ROOTED
IN AGRICULTURE

Senwes

2020
INTEGRATED REPORT

ADOPT THE ATTRIBUTE OF ADAPTABILITY

The 2020 Integrated Report showcases Senwes' ability to adapt to an ever-changing environment. With our roots firmly planted in agriculture, our approach to every interaction is strategic by nature and focused on creating value for all our stakeholders over the short, medium and long term. The constant challenge of ensuring relevance, staying ahead of the competition and providing innovative and integrated solutions to our clients, are areas in which we flourish.

ON THE COVER
Senwes is focused on providing solutions for its clients who work hard from dawn to dusk to ensure food security in Southern Africa.

THE EVER-CHANGING SEASON

The 2019/2020 financial year started on the back of the highest average rainfall for April (188,7mm) in the Senwes area of operation in the last 105 years. This meant that temperatures remained high, which kept frost at bay until early June 2019. Planted crops therefore had more time to grow to full maturity but late plantings suffered frost damage and grade quality issues were evident.

Rainfall tides quickly turned and producers in South Africa's summer rainfall area then experienced the driest pre-season in 105 years. The pre-season data from 1 May to 31 October 2019 shattered the old drought records with an average of only 13,8mm during this period - a massive 103,6mm lower than the 105-year average of 117,4mm.

Moving into summer, the heavens opened and above normal rainfall was received from 1 November 2019 until 30 April 2020. The traditional Senwes area of operation received an average rainfall of 605mm, which is 37% higher than the average rainfall for this period over the past 105 years. The total maize crop was estimated at 15,6 million tonnes, which would make the 2019/2020 harvest the second biggest ever produced in South Africa. Hopes were high and the crops looked promising.

A global pandemic shocked everyone and brought the world to a complete halt with the outbreak of the Covid-19 virus in Wuhan, China during late December 2019. The contagious virus spread at a rapid rate across Europe, America and to a certain extent, Africa. Caution was the order of the day and a national lockdown was instated on 26 March 2020. The economy took a massive blow as non-essential businesses were forced to close down, while the rand came crashing down to an all-time low. The rating agency Moody's downgraded South Africa's economy to junk-status and consumer demands went from buying non-essential goods to back-to-basics in the blink of an eye.

Food security, amidst the Covid-19 worldwide pandemic, remained a critical issue for the survival and well-being of all South Africans and with restrictions placed on agricultural commodity exports such as wheat and rice, short-term demands for South Africa's staple food, maize meal, increased. Processors and consumers quickly turned towards the agricultural industry for quality white maize and as the financial year came to a close, all eyes were on the food security supply chain.

Agriculture, which can also be referred to as the backbone of the South African economy, took centre stage as South Africans once again realised that without primary producers and processors, the country won't have the resources to ensure adequate food supplies.

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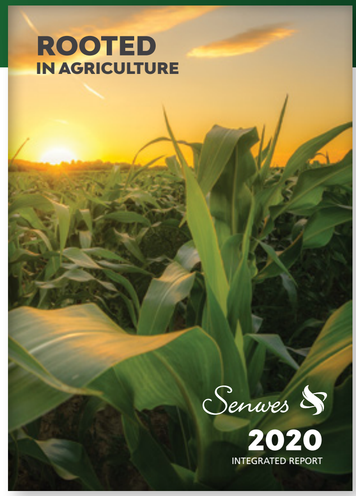
CORPORATE GOVERNANCE

FINANCIAL REVIEW

The Senwes integrated report is available on Senwes' website at **http://senwes.co/results20**



REPORTING SUITE

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 2020. 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 www.senwes.co.za.

IR + AFS The **integrated report**, which features the **annual financial statements**, is the Senwes Group's flagship reporting publication.

IR A stand-alone **integrated report**, with extracts from the annual financial statements, are included in this version.

AFS A separate version of the **annual financial statements** is available online. The group's annual financial statements provide an in-depth analysis of the group's financial results and performance.

SR A web-based digital **sustainability report** provides a summarised overview of the group's sustainability activities, strategies and ongoing processes.

AGM A notice which informs shareholders of the company about the matters which will be discussed at the **annual general meeting**, is available online.

Our reporting suite complies with the following reporting principles and guidelines:

- The International Integrated Reporting Framework
- South African Companies Act 71 of 2008, as amended
- King Code of Governance Principles for South Africa (King IV™) (applied as far as practically possible)
- International Financial Reporting Standards (IFRS)
- Department of Trade and Industry's Codes for Broad-Based Black Economic Empowerment
- G4 Sustainability Guidelines

NAVIGATION

OUR CAPITALS

Senwes relies on various forms of capital to achieve set targets and goals. These capitals form the basis of Senwes' value creation and are not independent of one another. The following icons are used to identify these capitals:

- Financial capital
- Manufacturing capital
- Human capital
- Natural capital
- Intellectual capital
- Social and relationship capital

STAKEHOLDERS

Senwes focuses on serving the various needs of all stakeholder groups, while prioritising actions and leveraging resources in a manner that ensures a long-term positive impact on the organisation. The following icons are used to identify each stakeholder group:

- Shareholders and Investors
- Suppliers
- Clients and Customers
- Government and Regulators
- Employees
- Community
- Business Partners

STRATEGIC FOCUS AREAS

Senwes' strategic focus areas are defined as the deliberate goals established to achieve our purpose, mission and fulfil the company's responsibility and can be identified by the following icons:

- Diversification, horizontal integration and consolidation
- Integrated approach to the customer
- Reorganisation of business models
- Unlocking value synergies
- Increased investment in efficiencies in the value chain
- To be reinvested into a value trading business

RISKS

Senwes deems its risk management practices to be practical and fully acknowledges the volatile agricultural industry and our need to be agile, smarter, more effective, proactive, forward-looking and, at the same time, being appropriately responsive. The following icons are used to identify our risks throughout the report:

- Environmental and health and safety risk
- Urbanisation, scarcity and retention of skills risk
- Political and economic climate risk
- Transition and customer risk
- Market size and market share risk
- Diversification and agricultural industry risk
- Credit, liquidity and market risk
- Unique competitor risk
- Commodity price risk
- Regulation and compliance requirements risk
- Weather and climate risk
- Theft and fraud risk
- Information Technology - systems and cyber risk

Related Media Coverage

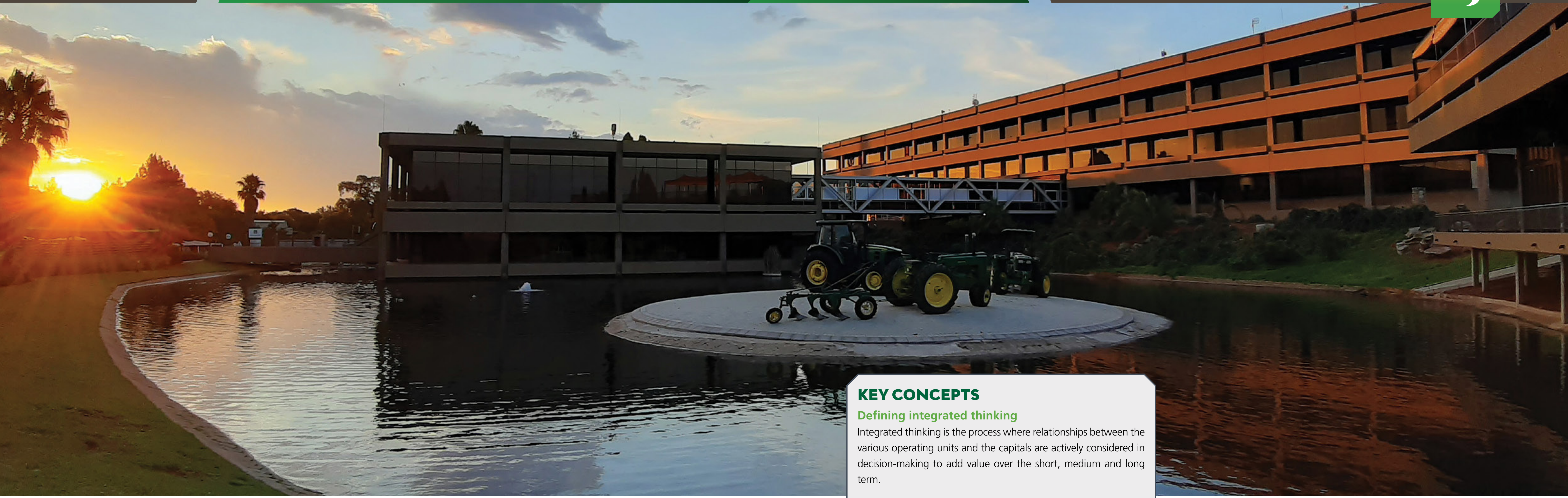
For the related media coverage, such as press releases or radio interview with Senwes' Group CEO, visit http://senwes.co/results20

IR and AFS Enquiries or Feedback

Corné Kruger (Chief Financial Officer)
Telephone: 018 464 7476
Email: corne.kruger@senwes.co.za

SR and AGM Enquiries or Feedback

Elmarie Joynt (Company Secretary and Chief Legal Counsel)
Telephone: 018 464 7104
Email: elmarie.joynt@senwes.co.za



ABOUT OUR INTEGRATED REPORT

The primary purpose of the Senwes integrated report is to demonstrate to the providers of financial capital and potential investors, how Senwes creates value over time.

OUR APPROACH TO REPORTING

Essence

The group's[1] ability to create value for its 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 2020 Senwes integrated report.

Reporting period

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 2019 to 30 April 2020.

[1] The group refers to Senwes, its subsidiaries, joint ventures and associate.

Scope and boundary

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, or interest in the group's ability to create value. The report also provides stakeholders with a balanced, accurate and transparent assessment on whether the company can deliver on its brand promise.

Combined assurance

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

KEY CONCEPTS

Defining integrated thinking

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

Defining value

Value is the occurrence 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 and/or actions and decisions by the group that may affect its stakeholders, either positively or negatively.

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 pillars 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.

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 financial position 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 its 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

Francois Strydom
Chief Executive Officer

2 July 2020
Klerksdorp

KEY FEATURES BY FORMS OF CAPITAL

FINANCIAL

	2020		2019
Earnings before interest and tax (EBIT) (R'm)	532	▲ 11,3%	478
Net profit after tax (R'm)	337	▲ 19,1%	283
Normalised HEPS (cents/share)	144,2	▼ 18,8%	177,5
Return on opening equity (%)	13,0	– 0%	13,0
Total shareholders' return (%)	5,5	– 0%	5,5
Price-book ratio (%)	73,0	▼ 5,3%	78,3
Price-earnings ratio (on normalised HEPS) (times)	7,6	▲ 22,6%	6,2
Dividend yield (%)	5,5	– 0%	5,5
Own capital ratio (%)	34,8	▼ 4,2%	39,0

HUMAN

	2020		2019
Employee headcount (group, including JVs)	4 825	▲ 44,3%	3 344
Total employee costs (group, including JVs) (R'm)	1 021	▲ 23,2%	829
Employee turnover (group, including JVs) (%)	19,9	▲ 1,1%	18,8
Average cost per employee (group, including JVs) (R'000)	211,6	▼ 14,6%	247,9

NATURAL

	2020		2019
Cumulative CO_2 from reduced paper consumption (tonnes)	3 675	▲ 29,6%	2 836
Head office electricity consumption (GWh)	1,4	▲ 7,7%	1,3
Senwes Grainlink silos electricity consumption (GWh)	23,5	▲ 7,8%	21,8
Head office water consumption (kl)	5 031	▼ 1,4%	5 102

SOCIAL AND RELATIONSHIP

	2020		2019
Value allocated in respect of authorities (R'm)	211	▼ 19,5%	262
Value created for suppliers of goods and services (R'm)	3 532	▲ 110,0%	1 682
Corporate social investment and community spending (R'm)	3,1	▲ 24,0%	2,5
AgriRewards allocation (R'm)	19	▼ 13,6%	22

MANUFACTURING

	2020		2019
Maintenance expenditure (R'm)	78,0	▲ 34,5%	58,0
New investment in property, plant and equipment (R'm)	268	▲ 27,6%	210

INTELLECTUAL

	2020		2019
Total training costs (R'm)	9,6	▲ 12,9%	8,5
Total business consulting costs (R'm)	7,0	▼ 68,2%	22,0

QUARTER 1

- The harvest was eight weeks late, which had a negative impact on the silo industry due to lost day storage income.
- Increased pressure on producer profitability due to higher volumes of and higher discounts for lower grade maize.
- A great portion of the grain intake received by Senwes Grainlink had a moisture content higher than the industry norm of 14%, which protected the market share during this highly competitive year.
- Opening of the new Hartswater branch that was damaged by a fire during the 2019 financial year.
- Senwes Grainlink invested further in intake capacity by adding a second weighbridge at six silos.
- Implemented Cisco Unified Communications across 135 operational locations utilising our own infrastructure and 60 high points to connect to fibre enabled networks and to convert site based PABX voice to the advanced communications platform.
- Bastion successfully implemented a new strategy to increase gypsum sales. A marketing and sales co-ordinator was appointed with the task to increase gypsum sales. Modifications were also made to the plants to be able to process oversized gypsum at a lower cost.
- Nation in Conversation's fifth season aired over the course of five months on kykNET and kykNET & Kie respectively. Nation in Conversation also broadcasted nine panel discussions from Nampo Harvest Day near Bothaville.
- Senwes celebrated its 110th birthday on 15 May 2019 at the Nampo Harvest Day.
- Senwes and North West Cricket hosted the Senwes Spinners High Performance league.
- Senwes acquired 57,7% of the KLK Group's issued shares, effective from 1 July 2019.
- Grainovation entered into a contract to transport mining ore which resulted in an average of an additional 200k tonnes per month by our own fleet.
- Grainovation replaced 29 of its old fleet with Volvo trucks. This decision was twofold in that it would mitigate the excessive downtime of the old fleet and allow the purchase of better suited vehicles for the mining application which Grainovation entered into.

