and Audit Committee in maintaining effective risk management and internal control procedures

The level and components of remuneration

SEED CO GOVERNANCE AT A GLANCE

Group Chairman
David Long

Responsible for the leadership of the Board and its overall effectiveness and individual director performance.

Group Chief Executive
Morgan Nzwere

Responsible for the day-to-day running of the business. Recommends the Company strategy and commercial objectives to the Board. Overall responsibility for the executive team and implementing the Board's decisions.

Group Chief Finance Officer
John Matorofa

Responsible for managing the financial affairs of the Group. The GCFO's duties include tracking cash flow and financial planning as well as company's finances, management of financial risks, and financial reporting.

Group Board

Provide leadership to promote the long-term sustainable success of the Company.

Accountable to shareholders, to ensure the Company generates value to shareholders and contributes to wider society.

Review the Company's purpose, values and strategy and alignment with the Company culture.

Review the performance of the Group.

Group Company Secretary
Terrence Chimanya

Advises the Board on governance, and ensures a good information flow between the Executive Committee and Board. Acts as Secretary to all Board Committees.

Audit Committee

Chairman: Michael Ndoro

Membership: Three Non-Executive Directors

Monitors the integrity of the financial statements and all financial reporting. Oversees the Group's risks and controls, and maintains the relationship with the external auditor.

Remuneration Committee

Chairman: Pearson Gowero

Membership: Non-Executive Directors

Determines the policy for executive director remuneration and quantum, including bonus and LTIP awards. Responsible for setting annual performance objectives.

Nomination Committee

Chairman: Pearson Gowero

Membership: Non-Executive Directors and the Chairman

Leads the process on board appointments, and ensures succession planning for the Board and senior executives. Leads the annual board performance evaluation.

Executive Committee

Chairman: Morgan Nzwere

Responsible for oversight of day to day operational matters and contributes to the long-term evolution of strategy.

SEED CO GOVERNANCE AT A GLANCE

Board of Directors

The Board is collectively responsible for strategy, performance, risk management and sustainability

Board Committees

Certain functions of the Board and decision-making powers are delegated to the Board Committees

Audit Committee

- Financial reporting
- Monitor external auditors
- Risk and internal control

Remuneration Committee

- Remuneration policy
- Annual remuneration including bonus and LTIP awards
- Set annual performance objectives

Nomination Committee

- Succession planning
- Recommend candidates
- Board performance evaluation
- Diversity

Group Chief Executive Officer

Group Executive Committee

The Executive Committee have responsibility for setting and executing certain strategic outcomes overseen by the Chief Executive

Group Executive Committee

- Implementation of long-term Group strategy
- Day-to-day operational matters
- Implementing 7 Seed Co Ps:
  - -People
  - -Process
  - -Penetration
  - -Proliferation
  - -Product
  - -Partnership
  - -Profits

SEED CO GOVERNANCE AT A GLANCE

Relations with Shareholders & Stakeholders

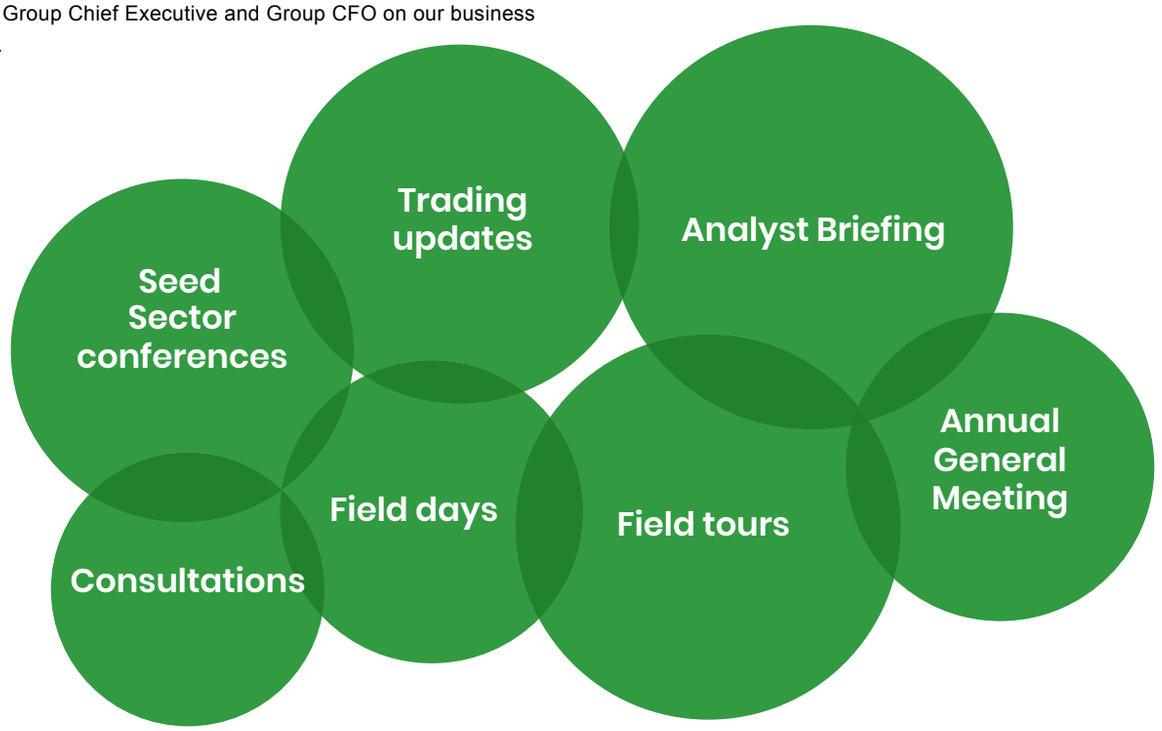
The SCI Board considers regular contact with our shareholders to be an important aspect of corporate governance. Investor Relations Management is the responsibility of the Group Chief Executive assisted by Group Secretary.

During the year, the Chief Executive held meetings with institutional investors, comprising both current and potential shareholders as well as equity market analysts. Meetings involved either group or individual presentations. The Chief Executive also attended SBU field days and tours which provide an opportunity to see our biological assets, understand management strategy, and to meet the SBU senior leadership team. Feedback from these meetings is provided to the Board.

Directors are usually present at the AGM and available to answer questions from shareholders. Our AGM includes a presentation from the Group Chief Executive and Group CFO on our business activities.

Live audio webcasts with replay facilities are available for the annual and half year results presentations to analysts as this is usually recorded by Media Houses. A live-streamed video webcast will be available for the 2020, and subsequent, analyst results presentation.

During the year, we have undertaken a number of engagement activities with shareholders and stakeholders however some activities have been cancelled due to the COVID-19 pandemic.



GOVERNANCE STATEMENT

OUR GOVERNANCE PHILOSOPHY

At Seed Co International Limited, governance is a crucial part of the way we work - not just in what we do across our operations in Africa, but in how we act, how we speak to each other and how we evaluate behaviour. Our culture stemming 80 years and values are aligned with, and support, good governance practices in line with King IV Code of Corporate Governance and international best practice. We recognise the value of strong culture in driving long-term value creation for all stakeholders. Today, it's at the core of how we deliver our purpose and strategy. You will see our culture reflected in the way we work, the decisions we take, the courage we show in challenging situations and the legacy we leave. Within Seed Co the strongest cultures are set right from the top working together with our Group Board and Group Chief Executive Officer consistently demonstrate behaviour aligned with our values. Core to this is fostering a performance environment, where the way something is achieved is as important as what is achieved. Supporting this is a strong belief that culture can be actively shaped through a focus on what we prioritise, what we measure, what we reward and who we appoint. In developing our corporate governance framework, the Board considers the standards of corporate governance applicable in each of the countries in which we are listed. As Seed Co we continue to commit to the better of the standards of corporate governance that apply to us across our African market jurisdictions, which leads to the best outcome from a governance perspective, for our stakeholders. In this Corporate Governance Statement, we explain the corporate governance framework and practices we have adopted and how they are applied in our day to day operations. Defined terms in this Corporate Governance Statement are consistent with those in our FY19 – FY20 Annual Report.

As part of our 80th birthday celebrations this year best practice governance remains an aspirational journey and some areas will continue to receive focus in the next coming few years. The application of King IV principles continues to drive the way we do business and the accountability offered by the Board. The Board has in the FY received and reviewed the King IV checklist which they are happy with its implementation across the Group as they continue to ensure the prevalence of good governance in our operations.

OUR APPROACH TO CORPORATE GOVERNANCE

Our Board is deeply invested in providing effective and ethical leadership to the Group and all its subsidiaries and has spent a great deal of time during the year reflecting on how best to structure its operations given the challenges facing business, digital disruption, persistent tough trading conditions, structural changes in the Agri business space and the Covid 19 pandemic affecting the world at large. The Board has in the past financial year retained effective control of the business through a clear governance structure that has enhanced Group Committees to assist in accordance to our Corporate Governance Framework and King IV. The Group enacts corporate governance to ensure proper management, a responsive and transparent management structure and growth to be the best African Seed Company. We have initiated various measures to ensure independence and strengthen the surveillance powers of the Group Board. Accordingly, we continue to promote the entrusted delegation of authority system to separate the decision-making and execution functions of Executive Management and the Board. The Board in its entirety recognises that delegations of authority are a fundamental requirement for the success of our business and does not reduce the responsibility of Directors to discharge statutory and common law fiduciary duties. The Group has also ensured that majority of our Directors to the Board are independent and external Directors, which heightened the Board's independence and accountability functions. The Board remains committed to strong and ethical leadership, and to consistent action within a governance framework that is built on the principles of honesty, integrity and accountability. The corporate governance structure of the Group (See figure) is regularly reviewed to ensure that the Board exercises an effective and ethical leadership, conducts its affairs as a good corporate citizen and takes appropriate decisions to ensure the long-term sustainability and value creation of the business. The Board retains overall responsibility for the concept of integrated thinking as encapsulated in the King Report on Corporate Governance™ for South Africa 2016 (King IV™) and the Botswana Code of Corporate Governance, which underpins corporate citizenship, stakeholder inclusivity, sustainable development and integrated reporting. The Board is confident that the Group's governance framework, including all its related Board structures and administrative and compliance processes have continued to contribute to ongoing value creation by driving:

- Accountability to our shareholders and various stakeholders
- Sound leadership and effective decision-making
- Strong risk management and risk mitigation
- Comprehensive and transparent integrated reporting
- A remuneration policy that builds a winning productive and resilient team through the development and retention of top talent and incentives in line with the Group's strategic objectives

The Board supports the materiality approach, which emphasises integrated reporting based on issues, risks and opportunities that can have a material impact on the sustainable performance of the business over the short, medium and long term. Details of the material issues and related risks identified and managed by the Group are set out on Risk Management section of this annual report. As a business we continue to encourage regular reviews our governance structures in line with best practices and ensure that they support the effective decision-making processes and establish a corporate culture that is aligned with Seed Co's vision and purpose in the process foster sustainable growth.

GOVERNANCE STATEMENT

Legal and Operational Governance Compliance

The Board appoints the Group Chief Executive Officer (CEO) to run the Group on its behalf. The CEO is responsible for leading the implementation and execution of approved strategy, policy and operational planning, and serves as the principal link between Executive Management and the Board. The CEO is mandated to ensure that the day-to-day business affairs of the Group are appropriately managed by Executive management and that the necessary systems and controls are in place for effective risk management. The Board recognises that risk management is an integral part of Group strategy, and delegates to Executive Management the responsibility of designing, implementing and monitoring the risk management plan. The Group continues to have a risk-based compliance framework which provides additional focus on compliance with priority legislation in Zimbabwe. Management considers and includes all material legislative requirements within the checklist and delegates this to the appropriate compliance owners across top and senior management levels. Furthermore, Seed Co fully complies with employment laws and practices and is committed to the protection of human rights.

BOARD OF DIRECTORS

Composition and structure

The Seed Co International Board has a unitary structure and, during the year under review, was comprised of a majority of independent Non-Executive Directors at all times. All Non-Executive Directors remain classified as independent. The Board meets at least four (4) times a year to consider the business and strategy of the Company. The Board, in collaboration with the Nominations Committee, has continued to focus on building a high functioning, resilient and diverse Board comprising members with the capability and capacity to provide fresh perspectives; relevant strategic input; to act independently of mind and to contribute to value-creation through their diverse experiences. The Board's Diversity Policy is based on factors such as geographical backgrounds, age, gender, race, experience and expertise. The Board believes that diversity and independence of mind lead to richer debate, disrupts group consensus and prevents groupthink.

BOARD OF DIRECTORS

DEB Long
Independent Non-Executive Chairman
MBA, LLB - Age 69

M Nzwere
Group CEO Executive Director
MBL, B Acc, CA (Z) - Age 54

J Matorofa
Group CFO Executive Director
MBA, B Acc, CA (Z), CA(SA) - Age 52

D Jacquemond
Non-Executive Director
CA - Age 63

N Armstrong
Independent Non-Executive Director
LLB, BA - Age 69

F Azanza
Non-Executive Director
PHD, MSc, BSc - Age 53

AG Barron
Non-Executive Director
BSc - Age 61

RCD Chitengu
Independent Non-Executive Director
ACIMA, B.Comm - Age 49

P Gowero
Independent Non-Executive Director
MBA, BSc - Age 62

MS Ndoro
Independent Non-Executive Director
BSc - Age 55

C Kabaghe
Non-Executive Director
MSC, BSc - Age 66

F Savin
Non-Executive Director
MSc, BSc - Age 59

P Spadin
Non-Executive Director
MBA, MSc, BSc - Age 54

S Ruwisi
Executive Director
MBA, AIOBSA - Age 43

GOVERNANCE STATEMENT

Chairman

Our Group Chairman is responsible for leading the Board, facilitating the effective contribution of our Directors, and promoting constructive and respectful relations between Directors and between the Board and Group Executive Management. The Chairman's role is to drive a culture of openness and debate, so our team can perform to the best of their abilities. Outside scheduled Board meetings, our Chairman acts as the main interface between our Board and the Group CEO. The Chairman is responsible for approving Board programs (including agendas) in conjunction with the Company Secretary and making sure there is sufficient time available for discussion of all agenda items, including strategic issues.

Group Chief Executive Officer

The Group CEO is accountable to the Group Board for the performance of the Group and Its SBUs in accordance with the authority that has been delegated, including executing the strategy approved by the Board. Working under the supervision of the Group CEO, the Group Executive Team's role is driving our strategic goals in a way that's in line with our values, Code of Business Conduct and the risk appetite set by our Board. Their main responsibilities include:

- Executing strategy;
- Managing business performance;
- Reviewing and managing material risks; and
- Leading and developing our people.

While each member of the team leads a specific part of the business, they also work as a collective to help us achieve our strategy and purpose. The CEO and the members of the Lead Team are required to report to the Board, in a transparent and open way, information that is accurate and timely on all matters that impact, or have the potential to impact, the achievement of our purpose.

These include:
- Our financial performance;
- Our health and safety performance;
- Implementation of our strategy;
- Our culture;
- Our risk issues (strategic, financial, operational, conduct and reputational).
- Living our values; and
- Complying with our Code of Conduct.

Our Lead Team is also responsible for supporting one or more Board Committees – to improve our Board's access to, and relationship with, senior management, as well as drive accountability. Meetings between members of both our Board and the Lead Team are encouraged and help our Board carry out its duties and strengthen their working relationship.

Board Committees

The Board has set up Committees to assist with fulfilling its responsibilities in accordance with the provisions of the Corporate Governance Manual and King IV. The Board has therefore delegated certain functions to the Audit and Risk Committee, Remuneration and Nomination Committee, and Advisory and Production Committee. The Board is nonetheless acknowledging that the delegation of authority to its committees does not detract and is not an abdication of the Board members' responsibilities. The Committees have Terms of Reference which are reviewed annually by the Board. These sets out the Committee's roles and responsibilities, functions, scope of authority and composition. In the April 2018 the Board approved amendments to the Board Committees and created the Advisory and Production Committee.

GOVERNANCE STATEMENT

Audit and Risk Committee

The primary objective of the Audit and Risk Committee's is to provide independent oversight of the effectiveness of the internal financial controls and the system of internal controls to assist the Board in ensuring and monitoring the integrity of the Group's Annual Financial Statements and related external reports. The committee further oversees the effectiveness of the Group's external and internal assurance functions and services that contribute to ensuring the integrity of the Group's financial and integrated reporting. The Key Matters that were discussed by the Committee in 2019 (more detail is provided in the Audit Committee Report in the Annual Financial Statements).

MS Ndoro
Chairman

D Jacquemond

RCD Chitengu

Remuneration and Nomination Committee

The role of the Remuneration Committee is to ensure that the Employee Value Proposition promotes fair, responsible, transparent remuneration and reasonable employment practices within the Group while adopting a stakeholder-inclusive approach. Furthermore, the committee ensures the establishment of an appropriate remuneration framework and adoption of remuneration policies aimed at attracting and retaining top talent with the capacity to drive the Group's long-term strategy and sustainable performance.

The Nomination Committee assists the Board with the nomination, election, and appointment of directors in accordance with Board policies and the succession strategy, ensuring that the process is transparent and delivers to expectations. The committee is also responsible for executive succession.

P Gowero
Chairman

DEB Long

MS Ndoro

GOVERNANCE STATEMENT

Board Evaluations

The Board's policy is for Board and Committee assessments to be conducted annually, alternating between assessments undertaken internally by the peers themselves and by an external service in the following year. In line with King IV Code of Corporate Governance during the year under review, the Board undertook a Board Evaluation exercises to further refine effective ways of working as a Board. The collective output from these assessments and workshops will be utilised to continue to guide the Board in its ongoing deliberations as a collective.

Balance of Power and Director Independence

The Board places a premium on maintaining high levels of independent thinking and objective judgement by its members and, to this end, the independence of each Non-Executive director is assessed annually in this regard. In addition to assessing Non-Executive Directors against the criteria recommended by King IV™, the independence assessment takes into account whether the non-executive director has demonstrated an independent state of mind and objective judgement in relation to matters affecting the Group and whether the Non-Executive Director has an interest, position, association or relationship which, when considered from the perspective of a reasonable and informed third party, is likely to influence the director unduly or cause bias in the director's decision-making. Our suite of policies governing the management of conflicts of interests, the protection of confidential or price-sensitive information, and dealing in the Company's shares provides relevant guidance to our Board. Comprehensive registers of individual director's interests in and outside the Company are maintained and updated and signed by the directors, with details noted by the Board at each quarterly Board meeting. A Non-Executive Director is automatically recused from any decision-making where a cross-directorship exists or where a decision needs to be made and he had declared his/her conflict.

