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 (the Group) set out on pages 11 to 87, which comprise the consolidated and separate statements of financial position as at 31 March 2019, 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 the 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 2019, 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 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. 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. 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.
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<tr>
<th>Key Audit Matter</th>
<th>How the matter was addressed in the audit</th>
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| Impairment of trade and other receivables (Consolidated and Separate financial statements) | We performed the following audit procedures, among others:  
  ➢ We obtained an understanding of management’s processes 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 critically assessed the ECL models developed by management. This included using our internal experts in our assessment of key judgements and assumptions applied in the calculation of allowances for impairment;  
  ➢ We tested the mathematical accuracy of the models used by management;  
  ➢ We assessed the reasonableness of forward-looking information incorporated into the credit loss calculations considering the multiple economic scenarios selected and the weighting applied to each scenario;  
  ➢ We challenged the parameters and significant assumptions applied in the calculation models;  
  ➢ 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. |

At 31 March 2019, the Group and Company recognised net trade and other receivables of USD31.3 million and USD2.5 million respectively, net of allowances for impairment of USD13.6 million and USD5.7 million respectively.

On 1 April 2018, the Group and Company adopted IFRS 9: Financial Instruments which measures the allowance for impairment using an expected credit loss (ECL) model as opposed to the incurred credit loss basis previously applied by the Group and Company.

The application of the new standard requires management to exercise significant judgement in the determination of expected credit losses, including those relating to trade and other receivables. Management applies significant judgment in the determination of estimated future cash flows, probabilities of default and forward looking economic expectations.

Due to the significance of trade and other receivables and the significant estimates and judgement involved due to the first-time adoption of the IFRS 9 requirements through the application of ECL modelling, the allowance for impairment of these trade and other receivables was considered to be a key audit matter.

Disclosures 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 2.4 “Changes in accounting policies and disclosures”
  • Note 3 “Significant accounting judgments, estimates and assumptions”
  • Note 13 “Trade and other receivables”
  • Note 26 “Financial Instruments”
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<td>Inventory valuation (Consolidated and Separate financial statements)</td>
<td>We performed the following audit procedures, among others:</td>
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<td>➢ We reviewed the inventory valuation to confirm that the costs have been accounted for in accordance with the Group policy and the International Accounting Standard (IAS 2) on inventories;</td>
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<td>➢ We attended the inventory counts at year end, inspecting the warehouses for any damaged inventory;</td>
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<td>➢ We obtained and assessed the inspectorate reports on germination test results to confirm that the related inventory products were still saleable;</td>
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<td>➢ We assessed the reasonableness of management’s provision for identifying inventory that is considered for possible write-off;</td>
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<td>➢ We also assessed the adequacy of the disclosures regarding inventory in the consolidated and separate financial statements to determine whether they were in accordance with IFRS.</td>
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At 31 March 2019, the Group and Company had Inventory balances amounting to USD16.9 million and USD1 million respectively on the statement of financial position, comprising of parent and commercial seed, spares and general consumables.

The subsidiaries in the group are seed processing entities therefore, inventory may be incorrectly valued as a result of:

- The incorrect absorption of processing costs used in the stock valuation. The inventory valuation involves the use of the average cost and job costing models. The job costing model uses large volumes of information to determine the allocation of costs to processed inventory. The determination of value requires management to make assumptions on the allocation bases used.
- As the parent and commercial seed may lose its germination ability if it is not well maintained, there is risk that non-germinating seed may not be written down to its actual value at year end.

The valuation of inventory as disclosed on Note 11 was significant to our audit due to significant effort devoted in assessing the elements included in the costing models.

Disclosures with respect to inventory valuation are disclosed in

- Note 2.3 “Summary of significant accounting policies”
- Note 11 “Inventories”
Other Information
The directors are responsible for the other information. The other information comprises the Director’s 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 and 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 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.

When we read the integrated annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements
The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements 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 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.
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
Practicing member: Thomas Chitambo
Partner
Certified Auditor
Membership number: 20030022
Gaborone

11 June 2019