365-REVIEW

QUARTER 2

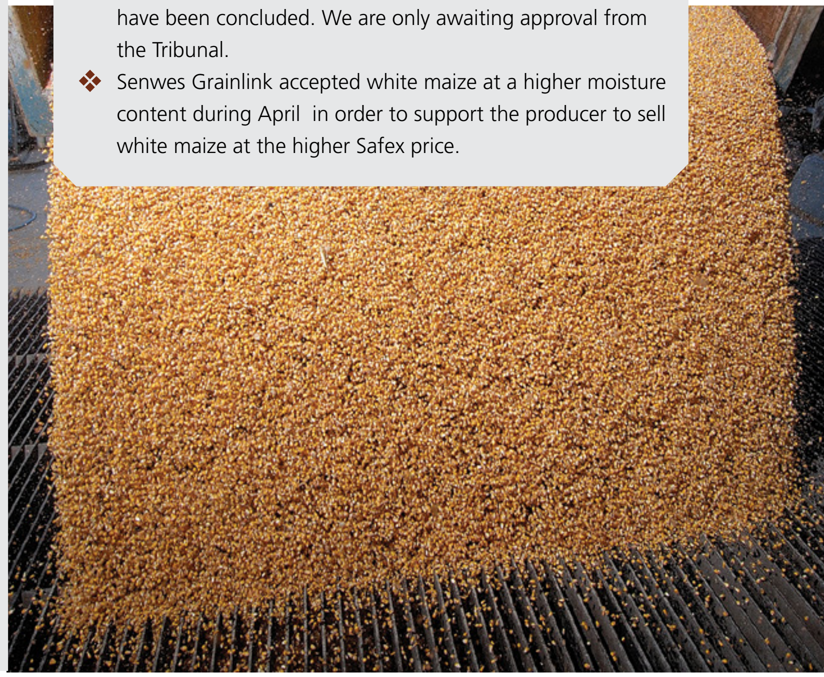
- To accommodate the higher demand for gypsum, Bastion upgraded the gypsum plant at Britten to increase its production capacity by 300%.
- Nation in Conversation broadcasted five panel discussions live from the second edition of Nampo Cape in Bredasdorp.
- Senwes launched an offer to AgriRewards participants to convert AgriRewards loyalty benefits to Senwes shares.
- The Ottosdal, Wolmaransstad and Schweizer-Reneke equipment workshops were consolidated and moved to the new mega workshop in Wolmaransstad.
- A final 2019 financial year dividend of 30c per share was paid after approval thereof at the annual general meeting held on 22 August 2019.

QUARTER 3

- Senwes hosted the annual Christmas Tree Project, which was enjoyed by 590 less-privileged children and handicapped adults from 10 organisations.
- Senwes Equip Holdings acquired Falcon Agricultural Equipment on 1 November 2019 to expand its service and product offering.
- Senwes obtained an additional 50% shareholding in Grainovation, effective from 1 November 2019, resulting in a 100% shareholding.
- The 16th annual Senwes Future Focus day was held at Nampo Park where Senwes introduced the BIG 5 of agriculture - five aspects which the modern producer should incorporate into his business in order to farm productively, efficiently and profitably. 560 producers attended the event.
- Senwes Equipment transferred its operations to a separate legal trading entity as part of the group's reorganisation, namely Senwes Equipment (Pty) Ltd, effective 1 December 2019.
- An interim dividend of 30c per share was paid, after approval thereof at the board meeting held on 5 December 2019.
- Senwes, in collaboration with various partners, launched multiple drought aid initiatives to support the Northern Cape producers suffering the effects of the severe drought.
- Senwes announced its interim results, which reflected an 8,4% increase in results of the previous year.
- Hinterland completed a fuel verification pilot project, by which authorisation of fuel procurement can be controlled by the producer.
- Senwes acquired the naming rights of the Senwes Dragons Women's cricket team, which represents Northwest in the domestic league.
- Continuous focus on the group's Market Intelligence Centre led to proactive actions regarding stock and quality management.

QUARTER 4

- The Agricultural Development Agency was launched and Senwes played a pivotal role in the development thereof.
- Senwes Grainlink launched new contracts to enable collective hedging strategies.
- A second Senwes business continuity site was established at Uraniaville to mitigate a possible Covid-19 outbreak at head office.
- Certisure created a centralised view of all policies across its service portfolio.
- Senwes completed a new funding arrangement that included an increase in facilities of R500m.
- Senwes launched a series of focused videos in which advice was given to primary producers and processors on how to manage the Covid-19 pandemic.
- Aeration in 29 additional bins at 17 silos were planned and completed.
- Senwes launched an ongoing agri-value chain virtual discussion series, which focuses on creating a better understanding amongst businesses and role-players within the food and fibre value chains on how these value chains work.
- Senwes developed and implemented risk evaluation and mitigation policies, procedures, training and strategies to ensure the safety of its personnel and clients during the Covid-19 lockdown period. Being part of the essential food value chain, and despite various challenges, Senwes remained operational.
- Premiums skyrocketed and the Safex price had a historically high daily movement of R1 800/tonne on the last trading day of March, as short-position holders tried to get out of their short positions.
- Negotiations regarding the Senwes and Suidwes merger have been concluded. We are only awaiting approval from the Tribunal.
- Senwes Grainlink accepted white maize at a higher moisture content during April in order to support the producer to sell white maize at the higher Safex price.



SENWES BRAND

OUR BUSINESS PHILOSOPHY

Over the past 111 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 for 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 finance, input supplies, capital equipment, insurance, grain storage and handling services, logistics and grain trading services to grain producers, as well as finance to grain off-takers.

The Senwes Group provides an array of other products and services to various role-players in the agri-value chain.

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 attaining knowledge 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 people's 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**.

Building a strong allegiance with the company, whilst acting in the best interest of the company and our stakeholders, showcasing **loyalty**.

Accepting responsibility by providing complete, transparent, truthful, accurate and timely information to all stakeholders, illustrating **accountability**.

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 which the company conducts business.

THE BRAND PROMISE

- To approach every interaction with a solution-driven mindset.
- To see the clients' businesses from their perspective.
- To provide an integrated solution.

STATEMENT OF COMMITMENT

Senwes is committed to creating value for all its stakeholders by conducting sustainable business through ethical dealings, protecting the environment and contributing to the socio-economic development of its employees and the societies in which it conducts business.

Reflections
FROM THE CHAIRMAN

DANIE MINNAAR
Senwes Chairman

This report was written during the Covid-19 lockdown period, which was implemented towards the end of March 2020. It was written at a time during which speculation about the future was very difficult, if not impossible.

KEY TOPICS

- Covid-19 impact on commodity prices
- Quality and stock levels of white maize
- Consolidation strategy
- Acquisitions and negotiations
- Changes in the board of directors
- Solutions for customers
- Challenges ahead

At this stage we simply do not know how long it will take for our world to return to normal. However, what we do know, is that we will have to make adjustments and those who do it best, will have an edge over the rest.

We have seen a decrease in the prices of all commodities. Who would ever have thought that Brent crude oil would decrease to $20 per barrel - a decrease of 68% over the past year? The lower oil price will have a significant impact on the price of maize in the USA, since an average of 42% of the domestic maize demand in the US is used for ethanol. An increasing number of ethanol plants are closing down in the USA during this difficult time, which means that the consumption of maize will decrease dramatically.

When you read this report, we will know a lot more about the impact of the virus on humanity.

Senwes delivered a good performance in a very challenging year, with significantly lower summer grain planting levels as a result of the late rain. Plantings were 200 000 hectares lower in the western area of the traditional Senwes area of operation. Due to the late planting, the quality of maize was, for the second successive year, not nearly as good as the long-term average quality of maize. The quality issue, together with the demand from African countries, placed tremendous pressure on white maize stock levels.

Grain levels in Senwes' silos were extremely low towards the end of April 2020. However, we are looking forward to a promising harvest in 2020/2021.

STRATEGY

Senwes' long-term strategy of consolidation is starting to pay off. I mentioned in last year's report that agriculture is experiencing a crisis and that Senwes is well positioned to exploit the opportunities which may arise from this situation.

> "The existence of Senwes is solely due to the support of its customers. Our customers are the producers of food and the processors of agricultural products. Senwes' right of existence can only be justified if it manages to add value to its customers."

We acquired a 57,7% share in KLK Landbou Limited during the year, which will diversify the income streams of Senwes over the long term.

Senwes also acquired Falcon during the year and, together with Staalmeester, which we acquired last year, we have expanded the business of Senwes Equipment significantly. This will offer a better mechanisation solution to our customers.

Senwes was involved in negotiations regarding the acquisition of a controlling interest in Suidwes Landbou. Approval from the Competition Commission and the shareholders of Suidwes Landbou was obtained. We are only awaiting approval from the Competition Tribunal.

The strategy of the board, which is focused on growth and diversification through consolidation, gained momentum over the past year.

We would like to welcome Kobus Marais, Pieter Stander and Venete Klein from KLK, who were appointed to the board of directors of Senwes during the past year. Thank you for your contributions thus far. We also took leave of James Botha, who was not available for re-election, after having served on the board as independent director for approximately 10 years. Thank you James, for your positive contributions during this time.

The board of directors of Senwes ensures that business is conducted in accordance with the highest standards of corporate governance and in the interest of all stakeholders at all times. The group's corporate best practices, as contained in the board charter, policies and operating procedures, and the application thereof, are benchmarked against practical realities and execution on a regular basis.

The existence of Senwes is solely due to the support of its customers. Our customers are the producers of food and the processors of agricultural products. Senwes' right of existence can only be justified if it manages to add value to its customers.

We do not compete with our customers - we assist them with solutions in the value chain. Technology is increasingly being used to add value - an example is the Senwes Equipment Call Centre, which monitors John Deere tractors and combine harvesters, as well as JCB equipment, 24 hours per day.

Grain with a high moisture content taken in by Senwes, enables the producer to harvest earlier, which in turn means that cultivation can commence earlier.

Long-term relationships with our customers, suppliers and banks are of the utmost importance to Senwes.

I am of the opinion that all commodity prices will remain under pressure for the foreseeable future, due to the lower demand for products. Unemployment will increase and every one of us will have to meet his/her social responsibilities towards the less fortunate in South Africa. The changed circumstances will undoubtedly encourage the business sector, government and the unions to co-operate in order to find solutions. The aid offered by government will help to kick-start the economy, but we still have a long way to go. Senwes is privileged to be taking in such a large crop at present, which will help us through this difficult time.

The focus of the board will be on cost saving initiatives and maintaining good service to our customers. Capital expenditure relating to the expansion of grain drying facilities will, however, remain a priority.

A heartfelt thanks to every member of the board and senior management of Senwes, and to every customer and employee - without you, nothing would be possible. Each one of you is a link in the chain which made Senwes the company that it has become. It is indeed a privilege to be involved with a company which will be celebrating its 111th birthday this year.

I would like to thank our Heavenly Father, who holds His hand over Senwes and its stakeholders every day. May we live each day according to His will.

JDM Minnaar
Chairman
2 July 2020
Klerksdorp

VALUE-CREATING BUSINESS MODEL

PERFORMANCE

Net profit after tax (R'm) 2020		2019	Return on opening equity (%) 2020		2019	Total shareholders return (%) 2020		2019
337	▲ 19,1%	283	13,0	▬ 0%	13,0	5,5	▬ 0%	5,5

For more detail see p. 6

EXTERNAL ENVIRONMENT

INPUTS

OUR CAPITALS

FINANCIAL
The pool of available funds Senwes uses to achieve its strategy.

MANUFACTURING
The property, plant and equipment Senwes uses to deliver its services and products.

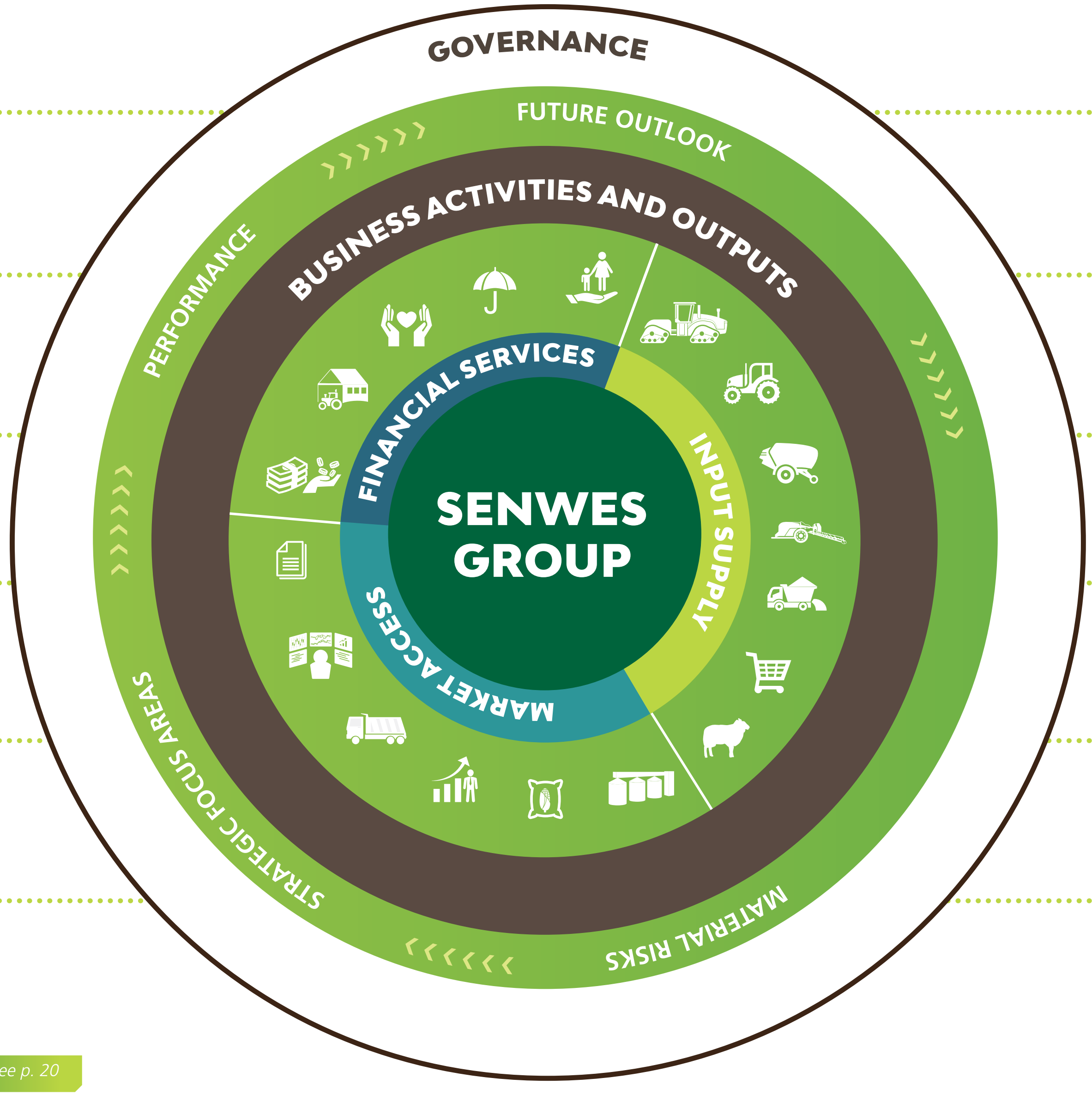
NATURAL
The land, water and energy Senwes uses to generate income.

INTELLECTUAL
The group's investment in the right skills and systems.

HUMAN
Employees are Senwes' key stakeholders.

SOCIAL AND RELATIONSHIP
Senwes strives to be a responsible and accountable corporate citizen, taking into account its stakeholders, the environment and the community.

