The 2018/2019 season was characterised by the hottest summer in 30 years, with average temperatures in the Senwes area of operation increasing by at least 3°C compared to the previous 30 summers. With below average rainfall in the latter part of 2018 and successive heat waves which kept average temperatures above the 30°C mark for up to a week at a time, the planting season for maize, late October to mid-December, was closing at a rapid pace.

Heavy rains in late December and in parts of January gave farmers hope, as the soil was damp enough to plant. Last year, the rains came similarly late in December and farmers managed to plant their entire crop in just a week. Those crops fully developed before having to face frost and the 2018 harvest yielded a crop of 12,5 million tonnes, resulting in carry-over stock levels of close to 2,7 million tonnes.

This year, however, was different due to the fact that temperatures stayed higher for longer, which placed unrelenting pressure on crops. Late plantings also left farmers exposed to sudden drops in temperature during autumn, when they had to face the risk of frost damaging the crops. On top of the severe climate conditions farmers had to endure, they were also struck by an outbreak of foot-and-mouth disease, which led to a ban on SA beef in key export markets. This resulted in meat prices, which account for more than a third of the food inflation basket, being under pressure and an oversupply of domestic meat.

However, the financial year ended with the highest average rainfall for April (188,7 mm) in the Senwes area of operation in the last 104 years. This meant that temperatures stayed high, which kept frost at bay and gave the planted crops enough time to grow to full size.

A SEASON OF EXTREMES

The 2018/2019 season was characterised by the hottest summer in 30 years, with average temperatures in the Senwes area of operation increasing by at least 3°C compared to the previous 30 summers. With below average rainfall in the latter part of 2018 and successive heat waves which kept average temperatures above the 30°C mark for up to a week at a time, the planting season for maize, late October to mid-December, was closing at a rapid pace.

Heavy rains in late December and in parts of January gave farmers hope, as the soil was damp enough to plant. Last year, the rains came similarly late in December and farmers managed to plant their entire crop in just a week. Those crops fully developed before having to face frost and the 2018 harvest yielded a crop of 12,5 million tonnes, resulting in carry-over stock levels of close to 2,7 million tonnes.

This year, however, was different due to the fact that temperatures stayed higher for longer, which placed unrelenting pressure on crops. Late plantings also left farmers exposed to sudden drops in temperature during autumn, when they had to face the risk of frost damaging the crops. On top of the severe climate conditions farmers had to endure, they were also struck by an outbreak of foot-and-mouth disease, which led to a ban on SA beef in key export markets. This resulted in meat prices, which account for more than a third of the food inflation basket, being under pressure and an oversupply of domestic meat.

However, the financial year ended with the highest average rainfall for April (188,7 mm) in the Senwes area of operation in the last 104 years. This meant that temperatures stayed high, which kept frost at bay and gave the planted crops enough time to grow to full size.

ON THE COVER

This photo taken early February 2019 on the farm of one of Senwes’ clients near Viljoenskroon in the Free State, creates a backdrop for the 2018/2019 financial year and emphasises that being a farmer in South Africa, requires a certain set of skills that cannot be obtained overnight. Farmers have to be financial planners, weather experts, risk managers, agronomists, technology managers, mechanical experts, market analysts, marketers and logistical managers, all in one. With that comes the added responsibility of providing food for the nation, which sometimes means working from dawn till dusk to plant or harvest the food that South Africans need every day.
Senwes’ integrated report provides a succinct review of the group’s strategies, risks, opportunities, corporate governance, operational activities and financial performance for the financial year ended 30 April 2019. This report, supported by the suite of online publications, provides a holistic overview of the group’s activities and is available on Senwes’ website at senwes.co.za.
ABOUT OUR INTEGRATED REPORT

OUR APPROACH TO REPORTING

Purpose and Target Audience
The primary purpose of Senwes’ integrated report is to demonstrate to the providers of financial capital and potential investors, how Senwes creates value over time. The report also provides stakeholders with a balanced, accurate and transparent assessment on whether the company can deliver on its brand promise.

Scope and Essence
The report extends beyond financial reporting and includes non-financial information attributable to, or associated with, our key stakeholders, who have a significant impact on the group’s ability to create value.

The group’s ability to create value for stakeholders over the short, medium and long term is illustrated through the value creating business model, strategies, risk assessments, opportunities, performance and governance, and forms the essence of the 2019 Senwes integrated report.

Reporting Period and Boundaries
The Senwes integrated report is compiled and published annually and this report focuses on the activities and operations of the group for the period 1 May 2018 to 30 April 2019.

KEY CONCEPTS

Defining Value
Value is the instance where the consequence of our successful resource application has a positive impact on a stakeholder.

Defining materiality
Materiality is the actions or issues of substantial importance that affect the group’s ability to create value over the short, medium and long term.

Defining short, medium and long term
Short term is less than 12 months, medium term is one to three years and long term is beyond three years.

Defining the capitals
Capitals are the fundamental stocks of value which the organisation depends on for its success and which increases, decreases or are transformed through the activities and outputs of the group. The capitals are categorised as financial, manufacturing, intellectual, human, social and relationship as well as natural capital.

Defining integrated thinking
Integrated thinking is the process where the relationships between the various operating units and the capitals are actively considered in decision-making and actions to add value over the short, medium and long term.

GUIDELINES AND REQUIREMENTS

Reporting Frameworks
This report pertains to the activities of the 2018/2019 financial year and is guided by the principles and guidelines set out by the International Integrated Reporting Framework, the International Financial Reporting Standards (IFRS), the Companies Act of South Africa, No 71 of 2008 (as amended), the King Code of Governance Principles for South Africa, 2016 (King IV™) and the Department of Trade and Industry’s Codes for Broad-based Black Economic Empowerment.

Combined Assurance
The group’s external auditor, Ernst & Young Inc. (EY), has conducted an independent audit of the group’s consolidated annual financial statements. The rest of the report, consisting of non-financial information, has not been subjected to an independent audit or review and has been compiled, based on internal records and information in the public domain under supervision of CF Kruger, CA (SA), Chief Financial Officer.

BOARD RESPONSIBILITY STATEMENT

The Senwes board of directors acknowledges its responsibility to ensure the integrity of the information presented in this integrated report. According to the board and executive committee, the information presented in this integrated report provides a fair and balanced view of the group’s performance and matters considered to be material in the value creation process of Senwes.

FORWARD-LOOKING STATEMENTS

This report may include forward-looking statements, which relate to Senwes’ future performance and prospects. These statements represent the group’s judgements and expectations, but by their nature, involve risk and uncertainty as they relate to events and depend on circumstances that may or may not occur in the future.

The group does not undertake to update or revise any of these forward-looking statements publicly, whether to reflect new information, future events or otherwise. The forward-looking statements have not been audited, reviewed or reported on by EY.

Danie Minnaar
Chairman
27 June 2019
Klerksdorp

Francois Strydom
Chief Executive Officer
27 June 2019
Klerksdorp
# Key Features by Forms of Capital

## Financial

<table>
<thead>
<tr>
<th>Metric</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings before interest and tax (EBIT)</td>
<td>R’m</td>
<td></td>
</tr>
<tr>
<td></td>
<td>611</td>
<td>655</td>
</tr>
<tr>
<td>Net profit after tax (R’m)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>283</td>
<td>311</td>
</tr>
<tr>
<td>Normalised HEPS (cents/share)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>177,5</td>
<td>195,5</td>
</tr>
<tr>
<td>Return on opening equity (%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>13,0</td>
<td>15,7</td>
</tr>
<tr>
<td>Total shareholders’ return (%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5,5</td>
<td>11,0</td>
</tr>
<tr>
<td>Price-book ratio (%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>78,3</td>
<td>84,4</td>
</tr>
<tr>
<td>Price-earnings ratio (on normalised HEPS)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>6,2</td>
<td>5,8</td>
</tr>
<tr>
<td>Dividend yield (%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5,5</td>
<td>5,2</td>
</tr>
<tr>
<td>Own capital ratio (%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>39,0</td>
<td>35,5</td>
</tr>
</tbody>
</table>

## Human

<table>
<thead>
<tr>
<th>Metric</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senwes group employee headcount</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3344</td>
<td>3252</td>
</tr>
<tr>
<td>Employee turnover (%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>18,9</td>
<td>17,8</td>
</tr>
<tr>
<td>Total employee costs (group, including JV’s) (R’m)</td>
<td>829</td>
<td>811</td>
</tr>
<tr>
<td>Man-days lost due to injuries</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>486</td>
<td>836</td>
</tr>
<tr>
<td>Disabling injury frequency rate (times)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,5</td>
<td>1,6</td>
</tr>
</tbody>
</table>

## Intellectual

<table>
<thead>
<tr>
<th>Metric</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total training costs (R’m)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>7,3</td>
<td>9,1</td>
</tr>
<tr>
<td>Total business consulting costs (R’m)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>22,0</td>
<td>6,3</td>
</tr>
</tbody>
</table>

## Social and Relationship

<table>
<thead>
<tr>
<th>Metric</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value allocated in respect of authorities (R’m)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>262</td>
<td>178</td>
</tr>
<tr>
<td>Value created for suppliers of goods and services (R’m)</td>
<td>1 550</td>
<td>1 628</td>
</tr>
<tr>
<td>Total corporate social investment spending (R’m)</td>
<td>1,6</td>
<td>0,7</td>
</tr>
<tr>
<td>Agrifewards allocation (R’m)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>22</td>
<td>20</td>
</tr>
</tbody>
</table>

## Manufacturing

<table>
<thead>
<tr>
<th>Metric</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintenance expenditure (R’m)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>58</td>
<td>46</td>
</tr>
<tr>
<td>New investment in property, plant and equipment (R’m)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>210</td>
<td>141</td>
</tr>
</tbody>
</table>

## Natural

<table>
<thead>
<tr>
<th>Metric</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cumulative CO₂ from reduced paper consumption (tonnes)</td>
<td>2 806</td>
<td>1 805</td>
</tr>
<tr>
<td>Head office electricity consumption (GWh)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,3</td>
<td>1,3</td>
</tr>
<tr>
<td>Head office water consumption (kl)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5 751</td>
<td>6 094</td>
</tr>
</tbody>
</table>
QUARTER 1
- TrackAdvantage experienced margin pressure on the milli- dung contracts, since the availability of grain was restricted due to the late harvest and traders who shortened the market.
- Senwes Gralink Silo Operations started with high carry-over stock levels and storage capacity was under pressure. Additional storage capacity of 145 800 tonnes (2.3% of total capacity) was erected at eight sites complexes to accommodate grain producers.
- The Nation in Conversation TV-series started broadcasting on kykNET and kykNETMUs.
- Senwes Equipment undertook a road show in the Eastern Cape, where three new branches, Ugie, Kei-Wes and East London were officially opened for business.
- A new PDS (Personal Development System) was implemented to improve performance measurement of the group’s human capital.
- Senwes’ Loyalty Scheme, AgriRewards, allocated R50/tonne for grain deliveries, R5/tonne for grain procurement and 0,75% of interest-bearing transactions for the 2018 financial year.
- A final dividend of 27c per share was paid after approval thereof at the annual general meeting held on 23 August 2018.
- Senwes' area of operation received 56% of the long-term average summer season rainfall by the end of January.
- Senwes, through Thobo Trust, launched the Itokisetse Vegetable project at Rooi Grund, an initiative to create social and labour vegetable tunnels for vegetable production.
- The 2018/19 summer season started on a dry note, which meant that the western production area could only plant in January 2019.
- Senwes Equipment was awarded eight of the top ten positions at the John Deere Technician of the Year awards.
- Senwes developed an application to enable electronic signing of contracts.
- Senwes Graanmakelaars (Pty) Ltd (Graanmakelaars) was formally admitted as a member of the JSE Agricultural Derivatives Market.

QUARTER 2
- Steamfoster, a diverse equipment business, was successfully acquired on 1 October 2018.
- Record grain intake with a moisture content of more than the industry acceptable level of 14%.
- An application was launched to assist Senwes Credit marketers in managing customer interactions.
- The agri-community celebrated 50 years of Grasland’s existence as a leading provider of agricultural lime and an announcement of a name change to Bastion Lime ("Foundation of growth") was made.
- The Business Engineering Department started with wealth services to enrich our farmer clientele services.
- A final dividend of 27c per share was paid after approval thereof at the annual general meeting held on 22 August 2018.
- A successful second-hand wholegoods online auction was held in September 2018.
- Senwes launched a headland braai initiative to thank farmers for their continued support during the previous financial year, which reached more than 200 000 people on social media.
- The 15th Senwes Future Focus Day was held at Nampo Cape in Bredasdorp, where five detailed discussions took place. Nampo Cape was attended by 16 425 people.
- Senwes Graanmakelaars (Pty) Ltd (Graanmakelaars) was formally admitted as a member of the JSE Agricultural Derivatives Market.

QUARTER 3
- The 2018/19 summer season started on a dry note, which meant that the western production area could only plant in January 2019.
- Senwes Equipment was awarded eight of the top ten positions at the John Deere Technician of the Year awards. Amongst these awards was the third prize for the best John Deere technicians.
- The Hinterland retail business merged with Prodist, the wholesale business, on 1 December 2018.
- Senwes and Senwesbel made an offer to KLK shareholders to be rolled out in the new year, being 2019/20, which includes the electronic signing of commodity contracts.
- Senwes, through Thobo Trust, launched the Itokisetse Vegetable project at Rooi Grund, an initiative to create social and labour vegetable tunnels for vegetable production.
- The 15th Senwes Future Focus Day was held at Nampo Park and was attended by 550 farmers.
- The 15th Senwes Future Focus Day was held at Nampo Park and was attended by 550 farmers.
- Senwes developed an application to enable electronic signing of contracts to be rolled out in the new year, being 2019/20, which includes the electronic signing of commodity contracts.

QUARTER 4
- Senwes Seeds reflected record results, due to the 100% capacity utilisation of their Diewey and Hartwater processing plants.
- The highest average rainfall over the Senwes area for April, over the past 104 years, was recorded: 188,7mm. The previous record was during the 1942/43 season with 117mm.
- Hinterland Wholesale took back control of the warehouse management on 1 February 2019 and implemented their own warehouse management system.
- The shareholding in Oos-Transvaal Kalkverskaffers (Pty) Ltd has been restructured to obtain a 30% BEE shareholding in compliance with the Mining Charter II.
- The social and labour vegetable tunnel project at the Rooigrond community has been completed and handed over to the community. The project will allow carrots of the community to care for disabled members of the community, amongst other beneficiaries.
- The past season produced an estimated maize crop of 12,5 million tonnes. This created the opportunity to buy stock early in the season at relatively low premiums.
- Senwes Equipment had a successful second-hand stock online auction.
- Senwes Seeds reflected record results, due to the 100% capacity utilisation of their Diewey and Hartwater processing plants.
- The highest average rainfall over the Senwes area for April, over the past 104 years, was recorded: 188,7mm. The previous record was during the 1942/43 season with 117mm.
- Hinterland Wholesale took back control of the warehouse management on 1 February 2019 and implemented their own warehouse management system.
- The shareholding in Oos-Transvaal Kalkverskaffers (Pty) Ltd has been restructured to obtain a 30% BEE shareholding in compliance with the Mining Charter II.
- The social and labour vegetable tunnel project at the Rooigrond community has been completed and handed over to the community. The project will allow carrots of the community to care for disabled members of the community, amongst other beneficiaries.
- The past season produced an estimated maize crop of 12,5 million tonnes. This created the opportunity to buy stock early in the season at relatively low premiums.
- Senwes Equipment had a successful second-hand stock online auction.
- Senwes Seeds reflected record results, due to the 100% capacity utilisation of their Diewey and Hartwater processing plants.
- The highest average rainfall over the Senwes area for April, over the past 104 years, was recorded: 188,7mm. The previous record was during the 1942/43 season with 117mm.
- Hinterland Wholesale took back control of the warehouse management on 1 February 2019 and implemented their own warehouse management system.
- The shareholding in Oos-Transvaal Kalkverskaffers (Pty) Ltd has been restructured to obtain a 30% BEE shareholding in compliance with the Mining Charter II.
- The social and labour vegetable tunnel project at the Rooigrond community has been completed and handed over to the community. The project will allow carrots of the community to care for disabled members of the community, amongst other beneficiaries.
- The past season produced an estimated maize crop of 12,5 million tonnes. This created the opportunity to buy stock early in the season at relatively low premiums.
- Senwes Equipment had a successful second-hand stock online auction.
THE SENWES BRAND

OUR BUSINESS PHILOSOPHY
Over the past 110 years the company has been driven by the desire to create value for its stakeholders, adopting the attribute of adaptability to ensure that expectations are met and that Senwes remains one of the leading agricultural companies in Southern Africa.

Purpose Statement
To provide innovative and integrated solutions to our customers in order to enable them to do their business.

Mission Statement
Senwes is one of the leading agricultural companies in Southern Africa, providing financing, input supplies, capital equipment, insurance, storage and handling services, logistics and grain trading services to grain producers, as well as financing to grain off-takers.

Senwes’ Responsibility
Senwes has the responsibility of making a meaningful contribution towards food security in South Africa through sustainable agriculture, by providing innovative and integrated solutions to food producers and other role players in the applicable stages of the food value chain.

SENWES’ DNA
The Corporate Culture
Senwes wants to be the preferred investment partner, employer, supplier and distribution channel as well as a good corporate citizen. Senwes also strives to break new ground in every segment of the food value chain, where a strategic thought process has been adopted for knowing more and being experts in what we do.

LIVING THE COMPANY’S VALUES BY:
Doing the right things for the right reasons, acting with INTEGRITY.
Satisfying our stakeholders’ needs and solving their problems, applying BUSINESS ORIENTATION.
Maximising your true potential and being in pursuit of the company’s purpose, demonstrating SELF-MOTIVATION.
Finding creative and resourceful solutions to business challenges and customer needs, exhibiting INNOVATION.

WHAT DIFFERENTIATES SENWES?
Strong alliances with strategic partners
By forming strong alliances with strategic business partners, Senwes expands its geographic presence, product ranges and service offerings and unlocks new income streams.

Empowered and committed workforce
Senwes’ employees are humble in success and remain determined in the face of adversity, constantly striving towards excellence, focused on the company’s vision and committed to the company’s corporate values.

Sustainable value for shareholders
Senwes creates value for shareholders by delivering return on equity, despite challenging climatic conditions, including severe droughts and a constantly changing industry.

Integrated and innovative solutions
Senwes is committed to the interests of clients and focuses on providing integrated and innovative sustainable solutions whilst strengthening long-term relationships.

Strategic agility under pressure
Senwes’ management has the ability to adapt rapidly to unforeseen circumstances, changing them into opportunities, whilst still implementing sufficient risk-mitigating actions.

Sincere involvement in communities
The company is committed to making a sustainable difference to the welfare of the communities in the company’s area of operation.
Reflections from the Chairman

Danie Sartorius, a former chairman of Sentors, wrote in his 1969 chairman’s report: “Our farming practices in South Africa need to adjust to drought conditions, since droughts are a regular occurrence.” He also mentioned that crop selection, drought-resistant hybrid maize varieties as well as research into plant cultivation and diseases could possibly be options to counter the impact of a drought.

Extensive development has since taken place. Robust seed technology, proven mechanisation development, improved farming practices in respect of particularly moisture management, nitrate management, crop and variety selection, soil health, conservation farming, plant nutrition and various other precision farming techniques, have mitigated the impact of drought on the production of cash crops. Add to this the free-market system, where a low supply is mostly rectified by a better price, the continuous consolidation of farming units in order to ensure critical mass and the distribution of risk, then the current producer is in a much better position than 50 years ago.

Although the impact of the drought is mitigated for the primary producer as a result of improved technology and the market development referred to above, it still remains the top risk for an organisation such as Senwes. Lower yields mean lower income from storage services, lower input margins and usually a smaller appetite of producers to replace capital goods. In addition, cash flow pressure arises and the producer’s spending ability is curbed, as his credit obligations need to be met.

Dear shareholder, 2019 had its own challenges. Ever-decreasing hectares under production of cash crops, unplanned load shedding, a declining rural infrastructure, political policy uncertainty, an unstable rail network, a weakening of the exchange rate, erratic climate and the increased cost of compliance.

Maybe the biggest challenge is volatility as well as the frequency of these incidents and the extreme nature thereof.

The exchange rate increased by 14% against the US-dollar, the oil price decreased by 16% from its highest level, the maize price moved by 66% between its lowest and highest level and within months, government changed the land reform policy from radical to moderate.

This appears to be the new normal and companies nowadays are expected to analyse the realities quickly and to respond accordingly in order to overcome challenges and mitigate risks timely. Quick decision-making is at the order of the day and businesses plans requiring long investment terms, are increasingly at risk in the sector.

Repercussions of expropriation without compensation

Unfortunately, radical political statements about the expropriation of land without compensation had a destructive impact on confidence in the sector. Agricultural land prices declined by 45% between 2012 and 2018, destroying approximately R900 billion of market value. Should the sector manage to recover, even at historic growth rates, it will take approximately five years to adjust the market value to the same level as before the collapse of land prices. Organisations which aggressively provided financing at market value during this period, will probably still experience deficits in respect of security for a long time to come.

Senwes intentionally decided to place its own support value, based on the earning ability of land, on bonds awarded against land. Fortunately, no farm has realised values below the support value to date.

Results

The group’s results declined by 9,0% to R283 million. This is largely attributable to the decline in storage income after a smaller crop, which, in addition, was received, on average, six weeks later. R46/tonne on grain deliveries at Senwes Granrinks, 0,35% on interest-bearing transactions at Senwes Credit and 0,25% of turnover on new whole goods at Senwes Equipment, were allocated to clients registered for the Agri-Rewards loyalty scheme.

Focus Areas of the Board

The board and its committees paid specific attention to the recovery and repositioning of the input channel, in particular to the Hinterland, Prodist and the Equipment business units. Pocus was also placed on various risk aspects in order to maintain the residual risk within the required bands and at acceptable levels. Various capital upgrading programmes were undertaken and progress was measured positively. More grain with a higher moisture content was received this year and the board is following track of the progress in respect of this programme. Silos filled with a higher moisture content was received, on average, six weeks late. R45/tonne on grain deliveries at Senwes Granrinks, 0,35% on interest-bearing transactions at Senwes Credit and 0,25% of turnover on new whole goods at Senwes Equipment, were allocated to clients registered for the Agri-Rewards loyalty scheme.

Acknowledgement

When things are difficult, we fall back on our support system. I would like to acknowledge our clients, personnel, shareholders, members of management and co-board members. You take a stand when the situation calls for it and it is a privilege to have you as part of the Senwes family. I have been on the board for 20 years and was once again privileged this year to experience the Hand of protection over the organisation, especially in difficult times.

All honour be to God.
For more detail see p. 41

For more detail see p. 20

For more detail see p. 28

For more detail see p. 6

For more detail see p. 46

For more detail see p. 36

For more detail see p. 14

For more detail see p. 6

For more detail see p. 12

For more detail see p. 10

For more detail see p. 8

For more detail see p. 11

For more detail see p. 3

For more detail see p. 4

For more detail see p. 7

For more detail see p. 13

For more detail see p. 5

For more detail see p. 9

For more detail see p. 1

For more detail see p. 2

For more detail see p. 16

For more detail see p. 29

For more detail see p. 34

For more detail see p. 15

For more detail see p. 35

For more detail see p. 33

For more detail see p. 32

For more detail see p. 22

For more detail see p. 21

For more detail see p. 23

For more detail see p. 27

For more detail see p. 24

For more detail see p. 25

For more detail see p. 30
cy analysis and benchmarking amongst other whilst also making financial arrangements with off-takers of grain.

**Senwes Asset Finance**  
([Division of Senwes])

Senwes Asset Finance offers comprehensive financial services, focused on movable assets and fixed bonds.

**Thobo Trust**  
([Partners: Senwes, Tradevantage, Hinterland Fuels and Bastion group])

Thobo Trust is an independent trust and serves as strategic partner for Senwes’ broad-based black economic empowerment and socio-economic development objectives. Thobo Trust unlocks value for employees, farm labourers, emerging farmers and communities in rural areas, where Senwes conducts business.

**Certisure Group**  
([Joint venture with NWK])

The Certisure group is an insurance company, which specialises in asset insurance, financial planning, crop insurance, credit life insurance, corporate insurance, game insurance and medical aid schemes. Certisure renders broker and administrative services which cater for and addresses the risk requirements of clients.