Summary of the Seed Co International Board Charter

The main functions of the Board as set out in the Board Charter are:

- ensuring that the company performs at an acceptable level and that its affairs are conducted in a responsible and professional manner;
- the adoption of strategic plans and ensuring that these plans are implemented by management;
- good corporate governance and implementation of the code of corporate practices and conduct as set out in the King IV Report and other best practice codes;
- monitoring of the operational performance of the business against predetermined budgets;
- monitoring the performance of management at both operational and executive level;
- ensuring that the company complies with all laws, regulations and codes of business practice;
- ensuring a clear division of responsibilities at Board level to ensure a balance of power and authority in terms of company policies;
- ensuring the integrity of the company's integrated annual report;
- appointing the Group CEO; and
- establishing a framework for the delegation of authority.

The Board confirms that it is satisfied that it has carried out its duties and responsibilities in compliance with its mandate and the Board Charter.

Board Appointments, Rotation and Retirement

Non-Executive Directors are subject to a nine-year term limit (i.e., three terms of three years) and Executive Directors are also subject to rotation in terms of the Company's Memorandum of Incorporation. Subject to continued eligibility determined by the Board in accordance with its policies and the Company's Memorandum of Incorporation, Directors may make themselves available for re-election by shareholders at the Annual General Meeting. The Board may, on an exception basis, agree to extend a non-executive director's tenure beyond nine years on the basis of there being good cause to do so Executive directors retire at the age of 70 in terms of the Group's retirement policy. The Board's rotation policy ensures that one-third of non-executive directors come up for re-election at each annual general meeting. The Board has continued to proactively seek and appoints qualified individuals who reflect a diverse range of skills, professions and backgrounds that represent the gender, race and ethnic diversity of the communities we serve. In the year under review the Board undertook an internal reorganisation and reduced the number of seats from 13 to 11. The Board is satisfied that its composition reflects an appropriate mix of qualifications, knowledge, skills, experience, diversity and independence. The Group's gender and racial diversity targets for its Board have been met.

Access to information

The Group's values reflect the Board's commitment to doing good business, for our customers, our people, and our planet. We strive to be customer obsessed, inspirational, responsible, collaborative and committed to quality across all our entities and geographies.The Board constantly reviews the information requirements of Directors to enable them to act in the best interests of the company, perform their duties and fulfil their fiduciary obligations responsibly. In order to make informed decisions, Directors must have adequate information and facts covering the matter at hand, which is included in a detailed Board pack that is provided well in advance of all meetings on the Diligent system the company is now using. All Board Members have continued to have access to company records, information, documents and property including unfettered access to Group at any time.

GOVERNANCE STATEMENT

Training and Continuing Development of Directors
With the assistance of the Board, the Chairman and the Group Company Secretary ensure that all Directors are appropriately made aware of their responsibilities through a tailored induction and training programme and ensure that a formal programme of continuing professional education is adopted by the Board. The Chairman is also responsible for ensuring the ongoing effectiveness, mentoring and development of the Board and individual directors while the Group Company Secretary sees to the orientation, ongoing training and education of Directors, including assessing the specific training needs of Directors and Executive Directors in their fiduciary and other governance responsibilities. Directors are provided with regular briefings on changes in risks, regulatory requirements, laws and the environment and are expected to keep abreast of developments in the business environment and markets that may have a material impact on the business.

Meeting Attendance
A minimum of four Board meetings are held every year and, together with the quarterly committee meetings, take place over a period of two to three days every quarter. In addition, the Board receives a monthly update from the Group Chief Executive Officer, and Board teleconferences are held between the quarterly Board meetings for the purpose of discussing these updates from the Group Chief Executive as and when there is need too. The Q4 last Board Meeting of the Financial Year was held using digital frameworks such as Zoom, Google meet and Microsoft Meet, due to the COVID-19 Pandemic. The Board composition and attendance at Board and committee meetings are provided in the table below, which include the detail of the last online video Board Meeting.

Member	Board	Audit and Risk Committee	Remuneration and Nomination Committee
Number of meetings held	4	4	4
DEB Long	4/4		4/4
MS Ndoro	4/4	4/4	4/4
M Nzwere**	4/4	4/4*	4/4*
AG Barron	4/4		
RCD Chitengu	4/4	4/4	
A Colombo	4/4		
N Armstrong	4/4		
P Gowero	4/4		4/4
D Jacquemond	4/4	4/4	
C Kabaghe	4/4		
J Matorofa**	4/4	4/4*	
S Ruwisi**	4/4		
F Azanza	4/4		
P Spadin	3/4		
F Savin	4/4		

Attended on Invitation * Executive Director**

Group Company Secretary
Terrence Chimanya MSc, LLB (Hons), FCIS continued to serve as Group Company Secretary, maintaining an arms-length relationship with the Non-Executive Directors while remaining accessible to the Board to provide guidance and advice on Board and governance matters. He was also responsible for ensuring compliance with Board and committee procedures, terms of reference, and relevant legislation and regulations. The Board has assessed the competence and expertise of the Group Company Secretary and is satisfied that he has the appropriate qualifications, experience, and competence to carry out the duties on behalf of a public company. In accordance with the governance practices relating to company secretaries as advocated in King IV™, the Group Company Secretary is not a director of the Company and is deemed by the Board to be suitably independent. The Group Company Secretary is, in addition, responsible for the Group's governance, risk, compliance and legal functions and is supported by a suitably qualified team. He is responsible for coordinating all Board business, which includes:

•Implementing corporate governance processes.
•Facilitating the induction and professional development of Directors.
•Coordinating Board papers;
•The preparation of minutes; and
•Managing communications and filings.

Ethics Performance and Good Corporate Citizenship
The Group's values reflect the Board's commitment to doing good business, for our customers, our people, and our planet. We strive to be customer obsessed, inspirational, responsible, collaborative and committed to quality across all our entities and geographies that we operate in Africa. The Board's approach to ethical governance and good corporate citizenship is supported by our governance and ethics policies covering areas such as anti-bribery and corruption, whistleblowing, Code of Conducts, Declaration of interest, gifts, entertainment, insider trading, and price-sensitive information. Policies are reviewed annually and updated when necessary. The Board takes it upon itself to ensure that the Group remains accountable and transparent in all its dealings and to that effect, we shall actively combat corrupt practices wherever we encounter them, we shall not act anti-competitively and have zero tolerance for corruption in our midst. All our employees who whistle blow on malpractices are guaranteed protection. It is vital for the Board to understand whether our people believe, as we do, that we are a responsible and ethical corporate citizen. We continue to align with the UN Sustainable Development Goals (SDGs), as well as national development priorities of all the countries in which we operate. The social and ethical implications of manufacturing in a global supply base are seriously considered. All our suppliers and service providers, whatever their location, are bound by our Codes of Conduct which are aligned with the International Labour Organisation's conventions in relation to ethical trade and the Ethical Trade Initiative base code, as outlined in our Ethical Trade position statement. Suppliers undergo regular social compliance checks conducted by independent auditors or are required to supply audit reports from independent auditors, to ensure they meet the standards of the Codes.

Investor Relations and Communication with Stakeholders
Seed Co International is committed to transparent, inclusive and objective communication with our shareholders and stakeholders. Our Group Legal and Corporate Affairs Department is responsible for communication with institutional shareholders, the investing community.

Annual General Meetings
Board Members, External Audit Partner attend Annual General Meetings of the Company to respond to the shareholders questions. The Notice of the Seed Co 25th Annual General Meeting is available on page 86 of this report.

RISK MANAGEMENT

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

SEED CO GROUP VALUE-CHAIN COVID-19 INDUCED RISKS AND MITIGATING MEASURES

Value Chain Function	Risk	Mitigants
Human Resources	a) Covid-19 infections b) Leadership vacuum due to Covid-19 c) Lockdown extensions d) Labour mobility restrictions	• Raising Safety & Health awareness amongst employees through inter-alia: -strict observation of country measures. -disinfecting workstations and availing Personal Protective Equipment (PPE) to staff -Introducing small-sized shifts to enable social distancing at the workplace • Succession planning & leadership development • Capacity remote working (working from home) & staff rotation • Procure essential service movement permits for critical staff
Research & Development, Product Development And Quality Assurance	a) Failure to inspect and advance breeding & trial programs b) Failure to collect samples for quality assurance c) Closure of Government laboratories d) Failure to plant	• Procure essential service movement permits for critical staff • Use digital platforms to communicate with field staff and collect data remotely • Use authorized essential service couriers to collect and deliver samples • Lobby for the continued operation of Government laboratory services as part of essential service delivery • Plan for possible late planting and irrigation
Production & Processing	a) Shut supply chains (closed borders & suppliers) b) Failure to satisfy grower contracts c) Failure to process (inputs, labour & logistics)	• Advance ordering & supply chain substitution where possible to secure critical supplies • Advance exporting & import document processing • Secure funding early for inputs and seed deliveries • Assisting seed growers to also implement business continuity measures to mitigate disruption of seed production activities • Organize small-sized rotational shifts for seed processing factory workers
Marketing	a) End market affected by Covid-19 b) Recession c) Trade channels inaccessible d) No direct access to farmers e) Digital marketing gap	• Participate in CSR programmes targeted at Covid-19 • Farmer education on prevention & good hygiene practices through radio, tv, print and social media • Thought leadership – offer advice to Governments on seed distribution logistics under Covid • Introduce small packs to address affordability • Introduce Seed Co online shops • Introduce telesales • Agronomy webinars, radio, tv, print and social media campaigns to continue offering agronomy services to farmers • Maintain corporate & brand visibility through traditional & social media • Rollout digital marketing
Information Communication Technology	a) Cyber risk b) Systems downtime c) Business application remote access failure d) Data Centre access failure	• Enhance cyber security risk awareness • Implement firewalls and revamp endpoint antivirus rules • Increase server resources to allow failover • Implement dual backup internet links for shorter recovery • Revamping IT systems and security to enable remote working and communication with customers and other key stakeholders • Enforce data back-up on cloud • Invest in cloud-based data centres
Legal & Compliance	a) Force majeure b) Regulatory risk c) Workplace Covid-19 infections and legal suits	• Legal to review contracts in line with the pandemic • Stay abreast with regulatory changes taking place due to Covid-19 • Adopt e-document filing and sharing methods • Review and endeavour to comply with labour laws • Implement robust safety and health measures • Procure necessary indemnities within legal confines
Finance	a) FX risk and value erosion b) Liquidity crisis c) Credit risk d) Fall in product demand	• Review pricing models to balance affordability and value preservation • Enhance foreign currency management through limiting forex exposures and hedging structures • Reprioritize and defer capital expenditure as may be necessary • Procure working capital facilities early • Engage suppliers for Covid-19 sensitive credit terms • Negotiate early settlements with debtors • Relook at value-chain cost structure to reduce and/or eliminate non-critical expenditure • Aggressive credit control to mitigate defaults • Optimize production plans and stocking levels in line with anticipated demand • Reconfigure business model (free & defer expenditure) in response to demand shock

REPORT OF THE DIRECTORS

Share Capital

The authorised share capital of the company remained unchanged at 500 000 000 shares of no par value.

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

Issued and fully paid at 31 March 2019	**379 331 127**
Add: Share option issues	1 485 450
Issued and fully paid at 31 March 2020	**380 816 577**

At 31 March 2020, 119 183 423 (2019: 120 668 873) unissued shares were under the control of the Directors of which 22 187 048 (2019: 23 672 498) were committed to the share option scheme as shown below:

Total unissued shares	**119 183 423**
Already committed to unexercised options	4 011 675
Set aside for future options	22 526 234
Balance of uncommitted shares	**92 645 514**

Share Options

At 31 March 2020 options for a total of 4 011 675 (2019: 4 375 238) had not been exercised or forfeited and the movement in share options is as shown below:

Unexercised options at 31 March 2019	4 375 238
New options granted during the year	1 520 193
Options exercised during the year	(1 485 450)
Option forfeited during the year	(398 306)
Unexercised options at 31 March 2020	**4 011 675**

Accounting Policies

The consolidated financial statements have been prepared both in accordance with International Financial Reporting Standards (IFRS) and in compliance with provisions of the Companies Act (Chapter 42 :01) and the relevant regulations there-under.

The Group Year's Results

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

Dividend

The Board proposed a nil dividend (2019: 0,33 US cents) per share payable to shareholders.

Capital Expenditure

Group capital expenditure for the year to 31 March 2019 totalled US$7 367 727 (2019: US$4,337,509) Capital expenditure for the year to 31 March 2020 is planned at US$7 872 563 (2019: US$7,179 296).

Directorate

There were no changes to the directorate during the year.

Risk Management

The Group takes a proactive approach to risk management. The table on page 32 are major risks that the Board constantly manages that may materially affect our business, financial condition or results of our operations:

At 31 March 2020, the Directors held beneficial interests US$332,380 (2019 - Nil) shares in the company.

Members will be asked to approve the payment of directors' fees in respect of the year ended 31 March 2020 amounting to 2020: US$200,088 (2019: US$119,424).

Members will be asked to re-appoint Ernst & Young, Chartered Accountants (Botswana) as auditors for the current year.

For and on behalf of the Directors.

T.N Chimanya

Group Secretary
12 June 2020

DIRECTORS' STATEMENT OF RESPONSIBILITY AND APPROVAL OF THE FINANCIAL STATEMENTS

Statement of responsibility

The Board of Directors ("the Board" or "the Directors") of Seed Co International Limited ("the Company") is responsible for the preparation and fair presentation of the consolidated and separate financial statements of the Company and its subsidiaries ("the Group") in accordance with IFRSs. This responsibility includes the maintenance of true and fair financial records.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. This responsibility includes the design, implementation, maintenance and monitoring of these systems of internal controls. The Group and the Company maintain such systems which are designed to provide reasonable assurance that the records accurately reflect its transactions and provide protection against serious misuse or loss of the Group's and the Company's assets. Nothing has come to the attention of the Directors to indicate any significant breakdown in the functioning of these systems during the period under review.

The preparation of the financial statements and the process thereto was done under the supervision of Mr. J Matorofa (BICA member no 20180169) and under the guidance of the Directors of the Company, who are vested with the governance and responsibility for these financial statements as is provided for in terms of the common law, Companies Act [Chapter 42:01] and other legislative and regulatory requirements. In preparing the consolidated and separate financial statements, the management is responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so. Having performed such assessment, the management believes that the Group and/or the Company has adequate resources in place to continue in operation for at least up to the end of the next financial year.

The Directors are responsible for overseeing the Group's and Company's financial reporting process.

The consolidated and separate financial statements have been audited by an independent audit firm who reports to the members of the Company, was given unrestricted access to all financial records and related data including minutes of meetings of the Directors and members. The Board believes that all representations made to the independent auditors during their audit were valid and appropriate.

Approval of Group and Company financial statements

Against this background, the Board of Directors accepts responsibility for the Group and Company financial statements on pages 41 to 85, which were approved by the Board, signed on its behalf by the signatories below and simultaneously authorized for issue on 12 June 2020 under a specific authority of the Board.

J Matorofa
Group Chief Finance Officer
12 June 2020

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Independent Auditor's Report

To the Shareholders of Seed Co International Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Seed Co International Limited and its subsidiaries (the Group) set out on pages 41 to 85, which comprise the consolidated and separate statements of financial position as at 31 March 2020, and the consolidated and separate income statements, statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Seed Co International Limited as at 31 March 2020, and of its consolidated and separate financial performance and of its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act (CAP 42:01).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants (IESBA code)* and other independence requirements applicable to performing the audit of the Group and Company. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of the Group and Company. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements. The Key Audit Matters apply equally to the audit of the consolidated and separate financial statements

Resident Partner: B Mkoyi (Managing Partner)
A listing of Partners is available from the office
and the Register of Companies
Independent member of Ernst & Young Global Limited

Key Audit Matter	How the matter was addressed in the audit
Impairment of trade and other receivables As at 31 March 2020, the Group and Company recognised net trade and other receivables amounting to USD40.2 million (2019: USD31.3 million) and USD4.0 million (2019: USD2.5 million) respectively net of allowances for impairment (estimation of credit losses) of USD12.2 million (2019: USD13.6 million) and USD5.7 million (USD5.7 million) respectively. The associated impairment provisions are a significant estimate in the consolidated and separate financial statements in respect of IFRS 9, Financial Instruments. The estimation of credit losses is inherently uncertain and is subject to significant judgement and estimates. Furthermore, models used to determine credit impairments are complex, and certain inputs used in the models are not observable. The expected credit loss model requires the application of forward-looking information in determining key inputs such as economic variables that affect the output of the model. Forward-looking information inherently involves judgement and estimates supported by historical experience and analysis in determining the inputs in the variables. This estimation uncertainty surrounding the forward-looking information is further increased by ongoing volatility in geographical sectors in which the group operates in light of the changing economic and operating environment induced by inflation and policy inconsistency. In the current year, we considered the valuation and concentration of trade receivables from governments to be significant to the audit of the Group. This is an area that involves uncertain future outcomes, including primarily the timing and ultimate full settlement of the receivables, considering the budget pressures on the treasury of the respective Governments due to COVID-19 induced pressure on financial resources. Additionally, the Group and Company are owed significant amounts of money by a related party operating from Zimbabwe. The continued deterioration of the Zimbabwean economy in the current year increased the uncertainty of the recovery of the outstanding balances from the related party. Given the combination of inherent subjectivity in the application of the expected credit loss models, and the judgement and estimates involved in determining the inputs into the models which is increased the uncertainties by the forward-looking information (discussed above), we considered the allowance	Our audit procedures included, amongst others: ➢ We obtained an understanding of management's process over credit origination, credit monitoring and credit remediation; ➢ We assessed the appropriateness of the accounting policies and impairment methodologies applied by comparing these to the requirements of IFRS 9: Financial instruments; ➢ We assessed the ECL models developed by management. This included involving our internal experts in our assessment of key judgements and assumptions applied in the calculation of allowances for impairment; ➢ We tested the arithmetical accuracy of the models used by management; ➢ We evaluated the reasonableness of key data inputs into the model for example, by recalculating the past due days per the models and, where applicable, comparing the data used in the models to the data in the accounting system. ➢ We assessed the reasonableness of the data points used to build the forward-looking factors by benchmarking these against external evidence and economic data; ➢ We evaluated the concentration risk of Government receivables as a percentage of total receivables to ascertain the risk exposure; ➢ We evaluated reasonableness of management's plans to recover the outstanding balances from related parties by reviewing contracts and arrangement in place; ➢ We reviewed the recovery rate included as an input into the model based on management's plan to recover outstanding balances from related parties;

for impairment of these trade and other receivables to be a key audit matter specifically due to the judgements applied by management which a have a significant impact on the level of provision required for trade receivables in our audit of the consolidated and separate financial statements. The disclosures associated with respect to the application of IFRS 9 in determining the allowance for ECLs are disclosed in: • Note 2.3 "Summary of significant accounting policies" • Note 3 "Significant accounting judgements, estimates and assumptions" • Note 15 "Trade and other receivables" • Note 28 "Financial Instruments"	➢ We also assessed the adequacy of the disclosures regarding the allowance for impairment of trade and other receivables in the consolidated and separate financial statements to determine whether they were in accordance with IFRS.