For more detail see p. 20



OUTCOMES

KEY HIGHLIGHTS

	2020		2019
Normalised headline earnings (R'm)	246	▼ 16,6%	295
New investment in property, plant and equipment (R'm)	268	▲ 27,6%	210
Head office electricity consumption (GWh)	1,4	▲ 7,7%	1,3
Senwes Grainlink silos electricity consumption (GWh)	23,5	▲ 7,8%	21,8
Head office water consumption (kl)	5 031	▼ 1,4%	5 102
Total training costs (R'm)	9,6	▲ 12,9%	8,5
Average cost per employee (group, including JVs) (R'000)	211,6	▼ 14,6%	247,9
Corporate social investment and community spending (R'm)	3,1	▲ 24,0%	2,5
Loyalty scheme (AgriRewards) allocation (R'm)	19	▼ 13,6%	22

For more detail see p. 6

STAKEHOLDERS

Shareholders and Investors
The group paid dividends to the amount of:
>>> R112m ▲

Clients and Customers
The group increased its financing book by:
>>> 21% ▲

Employees
The group (including JVs) paid salaries to the amount of:
>>> R1 021m ▲

Community
Community spending increased since the previous year:
>>> 24% ▲

Business Partners
The cost of investments amounted to:
>>> R545m ▲

Suppliers
The group's payments to suppliers of goods and services amounted to:
>>> R3 532m ▲

Government and Regulators
The group paid tax to the amount of:
>>> R117m ▲

For more detail see p. 30

MATERIAL RISKS

1. Environmental and health and safety risk
2. Political and economic climate risk
3. Market size and market share risk
4. Credit, liquidity and market risk
5. Commodity price risk
6. Weather and climate risk
7. Information technology - systems and cyber risk
8. Urbanisation, scarcity and retention of skills
9. Transition and customer risk
10. Diversification and agricultural industry risk
11. Unique competitor risk
12. Regulation and compliance risk
13. Theft and fraud risk

For more detail see p. 83

STRATEGIC FOCUS AREAS

1. Diversification, horizontal integration and consolidation
2. Internal integration of the customer
3. Reorganisation of business models
4. Unlocking value synergies
5. Increased investment in efficiencies in the value chain
6. Externalisation

For more detail see p. 44

FUTURE OUTLOOK

Business
All commodity prices will remain under pressure in the foreseeable future and unemployment will increase. Senwes is privileged to be taking in such a large crop at present, which will help us through this difficult time.

For more detail see p. 12

Strategy
The biggest challenges will remain in the Input Channel, while the indications of high volumes bode well for the Market Access Channel businesses. The Financial Services Channel of the group is well positioned to further exploit opportunities. Acquisitions done over the past two years are performing well, while work on the current non-performing units in the portfolio, will continue to bring focus and self-critique.

For more detail see p. 40

Economic
Good prospects for the coming season such as a good summer grain harvest, an increase in client profitability and the ability of clients to pay their outstanding production and long-term credit, a high level of business confidence in the coming planting season, the restructuring of the group and the merger with Suidwes will possibly counteract the impact of Covid-19.

For more detail see p. 74

BUSINESS OVERVIEW

OVERVIEW OF OUR CLIENTS' ACTIVITIES

PRODUCER ACTIVITIES

PRE-SEASON PLANNING

- Evaluation and recommendations regarding farming practices: Soil surveying, crop, variety and tillage planning.
- Credit negotiation.
- Financing of land and equipment.
- Input and harvest insurance.
- Input negotiation.
- Acquisition of capital goods.
- Upgrading of agricultural equipment and whole good repairs.
- Asset insurance.

OPERATIONAL EXECUTION: PLANTING

- Maintenance of capital goods: Repairs and replacement of whole goods for preparation of fields.
- Preparation, tillage and planting of crops.
- Maintenance of capital goods: Repairs and replacement of whole goods for planting.
- Planting of crops.
- Fertilising, weed control, pest control and cleaning of fields.
- Crop insurance.
- Pre-harvest marketing.

OPERATIONAL EXECUTION: HARVESTING

- Maintenance of capital goods: Repairs and replacement of whole goods for harvesting.
- Harvesting of products.
- Handling, weighing, cleaning and drying of grain.
- Supplying the product to the market.

MARKETING

- Marketing of goods from a registered and acknowledged facility.
- Finalising obligations relating to financiers.
- Evaluation of results of previous season.
- Financial planning for the next season.

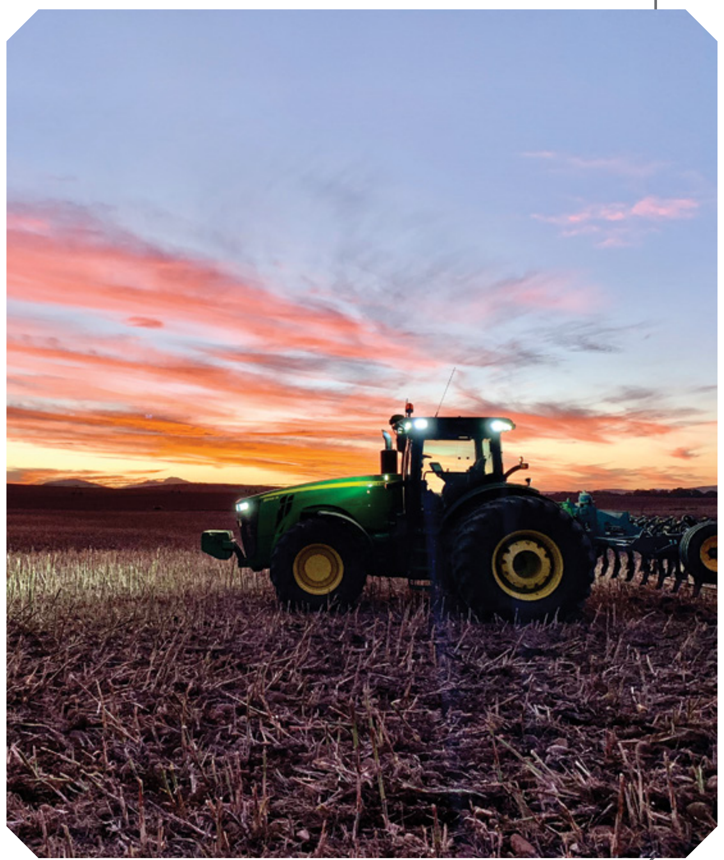
OFF-TAKER ACTIVITIES

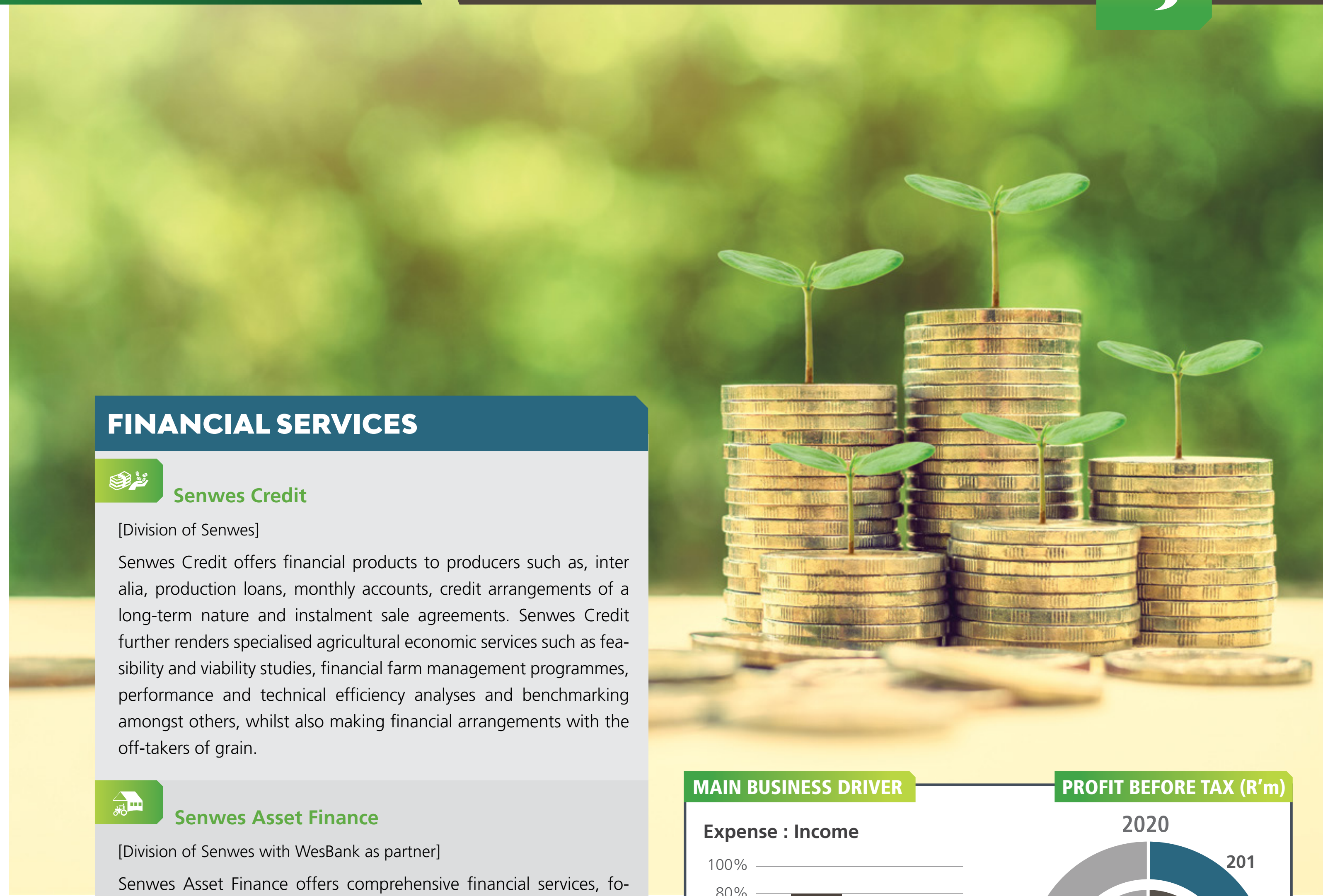
PROCUREMENT OF RAW MATERIALS

- Procurement of raw materials.
- Contracting.
- Handling and storage of products.

OPERATIONAL EXECUTION

- Logistical solutions and settlement of accounts.





FINANCIAL SERVICES

Senwes Credit

[Division of Senwes]

Senwes Credit offers financial products to producers such as, inter alia, production loans, monthly accounts, credit arrangements of a long-term nature and instalment sale agreements. Senwes Credit further renders specialised agricultural economic services such as feasibility and viability studies, financial farm management programmes, performance and technical efficiency analyses and benchmarking amongst others, whilst also making financial arrangements with the off-takers of grain.

Senwes Asset Finance

[Division of Senwes with WesBank as partner]

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

Certisure Group

[Joint venture with NWK]

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

Molemi Sele Management

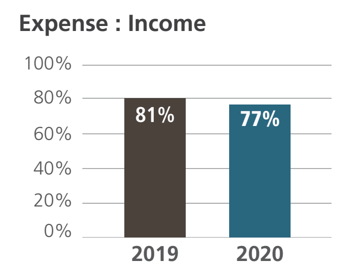
[Joint venture with AFGRI and NWK]

Molemi Sele Management is the owner of a cell captive for credit life insurance within Guardrisk Life and focuses on underwriting risks within the credit life insurance domain.

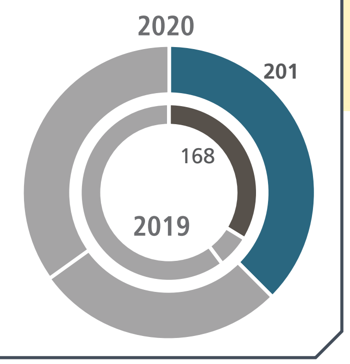
BUSINESS UNITS

23	Insurance branches	Certisure and KLK
2	Credit extension office	Senwes Credit and KLK

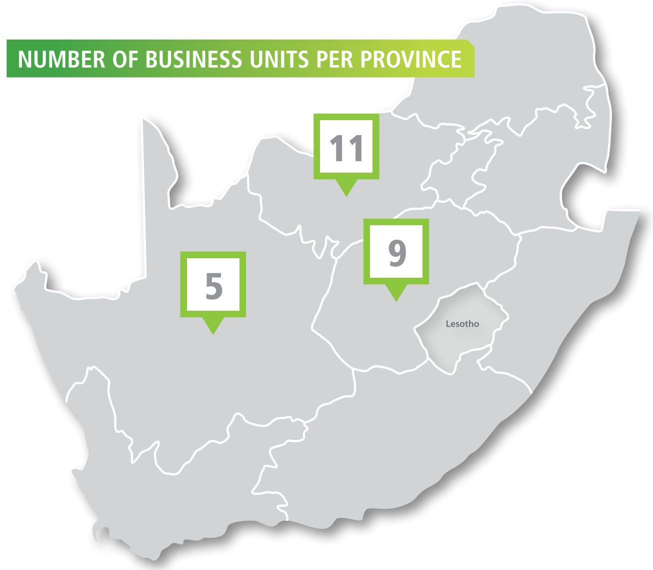
MAIN BUSINESS DRIVER



PROFIT BEFORE TAX (R'm)



NUMBER OF BUSINESS UNITS PER PROVINCE



INPUT SUPPLY

Senwes Equipment

[Subsidiary of Senwes]

Senwes Equipment is an agricultural equipment and services group, which offers agri-mechanisation products and implements, maintenance and precision farming solutions to producers.

JD Implemente

[Subsidiary of Senwes with the Tomlinson family as partner]

JD Implemente broadens Senwes Equipment's geographic footprint by providing agri-mechanisation and maintenance solutions in the Western and Eastern Cape.

Staalmeester Agricultural Equipment

[Subsidiary of Senwes with the Coetzee family as partner]

Staalmeester expands Senwes Equipment's product offering by manufacturing and importing agricultural equipment for small and medium-sized farmers.

Falcon Agricultural Equipment

[Subsidiary of Senwes]

Falcon extends Senwes Equipment's competitive advantage in the agri-sector by manufacturing and distributing tractor-drawn implements and parts to the South African and sub-Saharan agricultural and turf markets.

Bastion Group

[Joint venture with NWK]

The Bastion Group specialises in the production and marketing of high quality lime and supplies dolomitic and gypsum products for agricultural and industrial purposes.

Hinterland Group

[Joint venture with AFGRI]

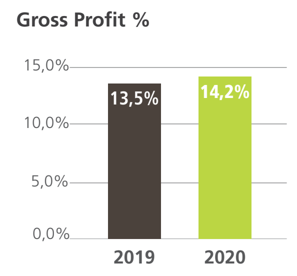
The Hinterland Group, through its wholesale, retail and fuel businesses, specialises in supplying input products for a variety of farming practices and offers a wide range of hardware and convenience products to the general public. Hinterland also assists producers with irrigation, livestock feeds and medicine and is a prominent wholesaler and supplier of a wide variety of agricultural products and general commodities between the producer and the end consumer.