**Molemi Sele**  
([Joint venture with AFGRI and NWK])

Molemi Sele is the owner of a cell captive for credit life insurance within Guarantors Life and focuses on underwriting risks within the credit life insurance domain.
OUR BUSINESS PRESENCE IN THE GRAIN VALUE CHAIN

**PRE-SEASON PLANNING**

**Producer Activities**
- Evaluation and recommendations regarding farming practices: Soil surveying, crop and variety planning and tillage planning.
- Negotiate credit.
- Finance land and equipment.
- Insure inputs and harvest.

**PROVIDERS OF SERVICES AND INPUTS**

**PART 1: PLANNING THE SEASON FUNDING**

**SENWES PRECISION FARMING SOLUTIONS:** Provides a specialised agricultural service by means of sustainable and technical solutions, as well as agri-economic advice.

**SENWES CREDIT:** Offers a variety of financing solutions (e.g. seasonal credit, monthly accounts and tailor-made products to meet the needs of our clients).

**SENWES ASSET FINANCE:** Finance solutions for agri-machinery, implements and bonds over fixed property.

**CERTISURE AND UNIVISION:** Crop insurance broker (hail and multi-peril insurance).

**MOLEMI SELE:** Value addition to credit life insurance (underwriting and reinsurance) and investment of surplus cash.

**PART 2: PLANTING**

**Producer Activities**
- Maintenance of capital goods: Repairs and replacement of whole goods for planting.
- Pre-season marketing.
- Crop insurance.
- Pre-season marketing.

**PROVIDERS OF SERVICES AND INPUTS**

**PART 1: PLANTING PREPARATION**

**SENWES CREDIT:** Activates facilities for continuous purchases.

**SENWES EQUIPMENT, JD IMPLEMENTE AND STAALMEESTER:** Precision farming and maintenance solutions (spares and workshops) for equipment used during the planting season.

**SENWES GRAINLINK:** Marketing of pre-season contracts to producers.

**HINTERLAND GROUP:** Marketing of pre-season contracts to producers.

**BASTION:** Supplies agricultural lime and gypsum products to producers.

**PART 2: PLANTING**

**SENWES PRECISION FARMING SOLUTIONS:** Monitoring of applied advice and composition of crop development reports.

**SENWES CREDIT:** Specialised agricultural economic services such as feasibility and viability studies and financial farm management programmes.

**SENWES EQUIPMENT, JD IMPLEMENTE AND STAALMEESTER:** Precision farming and maintenance solutions (spares and workshops).

**SENWES GRAINLINK:** Grain procurement contracts in order to market crops in advance.

**HINTERLAND GROUP:** Supplies agri-chemicals and fertiliser in order to optimise crop development.

**CERTISURE AND UNIVISION:** Crop insurance broker (hail and multi-peril insurance).

**PART 3: HARVESTING**

**SENWES PRECISION FARMING SOLUTIONS:**
- Evaluation of past season results.
- Financial performance assessment and planning.
- Financial planning for the next season.

**SENWES CREDIT:** Finalisation of production loans and refinancing at the end of the season.

**SENWES ASSET FINANCE:** Evaluation of asset financing solutions.

**NAUTILUS HEDGE FUND:** Provides hedging and potential market opportunities for the group.

**GRAINOVATION:** Logistical solutions and settlement of accounts.

**GRAINOVATION:** Grain procurement and marketing solutions.

**TRADEVANTAGE:** A platform for the management and trading of silo certificates for the off-taker.

**ESC:** A platform for the management and trading of silo certificates for the off-taker.

**MARKETING**

**Producer Activities**
- Marketing of goods from a registered and acknowledged facility.
- Finalises obligations with financiers.
- Evaluation of results of past season.
- Financial planning for the next season.

**SENWES PRECISION FARMING SOLUTIONS:**
- Evaluation of past season results.
- Financial performance assessment and planning.
- Financial planning for the next season.

**SENWES CREDIT:** Finalisation of production loans and refinancing at the end of the season.

**SENWES ASSET FINANCE:** Evaluation of asset financing solutions.

**NAUTILUS HEDGE FUND:** Provides hedging and potential market opportunities for the group.

**TRADEVANTAGE:** A platform for the management and trading of silo certificates for the off-taker.

**ESC:** A platform for the management and trading of silo certificates for the off-taker.
Senwes relies on various forms of capital to achieve set targets and goals. These capitals, as identified by the International Integrated Reporting Council (IIRC), can be seen as inputs to the company’s business model and increase, decrease or transform according to the activities of the company. These capitals form the basis of Senwes’ value creation and are not independent of one another, even though certain dependencies are relatively small or indirect.

**FINANCIAL CAPITAL**

This is the pool of available funds, which can be used in the achievement of the strategy of Senwes, thereby creating value for all stakeholders and unlocking such value at a suitable time. It includes debt, equity and cash generated by business units, as well as investments. It is important for Senwes to invest funds allocated by shareholders and financiers at the most optimal investment rates, in order to ensure share growth and dividend yield for shareholders, as well as interest and the required capital redemption for financiers. Capital is allocated to each focus area in a balanced manner in order to ensure the most optimal outcome.

### Key Inputs

<table>
<thead>
<tr>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital expenditure to advance strategic projects (R’m)</td>
<td>210,0</td>
</tr>
<tr>
<td>Additional funding from financiers (R’m)</td>
<td>147,5</td>
</tr>
<tr>
<td>Opening shareholders’ equity (R’bn)</td>
<td>2,2</td>
</tr>
<tr>
<td>Market capitalisation (R’bn)</td>
<td>2,0</td>
</tr>
</tbody>
</table>

### Outcomes

<table>
<thead>
<tr>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings before interest and tax (EBIT) (R’m)</td>
<td>610,5</td>
</tr>
<tr>
<td>Normalised headline earnings (c/share)</td>
<td>177,5</td>
</tr>
<tr>
<td>Dividends for the year (c/share)</td>
<td>60,0</td>
</tr>
<tr>
<td>Interest cover</td>
<td>3,1</td>
</tr>
<tr>
<td>Growth in net asset value (c/share)</td>
<td>100,8</td>
</tr>
<tr>
<td>Own capital ratio (%)</td>
<td>39,0</td>
</tr>
</tbody>
</table>

### Future Challenges

- Weather and climate risk;
- Market size and market share risk;
- Political instability and economic climate risk;
- and Commodity price risk.

### Reassurance in Respect of Financial Capital

- Unqualified external audit opinion;
- An independent Audit Committee ensures integrity of controls and financial disclosure;
- The Risk Committee’s analysis of strategic and operational risks;
- An Investment Committee supervises the investment philosophy and investment management; and
- Internal Audit provides an opinion on the combined control environment.

### Actions to Improve Outcomes

- Strategic objectives (p. 40 for the Senwes strategy);
- Mitigation of risks (p. 52 for Senwes’ risk mitigation);
  - Focused cost saving plans;
  - Margin management;
  - Optimal allocation of operating capital;
  - Focused cash flow management; and
  - Focused balance sheet management and improved working capital.
HUMAN CAPITAL

Our employees are the key stakeholders of Senwes. Our workforce has been, and still is, our primary competitive advantage in the long and successful 110-year history of the company. We have a hardworking team, which has always ensured our long-term sustainability and will continue to ensure our success.

Key Inputs
- An industry leader and an excellent company to work for;
- A safe and healthy work environment;
- Market-related employee recognition and remuneration;
- A resilient, ethical leadership team; and
- A workplace where fair labour practices are enforced.

Outcomes

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
<th>Total Remuneration Costs (group, including JV's)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>3,344</td>
<td>826,8 Rm</td>
</tr>
<tr>
<td>2019</td>
<td>3,252</td>
<td>810,9 Rm</td>
</tr>
</tbody>
</table>

- Days lost, due to injuries: 486, 836
- Section 24 disabling injuries: 4, 13
- Disabling injury frequency rate: 1.5, 1.6

Future Challenges
- Alignment of internal management practices to support the future world of work;
- Cultural diversity and sensativity;
- Retention of key individuals and scarce skills;
- Identification and management of critical positions; and
- Introducing BDTS and online learning technology.

TRADE-OFFS IN OUR USE OF INTELLECTUAL CAPITAL

The Senwes group workforce increased, which had a positive impact on human capital. This increase in salary costs had a negative impact on financial capital. Employees were challenged by process changes, which caused a short-term reduction in productivity, due to the time invested by employees, but resulted in improved decision-making processes and greater efficiencies through standardisation.

INTERMEDIATE CAPITAL

The appointment of the correct person in the correct position, supported by effective management systems and company culture, contributes to the success of Senwes’ business model and the achievement of its strategy. Senwes is a customer-focused company which strives to find innovative and integrated solutions for the challenges faced by our customers.

Key Inputs
- A core business-driven graduate programme;
- Extensive leadership and apprenticeship programmes;
- Focused and tailor-made leadership and management development programmes;
- A bursary scheme; and
- Accelerated learner development programme for learners with diplomas.

Outcomes

- Graduate programme: 54,3%

Future Challenges
- Recruitment and retention of suitable employees (as a rural employer);
- Increasing stakeholder expectations in respect of technological innovation;
- Increasing pressure on data, capacity and analytical skill; and
- Timely and effective implementation of research findings.

REASURANCE IN RESPECT OF INTELLECTUAL CAPITAL

The Senwes group workforce increased, which had a positive impact on human capital. This increase in salary costs had a negative impact on financial capital. Employees were challenged by process changes, which caused a short-term reduction in productivity, due to the time invested by employees, but resulted in improved decision-making processes and greater efficiencies through standardisation.

TRADE-OFFS IN OUR USE OF INTELLECTUAL CAPITAL

Investing in the right skills and systems requires a lot of capital, which has a positive impact on human capital, natural capital, financial capital as well as social and relationship capital over the longer term. The improvement of certain processes and technology could result in a decrease in human capital. Significant capital was invested to develop and train employees, adversely impacting financial capital. Medium to long-term benefits will enhance our decision-making abilities and result in greater efficiencies.
MANUFACTURING CAPITAL

Senwes believes that investment in property, plant and equipment as well as maintaining its upgrading programme, retail networks and silo infrastructure will ensure efficiency to improve customer service and buying experience. Senwes uses its manufacturing capital to generate cash from the storage and handling of grain, to supply input products and mechanisation equipment to customers as well as for the maintenance of mechanisation equipment.

<table>
<thead>
<tr>
<th>KEY INPUTS</th>
<th>OUTCOMES</th>
<th>FUTURE CHALLENGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment with a carrying value of R151.9 million, which includes additional capital expenditure of R151.9 million for the year for the Senwes Grainlink division;</td>
<td>Higher moisture content grain received (Graintech project)</td>
<td>Assail verification by external auditors;</td>
</tr>
<tr>
<td>Senwes Equipment and Hinterland are in the process of upgrading the existing Wolmaransstad branch and are also building a new workshop there;</td>
<td>Total increase/savings in electricity cost</td>
<td>Approval of projects by the Senwes board. Overview and reporting are done afterwards by the Audit Committee;</td>
</tr>
<tr>
<td>Senwes Grainlink Silo Operations kicked off with high carry over stock levels and storage capacity was under pressure. Additional storage capacity of 145 500 tonnes was created at 8 silo’s to accommodate grain producers;</td>
<td>Depreciation</td>
<td>SHEQ-safety audits;</td>
</tr>
<tr>
<td>The Graintech project, in terms of which grain is received at higher than normal moisture levels to accommodate producers in delivering on their grain contracts, was implemented at 15 silo’s and 21 bins;</td>
<td>Maintenance costs</td>
<td>JSE-compliance audit on Silo Operations; and</td>
</tr>
<tr>
<td>Fire destroyed the Hartswater branch and damaged a portion of the Petrusburg and Bloemfontein silos. These branches are still under construction.</td>
<td>Workshop hours</td>
<td>Property Management Committee.</td>
</tr>
</tbody>
</table>

TRADE-OFFS IN OUR USE OF MANUFACTURING CAPITAL

The continued growth of Senwes by means of capital projects decreases financial capital over the short term. However, the focus is on unlocking value to the advantage of human, social and relationship, natural and financial capital. This includes the new branch and store at Hartswater, that will result in long-term job creation and long-term financial return, as well as the Graintech project and accelerated grain handling project, that improved the utilisation of assets and resulted in greater certainty in meeting customers’ demands.

<table>
<thead>
<tr>
<th>KEY INPUTS</th>
<th>OUTCOMES</th>
<th>ACTIONS TO IMPROVE OUTCOMES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment with a carrying value of R151.9 million, which includes additional capital expenditure of R151.9 million for the year for the Senwes Grainlink division;</td>
<td>Higher moisture content grain received (Graintech project)</td>
<td>Development of a new branch and store at Hartswater and Wolmaransstad (workshop included);</td>
</tr>
<tr>
<td>Senwes Equipment and Hinterland are in the process of upgrading the existing Wolmaransstad branch and are also building a new workshop there;</td>
<td>Total increase/savings in electricity cost</td>
<td>Project to upgrade silo’s at Mirage and Vierfontein;</td>
</tr>
<tr>
<td>Senwes Grainlink Silo Operations kicked off with high carry over stock levels and storage capacity was under pressure. Additional storage capacity of 145 500 tonnes was created at 8 silo’s to accommodate grain producers;</td>
<td>Depreciation</td>
<td>Improve customer service by means of accelerated intake rate and efficiency projects; and</td>
</tr>
<tr>
<td>The Graintech project, in terms of which grain is received at higher than normal moisture levels to accommodate producers in delivering on their grain contracts, was implemented at 15 silo’s and 21 bins;</td>
<td>Maintenance costs</td>
<td>Additional alternative storage facilities will be established in order to offer continuous storage solutions to producers.</td>
</tr>
<tr>
<td>Fire destroyed the Hartswater branch and damaged a portion of the Petrusburg and Bloemfontein silos. These branches are still under construction.</td>
<td>Workshop hours</td>
<td></td>
</tr>
</tbody>
</table>

NATURAL CAPITAL

Senwes uses natural capital such as land, water and energy to generate income. Senwes invests significantly in decreasing the impact of its activities on the environment and to promote a culture of efficiency. Senwes’ manufacturing capital has a low impact on natural capital, however.

<table>
<thead>
<tr>
<th>KEY INPUTS</th>
<th>OUTCOMES</th>
<th>ACTIONS TO IMPROVE OUTCOMES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senwes uses natural capital such as land, water and energy to generate income. Senwes invests significantly in decreasing the impact of its activities on the environment and to promote a culture of efficiency. Senwes’ manufacturing capital has a low impact on natural capital, however.</td>
<td>Higher moisture content grain received (Graintech project)</td>
<td>New energy saving projects planned at the following Hinterland branches:</td>
</tr>
<tr>
<td></td>
<td>Total increase/savings in electricity cost</td>
<td>• Bloemfontein;</td>
</tr>
<tr>
<td></td>
<td>Depreciation</td>
<td>• Delmas;</td>
</tr>
<tr>
<td></td>
<td>Maintenance costs</td>
<td>• Water consumption efficiency programme;</td>
</tr>
<tr>
<td></td>
<td>Workshop hours</td>
<td>• Electricity consumption efficiency programme;</td>
</tr>
</tbody>
</table>

FUTURE CHALLENGES

The investment in energy and water savings projects has a negative impact on financial capital over the short term. However, it will have a positive impact on natural and financial capital over the long term, through reduced municipal costs, as well as reduced depletion of natural resources.

<table>
<thead>
<tr>
<th>KEY INPUTS</th>
<th>OUTCOMES</th>
<th>FUTURE CHALLENGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEVELOPMENT OF A NEW BRANCH AND STORE AT HARTSWATER AND WOLMARANSSTAD (WORKSHOP INCLUDED);</td>
<td>Energy consumption at head office</td>
<td>Increasing scarcity and decreasing quality of natural resources;</td>
</tr>
<tr>
<td>PROJECT TO UPGRADE SIZO’S AT MIRAGE AND VIERFONTEIN;</td>
<td>Decrease/increase in water consumption at head office</td>
<td>Inability of municipalities to manage their water and electricity accounts has a negative effect on business activities;</td>
</tr>
<tr>
<td>IMPROVE CUSTOMER SERVICE BY MEANS OF ACCELERATED INTAKE RATE AND EFFICIENCY PROJECTS; AND</td>
<td>Cumulative CO2, as a result of lower paper consumption</td>
<td>Climate change: drought has a negative impact on food production;</td>
</tr>
<tr>
<td>ADDITIONAL ALTERNATIVE STORAGE FACILITIES WILL BE ESTABLISHED IN ORDER TO OFFER CONTINUOUS STORAGE SOLUTIONS TO PRODUCERS.</td>
<td></td>
<td>The demand for water exceeds its natural availability; and</td>
</tr>
</tbody>
</table>

REASSURANCE IN RESPECT OF NATURAL CAPITAL

<table>
<thead>
<tr>
<th>KEY INPUTS</th>
<th>OUTCOMES</th>
<th>ACTIONS TO IMPROVE OUTCOMES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senwes uses natural capital such as land, water and energy to generate income. Senwes invests significantly in decreasing the impact of its activities on the environment and to promote a culture of efficiency. Senwes’ manufacturing capital has a low impact on natural capital, however.</td>
<td>Higher moisture content grain received (Graintech project)</td>
<td>New energy saving projects planned at the following Hinterland branches:</td>
</tr>
<tr>
<td></td>
<td>Total increase/savings in electricity cost</td>
<td>• Bloemfontein;</td>
</tr>
<tr>
<td></td>
<td>Depreciation</td>
<td>• Delmas;</td>
</tr>
<tr>
<td></td>
<td>Maintenance costs</td>
<td>• Water consumption efficiency programme;</td>
</tr>
<tr>
<td></td>
<td>Workshop hours</td>
<td>• Electricity consumption efficiency programme;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Registered as a member of the Green Building Council of South Africa (GBCSA) whilst we are also focused on building all new developments to obtain a green star rating; and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Waste reduction programme.</td>
</tr>
</tbody>
</table>

FUTURE CHALLENGES

The investment in energy and water savings projects has a negative impact on financial capital over the short term. However, it will have a positive impact on natural and financial capital over the long term, through reduced municipal costs, as well as reduced depletion of natural resources.

<table>
<thead>
<tr>
<th>KEY INPUTS</th>
<th>OUTCOMES</th>
<th>ACTIONS TO IMPROVE OUTCOMES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senwes uses natural capital such as land, water and energy to generate income. Senwes invests significantly in decreasing the impact of its activities on the environment and to promote a culture of efficiency. Senwes’ manufacturing capital has a low impact on natural capital, however.</td>
<td>Higher moisture content grain received (Graintech project)</td>
<td>New energy saving projects planned at the following Hinterland branches:</td>
</tr>
<tr>
<td></td>
<td>Total increase/savings in electricity cost</td>
<td>• Bloemfontein;</td>
</tr>
<tr>
<td></td>
<td>Depreciation</td>
<td>• Delmas;</td>
</tr>
<tr>
<td></td>
<td>Maintenance costs</td>
<td>• Water consumption efficiency programme;</td>
</tr>
<tr>
<td></td>
<td>Workshop hours</td>
<td>• Electricity consumption efficiency programme;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Registered as a member of the Green Building Council of South Africa (GBCSA) whilst we are also focused on building all new developments to obtain a green star rating; and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Waste reduction programme.</td>
</tr>
</tbody>
</table>

REASSURANCE IN RESPECT OF NATURAL CAPITAL

<table>
<thead>
<tr>
<th>KEY INPUTS</th>
<th>OUTCOMES</th>
<th>ACTIONS TO IMPROVE OUTCOMES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senwes uses natural capital such as land, water and energy to generate income. Senwes invests significantly in decreasing the impact of its activities on the environment and to promote a culture of efficiency. Senwes’ manufacturing capital has a low impact on natural capital, however.</td>
<td>Higher moisture content grain received (Graintech project)</td>
<td>New energy saving projects planned at the following Hinterland branches:</td>
</tr>
<tr>
<td></td>
<td>Total increase/savings in electricity cost</td>
<td>• Bloemfontein;</td>
</tr>
<tr>
<td></td>
<td>Depreciation</td>
<td>• Delmas;</td>
</tr>
<tr>
<td></td>
<td>Maintenance costs</td>
<td>• Water consumption efficiency programme;</td>
</tr>
<tr>
<td></td>
<td>Workshop hours</td>
<td>• Electricity consumption efficiency programme;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Registered as a member of the Green Building Council of South Africa (GBCSA) whilst we are also focused on building all new developments to obtain a green star rating; and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Waste reduction programme.</td>
</tr>
</tbody>
</table>
OUTCOMES

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total CSI-spending</td>
<td>R\textsuperscript{m} 1,6</td>
<td>0,7</td>
</tr>
<tr>
<td>Farmer-related sponsorships</td>
<td>R\textsuperscript{m} 0,1</td>
<td>0,4</td>
</tr>
<tr>
<td>Senwes Spinners Farm School Cricket Development Programme Cumulative number of students reached</td>
<td>1 690</td>
<td>1 400</td>
</tr>
<tr>
<td>#forthefarmers Number of people reached</td>
<td>260 807</td>
<td>-</td>
</tr>
</tbody>
</table>

SOCIAL AND RELATIONSHIP CAPITAL

We are committed to the transformation and development goals of the country and we align our initiatives with the development priorities of government. We are a responsible and accountable corporate citizen, committed to the management of a sustainable business, taking into account our stakeholders, the environment and the community.

KEY INPUTS

- Investment in community upliftment projects:
  - Vegetable garden project at Rooigrond near Buhrmansdrif;
  - Support hub in Losdoorns, which consists of a vegetable garden and an improved early childhood development centre;
  - Farm school cricket development, where the final of the 14th annual Senwes Spinners Farm School Cricket Development Programme took place at Senwes Park on 6 April 2019. Over the 14 years, since the launch thereof in 2006, 1 690 farm school players from 19 primary schools participated in the program, 434 coaching sessions were conducted and 47 coaches have been trained;
  - Annual Christmas party project, where 584 underprivileged children from 11 different institutions aimed at child care for abused, special needs and abandoned children were involved;
  - Programmes for emerging farmers.
- Exclusive customer and supplier relationships;
- Senwes once again sponsored the Nation in Conversation initiative. This initiative serves as a platform for thought-leaders from various industries to discuss issues in and around the agricultural sector. Senwes’ partnership with Nation in Conversation derived a total of R12,7 million in value for the brand during the course of the 2018 television series and the 2018 Nampo Harvest Day. Senwes also participated, through the Nation in Conversation initiative, in the first ever Nampo Cape;
- Senwes launched a headland braai initiative to thank producers for their continuous support during the previous financial year.

TRADE-OFFS IN OUR USE OF SOCIAL AND RELATIONSHIP CAPITAL

Senwes invests in social and relationship capital in order to promote financial capital growth over the long term and improve community and government relations. Financial capital is, however, decreased over the short term. In our view, a more holistic and collaborative approach to community engagement will provide a platform for meaningful and sustainable future solutions and interventions.

REASSURANCE IN RESPECT OF SOCIAL AND RELATIONSHIP CAPITAL

- Social and Ethics Committee;
- Reduced conventional electricity consumption through various initiated projects;
- Reduced water consumption through initiated projects;
- Waste management through recycling efforts; and
- Continuous focus on, and growth of Thobo Trust.

SOFTWARE AND RELATIONSHIP CAPITAL

We are committed to the transformation and development goals of the country and we align our initiatives with the development priorities of government. We are a responsible and accountable corporate citizen, committed to the management of a sustainable business, taking into account our stakeholders, the environment and the community.

KEY INPUTS

- Investment in community upliftment projects:
  - Vegetable garden project at Rooigrond near Buhrmansdrif;
  - Support hub in Losdoorns, which consists of a vegetable garden and an improved early childhood development centre;
  - Farm school cricket development, where the final of the 14th annual Senwes Spinners Farm School Cricket Development Programme took place at Senwes Park on 6 April 2019. Over the 14 years, since the launch thereof in 2006, 1 690 farm school players from 19 primary schools participated in the program, 434 coaching sessions were conducted and 47 coaches have been trained;
  - Annual Christmas party project, where 584 underprivileged children from 11 different institutions aimed at child care for abused, special needs and abandoned children were involved;
  - Programmes for emerging farmers.
- Exclusive customer and supplier relationships;
- Senwes once again sponsored the Nation in Conversation initiative. This initiative serves as a platform for thought-leaders from various industries to discuss issues in and around the agricultural sector. Senwes’ partnership with Nation in Conversation derived a total of R12,7 million in value for the brand during the course of the 2018 television series and the 2018 Nampo Harvest Day. Senwes also participated, through the Nation in Conversation initiative, in the first ever Nampo Cape;
- Senwes launched a headland braai initiative to thank producers for their continuous support during the previous financial year.