Other Information

The directors are responsible for the other information. The other information comprises the information included on page two to five of the document titled "Seed Co International Limited Consolidated and Separate Financial Statements 31 March 2020", which includes the Directors' Report as required by the Companies Act (CAP 42:01), which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation of the consolidated and separate financial statements which give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act (CAP 42:01), and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and Company's financial reporting processes.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group and company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young
Practising Member: Thomas Chitambo
Partner
Certified Auditor
Membership number: 20030022
Gaborone

26 June 2020

CONSOLIDATED AND COMPANY INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020	Note	GROUP 2020 US$	GROUP 2019 US$	COMPANY 2020 US$	COMPANY 2019 US$
Revenue from contracts with customers	5	**71 357 970**	**60 136 380**	**6 390 458**	**5 138 819**
Cost of sales	13.2	(36 488 368)	(30 255 451)	(2 946 659)	(1 508 321)
Gross profit		**34 869 602**	**29 880 929**	**3 443 799**	**3 630 498**
Other income	6.1	6 027 316	4 488 537	3 224 058	10 595 213
Operating expenses	6.2	**(28 609 388)**	**(27 326 009)**	**(8 562 028)**	**(5 263 611)**
Sales and marketing costs		(8 303 024)	(7 242 680)	(108 719)	(56 900)
Administrative costs		(15 771 690)	(14 702 669)	(7 065 623)	(4 656 513)
Research costs		(3 896 040)	(3 636 565)	(1 387 686)	(250 198)
Credit losses	15.2	(638 634)	(1 744 095)	-	(300 000)
Operating profit/(loss)		**12 287 530**	**7 043 457**	**(1 894 171)**	**8 962 100**
Finance income	6.3	570 637	783 735	1 772 054	1 439 671
Finance costs	6.4	(3 416 617)	(2 588 011)	(2 335 337)	(2 221 598)
Share of loss from joint venture	12.2 & 12.5	(495 947)	(85 041)	-	(136 579)
Profit/(loss) before tax		**8 945 603**	**5 154 140**	**(2 457 454)**	**8 043 594**
Income tax expense	7.1	(2 874 407)	(1 375 906)	-	-
Profit/(loss) for the year		**6 071 196**	**3 778 234**	**(2 457 454)**	**8 043 594**
Attributable to:					
Equity holders of the parent		6 195 338	3 778 030	(2 457 454)	8 043 594
Non-controlling interests	21.1	(124 142)	204	-	-
		6 071 196	**3 778 234**	**(2 457 454)**	**8 043 594**
Earnings per share					
Basic earnings per share - cents	31	2.86	1.75		
Diluted earnings per share - cents	31	2.86	1.74		

CONSOLIDATED AND COMPANY STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020		GROUP 2020 US$	GROUP 2019 US$	COMPANY 2020 US$	COMPANY 2019 US$
Profit/(loss) for the year		**6 071 196**	**3 778 234**	**(2 457 454)**	**8 043 594**
Other comprehensive loss					
Items that may be reclassified subsequently to profit or loss (net of tax):					
Exchange differences on translation of foreign operations		(16 211 131)	(14 909 043)	-	-
Share of exchange differences from joint venture	12.2 & 12.5	(102 990)	(28 350)	-	-
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		**(16 314 121)**	**(14 937 393)**	**-**	**-**
Items that may not be reclassified to profit or loss in subsequent periods (net of tax):					
Revaluation of property, plant and equipment	8	1 340 841	168 807	-	-
Deferred tax on revaluation of property, plant and equipment	7.4	(134 084)	(34 027)	-	-
Net other comprehensive income that may not be reclassified to profit or loss in subsequent periods		**1 206 757**	**134 780**	**-**	**-**
Other comprehensive loss for the year, net of tax		**(15 107 364)**	**(14 802 613)**	**-**	**-**
Total comprehensive (loss)/income for the year		**(9 036 168)**	**(11 024 379)**	**(2 457 454)**	**8 043 594**
Attributable to:					
Equity holders of the parent		(8 687 395)	(11 024 583)	(2 457 454)	8 043 594
Non-controlling interests	21.2	(348 773)	204	-	-
		(9 036 168)	**(11 024 379)**	**(2 457 454)**	**8 043 594**

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2020	Note	GROUP 2020 US$	GROUP 2019 US$	COMPANY 2020 US$	COMPANY 2019 US$
ASSETS					
Non-current assets					
Property, plant and equipment	8	36,466,592	38,473,312	489,624	804,525
Intangible assets	9	5,320,000	-	5,320,000	-
Right-of-use assets	10.1	1,037,872	-	-	-
Investments in subsidiaries	11	-	-	35,419,490	33,362,892
Investment in associates and joint venture	12.5	1,087,317	1,030,437	1,684,261	1,028,444
Deferred tax asset	7.3	842,679	1,082,612	-	-
		44,754,460	**40,586,361**	**42,913,375**	**35,195,861**
Current assets					
Inventories	13	18,861,108	16,853,937	882,940	1,016,774
Biological assets	14	1,066,293	1,159,873	-	-
Trade and other receivables	15	40,244,039	31,293,992	4,073,585	2,533,440
Amount due from related entities	16	11,757,777	19,395,753	30,383,207	34,577,532
Other current financial assets	17	-	295,564	-	-
Cash and cash equivalents	18	11,028,557	24,478,033	2,654,163	15,238,111
		82,957,774	**93,477,152**	**37,993,895**	**53,365,857**
Total assets		**127,712,234**	**134,063,513**	**80,907,270**	**88,561,718**
EQUITY AND LIABILITIES					
Equity					
Stated capital	19.2	36,249,970	35,848,041	36,249,970	35,848,041
Share based payments reserve	20	321,885	330,704	321,885	330,704
Asset revaluation reserve		14,235,873	13,412,621	129,902	129,902
Foreign currency translation reserve		(53,297,813)	(37,525,498)	-	-
Retained earnings		74,472,860	69,967,873	5,452,089	9,161,336
Equity attributable to equity holders of the parent		**71,982,775**	**82,033,741**	**42,153,846**	**45,469,983**
Non-controlling interests	21	1,046,473	700,241	-	-
Total equity		**73,029,248**	**82,733,982**	**42,153,846**	**45,469,983**
Non-current liabilities					
Long-term borrowings	22	1,666,667	2,333,333	1,666,667	2,333,333
Long term lease liabilities	10.2	619,587		-	
Deferred tax liability	7.4	2,102,293	1,835,510	19,358	19,358
		4,388,547	**4,168,843**	**1,686,025**	**2,352,691**
Current liabilities					
Short-term borrowings	22	37,435,560	33,303,685	32,360,801	28,464,055
Short term lease liabilities	10.2	464,369	-	-	-
Trade and other payables	23	8,773,123	6,851,874	913,985	403,706
Amount due to related entities	24	1,273,998	5,337,358	3,458,235	11,142,039
Provisions	25	2,001,884	1,642,556	334,378	729,244
Income tax payable		345,505	25,215	-	-
		50,294,439	**47,160,688**	**37,067,399**	**40,739,044**
Total liabilities		**54,682,986**	**51,329,531**	**38,753,424**	**43,091,735**
Total equity and liabilities		**127,712,234**	**134,063,513**	**80,907,270**	**88,561,718**

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

		GROUP		COMPANY	
		2020	2019	2020	2019
Operating activities	**Note**	**US$**	**US$**	**US$**	**US$**
Profit/(loss) before tax		8,945,603	5,154,140	(2,457,454)	8,043,594
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation of property, plant and equipment and right-of-use assets	8 & 10.1	3,245,315	2,740,213	61,874	139,283
(Profit)/loss on disposal of property, plant and equipment	6.1	(79,734)	(76,155)	(8,069)	3,211
Credit losses	15.2	638,634	1,744,095	-	300,000
Profit from disposal of investments	12.4.2	(6,000)	-	(6,000)	-
Impairment of investments	11.7 & 12.6	-	-	1,885,408	136,579
Reversal of impairment on investments	6.1	-	-	-	(510,277)
Share of loss from joint venture	12.2 & 12.5	495,947	85,041	-	-
Share based payments	20	393,110	330,704	393,110	330,704
Dividend income	6.1	-	-	(2,766,883)	(11,130,651)
Finance income	6.3	(570,637)	(783,735)	(1,772,054)	(1,439,671)
Finance cost	6.4	3,416,617	2,588,011	2,335,337	2,221,598
Operating cash flows before working capital changes		**16,478,855**	**11,782,314**	**(2,334,731)**	**(1,905,630)**
Working capital adjustments:					
Increase in inventories		(5,063,535)	(5,857,499)	133,833	(798,625)
Increase in biological assets		(374,234)	(1,250,829)	-	-
(Increase)/decrease in trade and other receivables		(14,495,021)	(5,763,765)	(1,540,144)	155,815
Decrease/(increase) in amounts owed by related entities		4,488,951	(12,351,502)	4,194,325	(6,606,073)
Decrease in other current financial assets		292,963	1,003,205	-	-
Increase/(decrease) in trade and other payables		1,877,507	2,157,136	510,280	(1,788,465)
(Decrease)/increase in amounts owed to related entities		(7,243,520)	3,767,833	(7,683,805)	3,951,880
Increase/(decrease) in provisions		641,382	(89,482)	(394,866)	456,782
Cash generated from operations		(3,396,652)	(6,602,589)	(7,115,108)	(6,534,316)
Income tax paid		(1,840,062)	(1,083,100)	-	(16,826)
Net cash flows utilised in operating activities		**(5,236,714)**	**(7,685,689)**	**(7,115,108)**	**(6,551,142)**
Investing activities					
Proceeds from sale of property, plant and equipment		395,827	386,425	279,292	246,665
Purchase of property, plant and equipment and intangible asset	8 & 9	(7,367,727)	(4,337,509)	(5,338,196)	(258,312)
Investments in subsidiaries	11.6	-	-	(3,942,005)	(4,228,584)
Investment in joint venture	12.5	(655,817)	-	(655,817)	-
Proceeds from disposal of associates	12.4.2	6,000	-	6,000	-
Dividends received	6.1	-	-	2,766,883	11,130,651
Interest received	6.3	570,637	783,735	1,772,054	1,439,671
Net cash flows (utilised in)/generated from investing activities		**(7,051,080)**	**(3,167,349)**	**(5,111,789)**	**8,330,091**
Financing activities					
Proceeds from issue of share capital net of transaction costs	19.2	-	17,263,166	-	17,263,166
Share buyback	19.2	-	(3,737,113)	-	(7,000,000)
Proceeds from borrowings	22.1	18,593,577	35,988,566	15,891,155	30,797,388
Repayment of borrowings	22.1	(13,042,862)	(29,191,141)	(12,661,076)	(28,940,192)
Repayment of lease liabilities	10.2	(521,376)	-	-	-
Capital injection by non-controlling shareholder		397,604	1,333,975	-	-
Dividend paid		(1,368,376)	(93,124)	(1,251,793)	-
Interest paid	6.4	(3,416,617)	(2,588,011)	(2,335,337)	(2,221,598)
Net cash flows generated from/(utilised in) financing activities		**641,950**	**18,976,318**	**(357,051)**	**9,898,764**
Net (decrease)/increase in cash and cash equivalents		(11,645,844)	8,123,280	(12,583,948)	11,677,713
Effects of exchange rate changes on cash and cash equivalents		(1,803,632)	(58,645)	-	-
Cash and cash equivalents at beginning of year	18	24,478,033	16,413,398	15,238,111	3,560,398
Cash and cash equivalents at end of year	18	**11,028,557**	**24,478,033**	**2,654,163**	**15,238,111**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

		Attributable to the equity holders of the parent							
	Note	Stated capital	Share based payments reserve	Asset revaluation reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
		US$	US$	US$	US$	US$	US$	US$	US$
As at 1 April 2018		**18,584,875**	**-**	**13,792,135**	**(22,588,105)**	**65,069,678**	**74,858,583**	**65,057**	**74,923,640**
Profit for the year		-	-	-	-	3,778,030	**3,778,030**	204	**3,778,234**
Other comprehensive loss		-	-	134,780	(14,937,393)	-	**(14,802,613)**	-	**(14,802,613)**
Total comprehensive loss		-	-	134,780	(14,937,393)	3,778,030	**(11,024,583)**	204	**(11,024,379)**
Issue of share capital net of transaction costs	19.2	17,263,166	-	-	-	-	**17,263,166**	-	**17,263,166**
Share based payments	20	-	330,704	-	-	-	**330,704**	-	**330,704**
Realisation of revaluation reserve through use		-	-	(514,294)	-	514,294	**-**	-	**-**
Dividend paid		-	-	-	-	(93,124)	**(93,124)**	-	**(93,124)**
Capital injection by non-controlling interest in subsidiary		-	-	-	-	-	**-**	1,333,975	**1,333,975**
Effect of deemed disposal of shares to non-controlling interest		-	-	-	-	698,995	**698,995**	(698,995)	**-**
As at 31 March 2019		**35,848,041**	**330,704**	**13,412,621**	**(37,525,498)**	**69,967,873**	**82,033,741**	**700,241**	**82,733,982**
IFRS 16 transition adjustment	29.1.4	-	-	-	-	(90,904)	**(90,904)**	-	**(90,904)**
Restated at 1 April 2019		**35,848,041**	**330,704**	**13,412,621**	**(37,525,498)**	**69,876,969**	**81,942,837**	**700,241**	**82,643,078**
Profit for the year		-	-	-	-	6,195,338	**6,195,338**	(124,142)	**6,071,196**
Other comprehensive loss		-	-	1,206,757	(16,089,490)	-	**(14,882,733)**	(224,631)	**(15,107,364)**
Total comprehensive loss		-	-	1,206,757	(16,089,490)	6,195,338	**(8,687,395)**	(348,773)	**(9,036,168)**
Exercise of share options	19.2	401,929	(401,929)	-	-	-	**-**	-	**-**
Share based payments	20	-	393,110	-	-	-	**393,110**	-	**393,110**
Realisation of revaluation reserve through use		-	-	(276,861)	-	276,861	**-**	-	**-**
Recognition of non-controlling interest	21	-	-	(106,644)	317,175	(507,932)	**(297,401)**	297,401	**-**
Dividend paid		-	-	-	-	(1,368,376)	**(1,368,376)**	-	**(1,368,376)**
Capital injection by non-controlling interest in subsidiary		-	-	-	-	-		397,604	**397,604**
As at 31 March 2020		**36,249,970**	**321,885**	**14,235,873**	**(53,297,813)**	**74,472,860**	**71,982,775**	**1,046,473**	**73,029,248**

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

		Stated capital	Share based payments reserve	Asset revaluation reserve	Foreign currency translation reserve	Retained earnings	Total
		US$	US$	US$	US$	US$	US$
As at 1 April 2018		**25,584,875**	**-**	**129,902**	**-**	**1,117,742**	**26,832,519**
Profit for the year		-	-	-	-	8,043,594	**8,043,594**
Total comprehensive income		-	-	-	-	8,043,594	**8,043,594**
Issue of share capital net of transaction costs	19.2	17,263,166		-	-	-	**17,263,166**
Share buyback	19.2	(7,000,000)		-	-	-	**(7,000,000)**
Share based payments	20	-	330,704	-	-	-	**330,704**
As at 31 March 2019		**35,848,041**	**330,704**	**129,902**	**-**	**9,161,336**	**45,469,983**
Loss for the year						(2,457,454)	**(2,457,454)**
Total comprehensive loss		-	-	-	-	(2,457,454)	**(2,457,454)**
Issue of share capital	19.2	401,929	(401,929)	-	-	-	**-**
Share based payments	20	-	393,110	-	-	-	**393,110**
Dividend paid		-	-	-	-	(1,251,793)	**(1,251,793)**
As at 31 March 2020		**36,249,970**	**321,885**	**129,902**	**-**	**5,452,089**	**42,153,846**

Nature and purpose of reserves

Share based payment reserve

The share based payment reserve is used to recognise the value of equity settled share transactions provided to executive directors and senior management as part of their remuneration.

Asset revaluation reserve

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

Foreign currency translation reserve

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

Retained earnings

Retained earnings relate to the cumulative profits of the Group and Company from which dividends can be distributed to shareholders.

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

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

The consolidated financial statements of Seed Co International Limited for the year ended 31 March 2020 were authorised for issue in accordance with a resolution of the directors on 12 June 2020.

2. Significant accounting policies

2.1 Basis of preparation

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

The consolidated financial statements are presented in United States Dollars (USD).

The consolidated financial statements provide comparative information in respect of the previous period.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

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

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3 Summary of significant accounting policies

a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

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

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

b) Investments in associates and joint venture
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the
contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associates or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associates and joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associates or joint venture are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of its associates and joint venture is shown on the face of the statement of profit or loss after operating profit.

The financial statements of the associates and joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investments in its associates and joint venture. At each reporting date, the Group determines whether there is objective evidence that the investments in the associates and joint venture are impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss in the statement of profit or loss.

Upon loss of significant influence over the associates or joint control over the subsidiaries, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the investment in the associate or joint venture upon loss of significant influence or joint control respectively and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

c) Current versus non-current classification
The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:
- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
  Or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

NOTES TO THE FINANCIAL STATEMENTS

All other assets are classified as non-current.

A liability is current when:
• It is expected to be settled in normal operating cycle
• It is held primarily for the purpose of trading
• It is due to be settled within twelve months after the reporting period
Or
• There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

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

d) Fair value measurement
The Group measures non-financial assets such as property, plant and equipment and biological assets at fair value at balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
• In the principal market for the asset or liability
Or
• In the absence of a principal market, in the most advantageous market for the asset or liability.
The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their economic best interest.