KLK Landbou Group

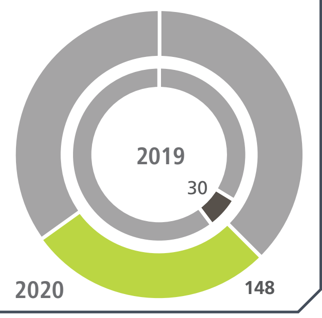
[Subsidiary of Senwes]

The KLK Landbou Group specialises in procuring, processing, distributing and selling agricultural supplies, products, services and niche products in the Northern Cape through its retail, livestock, fuel, car dealerships and financial service businesses.

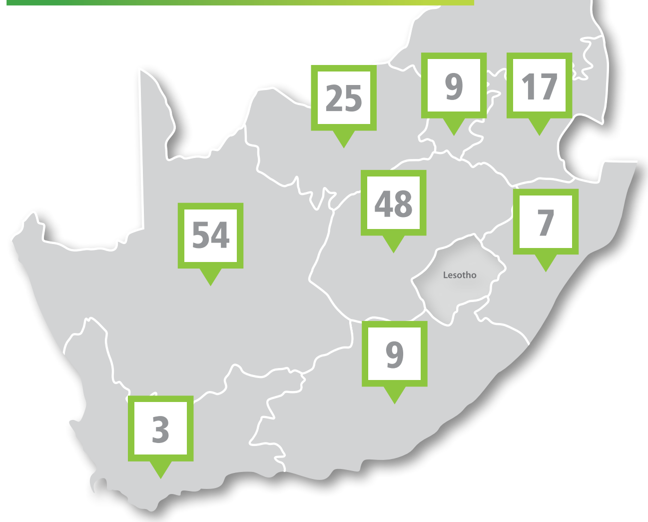
MAIN BUSINESS DRIVER



PROFIT BEFORE TAX (R'm)



NUMBER OF BUSINESS UNITS PER PROVINCE



BUSINESS UNITS

72	Retail outlets with fuel stations	Hinterland and KLK
26	Whole goods and spares outlets	Senwes Equipment
18	Mechanisation workshops	Senwes Equipment
11	Fuel stations - stand-alone	KLK
9	Retail outlets	Hinterland and KLK
6	John Deere agencies	JD Implemente
5	Auction depots	KLK
4	Convenience stores at fuel stations	Hinterland
3	Abattoirs	KLK
3	Car dealerships	KLK
3	Agricultural lime mines	Bastion
2	Agricultural equipment dealers	Staalmeester and Falcon
2	Supermarkets	Hinterland
1	Kiosk at fuel station	Hinterland
1	Second-hand whole goods outlet	Senwes Equipment
1	Wholesale distribution centre	Hinterland Wholesale
1	Feedlot	KLK
1	Meat trading operations	KLK
1	Processing and exporting of raisins	KLK
1	Petroleum wholesaler	KLK
1	Processing and exporting of skins and hides	KLK

MARKET ACCESS

Senwes Grainlink

[Division of Senwes]

Senwes Grainlink specialises in the handling and storage of grain and oilseeds and is positioned between the producer and the off-taker. Senwes Grainlink also renders services to the grain off-taker.

Senwes Seed

[Division of Senwes Grainlink]

Senwes Seed established itself over decades as an excellent seed processor with a sound reputation amongst producers in the market.

Senwes Graanmakelaars

[Subsidiary of Senwes]

Senwes Graanmakelaars acts as a broking agent for clients wishing to obtain access to the JSE (Safex) Agricultural Commodities Division and provides an opportunity for producers, consumers and speculators to hedge or take part in potential market opportunities.

Grainovation

[Subsidiary of Senwes]

Grainovation offers specialised logistical solutions to both the producer and off-taker of grain and oilseeds.

Tradevantage Grain

[Subsidiary of Senwes]

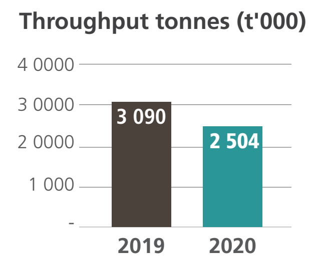
Tradevantage Grain provides an extensive grain marketing and trading service to both national and international clients relating to maize, oilseeds, wheat and other soft commodities.

Electronic Silo Certificates (ESC)

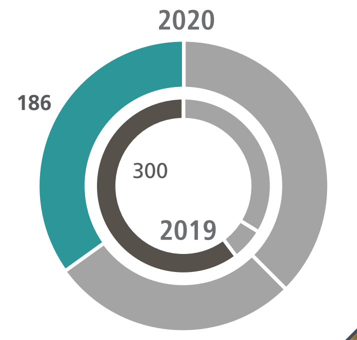
[Joint venture with AFGRI]

Electronic Silo Certificates provides a safe and effective way of managing electronic silo certificates via the internet or smartphones.

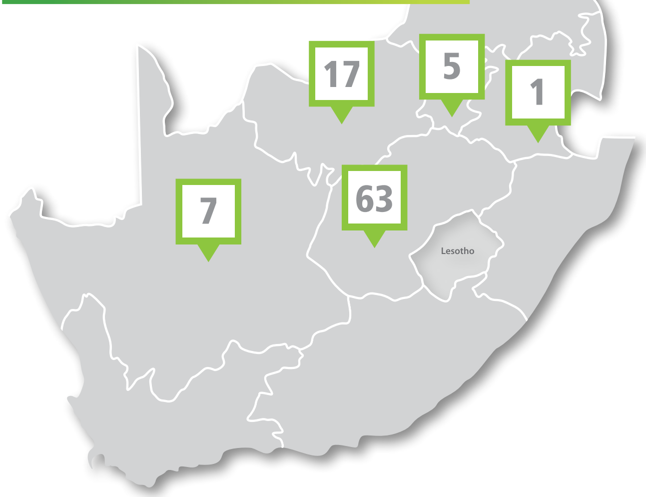
MAIN BUSINESS DRIVER



PROFIT BEFORE TAX (R'm)



NUMBER OF BUSINESS UNITS PER PROVINCE



BUSINESS UNITS

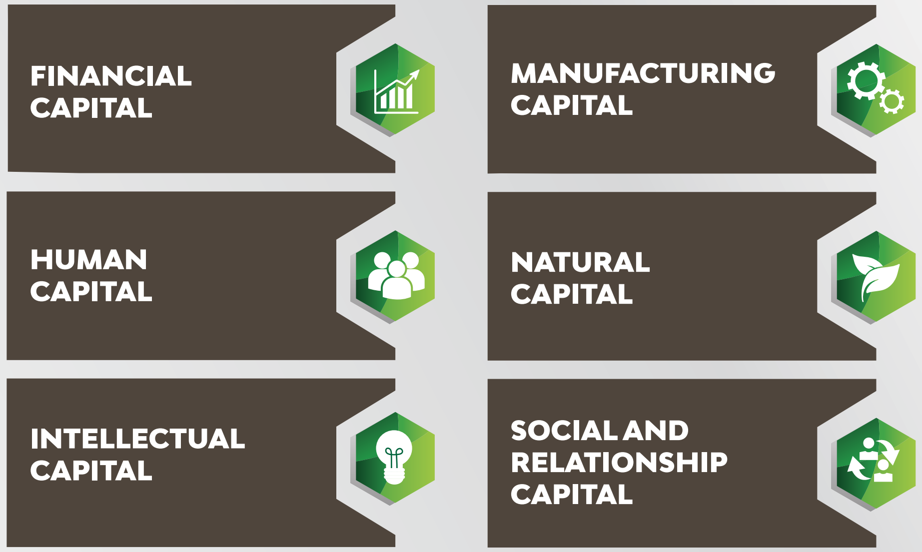
68	Silo complexes	Senwes Grainlink
18	Procurement offices	Senwes Grainlink
3	Throughput structures	Senwes Grainlink
1	Brokerage	Senwes Graanmakelaars
1	Trading office	Tradevantage Grain
1	Logistics office	Grainovation
1	Silo certificate dealer	ESC

HOW SENWES CREATES VALUE USING THE SIX CAPITALS

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.

Key inputs, outcomes, actions to improve outcomes, future challenges, reassurance in respect of capital and trade-offs in our use of capital include, but are not limited to, the items listed below:



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 for all of the stakeholders.

KEY INPUTS

		2020	2019
Capital expenditure to advance strategic projects	R'm	**268**	210
Increase/(decrease) in interest-bearing current loans	R'm	**1 630**	(148)
Opening shareholders' equity	R'bn	**2,3**	2,2
Loan facilities *	R'bn	**5,2**	4,6
Unutilised loan facilities *	R'bn	**1,1**	1,8
Market capitalisation	R'bn	**2,0**	2,0

**Including headroom for mergers and acquisitions*

OUTCOMES

		2020	2019
Earnings before interest and tax (EBIT)	R'm	**532**	478
Net cash flow generated by business units	R'm	**994**	139
Normalised headline earnings	c/share	**144,2**	177,5
Dividends for the year	c/share	**60,0**	60,0
Interest cover	times	**7,0**	6,7
Increase in net asset value	c/share	**101,4**	100,8
Own capital ratio	%	**34,8**	39,0
Natural interest rate hedging:			
Interest-earning assets	R'bn	**5,2**	4,2
Interest-bearing liabilities	R'bn	**4,3**	2,9

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;
- Internal Audit provides an opinion on the combined control environment; and
- Commitments from financiers - additional funding allocation of R500m.

TRADE-OFFS IN OUR USE OF FINANCIAL CAPITAL

Financial capital enables Senwes to grow the business in a sustainable manner, with a positive impact on manufacturing, human, intellectual, social and relationship, as well as natural capital. Access to financial capital is critical for our business. We need to decide how to allocate the capital available to us on a continuous basis in order to maximise value. Our capital deployment decisions are critical to our mission of creating sustainable value

ACTIONS TO IMPROVE OUTCOMES

- Focused cost saving plans;
- Margin management;
- Optimal allocation of operating capital;
- Focused cash flow management;
- Focused balance sheet management and improved working capital ratios;
- Efficiency programmes;
- Operational and geographical diversification through business consolidations, such as the acquisition of KLK, Grainovation and Falcon;
- Re-evaluation of product offerings, such as the reduction of product lines offered by Hinterland Wholesale; and
- Increased focus on the debtor's book management.

Strategic objectives (p. 44 for the Senwes strategy)
Mitigation of risks (p. 82 for Senwes' risk mitigation)

FUTURE CHALLENGES

- Credit, liquidity and market risk;
- Weather and climate risk;
- Market size and market share risk;
- Political instability and economic climate risk;
- Commodity price risk;
- Transition and customer risk;
- Diversification and agricultural industry risk;
- Unique competitor risk;
- Regulation and compliance requirements risk;
- Urbanisation, scarcity and retention of skills risk;
- Systems risk;
- Theft and fraud risk;
- Environmental, health and safety requirements risk; and
- Covid-19 group-wide measures to be implemented.

Material risks and opportunities p 83

HUMAN CAPITAL

Our employees are a key stakeholder of Senwes. Our workforce has been, and still is, our primary competitive advantage in the long and successful 111-year history of the company. We have a hardworking team, who has always ensured our long-term sustainability and will continue to ensure our success.

KEY INPUTS

- An industry leader and an employer of choice;
- A company with opportunities;
- A safe and healthy work environment;
- Market related employee recognition and remuneration;
- A resilient, ethical leadership team;
- An inclusive environment that embraces workforce diversity;
- An environment where employees are empowered and ownership is allocated;
- A workplace where fair labour practices are enforced.

OUTCOMES

		2020	2019
Total employees *	Number	**4 825**	3 344
Total remuneration costs *	R'm	**1 021**	829
Average cost per employee *	R'000	**211,6**	247,9
Employee turnover *	%	**19,9**	18,8

**All figures are shown for the group including JVs.*

REASSURANCE IN RESPECT OF HUMAN CAPITAL

- Compliance Committee;
- Remuneration Committee;
- Job Grading Committee;
- Social and Ethics Committee;
- Group Ethics Committee;
- Group and Individual Employment Equity Committee;
- Group Membership Committee to ensure optimal cost options and investment of pension funds;
- Monthly Old Mutual meetings with external role players to ensure mutual understanding and to resolve issues;
- Monthly Payroll and HR meetings to align understanding; and
- HR operations meetings with all senior executives, throughout the group.

TRADE-OFFS IN OUR USE OF HUMAN CAPITAL

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

JOB LEVELS PER BEE OR NON-BEE

Job level	BEE	NON-BEE
EXECUTIVE MANAGEMENT	0%	100%
SENIOR MANAGEMENT	2%	98%
MIDDLE MANAGEMENT	11%	89%
SKILLED TECHNICAL EMPLOYEES	25%	75%
SEMI-SKILLED EMPLOYEES	61%	39%
UNSKILLED EMPLOYEES	96%	4%

ACTIONS TO IMPROVE OUTCOMES

- Re-evaluation of existing policies and procedures;
- Implementation of an electronic human resources management system;
- Implementation of various online reward systems to determine remuneration fairness in the market;
- Monitoring of personnel well-being and health;
- Implementation of extensive talent forums throughout the group; and
- Facilitation of five-year employment equity plan with identified barriers.

FUTURE CHALLENGES

- Alignment of internal management practices to support the future world of work;
- Cultural diversity and sensitivity;
- Creating an employee value proposition that sets the group apart from its competitors;
- Retention of key individuals and scarce skills;
- Identification and management of critical positions;
- Introducing BOTS and online learning technology; and
- Teams and teamwork, as the future of the work environment.

INTELLECTUAL 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 faced by customers.

KEY INPUTS

- Innovation division focused on innovative products and service delivery;
- Internal IT-division with 70 experienced technical staff members;
- Unique business applications for specialised trading;
- Unique business processes;
- Nation in Conversation;
- External service level research project;
- Product development programme and teams;
- Operational and specialist business units with a mandate to explore new opportunities;
- A core business-driven graduate programme;
- Use of external specialists when required;
- Extensive learnership and apprenticeship programmes;
- Focused and tailor-made leadership and management development programmes;
- A bursary scheme;
- Accelerated learner development programme for learners with diplomas;
- Investment in core technology infrastructure used for various IT services; and
- Various agreements/working arrangements with government and SETAS to provide corporate exposure to learners with SETA grants in the service and grain industries.

REASSURANCE IN RESPECT OF INTELLECTUAL CAPITAL

- Financial and IT Steering Committee;
- Social and Ethics Committee;
- Employment Equity Committee;
- Job Grading Committee;
- Remuneration Committee; and
- Investment and Audit Committees undertake post-implementation evaluations of the sustainability of projects.