TRADE-OFFS IN OUR USE OF SOCIAL AND RELATIONSHIP CAPITAL

Senwes invests in social and relationship capital in order to promote financial capital growth over the long term and improve community and government relations. Financial capital is, however, decreased over the short term. In our view, a more holistic and collaborative approach to community engagement will provide a platform for meaningful and sustainable future solutions and interventions.

REASSURANCE IN RESPECT OF SOCIAL AND RELATIONSHIP CAPITAL

- Social and Ethics Committee;
- Reduced conventional electricity consumption through various initiated projects;
- Reduced water consumption through initiated projects;
- Waste management through recycling efforts; and
- Continuous focus on, and growth of Thobo Trust.

OUTCOMES

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total CSI-spending</td>
<td>R\textsuperscript{m} 1,6</td>
<td>0,7</td>
</tr>
<tr>
<td>Farmer-related sponsorships</td>
<td>R\textsuperscript{m} 0,1</td>
<td>0,4</td>
</tr>
<tr>
<td>Senwes Spinners Farm School Cricket Development Programme Cumulative number of students reached</td>
<td>1 690</td>
<td>1 400</td>
</tr>
<tr>
<td>#forthefarmers Number of people reached</td>
<td>260 807</td>
<td>-</td>
</tr>
</tbody>
</table>

SOCIAL AND RELATIONSHIP CAPITAL

We are committed to the transformation and development goals of the country and we align our initiatives with the development priorities of government. We are a responsible and accountable corporate citizen, committed to the management of a sustainable business, taking into account our stakeholders, the environment and the community.

KEY INPUTS

- Investment in community upliftment projects:
  - Vegetable garden project at Rooigrond near Buhrmansdrif;
  - Support hub in Losdoorns, which consists of a vegetable garden and an improved early childhood development centre;
  - Farm school cricket development, where the final of the 14th annual Senwes Spinners Farm School Cricket Development Programme took place at Senwes Park on 6 April 2019. Over the 14 years, since the launch thereof in 2006, 1 690 farm school players from 19 primary schools participated in the program, 434 coaching sessions were conducted and 47 coaches have been trained;
  - Annual Christmas party project, where 584 underprivileged children from 11 different institutions aimed at child care for abused, special needs and abandoned children were involved;
  - Programmes for emerging farmers.
- Exclusive customer and supplier relationships;
- Senwes once again sponsored the Nation in Conversation initiative. This initiative serves as a platform for thought-leaders from various industries to discuss issues in and around the agricultural sector. Senwes’ partnership with Nation in Conversation derived a total of R12,7 million in value for the brand during the course of the 2018 television series and the 2018 Nampo Harvest Day. Senwes also participated, through the Nation in Conversation initiative, in the first ever Nampo Cape;
- Senwes launched a headland braai initiative to thank producers for their continuous support during the previous financial year.

TRADE-OFFS IN OUR USE OF SOCIAL AND RELATIONSHIP CAPITAL

Senwes invests in social and relationship capital in order to promote financial capital growth over the long term and improve community and government relations. Financial capital is, however, decreased over the short term. In our view, a more holistic and collaborative approach to community engagement will provide a platform for meaningful and sustainable future solutions and interventions.

REASSURANCE IN RESPECT OF SOCIAL AND RELATIONSHIP CAPITAL

- Social and Ethics Committee;
- Reduced conventional electricity consumption through various initiated projects;
- Reduced water consumption through initiated projects;
- Waste management through recycling efforts; and
- Continuous focus on, and growth of Thobo Trust.
BUILDING QUALITY STAKEHOLDER RELATIONSHIPS

Senwes’ approach to stakeholder relationship management consists of serving the various needs of all stakeholder groups, while prioritising actions and leveraging resources in such a manner as to ensure a long-term positive impact on the organisation.

THE NATURE OF OUR RELATIONSHIP

Shareholders and Investors

Shareholders are the principal providers of equity and therefore the owners of the company. In many instances the shareholders are also clients of the Senwes group.

Employees

Skills development and engagement of employees determine Senwes’ ability to deliver on its commitments, brand promise and overall strategy.

Business Partners

Senwes establishes relationships with various parties by means of joint ventures, subsidiaries and associates, to expand the group’s geographical footprint and to bring about critical mass and value synergies to aid in positioning the business for future growth and long-term sustainability.

Suppliers

Relationships with suppliers affect the Senwes group’s ability to cost-effectively provide products and services, and have a direct impact on Senwes’ competitiveness.

Government and Regulators

These relationships ensure that the company conducts business which complies with prevailing legislation, that Senwes reports to regulators and thus mitigates risks, thereby ensuring the sustainability of the Senwes group.

Community

This relationship promotes the long-term sustainability of the group’s operating environment and strengthens the socio-economic context of the areas in which the group conducts business.

HOW SENWES CREATES VALUE FOR ITS KEY STAKEHOLDER GROUPS

SHAREHOLDERS AND INVESTORS

To generate sound returns for our shareholders, through sustainable capital growth and dividends.

Issues during the year:

- The company’s shares traded below net asset value.
- Share trading liquidity was very low.

Company’s response to these issues:

- Senwes managed to maintain its dividend payout, despite the drought of the past few years.
- Senwes provided shareholders with a high-level, transparent and trusted platform for trading shares.
- The fact that shareholders use the shares in the Senwes group as security at Senwes Credit, also contributes to the low liquidity.

GOVERNMENT AND REGULATORS

To be a responsible corporate citizen that is legally compliant, manages legal risks and maintains effective and efficient company administration processes, which enable Senwes to operate within the legislative parameters and to report to regulators on a continuous basis.

To maintain a sound relationship with our local, provincial and national regulators.

Issues during the year:

- Political uncertainty in the agricultural sector.
- Land expropriation without compensation.
- Extremely challenging regulatory environment.
- Deterioration of state-owned entities.
- Deterioration of infrastructure and amenities such as water, electricity and roads.

Company’s response to these issues:

- Senwes actively participates in discussions by lending guidance and input to government structures.
- Senwes, through its relationship with the Agricultural Business Chamber, participated in the amendment of section 25 of the Constitution.
- Senwes has monitoring and reporting structures in place which provides combined assurance.
- Senwes appointed a dedicated liaison officer to resolve relevant issues with state-owned entities.
- Implementation of solar panels and the supply of water in selected rural areas.
EMPLOYEES

To be an employer of choice that pays market-related salaries whilst providing employees with the opportunity to realise their desired career paths.

Issues during the year
- Challenging macro economic environment.
- Wage agreement disputes.
- Employment equity compliances.

Company’s response to these issues
- Senwes hosted its first employee wellness day.
- Senwes paid short-term incentive bonuses to staff to the value of R48 million.
- Formalised wage agreement disputes of both Senwes and Hinterland were referred to the CCMA, where both cases were resolved without escalating to strike-level.
- Two Department of Labour non-compliance cases were successfully defended and compliance certificates were issued.
- A five-year employment equity plan was developed, with full stakeholder engagement and approval, which was submitted and acknowledged by the Department of Labour.

SUPPLIERS

To be the preferred supplier of products and services to clients and customers in the agricultural sector.

Issues during the year
- Clients’ cash flow was under pressure.

Company’s response to these issues
- Hinterland offered extended payments of up to two months on seed and up to 150 days on crop protection chemicals, which ensured that suppliers were paid on time and clients enjoyed the benefit of interest-free extended payments with the same discount as initially negotiated.

BUSINESS PARTNERS

To be a business partner of choice through driving effective strategy execution and optimally leveraging critical mass, value synergies, operational efficiencies and other benefits to the long-term advantage of the group as a whole.

Issues during the year
- Lack of strategic alignment and ineffective strategy execution.
- Operational inefficiencies and lack of operational execution.
- Sub-par financial performance of certain joint venture companies.
- Insufficient unlocking of value through leveraging critical mass and value synergies.

Company’s response to these issues
- Regular critical evaluation (financially, operationally and strategically) of each joint venture, subsidiary or associate to determine the action steps that need to be taken in order to ensure financial sustainability, operational efficiency and strategic fit, in such a manner as to ensure that the intended value and critical mass can be obtained to ensure benefits and long-term sustainability for the Senwes group as a whole.
To be the preferred supplier of products and services to clients and customers in the agricultural sector.

Issues during the year
- Some silos were filled to capacity due to high carry-over stock levels.
- The 2018 harvesting season started six weeks later than usual.
- Uncertainty about crop size, due to late plantings in 2019.
- Clients’ cash flow was under pressure.
- Outbreak of foot-and-mouth disease.
- Land expropriation without compensation.

Company’s response to these issues
- Senwes Grainlink introduced alternative storage facilities at Wolwehoek, Raathsvlei and Vierfontein silos.
- Senwes Grainlink accepted grain at a higher than normal moisture content to accommodate producers in delivering on their grain contracts.
- The Senwes Expo, which was scheduled for the end of January, was postponed, due to farming activities being later than usual.
- Senwes Credit assisted producers with their financial planning and management and, on a selective basis, carried over certain unused inputs to the following season (August 2020).
- Senwes challenged the nation to answer Agri SA’s call to braai for farmers.
- Senwes co-sponsored the Agri Land Summit held in Balfakan.

CLIENTS AND CUSTOMERS

To be a good corporate citizen who takes environmental issues into account and who is committed to the welfare of the communities in the areas where the group operates.

Issues during the year
- Limited government support and assistance in rural areas.
- Poverty and famine in rural areas.
- Outbreak of foot-and-mouth disease.

Company’s response to these issues
- Senwes, through Thobo Trust, launched a support hub in Losdoorns, which consists of a vegetable garden and an improved early childhood development centre.
- Senwes, through Thobo Trust, in partnership with Bastion, launched a vegetable garden project at Rooigrond, near Buhmannsdorp.
- Senwes hosted its annual Christmas project where 584 children and special needs adults were treated with a memorable Christmas party.
- Senwes co-sponsored the Agri Land Summit held in Balfakan.

Finance provided

<table>
<thead>
<tr>
<th>Year</th>
<th>Finance Provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1,000</td>
</tr>
<tr>
<td>2011</td>
<td>1,500</td>
</tr>
<tr>
<td>2012</td>
<td>2,000</td>
</tr>
<tr>
<td>2013</td>
<td>2,500</td>
</tr>
<tr>
<td>2014</td>
<td>3,000</td>
</tr>
<tr>
<td>2015</td>
<td>3,500</td>
</tr>
<tr>
<td>2016</td>
<td>4,000</td>
</tr>
<tr>
<td>2017</td>
<td>4,500</td>
</tr>
<tr>
<td>2018</td>
<td>5,000</td>
</tr>
<tr>
<td>2019</td>
<td>5,500</td>
</tr>
</tbody>
</table>

Community spending

<table>
<thead>
<tr>
<th>Year</th>
<th>Community Spending (Rm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1.0</td>
</tr>
<tr>
<td>2011</td>
<td>1.5</td>
</tr>
<tr>
<td>2012</td>
<td>2.0</td>
</tr>
<tr>
<td>2013</td>
<td>2.5</td>
</tr>
<tr>
<td>2014</td>
<td>3.0</td>
</tr>
<tr>
<td>2015</td>
<td>3.5</td>
</tr>
<tr>
<td>2016</td>
<td>4.0</td>
</tr>
<tr>
<td>2017</td>
<td>4.5</td>
</tr>
<tr>
<td>2018</td>
<td>5.0</td>
</tr>
<tr>
<td>2019</td>
<td>5.5</td>
</tr>
</tbody>
</table>
VALUE FOR STAKEHOLDERS

for the year ended 30 April

Value generated from income

Value allocation per stakeholder

VALUE GENERATED FROM INCOME

<table>
<thead>
<tr>
<th>2019</th>
<th>% Contribution</th>
<th>2018</th>
<th>% Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from sale of goods</td>
<td>1 500</td>
<td>55,7%</td>
<td>1 659</td>
</tr>
<tr>
<td>Income from services rendered</td>
<td>813</td>
<td>30,2%</td>
<td>793</td>
</tr>
<tr>
<td>Finance income</td>
<td>374</td>
<td>13,9%</td>
<td>340</td>
</tr>
<tr>
<td>Share of (loss)/profit from joint ventures and associates</td>
<td>6</td>
<td>0,2%</td>
<td>(5)</td>
</tr>
<tr>
<td><strong>TOTAL VALUE GENERATED</strong></td>
<td>2 693</td>
<td>100,0%</td>
<td>2 787</td>
</tr>
</tbody>
</table>

VALUE- ALLOCATION PER STAKEHOLDER

<table>
<thead>
<tr>
<th>2019</th>
<th>% Contribution</th>
<th>2018</th>
<th>% Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocated from income:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Suppliers of goods and services</td>
<td>88,3%</td>
<td>1 550</td>
<td>8 762</td>
</tr>
<tr>
<td>Employees and directors</td>
<td>5,0%</td>
<td>496</td>
<td>452</td>
</tr>
<tr>
<td>Financiers (Interest paid)</td>
<td>2,1%</td>
<td>213</td>
<td>223</td>
</tr>
<tr>
<td>Shareholders</td>
<td>3,4%</td>
<td>338</td>
<td>353</td>
</tr>
<tr>
<td>Government</td>
<td>1,2%</td>
<td>124</td>
<td>130</td>
</tr>
<tr>
<td>Community</td>
<td>0,0%</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td><strong>TOTAL VALUE ALLOCATED FROM INCOME</strong></td>
<td>100,0%</td>
<td>2 693</td>
<td>100,0%</td>
</tr>
</tbody>
</table>

ALLOCATED FROM OTHER SOURCES

| Government (VAT, PAYE, dividend tax, STT) | 138 | 48 |
| **TOTAL VALUE ALLOCATED** | 2 831 | 2 835 |
**REFLECTIONS FROM THE CHIEF EXECUTIVE OFFICER**

**FRANCOIS STRYDOM, SENWES CEO**

**What is our role?**
The Senwes group celebrates its 110th birthday in 2019 and plays its respects to all its customers, board members, input suppliers, staff, advisors, partners and communities that it has interacted with over the years.

In the financial year under discussion, South African food and fibre value chains were repeatedly challenged by aspects such as the decay of our national infrastructure, the collapse of state owned entities, entrenched corruption at all levels of national, provincial and local government, specific political neglect of our sector, a severely strained consumer market and extreme weather conditions.

Despite these aspects, the resilience of our food value chain role-players was once again evident and emphasised their worth to the bigger South African economy.

South Africa produces 34 main soft commodities on a significant scale and 20 of those commodities have proved over time to be financially sustainable net exporters and therefore earn significant foreign currency, create jobs locally and provide safe, secure and affordable food and fibre to South Africa.

The Senwes group recognises its role in the stabilisation of the rural economy, while the increasing urbanisation of our population places greater demand on food and fibre supply.

The Senwes group plays its part in ensuring international competitiveness, whilst contributing to the national economy.

**What do we understand when we talk strategy?**
The customer will always remain the most prominent part of our strategy and business model.

The ability of the Senwes group to do this, is not determined by volumes, but rather by the extent to which it offers solutions to the businesses of our customers.

The Senwes group’s strategy involves a close and concentrated focus on its particular role as a player within value chains and is executed by its business model in the input supply channel, the market access channel and the financial services channel.

Diversification, in our strategic terms, involves differentiated commodities, geography, client base and brands. It is supported and distinguished by exceptional technical corporate services and is further backed by investments in our extensive asset base across eight of the nine provinces of South Africa. These investments aim to directly benefit our customer base through value-creating solutions.

The integration of the various business units and joint ventures within our portfolio means, in practical terms, that we know our customer, prioritise his needs and develop a competitive understanding of his business.

In an ever-changing environment and the development of our highly competitive industry, we strategically consider the following three main aspects:

I. Does this create value and solutions for our client base?

II. Does this create capacity and/or a deeper and better understanding of the specific business unit, joint venture or the group?

III. Does this add to and enhance the Senwes cultural fit, which is at the heart of everything we do?

The “cultural fit” of the Senwes group can be described as follows:

- Disciplined and functional clarity of our business structures and roles.
- Improving our analytical ability to assist our decision-making process.
- Excellence in our support functions to drive efficiency, control and quality of income.
- Improving the personal ownership and stewardship at all business levels and areas of operation.
- Driving and improving the integration between businesses within the portfolio.

**What happened in our operations?**
The challenging environment in both our country and sector, provides context to our operational results.

We were able to achieve a full year result of:

<table>
<thead>
<tr>
<th></th>
<th>% Var</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational profit (R'm)</td>
<td>-8.3%</td>
<td>695</td>
<td>660</td>
</tr>
<tr>
<td>EBIT (R'm)</td>
<td>-6.7%</td>
<td>611</td>
<td>655</td>
</tr>
<tr>
<td>P&amp;L (R'm)</td>
<td>-3.0%</td>
<td>283</td>
<td>311</td>
</tr>
<tr>
<td>Headline earnings (R'm)</td>
<td>-9.2%</td>
<td>205</td>
<td>327</td>
</tr>
<tr>
<td>ROE (%)</td>
<td>-2.7%</td>
<td>13.0%</td>
<td>13.7%</td>
</tr>
<tr>
<td>Dividend yield (%)</td>
<td>+0.3%</td>
<td>5.5%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Own capital ratio (%)</td>
<td>+3.5%</td>
<td>30.0%</td>
<td>35.5%</td>
</tr>
</tbody>
</table>

The year, in a nutshell, reflects the following trends:

**Input Supply Channel**

The commodity price cycle is still under pressure and reflects on primary producers’ profitability and consequently on all businesses within this channel. Volumes, margins and higher stock levels affected the operational results and increased the levels of competitiveness, while the severe drought conditions in the early season, placed further pressure on this channel. However, better balance sheet management, together with the integration of the wholesale and retail businesses, turned this pillar around with a R89 million better result than the previous year.

**Market Access Channel**

The previous financial year recorded a national maize harvest in excess of 16.8 million tonnes, which was followed this financial year by a much smaller harvest of 12.9 million tonnes, but still provided adequate volumes to enhance the income streams of businesses units in this channel.

The operational result therefore decreased by 27.2% to R500 million, resulting in an unsatisfactory quality of income. Functional restructuring of business units is underway to address these issues.

**Financial Services Channel**

The land debate affected business confidence and investments and had a definite effect on business within this channel. The lower profitability of role-players in the food value chain, which represents our client base, led to cash flow restrictions and pressure on balance sheet capacity. An additional R11.9 million provision was made to address current cash flow realities.

The group performed well under the present conditions because of its focussed approach to the food value chain, its client-centric approach and highly motivated staff complement. This segment contributed R168 million operational profit to the group results.
How do we see the future?

The new financial year will be affected by much lower grain flows, while the after-effects of the drought, late planting, lower profitability and political pressure will persist at primary producer level.

The financial capacity of consumers is under pressure, as can be seen in the retail sector as a whole, and this plays its part in the food sector, both in respect of volume and price.

Imports compliment the supply chain of our food industry but if such imports are dumped at below the production value of local producers, it wreaks havoc in respect of job creation, our fiscus and investment in local production. The poultry and broader livestock industries are especially negatively affected and add to the already low business confidence levels.

The Senwes group’s conservative financial approach and consistent investment in its strategic approach and business model, will sustain the business through the volatile business cycles.

The group will continue to drive local consolidation to improve the food value chain competitiveness and enhance our own cost efficiencies, while we improve our risk profile through this diversification.

Disciplined and structured business model behaviour and the fostering of a personal ownership approach by our staff, aid in always putting the client at the centre of our business, while we help the client to prioritise his business through our portfolio integration.

Who do we acknowledge?

We do not live and work to deserve favour in future – we live and work now because we have already received what God intended. We acknowledge this fact as the reason for our purpose as a group.

The group, board, committees, individual members, exco members and each and every staff member are the reason for our successes and potential to achieve greatness.

We will remain focused and humbled by each client that makes the choice to do business with us. You are the reason for the group’s existence.

Our partners, input suppliers, advisors and our shareholders are essential to our business and we acknowledge you and thank you for your guidance and support.

Francois Strydom
Chief Executive Officer
Klerksdorp
27 June 2019
GROUP STRATEGY

WHERE ARE WE GOING?

STRATEGIC FOCUS AND OBJECTIVES

It is Senwes’ strategic objective to be an integrated agri-business and a significant role player in the food value chain. The strategy is therefore focused on growth and diversification through consolidation and integration within the agricultural and food value chain. The strategy aims to create sustainable value for all stakeholders and to become a preferred investment partner, employer, supplier and distribution channel, as well as a good corporate citizen.

STRATEGIC EVOLUTION

Senwes’ strategy evolution highlights how the different aspects of the business can be seen at this point in time, but also indicates how each of these aspects are projected to transform in the future.

Where are we?

Agricultural retail business.

Senwes Credit: Integrated solution in agri-market.

Local agri-focused insurance solution.

Grain trading business, mostly deployed in the traditional area of operation.

Storage solution, mostly deployed to service the producer/customer.

Equipment solutions for our customer base.

Where are we going?

Integrated input solution and rural services linked to agri-advice.

Improved products with a national footprint for customers and business-to-business solutions. Integrated and stand-alone credit.

Fully integrated national financial services company.

National soft commodity trading business.

Storage solutions, integrated with logistics and finance, to deliver an end-to-end service.

Equipment solutions to a bigger market share nationally, as well as to new markets.

HOW ARE WE GETTING THERE?

STRATEGIC FOCUS AREAS

Diversification, horizontal integration and consolidation

Internal integration of the customer

Reorganisation of business models

Unlocking value synergies

Increased investment in efficiencies in the value chain

Externalisation

DIVERSIFICATION, HORIZONTAL INTEGRATION AND CONSOLIDATION

Optimisation and improvement of current products and services, operational efficiencies, corporate and other support services, as well as operational restructuring.

Objectives

- Diversification and/or expansion by means of anyone or a combination of the following:
  - products and services;
  - operational activities;
  - resources/commodities;
  - client base;
  - infrastructure;
  - market segment;
  - Geographic diversification and/or expansion within the borders of South Africa;
  - Diversification and/or consolidation by means of mergers and/or acquisitions, as well as generic local expansion.

Top of mind risks

- Weather and climate risk;
- Market size and market share risk;
- Credit, liquidity and market risk;
- Urbanisation, scarcity and retention of skills;
- Transition and customer risk;
- Diversification and agricultural industry risk; and
- Unique competitor risk.

Looking ahead

- Further upscaling through consolidation and new market expansion, will bring about critical mass as well as synergies which will position the business for growth and long-term sustainability;
- Growing Senwes’ geographic footprint;
- Expansion and/or optimisation of current product and service offering;
- Continued market share drive;
- De-risking into other commodities; and
- Continued capital investment in the optimisation and/or upgrading of current infrastructure.

Reflecting on progress to date

- ESC (Electronic Silo Certificates) was established with AFGRI as partner to create an efficient and secure electronic silo certificates management system.
- Certisure was established with NWK as partner to consolidate the financial services group in order to create a more sustainable platform for expansion into other markets.
- JD Implementa was established with the Tomlinson family as partner and resulted in the expansion of the John Deere agency to the Eastern and Western Cape.
- Bastion Lime, established with NWK as partner, added in expanding capacity in the lime industry and the acquisition of a larger share in this business.
- Expansion into new geographic areas by Senwes Credit.
- Agrico acquisition – as part of Agrico effectively dissolving its John Deere agency, Senwes Equipment acquired two of its branches (Aliwal-North and Ugie); JD Implementa simultaneously acquired Agrico George.
- Senwes Equipment expanded into the Eastern Cape by means of setting up a new branch in East London.
- Senwes Equipment became an official distributor of the JCB product range.
- Market Access achieved success with its greenfields procurement project in the adjacent areas. In terms of this project, tonnes are procured from regions outside Senwes’ traditional service area by means of a logistics solution offered to the customer.
- Structured finance was added to Senwes Credit’s product offering. Structured finance will focus on the clients’ holistic business needs (entire business focus).
- Effective from 1 October 2018, Senwes expanded its agricultural equipment product range with the acquisition of the majority stake (75%) in Staalmeester.
- Senwes and Senwesbel jointly acquired a 57.44% shareholding in KLK Landbou from its shareholders after year-end, obtaining control of KLK Landbou.

For more detail on top of mind risks, see p. 53
Looking ahead
- Given continuous technological advancements and the rate at which customers’ needs are evolving, there will be a constant drive to increase the share of customers’ wallets spent across the Senwes group through innovative, integrated, top-of-the-range, solution-driven products, services and advice.
- Continued analysis of the group’s customer base to identify further opportunities.