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

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

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

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

The Group Finance Director determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided upon by the Group Finance Director after discussion with and approval by the Group's Audit Committee. Selection criteria include market knowledge, reputation, independence and professional accreditation

Where available, the Group Finance Director also compares the fair value changes computed by external valuers with relevant external sources to determine whether the change is reasonable. As and when valuations are carried out, the Group Finance Director presents the valuation results to the Audit Committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in note 32.

e) Revenue recognition
The Group is in the business of selling seeds to retailers, farmers and government entities.
Revenue from contracts with customers is recognised when control of the seeds are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those seeds. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the seeds before transferring them to the customer.

Revenue from sale of seed is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the seed. The normal credit term is 90 days from delivery.

NOTES TO THE FINANCIAL STATEMENTS

The Group considers that there are no other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

Revenue is measured at the amount of the transaction price that is allocated to the performance obligation taking into account the effects of variable consideration and the existence of significant financing component.

Variable consideration

Rights of return
Certain contracts provide a customer with a right to return the seeds within a specified period. The seed selling season is generally concluded within the financial year and returns are finalised by financial year end therefore the Group does not generally need to estimate the volume of seeds that will not be returned because to predict the amount of variable consideration to which the Group will be entitled.

The requirements in IFRS 15 on constraining estimates of variable consideration are largely not applicable for the following reasons:
• Minimal impact of market volatility, legal and regulatory changes on seed returns/pricing;
• Weather conditions known by financial year end therefore most returns would have taken place by then if any;
• The Group has extensive experience with similar contracts;
• The Group does not offer a broad range of price concessions or highly varied payment terms;
• Contracts do not have a large number and broad range of possible consideration amounts;
• The uncertainty about the consideration amount (if any though unlikely) can be resolved quickly.

There are no right of return assets and refund liabilities in the Group's financial statements.

Volume rebates
The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. Third party distributors/stockists who onward sell large seed volumes are paid a commission by the entity at the end of the selling season and all that is normally completed within the financial year therefore the Group does not generally need to estimate the variable consideration for the expected future rebates and does not recognise refund liabilities for the expected future rebates.

Significant financing component
Generally, the Group receives payments from its customers within twelve months of the date of delivery. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good
or service to the customer and when the customer pays for that good or service will be one year or less.
Contract balances
Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables
A trade receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Prepaid receipts from customers are a contract liability.
Assets and liabilities arising from rights of return
Right of return assets
Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.
Refund liabilities
A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

f) Taxes
Current Income Tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

NOTES TO THE FINANCIAL STATEMENTS

Current income tax relating to items recognised directly in equity is recognised in equity and not on the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:
- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:
- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value Added Tax (VAT)
Expenses and assets are recognised net of the amount of VAT, except:
- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of VAT included
  The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

g) Foreign currency translation
The Group's consolidated financial statements are presented in United States Dollars (USD), which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances
Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date with the resulting differences arising on settlement or translation of monetary items recognised in profit or loss.

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

Group companies
On consolidation, the assets and liabilities of foreign operations are translated into United States Dollars (USD) at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at average exchange rates prevailing the financial period. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

h) Dividend distribution to equity holders of the parent
The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws of Botswana, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. Dividends declared after the reporting date are not recognised as a liability in the consolidated statement of financial position.

i) Property, plant and equipment
Construction in progress is stated at cost. Such cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, borrowing costs for long-term construction projects if the recognition criteria are met and any other costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management.

All other classes of property, plant and equipment are measured at fair value less accumulated depreciation and impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency, usually within a period of five years, to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in profit or loss except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation is not provided on freehold land and capital projects under development. Depreciation on other asset classes is calculated on a straight-line basis, up to the estimated residual values, over the estimated useful lives of the assets, as follows:

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

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

j) Leases
IFRS 16 – Year ended 31 March 2020
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (p) Impairment of non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. The Group does not enter into lease contracts with variable lease payments.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

IAS 17 – Year ended 31 March 2019
The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

Group as a lessee
A lease is classified at the inception date as a finance lease or an operating lease.

A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs on the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in profit or loss on a straight-line basis over the lease term.

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

k) Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

l) Financial instruments – initial recognition and subsequent measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section (e) Revenue from contracts with customers.

Subsequent measurement
For purposes of subsequent measurement, the Group's financial assets are classified as financial assets at amortised cost (debt instruments).

Financial assets at amortised cost (debt instruments)
The Group measures financial assets at amortised cost if both of the following conditions are met:
• The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows And
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, amounts due from related parties and promissory notes included under other current financial assets. For more information on each of these, refer to notes 15, 16 and 17.

Derecognition of financial assets
• A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when: The rights to receive cash flows from the asset have expired

Impairment of financial assets
The Group recognises an allowance for expected credit losses (ECLs) for all its debt instruments at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

Further disclosures relating to impairment of financial assets are also provided in notes 3, 15.2 and 15.4

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition as loans and borrowings or payables as appropriate.

All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

Subsequent measurement
For purposes of subsequent measurement, the Group's financial liabilities are classified as loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to note 22.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

m) Inventories
Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:
• Raw materials: purchase cost on a weighted average cost basis
• Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

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

n) Biological assets
Biological assets comprise of growing crops. At initial recognition, biological assets are valued at fair value. Fair value of the biological assets is determined by reference to the expected yield

on the crops and the prevailing market prices at the reporting date. Consideration is also given to whether the crops will germinate and pass the purity test. On that basis, an indicative value is established using the prevailing local and international market prices for the respective products. Fair value movements of the biological assets are recognized in profit or loss.

o) Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Costs relating to research and development of new seed products are written off as incurred since the distinction between the two is indeterminable in practice.

The Group owns breeding rights. These rights were granted for a period of 20 years under the Protocol for Protection of New Varieties of Plants (Plant Breeder's Rights) in the Southern African Development Community (SADC) Region with the option of renewal at the end of this period for up to another period of 5 years. As a result, those rights are assessed as having a finite useful life.

A summary of the policies applied to the Group's intangible assets is, as follows:

Type	Useful life	Amortisation method	Internally generated or acquired
Breeding rights	Finite (20 years)	Amortised on a straight line basis over the period of the rights.	Acquired

Further information on the Group's intangible assets is provided in note 9.

NOTES TO THE FINANCIAL STATEMENTS

p) Impairment of non-financial assets
The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's cash generating unit to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to other comprehensive income. For such properties, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or cash generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash generating unit (or group of cash generating units) to which the goodwill relates. When the recoverable amount of the cash generating units is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Further disclosures relating to impairment of non-financial assets are provided in note 8.1.

q) Cash and cash equivalents
Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

r) Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

s) Pensions and other post-employment benefits
Retirement benefits are provided for Group employees through self-administered defined contribution funds in the respective countries. The cost of retirement benefits for the defined contribution fund is equivalent to the actual amount of the contribution for private pension funds and the legislated contributions for government pension funds. The cost of all retirement benefit contributions is expensed in profit or loss as incurred.

t) Share based payment transactions
Senior executives of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

NOTES TO THE FINANCIAL STATEMENTS

That cost is recognised in employee benefits expense together with a corresponding increase in equity over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

u) Segment reporting
The operating businesses are managed separately according to the country that they operate in, with each segment representing a strategic business unit that operates in the same geographical area. For reporting purposes, the Group has aggregated operating segments into four reportable segments based on geographical location. Refer to note 34 for more information.

2.4 Changes in accounting policies and disclosures

The Group applied IFRS 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16 Leases
IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 April 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The Group has lease contracts for various items of property, plant and equipment. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets.

Refer to *Note 2.3 (j) Leases* for the accounting policy prior to and beginning on 1 April 2019.

The Group did not have any existing leases previously classified as finance leases therefore no changes were required in that regard at the date of initial application.

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

NOTES TO THE FINANCIAL STATEMENTS

The Group also applied the available practical expedients wherein it:
• Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
• Relied on its assessment of whether leases are onerous immediately before the date of initial application;
• Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application;
• Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
• Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

The effect of adopting IFRS 16 is disclosed in note 29.1.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment
The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:
• Whether an entity considers uncertain tax treatments separately;
• The assumptions an entity makes about the examination of tax treatments by taxation authorities;
• How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
• How an entity considers changes in facts and circumstances.

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's and the subsidiaries' tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation has had no material impact and additional disclosures have been included where appropriate.

Amendments to IFRS 9: Prepayment Features with Negative Compensation
Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments had no impact on the consolidated financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the period.

Amendments to IAS 28: Long-term interests in associates and joint ventures
The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

These amendments had no impact on the consolidated financial statements as the Group does not have long-term interests in its associate and joint venture.

Annual Improvements 2015-2017 Cycle
IFRS 3 Business Combinations
The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where joint control is obtained.

NOTES TO THE FINANCIAL STATEMENTS

IFRS 11 Joint Arrangements
An entity that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where a joint control is obtained.

IAS 12 Income Taxes
The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

An entity applies the amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When the entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.

Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

IAS 23 Borrowing Costs
The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted.

Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

2.5 Standards and interpretations in issue not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that
issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach); and
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

Amendments to IFRS 3: Definition of a Business
In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of Material
In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the wrong direction of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

NOTES TO THE FINANCIAL STATEMENTS

The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

3. Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts, assets, liabilities, income and expenses. However, uncertainty about these assumptions and estimates could results in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.
The key judgements, estimates and assumptions concerning the future and other key resources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

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

Land and Buildings:	fair values were determined using the market comparable approach.
Plant and equipment:	values were determined using the cost approach using the depreciated replacement cost of the assets.

Refer to note 2.3i and note 32 for more information on the estimates and assumptions used to determine the fair value of property, plant and equipment and note 8 for the carrying amount of property, plant and equipment.

Share based payments
The Group measures the cost of equity-settled transactions with employees by references to the fair value of equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate inputs to the valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The value of the share options granted is determined using the Black Scholes model. Significant inputs and key assumptions used to determine fair value are further disclosed in note 20.

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

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Refer to note 7 for more information on taxation.

Biological Assets
The Group measures biological assets which comprise of grower crops at fair value. Refer to note 14 for the carrying amount of biological assets. Significant inputs and key assumptions used to determine fair value are further disclosed in note 32.3 and 14.2.
Provision for expected credit losses of trade receivables and contract assets
The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECLs on the Group's trade receivables and contract assets is disclosed in note 15.

Determining the lease term of contracts with renewal and termination options – Group as lessee
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

NOTES TO THE FINANCIAL STATEMENTS

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases with shorter non-cancellable period (i.e., three to five years) except leases for motor vehicles since it typically leases motor vehicles for not more than five years and hence is not exercising any renewal options. The Group typically exercises its option to renew for these leases because there will be a significant negative effect on operations if a replacement asset is not readily available.

The renewal periods for leases with longer non-cancellable periods (i.e., 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised.

Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

NOTES TO THE FINANCIAL STATEMENTS

4 GROUP INFORMATION

4.1 The holding company

Seed Co International Limited is primarily listed on the Botswana Stock Exchange (BSE) and secondarily listed on the Zimbabwe Stock Exchange (ZSE) and has multiple shareholders. There is no individual or entity with ultimate control over Seed Co International Limited.

4.2 Entities with significant influence over the Group

4.2.1 Vilmorin & Cie, domiciled in France, holds 30.86% of the issued ordinary shares in Seed Co International Limited (2019: 30.98%) listed on the BSE.

4.2.2 Seed Co Limited, domiciled in Zimbabwe, holds 27.34% of the ordinary shares in Seed Co International Limited (2019: 27.45%) listed on the ZSE

4.2.3 A shareholders' agreement exists between Vilmorin & Cie and Seed Co Limited. This agreement governs the co-shareholder relationship between the two as the major shareholders of Seed Co International Limited, in particular as to representation on the Board, and approval of certain material decisions by directors appointed by those shareholders.

4.3 Subsidiaries

The consolidated financial statements of the Group include the results of the following investments in subsidiaries. The investments are accounted for on a cost basis in the Company's separate financial statements and fully eliminated in the consolidated Group financial statements.

			2020	2019
Name	**Principal activities**	**Country of incorporation and principal place of business**	**Group's % of equity interest**	
SCZ International Limited (t/a Seed Co Zambia)	Field seeds trade	Zambia	99%	99%
Seed Co (Malawi) Ltd (t/a Seed Co Malawi)	Field seeds trade	Malawi	100%	100%
Seed Co Tanzania Limited (t/a Seed Co Tanzania)	Field seeds trade	Tanzania	100%	100%
Agri-Seed Co Limited (t/a Seed Co Kenya)	Field seeds trade	Kenya	100%	100%
Seed Co International Rwanda Limited (t/a Seed Co Rwanda)	Field seeds trade	Rwanda	100%	100%
Agri-Seed Co Nigeria Limited (t/a Seed Co Nigeria)	Field seeds trade	Nigeria	60%	60%
Seed Co Enterprise (Pty) Ltd (t/a Seed Co Enterprises)	Corporate services	South Africa	100%	N/A
Seed Co SA (Pty) Ltd (t/a Seed Co South Africa)	Field seeds trade	South Africa	100%	100%
Seed Co (Pty) Limited (t/a Seed Co Botswana)	Field seeds trade	Botswana	100%	100%
African Seed Company Ghana Limited (t/a Seed Co Ghana)	Field seeds trade	Ghana	100%	100%
Seed Co RDC SARL (t/a Seed Co DRC)	Field seeds trade	DRC	100%	100%

4.3.1 The remaining minority shareholding in Agri-Seed Co Nigeria is held by SARO AgroSciences Limited domiciled in Nigeria. Further details are in note 21.

4.3.2 Seed Co DRC is a wholly owned subsidiary of Seed Co Zambia and is therefore indirectly controlled by Seed Co International Limited.

4.3.3 Field seeds comprise maize, wheat, soybean and sorghum seeds among other field crops.

4.4 Associates

The consolidated financial statements of the Group include the results of the following investments in associates, accounted for under the equity method. The investments are accounted for on a cost basis in the Company's separate financial statements.

			2020	2019
Name	**Principal activities**	**Country of incorporation and principal place of business**	**Group's % of equity interest**	
Quton Seed Malawi	Cotton seed trade	Malawi	0%	40%
Quton Seed Tanzania	Cotton seed trade	Tanzania	0%	30%

4.4.1 The investments in both Quton Malawi and Quton Tanzania were both disposed to the Maharashtra Hybrid Seed Company (Mahyco) domiciled in India. Refer to note 12.4.2

4.5 Joint venture

The consolidated financial statements of the Group include the results of the following joint arrangement in which the Group is a joint venturer, accounted for under the equity method. The investments are accounted for on a cost basis in the Company's separate financial statements.

			2020	2019
Name	**Principal activities**	**Country of incorporation and principal place of business**	**Group's % of equity interest**	
Prime Seed Co International	Investment holding	Botswana	51%	51%
Its wholly owned subsidiaries are:			**Prime Seed Co International's equity interest**	
Prime Seed Co Zambia	Vegetable seed trade	Zambia	100%	100%
Prime Seed Co Malawi	Vegetable seed trade	Malawi	100%	100%
Prime Seed Co Tanzania	Vegetable seed trade	Tanzania	100%	100%
Prime Seed Co Kenya	Vegetable seed trade	Kenya	100%	100%
Alliance Seeds	Vegetable seed trade	South Africa	80%	0%

4.5.1 The Group's joint venture partner holding the remaining 49% shareholding is HM Clause domiciled in France.

4.6 Related parties

Related parties comprise the following entities and persons:

4.6.1 Related entities

Name	Nature of relationship	Country of incorporation and principal place of business
Vilmorin & Cie	Shareholder with significant influence	France
Seed Co Limited	Shareholder with significant influence	Zimbabwe
SARO	Co-shareholder in subsidiary	Nigeria
Mahyco	Co-shareholder in associate companies	India
HM Clause	Joint venture partner	France
All the subsidiaries as mentioned in note 4.3	Subsidiaries	Zambia, Malawi, Tanzania, Kenya, Botswana, South Africa, Rwanda, Nigeria, Ghana and DRC
All the associates as mentioned in note 4.4	Associates	Malawi and Tanzania
Jointly controlled entity and its subsidiaries as mentioned in note 4.5	Joint venture	Botswana, Zambia, Malawi, Tanzania and Kenya
Quton Zimbabwe	Associate of Seed Co Limited jointly owned with Mahyco	Zimbabwe
Prime Seed Co Zimbabwe	Joint venture of Seed Co Limited and HM Clause	Botswana, Zambia, Malawi, Tanzania and Kenya

4.6.2 Related persons

Related persons consist of the Group's Directors and Senior Management staff.

4.6.3 Related parties' transactions and balances are disclosed in note 26.

NOTES TO THE FINANCIAL STATEMENTS

5 REVENUE FROM CONTRACTS WITH CUSTOMERS

	Note	GROUP 2020 US$	GROUP 2019 US$	COMPANY 2020 US$	COMPANY 2019 US$
5.1 Product					
Maize seed		63,323,753	49,400,017	2,979,685	1,835,175
Soybean seed		3,627,858	5,604,602	-	-
Wheat seed		1,661,150	1,283,467	-	-
Sorghum seed		195,789	1,878,085	44,629	-
Other seeds		2,549,420	1,970,209	611,919	-
Management services		-	-	2,754,225	3,303,644
		71,357,970	**60,136,380**	**6,390,458**	**5,138,819**
5.2 Geographic markets					
Southern African Customs Union (SACU)	34.1.1	9,232,859	6,389,023	6,390,458	5,138,819
Central Africa	34.1.1	35,956,156	31,974,082	-	-
East Africa	34.1.1	25,084,843	20,832,401	-	-
West Africa	34.1.1	1,084,112	940,874	-	-
		71,357,970	**60,136,380**	**6,390,458**	**5,138,819**
5.3 Timing of revenue recognition					
Goods transferred at a point in time		71,357,970	60,136,380	3,636,233	1,835,175
Services transferred over time		-	-	2,754,225	3,303,644
Goods transferred at a point in time		**71,357,970**	**60,136,380**	**6,390,458**	**5,138,819**

5.4 The Group and Company do not have any contract assets

5.5 The Group's performance obligation is satisfied upon seed delivery to or collection by customers and payment is generally due within 90 to 180 days from delivery or collection .

NOTES TO THE FINANCIAL STATEMENTS

6 INCOME AND EXPENSES

6.1 Other income	Note	GROUP 2020 US$	GROUP 2019 US$	COMPANY 2020 US$	COMPANY 2019 US$
Dividends received	26.1.3	-	-	2,766,883	11,130,651
Royalty income	26.1.5	-	-	1,181,338	-
Management fees received	26.1.7	790,584	901,404	-	-
Net exchange gains/(losses)		3,872,160	3,064,406	(851,334)	(753,335)
Profit/(loss) on disposal of non-current assets		79,734	76,155	8,069	(3,211)
Loss from non-seed/commodity sales		(17,462)	-	-	-
Profit from fertilizer sales		574,326	-	-	-
Doubtful debts recoveries	15.2	360,812	30,294	-	-
Insurance claims compensation		-	-	-	-
Reversal of impairment of subsidiary	6.1.1	-	-	-	510,277
Sundry income/(expenses)	6.1.2	367,162	416,278	119,102	(289,169)
		6,027,316	**4,488,537**	**3,224,058**	**10,595,213**

6.1.1 The reversal of the impairment of subsidiary related to the investment in Seed Co Botswana in the SACU segment. The reversal arose on profitability of Seed Co Botswana to off set the previous losses on which the original impairment had been based.