TRADE-OFFS IN OUR USE OF INTELLECTUAL CAPITAL

Investment 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.

ACTIONS TO IMPROVE OUTCOMES

- Outcome-driven objectives for all personnel, aligned with measurable divisional objectives for effective management;
- Employee well-being programme development;
- Align capacity utilisation with investment philosophy of Senwes;
- Research in respect of latest technology and prototypes;
- Research in respect of producers' experience of Senwes product delivery;
- Market integrated business solutions to clients;
- Focus on optimisation of existing investments by means of problem analysis and internal improvements; and
- Investment in training in order to keep up with the latest technology.

FUTURE CHALLENGES

- Recruitment and retention of suitable employees (as a rural employer);
- Fast-changing technology and significant related inputs required;
- Increasing stakeholder expectations in respect of technological innovation;
- Increasing pressure on data, capacity and analytical ability;
- Competitiveness;
- Productivity and effectiveness;
- Timely and effective implementation of research findings; and
- System security and protection of information.

OUTCOMES

- A well-defined talent management framework;
- Scientifically designed development and succession plans for executives and critical roles;
- Capability and competency management via online job description development;
- Succession identifier criteria developed with supporting succession path documents;
- Senwes Academy offers learning and development opportunities for employees;
- Infrastructure and technical capability that enable digital automation and innovation;
- Enhanced performance appraisal solutions;
- Enhanced recruitment and onboarding of new employees;
- HR-landing page for personalised HR-engagements;
- In-house developed application for client-facing employees to plan and organise client engagements and feedback;
- AgriRewards loyalty scheme;
- OneAgri application;
- Continuous enhancement of in-house developments;
- Total skills development costs of R5,0 million; and
- A structured graduate programme that supports the core business and has been running since 2010.

Graduate programme 2020	BEE	NON-BEE
	62,5%	37,5%

	2020	2019	2016-2020
Senwes Academy (no. of employees)#	**53**	27	340

Includes programmes for learners in accelerated leadership, training at business schools, learnerships, apprenticeships and leadership development.

Talent development indicator	2020	2019	Movement
Total training costs (R'm)	**9,6**	8,5	12,9%
Margin % of training invested in black individuals	**36,0**	37,5	(1,5%)
Average number of training days per employee	**4,3**	3,2	34,4%
Captured training costs as a % of employee costs	**1,8**	2,0	(0,2%)

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 improved customer service and an improved 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.

KEY INPUTS

- SPPD (Senwes Property Planning and Development department) with specialist employees responsible for maximising the economic and financial value of the total property portfolio in the group;
- Property, plant and equipment with a carrying value of R605,7m, which includes additional capex spending of R188,6m for the year for the Senwes Grainlink department;
- Hinterland Fuels approved the upgrading of filling stations with kiosk projects for the Ogies and Bethal branches (R4,4m). They are still awaiting local municipality approval;
- Hinterland completed the renovation of the Bethlehem branch, in order to improve service delivery, the product offering and the buying experience (R700k);
- Hinterland renovated the Bloemfontein branch (R1,2m);
- Senwes Equipment and Hinterland completed 98% of the upgrading of the Wolmaransstad branch and the construction of the new workshop at a cost of R19,4m;
- The project to seal the exterior of the head office building was approved, a contractor has been appointed and the project will commence after the lockdown (R1,4m);
- Concrete roadways and/or access roads at three silo complexes (Buckingham, Koppies and Odendaalsrus) were upgraded to the amount of R2,4m.
- Mirage (R15,8m) and Vierfontein (R15,2m) electrical automation projects have been completed;
- Aeration facilities were installed at 19 sites and 28 bins at a cost of R67m; and
- Silo weighbridges at 13 sites were completed at a cost of R13,4m.
- The KLK Group completed upgrades at various business units across their area of operation amounting to R35,3m.

OUTCOMES

		2020	2019
Net silo income (handling and storage)	R'm	**489,9**	557,9
Electricity costs *	R'm	**85,9**	45,9
Depreciation *	R'm	**95,0**	55,3
Maintenance costs *	R'm	**78,0**	58,0
Workshop hours	Hours	**74 336**	74 475

*The increases in electricity costs, depreciation and maintenance costs are mainly due to the inclusion of KLK Landbou, which was acquired during the period under review.

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 to unlock value to the benefit of human, social and relationship, natural and financial capital, which includes the new branch and store at Hartswater. It will result in long-term job creation and long-term financial return. The Graintech project and accelerated grain handling project improved the utilisation of assets and resulted in meeting the needs of customers.

ACTIONS TO IMPROVE OUTCOMES

- Development of a new branch and store at Hartswater and Wolmaransstad (workshop included) at a cost of R19,4m;
- Currently in the investigation phase of Klerksdorp (filling station only), Kroonstad (filling station and branch) and Kirkwood (Senwes Equipment workshop) branches. Once rezoning has been approved, the conceptual design phase will commence.
- Improved customer service by means of accelerated intake rate and efficiency projects; and
- Additional alternative storage facilities will be established in order to offer continuous storage solutions to producers.

FUTURE CHALLENGES

- The establishment of alternative storage structures;
- Skills of industrial engineers and workshop technicians;
- Application of capital at the right silo complexes in order to ensure optimal return and to mitigate risks; and
- SHEQ-regulations.

REASSURANCE IN RESPECT OF MANUFACTURING CAPITAL

- Approval of projects by the Senwes board. Overview and reporting are done afterwards by the Audit Committee;
- SHEQ-safety audits;
- Joint compliance model;
- JSE-compliance audit on silo operations;
- Code of conduct audits;
- SAGIS (South African Grain Information Services) audits;
- Internal audit investigations;
- HACCP-accreditation;
- Compliance Committee; and
- Property Committee.

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.

KEY INPUTS

- Tender process closed, currently busy compiling a tender report. Solar projects amounting to R2,2m:
  - Potchefstroom;
  - Delmas;
- Water consumption efficiency programme;
- Electricity consumption efficiency programme;
- Registered as a member of the Green Building Council of South Africa (GBCSA) while we are also focused on building all new developments to obtain a green star rating; and
- Waste reduction programme.

OUTCOMES

		2020	2019
Electricity consumption at head office	GWh	**1,4**	1,3
Decrease in water consumption at head office	%	**(1,4)**	(16,3)
Cumulative CO_2, as a result of lower paper consumption	tonnes	**3 675**	2 836
Senwes Grainlink silos electricity consumption	GWh	**23,5**	21,8

REASSURANCE IN RESPECT OF NATURAL CAPITAL

- Independent consultation on the rehabilitation of the mining sites of Bastion Lime.
- Meter installations were done by Motla Consulting Engineers in order to ensure that the correct readings are taken on a contract-basis.

TRADE-OFFS IN OUR USE OF NATURAL CAPITAL

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.

ACTIONS TO IMPROVE OUTCOMES

- Solar power projects are planned for two Hinterland branches (Potchefstroom and Delmas);
- Focus on finding solutions for producers relating to more efficient water usage;
- A waste reduction programme focused on lower paper usage by using technology, as well as recycling of used paper; and
- Installation of electronic electricity meters at silos to record municipal readings.

FUTURE CHALLENGES

- Increasing scarcity and decreasing quality of natural resources;
- Inability of municipalities to manage their water and electricity accounts has a negative effect on business activities;
- Climate change: Drought has a negative impact on food production;
- The effect that global warming may have on the agricultural industry;
- The demand for water exceeds its natural availability; and
- The inability of Eskom to meet the demand for electricity, due to poor infrastructure and maintenance of networks.

SOCIAL AND RELATIONSHIP CAPITAL

We are committed to the transformation and development goals of the country and 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;
- Farm school cricket development through the annual Senwes Spinners Farm School Cricket Development Programme. During the past 14 years, since the launch thereof in 2006, 1 820 farm school players from 19 primary schools participated in the programme, 454 coaching sessions were conducted and 56 coaches have been trained;
- Nelson Mandela Day project: potholes were repaired and garbage was removed from around Senwes Head Office. Senwes, in collaboration with North West Cricket, also hosted a cricket clinic at Laerskool Wolmaransstad in aid of Nelson Mandela's 67- minute campaign;
- Annual Christmas Tree project, where 590 underprivileged children from 10 different institutions aimed at child care for abused, special needs and abandoned children were involved;
- Support hub in Losdoorns, which consists of a vegetable garden, an improved early childhood development centre and sports initiatives;
- Vegetable garden project at Rooigrond near Buhrmansdrif;
- Transformation initiative;
- Learnerships, where 30 learners benefitted from Senwes learnerships in retail and grain handling and 14 apprentices were trained;
- External bursary schemes;
- 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 R7,8 million in value for the brand during the course of the 2019 television series, the 2019 Nampo Harvest Day and the 2019 Nampo Cape show;
- Programme for emerging farmers;
- Client supporting initiatives;
- Exclusive customer and supplier relationships;
- Ensuring and monitoring ongoing legislative compliance;
- Positive relationships with trade unions;
- Senwes launched a series of videos where focused advice was given to primary producers and processors on how to approach the Covid-19 pandemic;
- Senwes sponsored the Bultfontein Boertjiefees;
- Senwes hosted its 16th annual Senwes Future Focus Day;
- Senwes co-sponsored the annual Agri SA Congress and annual NWK Agri Securitas Senwes Golf Day;
- Senwes sponsored the annual Ottosdal Draf en Trap for the 27th consecutive year;
- Senwes offered AgriRewards participants the opportunity to convert their AgriRewards loyalty benefits to Senwes shares;
- Senwes hosted various harvester and technology days;
- Senwes held the first ever Silo Festival in Wesselsbron;
- Senwes hosted the Red Meat Producers' Organisation 2019 congress;
- Senwes, in collaboration with various partners, launched multiple drought aid initiatives to support the Northern Cape producers suffering the effects of the severe drought;
- The Senwes Spinners High Performance cricket team participated in the 2018/2019 High-Performance Programme hosted by North West Cricket; and
- Senwes obtained the naming rights for the Senwes Dragons Women's team.

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.

ACTIONS TO IMPROVE OUTCOMES

- Digital consumer magazine;
- Ethics helpline;
- Fraud helpline;
- Social investments and projects;
- Improved and quality products and services;
- Competitive pricing of products and services;
- Involvement in initiatives to transform unproductive farms into productive farms;
- Recruitment of candidates from under-represented groups;
- The initiation and support of innovative programmes to find practical solutions for community problems and requirements;
- The support of sustainable community interventions, which will have a broader and more sustainable impact over the long term; and
- Improved communication in terms of content and frequency with all stakeholders.

FUTURE CHALLENGES

- Rising cost of inputs and production;
- Rating by credit rating agencies;
- Fluctuating commodity prices;
- High degree of infrastructure decline;
- Lack of funding for initiatives, as well as poor bureaucracy in terms of distribution of financial support;
- Quality customer service and relationships;
- Food security and water shortages;
- Local and rural safety;
- Large scale expropriation of productive agricultural land without compensation;
- Bandwidth issues in rural areas; and
- Suppressed soft commodity prices.

OUTCOMES

OUTCOMES		2020	2019
Active customers *	Number	**7 902**	5 513
Active suppliers *	Number	**5 703**	3 266
Spending in respect of authorities	R'm	**211**	262
Paid to suppliers of goods and services *	R'bn	**3,5**	1,7
Total corporate social investment and community spending	R'm	**3,1**	2,5
Senwes Spinners Farm School Cricket Development Programme	Cumulative number of students reached	**1 820**	1 690

*Increase in active customers and active supplier numbers as well as amounts paid to suppliers, are largely attributable to the acquisition of KLK Landbou to the Senwes Group during the period under review

REASSURANCE IN RESPECT OF SOCIAL AND RELATIONSHIP CAPITAL

- Social and Ethics Committee;
- All Senwes Grainlink silos are audited and certified by the Perishable Product Export Control Board according to a three-year cycle;
- Reduced conventional electricity consumption through various initiated projects;
- Reduced water consumption through initiated projects;
- Waste management through recycling efforts; and
- Continued focus and growth in Thobo Trust.

CREATING VALUE FOR STAKEHOLDERS

BUILDING QUALITY STAKEHOLDER RELATIONSHIPS

Senwes' approach to stakeholder relationship management consists of meeting 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

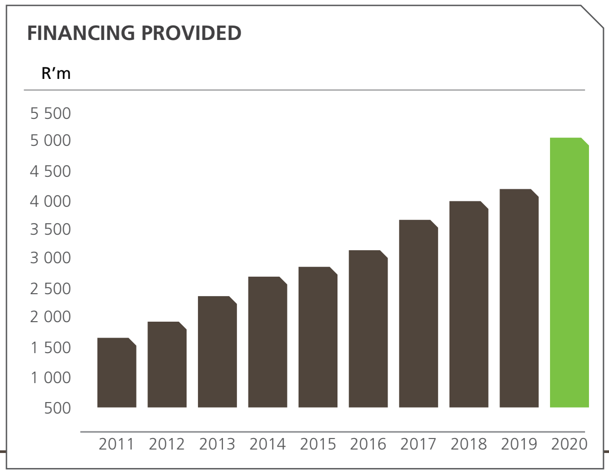
STAKEHOLDER	WHY IS THE RELATIONSHIP IMPORTANT TO SENWES?
Clients and Customers	The relationship with clients and customers is the main reason for the company's existence, since clients and customers buy the company's products and services. These relationships are also the main source of revenue.
Shareholders 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 an associate, to expand the group's geographic 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 and 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.

CLIENTS AND CUSTOMERS

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

ISSUES DURING THE YEAR

- The late planting season meant that crops were harvested much later than normal, which had a direct impact on the quality of grain (lower grades).
- Low levels of liquidity in the farm property market.
- Lack of planning to ensure sustainable agriculture.
- The equipment market continued its decline from the previous year.
- The crop was not profitable enough to stimulate the sale of capital goods.
- Producers' cash flow was under pressure.
- The 2019 harvesting season started eight weeks later than usual and two weeks later than the previous season.
- Quality of grain and certain entities did not comply with national grading standards of maize.
- The market went into backwardation from December onwards.
- Unsure political environment resulted in the deferral of customer purchase decisions.