For more detail on top of mind risks, see p. 53

Strategic focus area

INTERNAL INTEGRATION OF THE CUSTOMER

Leveraging customer information/intelligence across the Senwes group to ensure integrated, value-adding solutions to customers, such as obtaining a greater share of customers’ wallets, whilst retaining current customers and expanding the customer base through the addition of new clients.

Objectives
- Increased customer intimacy and consequent retention of customers;
- Obtain new customers; and
- Obtain an increased share of the customers’ wallets spent across the Senwes group, by offering a fully integrated business solution, rather than a once-off product and/or service.

Top of mind risks
- Market size and share risk;
- Transition and customer risk;
- Diversification and agricultural industry risk; and
- Unique competitor risk.

Reflecting on progress to date
- The Innovation and Integrated Solutions Division was established to drive initiatives to gain new customers, retain current customers and increase the share of the customers’ wallets spent across the Senwes group.
- The loyalty scheme (AgriRewards) was implemented and has been applicable since the 2017 reporting period.
- Established a Business Engineering Division, with both internal (Senwes group) and external (client) focus.
- During the year under review, the Business Engineering Department launched a wealth service offering to enrich farmer clientele services.
- Senwes increased its appetite in the high probability trading book and centralised this ability.
- Senwes launched its hedge fund into the market, in co-operation with Absa Bank during September 2016.

FOR MORE DETAIL ON TOP OF MIND RISKS, SEE P. 53

Optimisation and improvement of current products and services, operational efficiencies, corporate and other support services, as well as operational restructuring.

Objectives
- Optimisation of the current product and/or service offering;
- Focus on improving operational efficiencies;
- Margin enhancement projects;
- Optimisation/improvement of existing infrastructure;
- Operational restructuring (addition of new business units or restructuring the current business units);
- Optimisation/improvement of corporate and other support functions and/or services.

Top of mind risks
- Political and economic climate - land expropriation without compensation;
- Credit, liquidity and market risk;
- Urbanisation, scarcity and retention of skills;
- Commodity price risk;
- Transition and customer risk;
- Diversification and agricultural industry risk;
- Unique competitor risk;
- Regulation and compliance risk;
- Systems risk;
- Theft and fraud; and
- Environmental, health and safety risk.

Looking ahead
- Creating value lies in constantly attempting to improve the basics. Therefore, the group will continue to subject its business units and processes to analyses and investigations in order to establish whether or not any enhancements, redesign and restructuring and/or the establishment of new business units/processes are necessary.
- Improved and/or revamped product and/or service solutions.

For more detail on top of mind risks, see p. 53
SENWES INTEGRATED REPORT 2019

Looking ahead

Top of mind risks

• Urbanisation, scarcity and retention of skills risk;
• Transition and customer risk;
• Diversification and agricultural industry risk;
• Unique competitor risk.

Objectives

• Identify and evaluate areas of further opportunity;
• Vertically integrate the group in line with areas of opportunity identified.

Reflecting on progress to date

• Established a Business Engineering Division.
• Fully utilised across the Senwes group.
• There is a significant advantage in unlocking value synergies and therefore it makes sense to maintain the constant driving force to achieve this. The focus is to ensure that the synergies of the shared corporate functions and operational efficiencies are tapped into, and fully utilised across the Senwes group.

INCREASED INVESTMENT IN EFFICIENCIES IN THE VALUE CHAIN

Vertical integration of the business by means of a specialised focus in the parts of the value chain where Senwes operates, in order to identify further areas of opportunity.

Objectives

• Maintain a specialised focus in the parts of the value chain where Senwes operates;
• Identify and evaluate areas of further opportunity;
• Vertically integrate the group in line with areas of opportunity identified.

Reflecting on progress to date

• Grainovation was established as a joint venture, in partnership with Imperial Logistics, for the creation of a specialised and focused logistics company.
• A 20.68% shareholding in Senwes was acquired by Ghindrod as part of the alignment with and integration into the logistics value chain.
• The Senwes group gained access to the wholesale and distribution market by means of the distribution centre activities of Prodist. Initially Prodist was acquired via Hinterland (with AFGR and LRB (Mica, DIY and House of Paints) as partners, but during the year under review (effective 1 December 2018), Hinterland Retail (which is held 50%/50%) by Senwes/AFGR) was merged with Prodist.
• Astral contract – the largest single maize contract in South Africa for the supply of maize with a higher moisture content, in partnership with Imperial Logistics, for the creation of a specialised and focused logistics company.

Externalisation

Focus on the investigation of beneficial opportunities globally (outside the borders of South Africa) and expansion into these new, lower risk jurisdictions.

Objectives

• Diversify shareholders’ income streams;
• De-risk to lower-risk countries;
• Given the uncertain economic and political conditions in South Africa, the focus is currently on international acquisitions.

Top of mind risks

• Weather and climate risk;
• Political and economic climate risk - land expropriation without compensation;
• Market size and share risk;
• Urbanisation, scarcity and retention of skills risk;
• Transition and customer risk;
• Diversification and agricultural industry risk;
• Unique competitor risk.

Reflecting on progress to date

• Various beneficial international opportunities have been identified and are being evaluated.

SENWES INTEGRATED REPORT 2019

FOR MORE DETAIL ON TOP OF MIND RISKS, SEE P. 53

For more detail on top of mind risks, see p. 53
Our financial performance and value creation are best portrayed by the increase in distribution per share and the growth in net asset value per share, which together produced a total return of 13,1% (2018: 13,2%).

The board declared a final dividend of 30 cents per share which, together with the interim dividend of 30 cents per share, delivered a dividend yield of 5,5% on the opening market price.

EBITDA decreased by 4,2% after an average crop followed the previous year’s record harvest. The operational cost margin is 8,5% (2018: 7,7%) and the increase is mainly due to the increase in maintenance costs, electricity costs, as well as the increased cost of carrying the grain on the soft commodity procurement book.

### SIMPLIFIED DISTRIBUTABLE INCOME AND SEGMENT STATEMENTS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>4%</td>
<td>2,687</td>
<td>2,932</td>
<td>4%</td>
<td>2,687</td>
<td>2,932</td>
<td>4%</td>
<td>2,687</td>
<td>2,932</td>
<td>4%</td>
<td>2,687</td>
<td>2,932</td>
<td>4%</td>
<td>2,687</td>
<td>2,932</td>
</tr>
<tr>
<td>Gross profit</td>
<td>2%</td>
<td>1,463</td>
<td>1,434</td>
<td>2%</td>
<td>1,463</td>
<td>1,434</td>
<td>2%</td>
<td>1,463</td>
<td>1,434</td>
<td>2%</td>
<td>1,463</td>
<td>1,434</td>
<td>2%</td>
<td>1,463</td>
<td>1,434</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>8%</td>
<td>797</td>
<td>757</td>
<td>8%</td>
<td>797</td>
<td>757</td>
<td>8%</td>
<td>797</td>
<td>757</td>
<td>8%</td>
<td>797</td>
<td>757</td>
<td>8%</td>
<td>797</td>
<td>757</td>
</tr>
<tr>
<td>EBITDA</td>
<td>(9%)</td>
<td>665</td>
<td>697</td>
<td>(9%)</td>
<td>665</td>
<td>697</td>
<td>(9%)</td>
<td>665</td>
<td>697</td>
<td>(9%)</td>
<td>665</td>
<td>697</td>
<td>(9%)</td>
<td>665</td>
<td>697</td>
</tr>
<tr>
<td>Depreciation</td>
<td>31%</td>
<td>42</td>
<td>35</td>
<td>31%</td>
<td>42</td>
<td>35</td>
<td>31%</td>
<td>42</td>
<td>35</td>
<td>31%</td>
<td>42</td>
<td>35</td>
<td>31%</td>
<td>42</td>
<td>35</td>
</tr>
<tr>
<td>EBIT</td>
<td>(7%)</td>
<td>655</td>
<td>58</td>
<td>(7%)</td>
<td>655</td>
<td>58</td>
<td>(7%)</td>
<td>655</td>
<td>58</td>
<td>(7%)</td>
<td>655</td>
<td>58</td>
<td>(7%)</td>
<td>655</td>
<td>58</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(5%)</td>
<td>233</td>
<td>248</td>
<td>(5%)</td>
<td>233</td>
<td>248</td>
<td>(5%)</td>
<td>233</td>
<td>248</td>
<td>(5%)</td>
<td>233</td>
<td>248</td>
<td>(5%)</td>
<td>233</td>
<td>248</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>(5%)</td>
<td>432</td>
<td>330</td>
<td>(5%)</td>
<td>432</td>
<td>330</td>
<td>(5%)</td>
<td>432</td>
<td>330</td>
<td>(5%)</td>
<td>432</td>
<td>330</td>
<td>(5%)</td>
<td>432</td>
<td>330</td>
</tr>
<tr>
<td>Taxation</td>
<td>(5%)</td>
<td>217</td>
<td>215</td>
<td>(5%)</td>
<td>217</td>
<td>215</td>
<td>(5%)</td>
<td>217</td>
<td>215</td>
<td>(5%)</td>
<td>217</td>
<td>215</td>
<td>(5%)</td>
<td>217</td>
<td>215</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>(6%)</td>
<td>283</td>
<td>217</td>
<td>(6%)</td>
<td>283</td>
<td>217</td>
<td>(6%)</td>
<td>283</td>
<td>217</td>
<td>(6%)</td>
<td>283</td>
<td>217</td>
<td>(6%)</td>
<td>283</td>
<td>217</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>76%</td>
<td>281</td>
<td>310</td>
<td>76%</td>
<td>281</td>
<td>310</td>
<td>76%</td>
<td>281</td>
<td>310</td>
<td>76%</td>
<td>281</td>
<td>310</td>
<td>76%</td>
<td>281</td>
<td>310</td>
</tr>
<tr>
<td>Adjustments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impairment of investments, loans and PPE</td>
<td>(100%)</td>
<td>-</td>
<td>8</td>
<td>(100%)</td>
<td>-</td>
<td>8</td>
<td>(100%)</td>
<td>-</td>
<td>8</td>
<td>(100%)</td>
<td>-</td>
<td>8</td>
<td>(100%)</td>
<td>-</td>
<td>8</td>
</tr>
<tr>
<td>Restructuring cost</td>
<td>(100%)</td>
<td>-</td>
<td>13</td>
<td>(100%)</td>
<td>-</td>
<td>13</td>
<td>(100%)</td>
<td>-</td>
<td>13</td>
<td>(100%)</td>
<td>-</td>
<td>13</td>
<td>(100%)</td>
<td>-</td>
<td>13</td>
</tr>
<tr>
<td>Legal and consulting fees</td>
<td>700%</td>
<td>16</td>
<td>2</td>
<td>700%</td>
<td>16</td>
<td>2</td>
<td>700%</td>
<td>16</td>
<td>2</td>
<td>700%</td>
<td>16</td>
<td>2</td>
<td>700%</td>
<td>16</td>
<td>2</td>
</tr>
<tr>
<td>Other</td>
<td>(67%)</td>
<td>2</td>
<td>(6)</td>
<td>(67%)</td>
<td>2</td>
<td>(6)</td>
<td>(67%)</td>
<td>2</td>
<td>(6)</td>
<td>(67%)</td>
<td>2</td>
<td>(6)</td>
<td>(67%)</td>
<td>2</td>
<td>(6)</td>
</tr>
<tr>
<td>Normalised headline earnings</td>
<td>(10%)</td>
<td>286</td>
<td>227</td>
<td>(10%)</td>
<td>286</td>
<td>227</td>
<td>(10%)</td>
<td>286</td>
<td>227</td>
<td>(10%)</td>
<td>286</td>
<td>227</td>
<td>(10%)</td>
<td>286</td>
<td>227</td>
</tr>
<tr>
<td>EPS (cent)</td>
<td>(9%)</td>
<td>169,1</td>
<td>186,3</td>
<td>(9%)</td>
<td>169,1</td>
<td>186,3</td>
<td>(9%)</td>
<td>169,1</td>
<td>186,3</td>
<td>(9%)</td>
<td>169,1</td>
<td>186,3</td>
<td>(9%)</td>
<td>169,1</td>
<td>186,3</td>
</tr>
<tr>
<td>HEPS (cent)</td>
<td>(9%)</td>
<td>177,8</td>
<td>196,5</td>
<td>(9%)</td>
<td>177,8</td>
<td>196,5</td>
<td>(9%)</td>
<td>177,8</td>
<td>196,5</td>
<td>(9%)</td>
<td>177,8</td>
<td>196,5</td>
<td>(9%)</td>
<td>177,8</td>
<td>196,5</td>
</tr>
<tr>
<td>Interest cover (times)</td>
<td>-</td>
<td>3,1</td>
<td>3,1</td>
<td>-</td>
<td>3,1</td>
<td>3,1</td>
<td>-</td>
<td>3,1</td>
<td>3,1</td>
<td>-</td>
<td>3,1</td>
<td>3,1</td>
<td>-</td>
<td>3,1</td>
<td>3,1</td>
</tr>
</tbody>
</table>

*Group includes corporate segment.

### MAIN DEVIATIONS

1. The group’s gross profit is 2,0% higher mainly due to the input supply channel recovering to more profitable levels.

2. The group’s operational expenses increased by 8,1%, mainly due to the following reasons:
   - Overtime and the cost of temporary employees, due to the late and shortened intake period.
   - Maintenance, due to a backlog from the previous season and
   - Consultation fees, for various operational-related projects.

3. The group’s EBIT decreased by 6,7%, due to lower gross profit percentage and increased costs, as described above.

4. The group’s finance costs are 4,5% lower, due to increased focus on inventory management.

### SEGMENTAL RESULTS

#### MARKET ACCESS

The year started off with increased soft commodity carry over-stocks levels contributing R9,4 million to profit before tax, but the smaller and late harvest had a negative impact of R10,1 million and R27,4 million, respectively on the year’s results. Add to this a weaker carry in the market (R88m), increased electricity costs due to the late season’s drying of wet grain, the increased municipal costs of R24,2 million, together with increased maintenance costs of R12,0 million and this year’s result is 27,2% lower than the previous year’s record result.

#### INPUT SUPPLY

The input channel reflected an improvement of R88,8 million over the past year, which was largely characterised by the reversal of impairments in respect of mechanisation stocks (R19,4 million) due to last year’s high stock levels which were successfully managed to result in a decrease in stock levels of R249 million. In addition, mechanisation margins have improved (R80,9 million), operational profit from the Staalmeester acquisition was generated (R7,1 million), as well as increased fuel and retail results (R35,5 million).

#### FINANCIAL SERVICES

Previous season credit was repaid at a rapid rate by producers and new season credit was taken up at a later stage due to late plantings, more aggressive deferred payment arrangements by suppliers than in the past and a decline in property transactions due to political uncertainty and the lower price environment. Despite the above, the business unit performed better, due to focused margin management and credit book management (R24,2 million). A new structure was established for structured financing, which is expected to bring about the desired return, but only later. Provisions of R11,9 million were created, due to the expected smaller crop.

---

**THE PERFORMANCE**
### Residual Risk

Residual risk is reduced to within tolerance levels, given consecutive years of below average maize hectares planted and the 4th lowest maize production estimated since 2007/08.

The first trend is the unpredictability of the agricultural sector – national maize production varied from a low of 7,8 million tonnes in 2015/16 to a high of 16,8 million tonnes the following year. The second trend is the increased risk tolerance levels – we continue to increase risk tolerance levels, even during periods of agri sector volatility. Senwes remains fully committed to the industry and will continue to appropriately position itself during difficult times to ensure long-term sustainability. We also continuously strive to de-risk the risk profiles of Senwes through our strategic initiatives, which include:

- Diversification of the business;
- Increased investments in efficiencies in the value chain;
- Active management of interest-bearing mechanisation stock;
- Management of interest costs;
- Continuous management of bank covenants;

### Risk Assessment and Sensitivity Analysis

**Residual Risk Performance Against Targets**

Residual risk increased on the back of an average crop during 2017/18 and consecutive years of below-average maize hectares planted. The resultant effects included a smaller market size, impacting particularly the input supply pillar, increased pressure on the debtors book, market volatility and declining closing stock levels.

An assessment of the residual risk performance against respective targets of the past seven years, reflects two specific trends:

1. The first trend is the unpredictability of the agricultural sector – national maize production varied from a low of 7,8 million tonnes in 2015/16 to a high of 16,8 million tonnes the following year in 2016/17. Residual risk increased to above the high-risk limits for the first time during the low production period referred to. Comprehensive and prudent action plans were and continue to be investigated and implemented, leading up to and during such risk events. This resulted in the residual risk declining to within tolerance levels quicker than anticipated at first during 2017. It is this attitude towards actively managing risk that the current residual risk levels are still within risk tolerance levels, given consecutive years of below average hectares planted and the 4th lowest maize production estimate since 2007/08.

2. The second trend is the increased risk tolerance levels – we continue to increase risk tolerance levels, even during periods of agri sector volatility. Senwes remains fully committed to the industry and will continue to appropriately position itself during difficult times to ensure long-term sustainability. We also continuously strive to de-risk the risk profiles of Senwes through our strategic initiatives, which include:

- Diversification of the business;
- Increased investments in efficiencies in the value chain;
- Active management of interest-bearing mechanisation stock;
- Management of interest costs;
- Continuous management of bank covenants;

**Simplified Statement of Financial Position**

<table>
<thead>
<tr>
<th>Category</th>
<th>2019 R’m</th>
<th>2018 R’m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant &amp; equipment</td>
<td>715</td>
<td>567</td>
</tr>
<tr>
<td>Investment in JVs and Associates</td>
<td>255</td>
<td>292</td>
</tr>
<tr>
<td>Operating capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventory</td>
<td>609</td>
<td>995</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>52</td>
<td>53</td>
</tr>
<tr>
<td>Debtors and receivable loans</td>
<td>4,085</td>
<td>3,907</td>
</tr>
<tr>
<td>- Long term</td>
<td>1,204</td>
<td>1,070</td>
</tr>
<tr>
<td>- Short term</td>
<td>2,881</td>
<td>2,828</td>
</tr>
<tr>
<td>Agency inventory</td>
<td>234</td>
<td>144</td>
</tr>
<tr>
<td>Cash</td>
<td>31</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>70</td>
<td>172</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>6,060</td>
<td>6,130</td>
</tr>
<tr>
<td><strong>Equity and Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders’ interest</td>
<td>2,363</td>
<td>2,179</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>1,002</td>
<td>1,002</td>
</tr>
<tr>
<td>Short-term debt</td>
<td>2,588</td>
<td>2,900</td>
</tr>
<tr>
<td>Other</td>
<td>107</td>
<td>49</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>6,060</td>
<td>6,130</td>
</tr>
<tr>
<td><strong>NAV</strong></td>
<td>7,7%</td>
<td>5,0%</td>
</tr>
<tr>
<td>Own Capital Ratio</td>
<td>3,5%</td>
<td>89,0%</td>
</tr>
<tr>
<td>ROE (2,7%)</td>
<td>13,0%</td>
<td>15,7%</td>
</tr>
</tbody>
</table>

**WHERE WE INVEST/CAPITAL ALLOCATION**

- Capital is mainly allocated to capital projects, credit facilities to producers, machinery and retail stock, as well as working capital on the expansion into new markets. Material movements can be explained as follows:
  - The movement includes additions of R210 million, which were mainly spent on the upgrading of the agri infrastructure and new IT WAN infrastructure, together with new processing capacity in the data centre.
  - Decrease of R266 million, which mostly relates to the liquidation of slow moving whole goods inventory and more conservative planning with regards to stock ordering.
  - Increase in debtors book of 4,6%, mainly due to higher summer production credit and more hectares financed.
  - Loans to joint ventures decreased by 54,1%, mainly due to the loan made by Senwes to its joint venture retail business, Hinterland, a significant part of which had been repaid.

**How we Fund**

Equity increased by R184 million, while long and short-term loans reduced by R254 million. This can be explained as follows:

- Short-term interest-bearing debt decreased by 10,9% mainly due to the decrease in inventory. Unutilised short-term facility of R1,3 billion ensures adequate liquidity for growth opportunities and unexpected transactions.
- Interest-free creditors decreased by R61 million and followed the same pattern as inventory.
- AgriRewards and deferred tax increased, mainly due to a year-on-year cumulative growth, higher AgriRewards provision and a higher PPE carrying value.
- The increase in PPE is mainly funded by the growth in equity.

**Sensitivity Analysis - Exposure for FY 2020**

Given the environment in which we operate and the current agricultural conditions, we are subject to several variable factors beyond management's control. The analysis below provides some insight into these factors and their potential impact going forward (market risk without any reaction plans).

**Maximum Realistic Exposure for the FY 2020 (NAV Cents per Share)**

- Backwardation: 22
- Higher debt in arrears: 18
- Late plantings: 17
- Lower grain receipts: 17
- Change in rand/dollar exchange rate: 13
- Higher equipment paid stock levels: 11
- Lower closing stock levels: 10
- Equipment market size decline: 10

The primary NAV detractors would come in the market access pillar and financial services pillar, mainly due to the input supply pillar coming from a lower base. The current prevailing agricultural fundamentals will continue to have an impact on the market access and financial services pillar, while the input supply pillar could have an improved second half of the new year, should the winter crop area planted increase and should summer crops hectares planted, return to normal levels.

However, farmer profitability remains under pressure, due to increased debt levels, drought impacting the area planted and yields, with the resultant effects of limited production output growth.
FIRST DIVIDEND AFTER TURNAROUND.
ROYAL BAFOKENG B-BBEE TRANSACTION.
RECORD FINANCIAL RESULTS.
SOMEWES OFFER TO SOMEWES SHAREHOLDERS.
GRINDROD TRANSACTION.
GOOD RESULTS AFTER A GOOD GRAIN HARVEST.
GOOD RESULTS Driven by an exceptionally good grain harvest.
Net profit of R283 million, whilst market price per share closed at the same level as the previous year.
MATERIAL RISKS AND OPPORTUNITIES

Risk Methodology

WAITING FOR RAIN: MANAGING RISK IN THE AGRICULTURAL SECTOR

The latest World Economic Forum’s (WEF) global risk report of 2019 showed that environmental risks continue to dominate the report. This year, they accounted for three of the top five risks by likelihood and four by impact. Extreme weather was the risk of greatest concern for the WEF and more so to Senwes.

SENWES Seasonal rainfall until the end of December saw some of the lowest rainfall totals of the past 100 years. This was followed by the wettest April of the past 100 years, highlighting extreme weather events.

Waiting and managing are contrasting words and we know that these uncertain times will present both risk and opportunity, with the potential to erode or enhance value.

Senwes chooses to actively manage its risk by following an Enterprise-wide Risk Management (ERM) framework which provides a platform for management to effectively deal with uncertainty and associated risks and opportunities, thereby enhancing our capacity to build value.

No entity operates in a risk-free environment and ERM does not create such an environment. Rather, ERM enables management to operate more effectively in environments filled with risks.

Senwes operates in a risk-free environment and ERM does not exist. Rather, ERM enables management to operate more effectively in environments filled with risks.

Our ERM framework is based upon four critical risk activities:

- Ensuring risk governance
- Enhancing the risk culture
- Risk strategy
- Managing risk process

ERM is intertwined with corporate governance by providing information on the most significant risks and how they are being managed to the board of directors, through the Risk Committee. It is therefore crucial that we utilise and optimise our risk resources which include our employees, risk management technology and liaison network.

Risk management is deeply rooted in the culture of Senwes and its strategic and tactical intent. The responsibility and accountability for risk management resides at all levels of the organisation, from its board down to each business manager and employee.

Being risk aware requires that management considers information about internal and external environments, deploys precious resources and recalibrates enterprise activities to changing circumstances.

The group has a formal risk assessment process in place, through which risks and mitigating management actions are identified, assessed, monitored and reported on.

Our core strategic focus area, as part of the risk management process, remains the ability to respond to risks by ensuring multiple response plans per risk category.

SENWES’ TOP RISKS

Senwes deems its risk management practices to be practical and fully acknowledges the volatile agricultural industry and our need to be agile, smarter and more effective, proactive and forward-looking, and, at the same time, being appropriately responsive.

All risks are residually quantified and this heatmap provides an overview of the risk rating in terms of impact and probability, considering the existing mitigating control measures.
Material Risks

WEATHER AND CLIMATE RISK

The group is dependent on favourable weather conditions for sustainable agricultural production and farmer profitability. The seasonality of weather and climate changes is not linked to a financial or calendar year and could therefore negatively impact the group over consecutive years.

Senwes received below average rainfall for the greater part of the 2017/18 production season, which resulted in lower yields and ultimately lower storage income.