6.1.2 Included in sundry income are commission income, grant income and profit from sale of processing chaff and waste

6.2 Operating expenses	Note	GROUP 2020 US$	GROUP 2019 US$	COMPANY 2020 US$	COMPANY 2019 US$
Included in operating expenses are					
Employee benefits		10,799,709	9,937,884	1,761,954	2,681,917
6.2.1 Short-term employee benefits		9,529,253	8,677,638	1,309,852	2,222,307
6.2.2 Post-employment benefits		874,809	929,506	58,992	128,906
6.2.3 Other long-term employee benefits		393,110	330,704	393,110	330,704
6.2.4 Termination benefits		2,537	36	-	-
Directors' fees	26.1.11	200,088	119,424	200,088	119,424
Depreciation	8 & 10.1	2,722,605	2,740,213	61,874	139,283
Audit fees		312,187	391,317	64,756	95,792
Impairment	11.7	-	-	1,885,408	-

6.2.1 Short-term employee benefits include salaries and wages, bonuses, leave pay, medical aid contributions and allowances. Short-term employee benefits are expected to be settled wholly before twelve months after the end of the annual reporting period during which employee services are rendered, but do not include termination benefits.

6.2.2 Post-employment benefits include contributions to defined contribution pension/retirement schemes and group life cover.

6.2.3 Other long term employee benefits mainly relate to Share Appreciation Rights Scheme (refer to note 20)

6.2.4 Termination benefits are provided in exchange for the termination of employment.

6.3 Finance income	Note	GROUP 2020 US$	GROUP 2019 US$	COMPANY 2020 US$	COMPANY 2019 US$
Interest income from related parties	26.1.9	334,589	641,480	1,686,447	1,418,065
Interest income from third parties		236,048	142,255	85,607	21,606
		570,637	**783,735**	**1,772,054**	**1,439,671**

All interest is recognised on an EIR basis

6.4 Finance costs	Note	GROUP 2020 US$	GROUP 2019 US$	COMPANY 2020 US$	COMPANY 2019 US$
Interest on borrowings		3,248,479	2,588,011	2,129,168	2,221,598
Interest on lease liabilities	10.2	126,676	-	-	-
Interest on related party liabilities	26.1.10	-	-	206,169	-
Interest on other financial liabilities		41,462	-	-	-
		3,416,617	**2,588,011**	**2,335,337**	**2,221,598**

NOTES TO THE FINANCIAL STATEMENTS

7 INCOME TAX

	Note	GROUP 2020 US$	GROUP 2019 US$	COMPANY 2020 US$	COMPANY 2019 US$
7.1 The major components of income tax expense are:					
Current income tax		2,190,860	1,209,830	-	-
Deferred tax	7.2	683,547	166,076	-	-
		2,874,407	**1,375,906**	**-**	**-**
7.2 Deferred tax expense relates to the following:					
Temporary differences	7.3 & 7.4	860,460	343,954	-	-
Tax losses carried forward	7.3	(176,913)	(177,878)	-	-
		683,547	**166,076**	**-**	**-**
7.3 Deferred tax asset reconciliation					
Balance at the beginning of the year		1,082,612	987,774	-	-
Movement due to temporary differences		(329,542)	(15,801)	-	-
Movement due to origination of tax losses		176,913	177,878	-	-
Exchange difference		(87,304)	(67,239)	-	-
Balance at the end of the year		**842,679**	**1,082,612**	**-**	**-**

7.3.1 GROUP

Deferred tax assets relate to assessed losses in Seed Co South Africa and provisions in Seed Co Tanzania and Agri Seed Co Kenya. Deferred tax assets have been recognized in respect of these losses as they will be used to offset taxable profits in future. All three companies have been tax-paying in the past. The losses in South Africa are due to research costs whose commercial benefit takes a long period of time to be realised. Directors are of the opinion that these companies will make taxable profits in the future. Tax losses in South Africa can be carried forward indefinitely as long as the entity carries on trading activities.

In addition, a deferred tax asset was recognised for unrealised profit in inventories sold between Group entities still on hand at the reporting date. The deferred tax will unwind on sale of these inventories to third parties in the forthcoming financial period.

7.3.2 COMPANY

Because of the nature of the business of the Company and its status as an International Financial Services Centre (IFSC) Company, its main income which is dividend from its investments does not form part of its taxable income as per IFSC legislation in Botswana. Accordingly the Company has not been making a taxable profit for the last few years and hence the management has ceased to account for a deferred tax asset in respect of such losses as taxable profits may not be generated over the next 5 years by when the losses expire.

	GROUP 2020 US$	GROUP 2019 US$	COMPANY 2020 US$	COMPANY 2019 US$
7.4 Deferred tax liability reconciliation				
Balance at the beginning of the year	1,835,510	2,040,148	19,358	19,358
Revaluation	134,084	34,027	-	-
Movement due to temporary differences	530,918	328,153	-	-
Exchange differences	(398,219)	(566,818)	-	-
Balance at the end of the year	**2,102,293**	**1,835,510**	**19,358**	**19,358**

NOTES TO THE FINANCIAL STATEMENTS

8 PROPERTY, PLANT AND EQUIPMENT

GROUP	Land and buildings	Plant and machinery	Motor vehicles	Computers and office equipment	Total
Cost or valuation	**US$**	**US$**	**US$**	**US$**	**US$**
At 1 April 2018	33,940,002	7,405,989	7,041,018	2,128,030	50,515,039
Additions	1,228,574	1,117,256	1,822,331	169,348	4,337,509
Revaluation	168,807	-	-	-	168,807
Disposals	(6,793)	-	(797,239)	(3,966)	(807,998)
Exchange adjustment	(4,972,171)	187,649	(794,390)	(142,073)	(5,720,985)
At 31 March 2019	**30,358,419**	**8,710,894**	**7,271,720**	**2,151,339**	**48,492,372**
Additions	2,309,436	3,660,975	993,645	403,671	7,367,727
Revaluation	1,340,841	-	-	-	1,340,841
Disposals	-	-	(709,350)	(397,270)	(1,106,620)
Exchange adjustment	(6,046,259)	(2,010,455)	(1,095,426)	(407,196)	(9,559,336)
At 31 March 2020	**27,962,437**	**10,329,564**	**6,460,589**	**1,782,394**	**46,534,984**
Depreciation and impairment					
At 1 April 2018	1,611,949	2,526,878	3,407,042	1,118,207	8,664,076
Depreciation charge for the year	519,638	760,371	1,173,271	286,933	2,740,213
Disposals	(6,793)	-	(526,525)	(2,261)	(535,579)
Exchange adjustment	(923,381)	450,480	(384,427)	7,678	(849,650)
At 31 March 2019	**1,201,413**	**3,737,729**	**3,669,361**	**1,410,557**	**10,019,060**
Depreciation charge for the year	452,120	753,016	1,256,547	256,591	2,718,274
Disposals	-	-	(649,601)	(140,926)	(790,527)
Exchange adjustment	(247,937)	(711,851)	(683,291)	(235,336)	(1,878,415)
At 31 March 2020	**1,405,596**	**3,778,894**	**3,593,016**	**1,290,886**	**10,068,392**
Net carrying amount					
At 31 March 2020	**26,556,841**	**6,582,520**	**2,867,573**	**459,658**	**36,466,592**
At 31 March 2019	**29,157,006**	**4,973,165**	**3,602,359**	**740,782**	**38,473,312**

COMPANY	Freehold land and buildings	Plant and machinery	Motor vehicles	Other assets	Total
Cost or valuation	**US$**	**US$**	**US$**	**US$**	**US$**
At 1 April 2018	314,136	128,753	558,388	371,636	1,372,913
Additions	-	22,884	225,130	10,298	258,312
Disposals	-	9,440	(318,077)	(11,959)	(320,596)
At 31 March 2019	**314,136**	**161,077**	**465,441**	**369,975**	**1,310,629**
Additions	-	14,995	-	3,201	18,196
Disposals	-	(31,850)	(145,530)	(379,422)	(524,951)
At 31 March 2020	**314,136**	**144,222**	**319,911**	**25,605**	**803,873**
Depreciation and impairment					
At 1 April 2018	17,764	112,031	222,669	85,075	437,539
Depreciation charge for the year	6,283	7,912	71,317	53,771	139,283
Disposals	-	-	(69,542)	(1,176)	(70,718)
At 31 March 2019	**24,047**	**119,943**	**224,444**	**137,670**	**506,104**
Depreciation charge for the year	5,759	4,384	48,635	3,096	61,874
Disposals	-	(4,776)	(126,959)	(121,993)	(253,729)
At 31 March 2020	**29,806**	**119,551**	**146,120**	**18,773**	**314,250**
Net carrying amount					
At 31 March 2020	**284,330**	**24,671**	**173,791**	**(20,242)**	**489,624**
At 31 March 2019	**290,089**	**41,134**	**240,997**	**232,305**	**804,525**

NOTES TO THE FINANCIAL STATEMENTS

	GROUP		COMPANY	
	2020	2019	2020	2019
	US$	US$	US$	US$
8.1 Impairment write down on property, plant and equipment during the year:	-	-	-	-
8.2 Had the assets been measured using the cost model, the carrying amount of the assets would have been:	**21,713,130**	**25,060,691**	**359,723**	**674,624**
8.3 Borrowing costs capitalised during the year:	**39,461**	**92,218**	-	-

This relates to Luano Farm in Zambia .

The prior year amount related to the factory and warehouse in Zambia. .

The capitalisation rate was 6.5% (2019: 6.5%)

8.4 Some of the Group's and Company's property, plant and equipment are pledged as security to various financial institutions for banking facilities obtained (notes 22.2; 22.3 and 22.4.)

8.5 The fair value hierarchy on property, plant and equipment is disclosed in note 32.

8.6 The exchange differences under Group arose on the conversion of property, plant and equipment of subsidiaries and is included in the exchange differences on translating foreign operations in other comprehensive income.

9 INTANGIBLE ASSETS

	GROUP		COMPANY	
	2020	2019	2020	2019
Cost	US$	US$	US$	US$
At 1 April	-	-	-	-
Additions	5,320,000	-	5,320,000	-
At 31 March	**5,320,000**	-	**5,320,000**	-
Amortisation and impairment	US$	US$	US$	US$
At 1 April	-	-	-	-
Amortisation	-	-	-	-
At 31 March	-	-	-	-
Net carrying amount	**5,320,000**	-	**5,320,000**	-
9.1 Impairment write down on intangible assets during the year:	-	-	-	-

9.2 The Group's and Company's intangible assets comprise of breeding rights.

9.3 The intangible assets have a twenty (20) year life cycle hence are classified as non-current.

10 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

10.1 Right-of-use assets

The Group has lease contracts for various items of property, plant and equipment used in its operations. Leases generally have lease terms between one (1) and four (4) years The Group's obligations under its lease s are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. There are some lease contracts that include extension and termination options, which are further discussed below. There were no lease contracts with variable lease payments.

The Group also has certain leases with lease terms of 12 months or less and leases with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

GROUP	Note	Land and buildings	Plant and machinery	Motor vehicles	Computers and office equipment	Total
		US$	US$	US$	US$	US$
Adoption of IFRS 16 at 1 April	29.1	964,908	-	-	34,417	**999,325**
Additions		658,596	-	-	-	**658,596**
Depreciation	10.4	(515,278)	-	-	(11,763)	**(527,041)**
Exchange differences		(88,442)	-	-	(4,565)	**(93,008)**
At 31 March 2020		**1,019,784**	-	-	**18,089**	**1,037,872**

NOTES TO THE FINANCIAL STATEMENTS

10.2 Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Note	GROUP 2020 US$	GROUP 2019 US$	COMPANY 2020 US$	COMPANY 2019 US$
Adoption of IFRS 16	29.1	1,046,335	-	-	-
Additions		658,596	-	-	-
Accretion of interest	10.4	126,676	-	-	-
Payments		(648,052)	-	-	-
Exchange differences		(99,599)	-	-	-
As at 31 March		**1,083,956**	**-**	**-**	**-**
Non-current		619,587	-	-	-
Current		464,369	-	-	-
		1,083,956	**-**	**-**	**-**

10.3 The maturity analysis of lease liabilities are shown in note 28.4.

10.4 The following are the amounts recognised in profit or loss:

Depreciation expense of right-of-use assets	527,041	-	-	-
Interest expense on lease liabilities	126,676	-	-	-
Expense relating to short-term leases	159,250	-	-	-
Expense relating to leases of low-value assets	-	-	-	-
Total amount recognised in profit or loss	**812,967**	**-**	**-**	**-**

10.5 Other amounts relating to right-of-use assets and lease liabilities

Cash outflows for leases	(648,052)	-	-	-
Non-cash additions to right-of-use assets and lease liabilities	-	-	-	-

10.6 The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	Within five years US$	More than five years US$	Total US$
Extension options expected not to be exercised	-	-	-
Termination options expected to be exercised	-	-	-
	-	**-**	**-**

11 INVESTMENTS IN SUBSIDIARIES

	COMPANY 2020 US$	COMPANY 2019 US$
Seed Co Zambia	9,394,287	9,394,287
Seed Co Malawi	13,293,737	13,293,737
Seed Co Tanzania	1,300,000	1,300,000
Agri-Seed Co Kenya	3,777,000	3,777,000
Seed Co Botswana	510,277	510,277
Seed Co South Africa	3,511,834	2,575,155
Seed Co Enterprises	1,029,513	-
Agri-Seed Co Nigeria	2,602,842	2,006,436
African Seed Company Ghana	-	506,000
	35,419,490	**33,362,892**

NOTES TO THE FINANCIAL STATEMENTS

11.1 All these investments are held as unquoted shares at cost.

11.2 Additional details of the Company's subsidiaries are available in note 4.3.

11.3 The subsidiaries operate in an environment where there are presently no restrictions on remittance of dividends. Fair value, when necessary, is established on the basis of net cash flows to be received by the parent company over the medium term, as there is no active market for all these shares.

11.4 Details of amounts due to and from subsidiaries are available in notes 16 and 24 respectively.

11.5 All subsidiaries have a financial year end of 31 March and follow uniform accounting policies as that of the Group for like transactions and events in similar circumstances.

	2020	2019
11.6 During the year the Company made the following investments in subsidiaries:	**US$**	**US$**
Seed Co South Africa	936,679	2,574,028
Seed Co Enterprises	1,029,513	-
Agri-Seed Co Nigeria	596,405	1,654,556
African Seed Company Ghana	1,379,408	-
	3,942,005	**4,228,584**

The additional investments in South Africa, Nigeria and Ghana were towards recapitalisation of existing subsidiaries in developing markets.

12 INVESTMENTS IN ASSOCIATES AND JOINT VENTURE

12.1 Interests in associates and joint venture

The Group has interests in associates and a joint venture as described in notes 4.4 and 4.5 respectively.

12.2 Summarized financial information in respect of the Group's associates and joint venture is set out below. This information represents amounts shown in the associates' and joint venture's financial statements with adjustments for equity accounting purposes

	ASSOCIATES		JOINT VENTURE	GROUP
Group's equity interest	**40%**	**30%**	**51%**	
Summarised income statement	**Quton Seed Malawi**	**Quton Seed Tanzania**	**Prime Seed Co International**	
for the year ended 31 March 2020:	**US$**	**US$**	**US$**	**US$**
Revenue			3,933,477	
Cost of sales			(2,549,269)	
Net operating expenses			(2,248,540)	
Net finance income/(costs)			2,209	
Income tax			(76,299)	
(Loss)/Profit for the year	**-**	**-**	**(938 422)**	
Other comprehensive loss			(335 143)	
Total comprehensive (loss)/income	**-**	**-**	**(1 273 565)**	
Group's share of loss for the year	**-**	**-**	**(478 595)**	**(478,595)**
Group's share of other comprehensive (loss)/income for the year	**-**	**-**	**(170 923)**	**(170,923)**
for the year ended 31 March 2019:				
Revenue	222,821	1,499,635	1,450,557	
Cost of sales	(254,012)	(654,241)	(973,227)	
Net operating expenses	(178,567)	(510,571)	(656,384)	
Net finance costs	(111,373)	(295,572)	(12,042)	
Income tax	-	-	24,348	
(Loss)/Profit for the year	**(321 131)**	**39 251**	**(166 748)**	
Other comprehensive loss	-	-	(55 588)	
Total comprehensive (loss)/income	**(321 131)**	**39 251**	**(222 336)**	
Group's share of loss for the year	**-**	**-**	**(85,041)**	**(85,041)**
Group's share of other comprehensive loss for the year	**-**	**-**	**(28,350)**	**(28,350)**

NOTES TO THE FINANCIAL STATEMENTS

Summarised statement of financial position	ASSOCIATES 40% Quton Seed Malawi	30% Quton Seed Tanzania	JOINT VENTURE 51% Prime Seed Co International	GROUP
as at 31 March 2020	**US$**	**US$**	**US$**	**US$**
Non-current assets			834 327	
Current assets			5 368 078	
Non-current liabilities			(50 011)	
Current liabilities			(3 947 124)	
Total equity	**-**	**-**	**2 205 270**	
Group's carrying amount of the investment	**-**	**-**	**1,124,688**	**1,124,688**
as at 31 March 2019				
Non-current assets	32 532	427 816	320 680	
Current assets	309 537	2 450 878	3 829 355	
Non-current liabilities	-	(4 258 739)	(5 172)	
Current liabilities	(4 554 258)	(1 453 782)	(2 124 398)	
Total equity	**(4 212 189)**	**(2 833 827)**	**2 020 465**	
Group's carrying amount of the investment	**-**	**-**	**1,030,437**	**1,030,437**

12.3 The associates and joint venture are accounted for using the equity method of accounting in the Group's financial statements and using the cost method in the Company's separate financial statements.