COMPANY'S RESPONSE TO THESE ISSUES

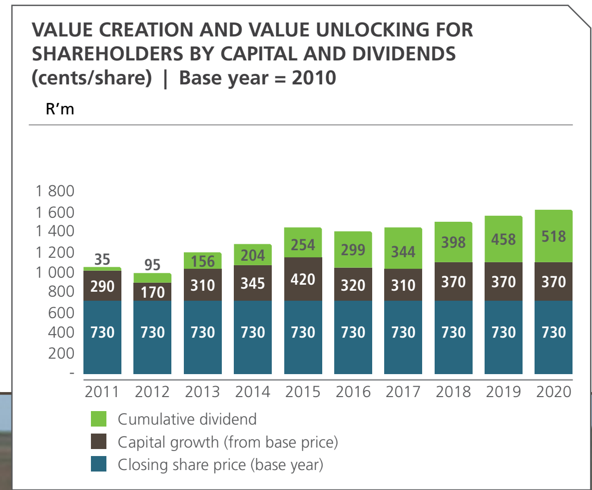
- Senwes Credit provided innovative payment and cash flow solutions to accommodate clients in respect of arrears due to the late harvest and poor quality of grain.
- Senwes Credit supported clients to find appropriate buyers and facilitated a number of transactions for clients with rising debt levels and cash flow concerns.
- Senwes Credit Agricultural Economic Services was involved in THE BIG FIVE concept (Strategy; Management systems; Staff management; Financial planning and Performance evaluation and partnerships) during the annual Senwes Future Focus Day.
- Senwes Equipment introduced service plans on new equipment and added value products such as extended warranties and inspection plans on most of the products to mitigate the producers' cash flow issues.
- Accelerated diversification to broaden Senwes Equipment's geographic footprint and create additional income streams.
- The transaction with Falcon Agricultural Equipment was completed as part of the diversification strategy.
- Senwes Equipment consolidated the Ottosdal and Schweizer-Reneke workshops into one mega workshop in Wolmaransstad.
- Customer service of Senwes Equipment was improved to an all-time high and market share was increased.
- Senwes Grainlink accepted grain at a higher than normal moisture content to accommodate producers in complying with their grain contracts.
- Senwes Grainlink maintained investments in assets to offer further solutions to the market.
- Senwes Grainlink assisted producers with their pricing and marketing of grain by offering various pre-season and spot contracts.
- Capitalisation of the loyalty programme to enable customers to convert their AgriRewards into shares.
- Tradevantage eventually had to wait for SAFEX deliveries in March to get access to maize for its April obligations. It was decided not to participate in longer-term contracts, including Astral. No future contracts for delivery beyond December pricing will be concluded.

SHAREHOLDERS AND INVESTORS

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

ISSUES DURING THE YEAR

- The shares of the company traded below net asset value.
- Share trading liquidity remained low as a result of the prevailing shareholder structure.



COMPANY'S RESPONSE TO THESE ISSUES

- Since an investment in Senwes shares is deemed to be of a long-term nature, the payment of interim and final dividends was maintained.
- Senwes provided shareholders with a transparent and trusted platform for trading shares on a licensed exchange, ZAR X, in accordance with the Financial Markets Act.
- The fact that shareholders may offer the shares in the Senwes Group as security at Senwes Credit, also contributed to the low liquidity.
- The share repurchase programme launched on 3 July 2019 and which concluded on 26 March 2020, contributed to the liquidity of the shares and the creation of value-unlocking opportunities.
- The merger with KLK Landbou and the on-boarding of KLK shareholders who accepted the Senwes share offer, as well as the conversion of AgriRewards benefits into Senwes shares, enhanced the shareholder profile and made a significant contribution to higher liquidity of the shares.
- Senwes maintained dividend payments amidst the Covid-19 pandemic.

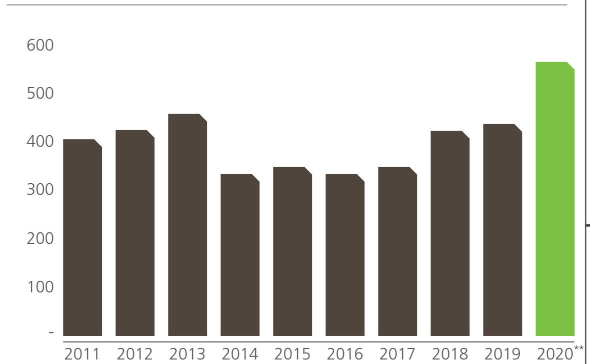
EMPLOYEES

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

ISSUES DURING THE YEAR

- Sudden Covid-19 developments in the last months of the financial year placed great restraints on the deployment and effective use of skills in various businesses.
- A challenging macro-economic environment.
- Employment equity compliance remains an issue.

EMPLOYEE COSTS*



* For the group, excluding JVs and directors' remuneration
** The notable increase in employee costs is attributable to the acquisition of subsidiaries during the year, namely: KLK Landbou, Falcon Agricultural Equipment and Grainovation.

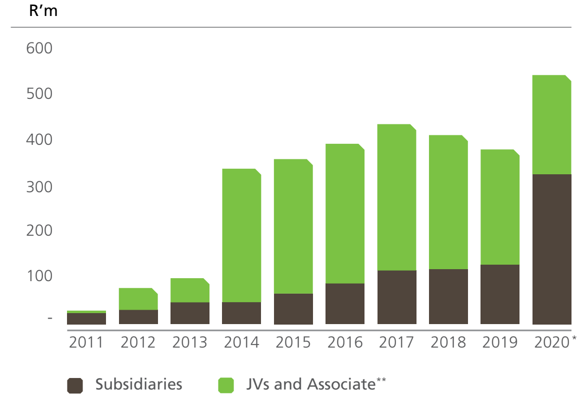
COMPANY'S RESPONSE TO THESE ISSUES

- An emergency response Covid-19 Crisis Committee carefully monitored and guided processes as it unfolded in government and at the various business units.
- Senwes hosted its first employee wellness week and a combined year-end function.
- 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 into a strike in 2019. The company obtained majority approval from all employees to implement wage increases in 2019.
- No employment equity non-compliance certificates were issued anywhere in the group over the last 12 months. New joint ventures registered for employment equity compliance uploads.
- A five-year employment equity plan was developed, with full stakeholder engagement and approval, and was submitted to and acknowledged by the Department of Labour. The group is in the second year of this plan.

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.

COST OF INVESTMENTS



* Cost of investments in subsidiaries increased due to the acquisition of KLK Landbou, Falcon Agricultural Equipment and Grainovation during the year under review.
** The cost of JV and associate investments is indicated from a group perspective.

ISSUES DURING THE YEAR

- Lack of strategic alignment and ineffective strategy execution at some joint ventures, subsidiaries and associate companies.
- Operational inefficiencies and lack of operational execution were observed at some of the group's business partners.
- Sub-par financial performance of certain joint venture companies.
- Variable success rate with regards to the unlocking of value from leveraging critical mass, integration and value synergies.

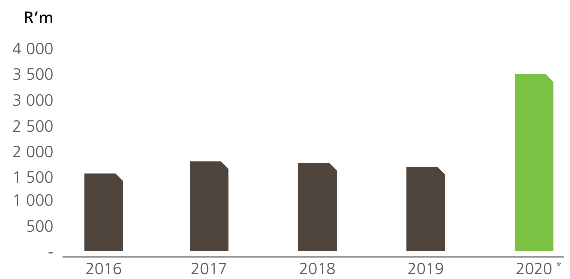
COMPANY'S RESPONSE TO THESE ISSUES

- Regular financial, operational and strategic evaluation of each joint venture, subsidiary and/or associate to determine the applicable actions needed to effect optimal financial performance, operational efficiency, strategic fit and value-unlocking to ensure sustainability in the long run.
- To maintain sustainable relationships with business partners and ensure regular engagement with them, representatives from Senwes serve on the boards of joint ventures, subsidiaries and/or associate companies.

SUPPLIERS

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

PAID TO SUPPLIERS OF GOODS AND SERVICES



* The increase in the value paid to suppliers of goods and services is largely attributable to the acquisition of subsidiaries during the year under review, namely: KLK Landbou, Falcon Agricultural Equipment and Grainovation.

ISSUES DURING THE YEAR

- Clients' cash flow was under pressure.
- Slow response time from suppliers as a result of the national lockdown due to Covid-19.
- Non-competitive prices for new John Deere whole goods.

COMPANY'S RESPONSE TO THESE ISSUES

- Hinterland offered extended payment periods 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.
- Hinterland also offered extended payment periods until the end of March on animal feeds purchased since January.
- Hinterland stocked up on essential merchandise prior to the lockdown to ensure adequate stock levels.
- Realignment of price structures resulted in increased market share.

GOVERNMENT AND REGULATORS

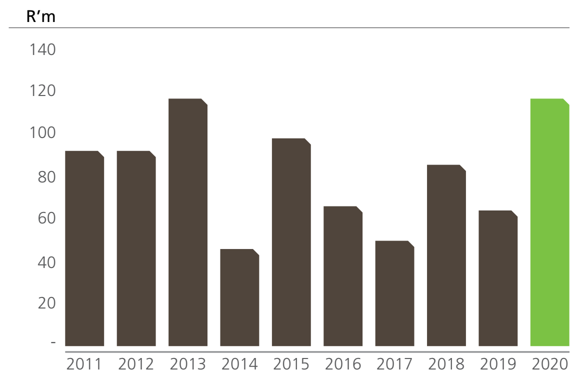
To be a responsible corporate citizen that is legally compliant, manages legal risks and maintains effective and efficient corporate business administration processes, which enables Senwes to operate within the legislative parameters and to report to regulators on a continuous basis.

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.
- Regulatory environment with new legislation being enacted continuously.
- Deterioration of state-owned entities.
- Deterioration of infrastructure and amenities such as water, electricity and roads.
- Covid-19 pandemic and announcement of state of emergency in terms of the Disaster Management Act, 2002.

TAX PAID



COMPANY'S RESPONSE TO THESE ISSUES

- Senwes actively participated in discussions by providing guidance and input to government structures.
- Senwes, through its relationship with the Agricultural Business Chamber, Agbiz, is participating in the proposed amendment of section 25 of the Constitution.
- Sound relationships with regulators.
- Proactive identification of legislative universe and changes thereto.
- Senwes has monitoring and reporting structures in place which provide combined assurance.
- Senwes appointed a dedicated liaison officer to, inter alia, resolve relevant issues with state-owned entities.
- Implementation of solar panels and the supply of water in selected rural areas.
- Covid-19 Crisis Committee consisting of the executive directors and representatives from the SHEQ, Legal and HR divisions, which is able to respond to the state of emergency expediently.

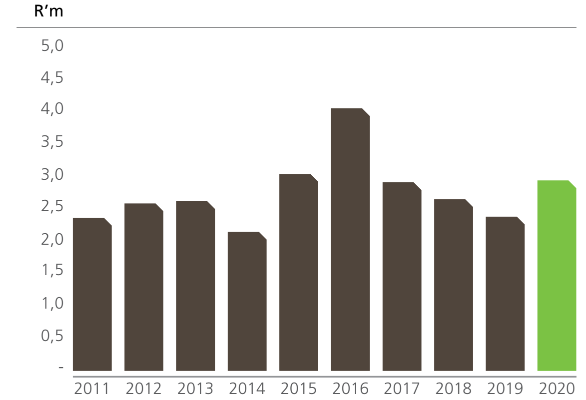
COMMUNITY

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 conducts business.

ISSUES DURING THE YEAR

- Limited government support and assistance in rural areas.
- Poverty and famine in rural areas.

COMMUNITY SPENDING



COMPANY'S RESPONSE TO THESE ISSUES

- Senwes, through Thobo Trust, launched an integrated hub in Losdoorns, which comprises a vegetable garden, an improved early childhood development centre and sports initiatives.
- The vegetable garden established in 2018 yielded excellent results, that enabled the trust to use the proceeds to contribute to the school's daily feeding programme.
- Proceeds were also used to erect fencing around the school to enhance the children's and the school's safety and security.
- The bathroom facilities were repaired and upgraded.
- Connectivity for a new computer centre was established.
- Senwes, also through Thobo Trust, in partnership with Bastion Lime, launched a vegetable garden project at Rooigrond, near Buhrmansdrif. This garden provides sustenance to the weak and ill in the very poor community, with high unemployment levels in the areas around the mine.
- Senwes employees hosted an annual Christmas function, where 600 children and special needs adults were treated with a memorable Christmas party during October 2019.

VALUE FOR STAKEHOLDERS

for the year ended 30 April

VALUE GENERATED FROM INCOME	2020 R'm	% Contribution	2019 R'm	% Contribution
Income from sale of goods	**3 764**	**78,6%**	1 500	55,7%
Income from services rendered	**634**	**13,1%**	813	30,2%
Finance income	**409**	**8,5%**	374	13,9%
Share of (loss)/profit from joint ventures and associate	**(19)**	**(0,4%)**	6	0,2%
TOTAL VALUE GENERATED	**4 788**	**100,0%**	2 693	100,0%

VALUE ALLOCATION PER STAKEHOLDER	2020 R'm	% Contribution	2019 R'm	% Contribution
Allocated from income:				
Suppliers of goods and services	**3 532**	**73,8%**	1 682	62,4%
Employees and directors	**602**	**12,5%**	466	17,3%
Financiers (finance costs)	**90**	**1,9%**	80	3,0%
Shareholders	**432**	**9,0%**	338	12,6%
Government	**129**	**2,7%**	124	4,6%
Community	**3**	**0,1%**	3	0,1%
TOTAL VALUE ALLOCATED FROM INCOME	**4 788**	**100,0%**	2 693	100,0%
ALLOCATED FROM OTHER SOURCES				
Government (VAT, PAYE, dividend tax, STT)	**82**		138	
TOTAL VALUE ALLOCATED	**4 870**		2 831	

Reflections
FROM THE CHIEF EXECUTIVE OFFICER

FRANCOIS STRYDOM
Senwes CEO

KEY MESSAGES

- Strategic priorities
- Economic outlook of the agri-sector
- Financial overview of the Senwes Group
- The future of the Senwes Group and its partners
- Comments and positioning of the Senwes Group in relation to the Covid-19 pandemic
- Looking ahead

The dream of the Senwes Group is not to be big, but rather to be better, to be more meaningful to its client base, to offer more opportunities to its staff and to make a difference in our country, South Africa, while others choose to leave.

OUR STRATEGIC PRIORITIES

The Senwes Group strategy is our anchor point and answers our "why" or "purpose". Plain and simple. We offer solutions to our client base which in turn and as a result, enable our own business.

Our clients are farmers, processors and traders. We form part of these value chains and do not compete with our clients on either side of our value chain position.

Our clients are in eight of the nine provinces (with Limpopo being the only exception) and represent the major role-players in both the production and processing sectors.

Our strategic drivers define both who we are and strive to be and focus on:

- Increased customer share and retention (the main reason for our existence);
- Diversification, through products, service, commodity, client base and geography (not up or down the value chains);
- Unlocking of shared corporate functions and specialisation to achieve operational efficiencies (this is where expertise, efficiency and integration are achieved);
- Increased investments in our core businesses within the value chains, where we are present (allocated capital towards our core); and
- Diversification of our shareholder income streams in lower risk geographies (our equity shareholding is vital to our strategy).

Any business must ask the question: How do we differentiate ourselves from other role-players?

Our answer lies in the following:

- The Senwes Group is a consolidation platform based on its strategic clarity, financial capacity, sector relationship and specific equity shareholding structure.
- The Senwes Group has analytical and research skills and abilities within our sector.
- The Senwes Group has critical mass and support structure capacity.
- The culture of ownership and business integration is a central focus throughout our staff complement.
- Balance sheet management and the allocation of capital to our core strategy and businesses.