Mitigation and control

Senwes is indirectly exposed to income volatility as a result of adverse weather and climate events. These events influence the volume of grain produced in the Senwes area of operation, subsequently reducing storage income and producer profitability. The income volatility of a catastrophic climate event is mitigated by using certain derivative instruments and models.

Opportunities

- Externalisation or diversification into new markets or lower risk jurisdictions;
- Leveraging innovation and technological advancement in the agricultural sector, to counteract selected weather and climate-related threats;
- De-risking into other, counter-cyclical commodities;
- De-risking into less or counter-cyclical markets/industries; and
- Increased investment in efficiencies or increased participation in the areas of the value chain, which are yielding good long-term results, fits in well with or compliments our core business effectively and achieves risk mitigation, with regards to weather and climate.

Strategic focus areas triggered

- Diversification, horizontal integration and consolidation;
- Increased investment in efficiencies in the value chain; and
- Externalisation.

For more info on the group strategy see p. 40

POLITICAL UNCERTAINTY - LAND EXPROPRIATION AND CURRENCY RISK

The group and the agricultural sector could be negatively impacted by political decisions, civil unrest, high unemployment rates, volatile exchange rate movements and unsustainable growth. Various policy changes affecting the agricultural sector could severely impact the group’s strategic intent.

The biggest current political threat to the company and industry remains the policy of land expropriation without compensation.

Mitigation and control

Senwes utilises agricultural land owned by producers to secure credit extension to these clients. In the event of agricultural land being nationalised or expropriated, without compensation, the value of agricultural land will decrease and nullify the value of the security held by Senwes against outstanding funds. This risk can only be accepted and cannot be mitigated.

Opportunities

- Externalisation or diversification into new markets or lower risk jurisdictions;
- Reorganisation of business models; and
- Complete redesign of product and/or service offerings.

Strategic focus areas triggered

- Reorganisation of business models;
- Increased investment in efficiencies in the value chain; and
- Externalisation.

For more info on the group strategy see p. 40

MARKET SIZE AND MARKET SHARE RISK

The agricultural industry is highly competitive with regards to inputs, commodity production, mechanisation and retail business. The limited local diversification opportunities increase the exposure to fierce competition.

Mitigation and control

Senwes Grainlink’s investment in technology and infrastructure at its silos, resulted in an increase in market share, due to a more attractive value proposition to clients. Similar investments are made throughout the group in order to grow market share.

The retail and equipment service offerings are under pressure, due to a smaller market size. Senwes Equipment is however, offering competitive financing solutions in order to maintain and grow its market share.

Opportunities

- Consolidation, expansion and/or diversification, in order to identify and exploit value synergies, obtain critical mass and achieve market share growth;
- Leveraging innovation and technological advancement in the agricultural sector, to increase the clients’ share of wallet spent at Senwes;
- Optimisation of current and/or development of new products, services and solutions;
- Reorganisation of business models;
- Continuous research, innovation, evaluation and, where necessary, improvement of the group’s core activities, in order to maintain a competitive advantage to remain ahead of competitors; and
- Sustained, yet focused investment in the upgrading and/or optimisation of product and service networks.

Strategic focus areas triggered

- Diversification, horizontal integration and consolidation;
- Internal integration of the customer;
- Increased investment in efficiencies in the value chain; and
- Externalisation.

For more info on the group strategy see p. 40
CREDIT, LIQUIDITY AND MARKET RISK

The profile of the credit book with regards to concentration and geographical risk, remains a risk factor. The lower output on farmer profitability puts further pressure on the producers’ balance sheets and constrains the primary industry of the agricultural value chain.

The Senwes group is also exposed to medium-term liquidity and volatile interest rate changes. Market risk includes the repricing of the South African economy, with regards to credit ratings.

Mitigation and control

The potential credit concentration risk relates mainly to debtors. Debtors consist of many clients, spread over different geographic areas. Credit is extended in accordance with the credit policy of the group. Prudent credit evaluation processes are strictly adhered to. The group is also naturally hedged against fluctuating interest rates to a large extent since interest-bearing debt is mainly utilised for interest-earning assets, both at floating interest rates. Contracts, however, are all linked to the prime rate.

URBANISATION, SCARCITY AND RETENTION OF SKILLS RISK

The group is exposed to rural and/or agricultural areas, not only with regards to business operations, but also with regards to the scarcity of necessary skills in these areas.

The retention and recruiting of the right fit employees is a challenge in the industry and to Senwes. The rural operating areas of Senwes add to the risk exposure.

Mitigation and control

Our integrated skills development framework guides proportionate, yet balanced, investment in various skills development categories across all levels of the organisation. The framework sets clear guidelines for employees to acquire the full spectrum of training, ranging from technical to job-specific skills, without neglecting the need for personal growth, people skills and leadership development.

Opportunities

- Diversity and/or expansion of current product and/or service offering and solutions;
- Diversity or externalise into new markets; and
- Optimisation of current and/or development of new products, services and solutions relating to the mitigation of credit, liquidity and market risk.

Strategic focus areas triggered

- Diversification, horizontal integration and consolidation;
- Reorganisation of business models; and
- Externalisation.

For more info on the group strategy see p. 40

TRANSMISSION AND CUSTOMER RISK

The group is exposed to technological quantum leaps in agriculture, alternative storage solutions, customer needs and priorities, which could all lead to a paradigm shift within the agricultural sector. The group’s sustainability and reputation is at risk without transition and diversification.

Mitigation and control

Senwes still believes in strong client relations and daily attempts to better these relations. Customer needs and our ability to fulfill these needs remain high on the company’s agenda.

Senwes has further embarked on a project to develop comprehensive farm management solutions, which will enhance our customers’ ability to take crucial business decisions based on key drivers. These solutions will integrate the various aspects of the Senwes business value chain in a seamless way, in order to enhance the overall customer experience. The group’s innovation and Integrated Solutions division is responsible for the design and development of innovative business solutions, that will enhance the overall customer experience and ultimately increase revenue.

Alternative storage structures are addressed by innovative business solutions, that will enhance the overall customer experience. The group’s Innovation and Integrated Solutions division is responsible for the design and development of innovative business solutions, that will enhance the overall customer experience and ultimately increase revenue.

Opportunities

- Diversification, horizontal integration and consolidation;
- Reorganisation of business models;
- Unlocking value synergies;
- Increased investment in efficiencies in the value chain; and
- Externalisation.

For more info on the group strategy see p. 40

COMMODITY PRICE RISK

Volatile commodity markets such as grains, oilseeds, fertiliser, steel and oil markets have an impact on input costs and the cost of capital goods for producers and therefore create trading risks.

Mitigation and control

The group uses derivative instruments to manage and hedge exposure to commodity price risk. In accordance with the group’s risk management policy, only minimal unhedged market positions exist from time to time. The hedging instruments used, consist of soft commodity futures contracts, as well as option contracts.

Opportunities

- Optimisation of current and/or development of new hedging instruments or products. New, innovative and effectively managed products will add value to the pricing portfolio of the client.

Strategic focus areas triggered

- Reorganisation of business models.

For more info on the group strategy see p. 40

THE PERFORMANCE
MATERIAL RISKS | continued

DIVERSIFICATION AND AGRICULTURAL INDUSTRY RISK

Senwes is exposed to limited growth opportunities, especially in the local agricultural sector. The business and industry could achieve a level of maturity that could increase the difficulties of volume and profit growth.

Mitigation and control

Senwes continues to work on a rolling 10-year strategy. The focus of the group’s strategy is diversification, horizontal integration and local consolidation, internal integration of the customer, reorganisation of business models, unlocking value synergies, increased investment in efficiencies in the value chain and externalisation.

The de-risking of the current business models and geographical exposures, therefore, remain a high priority.

UNIQUE COMPETITOR RISK

The group operates in a competitive environment. Innovation and market penetration strategies, throughout the agricultural value chain on the part of our competitors (local and internationally), could have an adverse effect on market penetration strategies, throughout the value chain and externalisation.

The company relies heavily on technology and innovative system developments. The main risks relate to archiving, capacity, data integrity, relevance, integration and adaptability.

Mitigation and control

An IT-strategy and management committee is in place and formal change, project and integration management are applied. Furthermore, extensive business and IT-disaster recovery processes have already been established. Continuous focus is placed on IT-governance and improving the maturity of systems.

Opportunities

- Leveraging innovation and technological advancement in the agricultural sector to maintain a competitive advantage;
- Increased value chain participation - especially in the areas of the value chain, which have been yielding good long-term results that will help in mitigating unique competitor risk;
- Externalisation or diversification into new markets or lower risk jurisdictions;
- Optimisation and/or expansion of product and/or service offerings - disruptive products and/or service solutions; and
- Reorganisation of business models.

Opportunities

- Further upscaling, through consolidation and new market expansion, to ensure critical mass, as well as synergies which will position the business for growth and long-term survival;
- Leveraging innovation and technological advancement in the agricultural sector;
- Increased investment in efficiencies or increased participation in the areas of the value chain, which are yielding good long-term results, such as developing new, more competitive and efficient solutions for the handling of soft commodities and more extensive participation in the optimisation of logistics networks; and
- Externalisation or diversification into new markets or lower risk jurisdictions.

Opportunities

- Continuous drive improvement in the group’s Compliance Coverage Plan; and
- Strive for a culture of transparency and compliance which promotes good corporate governance.

Opportunities

- Leveraging technological advancements and innovation to ensure system sustainability and to enable more effective archiving, capacity, data integrity, relevance, integration and adaptability; and
- Unlocks the value of “big data”, through internal system development in order to service the client in a more effective and cost efficient way.

Opportunities

- Reorganisation of business models; and
- Unlocking value synergies.

REGULATION AND COMPLIANCE RISK

The risk describes the wide range of legislation that the group must comply with. This material acts are, inter alia, the Competition Act, FICA, Financial Markets Act, FAIS, NCA, CPA and OHSA.

Mitigation and control

The board accepts total responsibility for compliance with all applicable legislation and regulatory requirements. This is reported via the internal Compliance Committee and then to the Risk Committee, as well as the Audit Committee. Focused attention is being afforded to compliance aspects throughout the company. The board officially adopted the Group Compliance Coverage Plan that involves a group-wide approach to compliance.
Threat and fraud risk

The economic climate gives rise to theft and fraudulent activities, especially involving highly valued commodities such as grain. The diversified nature of the group’s activities also increases the possibilities of theft or fraud. This is further increased by the complexity of certain activities which require special control measures.

Mitigation and control
A refocus of business processes, a culture programme, re-design of appointment practices and the upgrading of physical control measures are some of the management actions implemented to mitigate the risk to an acceptable level. The code of conduct is embedded into the risk culture of the company, which contributes to the mitigation of this risk.

Environmental, health and safety risk

The group is subjected to compliance requirements in respect of employee health and safety, as well as environmental and quality assurance.

Mitigation and control
The safety of grain as a core product and the handling thereof is continuously assessed by Senwes through hazard critical control point (HACCP) and quality management systems. Senwes also incorporates a fully functional SHEQ division which deals with enabling the policy environment, effective structures, education and training, empowering employees to make judgement calls and enforcing rules and regulations.

Opportunities

- Continuously develop and optimise the group’s codes of conduct and ethics, as well as processes and communication in this regard;
- Leverage technological advancements to ensure more efficient theft and fraud prevention measures in order to mitigate risks in this regard; and
- Adding value to the culture of the group for generations to come.

Strategic focus areas triggered

- Reorganisation of business models.

For more info on the group strategy see p. 40.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>Non-current assets</td>
<td>2,168</td>
<td>1,976</td>
<td>1,777</td>
</tr>
<tr>
<td></td>
<td>Current assets</td>
<td>3,842</td>
<td>4,164</td>
<td>3,494</td>
</tr>
<tr>
<td></td>
<td>Total assets</td>
<td>6,000</td>
<td>6,135</td>
<td>5,261</td>
</tr>
<tr>
<td>Equity and liabilities</td>
<td>Capital and reserves</td>
<td>2,336</td>
<td>2,169</td>
<td>1,970</td>
</tr>
<tr>
<td></td>
<td>Non-controlling interest</td>
<td>27</td>
<td>26</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>Equity</td>
<td>2,363</td>
<td>2,172</td>
<td>1,989</td>
</tr>
<tr>
<td></td>
<td>Non-current liabilities</td>
<td>1,168</td>
<td>1,086</td>
<td>1,002</td>
</tr>
<tr>
<td></td>
<td>Current liabilities</td>
<td>2,529</td>
<td>2,863</td>
<td>2,270</td>
</tr>
<tr>
<td></td>
<td>Total equity and liabilities</td>
<td>6,060</td>
<td>6,135</td>
<td>5,261</td>
</tr>
</tbody>
</table>

**INCOME STATEMENT PER SEGMENT**

| Revenue | Financial Services | (Senwes Credit, Senwes Asset Finance, Cartusio group and Maimi Sales) | 348 | 321 | 309 | 230 | 219 |
|         | Input Supply | (Senwes Equipment, JD Implementes, Staalmeester, Hinterland group and Bastion Lime group) | 1,485 | 1,425 | 1,350 | 1,429 | 1,460 |
|         | Grainovation and ESC | 758 | 942 | 741 | 403 | 556 |
| Non-current operating activities | 2,591 | 2,688 | 2,580 | 2,471 | 2,536 |
| Profit before tax | 96 | 104 | 97 | 101 | 88 |
| Income from continuing operations | 2,687 | 2,792 | 2,407 | 2,253 | 2,326 |

**FINANCIAL AND OPERATING RATIOS**

<table>
<thead>
<tr>
<th>2019</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
<th>5-year compounded annual growth %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>Total assets</td>
<td>1,65</td>
<td>12,9</td>
<td>12,8</td>
<td>15,0</td>
</tr>
<tr>
<td></td>
<td>Total shareholder interest</td>
<td>8,4</td>
<td>9,7</td>
<td>5,7</td>
<td>4,7</td>
</tr>
<tr>
<td></td>
<td>Interest-bearing liabilities</td>
<td>4,9</td>
<td>18,9</td>
<td>1,8</td>
<td>10,2</td>
</tr>
<tr>
<td></td>
<td>Total revenue from continuing operations</td>
<td>3,8</td>
<td>11,8</td>
<td>10,8</td>
<td>3,1</td>
</tr>
<tr>
<td></td>
<td>Profit before tax</td>
<td>7,8</td>
<td>86,7</td>
<td>7,5</td>
<td>36,0</td>
</tr>
<tr>
<td></td>
<td>Normalised headline earnings per share</td>
<td>9,2</td>
<td>80,4</td>
<td>36,6</td>
<td>36,4</td>
</tr>
<tr>
<td></td>
<td>Net asset value per share</td>
<td>7,7</td>
<td>11,8</td>
<td>6,7</td>
<td>4,8</td>
</tr>
<tr>
<td></td>
<td>Closing market price per share</td>
<td>6,8</td>
<td>19,0</td>
<td>6,8</td>
<td>8,0</td>
</tr>
<tr>
<td></td>
<td>Total dividends for the year</td>
<td>11,1</td>
<td>20,0</td>
<td>-</td>
<td>(10,0)</td>
</tr>
</tbody>
</table>

**PERFORMANCE OF ORDINARY SHARES**

| Number of ordinary shares ('m) | 166,18 | 167,27 | 168,88 | 168,88 | 169,21 |
| Number in issue at year-end | 166,30 | 165,58 | 168,88 | 168,88 |
| Cents per share | 169,1 | 165,3 | 98,3 | 90,6 | 143,4 | 3,3 |
| Earnings | 177,5 | 196,5 | 108,4 | 70,3 | 175,2 | 12,4 |
| Non-interest-bearing liabilities as % of equity | 169,1 | 180,0 | 101,2 | 74,1 | 160,0 | 12,4 |
| Total net value | 1,407,1 | 1,300,9 | 1,166,5 | 1,103,1 | 1,054,8 | 8,0 |
| Closing market price | 1,100,0 | 1,040,0 | 1,000,0 | 1,150,0 | 1,150,0 | 0,5 |
| Total dividends for the year | 60,0 | 54,0 | 45,0 | 45,0 | 50,0 |
| Final dividend proposed | 30,0 | 27,0 | 25,0 | 20,0 | 26,0 |
| Interim dividend paid | 30,0 | 27,0 | 25,0 | 25,0 | 24,0 |

**PRODUCTIVITY**

| Price-book ratio | 7,5 | 8,4 | 8,2 | 95,9 | 106,0 |
| Dividend yield | 5,5 | 6,2 | 4,3 | 3,8 | 4,7 |
| Dividend yield on average market price | 5,5 | 5,0 | 4,3 | 4,1 | 4,5 |
| Times | 6,2 | 5,9 | 13,2 | 6,6 |
| Dividend cover | 2,6 | 3,4 | 2,2 | 2,0 | 2,9 |

**SHAREHOLDER RETURN (%)**

| Return on opening equity | 13,0 | 15,7 | 8,9 | 8,6 | 15,0 |
| Return on average equity | 12,8 | 15,0 | 8,7 | 6,4 | 14,3 |
| Total shareholder return (on opening market price) (dividends & capital growth) | 5,5 | 11,0 | 3,3 | (4,8) | 11,6 |
| Total shareholder return (on average market price) (dividends & capital growth) | 5,5 | 10,7 | 3,3 | (5,0) | 11,2 |

**FINANCIAL AND OPERATING RATIOS**

<table>
<thead>
<tr>
<th>2019</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
<th>5-year compounded annual growth %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>Financial Services</td>
<td>(Senwes Credit, Senwes Asset Finance, Cartusio group and Maimi Sales)</td>
<td>1,68</td>
<td>160</td>
<td>147</td>
</tr>
<tr>
<td></td>
<td>Input Supply</td>
<td>(Senwes Equipment, JD Implementes, Staalmeester, Hinterland group and Bastion Lime group)</td>
<td>30</td>
<td>52</td>
<td>43</td>
</tr>
<tr>
<td></td>
<td>Market Access</td>
<td>(Senwes Grainovik, Tiedvantage, Senwes Granaahalaers, Granovik and ESC)</td>
<td>300</td>
<td>412</td>
<td>85</td>
</tr>
<tr>
<td></td>
<td>Normal operating activities</td>
<td>498</td>
<td>513</td>
<td>275</td>
<td>253</td>
</tr>
<tr>
<td></td>
<td>Corporate costs</td>
<td>(100)</td>
<td>(81)</td>
<td>(46)</td>
<td>(40)</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>(398)</td>
<td>(432)</td>
<td>(229)</td>
<td>(219)</td>
<td>(333)</td>
</tr>
<tr>
<td>Taxation</td>
<td>(115)</td>
<td>(121)</td>
<td>(82)</td>
<td>(57)</td>
<td>(88)</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>283</td>
<td>311</td>
<td>167</td>
<td>156</td>
<td>247</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Finance charges included in results</td>
<td>(213)</td>
<td>(223)</td>
<td>(204)</td>
<td>(164)</td>
<td>(137)</td>
</tr>
</tbody>
</table>

**CASH FLOW STATEMENT**

| Cash from operating activities | 708 | 813 | 457 | 505 | 575 |
| Change in working capital | (193) | (128) | 33 | (17) | 327 |
| Other operating income | - | - | - | - | - |
| Total finance costs, tax and dividends paid | (279) | (306) | (325) | (312) | (314) |
| Finance costs paid | (213) | (223) | (204) | (164) | (137) |
| Tax paid | (64) | (89) | (55) | (65) | (59) |
| Dividends paid | (109) | (103) | (71) | (94) | (70) |
| Net cash flow from / (used in) operating activities | 139 | 286 | 166 | 164 | 83 |
| Net cash used / (from) investment activities | (104) | (258) | (198) | (142) | 53 |
| Net cash used / (from) financing activities | (1) | (47) | (47) | (6) | (6) |
| Net increase / (decrease) in cash and cash equivalents | 34 | (17) | (21) | 22 | (17) |
### Consolidated Statement of Financial Position

#### as at 30 April 2019

<table>
<thead>
<tr>
<th>GROUP</th>
<th>COMPANY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>715</td>
</tr>
<tr>
<td>Goodwill</td>
<td>9</td>
</tr>
<tr>
<td>Investment in subsidiaries</td>
<td>-</td>
</tr>
<tr>
<td>Investment in joint ventures</td>
<td>227</td>
</tr>
<tr>
<td>Investment in associates</td>
<td>28</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>5</td>
</tr>
<tr>
<td>Long-term portion of other loans receivable</td>
<td>6</td>
</tr>
<tr>
<td>Loans and other receivables</td>
<td>1 204</td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td>24</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>2 218</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
</tr>
<tr>
<td>Inventory</td>
<td>609</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>2 881</td>
</tr>
<tr>
<td>Other loans receivable</td>
<td>28</td>
</tr>
<tr>
<td>Inventory held to satisfy firm sales</td>
<td>234</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>52</td>
</tr>
<tr>
<td>Tax receivable</td>
<td>7</td>
</tr>
<tr>
<td>Cash and short-term deposits</td>
<td>31</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>3 942</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>6 060</td>
</tr>
</tbody>
</table>

#### EQUITY AND LIABILITIES

| Equity | | | | |
| Issued capital | 1 | 1 | 1 | 1 |
| Share premium | (160) | (168) | - | - |
| Share capital | 31 | 44 | 57 | 56 |
| Retained earnings | 2 397 | 2 215 | 2 227 | 2 102 |
| **Own equity** | 2 398 | 2 159 | 2 362 | 2 226 |
| **Non-controlling interest** | 27 | - | 20 | - |
| **Total equity** | 2 363 | 2 179 | 2 382 | 2 246 |

#### Liabilities

| Non-current liabilities | | | | |
| Interest-bearing loans | 1 002 | 1 002 | 1 000 | 1 000 |
| Other financial liabilities | 59 | 37 | 59 | 37 |
| Deferred tax liability | 107 | 49 | 112 | 54 |
| **Total non-current liabilities** | 1 168 | 1 088 | 1 171 | 1 097 |

#### Current liabilities

<table>
<thead>
<tr>
<th>Items</th>
<th>2019</th>
<th>2018</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other payables</td>
<td>536</td>
<td>568</td>
<td>236</td>
<td>375</td>
</tr>
<tr>
<td>Contract liabilities</td>
<td>39</td>
<td>79</td>
<td>39</td>
<td>79</td>
</tr>
<tr>
<td>Interest-bearing loans</td>
<td>1 837</td>
<td>1 885</td>
<td>1 837</td>
<td>1 885</td>
</tr>
<tr>
<td>Other loans payable</td>
<td>46</td>
<td>43</td>
<td>71</td>
<td>43</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>30</td>
<td>66</td>
<td>29</td>
<td>13</td>
</tr>
<tr>
<td>Tax payable</td>
<td>-</td>
<td>8</td>
<td>-</td>
<td>8</td>
</tr>
<tr>
<td>Incentive bonus: Short-term portion</td>
<td>23</td>
<td>47</td>
<td>23</td>
<td>17</td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>-</td>
<td>3</td>
<td>-</td>
<td>19</td>
</tr>
<tr>
<td>Other financial liabilities</td>
<td>-</td>
<td>28</td>
<td>-</td>
<td>28</td>
</tr>
<tr>
<td>Provisions</td>
<td>15</td>
<td>6</td>
<td>15</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>2 929</td>
<td>2 963</td>
<td>2 966</td>
<td>2 653</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>3 997</td>
<td>3 965</td>
<td>3 941</td>
<td>3 864</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY AND LIABILITIES</strong></td>
<td>6 060</td>
<td>6 130</td>
<td>5 773</td>
<td>5 840</td>
</tr>
</tbody>
</table>

### Consolidated Statement of Comprehensive Income

#### for the year ended 30 April 2019

<table>
<thead>
<tr>
<th>GROUP</th>
<th>COMPANY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td><strong>Service margins</strong></td>
<td></td>
</tr>
<tr>
<td>Income from sale of goods</td>
<td>1 509</td>
</tr>
<tr>
<td>Revenue from contracts with customers</td>
<td>2 313</td>
</tr>
<tr>
<td><strong>Finance income</strong></td>
<td></td>
</tr>
<tr>
<td>Finance income</td>
<td>374</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>2 687</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(1 224)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>1 463</td>
</tr>
<tr>
<td>Dividend income</td>
<td>-</td>
</tr>
<tr>
<td>Distribution, sales and administrative expenses</td>
<td>(843)</td>
</tr>
<tr>
<td>Credit loss expense on financial assets</td>
<td>(15)</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>605</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(213)</td>
</tr>
<tr>
<td>Share of profit/(loss) from joint ventures and associates</td>
<td>6</td>
</tr>
<tr>
<td><strong>Profit before tax from continuing operations</strong></td>
<td>398</td>
</tr>
<tr>
<td>Taxation</td>
<td>(115)</td>
</tr>
<tr>
<td><strong>Profit after tax</strong></td>
<td>283</td>
</tr>
<tr>
<td>Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax</td>
<td>-</td>
</tr>
<tr>
<td>Share of other comprehensive income of joint ventures</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the year, net of tax</strong></td>
<td>283</td>
</tr>
</tbody>
</table>