12.4 Share of (loss)/profit from associates

In the current year, the share of (loss)/profit from Quton Malawi and Quton Tanzania respectively were not recognised since the carrying amount of the investments in both associates is nil due to accumulated losses as detailed below:

	Quton Seed Malawi	Quton Seed Tanzania
	US$	**US$**
Opening share of accumulated losses not recognised	(1,797,229)	(1,253,330)
Share of comprehensive (loss)/income for the year not recognised	-	-
Closing share of accumulated losses not recognised	**(1,797,229)**	**(1,253,330)**

Reconciliation of the investments in associates and joint venture

12.5 GROUP	Quton Seed Malawi	Quton Seed Tanzania	Prime Seed Co International	GROUP
	US$	**US$**	**US$**	**US$**
At 1 April 2018	-	-	1,143,828	1,143,828
Share of loss from joint venture	-	-	(85,041)	(85,041)
Share of other comprehensive loss from joint venture	-	-	(28,350)	(28,350)
At 31 March 2019	**-**	**-**	**1,030,437**	**1,030,437**
Additional investment in joint venture	-	-	655,817	655,817
Share of loss from joint venture	-	-	(478,595)	(478,595)
Share of other comprehensive loss from joint venture	-	-	(170,923)	(170,923)
At 31 March 2020	**-**	**-**	**1,036,736**	**1,036,736**

COMPANY	Quton Seed Malawi	Quton Seed Tanzania	Prime Seed Co International	COMPANY
	US$	**US$**	**US$**	**US$**
At 1 April 2018	-	-	1,165,023	1,165,023
Impairment of investment in joint venture	-	-	(136,579)	(136,579)
At 31 March 2019	**-**	**-**	**1,028,444**	**1,028,444**
Additional investment in joint venture	-	-	655,817	655,817
Impairment of investment in joint venture	-	-	-	-
At 31 March 2020	**-**	**-**	**1,684,261**	**1,684,261**

12.6 The Company recorded an impairment loss on its investment in the joint venture in the income statement under share of loss from associates and joint ventures. The impairment resulted from the joint venture losses since inception.

12.7 The associates and joint venture have a financial year end of 31 March and follow uniform accounting policies as that of the Group for like transactions and events in similar circumstances.

NOTES TO THE FINANCIAL STATEMENTS

13 INVENTORIES

	GROUP		COMPANY	
	2020	2019	2020	2019
	US$	US$	US$	US$
Parent and commercial seed	17 208 895	14 192 440	1 016 852	1 016 774
Spares and general consumables	1 786 124	2 661 497	-	-
	18 995 019	**16 853 937**	**1 016 852**	**1 016 774**

13.1 Inventories are measured at the lower of cost and net realisable value.

13.2 Inventory recognized as an expense during the year:

Opening balance of inventory	16 853 937	12 636 140	1 016 774	218 149
Purchases/value-addition	37 759 964	34 473 248	2 812 827	2 306 946
Closing balance of inventory	(18 995 019)	(16 853 937)	(1 016 852)	(1 016 774)
	35 618 883	**30 255 451**	**2 812 748**	**1 508 321**

13.3 Some of the Group's and Company's inventories are pledged as security for liabilities as stated in notes 22.2 and 22.3

14 BIOLOGICAL ASSETS

	GROUP		COMPANY	
	2020	2019	2020	2019
	US$	US$	US$	US$
At 1 April	1,159,873	688,770	-	-
Increases due to new plantings	2,096,325	1,175,297	-	-
Harvested plants transferred to inventories	(1,722,090)	(469,577)	-	-
Exchange differences	(467,815)	(234,617)	-	-
At 31 March	**1,066,293**	**1,159,873**	**-**	**-**

14.1 The Group's biological assets comprise of plants not yet harvested that are used to produce parent seeds. The parent seeds are used to produce hybrid seeds which are sold to the market.

14.2 The biological assets have a short life cycle of less than one year and hence are classified as current.

The fair value approximates to cost hence no fair value adjustment are recorded. The fair value hierarchy is disclosed in note 32. To determine fair value, the group engages independent consultants (agronomists) to determine the estimated yield of seed crops in finance department then determine the fair value of the biological assets by applying the market price per tonne to the estimated yield.

14.3 The Group Finance Director reviews the fair value calculated for reasonableness.

14.4 The Group employs inspectors who visit the farms where the biological assets are grown fortnightly to ensure that sound agronomic practices are carried out. This reduces the risk of financial loss due to poor agronomic practices.

NOTES TO THE FINANCIAL STATEMENTS

15 TRADE AND OTHER RECEIVABLES

	Note	GROUP 2020 US$	GROUP 2019 US$	COMPANY 2020 US$	COMPANY 2019 US$
Gross trade receivables		45,812,170	37,756,921	8,451,594	7,048,423
Allowance for credit losses	15.2	(12,209,861)	(13,615,510)	(5,749,954)	(5,749,954)
Net trade receivables	15.1	**33,602,309**	**24,141,411**	**2,701,640**	**1,298,469**
Prepayments	15.5	1,246,398	2,589,339	-	889,003
Seed grower advances	15.6	1,934,146	1,844,192	-	-
Current tax asset		682,285	482,864	68,031	-
Other receivables	15.7	2,947,699	2,236,186	1,430,070	345,968
		40,412,837	**31,293,992**	**4,199,741**	**2,533,440**

15.1 Analysis of trade receivables ageing:

Past due < 60 days	10,209,786	3,596,212	42,805	232,829
Past due 60 days - 90 days	3,788,913	5,436,526	370,762	759,764
Past due > 90 days	17,633,296	11,799,034	1,930,822	281,500
Past due but not impaired	**31,631,995**	**20,831,772**	**2,344,389**	**1,274,093**
Neither past due nor impaired	1,970,314	3,309,639	357,251	24,376
	33,602,309	**24,141,411**	**2,701,640**	**1,298,469**

15.2 Allowance for credit losses reconciliation:

Balance at beginning of the year	13,615,510	7,538,788	5,749,954	4,975,416
Charge for the year through profit or loss	638,634	1,744,095	-	300,000
Charge for the year through equity	-	5,632,195	-	800,785
Written off	(97)	(88,585)	-	(326,247)
Recovered during the year	(360,812)	(30,294)	-	-
Exchange differences	(1,683,374)	(1,180,689)	-	-
Balance at the end of the year	**12,209,861**	**13,615,510**	**5,749,954**	**5,749,954**

15.3 Some of the Group's and Company's receivables are pledged as security for liabilities as stated in notes 21.2 and 21.3.

15.4 The Group's and Company's exposure to credit risks, related to trade receivables is disclosed in note 28.3.

15.5 Prepayments relate to amounts paid in advance for which the related goods will be received within twelve (12) months.

15.6 Seed grower advances relate to production inputs advanced to contracted seed producers for which the seed will be delivered within twelve (12) months.

15.7 Items included in other receivables include sundry debtors, staff loans, and VAT claims outstanding.

16 AMOUNTS DUE FROM RELATED ENTITIES

	GROUP 2020 US$	GROUP 2019 US$	COMPANY 2020 US$	COMPANY 2019 US$
Seed Co Enterprises	-	-	483,757	-
Seed Co Botswana	-	-	954,612	-
Seed Co South Africa	-	-	-	1,321,400
Seed Co Zambia	-	-	9,645,192	10,806,881
Seed Co DRC	-	-	-	-
Seed Co Malawi	-	-	1,383,941	3,951,378
Seed Co Tanzania	-	-	1,160,989	2,656,952
Agri Seed Co Kenya	-	-	6,267,789	4,072,209
Seed Co Rwanda	-	-	89,852	87,385
Agri Seed Co Nigeria	-	-	772,344	696,275
African Seed Company Ghana	-	-	127,881	936,946
Seed Co Limited Zimbabwe	8,747,712	16,968,094	6,477,909	9,436,611
Prime Seed Co Zimbabwe	60,588	316,694	-	-
Quton Zimbabwe	1,982	1,982	-	-
Prime Seed Co International	1,145,834	611,496	868,944	611,495
Prime Seed Co Zambia	642,311	273,908	-	-
Prime Seed Co Malawi	63,152	80,201	-	-
Prime Seed Co Tanzania	-	298,654	-	-
Prime Seed Co Kenya	809,675	635,248	-	-
Quton Malawi	76,310	199,596	-	-
Quton Tanzania	-	9,880	-	-
	11,547,564	**19,395,753**	**28,233,210**	**34,577,532**

16.1 Amounts owed by Group companies are generally on a short term basis and repayable within six (6) months.

16.2 Additional information on Group companies is provided in note 4

NOTES TO THE FINANCIAL STATEMENTS

17 OTHER CURRENT FINANCIAL ASSETS	GROUP		COMPANY	
	2020	2019	2020	2019
	US$	US$	US$	US$
At 1 April	295,564	1,304,954	-	-
Settled on maturity	(292,963)	(1,003,205)	-	-
Exchange differences	(2,601)	(6,185)	-	
	-	**295,564**	**-**	**-**

Other current assets relate to promissory notes which were received as a settlement for amounts owed by the Government of the Republic of Malawi in respect of seed sales. Prior year promissory notes were fully settled in June 2019 on maturity.

18 CASH AND CASH EQUIVALENTS	GROUP		COMPANY	
	2020	2019	2020	2019
	US$	US$	US$	US$
Cash at banks and on hand	10,398,198	13,904,063	2,654,163	7,140,982
Short-term deposits	630,359	10,573,970	-	8,097,129
	11,028,557	**24,478,033**	**2,654,163**	**15,238,111**

18.1 For the purpose of statements of cash flows, cash and cash equivalents comprise cash in hand, at bank and short-term/call deposits.

18.2 Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group and the Company, and earn interest at the respective short-term deposit rates, which bear interest ranging between 0% and 3%.

18.3 Some of the Group and Company's cash at bank are pledged as security for the borrowing facilities as described in notes 22.2 and 22.3.

19 STATED CAPITAL	Note	GROUP		COMPANY	
		2020	2019	2020	2019
19.1 Issued and fully paid up shares		Number	Number	Number	Number
At 1 April		379,331,127	1,190	379,331,127	1,524
Share issues	20 & 31.1	1,485,450	379,329,937	1,485,450	379,329,937
Share buyback	31.1		-		(334)
At 31 March		**380,816,577**	**379,331,127**	**380,816,577**	**379,331,127**
19.2 Issued and fully paid up capital		US$	US$	US$	US$
At 1 April		35,848,041	18,584,875	35,848,041	25,584,875
Share issues		401,929	17,263,166	401,929	17,263,166
Share buyback		-	-	-	(7,000,000)
At 31 March		**36,249,970**	**35,848,041**	**36,249,970**	**35,848,041**

19.3 The Group's and Company's authorised number of shares is 500,000,000.

19.4 The issued shares are at no par value.

NOTES TO THE FINANCIAL STATEMENTS

20 SHARE BASED PAYMENTS

Share options of the parent are granted to executive directors and senior management of the parent at the discretion of the Remuneration Committee. The exercise price of the share options is equal to the market price of the underlying shares on the date of grant. The share options vest if the beneficiary beneficiary remains employed within the Group at least three years after the grant date (service condition) and the market value of the shares on that date exceeds the exercise price (market condition).

The fair value of the share options is estimated at the grant date using the Black-Scholes option pricing model, taking into account the terms and conditions on which the share options were granted. However, the above market condition is only considered in determining the number of instruments that will ultimately vest.

The share options can be exercised up to seven years after the three-year vesting period and therefore, the contractual term of each option granted is ten years. This scheme was introduced in the 2019 financial year. The Group accounts for the SMP as an equity-settled plan.

	GROUP		COMPANY	
	2020	2019	2020	2019
	US$	US$	US$	US$
Carrying amount of the share based payment reserve:	321,885	330,704	321,885	330,704
Expense recognised for employee services rendered during the year:	393,110	330,704	393,110	330,704
	2020	2019	2020	2019
		Number		
Share options vested during the year	1,485,450	-	1,485,450	-

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in share options for the Group and Company

	2020		2019	
	Number	WAEP (US$)	Number	WAEP (US$)
Outstanding at 1 April	**4,375,238**	**0.42**	**-**	**-**
Granted during the year	1,520,193	0.52	4,375,238	0.42
Forfeited during the year	(398,306)	0.55	-	-
Exercised during the year	(1,485,450)	0.27	-	-
Outstanding at 31 March	**4,011,675**	**0.50**	**4,375,238**	**0.42**
Exercisable at 31 March	-	-	-	-

The following tables list the inputs to the models used for the share options for the Group and Company:

	2020	2019
Weighted average fair values at the measurement date (US$)	0.52	0.56
Dividend yield (%)	2.53%	2.74%
Expected volatility (%)	33.87%	29.00%
Risk–free interest rate (%)	4.45%	4.45%
Expected life of SARs (years)	2.91	3.03
Weighted average share price (US$)	0.38	0.57

NOTES TO THE FINANCIAL STATEMENTS

21 MATERIAL PARTLY OWNED SUBSIDIARIES

Financial information of the Group's subsidiaries that have material non-controlling interests is provided below:

The non-controlling interest in Seed Co Zambia was considered immaterial previously and recognised for the first time on 31 March 2020.

21.1 Proportion of equity interest held by non-controlling interests:

Name	Country of Incorporation	GROUP 2020	2019
Seed Co Zambia	Zambia	1%	1%
Agri Seed Co Nigeria	Nigeria	40%	40%
		US$	**US$**
Accumulated balances of material non-controlling interests:			
Seed Co Zambia		297,401	-
Agri Seed Co Nigeria		749,072	700,241
		1,046,473	**700,241**
Profit allocated to material non-controlling interest:			
Agri Seed Co Nigeria		**(124,142)**	**204**

21.2 The summarised financial information (before intercompany eliminations) of the subsidiaries with material non-controlling interests is provided below:

	Agri Seed Co Nigeria 2020	2019
Summarised income statement	**US$**	**US$**
Revenue	1,084,112	940,874
Cost of sales	(835,939)	(362,392)
Net operating expenses	(576,095)	(574,770)
Net finance (cost)/income	17,568	-
Income tax	-	(3,202)
Loss for the year	**(310,354)**	**510**
Other comprehensive loss	(561,578)	-
Total comprehensive loss	**(871,932)**	**510**
Attributable to non-controlling interests	(348,773)	204

	Seed Co Zambia 2020	Agri Seed Co Nigeria 2020	2019
Summarised statement of financial position	**US$**	**US$**	**US$**
Non-current assets	16,397,684	339,967	495,359
Current assets	35,046,618	3,171,461	2,498,278
Non-current liabilities	(1,122,728)	-	-
Current liabilities	(20,581,492)	(1,638,746)	(1,243,033)
Total equity	**29,740,082**	**1,872,682**	**1,750,604**
Attributable to:			
Equity holders of the parent	29,442,681	1,123,610	1,050,363
Non-controlling interest	297,401	749,072	700,241

	Agri Seed Co Nigeria 2020	2019
Summarised cash flow information	**US$**	**US$**
Operating	(933,517)	(2,615,041)
Investing	9,462	(264,090)
Financing	985,285	2,988,531
Net increase in cash and cash equivalents	**61,230**	**109,400**

NOTES TO THE FINANCIAL STATEMENTS

22 BORROWINGS

	Note	GROUP 2020 US$	GROUP 2019 US$	COMPANY 2020 US$	COMPANY 2019 US$
Barclays Bank Botswana	22.2	20,805,806	18,047,388	20,805,806	18,047,388
Stanbic Bank Botswana	22.3	13,221,662	12,750,136	13,221,662	12,750,000
Zanaco	22.4	5,074,759	4,459,494	-	-
African Enterprise Challenge Fund	22.5	-	380,000	-	-
		39,102,227	**35,637,018**	**34,027,468**	**30,797,388**

	GROUP 2020 US$	GROUP 2019 US$	COMPANY 2020 US$	COMPANY 2019 US$
Non-current	1,666,667	2,333,333	1,666,667	2,333,333
Current	37,435,560	33,303,685	32,360,801	28,464,055
	39,102,227	**35,637,018**	**34,027,468**	**30,797,388**

22.1 Borrowings reconciliation:	GROUP 2020 US$	GROUP 2019 US$	COMPANY 2020 US$	COMPANY 2019 US$
At 1 April	35,637,018	29,191,141	30,797,388	28,940,192
Proceeds from borrowings	18,593,577	35,988,566	15,891,156	30,797,388
Repayments of borrowings	(13,042,862)	(29,191,141)	(12,661,076)	(28,940,192)
Exchange difference	(2,085,506)	(351,548)	-	-
At 31 March	**39,102,227**	**35,637,018**	**34,027,468**	**30,797,388**

The maturity analysis of borrowings are shown in note 28.4.

22.2 Barclays Bank Botswana facility

Type of facility (description)	Revolving Credit Line Facility
Limit (currency)	$19m (2019: $19m)
Purpose (description)	Working Capital Funding
Tenure (days)	360 Days
Interest rate (%)	3 months LIBOR + 3.5% (2019: 3 months LIBOR + 3.5%)
Security details (description and currency)	Movable assets (including inventories and receivables) and guarantees

22.3 Stanbic Bank Botswana facility

Type of facility (description)	General Short Term Banking Facility
Limit (currency)	$16.5m (2019: $16.5m)
Purpose (description)	Working Capital Funding
Tenure (days)	360 Days
Interest rate (%)	3 months LIBOR + 3.5% (2019: 3 months LIBOR + 3.5%)
Security details (description and currency)	Movable assets (including inventories and receivables) and guarantees

22.4 Zanaco facility

Type of facility (description)	Short Term Facility
Limit (currency)	ZMW 96m (ZMW 50m)
Purpose (description)	Working Capital
Tenure (days)	360 days
Interest rate (%)	20% (2019: 16%)
Security details (description and currency)	Buildings

22.5 African Enterprise Challenge Fund loan

Type of facility (description)	Repayable grant
Limit (currency)	$400k ($400k)
Purpose (description)	Last mile penetration
Tenure (days)	1,440 days
Interest rate (%)	0% (2019: 0%)
Security details (description and currency)	N/A

22.6 Undrawn committed borrowing facilities

	GROUP 2020 US$	GROUP 2019 US$	COMPANY 2020 US$	COMPANY 2019 US$
Total facilities available	45,500,000	45,000,000	35,500,000	40,500,000
Facilities utilised at year end	(39,102,227)	(35,637,018)	(34,027,468)	(30,797,388)
Unutilised borrowing capacity	**6,397,773**	**9,362,982**	**1,472,532**	**9,702,612**

NOTES TO THE FINANCIAL STATEMENTS

23 TRADE AND OTHER PAYABLES	GROUP		COMPANY	
	2020	2019	2020	2019
	US$	US$	US$	US$
Trade payables	5,208,477	5,069,055	575,592	177,936
Accruals and other creditors	3,564,646	1,782,819	338,393	225,770
	8,773,123	**6,851,874**	**913,985**	**403,706**

23.1 Trade payables are non-interest bearing and are normally settled on sixty (60) day terms.

23.2 Accruals and other creditors are non-interest bearing and have an average term of ninety (90) days.

23.3 The carrying amounts of trade and other payables is a reasonable approximation of their fair values as at the end of the reporting period.