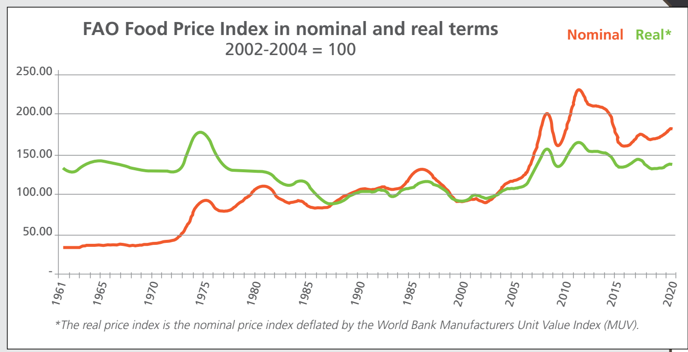
ECONOMIC OUTLOOK OF OUR SECTOR

The sobering thought within any strategic conversation in the food and fibre value chain is the FAO Food Price Index, shown here in both nominal and real terms.

The reality is that in real terms, we are at the same level as 1960 – 1970, which has the following consequences:

- The supply side of food commodities is, for the most part, in an oversupply situation.
- Farmers have become so effective through technology, management practices, size, genetic improvements and in some international production areas and subsidies, that they consistently produce more from less hectares.
- It has the effect that the Input Channel is oversupplied and will continue to restructure and consolidate.

This means that commodity prices of most grain and protein products will remain under pressure. Input Channel businesses will be under financial stress, which will lead to further consolidation of not only that sector, but also to much lower liquidity in the financial services sector and therefore agri-businesses in general.



At primary producer level, the ability to produce at export parity will remain the norm and will also have a direct effect on marginal areas of production of grains and subsequently land values in those areas.

FINANCIAL OVERVIEW OF OUR SENWES GROUP

The Senwes Group delivered satisfactory results in a difficult environment and sector. The fundamental driver of the group's results remains grain volumes. The constant and maintained dividend flow of the Senwes Group reflects the nature of the share value as a defensive equity in an investment portfolio.

Input Supply Channel 393,3% ▲

The Input Supply Channel continues to perform better year on year, but the primary producer remains under financial pressure and consequently his capital expenditure is limited, which directly affected our equipment business. Both the new acquisitions, namely Staalmeester and Falcon, are performing well and according to schedule, given the specific market and client segments they target.

Hinterland's operational performance is much better than the previous year and the strategic overview of the partnership with AFGRI is constantly being reviewed.

Bastion performed well, given timeous cost restructuring work done and is in the process of considering further acquisitions to add volume to its portfolio.

Financial Services Channel 19,6% ▲

The Financial Services Channel continues to perform well, despite the challenges of lower commodity prices, client cash flow pressure compared to the previous year, and the lack of clarity on land ownership policies implemented by the government.

Senwes Credit performed better than the previous year, but there is still some concern regarding individual accounts, where cash flow and balance sheet risks are involved.

The Certisure Group paid specific attention to cost control, which reflects positively in this year's results. The longer-term business model challenge remains to be addressed.

Market Access Channel 37,9% ▼

The Market Access Channel's results are driven by volume and the lower result than the previous year concurs with the lower volumes in this business channel. Grain quality problems experienced by the client base of this channel, reflected throughout the grain value chain and had a negative financial impact on all concerned.

Silo operations were influenced by lower volumes, Eskom load shedding, rural infrastructure decline and massive failure by Spoornet in respect of rail deliveries. Regional and geographic challenges relating to specifically grain quality, influenced the whole sector and losses were, and still are, experienced by role-players in this business segment.

Tradevantage was also negatively impacted by Transnet Freight Rail infrastructure failure, particularly in respect of contract deliveries, while they also elected not to tender for specific contracts which posed inherent risks.

ESC delivered the same results as the previous year, while Senwes Seed continued to deliver satisfactory growth and returns. Grainovation delivered better results than the previous year and acts as the consolidation link between Grainlink and Tradevantage.

PROSPECTS, THE FUTURE OF OUR SENWES GROUP AND OUR PARTNERS

Over the past 12 to 18 months, the long outstanding consolidation and restructuring of the agri-business sector were initiated. It impacted on all role-players and presented opportunities to those who were prepared and had the strategic insight, relationships and balance sheet capacity to react to it.

The Senwes Group successfully obtained control over KLK Landbou, a financially sound and well managed business which reflected good financial returns. We will continue to harvest and exploit synergies, invest further in its core business units and create opportunities for the support platform and business enablers of its current portfolio.

We also continued to de-risk and grow our equipment portfolio by the addition of the Staalmeester and Falcon businesses and we are investigating the possible integration between the two businesses, to compliment the current Senwes Equipment footprint.

The remaining 50% share of the Grainovation business was also acquired to enable the Senwes Group to exploit the full benefit and integration of the Market Access Channel with Senwes Grainlink and Tradevantage.

During the last few years, the over-liquidity in the credit extension segment of the food and fibre value chains, decreased significantly and will result in both a lower appetite and higher pricing. This reality will impact on both the primary producers and agri-businesses exposed to them. Access and affordability will therefore be more important in the immediate future and may influence discussions on who has the ability to conclude a transaction, rather than who is the preferred partner to conclude a transaction with.

The Senwes Group believes now, even stronger than before, that clarity on strategy, the ability to execute and manage our balance sheet capacity, will be the differentiators between role-players. We believe that our sector is at an important moment of change.

COMMENTS AND POSITIONING OF THE SENWES GROUP IN RELATION TO THE COVID-19 PANDEMIC

The Covid-19 pandemic timeline from December 2019 and its local effect since March 2020, have left every individual, sector, business, country and value chain influenced in its own unique way.

Governments across the world reacted differently to the pandemic and therefore businesses in all countries, as a result of the lockdown regulations, were likewise affected.

The Senwes Group, as in other matters, chooses not to become entangled in philosophical theories on the issue, but to look at it clinically as a business; protect and advise our clients and staff, adhere to government regulations and strategically position our business to emerge as a clear leader, with a transformed business that is even more focused on a solution-based answer to our client base.

Some of the major effects we see at this early phase of the unfolding of the pandemic, are the following:

- Much lower financial liquidity in the sector.
- Most soft commodity price trends are lower.
- Lower GDPs and therefore lower demand levels due to higher unemployment rates and bankruptcy levels of businesses.
- Further consolidation of especially the input businesses of the agri-business sector.
- Lower profitability of all client categories, once the current year cash flow injection has flowed through due to a record expected harvest during May to August 2020.
- The emergence of a much more locally focused economy compared to the more globalised economy of the past.

The Senwes Group will remain focused on consolidation, while we keep our very specialised approach as a role-player in different food and fibre value chains. The Senwes Group's interactions with clients, staff, input partners and a dynamic business model of scenario setting was practically demonstrated throughout the pandemic. We choose to be actively involved in engaging government through mainly the Agbiz platform, where we can show proven success, and not to engage in public debate about matters with no execution and no success to back that up. Despite all the loss of life and destruction of economic value brought about by the pandemic, we recognise the following:

- The pandemic itself is a biological phenomenon that will eventually pass, while its after-effects on lives and businesses will be long-lasting (three to seven years).
- The way businesses react to it, will have serious implications for their long-term strategic positioning (an opportunity for some and a threat for others).
- Agri-businesses which already had focused strategies, strong balance sheets and good cash flow situations are likely to emerge as winners in the post-Covid and "new normal" world.
- Consumers will "buy down" to staple foods - therefore a balance between the current oversupply in soft commodities and the higher demand from consumers.
- The "new world" of business will be risk-averse and personal bio-security measures at workplaces will be much higher on the agenda.

We thank and acknowledge our staff and clients who stood by us through this pandemic and recognise the personal hardships you have endured and will have to endure in the future.

LOOKING AHEAD

Doing business in South Africa presents unique challenges. One not only has to deal with the ordinary and normal business risks, but also the extraordinary, such as national infrastructure dysfunctionality, provincial government inabilities, local non-service delivery and endemic corruption throughout all the levels of government.

These very risks and challenges have also proved to be the opportunities for those choosing to find solutions despite this, instead of finding excuses as a consequence of it. The Senwes Group looks ahead with that firm resolve.

The biggest challenges will remain in the Input Channel, while the indications of high volumes bode well for the Market Access Channel businesses. The Financial Services Channel of the group is well positioned to further exploit opportunities.

Acquisitions done over the past two years are performing well, while work on the current non-performing units in the portfolio, will continue to bring focus and self-critique.

CONCLUSION

The dream of the Senwes Group is not to be big, but rather to be better, to be more meaningful to its client base, to offer more opportunities to its staff and to make a difference in our country, South Africa, while others choose to leave.

We firmly believe that the real differentiator between businesses is the level of ownership by each staff member, the responsibility accepted by each individual Board and Exco member and the ultimate belief that we will prevail through the grace of the Lord.

Francois Strydom
Chief Executive Officer
Senwes Ltd

2 July 2020
Klerksdorp

GROUP STRATEGY

STRATEGIC GOAL, FOCUS AND OBJECTIVE

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

STRATEGIC EVOLUTION

Senwes' strategic evolution highlights how the different aspects of the business are currently viewed, as well as how each of these aspects is anticipated to transform in the future.

WHERE WE ARE	WHERE WE ARE GOING
Senwes Credit: Integrated solution in the agri-market	Expansion of products with a national footprint for customers and business-to-business solutions. Integrated, but also stand-alone credit.
Local agri-focused insurance solution	Fully integrated financial services company for all the entities within the Senwes Group.
Agricultural retail business and input supplier	Integrated input solution and rural services linked to agri-advice.
Equipment solution for our customer base	Equipment solutions, showcasing more diversified products, supplied to a national market.
Integrated storage solution deployed to producers/customers	Storage solutions integrated with logistics and finance, to deliver an end-to-end service.
Grain trading business mostly deployed in the group's traditional area of operation	Non-trading integrated business supporting the group's core business by stock decision making, high probability trading and client support

STRATEGIC FOCUS AREAS

The group strategy rests on six pillars

- 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

STRATEGIC FOCUS AREA

DIVERSIFICATION, HORIZONTAL INTEGRATION AND CONSOLIDATION

Diversification of the business to mitigate concentration risk, coupled with effective horizontal integration and consolidation of the agri-business sector to facilitate expansion into a national footprint.

Objectives

- Diversification and/or expansion by means of one, or a combination of the following:
  - products and services (solution/s);
  - operational activities;
  - resources/commodities;
  - client base;
  - infrastructure; and/or
  - 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

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

For more detail on top-of-mind risks, see p. 84

Looking ahead

- Further upscaling, through consolidation and new market expansion, will bring about critical mass as well as value synergies which will position the business for growth and long-term sustainability.
- Expansion of Senwes' geographic footprint.
- Expansion and/or optimisation of current product and service (solution) offering.
- Continued market share drive.
- Derisking into other commodity markets.
- Continued capital investment in the optimisation and/or upgrading of current infrastructure.

Reflecting on the progress to date

- ESC (Electronic Silo Certificates), with AFGRI as partner, ensured an efficient and secure electronic silo certificate management system.
- Certisure (with NWK as partner) was the result of consolidation of the financial services group in order to create a more sustainable platform for expansion into other markets.
- JD Implemente (with the Tomlinson family as partner) resulted in the expansion of the group's John Deere agency into the Eastern and Western Cape.
- Hinterland (with AFGRI as partner) led to the establishment of an agricultural retail leader.
- Bastion Lime (with NWK as partner) aimed for the expansion of capacity in the lime industry.
- Expansion into new geographic areas by Senwes Credit.
- Established Molemi Sele (a joint venture with AFGRI and NWK), which is the owner of a cell within Guardrisk Life. The arrangement enables Guardrisk, a registered licensed cell captive insurer, to provide long-term insurance and to offer third party insurance policies to customers of the shareholders.
- The group expanded its equipment business into the Eastern and Western Cape with the acquisition of Agrico's John Deere agencies in Aliwal North, Ugie and George as well as the establishment of an equipment branch in East London.
- Senwes Equipment became an official distributor of the JCB product range.
- Market Access achieved success with its green tonnage transactions. In terms of the green tonnage transactions, tonnes are procured from regions outside Senwes' traditional service area by means of a logistics solution offered to the customer.
- Senwes Credit expanded its product and service offering with the addition of structured finance.
- Senwes expanded its agricultural equipment product range with the acquisition of a 75% stake in Staalmeester Agricultural Equipment (effective from 1 October 2018) as well as the acquisition of a 100% stake in Falcon Agricultural Equipment (effective from 1 November 2019).
- Senwes successfully acquired a 57,7% stake in KLK Landbou during the 2020 reporting period. The KLK transaction has been effective since 1 July 2019.
- Effective from 1 November 2019, Senwes increased its shareholding in Grainovation to 100%, in order to seamlessly integrate the logistics business with the group's grain marketing solution. Grainovation was originally established as a joint venture in partnership with Imperial Logistics.

STRATEGIC FOCUS AREA

INTERNAL INTEGRATION OF THE CUSTOMER

Leveraging customer intelligence across the Senwes Group to ensure integrated, value-adding solutions to customers in order to ensure that a greater share of the customer's wallet is spent across the group, whilst retaining current customers and expanding the customer base through the addition of new clients.

Objectives

- Improved customer relationships and consequent retention of customers.
- Gain new customers.
- Secure an increased share of the customer's wallet 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 market share risk.
- Transition and customer risk.
- Diversification and agricultural industry risk.
- Unique competitor risk.

For more detail on top-of-mind risks, see p. 84

Reflecting on the progress to date

- The loyalty scheme (AgriRewards) was implemented and has been active since the 2017 reporting period.
- A platform for integration, OneAgri, has been developed.
- Customer integration forms an integral part of the manner in which the different segments of the group deliver products and/or services to clients. It also has a significant impact on the group's ability to retain and grow its customer base. Customer integration has been driven hard by the business units of the group, so much so that it is now a part of the DNA of their businesses.
- Established a Business Engineering division, which largely focuses externally, on investment, financial and risk solutions for clients.
- During the 2019 reporting period, the Business Engineering division launched a range of services to add to farmer clientele services.

Looking ahead

- Given continuous technological advancements and the rate at which clients' needs are evolving, there will be a constant drive to increase the share of clients' wallets spent across the Senwes Group through innovative, integrated, top-of-the-range, solution-driven products and services backed by advice.
- Continued analysis of the group's client base to identify further opportunities.

STRATEGIC FOCUS AREA

REORGANISATION OF BUSINESS MODELS

Optimisation and improvement with respect to the group's 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 offerings.
- Focus on improving operational efficiencies.
- Margin enhancement projects.
- Optimisation/improvement of existing infrastructure.
- Operational restructuring (addition of new business units or restructuring of the current business units).
- Optimisation/improvement of corporate and other support functions and/or services.