#### Earnings per Share

<table>
<thead>
<tr>
<th></th>
<th>2019 cents/ share</th>
<th>2018 cents/ share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit attributable to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity holders of the parent</td>
<td>281</td>
<td>310</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total comprehensive income attributable to</strong>:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity holders of the parent</td>
<td>283</td>
<td>309</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

#### Dividends for the Year

<table>
<thead>
<tr>
<th></th>
<th>2019 cents/ share</th>
<th>2018 cents/ share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend per share paid during the year</td>
<td>57</td>
<td>62</td>
</tr>
<tr>
<td>Final dividend previous year</td>
<td>28</td>
<td>25</td>
</tr>
<tr>
<td>Interim dividend</td>
<td>30</td>
<td>27</td>
</tr>
<tr>
<td>Final dividend per share proposed</td>
<td>30</td>
<td>27</td>
</tr>
</tbody>
</table>
CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
for the year ended 30 April 2019

<table>
<thead>
<tr>
<th></th>
<th>GROUP</th>
<th>COMPANY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issued share capital R'm</td>
<td>11</td>
<td>67</td>
</tr>
<tr>
<td>Share premium R'm</td>
<td>12.1</td>
<td>(126)</td>
</tr>
<tr>
<td>Treasury shares R'm</td>
<td>12.2</td>
<td>(4)</td>
</tr>
<tr>
<td>Share-based payment reserve R'm</td>
<td>13.2</td>
<td>(14)</td>
</tr>
<tr>
<td>Changes in ownership R'm</td>
<td>1 955</td>
<td>53</td>
</tr>
<tr>
<td>Fair value adjustments R'm</td>
<td>6</td>
<td>(14)</td>
</tr>
<tr>
<td>Retained earnings R'm</td>
<td>310</td>
<td>2 215</td>
</tr>
<tr>
<td>Non-controlling interest R'm</td>
<td>1</td>
<td>2 281</td>
</tr>
<tr>
<td>Total equity R'm</td>
<td>3 101</td>
<td>2 397</td>
</tr>
</tbody>
</table>

Balance as at 30 April 2017

<table>
<thead>
<tr>
<th></th>
<th>GROUP</th>
<th>COMPANY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity-settled share-based payment scheme - Expense</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>6 199</td>
<td>1 989</td>
</tr>
<tr>
<td>Dividends</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Equity-settled share-based payment scheme - Vesting</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividends</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Treasury shares purchased</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Equity-settled share-based payment scheme - Expense</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net cash flows used in investment activities</td>
<td>(99)</td>
<td>(44)</td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(128)</td>
<td>(14)</td>
</tr>
<tr>
<td>Proceeds from the disposal of property, plant and equipment</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Acquisition of subsidiary</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Grant to Senwes Share Incentive Trust</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividends received from investments in joint ventures</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Additional loans received from related parties</td>
<td>14</td>
<td>30</td>
</tr>
<tr>
<td>Repayment of loans to related parties</td>
<td>(19)</td>
<td>(19)</td>
</tr>
<tr>
<td>Additional loans advanced to related parties</td>
<td>(19)</td>
<td>(19)</td>
</tr>
<tr>
<td>Repayment of loans to related parties</td>
<td>150</td>
<td>228</td>
</tr>
<tr>
<td>Balance as at 30 April 2018</td>
<td>197</td>
<td>2 060</td>
</tr>
<tr>
<td>Dividends</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Equity-settled share-based payment scheme - Vesting</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Equity-settled share-based payment scheme - Expense</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividends</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Treasury shares purchased</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net cash flows before financing activities</td>
<td>35</td>
<td>32</td>
</tr>
<tr>
<td>Net cash from financing activities</td>
<td>(1)</td>
<td>-</td>
</tr>
<tr>
<td>Net increase/(decrease) in cash and cash equivalents</td>
<td>34</td>
<td>20</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the year</td>
<td>(3)</td>
<td>(19)</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the year</td>
<td>36</td>
<td>1</td>
</tr>
</tbody>
</table>

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 April 2019

<table>
<thead>
<tr>
<th></th>
<th>GROUP</th>
<th>COMPANY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash from operating activities</td>
<td>3 080</td>
<td>2 048</td>
</tr>
<tr>
<td>Additional loans received from related parties</td>
<td>(90)</td>
<td>(94)</td>
</tr>
<tr>
<td>Additional loans advanced to related parties</td>
<td>(44)</td>
<td>(44)</td>
</tr>
<tr>
<td>Repayment of loans to related parties</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balance as at 30 April 2017</td>
<td>2 179</td>
<td>2 363</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>2 060</td>
<td>2 060</td>
</tr>
<tr>
<td>Dividends</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Equity-settled share-based payment scheme - Vesting</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividends</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Treasury shares purchased</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net cash flows used in investment activities</td>
<td>(90)</td>
<td>(94)</td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(128)</td>
<td>(14)</td>
</tr>
<tr>
<td>Proceeds from the disposal of property, plant and equipment</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Acquisition of subsidiary</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Grant to Senwes Share Incentive Trust</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividends received from investments in joint ventures</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Additional loans received from related parties</td>
<td>14</td>
<td>30</td>
</tr>
<tr>
<td>Repayment of loans to related parties</td>
<td>(19)</td>
<td>(19)</td>
</tr>
<tr>
<td>Additional loans advanced to related parties</td>
<td>(19)</td>
<td>(19)</td>
</tr>
<tr>
<td>Repayment of loans to related parties</td>
<td>150</td>
<td>228</td>
</tr>
<tr>
<td>Balance as at 30 April 2018</td>
<td>2 060</td>
<td>2 060</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>2 048</td>
<td>2 048</td>
</tr>
<tr>
<td>Dividends</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Equity-settled share-based payment scheme - Vesting</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividends</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Treasury shares purchased</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net cash flows before financing activities</td>
<td>32</td>
<td>32</td>
</tr>
<tr>
<td>Net cash from financing activities</td>
<td>(1)</td>
<td>-</td>
</tr>
<tr>
<td>Net increase/(decrease) in cash and cash equivalents</td>
<td>32</td>
<td>32</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the year</td>
<td>(3)</td>
<td>(19)</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the year</td>
<td>35</td>
<td>1</td>
</tr>
</tbody>
</table>

*R2.7 million relates to fair value adjustment on Sudzus Holdings and R3 million to fair value adjustments on Molami Sale Management.
SEGMENTAL INFORMATION

For management and control purposes, the group is divided into business units based on their products, services and clients and consists of the following reportable segments:

Financial Services
(Senwes Credit, Senwes Asset Finance, Certisure group and Molemi Sales Management)

Credit extension to agricultural producers and grain buyers. Senwes Credit also renders agricultural services to its growing client base. Certisure includes commission received on short-term, crop and life insurance premiums and administration fees. Molemi Sales holds investments in agricultural companies, an input-tracker fund and a cell captive.

Input Supply
(Senwes Equipment, JD Implemente, Staalmeester, Senwes Equi Holdings, Hinterland group and Bastion Lime group)

Sales at retail outlets, direct sales of farming input requirements, the importation, manufacturing and sale of mechanisation goods and spare parts, as well as the servicing of such farming and other mechanisation equipment. Wholesale of agricultural and industrial retail products to agricultural outlets.

Market Access
(Senwes Grainlink, Tradestart, Senwes Grianmakelaars, Grainovation and ESC)

Income received from the handling and storage of agricultural produce, the transportation of grain commodities as well as the processing of seed. Commission earned on marketing of grain and revenue from the sale of grain. Electronic issuing and trading of silo certificates.

Corporate
(Senwes Shares Incentive Scheme Trust, Phoko Trust, Senwes Capital, Senwes Agriwert and Nautilus Hedge Fund)

Head office services, information technology, human resources, properties, central administration, risk management, secretarial services, legal services, corporate marketing, risk management, internal audit, strategic development, group finance, corporate finance, innovation and integration, business engineering and treasury and governance.

Income tax is managed on a group basis and is not allocated to operating segments. Services rendered between related parties as reflected in operating segments are on an arm’s length basis in a manner similar to transactions with third parties. The group Executive Committee monitors the operational results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segmental performance is evaluated, based on operating profit or loss, and is measured consistently against operating profit or loss in the consolidated financial statements.

SEGMENTAL REVENUE AND RESULTS

Senwes group operates in South Africa only.

<table>
<thead>
<tr>
<th>GROUP</th>
<th>2019 R’m</th>
<th>2018 R’m</th>
<th>2019 R’m</th>
<th>2018 R’m</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Services</td>
<td>349</td>
<td>324</td>
<td>292</td>
<td>288</td>
</tr>
<tr>
<td>AgrRewards</td>
<td>(1)</td>
<td>(3)</td>
<td>(1)</td>
<td>(3)</td>
</tr>
<tr>
<td>Finance costs</td>
<td>-</td>
<td>-</td>
<td>(133)</td>
<td>(132)</td>
</tr>
<tr>
<td>Profit from joint ventures</td>
<td>-</td>
<td>-</td>
<td>10</td>
<td>9</td>
</tr>
<tr>
<td>Input Supply</td>
<td>1 485</td>
<td>1 425</td>
<td>30</td>
<td>56</td>
</tr>
<tr>
<td>Intragroup sales</td>
<td>(113)</td>
<td>(123)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Finance costs</td>
<td>-</td>
<td>-</td>
<td>(40)</td>
<td>(26)</td>
</tr>
<tr>
<td>Profit/(loss) from joint ventures</td>
<td>-</td>
<td>-</td>
<td>(12)</td>
<td>(22)</td>
</tr>
<tr>
<td>Market Access</td>
<td>758</td>
<td>342</td>
<td>300</td>
<td>412</td>
</tr>
<tr>
<td>AgrRewards</td>
<td>(10)</td>
<td>(16)</td>
<td>(20)</td>
<td>(26)</td>
</tr>
<tr>
<td>Intragroup sales</td>
<td>(2 209)</td>
<td>(3 669)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Finance costs</td>
<td>-</td>
<td>-</td>
<td>(32)</td>
<td>(46)</td>
</tr>
<tr>
<td>Profit from joint ventures</td>
<td>-</td>
<td>-</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Normal operational activities</td>
<td>2 691</td>
<td>2 688</td>
<td>498</td>
<td>513</td>
</tr>
<tr>
<td>Corporate</td>
<td>96</td>
<td>104</td>
<td>(106)</td>
<td>(81)</td>
</tr>
<tr>
<td>Income from service level agreement and other corporate fees</td>
<td>66</td>
<td>73</td>
<td>15</td>
<td>12</td>
</tr>
<tr>
<td>Interest income from joint ventures</td>
<td>30</td>
<td>31</td>
<td>32</td>
<td>31</td>
</tr>
<tr>
<td>Finance costs</td>
<td>-</td>
<td>-</td>
<td>(6)</td>
<td>(6)</td>
</tr>
<tr>
<td>Corporate costs</td>
<td>-</td>
<td>-</td>
<td>(139)</td>
<td>(119)</td>
</tr>
<tr>
<td>Total revenue</td>
<td>2 687</td>
<td>2 792</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before tax</td>
<td>398</td>
<td>432</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxation</td>
<td>(116)</td>
<td>(121)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit after tax</td>
<td>283</td>
<td>311</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* More than 10% of revenue from services rendered was derived from two business partners which amounted to R302 million (2018: R413 million).

NET SEGMENTAL ASSETS

<table>
<thead>
<tr>
<th>GROUP</th>
<th>2019 R’m</th>
<th>2018 R’m</th>
<th>2019 R’m</th>
<th>2018 R’m</th>
<th>2019 R’m</th>
<th>2018 R’m</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Services</td>
<td>3 800</td>
<td>3 405</td>
<td>(2 044)</td>
<td>(2 044)</td>
<td>1 756</td>
<td>1 457</td>
</tr>
<tr>
<td>Input Supply</td>
<td>865</td>
<td>1 318</td>
<td>(548)</td>
<td>(548)</td>
<td>317</td>
<td>433</td>
</tr>
<tr>
<td>Market Access</td>
<td>1 155</td>
<td>1 217</td>
<td>(199)</td>
<td>(199)</td>
<td>373</td>
<td>365</td>
</tr>
<tr>
<td>Total operations</td>
<td>5 824</td>
<td>5 940</td>
<td>(3 378)</td>
<td>(3 378)</td>
<td>2 446</td>
<td>2 255</td>
</tr>
<tr>
<td>Corporate</td>
<td>212</td>
<td>159</td>
<td>(212)</td>
<td>(212)</td>
<td>-</td>
<td>(59)</td>
</tr>
<tr>
<td>Total segmental assets/(liabilities)</td>
<td>6 036</td>
<td>6 099</td>
<td>(3 590)</td>
<td>(3 590)</td>
<td>2 446</td>
<td>2 217</td>
</tr>
<tr>
<td>Deferred tax</td>
<td>24</td>
<td>31</td>
<td>(107)</td>
<td>(107)</td>
<td>49</td>
<td>83</td>
</tr>
<tr>
<td>Total</td>
<td>6 060</td>
<td>6 130</td>
<td>(3 697)</td>
<td>(3 697)</td>
<td>2 363</td>
<td>2 179</td>
</tr>
</tbody>
</table>

* Assets include the net investment in Hinterland joint venture of R58 million (2018: R148 million).

SEGMENTAL DISCLOSABLE ITEMS

<table>
<thead>
<tr>
<th>GROUP</th>
<th>2019 R’m</th>
<th>2018 R’m</th>
<th>2019 R’m</th>
<th>2018 R’m</th>
<th>2019 R’m</th>
<th>2018 R’m</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAPITAL EXPENDITURE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Services</td>
<td>(20)</td>
<td>(23)</td>
<td>(7)</td>
<td>(6)</td>
<td>5</td>
<td>(57)</td>
</tr>
<tr>
<td>Input Supply</td>
<td>(144)</td>
<td>(83)</td>
<td>(30)</td>
<td>(30)</td>
<td>(11)</td>
<td>(4)</td>
</tr>
<tr>
<td>Market Access</td>
<td>(26)</td>
<td>(39)</td>
<td>(16)</td>
<td>(16)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>(210)</td>
<td>(141)</td>
<td>(56)</td>
<td>(42)</td>
<td>(21)</td>
<td>(61)</td>
</tr>
</tbody>
</table>

* Non-cash transactions consist of provisions made.
SENWES SHAREHOLDING AND OPERATING STRUCTURE

SHAREHOLDERS

SENWESBEL LTD 52,91%
GRINDROD TRADING HOLDINGS (PTY) LTD 20,68%
SENWES CAPITAL (PTY) LTD 4,47%
SENWES SHARE INCENTIVE SCHEME TRUST 3,54%
PRODUCER AND OTHER SHAREHOLDERS 18,40%

FINANCIAL SERVICES

- Senwes Credit
  - Credit extension
  - Agricultural Services
- Insurance Brokers

50% SENWK (Pty) Ltd
100% Certisure Brokers (Pty) Ltd
100% Univision Broker Services (Pty) Ltd
30% IP Makelaars (Pty) Ltd

INPUT SUPPLY

- Senwes Equipment
  - Whole Goods
  - Spares
  - Workshops
  - Precision Farming

50% JD Implemente (Pty) Ltd
50% Senwes Equip Holdings (Pty) Ltd
75% Staalmeester Agricultural Equipment (Pty) Ltd
50% Hinterland Holdings (Pty) Ltd
50% Hinterland SA (Pty) Ltd
100% Dormanko Dertig (Pty) Ltd t/a Agri-Onderdele
100% Hinterland Fuels (Pty) Ltd
50% Bastion Lime (Pty) Ltd
70% Oos-Transvaal Kalkverskaffers (Pty) Ltd
100% Pelelani (Pty) Ltd
100% OTKV Employee Trust
10,7%
10,7%
100% Thobo Trust
26,5%
73,5%

MARKET ACCESS

- Senwes Grainlink
  - Silo Operations
  - Grain Procurement and trading
  - Grain Financing
  - Seed

100% Senwes Graanmakelaars (Pty) Ltd
100% Grainovation (Pty) Ltd
50% Silo Certs (Pty) Ltd t/a Electronic Silo Certificates
100% Tradevantage Grain (Pty) Ltd

CORPORATE GOVERNANCE

- Business Engineering
- Central Administration
- Corporate Finance
- CSI
- Fleet
- Geographical Information System (GIS)
- Group Finance
- Human Resources
- Information Technology
- Innovation and Integration
- Internal Audit
- Legal and Secretariat
- Marketing and Communications
- Risk
- Senwes Property, Planning and Development
- SHEQ
- Treasury

100% Senwes Capital (Pty) Ltd
35,6%
50% Nautilus Hedge Fund
100% Senwes Share Incentive Scheme Trust

100% Senwes Agrowth (Pty) Ltd
The principles of King IV have been adopted as far as practically possible.

The composition of the board

The pursuit of managing the group and the company in accordance with good corporate governance principles in the best interest thereof, continuously applies and the board comprises of 12 members as indicated below:

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Board members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senwesbel</td>
<td>1</td>
</tr>
<tr>
<td>Grindrod</td>
<td>1</td>
</tr>
<tr>
<td>Together with:</td>
<td></td>
</tr>
<tr>
<td>Independent non-executive directors</td>
<td>3</td>
</tr>
<tr>
<td>Executive directors</td>
<td>2</td>
</tr>
</tbody>
</table>

With three independent non-executive directors on the board and an experienced executive team, no single individual can exercise undue influence on the decision-making processes of the board.

Directors are nominated and elected by shareholders and provision has been made for rotation in the form of a staggered rotation programme, in terms of which no board member’s term of office may exceed three years. Directors are appointed, subject to re-election, by the shareholders in accordance with the Companies Act and the MOI.

If a director has served for a period of more than nine years, best practice requires the board to consider whether that director continues to be independent in executing his fiduciary duties. The board, upon recommendation by the Nomination Committee, has adopted the policy of annually reviewing directors’ independence if their tenure has reached nine years or more.

Based on the results of the evaluation, the board will consider whether there is any evidence of any circumstance and/or relationship that would impair their judgement, to the extent that their independence is compromised.

Further actions to enhance governance outcomes

- Assess King IV and ensure updated requirements were complied with.
- Ensure that the governing body leads ethically and effectively.
- Continued oversight to ensure that the approved strategy is implemented and appropriately resourced and that any possible risks are identified and mitigating actions put in place.
- Ensure that the board remains independent in discharging its duties.
- Adopt a fair and reasonable remuneration policy.

The company does not apply certain recommendations of King IV, given the current shareholder structure:
- The non-executive chair of the board is not an independent director, but is supported by a duly elected and experienced independent non-executive vice-chair, who was also elected as the lead independent director;
- The board does not comprise of a majority of independent directors;
- The chair of the board is also the chair of the Nomination Committee;
- The chair of the Remuneration Committee is not independent, but is a non-executive director.

The two major shareholders, Senwesbel and Grindrod, have long-term strategic plans for the group and Senwesbel, as the holding company of Senwes, as the board is being elected from the commercial producer client base, the Senwesbel directors have majority representation as this is a statutory arrangement in the Memorandum of Incorporation (MOI) of Senwesbel.

Shareholder structure

As indicated above, the shareholder structure dictates the composition of the board and is as follows:

<table>
<thead>
<tr>
<th>Shareholders</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Senwesbel Ltd (“Senwesbel”)</td>
<td>52.91%</td>
</tr>
<tr>
<td>Grindrod Trading Holdings (Pty) Ltd (“Grindrod”)</td>
<td>20.68%</td>
</tr>
<tr>
<td>Senwes Capital (Pty) Ltd (“Treasury shares”)</td>
<td>4.47%</td>
</tr>
<tr>
<td>Senwes Share Incentive Scheme Trust (“LTI”)</td>
<td>3.54%</td>
</tr>
<tr>
<td>Producers Public</td>
<td>11.07%</td>
</tr>
<tr>
<td>% of issued shares</td>
<td>6.73%</td>
</tr>
<tr>
<td>Number of shares</td>
<td>180 789 308</td>
</tr>
</tbody>
</table>

The Senwes group comprises of the divisions, companies and relationships, including subsidiaries, joint ventures and associate as reflected on p. 70 of the report.

CORPORATE GOVERNANCE

THE BOARD

Mandate of the Board:

Safeguarding value for our stakeholders

- Consider and review the 10-year rolling strategy of the company presented by management and the budgets necessary for the implementation of the approved strategy.
- Ensure proper management of the relationships between the company and all its stakeholders to protect and, where possible, enhance the reputation of the company.
- Monitor the performance of the company against agreed objectives and review the performance of the executive management against defined objectives and other applicable performance standards.
- Continuously monitor the solvency and liquidity of the company.
- Approve and implement formal reservation (board) and delegation of authority (CEO and below) policies.

The board committees contribute significantly to the effectiveness of the board by ensuring that detailed oversight and reporting take place. The chairmen of the board committees report comprehensively to the board to ensure that the functions of the committees are executed in accordance with the written mandates.

Written mandates and authorities have been put in place by the board for itself in the board charter in terms of which certain powers have been reserved for the board only as the highest decision-making authority, ensuring thereby that the board addresses all its responsibilities.

Further actions to enhance governance outcomes

- Assess King IV and ensure updated requirements were complied with.
- Ensure that the governing body leads ethically and effectively.
- Continued oversight to ensure that the approved strategy is implemented and appropriately resourced and that any possible risks are identified and mitigating actions put in place.
- Ensure that the board remains independent in discharging its duties.
- Adopt a fair and reasonable remuneration policy.

During the year under review the board was required to undergo psychometric testing and the results thereof proved that the board composition, ethics and abilities are of the highest quality and level.

THE BOARD

Mandate of the Board:

Safeguarding value for our stakeholders

- Consider and review the 10-year rolling strategy of the company presented by management and the budgets necessary for the implementation of the approved strategy.
- Ensure proper management of the relationships between the company and all its stakeholders to protect and, where possible, enhance the reputation of the company.
- Monitor the performance of the company against agreed objectives and review the performance of the executive management against defined objectives and other applicable performance standards.
- Continuously monitor the solvency and liquidity of the company.
- Approve and implement formal reservation (board) and delegation of authority (CEO and below) policies.

The composition of the board

The pursuit of managing the group and the company in accordance with good corporate governance principles in the best interest thereof, continuously applies and the board comprises of 12 members as indicated below:

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Board members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senwesbel</td>
<td>1</td>
</tr>
<tr>
<td>Grindrod</td>
<td>1</td>
</tr>
<tr>
<td>Together with:</td>
<td></td>
</tr>
<tr>
<td>Independent non-executive directors</td>
<td>3</td>
</tr>
<tr>
<td>Executive directors</td>
<td>2</td>
</tr>
</tbody>
</table>

With three independent non-executive directors on the board and an experienced executive team, no single individual can exercise undue influence on the decision-making processes of the board.

Directors are nominated and elected by shareholders and provision has been made for rotation in the form of a staggered rotation programme, in terms of which no board member’s term of office may exceed three years. Directors are appointed, subject to re-election, by the shareholders in accordance with the Companies Act and the MOI.

If a director has served for a period of more than nine years, best practice requires the board to consider whether that director continues to be independent in executing his fiduciary duties. The board, upon recommendation by the Nomination Committee, has adopted the policy of annually reviewing directors’ independence if their tenure has reached nine years or more.

Based on the results of the evaluation, the board will consider whether there is any evidence of any circumstance and/or relationship that would impair their judgement, to the extent that their independence is compromised.

Further actions to enhance governance outcomes

- Assess King IV and ensure updated requirements were complied with.
- Ensure that the governing body leads ethically and effectively.
- Continued oversight to ensure that the approved strategy is implemented and appropriately resourced and that any possible risks are identified and mitigating actions put in place.
- Ensure that the board remains independent in discharging its duties.
- Adopt a fair and reasonable remuneration policy.

The composition and the performance of the board, individual directors and committees are carefully scrutinised by the Nomination Committee. Shareholders are provided with information about directors to enable them to make informed decisions regarding the election of such directors. The reappointment of non-executive directors is not an automatic process and through the Nomination Committee, the board conducts a screening process to ensure that proposed board candidates are “fit and proper” to serve as board members. The succession plan for the chairman and vice-chairman has also been approved by this committee.
The board charter
The board charter regulates the parameters within which the board operates and enunciates the application of the principles of good corporate governance in all its dealings. Furthermore, this board charter sets out the roles and responsibilities of the board and individual directors, including the composition and relevant procedures of the board. The board charter is aligned with the provisions of all relevant statutory and regulatory requirements, including, amongst others, the Companies Act No 71 of 2008, as amended (the Companies Act), the ZAR X listing requirements, King IV and the company’s MOI.