23.4 The maturity analysis of trade and other payables are shown in note 28.4.

24 AMOUNTS DUE TO RELATED ENTITIES	GROUP		COMPANY	
	2020	2019	2020	2019
	US$	US$	US$	US$
Seed Co Botswana	-	-	-	1,752,714
Seed Co South Africa	-		84,564	
Seed Co Zambia	-	-	3,174,362	5,421,030
Seed Co Malawi	-		77,838	
Seed Co Zimbabwe	1,074,844	5,268,398	-	3,968,295
Prime Seed Co Zimbabwe	181,516	35,102	121,471	-
Prime Seed Co International	-	33,858	-	-
Prime Seed Co Kenya	17,638		-	
	1,273,998	**5,337,358**	**3,458,235**	**11,142,039**

24.1 Amounts owed to Group companies are generally on a short term basis and repayable within six (6) months. Defaults attract interest at 5 % per annum.

24.2 Additional information on Group companies is provided in note 4.

24.3 The maturity analysis of amounts due to related entities are shown in note 28.4.

NOTES TO THE FINANCIAL STATEMENTS

25 PROVISIONS

		GROUP		COMPANY	
		2020	2019	2020	2019
	Note	US$	US$	US$	US$
At 1 April		1,642,556	1,207,151	729,244	126,296
Arising during the year		1,828,823	748,760	179,344	692,350
Utilised during the year		(1,187,440)	(178,627)	(574,210)	(89,402)
Exchange differences		(282,055)	(134,728)	-	-
At 31 March		**2,001,884**	**1,642,556**	**334,378**	**729,244**

		GROUP		COMPANY	
		2020	2019	2020	2019
25.1 Provisions are made up of:		US$	US$	US$	US$
Severance pay	25.2	3,277	102,221	-	-
Leave pay	25.3	484,471	468,112	104,693	121,066
Bonus	25.4	1,514,136	1,072,223	229,685	608,178
		2,001,884	**1,642,556**	**334,378**	**729,244**

	GROUP		COMPANY	
	2020	2019	2020	2019
25.2 Severance pay provision reconciliation	US$	US$	US$	US$
At 1 April	102,221	218,698	-	30,476
Arising during the year	2,537	36	-	-
Utilised during the year	(93,243)	(79,351)	-	(30,476)
Exchange differences	(8,238)	(37,162)	-	-
At 31 March	**3,277**	**102,221**	**-**	**-**

The provision is in respect of severance pay or other terminal benefits up to the end of the reporting period in accordance with the conditions of employment or governing laws.

	GROUP		COMPANY	
	2020	2019	2020	2019
25.3 Leave pay provision reconciliation	US$	US$	US$	US$
At 1 April	468,112	241,850	121,066	44,740
Arising during the year	204,793	254,506	27,399	84,172
Utilised during the year	(112,654)	(11,726)	(43,772)	(7,846)
Exchange differences	(75,780)	(16,518)	-	-
At 31 March	**484,471**	**468,112**	**104,693**	**121,066**

The provision is in respect of leave accrued up to the end of the reporting period in accordance with the conditions of employment.

	GROUP		COMPANY	
	2020	2019	2020	2019
25.4 Bonus provision reconciliation	US$	US$	US$	US$
At 1 April	1,072,223	746,603	608,178	51,080
Arising during the year	1,621,492	494,218	151,946	608,178
Utilised during the year	(981,543)	(87,550)	(530,439)	(51,080)
Exchange differences	(198,036)	(81,048)	-	-
At 31 March	**1,514,136**	**1,072,223**	**229,685**	**608,178**

The provision is in respect of performance bonus payable to the staff of the Group and Company and is subject to approval by the Remuneration Committee and the Board of Directors.

25.5 All the provisions are expected to be utilised within the next twelve (12) months.

NOTES TO THE FINANCIAL STATEMENTS

26 RELATED PARTIES' TRANSACTIONS AND BALANCES

During the reporting period, the Group and Company entered into transactions with some of these parties. These transactions and period-end balances are summarized below:

			GROUP		COMPANY	
			2020	2019	2020	2019
26.1	**Related party transactions**	**Note**	**US$**	**US$**	**US$**	**US$**
26.1.1	**Sale of goods**					
	Seed Co Limited Zimbabwe		1,273,360	1,094,610	528,479	-
	Prime Seed Co Zimbabwe		57,542	-	-	-
	Prime Seed Co Malawi		11,508	-	-	-
	Prime Seed Co Tanzania		33,420	-	-	-
			1,375,830	**1,094,610**	**528,479**	**-**

		GROUP		COMPANY	
		2020	2019	2020	2019
26.1.2	**Purchase of goods**	**US$**	**US$**	**US$**	**US$**
	Seed Co South Africa	-	-	29,872	-
	Seed Co Zambia	-	-	1,379,739	1,450,110
	Seed Co Malawi	-	-	377,687	-
	Seed Co Limited Zimbabwe	928,223	-	405,449	-
	Prime Seed Co Zimbabwe	476,341	-	476,341	-
	Prime Seed Co Kenya	1,596	-	-	-
		1,406,160	**-**	**2,669,088**	**1,450,110**

		GROUP		COMPANY	
		2020	2019	2020	2019
26.1.3	**Dividend received**	**US$**	**US$**	**US$**	**US$**
	Seed Co Zambia	-	-	1,842,795	9,219,274
	Seed Co Malawi	-	-	414,088	478,696
	Seed Co Tanzania	-	-	510,000	1,249,343
	Agri-Seed Co Kenya	-	-	-	183,338
		-	**-**	**2,766,883**	**11,130,651**

		GROUP		COMPANY	
		2020	2019	2020	2019
26.1.4	**Dividend paid**	**US$**	**US$**	**US$**	**US$**
	Seed Co Limited Zimbabwe	363,206	93,124	343,612	-
	Vilmorin & Cie	387,809	-	387,809	-
		751,015	**93,124**	**731,421**	**-**

		GROUP		COMPANY	
		2020	2019	2020	2019
26.1.5	**Royalty income**	**US$**	**US$**	**US$**	**US$**
	Seed Co South Africa	-	-	40,437	-
	Seed Co Zambia	-	-	618,677	-
	Seed Co Tanzania	-	-	284,347	-
	Agri-Seed Co Kenya	-	-	237,877	-
		-	**-**	**1,181,338**	**-**

		GROUP		COMPANY	
		2020	2019	2020	2019
26.1.6	**Royalty expense**	**US$**	**US$**	**US$**	**US$**
	Seed Co Limited Zimbabwe	**1,702,964**	**2,034,050**	**869,995**	**18,875**

NOTES TO THE FINANCIAL STATEMENTS

	GROUP		COMPANY	
	2020	2019	2020	2019
26.1.7 Management fee income	US$	US$	US$	US$
Seed Co Botswana	-	-	157,067	181,781
Seed Co South Africa	-	-	66,521	57,405
Seed Co Zambia	-	-	839,016	1,028,947
Seed Co Malawi	-	-	381,418	581,405
Seed Co Tanzania	-	-	426,942	335,636
Agri-Seed Co Kenya	-	-	274,852	217,066
Seed Co Limited (Zimbabwe)	608,409	719,780	608,409	719,780
Vilmorin & Cie	182,175	181,624	-	181,624
	790,584	**901,404**	**2,754,225**	**3,303,644**

	GROUP		COMPANY	
	2020	2019	2020	2019
26.1.8 Management fee expense	US$	US$	US$	US$
Seed Co Enterprises	-	-	2,385,127	-

	GROUP		COMPANY	
	2020	2019	2020	2019
26.1.9 Interest income	US$	US$	US$	US$
Seed Co Botswana	-	-	-	-
Seed Co Zambia	-	-	879,224	610,857
Seed Co Malawi	-	-	258,418	314,207
Seed Co Tanzania	-	-	35,235	48,774
Agri-Seed Co Kenya	-	-	192,425	99,111
Seed Co Limited (Zimbabwe)	301,888	620,020	301,888	323,656
Prime Seed Co Zimbabwe	-	-	-	-
Prime Seed Co International	19,257	12,212	19,257	12,212
Related persons	13,444	9,248	-	9,248
	334,589	**641,480**	**1,686,447**	**1,418,065**

	GROUP		COMPANY	
	2020	2019	2020	2019
26.1.10 Interest expense	US$	US$	US$	US$
Seed Co Botswana	-	-	206,169	-

	GROUP		COMPANY	
	2020	2019	2020	2019
26.1.11 Directors' emoluments	US$	US$	US$	US$
Short term benefits	1,483,701	1,422,668	859,393	1,422,668
Directors' fees	200,088	119,424	200,088	119,424
	1,683,789	**1,542,092**	**1,059,481**	**1,542,092**

Short-term benefits include salaries, bonuses, allowances and Group/Company contributions towards pension and medical aid.

26.2 Related party balances

		GROUP		COMPANY	
		2020	2019	2020	2019
26.2.1 Due from related parties		US$	US$	US$	US$
Due from related entities	16	11,757,777	19,395,753	30,383,207	34,577,532
Due from related persons		249,195	391,067	-	391,067
		12,006,972	**19,786,820**	**30,383,207**	**34,968,599**

		GROUP		COMPANY	
		2020	2019	2020	2019
26.2.2 Due to related parties		US$	US$	US$	US$
Due to related entities	24	**1,273,998**	**5,337,358**	**3,458,235**	**11,142,039**

NOTES TO THE FINANCIAL STATEMENTS

27 COMMITMENTS AND CONTINGENCIES

27.1 Commitments

	GROUP		COMPANY	
	2020	2019	2020	2019
27.1.1 Capital expenditure commitments	US$	US$	US$	US$
Approved by the directors but not yet contracted for	7,872,563	7,179,296	565,082	166,100

27.1.3 Seed production

The Group, through its subsidiaries in Zambia, Malawi, Tanzania, Kenya and Nigeria, contracts growers to produce seed on its behalf every year. The seed production process takes approximately six (6) months. This gives the business the right to obtain the economic benefits from use of the farmer's land earmarked for seed production. The Group compensates the growers on seed delivery as agreed in the contract. Grower contracts are negotiated every year depending on the Group's seed volume requirements. The number and composition of growers varies every year depending on the Group's seed volume requirements and past grower performance. The farmer has the right to convert for his use the portion of land previously used for the Group's seed production upon harvest.

27.2 Contingent liabilities

	GROUP		COMPANY	
	2020	2019	2020	2019
	US$	US$	US$	US$
Unresolved Tanzania Revenue Authority tax assessments	166,920	465,439	-	-

27.2.1 Tanzania Revenue Authority assessment

Seed Co Tanzania had unresolved tax assessment on Corporate tax, Withholding tax and Skills and Development Levy (SDL), with possible loss of TZS 0.385 billion (2019: TZS 1.074 billion) approximately. Part of the balance from prior year was settled and expensed in current year. The subsidiary submitted detailed documentation to the revenue authority to support its objections on the balance and awaiting the final determination on the appeal.

27.3 Undertaking provided to subsidiaries

27.3.1 Seed Co Zambia

At 31 March 2020; Seed Co International Limited as guarantor on behalf of its subsidiaries namely Seed Co Botswana, Agri Seed Co Kenya, Seed Co Malawi and Seed Co Tanzania in favour of Seed Co Zambia (the guanranteed party) undertook to comply with any claim made against it by the guaranteed party for any seed exports made by the guaranteed party to the aforementioned subsidiaries up to a sum not exceeding US$10 million. Management does not expect any liability to arise against the Company from this arrangement.

27.3.2 African Seed Company Ghana

At 31 March 2019, Seed Co International Limited pledged financial support that may be required to enable African Seed Company Ghana Limited to pay their liabilities as they fall due. Since its inception in the previous financial year, African Seed Company Ghana Limited has been making losses.

27.4 Guarantees

Stanbic Bank Botswana provided financial guarantees to Botswana Unified Revenue Service (BURS) for VAT deferral accounts in favour of Seed Co Botswana as shown below:l

	GROUP		COMPANY	
	2020	2019	2020	2019
	US$	US$	US$	US$
	32,128	32,498	-	-

NOTES TO THE FINANCIAL STATEMENTS

28 FINANCIAL INSTRUMENTS

The Group's and Company's financial assets comprise of trade receivables (note 15); related party receivables (notes 16 and 26.2.1); government promissory notes (note 17) and cash and short-term deposits (note 18) that arise directly from its operations.

The Group's and Company's financial liabilities comprise of borrowings (note 22), lease liabilities (note 10.2) trade payables (note 23) and related party payables (notes 24 and 26.2.2). The main purpose of these financial liabilities is to finance the Group's and Company's operations.

The Group's and Company's policy prohibits trading in financial instruments.

28.1 Fair values

All financial instruments are measured at amortized cost. However, the carrying amount of all financial instruments shown on the financial statements approximate their fair values largely due to the short-term maturities of these instruments

.

The fair value of the financial assets and liabilities is estimated to be the amount at which the instrument could be exchanged in a transaction between willing parties, other than in a forced or liquidation sale.

28.2 Financial instruments risk management objectives and policies

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks while the Audit Committee reviews and approves policies for managing each of these risks which are summarised below:.

28.2.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include receivables; cash and cash equivalents; payables and borrowings.

The sensitivity analyses in the following sections relate to the position as at 31 March in 2020 and 2019.

The following assumptions have been made in the sensitivity analyses:
- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2020 and 2019.
- There is no impact on equity besides the increase/decrease in retained earnings due to change in profit or loss.

28.2.1a) Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

The Group manages its interest rate risk by having most of its borrowings in short term US Dollar based LIBOR linked rate of interest. This rate is generally stable with minimal movements in the rate.

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

		GROUP		COMPANY	
		2020	2019	2020	2019
		US$	US$	US$	US$
Increase in basis points	+50	(195,511)	(178,185)	(170,137)	(153,987)
Decrease in basis points	-50	195,511	178,185	170,137	153,987

28.2.1b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (monetary assets or liabilities are denominated in a foreign currency).

The Group operates in several countries in Africa and is exposed to foreign exchange risk arising from the volatility of some of the respective local functional currencies primarily against the US Dollar, which is the Group's and Company's presentation currency.

The Group manages its foreign currency risk by balancing its foreign denominated assets and liabilities so that any negative movements in one are compensated by positive movements in the other.

Foreign currency rate sensitivity
The table below demonstrates the sensitivity to a reasonably possible change in US dollar exchange rate against the various currencies across the Group, with all other variables held constant, on the Group's and Company's profit before tax. A 10% change is considered as a reasonably possible change in US$ exchange rate against the respective currencies by the Group Board. The impact on the Group's/Company's profit before tax is due to changes in the value of monetary assets and liabilities induced by exchange rate movements.

NOTES TO THE FINANCIAL STATEMENTS

The Company is exposed to the fluctuation of the ZAR and BWP against the US$ as some of its monetary assets and liabilities are denominated in those currencies.

		GROUP		COMPANY	
		2020	2019	2020	2019
		US$	US$	US$	US$
Local currencies weakening against US$	-10%	633,272	1,632,703	204,318	109,440
Local currencies firming against US$	+10%	(643,977)	(1,632,703)	(204,318)	(109,440)

28.3 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its deposits in the custody of financial institutions.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by bank guarantees. There was no significant change in the current period on the quality of the bank guarantees in place. No loss allowances are made against bank guaranteed receivables as bank generally make good the outstanding amount within a reasonably short period of time in the rare cases where bank guaranteed customers default. The Group does not hold any collateral. The maximum exposure to credit risk is equal to the carrying amount as per the statement of financial position.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. geographical region and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product, inflation and interest rates) are expected to deteriorate over the next year which can lead to an increased number of defaults in the agricultural sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Generally, trade receivables are written-off if past due for more than two (2) years except for intercompany debtors and sovereign Government debt.

The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are fairly distributed across several jurisdictions as mentioned in note 34.3.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

GROUP

At 31 March 2020	Trade receivables				
		Days past due			
	Current	< 60 days	60 to 90 days	> 90 days	Total
Expected credit loss rate	0%	10%	14%	35%	
Estimated total gross carrying amount at default	1,970,314	6,958,455	7,040,244	29,829,768	**45,798,781**
Expected credit loss	-	685,672	982,614	10,541,575	**12,209,861**

At 31 March 2019	Trade receivables				
		Days past due			
	Current	< 60 days	60 to 90 days	> 90 days	Total
Expected credit loss rate	3%	16%	50%	83%	
Estimated total gross carrying amount at default	16,925,149	3,596,212	5,436,526	11,799,034	**37,756,921**
Expected credit loss	528,655	575,394	2,718,263	9,793,198	**13,615,510**

NOTES TO THE FINANCIAL STATEMENTS

COMPANY

At 31 March 2020	**Trade receivables**				
		Days past due			
	Current	**< 60 days**	**60 to 90 days**	**> 90 days**	**Total**
Expected credit loss rate	0%	0%	0%	75%	
Estimated total gross carrying amount at default	357,251	42,805	370,762	7,680,776	**8,451,594**
Expected credit loss	-	-	-	5,749,954	**5,749,954**

At 31 March 2019	**Trade receivables**				
		Days past due			
	Current	**< 60 days**	**60 to 90 days**	**> 90 days**	**Total**
Expected credit loss rate	0%	0%	0%	95%	
Estimated total gross carrying amount at default	24,376	232,829	759,764	6,031,454	**7,048,423**
Expected credit loss	-	-	-	4,975,416	**5,749,954**

Cash and cash equivalents and other financial assets
Credit risk from balances with the government and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within limits assigned to each counterparty. Counterparty limits are reviewed by the Group's Audit Committee on a regular basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. The maximum exposure to credit risk is equal to the carrying amount as per the statement of financial position.

The Group evaluates the concentration of risk with respect to bank deposits as low since the Group's cash and cash equivalents balances are spread across the various banks in the countries the Group's operates in.

28.4 Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter in meeting commitments associated with financial liabilities because of the possibility that the Group or the Company may be required to pay its . liabilities earlier than expected The liquidity risk arises if the Group or the Company defaults in its loan commitments or in meeting other conditions of the financial liabilities.