Board meetings and attendance of board meetings
The board meets quarterly and during the year under review, held two additional meetings with specific focus on strategy and the strategic financial plans of the group.

Meetings are well attended, as can be seen from the following table:

<table>
<thead>
<tr>
<th>Name of director</th>
<th>Board</th>
<th>Audit Committee</th>
<th>Risk Committee</th>
<th>Remuneration Committee</th>
<th>Nomination Committee</th>
<th>Investment Committee</th>
<th>Social and Ethics Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of meetings</strong></td>
<td>6</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td><strong>Non-executive:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>JDM Minnaar (Chair)*</td>
<td>6/6</td>
<td>3/3</td>
<td>2/2</td>
<td>2/2</td>
<td>2/2</td>
<td>3/3</td>
<td>1/1</td>
</tr>
<tr>
<td>SF Booysen (Vice-Chair)</td>
<td>5/6</td>
<td>3/3</td>
<td>-</td>
<td>2/2</td>
<td>2/2</td>
<td>3/3</td>
<td>-</td>
</tr>
<tr>
<td>JBB Botha</td>
<td>6/6</td>
<td>3/3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>AJ Kruger</td>
<td>6/6</td>
<td>3/3</td>
<td>-</td>
<td>2/2</td>
<td>2/2</td>
<td>3/3</td>
<td>-</td>
</tr>
<tr>
<td>NDP Liebenberg</td>
<td>5/6</td>
<td>3/3</td>
<td>2/2</td>
<td>2/2</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>JJ Minnaar</td>
<td>5/6</td>
<td>-</td>
<td>2/2</td>
<td>2/2</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SM Mohapi</td>
<td>5/6</td>
<td>2/3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TF van Rooyen</td>
<td>6/6</td>
<td>-</td>
<td>2/2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1/1</td>
</tr>
<tr>
<td>WH van Zyl</td>
<td>6/6</td>
<td>-</td>
<td>2/2</td>
<td>2/2</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>AG Waller</td>
<td>5/6</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2/3</td>
<td>-</td>
</tr>
<tr>
<td><strong>Executive:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F Strydom</td>
<td>6/6</td>
<td>3/3</td>
<td>2/2</td>
<td>2/2</td>
<td>2/2</td>
<td>3/3</td>
<td>1/1</td>
</tr>
<tr>
<td>CF Kruger</td>
<td>6/6</td>
<td>3/3</td>
<td>2/2</td>
<td>2/2</td>
<td>-</td>
<td>3/3</td>
<td>-</td>
</tr>
</tbody>
</table>

* Including strategic sessions.
* Ex-officio member to all committee meetings.
** Except for the Risk Committee – non-members of the other board committees, but attend upon invitation.

The role and function of the chair
The chair is a non-executive director who is appointed by the board on an annual basis. The positions of the chair and the chief executive officer are separate with segregated duties.

Although not an independent chair as defined in King IV, the board is collectively of the view that, given the shareholder structure and the chair’s experience in the commercial agricultural sector, it is appropriate for him to chair the board.

The chair is supported by an independent vice-chair and lead independent director, who is also the chair of the Audit and Investment Committees.

The role and function of the chief executive officer and Executive Committee
The company’s daily corporate and management functions are dealt with by the chief executive officer and he is supported by a management team comprising of the following:

GROUP EXECUTIVE LEADERSHIP
The Executive Committee comprises of the heads of all business and corporate units. Particulars of the leadership team are shown on p. 84.

Declaration of and dealing with personal interests
The personal interests of directors are monitored comprehensively and reported continuously in terms of the embedded governance practices. Formal declaration of interests is a standing item on the board’s agenda, as well as those of the boards of the joint venture companies. Board members and senior management are required to disclose their personal interests and other directorships. The shareholding of the board is indicated on the next page.

Directors have unrestricted access to the company secretary, who provides guidance and advice in relevant circumstances and may also seek independent advice in terms of the protocol for the procurement of independent external advice, regarding the business of the group, at the cost of the company.

Share trading by directors and management takes place in terms of a formal Code of Conduct for Personal Trading of Shares and Positions in the Group. Directors’ dealings are disclosed on ZAPS.

During the year under review, share trading was conducted during the open periods listed below, while trading in closed periods or after a cautionary announcement was prohibited:

<table>
<thead>
<tr>
<th>Date 2018/2019</th>
<th>Status of trading</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 April</td>
<td>Closed</td>
<td>Preparation of the annual financial statements</td>
</tr>
<tr>
<td>28 June</td>
<td>Open</td>
<td>Publication of annual financial statements and dividend announcements</td>
</tr>
<tr>
<td>31 October</td>
<td>Closed</td>
<td>Preparation of the interim financial statements</td>
</tr>
<tr>
<td>6 December</td>
<td>Closed</td>
<td>Firm intention to make a general offer to KLK shareholders</td>
</tr>
<tr>
<td>21 December</td>
<td>Open</td>
<td>Announcement of pro forma-financial effects of the KLK offer on the group</td>
</tr>
<tr>
<td>1 March 2019 at 10:00</td>
<td>Closed</td>
<td>Amended increased offer to KLK Shareholders was approved</td>
</tr>
<tr>
<td>11 March</td>
<td>Open</td>
<td>Announcement of pro forma-financial effects of the KLK offer to group's shareholders</td>
</tr>
<tr>
<td>30 April</td>
<td>Closed</td>
<td>Preparation of the annual financial statements</td>
</tr>
</tbody>
</table>
The personal interests of the current board members in the group are disclosed in the table below:

<table>
<thead>
<tr>
<th>Name</th>
<th>SENWES</th>
<th>Direct %</th>
<th>SENWESEL</th>
<th>*Indirect %</th>
</tr>
</thead>
<tbody>
<tr>
<td>AJ Kruger &amp; related parties</td>
<td>142 386</td>
<td>0,06%</td>
<td>1 006 071</td>
<td>0,88%</td>
</tr>
<tr>
<td>AJ Kruger</td>
<td>132 386</td>
<td>0,07%</td>
<td>432 246</td>
<td>0,38%</td>
</tr>
<tr>
<td>Eikele Trust**</td>
<td>-</td>
<td>0,00%</td>
<td>573 625</td>
<td>0,50%</td>
</tr>
<tr>
<td>Kingston Boerdery CC**</td>
<td>10 000</td>
<td>0,01%</td>
<td>-</td>
<td>0,00%</td>
</tr>
<tr>
<td>NDP Liebenberg &amp; related parties</td>
<td>-</td>
<td>0,00%</td>
<td>1 019 000</td>
<td>0,89%</td>
</tr>
<tr>
<td>NDP Liebenberg</td>
<td>-</td>
<td>0,00%</td>
<td>662 255</td>
<td>0,56%</td>
</tr>
<tr>
<td>Annatjie Liebenberg (Liekwe) Trust**</td>
<td>-</td>
<td>0,00%</td>
<td>356 690</td>
<td>0,31%</td>
</tr>
<tr>
<td>JDM Minnaar &amp; related parties</td>
<td>-</td>
<td>0,00%</td>
<td>14 376 179</td>
<td>12,54%</td>
</tr>
<tr>
<td>JDM Minnaar</td>
<td>-</td>
<td>0,00%</td>
<td>4 106 000</td>
<td>3,57%</td>
</tr>
<tr>
<td>Robyn Trust**</td>
<td>-</td>
<td>0,00%</td>
<td>5 056 000</td>
<td>4,46%</td>
</tr>
<tr>
<td>Lorna Boerdery CC**</td>
<td>-</td>
<td>0,00%</td>
<td>4 559 770</td>
<td>3,96%</td>
</tr>
<tr>
<td>JDM Boerdery (Pty) Ltd**</td>
<td>-</td>
<td>0,00%</td>
<td>611 400</td>
<td>0,52%</td>
</tr>
<tr>
<td>JJ Minnaar</td>
<td>-</td>
<td>0,00%</td>
<td>4 337 838</td>
<td>3,76%</td>
</tr>
<tr>
<td>TF van Roven &amp; related parties</td>
<td>33 432</td>
<td>0,01%</td>
<td>557 863</td>
<td>0,49%</td>
</tr>
<tr>
<td>TF van Roven</td>
<td>4 332</td>
<td>0,01%</td>
<td>11 100</td>
<td>0,09%</td>
</tr>
<tr>
<td>Doc-Zone Trust**</td>
<td>8 028</td>
<td>0,01%</td>
<td>506 800</td>
<td>0,44%</td>
</tr>
<tr>
<td>IM Boerdery (Pty) Ltd**</td>
<td>21 080</td>
<td>0,01%</td>
<td>40 975</td>
<td>0,04%</td>
</tr>
<tr>
<td>WH van Zyl &amp; related parties</td>
<td>438 384</td>
<td>0,24%</td>
<td>8 545 435</td>
<td>7,46%</td>
</tr>
<tr>
<td>WH van Zyl</td>
<td>32 829</td>
<td>0,02%</td>
<td>614 834</td>
<td>0,54%</td>
</tr>
<tr>
<td>Van Zyl Belegings Trust**</td>
<td>-</td>
<td>0,00%</td>
<td>3 299 662</td>
<td>2,87%</td>
</tr>
<tr>
<td>Thulo Grain (Pty) Ltd**</td>
<td>4 565</td>
<td>0,00%</td>
<td>1 450 375</td>
<td>1,27%</td>
</tr>
<tr>
<td>Family members within defined cosanguinity</td>
<td>400 000</td>
<td>0,22%</td>
<td>3 190 800</td>
<td>2,78%</td>
</tr>
<tr>
<td>PF Booyzen</td>
<td>-</td>
<td>0,00%</td>
<td>340 400</td>
<td>0,30%</td>
</tr>
</tbody>
</table>

** Senwesbel Ltd holds a 52,9% interest in Senwes Ltd. * Senwesbel Ltd holds a 52,9% interest in Senwes Ltd. The related parties’ indirect shareholding via Senwesbel is calculated by multiplying their direct shareholding in Senwesbel, as disclosed in the table above, with Senwesbel’s shareholding in Senwes.

The current board committees are as follows:

- **GOVERNANCE AUDIT COMMITTEE (AGM appointed)**
  - Required by the Companies Act and King IV
  - Independent members

- **GOVERNANCE SOCIAL AND ETHICS COMMITTEE (AGM appointed)**
  - Required by Companies Act
  - Members have to have appropriate skills

- **GOVERNANCE REMUNERATION COMMITTEE (AGM appointed)**
  - Required by King IV

- **GOVERNANCE RISK COMMITTEE**
  - Required by King IV

- **GOVERNANCE NOMINATION COMMITTEE**
  - Required by King IV

- **STRATEGIC INVESTMENT COMMITTEE**
  - Own needs

**SHARES**

- Mandate approved
- Mandate approved
- Mandate approved
- Mandate approved
- Mandate approved

**The Audit Committee**

- The board is satisfied that it has an independent Audit Committee. This committee comprises of a majority of independent, non-executive directors and is chaired by Steve Booysen. The chief executive officer, chief financial officer and major financial and corporate disciplines throughout the group also attend committee meetings.

- The Audit Committee met thrice during the year under review. In terms of the provisions of the Companies Act and its mandate, the committee attends to the following:
  - Annual internal and external audit planning and budgets;
  - Internal and external audit reporting;
  - Integrated reporting;
  - Integrity of controls and financial disclosure;
  - Appointment of external auditors and verification of independence;
  - Approval and recommendation of the annual financial reports, distribution to shareholders, liquidity and solvency tests and compliance assurance in terms of the Companies Act, IFRS and accounting policies;
  - Governance frameworks;
  - Tax strategy and risk; and
  - Combined assurance in terms of risk, audit and compliance.

- It ensures appropriate reporting of the going concern recommendations and supports the board actively in ensuring that appropriate corporate governance and information technology frameworks are in place and are being maintained as such.

- The Audit Committee annually considers the major tax strategy and risk; and

- Combined assurance in terms of risk, audit and compliance.

**THE BOARD COMMITTEES**

- Functions and mandates
  - The board established a number of committees to facilitate effective decision-making and to assist the board in the execution of its duties and powers, whilst still receiving the material decisions for itself in terms of the “Reservation of Authority”.

- The powers and execution of the responsibilities of each committee are arranged by means of formal, written mandates, which are reviewed and approved by the board on an annual basis.

- Board committees serve a useful purpose by focusing on clearly defined issues in greater depth than the main board. The group makes use of those board committee structures to ensure that the onerous work of the board is being attended to properly.
THE INVESTMENT COMMITTEE
The Investment Committee comprises of non-executive directors only. The executive directors attend the meetings as well. This committee met three times during the year under the guidance of its chair, Steve Bloosyn.

This committee is responsible for various matters and its mandate has been expanded to include the management of liabilities as well. The committee attends to:

- Investment philosophy and investment management;
- Growth transactions and joint venture partnerships;
- Investment performance;
- Funding requirements and equity structuring;
- Liability management;
- Review of post-implementation audit reports of investments made.

THE NOMINATION COMMITTEE ("NOMCO")
This committee met twice during the year and is chaired by Danie Minnaar, chair of the board. It comprises of non-executive directors only and meetings are attended by the chief executive officer and the company secretary. Nomco is the caretaker of governance and compliance with King IV and the Board Charter and is mandated to:

- Consider the composition of the board of directors, taking the business and size of the company and the commercial and sector imperatives in which the company operates, into account;
- Determine and recommend targets for race and gender representation;
- Determine the independence requirements and the appointment of a lead independent director;
- Identify the required fields of knowledge, skills, experience, culture, age, gender and race in order to service such requirements;
- Ensure a transparent and formal nomination, election and ultimately an appointment process;
- Invite nominations for candidates for appointment, subject to the provisions of the Companies Act and the Codes on Corporate Governance;
- Recruit and appoint candidates that meet the "fit and proper" criteria as directors; and
- Evaluate the performance, efficiency, balance and diversity of the board of directors.

THE REMUNERATION COMMITTEE ("REMOCO")
This committee met twice during the year under the chairmanship of Nico Liebenberg and comprises of non-executive directors only. The corporate divisions, mainly Corporate Services and Human Resources, attend meetings on invitation.

Remco attends to the following:

- Recommendations regarding non-executive and executive directors’ remuneration to the board and shareholders;
- Reviews and ensures application of the remuneration philosophy;
- Ensures sound incentive scheme management and reasonable and appropriate salaries/wages;
- Ensures appropriate succession planning for the executive directors and management; and
- Employment equity.

The remuneration philosophy and policy are dealt with in detail in the remuneration report. The report explains the practical application and implementation of remuneration governance in support of the recommendations for the remuneration of directors for the new year, as contained in the notice of the annual general meeting and the special resolution in this regard. The recommended remuneration for the new year is considered as a binding vote and is submitted as such to shareholders.

Senwes Share Incentive Scheme Trust
The participants of the LTI-share incentive scheme are executive and senior managers who are able to influence the performance of the group and are able to align the interests of the group with those of the shareholders. It is based on the dual principles of retention, namely to ensure continuity, as well as predetermined performance targets. If these targets are not achieved, the allocated shares are forfeited. The annual grants in terms of the share scheme vest every three years.

This scheme is overseen by the board, with the detail being attended to by the Remuneration Committee and compiled with section 97 of the Companies Act.

During the year under review, only 51% of the shares granted in 2015 vested on 28 June 2018. The details thereof are reported in the remuneration report.

THE RISK COMMITTEE
This committee comprises of non-executive and executive directors and is chaired by Thabo van Zyl. Risk Management and all other divisions are exposed to the committee by means of a structured work plan. The committee met twice during the year. This committee plays a strategic role in guiding the board on its strategic plans. It analyses strategic and operational risks at all levels. During the year under review the committee reviewed its risk management plan and risk appetite and presented these for approval to the board.

Risk management is applied throughout the Senwes group. It is understood that risk management will assist with ensuring the long-term sustainability of Senwes. The current risk culture within the company contributes to the creation of shareholder value on a sustainable basis that is consistent with shareholders’ expectations. The reporting structure is as follows:

- Chief risk manager and risk officers;
- Exco;
- Compliance Committee; and
- Risk Committee.

The risk management functions report continuously on material risks and opportunities of the group, as well as those of each operational business unit or joint venture.

THE SOCIAL AND ETHICS COMMITTEE
The committee is responsible for the oversight of some of the other board committees as provided for in the Companies Act. James Botha is the chair and the committee met once during the year. It comprises of non-executive directors only. The committee is responsible for, inter alia:

- Labour matters;
- Transformation and B-BBEE-matters;
- Consumer protection and sound business practices;
- Code of Ethics and Code of Conduct;
- Sustainable culture and values;
- Stakeholder engagement; and
- Sustainability and concomitant integrated sustainability reporting.

A formalised ethics programme was adopted and implemented and continuous monitoring of ethics is being done throughout the group. This programme includes the declaration of personal and conflicting interests, training and awareness of values and it demonstrates commitment to the Senwes Code of Ethics and Code of Conduct at all levels.

The Social and Ethics Committee has carried out its statutory obligations in terms of its mandate and the committee confirms that the group conducts its affairs diligently and responsibly as required in terms of good corporate citizenship. The committee reviewed and was satisfied with the integrated report as presented to the shareholders.
### SHAREHOLDER INFORMATION AND MATTERS

**Senwes’ five largest shareholders as at 30 April 2019:**

<table>
<thead>
<tr>
<th>Name of shareholder</th>
<th>Number of shares</th>
<th>% of issued shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senwesbel Ltd</td>
<td>95 681 046</td>
<td>52,91%</td>
</tr>
<tr>
<td>Grindrod Trading Holdings (Pty) Ltd</td>
<td>37 395 213</td>
<td>20,68%</td>
</tr>
<tr>
<td>Senwes Capital (Pty) Ltd</td>
<td>8 085 126</td>
<td>4,47%</td>
</tr>
<tr>
<td>Senwes Share Incentive Scheme Trust</td>
<td>6 405 018</td>
<td>3,54%</td>
</tr>
<tr>
<td>Ian van der Merwe Behrendt (Pty) Ltd</td>
<td>1 000 000</td>
<td>0,55%</td>
</tr>
</tbody>
</table>

**Shareholder information in terms of portfolio size:**

<table>
<thead>
<tr>
<th>Size of holding</th>
<th>Number of holders</th>
<th>% Total number of securities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 1 000 shares</td>
<td>680</td>
<td>31,01%</td>
</tr>
<tr>
<td>1 001 - 5 000</td>
<td>480</td>
<td>21,89%</td>
</tr>
<tr>
<td>5 001 - 30 000</td>
<td>765</td>
<td>34,43%</td>
</tr>
<tr>
<td>30 001 - 100 000</td>
<td>229</td>
<td>10,44%</td>
</tr>
<tr>
<td>100 001 - 500 000</td>
<td>19</td>
<td>0,97%</td>
</tr>
<tr>
<td>500 001 - 1 000 000</td>
<td>25</td>
<td>1,25%</td>
</tr>
<tr>
<td>1 000 001 or more</td>
<td>1</td>
<td>0,05%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2 193</td>
<td>100,00%</td>
</tr>
</tbody>
</table>

**Shareholder diary 2019**

- **Financial year-end**
  - 30 April
- **Announcement of results in media**
  - 26 June
- **Mail annual general meeting notice**
  - 21 July
- **Annual general meeting**
  - 22 August at 09:00

### COMPANY SECRETARY

The board collectively and the individual board members are guided by the company secretary in the execution of their continued responsibilities and duties. Newly appointed directors undergo an appropriate induction process, presented by the company secretary, which contains various elements.

As required in terms of the Companies Act, the company secretary supervises compliance with legislation throughout the group. The appropriate structures in this regard have been established, as explained under the heading “compliance with legislation”.

The company secretary also acts as the appointed advisor on ZAR X and is required to oversee compliance with the listing requirements and to report in terms of the Financial Advisory and Intermediary Services Act to the Financial Services Board.

### ACCESS TO INFORMATION

The company complies with the Access to Information Act, 2000 and a manual in this regard is available on the company’s website.

Shareholders also have access to the shares register, minutes of members’ meetings and information regarding a number of company matters. Any enquiries may be addressed to the company secretary as chief information officer.

In terms of the ZAR X listing requirements, the company has to announce all material information, corporate actions, distributions and directors’ dealings on the exchange news service, ZAPS. The announcements made during the year under review are accessible on ZAPS.

### SUSTAINABILITY ASPECTS AT BOARD LEVEL

The sustainability of the company over the long term remains the most important aspect and the board therefore has a long-term view in respect thereof. The strategy rests on seven pillars and is reviewed continuously.

Whilst pursuing these objectives, the board and management co-operate within the parameters of a disciplined and specific internal control environment, IT-control framework and combined assurance framework, which will ensure the continued existence of the company as a going concern.

### STATEMENT OF COMPLIANCE

The ZAR X Listing Requirements listed companies to report on the extent to which they apply the principles set out in King IV. The company has applied the principles of King IV in all instances, except in relation to the board composition reported above.

### COMPLIANCE WITH LEGISLATION

The board accepts total responsibility for compliance with all applicable legislation and regulatory requirements. This is reported via the Internal Compliance Committee, chaired by the company secretary, and then to the Risk Committee as well as the Audit Committee.

The board has officially adopted the group compliance coverage plan, which relates to a group-wide approach to compliance. The coverage plan is being implemented with focus on:

- Identification of applicable and material legislation per business unit;
- Assessment of compliance with self-audit questionnaires, which are being designed;
- Continuous follow-up and reporting against the provisions of the particular legislative sections; and
- Collated dashboard reporting to the relevant board and management committees.

Compliance aspects are systematically being captured in a combined assurance framework and reporting via this framework commenced two years ago. Each business and corporate unit has identified the critical legislative provisions and these are monitored and reported on individually per board.

No major incidents of non-compliance with legislation have been reported during the year under review.

### GOING CONCERN

After recommendation by the Audit Committee, the board records the facts and assumptions used to determine whether the business will continue as a going concern for the new financial year and approves the going concern principle.

### INVESTOR RELATIONS

Senwes and Senwesbel listed on the ZAR X exchange in 2017, as required in terms of the Financial Markets Act, 2012.

Senwes is the transfer secretary and the company secretary of Senwes has been appointed by Senwes and Senwesbel in this regard to ensure compliance with the listing requirements and prevailing legislative provisions. Senwes is also licensed as a financial services provider in accordance with the Financial Advisory and Intermediary Services Act, 2002 and follows strict controls as to ensure compliance with applicable legislative and regulatory provisions. Trading of these shares occur on a T+0 real-time basis.

Live bids and offers are available on the ZAR X website.
The Senwes board has a mandate to ensure proper management of the relationships between the company and all its stakeholders as well as to protect, and where possible, enhance the reputation of the company. The pursuit of managing the group and the company in accordance with good corporate governance principles in the best interest thereof, continuously applies.

**BOARD OF DIRECTORS**

- **JDM (Danie) Minnaar**
  - CHAIRMAN
  - Director since September 1999
  - B.Com (Economics)

- **SF (Steve) Booysen**
  - VICE-CHAIRMAN
  - Independent director since October 2009
  - B.Compt (Hons), B.Com, CA (SA)

- **F (Francois) Strydom**
  - CHIEF EXECUTIVE OFFICER
  - Director since June 2002
  - B.Sc Agric (Hons) (Animal Science)

- **CF (Corne) Kruger**
  - CHIEF FINANCIAL OFFICER
  - Director since August 2010
  - B.Com (Hons), CA (SA)

**NON-EXECUTIVE DIRECTORS**

- **JBH (James) Botha**
  - Independent director since October 2009
  - B.LC.LLB and HDip (Tax)

- **AJ (Dries) Kruger**
  - Director since October 2007
  - B.Compt (Hons), CA (SA)

- **NDP (Nico) Liebenberg**
  - Director since August 2008
  - B.Com (Hons), M. Sustainable Agriculture

- **JJ (Jaco) Minnaar**
  - Director since August 2011
  - B.Eng (Agriculture)

- **SM (Simon) Mohapi**
  - Director since August 2016
  - Stock Market College (SA), Financial Planning

- **TF (Tom) van Rooyen**
  - Director since November 2013
  - B.Sc Agric (Hons) (Agricultural Economics)

- **WH (Thabo) van Zyl**
  - Director since August 2012
  - B.Sc Agric (Agricultural Economics)

- **AG (Andrew) Waller**
  - Director since December 2014
  - B.Com (Hons), CA (SA)

- **Elmarine Joynt**
  - Company Secretary and Chief Legal Counsel
  - Appointed in February 2002
  - B.Com (Law), LLB, FCIB, FCIBM, Attorney and Notary of the High Court

**E XISTING BOARD MEMBERS CURRENTLY HAVE THE FOLLOWING SKILLS AS INDICATED IN THIS SKILLS MATRIX:**

- **FINANCE**
  - 2
  - 1
  - 1

- **AGRICULTURAL SECTOR**
  - 5
  - 1
  - 1

- **BUSINESS AND LEADERSHIP**
  - 1
  - 1
  - 1

- **LEGAL AND GOVERNANCE**
  - 1

**BOARD ATTENDANCE**

Board attendance of **93%**, illustrating high levels of engagement.
The company's daily corporate and management functions are dealt with by the chief executive officer, supported by a management team comprising of the heads of all business and corporate units.