The table below summarises the maturity profile of the Group's and Company's financial liabilities based on contractual undiscounted payments:

GROUP	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Total**
At 31 March 2020	**US$**	**US$**	**US$**	**US$**	**US$**
Borrowings	-	-	37,435,560	1,666,667	39,102,227
Lease liabilities	-	11,154	453,215	619,587	1,083,956
Trade and other payables	2,044,747	5,130,388	1,597,988	-	8,773,123
Amounts due to related entities	483,202	-	790,796	-	1,273,998
	2,527,949	**5,141,542**	**40,277,559**	**2,286,254**	**50,233,304**

	On demand	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Total**
At 31 March 2019	**US$**	**US$**	**US$**	**US$**	**US$**
Borrowings	-	380,000	32,923,685	2,333,333	35,637,018
Lease liabilities	-	-	-	-	-
Trade and other payables	-	6,851,874	-	-	6,851,874
Amounts due to group companies	-	-	5,337,358	-	5,337,358
	-	**7,231,874**	**38,261,043**	**2,333,333**	**47,826,250**

NOTES TO THE FINANCIAL STATEMENTS

COMPANY	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
At 31 March 2020	**US$**	**US$**	**US$**	**US$**	**US$**
Borrowings	-	-	32,360,801	1,666,667	34,027,468
Lease liabilities	-	-	-	-	-
Trade and other payables	-	913,985	-	-	913,985
Amounts due to group companies	-	-	3,458,235	-	3,458,235
	-	**913,985**	**35,819,036**	**1,666,667**	**38,399,688**

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
At 31 March 2019	**US$**	**US$**	**US$**	**US$**	**US$**
Borrowings	-	-	28,464,055	2,333,333	30,797,388
Amounts due to group companies	-	-	11,142,039	-	11,142,039
Trade and other payables	-	403,706	-	-	403,706
	-	**403,706**	**39,606,094**	**2,333,333**	**42,343,133**

The Group and Company ensure timely payments of all loan commitments, which are mainly in the form of bank overdrafts, and are reviewed every six (6) to twelve (12) months. Timely arrangements are made with the review facilities before they expire to avoid default.

The Group and Company are principally funded through centrally arranged facilities through the Company, Seed Co International Limited. As part of its treasury functions, Seed Co International Limited has short-term financing from Stanbic Bank Botswana and Barclays Bank Botswana in place.

The Group and Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within six (6) months can be rolled over with existing lenders.

29 EFFECT OF ADOPTING IFRS 16

29.1 The effect of adoption IFRS 16 as at 1 April 2019 (increase/(decrease)) is, as follows:

	GROUP		COMPANY	
	2020	**2019**	**2020**	**2019**
Assets	**US$**	**US$**	**US$**	**US$**
Right-of -use assets	999,325	-	-	-
Prepayments	(43,894)	-	-	-
Total assets	**955,431**	**-**	**-**	**-**
Liabilities				
Lease liabilities	1,046,335	-	-	-
Deferred tax liabilities	-	-	-	-
Trade and other payables	-	-	-	-
Total liabilities	**1,046,335**	**-**	**-**	**-**
Total adjustment on equity:				
Retained earnings	(90,904)	-	-	-
Non-controlling interest	-	-	-	-
	(90,904)	**-**	**-**	**-**

Based on the above, as at 1 April 2019:

29.1.1 Right-of -use assets and lease liabilities were recognised and presented separately in the statement of financial position.

29.1.2 Prepayments and trade and other payables related to previous operating leases were derecognised.

29.1.3 Deferred tax liabilities decreased because of the deferred tax impact of the changes in assets and liabilities.

29.1.4 The net effect of these changes had been adjusted to retained earnings and non-controlling interest.

NOTES TO THE FINANCIAL STATEMENTS

29.2 The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019, as follows:

	GROUP US$
Operating lease commitments as at 31 March 2019	1,184,543
Weighted average incremental borrowing rate as at 1 April 2019	9%
Discounted operating lease commitments as at 1 April 2019	1,164,716
Less:	
Commitments relating to short-term leases	-
Commitments relating to leases of low-value assets	(74,487)
Add:	
Commitments relating to leases previously classified as finance leases	-
Lease payments relating to renewal periods not included in operating lease commitments as at 31 March 2019	(43,894)
Lease liabilities as at 1 April 2019	**1,046,335**

30 EVENTS AFTER THE REPORTING DATE

30.1 Dividend

The Board did not declare a dividend (2019: 0.33 cents per share).

Proposed dividends on ordinary shares are subject to approval at the annual general meeting to be held before the end of September 2019 and are not recognised as a liability as at 31 March.

The dividend is gross of withholding tax. Withholding tax is at the expense of the shareholders.

In terms of the Botswana Income Tax Act (Cap 50:01) as amended, withholding tax at the rate of 7.5% or any other currently enacted tax, will be deducted from the final gross dividend for the year ended 31 March 2020 (2019: 7.5%),where applicable.

30.2 Covid-19 outbreak

Covid-19 was first diagnosed in Africa in March 2020 just before the Group's financial year end date. The disease has continued spreading across the continent beyond the Group's reporting date. To curb the outbreak, various regional Governments in the countries the Group operates instituted a variety of measures ranging from curfews and movement restrictions to complete lockdowns in the period subsequent to the Group's financial reporting date.

The emergency measures adopted by Governments in different markets had a limited impact on the Group's operations for the year ended 31 March 2020 as most sales had already been concluded in December 2019. While there have been no recorded cases of Covid-19 within the Group, other value-chain operations of the business were affected, albeit minimally, as the agriculture business of the Group fell under legally protected essential services that did not shut down completely. In response to the catastrophic effects of the pandemic on lives and business, the Group swiftly formulated and implemented a Business Continuity Plan (“BCP”).

Between the reporting date and the date these financial statements were approved by the Board, Management concluded that the effect of the pandemic and the measures taken to contain its spread were non-adjusting post balance sheet events.

Without quantifying, due to the difficulty of doing so, Management considered the following in its assessment of the impact of Covid-19 on the Group thus far and prospectively.

30.2.1 Seed demand by customers

The Group takes some comfort from the fact that the seed business is at the start of the food value chain and this strategic positioning puts the business in good stead to benefit from the efforts of Governments, development partners, major customers and other key stakeholders to ensure continued food security for the markets the Group serves during and post the pandemic.

30.2.2 Seed supply by growers

The Group had already contracted growers to produce seed by the time Covid-19 was diagnosed in Africa and the concomitant movement restrictions were enacted by Governments in response. Since then, seed production and the related activities have continued with minimal interruptions since the Group's operations were designated as essential services. The Group is therefore adequately stocked to meet anticipated demand in the ensuing season.

30.2.3 Operating expenses

With most of the Group's knowledge workers forced to work remotely, Management anticipates an increase in information technology (IT), communication and cyber-security costs. However, these are expected to be fully offset by office utility and transport cost savings.

NOTES TO THE FINANCIAL STATEMENTS

30.2.4 Currency volatility

The impact of the significant softening of regional currencies against the Group's US$ reporting currency up to 31 March 2020 were taken into account in preparation of these financial statements. The effects were mainly on foreign denominated monetary items (cash, receivables, payables and borrowings balances) in the books of the Company and its various subsidiaries with the associated gains and losses recorded in profit and loss. In addition, the prevailing rates (average and closing) were used to translate the subsidiaries' financial statements to the Group's US$ presentation currency with the resulting exchange differences recorded in other comprehensive income. Subsequent to the reporting date, the Group has seen a partial recovery in most of the regional currencies.

30.2.5 Credit losses on receivables

The Group's forward looking Expected Credit Loss (ECL) model at 31 March 2020 applied projected Consumer Price Index (CPI), Gross Domestic Product (GDP), Interest Rates, Inflation Rates and Unemployment Rates. The credit loss arrived at from this calculation was expensed on the income statement and provided for against trade receivables on the statement of financial position. With the limited fiscal runway available to most regional Governments to respond to the Covid-19 crisis, Management believes that this dire situation will be relieved through the advances from multilateral financial institutions for Covid-19 response which will help free up existing Government resources to honour existing obligations to the Group.

30.2.6 Interest rate adjustments

Regional central banks generally loosened their monetary policies (a combination of increasing money supply and reducing interest rates) which should culminate in a lower cost of borrowing for the Group on renewal of loan and overdraft facilities.

31 EARNINGS PER SHARE (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS computations:

	GROUP	
	2020	**2019**
	US$	**US$**
Profit attributable to ordinary equity holders of the parent for basic earnings	**6,263,272**	**3,778,030**
Effect of dilution	-	-
Profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution	**6,263,272**	**3,778,030**
Weighted average number of ordinary shares for basic EPS	**216,919,766**	**216,063,400**
Equity settled share appreciation rights with dilutive impact	-	1,182,475
Weighted average number of ordinary shares adjusted for the effect of dilution	**216,919,766**	**217,245,874**

	GROUP	
Earnings per share	**2020**	**2019**
Basic earnings per share - cents	**2.89**	**1.75**
Diluted earnings per share - cents	**2.89**	**1.74**

NOTICE TO SHAREHOLDERS

Notice is hereby given that the **20th Annual General Meeting** of Members of Seed Co International Limited **("the Company")** will be held via a Virtual Meeting on **Wednesday the 26th of August 2020, at 0900 hours.** Members will be asked to consider, and if deemed fit, to pass with or without modification, the resolutions set out below: -

ORDINARY BUSINESS: -As ordinary resolutions:

1. Approval of Financial Statements and Reports
•To receive, consider and adopt the Annual Financial Statements and Reports of the Directors and Auditors for the year ended 31 March 2020.

2. Appointment of Directors
•To note the retirement of Mr Neil Armstrong from the Board effective after the AGM in terms of Article 12.2.8 of the Articles of Association.
•To note the retirement of Mr Samson Ruwisi from the Board effective after the AGM in terms of Article 12.2.8 of the Articles of Association.
•To note the retirement of Mr Chance Kabaghe who retire by rotation in terms of Article 12.2.8 of the Articles of Association, and who being eligible, offer himself for re-election.
•To elect new Directors in place of Messrs Neil Armstrong and Samson Ruwisi who are retiring from the Board, Messrs Kushatha Moswela and Rudolph de Wet and who being eligible, offer themselves for election. Motions for election will be moved individually.

3. Approval of Directors' fees
To note the approval of Directors' fees for the year ended 31 March 2020.

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

5. Dividend
•No dividend has been declared for the year ended 31 March 2020 in order to preserve cash resources and safeguard the business amidst the COVID-19 Pandemic.

Registration of the AGM
•In light of the current worldwide regulations which prohibit gatherings in excess of 50 people and promoting social distance on account of the COVID-19 pandemic, the Annual General Meeting will be held virtually. Members can participate using the following link **https://eagm.creg.co.zw/eagmzim/Login.aspx#.** Please contact **Setfree Nhapi** for assistance with registration for the annual general meeting, email: **setfree@escrogroup.org**

Annual Report
The Company's Annual Report is now available on the Company's website, **https://www.seedcogroup.com/investors/results/annual-reports**, copies of the Annual Report have also been sent to Shareholders whose emails are on record.

By Order of the Board

TN Chimanya
Group Secretary
22 July 2020

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

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

SHAREHOLDER ANALYSIS

	31 MARCH 2020		31 MARCH 2019	
MAJOR SHAREHOLDERS	**Number of shares**	**Percentage holding**	**Number of shares**	**Percentage holding**
VILMORIN & CIE	117,517,794	30.86%	117,517,794	30.98%
SEED CO LIMITED	104,124,874	27.34%	104,124,874	27.45%
OLD MUTUAL LIFE ASS CO ZIM LTD	31,942,620	8.39%	32,310,282	8.52%
Total	**253,585,288**	**66.59%**	**253,952,950**	**66.95%**

	31 MARCH 2020			31 MARCH 2019		
SHAREHOLDER SPREAD	**Number of shareholders**	**Number of shares**	**Percentage holding**	**Number of shareholders**	**Number of shares**	**Percentage holding**
VILMORIN & CIE	1	117,517,794	30.86%	1	117,517,794	30.98%
SEED CO LIMITED	1	104,124,874	27.34%	1	104,124,874	27.45%
KEY PERSONS OTHER THAN DIRECTORS	26	1,153,450	0.30%	-	-	0.00%
DIRECTORS	3	332,000	0.09%	-	-	0.00%
NON-PUBLIC SHAREHOLDERS	**31**	**223,128,118**	**58.59%**	**2**	**221,642,668**	**58.43%**
PUBLIC SHAREHOLDERS	14,318	157,688,459	41.41%	14,307	157,688,459	41.57%
TOTAL	**14,349**	**380,816,577**	**100.00%**	**14,309**	**379,331,127**	**100.00%**

GROUP ADMINISTRATION

DIRECTORS
D E B Long (Chairman)
M Nzwere (Group Chief Executive Officer)
J Matorofa (Group Chief Finance Officer)
D Jacquemond
N Armstrong
F Azanza
A G Barron
R C D Chitengu
P Gowero
M S Ndoro
C Kabaghe
F Savin
P Spadin
S Ruwisi

BOARD COMMITTEES
Audit Committee
M S Ndoro (Chairman)
R C D Chitengu
D Jacquemond

Remuneration Committee
P Gowero (Chairman)
D E B Long
M S Ndoro

Seed Co Zambia
C Kabaghe (Chairman)
G Bwanali (Managing Director)
F Banda
D Clements
P Francis
D E B Long
J Matorofa
M Nzwere
E Rupende
L Yondela (Finance Director)

Seed Co Malawi
A Barron (Chairman)
D E B Long
B Luwe (General Manager)
S Malata
J Matorofa
S Mbanda (Finance Director)
M Nzwere

Seed Co Tanzania
J Kabissa (Chairman)
C Kedera
J Matorofa
C Mugadza (Managing Director)
M S Ndoro (Chairman)
M Nzwere
K Sibuga

Seed Co Mozambique
D Zaranyika (Regional Managing Director)
Dr E Mhandu (DMD)
S Munakamwe (Country Manager)

Seed Co Botswana
N Armstrong (Chairman)
G Bwanali
J Matorofa
M Nzwere
S Ruwisi (General Manager)

Agri Seed Co Kenya
J Kabissa (Chairman)
C Kedera
J Matorofa
M S Ndoro
M Nzwere
W Wasike (General Manager)

Seed Co Ghana
M Nzwere (Chairman)
J Derera
C Fambisayi
E Tembo
J Matorofa
R Mahama
Dr T Chagomoka (Country Manager)

Seed Co Angola & DRC
S Malekani (Country Manager)

Seed Co Great Lakes
K Banage (Country Manager)

COMPANY SECRETARY
E Kalaote

GROUP EXECUTIVES
J Derera - Research
C Fambisayi - Business Development
C Murandu - Marketing
P Mutandwa - Human Resources
D Ncube - Internal Audit
E Rupende - Production and Processing
S Ruwisi - Treasury
T Chimanya - Legal & Corporate Affairs

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Close Plot 64516, Fairgrounds
Gaborone
Botswana

REGISTERED OFFICE
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Phakalane
Gaborone
Botswana

SEED CO INTERNATIONAL LIMITED

TWENTIETH ANNUAL GENERAL MEETING
FORM OF PROXY

To be held via a Virtual Meeting on Wednesday the 26th of August 2020, at 0900 hours.

I/We _____

of _____

being a member of Seed Co Limited hereby appoint

of _____

or failing him/ her _____

of _____

or failing him/ her, the chairman of the company, or failing him, the chairman of the meeting as my/ our proxy to vote for me/ us on my/ our behalf at the Annual General Meeting of the Company to be held on **Wednesday the 26th of** August 2020 and at any adjournment thereof.

Signed on this _____ day of _____ 2020

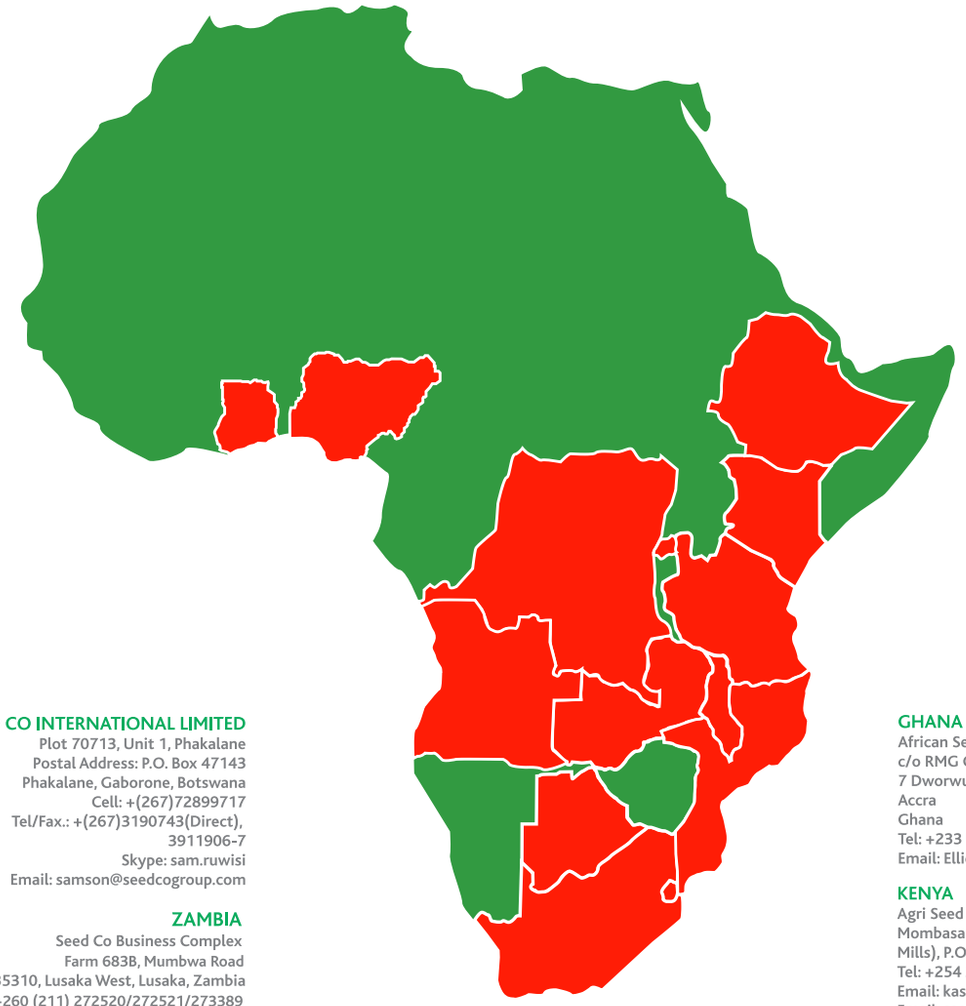
Signature of member

Notes

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

SEED CO

The African Seed Company



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