<table>
<thead>
<tr>
<th>Team Member</th>
<th>Position as at 30 April 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Joint Venture/Subsidiary Director</td>
</tr>
<tr>
<td>F Strydom</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>CF Kruger</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>LA Grobler</td>
<td>Group Executive: Business Engineering and Treasury</td>
</tr>
<tr>
<td>EM Joynt</td>
<td>Company Secretary and Chief Legal Counsel</td>
</tr>
<tr>
<td>JJ Le Grange</td>
<td>Group Executive: Corporate Finance and Strategy</td>
</tr>
<tr>
<td>PJ Malan</td>
<td>Managing Executive: Senwes Grainsilk</td>
</tr>
<tr>
<td>DJ Opperman</td>
<td>Group Executive: Internal Audit, Assurance and SHEQ</td>
</tr>
<tr>
<td>F Pieterse</td>
<td>Managing Executive: Senwes Equipment</td>
</tr>
<tr>
<td>P Swart</td>
<td>Managing Executive: Senwes Credit</td>
</tr>
<tr>
<td>JHM van Zyl</td>
<td>Group Executive: Innovation and Integrated Solutions and Corporate Marketing and Communication</td>
</tr>
<tr>
<td>AJ White</td>
<td>Group Executive: Information Technology</td>
</tr>
<tr>
<td>FC Booyens</td>
<td>Managing Director: Tradevantage On Invitation</td>
</tr>
<tr>
<td>D Bronkhorst</td>
<td>Managing Director: Hinterland On Invitation</td>
</tr>
<tr>
<td>D Hugo</td>
<td>Managing Director: Certisure On Invitation</td>
</tr>
<tr>
<td>J Peens</td>
<td>Managing Director: Grainovation On Invitation</td>
</tr>
<tr>
<td>E Schoeman</td>
<td>Managing Director: Bastion Lime On Invitation</td>
</tr>
</tbody>
</table>

| Senwes Graanmakelaars (Pty) Ltd | 2 | Steinhweiler Agricultural Equipment (Pty) Ltd |
| Hinterland Holdings (Pty) Ltd   | 4 | Certisure Group |
| Silo Carte (Pty) Ltd            | 6 | Grainovation (Pty) Ltd                        |
| Senwes Agrowth (Pty) Ltd         | 8 | JD Implemane (Pty) Ltd                        |
| Oos-Transvaal Kalkverskaffers (Pty) Ltd | 10 |iviali Sake Management (Pty) Ltd |
| Thabo Trust                     | 12 | Bastion Lime (Pty) Ltd                        |
Our remuneration policy is reviewed annually to ensure that the objectives of remuneration are to attract, retain, motivate and reward talented and high-performing staff, to achieve the company’s strategic objectives, deliver expected shareholder returns and ensure sustainable performance and shareholder value creation in the long term, are achieved.

The group’s philosophy is to encourage sustainable long-term performance that is consistently aligned with the interests of shareholders.

Senwes adopts a holistic and total reward philosophical approach to remuneration, which takes into consideration financial and non-financial, direct and indirect, as well as intrinsic and extrinsic rewards, based on and in support of the employee value proposition.

**SENWES TOTAL REMUNERATION FRAMEWORK**

Our remuneration policy is reviewed annually to ensure that the objectives of remuneration are to attract, retain, motivate and reward talented and high-performing staff, to achieve the company’s strategic objectives, deliver expected shareholder returns and ensure sustainable performance and shareholder value creation in the long term, are achieved.

The group’s philosophy is to encourage sustainable long-term performance that is consistently aligned with the interests of shareholders.

Senwes adopts a holistic and total reward philosophical approach to remuneration, which takes into consideration financial and non-financial, direct and indirect, as well as intrinsic and extrinsic rewards, based on and in support of the employee value proposition.

**REMUNERATION GOVERNANCE**

**Board of Directors**

- This board has the final authority for the approval of the remuneration philosophy and policy.
- This board delegates responsibility for this policy to the Remuneration Committee (“Remco”).
- This board provides oversight for the execution of the policy.

**Remco**

Remco has the following responsibilities, which are aligned with the Remco Charter:

- Accountability for all remuneration matters in the company, including oversight of the implementation of the remuneration policy;
- Determination of the remuneration of executive and non-executive directors and recommendation of the non-executive directors’ remuneration to the board and subsequently to the shareholders at the AGM for approval;
- Approval of the remuneration structure of the company;
- Ensuring that there is an appropriate, adequate and effective remuneration system in place;
- Ensuring that the remuneration strategy is economical and ethical and that the policy is applied consistently and fairly throughout the organisation;
- Benchmarking and evaluation of the income differential rate between the executives and the employees;
- Reporting to shareholders on behalf of the board on remuneration matters.

**Executive Committee**

- This Senwes executives, under the supervision of the Senwes CEO, have the responsibility of proposing and implementing the remuneration policy and strategies, as envisaged by Remco, on behalf of the board.

**Human Resources (Remuneration Management)**

- Developing policy proposals, providing guidelines, tools and support to management in the implementation of the remuneration policy;
- Undertaking of annual benchmarks to ensure market competitiveness;
- Formulation of a wage negotiation strategy and engaging in collective bargaining processes which are aligned with the mandate approved by Remco.

**COMPOSITION OF SENWES REMCO**

<table>
<thead>
<tr>
<th>Name</th>
<th>Director status</th>
<th>Qualifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nico Liebenberg</td>
<td>Non-executive director</td>
<td>B.Com (Hons), M.Sustainable Agriculture</td>
</tr>
<tr>
<td>Steve Booyson</td>
<td>Independent non-executive director</td>
<td>B.Com (Hons), B.Com, CA (SA)</td>
</tr>
<tr>
<td>Jaco Minnaar</td>
<td>Non-executive director</td>
<td>B.Eng. (Agriculture)</td>
</tr>
<tr>
<td>Thabo van Zyl</td>
<td>Non-executive director</td>
<td>B.Sc. Agric (Agricultural Economics)</td>
</tr>
<tr>
<td>Francois Stydion</td>
<td>Chief Executive Officer</td>
<td></td>
</tr>
<tr>
<td>Corné Kruger</td>
<td>Chief Financial Officer</td>
<td></td>
</tr>
</tbody>
</table>

The meetings are also attended by the head of Human Resources, who is responsible for remuneration, as well as external advisors from time to time, as deemed necessary by Remco.

The board, through the Senwes Remco, taking cognisance of the groups’ performance and general economic and political environment, is committed to ensuring that the remuneration of executive managers is fair and responsible in the context of overall employee remuneration. The committee is tasked by the board to independently approve and oversee the implementation of a remuneration policy that will encourage the achievement of the group’s strategy.

**GUIDING PRINCIPLES**

- The remuneration policy is governed through the governance structures to ensure alignment with the vision, commitment, values, strategic direction and objectives of the company;
- The remuneration policy and practice must be compliant with relevant regulations, economically sensible, ethically aligned and market-related;
- The group uses a total reward approach, applying an appropriate reward mix for the various employees, based on and in support of the employee value proposition;
- The group’s remuneration policy must be transparent and implemented fairly and consistently, based on the factors of role, qualifications, experience, scarcity of skills, individual contribution, level of performance and talent potential;
- Remuneration of employees will be based on relevant and appropriate market benchmarks to strive for competitiveness of the total reward positioning, within the parameters of affordability;
- Total remuneration must be aligned with individual, business unit and corporate performance.

**REMUNERATION POLICY**

Scope:

- The policy outlines the governance framework through which remuneration is determined and managed throughout the group and across all levels of the organisation;
- The policy is approved by the board and management has the responsibility to implement it;
- The policy is aligned with the Senwes strategy and is part of Senwes’ operating philosophy, policies and standards.

**STRATEGIC OBJECTIVES**

The strategic objectives of the remuneration policy are:

- To ensure that the business has the right mix of skills;
- To attract and retain the right talent;
- To develop a high-performance culture, which rewards individual, team and corporate performance;
- To motivate result-oriented behaviour and pursuit of excellence;
- To encourage long-term focus that ensures sustainability of performance, effective risk alignment and management;
- To encourage behaviour that is aligned with the culture and objectives of the company;
- To align employees’ interests with the interests of the shareholders.

The committee is mandated by the board to oversee all aspects of remuneration in accordance with the approved terms of reference. In establishing a remuneration philosophy and policy, the Senwes group considers the following:

- Remuneration that is compliant with regulations and aligned with codes of best practice;
- Fair, reasonable and market-related remuneration;
- Policies and practices that strive for internal equity;
- Remuneration that is economically affordable and aligned with the company’s code of ethics; and
- Aligns executive long-term wealth interests with the long-term interests of the shareholders.

**SHORT-TERM INCENTIVES**

- To align employees’ interests with the interests of the shareholders.

**LONG-TERM INCENTIVES**

- To motivate result-oriented behaviour and pursuit of excellence;
- To encourage long-term focus that ensures sustainability of performance, effective risk alignment and management;
- To encourage behaviour that is aligned with the culture and objectives of the company;
- To align employees’ interests with the interests of the shareholders.

**PERFORMANCE RECOGNITION**

- To develop a high-performance culture, which rewards individual, team and corporate performance;
- To motivate result-oriented behaviour and pursuit of excellence;
- To encourage long-term focus that ensures sustainability of performance, effective risk alignment and management;
- To encourage behaviour that is aligned with the culture and objectives of the company;
- To align employees’ interests with the interests of the shareholders.

**CAREER GROWTH OPPORTUNITIES**

- To ensure that the business has the right mix of skills;
- To attract and retain the right talent;
- To develop a high-performance culture, which rewards individual, team and corporate performance;
- To motivate result-oriented behaviour and pursuit of excellence;
- To encourage long-term focus that ensures sustainability of performance, effective risk alignment and management;
- To encourage behaviour that is aligned with the culture and objectives of the company;
- To align employees’ interests with the interests of the shareholders.

The group’s philosophy is to encourage sustainable long-term performance that is consistently aligned with the interests of shareholders.

Senwes adopts a holistic and total reward philosophical approach to remuneration, which takes into consideration financial and non-financial, direct and indirect, as well as intrinsic and extrinsic rewards, based on and in support of the employee value proposition.
The purpose of the employee value proposition is to enable the organisation to attract prospective talent, improve employee engagement and performance, inculcate behaviour consistent with our values, develop an enabling and supportive work environment and to retain talent.

The employee value proposition is based on the following four pillars:

- Creating a great company to work for
- Providing challenging jobs and growth opportunities
- Providing an enabling, safe, healthy and supportive work environment
- Providing employee recognition and market competitive rewards

An appropriate remuneration mix is maintained between fixed and variable performance-based remuneration, as well as between short-term and long-term performance-based remuneration. The diagram below illustrates the functioning of the remuneration structure:

### REMUNERATION STRATEGY

Senwes’ remuneration strategy is based on a total reward approach, which includes financial and non-financial, direct and indirect, intrinsic and extrinsic rewards, based on and in support of the employee value proposition.

### EMPLOYEE VALUE PROPOSITION

Senwes strives to be an employer of choice. In this regard, Senwes has developed an employee value proposition, which steers the company’s employee engagement and talent strategy towards the realisation of that vision.

The primary objective is to ensure that executive directors receive remuneration which is appropriate to their scale and scope of responsibility and performance and which will attract, motivate and retain individuals of exceptional calibre and behaviour, as well as incentivise them to work in the short-term and long-term interest of the group in line with shareholders’ interests.

The remuneration mix of the executive directors comprises of guaranteed pay, short-term and long-term incentives. Total remuneration is weighted towards variable performance-based remuneration. Appropriate benchmarking is done against applicable and selected peer groups.

### EXECUTIVE DIRECTORS’ REMUNERATION

Remco determines executive directors’ and other executives’ total remuneration and reviews it at least annually, using benchmarks based on external surveys and a comparator group of companies. The benchmarks are verified with independent HR specialist suppliers at the discretion of Remco.

Guaranteed remuneration is position at the median of the relevant benchmark. Variations will occur around the median, which will be influenced by various factors, such as the strategic importance of the role, level of experience of the executive, performance record and other considerations that Remco may deem appropriate. A variance around the range of between 40% and 50% percentile is reasonably competitive and acceptable.

**SIGN-ON AND/OR RETENTION BONUS**

A sign-on bonus is a one-off monetary award offered to a prospective employee as part of a larger remuneration package and as an incentive to join the company. The payment may also be used to reduce the prospective employee of the financial obligations that he/she may have at his/her current employer, which will become due and payable as a result of his/her termination of employment. This obligation may serve as a disincentive for the prospective employee to leave his/her current employment.

A retention bonus is a financial incentive paid to a key employee, from time to time, to motivate him/her to remain in the employment of the company. It is a strategic tool to manage the flight risk in respect of key employees, potential successors and scarce skills.

Remco, at its discretion, determines and approves or recommends to the board a special purpose bonus, applicable conditions and the quantum thereof.

**SHORT-TERM INCENTIVES**

Short-term incentives (STI) are paid in cash and are based on the achievement of annual targets. The STI comprises of an on-target bonus and profit share where targets have been exceeded. The criteria for qualifying for short-term incentives are based on group corporate financial performance, profit and return targets and individual financial and non-financial strategic and operational performance objectives.

**LONG-TERM INCENTIVES**

Executive directors and other executives, as well as selected senior managers, participate in an equity-based share incentive scheme, which is used for retention as well as long-term performance incentives. Subject to the approval of the board, Remco, at its discretion and based on the recommendation of the CEO, allocates shares to participants on an annual basis. The shares are forfeitable, subject to a vesting period of three years and retention and performance conditions. Performance criteria are based on return on equity and growth on HEPS.

The shares are allocated to a Senwes Share Incentive Trust, which is governed by a board of trustees made up of three Remco-nominated trustees and one nominated by the participants.

The aggregate number of shares which may be granted in terms of the scheme, may not exceed 5% of the total issued ordinary shares of the company, from time to time, over the duration of the scheme.

The maximum number of shares awarded to any individual participant in respect of all unvested grants in terms of the scheme, shall not exceed 1% of the issued ordinary shares of the company, over the duration of the scheme, which currently equates to 1.9 million shares.

Executive directors already appointed will have fixed-term contracts with possible extension of contracts, but newly appointed executive directors will be appointed on a full-time basis, as determined by Remco.

**DISCRETION AND JUDGEMENT**

The remuneration policy recognises that mechanism and formulaic remuneration practices, whilst providing certainty and predictability, are not always appropriate in all circumstances. Remco and board discretion is important to ensure that remuneration practices and outcomes remain appropriate at all times, including circumstances that are not anticipated by the remuneration policy. This discretion has to be exercised legally, fairly, ethically and justly.

---

**NON-EXECUTIVE DIRECTORS’ REMUNERATION**

Non-executive directors’ remuneration is reviewed on an annual basis and tabled at the annual general meeting for approval as a binding vote as required in terms of section 66(9) of the Companies Act, 2008. Non-executive directors’ fees are benchmarked against various surveys and compared to a comparator group of companies, approved by Remco, in order to ensure market competitiveness. The comparator group comprises of companies with a similar profile to that of the Senwes group from an investor’s perspective.

Non-executive directors’ fees comprise of a fixed fee for board membership, as well as additional fees for board committee participation.

The fee for the vice-chairman of the board is based on a percentage of the chairman’s fee, which is set at 70%. The chairman of board committees are paid a premium commensurate with their role and as compensation for the additional responsibilities as chairman.

Non-executive directors do not participate in either the short-term or long-term incentive schemes. The out-of-pocket expenses of non-executive directors, including travelling and accommodation expenses, are reimbursed monthly after due submission of such claims.

### DIRECTORS’ REMUNERATION

Remco reviews the remuneration of executive and non-executive directors annually, based on external surveys and benchmarks against a comparator group of companies and other relevant benchmarks. The committee also considers the skill levels, performance and retention of the directors. Remuneration is generally positioned at the median of the relevant benchmark.

### REMUNERATION REPORT | continued
**F STRYDOM (CHIEF EXECUTIVE OFFICER)**

In a challenging environment, Francois Strydom showed courageous and influential leadership with an unwavering commitment to deliver a set of results that focused on integration and creating a seamless customer experience. Francois’ leadership encompasses the political, commercial and social spheres of his role where his influence is greatly respected.

Based on this performance, the committee agreed to award the following remuneration:

<table>
<thead>
<tr>
<th>2019</th>
<th>2018</th>
<th>% increase/ (decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guaranteed remuneration</td>
<td>5 026 932</td>
<td>4 754 543</td>
</tr>
<tr>
<td>Total STI-payment</td>
<td>2 226 942</td>
<td>3 777 471</td>
</tr>
<tr>
<td>Total LTI-value vesting</td>
<td>3 269 606</td>
<td>2 944 520</td>
</tr>
<tr>
<td>Dividends received</td>
<td>862 172</td>
<td>674 935</td>
</tr>
</tbody>
</table>

**CF KRUGER (CHIEF FINANCIAL OFFICER)**

Corné Kruger has completed his 9th year as chief financial officer. A solid performance delivered in a difficult environment, namely the group’s results in 2019, reflects Corné’s work in efficiently allocating capital and risk appetite despite a difficult operating environment.

The committee considered this performance in view of both the quantity and quality of the work done with regards to the group’s results.

**REMNUNERATION REPORT | continued**

**REMNUNERATION AND OUTCOMES**

**REMUNERATION OF NON–EXECUTIVE DIRECTORS (COMPANY)**

Non-executive director remuneration for the years ended 30 April 2019 and 30 April 2018 was as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>AG Waller</td>
<td>862 172</td>
<td>674 935</td>
</tr>
<tr>
<td>WH v Zyl</td>
<td>396 722</td>
<td>326 769</td>
</tr>
<tr>
<td>TF van Rooyen</td>
<td>2 944 520</td>
<td>2 944 520</td>
</tr>
<tr>
<td>SM Mohapi</td>
<td>3 777 471</td>
<td>3 777 471</td>
</tr>
<tr>
<td>JJ Minnaar</td>
<td>4 251 465</td>
<td>4 251 465</td>
</tr>
<tr>
<td>ND Liebenberg</td>
<td>5 872 993</td>
<td>5 872 993</td>
</tr>
<tr>
<td>AJ Kruger</td>
<td>5 137 190</td>
<td>5 137 190</td>
</tr>
<tr>
<td>JBH Botha</td>
<td>5 102 990</td>
<td>5 102 990</td>
</tr>
<tr>
<td>SF Booysen</td>
<td>674 935</td>
<td>674 935</td>
</tr>
</tbody>
</table>

**SUMMARY OF REMCO ACTIVITIES**

The subject of remuneration features high on the corporate governance agenda, amongst top issues such as strategy, risk and compliance management, financial performance, operational efficiencies and talent and leadership succession. Key matters relating to remuneration are reward and performance alignment, wage gaps and income differentials. Remco has these issues on its radar and evaluates them on an ongoing basis.

Remco considered the following and approved or accordingly recommended it to the board for approval:

- The committee reviewed and approved the remuneration philosophy, policy, strategy and practices and is satisfied that the remuneration framework is appropriate for the achievement of organisational objectives of attracting and retaining the best talent and motivating performance and desired behaviour. No changes were made to the short and long-term incentive schemes.
- The committee considered the payment of short-term incentives based on the rules of the scheme, the achievement of set objectives and was satisfied that rules are being complied with and with the accuracy of the performance measures and incentive amounts to be paid.
- The committee approved long-term incentive awards, as well as the payment of vesting incentives in line with the retention and performance conditions as set out in the rules of the LTI-scheme.
- The committee approved participants in the equity-based long-term incentive plans.

**POLICY ON EXTERNAL NON-EXECUTIVE**

**DIRECTOR APPOINTMENT**

Executive directors may, at the discretion and upon approval of the board, accept an appointment as non-executive directors in external companies.

**SERVICE CONTRACTS**

Executive directors joining the group from 2019 will be appointed on the basis of evergreen time contracts. The status quo will be maintained for current employees.

**POLICY ON EXTERNAL NON-EXECUTIVE**

**DIRECTOR APPOINTMENT**

Executive directors may, at the discretion and upon approval of the board, accept an appointment as non-executive directors in external companies.

**SERVICE CONTRACTS**

Executive directors joining the group from 2019 will be appointed on the basis of evergreen time contracts. The status quo will be maintained for current employees.

**SUMMARY OF REMCO ACTIVITIES**

The subject of remuneration features high on the corporate governance agenda, amongst top issues such as strategy, risk and compliance management, financial performance, operational efficiencies and talent and leadership succession. Key matters relating to remuneration are reward and performance alignment, wage gaps and income differentials. Remco has these issues on its radar and evaluates them on an ongoing basis.

Remco considered the following and approved or accordingly recommended it to the board for approval:

- The committee reviewed and approved the remuneration philosophy, policy, strategy and practices and is satisfied that the remuneration framework is appropriate for the achievement of organisational objectives of attracting and retaining the best talent and motivating performance and desired behaviour. No changes were made to the short and long-term incentive schemes.
- The committee considered the payment of short-term incentives based on the rules of the scheme, the achievement of set objectives and was satisfied that rules are being complied with and with the accuracy of the performance measures and incentive amounts to be paid.
- The committee approved long-term incentive awards, as well as the payment of vesting incentives in line with the retention and performance conditions as set out in the rules of the LTI-scheme.
- The committee approved participants in the equity-based long-
term incentive scheme as well as the number of shares allocated to each participant;

The committee reviewed and approved the succession plans for senior management, including emergency cover, continuity plans and development plans for current as well as potential successors and took note of the overall organisational succession plans;

The committee reviewed the group’s performance with regards to employment equity in line with the approved talent diversification and employment equity strategy and plan, as well as compliance with the Employment Equity Act;

The committee reviewed the contracts of both the chief executive officer and chief financial officer in 2019 and 2017 respectively. Both contracts were renewed by the board for a term of three years, as indicated above. The contract for the chief financial officer will be reviewed at the next Remco meeting.

Matters which were considered during the year under review and changed with a view to the future:

External review of the remuneration of the executive directors, including the appropriateness of the comparator group and the basis applied for benchmarking purposes;

External review of the remuneration of the non-executive directors, including the appropriateness of the comparator groups and the basis applied for benchmarking purposes;

Review of incentives for alignment with the integrated service model for individuals, teams and business divisions, as well as recognition for exceptional performance.

LOOKING FORWARD

The committee continues to believe that the remuneration policy supports the strategic imperatives of the group.

The committee welcomes the transparency required by the King IV report and the committee endeavours to meet the requirements via this remuneration report.
ENQUIRIES REGARDING THIS REPORT
Corné Kruger (Chief Financial Officer)
Telephone: 018 464 7476
Email: corne.kruger@senwes.co.za

SENWES LTD
Registration number: 1997/005336/06

POSTAL ADDRESS
PO Box 31
Klerksdorp
2570

REGISTERED OFFICE
1 Charel de Klerk Street
Klerksdorp
2571
Telephone: 018 464 7800
Fax: 018 464 2228
Email: info@senwes.co.za

ETHICS HOTLINE
080 464 7800

INVESTOR RELATIONS
Attention: The Company Secretary
Senwes Ltd
PO Box 31
Klerksdorp
2570
Email: elmarie.joynt@senwes.co.za
Telephone: 018 464 7104
Fax: 018 464 7121

TRADING OF SHARES
ZAR X licensed stock exchange for trading of Senwes shares
www.zarx.co.za
Telephone: 018 464 7105

AUDITOR
Ernst & Young Inc.
102 Rivonia Road
Sandton
Johannesburg
2196
Telephone: 011 772 3000

FINANCE PARTNERS
Absa Bank
Nedbank
Rand Merchant Bank
WesBank
Grindrod Bank