Top-of-mind risks

- Environmental, health and safety risk.
- Political and economic climate risk.
- Credit, liquidity and market risk.
- Commodity price risk.
- Information technology - systems and cyber risk.
- Urbanisation, scarcity and retention of skills risk.
- Transition and customer risk.
- Diversification and agricultural industry risk.
- Unique competitor risk.
- Regulation and compliance risk.
- Theft and fraud risk.

For more detail on top-of-mind risks, see p. 84

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, redesigns, restructuring and/or the establishment of new business units/processes are necessary.
- Improved and/or revamped product and/or service solutions.

Reflecting on the progress to date

- Repositioned grain trading in Tradevantage in order to develop into a national grain trading agent.
- Roll-out of the new B-BBEE-strategy.
- Senwes subjected some business units to an external process of analysis and investigation. The business models of these units underwent total redesign and enhancement.
- Senwes increased its appetite in the high probability trading book and centralised this function.
- Senwes launched its hedge fund into the market in co-operation with Absa Bank during September 2016.
- The loyalty scheme (AgriRewards) was implemented and has been active since the 2017 reporting period.
- Margin enhancement projects.
- Established Hinterland Fuels (Pty) Ltd to take the fuel strategy forward.
- Established a Business Engineering division. Even though this division will focus largely externally, it will maintain some internal focus through the management of selected corporate projects.
- Established an internal research unit, which forms the basis for market intelligence.
- Restructuring of selected divisions within Senwes Grainlink.
- Reorganisation of Senwes Credit's organisational structure to position the unit for further organic growth.
- During the 2019 reporting period, the Business Engineering division launched a range of services to add to farmer clientele services.
- The IT division is intensively driving unified communications, a project that focuses on establishing a single, centralised collaboration platform.
- Established a Business Modelling and Optimisation division, which is primarily focused on the optimisation of business processes within the group.
- Redesign and/or restructuring of the Corporate Marketing, IT and selected financial divisions to ensure that they are geared for future challenges.

STRATEGIC FOCUS AREA

UNLOCKING VALUE SYNERGIES

Unlocking value synergies focuses primarily on reaping the benefits of shared corporate functions and operational efficiencies across the group.

Objectives

- Identify the untapped benefits of shared corporate functions and operational efficiencies, by means of co-ordination between business units, joint ventures and corporate support divisions across the group.
- Unlock the benefits of shared corporate functions and operational efficiencies to the benefit of the Senwes Group.

Top-of-mind risks

- Information technology - systems and cyber risk.
- Urbanisation, scarcity and retention of skills risk.
- Transition and customer risk.
- Diversification and agricultural industry risk.
- Unique competitor risk.

For more detail on top-of-mind risks, see p. 84

Reflecting on the progress to date

- All business units, subsidiaries, joint ventures and corporate support divisions in the group have been tasked anew with driving improved integration amongst themselves in order to identify synergies and operational efficiencies that have not been utilised as yet and to unlock the benefits thereof across the group.
- Establishing a Commodity Execution unit to enhance co-operation and integration of the grain business chain.

Looking ahead

- There is significant benefit 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 utilised fully across the Senwes Group.

STRATEGIC FOCUS AREA

INCREASED INVESTMENT IN EFFICIENCIES IN THE VALUE CHAIN

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

Objectives

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

Top-of-mind risks

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

For more detail on top-of-mind risks, see p. 84

Looking ahead

- Some areas of the grain value chain have been yielding good long-term returns and Senwes will continue its attempts to increase involvement and/or expansion into these areas.
- Continued capital investment focused on the upgrading and/or optimisation of the silo network, infrastructure and processes.
- More extensive participation in the logistics network is foreseen.
- The mechanisation and retail network will also be subject to upgrades, as time progresses.

Reflecting on the progress to date

- Grainovation was originally established as a joint venture in partnership with Imperial Logistics for the creation of a specialised and focused logistics company. Effective as from 1 November 2019, Senwes increased its shareholding in Grainovation to 100%, in order to seamlessly integrate the business with the group's grain marketing solution.
- Grindrod acquired a 20,4% shareholding in Senwes during the alignment with and integration into the logistics value chain.
- The Senwes Group gained access to the wholesale and distribution market through the distribution centre activities of Prodist. Initially Prodist was acquired via Hinterland with AFGRI and LRB (Mica, DIY and House of Paint & Decor) as partners. Hinterland held a 75% share in Prodist and LRB 25%. Hinterland acquired LRB's 25% stake as part of a restructuring programme in August 2018. Also, effective from 1 December 2018, Hinterland Retail (which is held as a joint venture by Senwes and AFGRI) was merged with Prodist and is now known as Hinterland SA (Pty) Ltd.
- Astral contract – the largest single maize contract in South Africa for the supply of 800 000 tonnes of maize, was concluded between Astral (Meadows), Senwes and Tradevantage. After a risk analysis for the next two years, we decided not to participate in the renewal of the Astral contract.
- Senwes Grainlink's significant investments to enable the intake of grain with a higher moisture content, are rendering results.
- Capital investment programmes have been put in place by Senwes Grainlink, focusing on the upgrading and/or optimisation of the silo network, technology, infrastructure and processes.

STRATEGIC FOCUS AREA

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.
- Derisking to lower-risk countries.
- Given the uncertain economic and political conditions in South Africa, the focus is currently on international transactions.

Top-of-mind risks

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

For more detail on top-of-mind risks, see p. 84

Looking ahead

- It remains part of Senwes' strategy to continue to simultaneously externalise and diversify through expansion into new, lower risk, markets (outside of South Africa). Possible targets are actively monitored in order to identify the most beneficial opportunities and the optimal times to pursue them.

Reflecting on the progress to date

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

SENWES SHAREHOLDING AND OPERATING STRUCTURE

DIVISION | JOINT VENTURE | SUBSIDIARY | ASSOCIATE | TRUST | OPERATION

SHAREHOLDERS

SENWESBEL LTD	GRINDROD TRADING HOLDINGS (PTY) LTD	SENWES CAPITAL (PTY) LTD	SENWES SHARE INCENTIVE SCHEME TRUST	PRODUCERS	OTHER SHAREHOLDERS (PUBLIC)
53,16%	20,68%	2,62%	3,36%	12,54%	7,64%

FINANCIAL SERVICES

FINANCING
- Senwes Credit
- Senwes Asset Finance

INSURANCE
- 50% SENWK (Pty) Ltd
  - 100% Certisure Brokers (Pty) Ltd
  - 100% Univision Broker Services (Pty) Ltd
- 35,6% Molemi Sele Management (Pty) Ltd

AGRICULTURAL SERVICES

INPUT SUPPLY

MECHANISATION
- 100% Senwes Equip Holdings (Pty) Ltd
  - 100% Senwes Equipment (Pty) Ltd
  - 75% Staalmeester Agricultural Equipment (Pty) Ltd
  - 100% Falcon Agricultural Equipment (Pty) Ltd
- 50% JD Implemente (Pty) Ltd

RETAIL
- 50% Hinterland Holdings (Pty) Ltd
  - 100% Hinterland SA (Pty) Ltd
  - 100% Dormanko Dertig (Pty) Ltd t/a Agri-Onderdele *
  - 90% Hinterland Fuels (Pty) Ltd
  - 5% Hinterland Fuels (Pty) Ltd (held by Thobo Trust)
- 57,7% KLK Landbou Ltd

LIME
- 50% Bastion Lime (Pty) Ltd
  - 70% Oos-Transvaal Kalkverskaffers (Pty) Ltd
  - 10,7% Oos-Transvaal Kalkverskaffers (Pty) Ltd (held by Thobo Trust)

MARKET ACCESS

SILO OPERATIONS
- Senwes Grainlink
- 50% Silocerts (Pty) Ltd t/a Electronic Silo Certificates

SEED PROCESSING
- Senwes Seed

GRAIN BROKING
- 100% Senwes Graanmakelaars (Pty) Ltd

GRAIN TRANSPORT
- 100% Grainovation (Pty) Ltd

GRAIN TRADING
- 100% Tradevantage Grain (Pty) Ltd (held by Senwes Agrowth (Pty) Ltd)

Thobo Trust
- 26,5% Senwes Agrowth (Pty) Ltd
- Senwes Agrowth (Pty) Ltd: 73,5% (Senwes Capital (Pty) Ltd)

CORPORATE SERVICES

CENTRAL SERVICES
- Central Administration
- Human Resources
- Information Technology
- Fleet
- Senwes Property, Planning and Development

CORPORATE SERVICES
- Group Finance
- Business Engineering
- Treasury
- Corporate Finance
- Business Modelling and Internal Optimisation
- Internal Audit
- Safety, Health, Environment and Quality
- Legal and Secretariat
- Corporate Social Investment
- Group Risk and Strategy Management
- Corporate Marketing

EQUITY AND FUNDING
- 100% Senwes Capital (Pty) Ltd
- 50% Realfin Fund Services
- 100% AgriRewards (Pty) Ltd

**The entity is in the process of being deregistered.*

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH THE KING CODE ON CORPORATE GOVERNANCE ("KING IV")

The Senwes Group ("the group") and the board of directors ("the board") of Senwes and its related parties conduct business according to the highest standards of corporate governance and in the interest of all stakeholders.

The group supports the high levels of ethical conduct and sustainability at all levels. A web-based sustainability report is available separately on Senwes' website and explains these aspects more comprehensively. The principles of King IV have been adopted as far as practically possible and the group's corporate administration and governance best practices are at mature levels.

The company does not apply certain recommendations of King IV, given the current shareholder structure:

- The non-executive chairman of the board is not an independent director, but is supported by a duly elected and experienced independent non-executive vice-chairman, who was also elected as the lead independent director;
- The board does not comprise a majority of independent directors, although the independence has been enhanced substantially during the year under review with the appointment of three independent non-executive directors;
- The chairman of the board is also the chairman of the Nomination Committee;
- The chairman of the Remuneration Committee is not independent but is a non-executive director.

The majority shareholder, Senwesbel, has long-term strategic plans for the group as the holding company of Senwes.

Senwesbel fully supports the strategy of Senwes and in certain instances actively assists with the facilitation of the strategy of growth and consolidation. During the year under review, Senwes and Senwesbel made a general offer to KLK Landbou Limited's ("KLK") shareholders to acquire shares in KLK. This offer was well-received and was concluded successfully. Senwesbel subsequently disposed of all its KLK shares to Senwes and Senwes acquired 57,7% of the shares in KLK.

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

SHAREHOLDER STRUCTURE

SHAREHOLDERS	Senwesbel Ltd	Grindrod Trading Holdings (Pty) Ltd	Senwes Capital (Pty) Ltd	Senwes Share Incentive Scheme Trust	Producers	Public
%	53,16%	20,68%	2,62%	3,36%	12,54%	7,64%
NUMBER OF SHARES	96 106 723	37 395 213	4 738 901	6 071 381	22 663 097	13 813 993
Total	180,789,308					

The Senwes Group comprises the divisions, companies and relationships, including subsidiaries, joint ventures and an associate as reflected on p. 52 and p. 53 of the report.

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.

Further actions to enhance governance outcomes

- Assess King IV and ensure updated requirements have been complied with.
- Ensure that the governing body leads in an ethical and effective manner.
- Continued oversight to ensure that the approved strategy is implemented and appropriately resourced and that risks are identified and mitigating actions put in place.
- Ensure that the board remains independent in discharging its duties.
- Implementation of a fair and responsible remuneration policy.

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. During the year under review the board composition changed and three new independent non-executive directors were appointed. The board comprises 14 members as indicated below:

Shareholder	Board members
Senwesbel	6
Grindrod	1
Together with:	
Independent non-executive directors	5
Executive directors	2

With five 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. However, 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 ("Nomco"), 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 evidence of any circumstance and/or relationship that would impair their judgement, to the extent that their independence is compromised. The process to evaluate the independence of the two directors appointed to the board in 2009, was undertaken in August 2019, prior to the annual general meeting (AGM). One of these directors elected to retire at the AGM, whilst the other was re-elected once again and the board is satisfied that he remains independent.

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 Nomco, the board conducts a screening process to ensure that proposed board candidates are "fit and proper" to serve as board members. The succession plans for the chairman and vice-chairman have also been approved by this committee.

The board continuously evaluates itself in terms of board composition, diversity, ethics and abilities. During the year under review the board appointed an independent non-executive female director to the board. Upon the recommendation of the Nomco, and as a result of the recent new appointments to the board, the board resolved that the standing bi-annual review of the performance of the board be postponed to 2021.

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 in writing 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.

THE BOARD CHARTER

The board charter regulates the parameters within which the board operates and ensures the application of the principles of good corporate governance in all its dealings. Furthermore, the 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.

The board charter is reviewed annually, or as and when required during the year. In addition to the regulatory framework provided by the charter and the terms of reference of the committees, board members are encouraged to seek independent advice, at the company's expense, during the execution of their fiduciary duties and responsibilities, if required. Members also have direct access to the group's external and internal auditors, the company secretary and executive members at all times.

BOARD MEETINGS AND ATTENDANCE OF BOARD MEETINGS

The board meets regularly and meetings are well attended, as can be seen from the following table:

Director	Board *	Audit Committee	Risk Committee	Remco	Nomco	Investment Committee	Social and Ethics Committee
Number of meetings	7	3	2	4	3	4	1
Non-executive							
JDM Minnaar (Chair) #	7/7	3/3	2/2	4/4	3/3	4/4	1/1
SF Booysen (Vice-Chair)	7/7	3/3	-	3/4	3/3	3/4	-
JBH Botha (Retired 22-8-2019)	1/1	1/1	-	-	-	-	1/1
VJ Klein (new appointment 22-8-2019)	6/6	-	1/1	-	-	-	-
AJ Kruger	7/7	3/3	-	-	3/3	4/4	-
NDP Liebenberg	7/7	3/3	2/2	4/4	-	-	-
JS Marais (new appointment 22-8-2019)	6/6	-	-	-	-	-	-
JJ Minnaar	7/7	-	2/2	4/4	-	-	-
SM Mohapi	7/7	3/3	-	-	-	-	1/1
JPN Stander (new appointment 22-8-2019)	6/6	2/2	-	-	-	-	-
TF van Rooyen	7/7	-	2/2	-	-	-	1/1
WH van Zyl	7/7	-	2/2	4/4	-	-	-
AG Waller	4/7	-	-	-	-	2/4	-
Executive directors ##							
F Strydom	7/7	-	2/2	-	-	-	-
CF Kruger	7/7	-	2/2	-	-	-	-

* Including strategic sessions.
\# Ex-officio member to all committee meetings.
\## Except for the Risk Committee – not members of the other board committees, but attend upon invitation only.

THE ROLE AND FUNCTION OF THE CHAIR

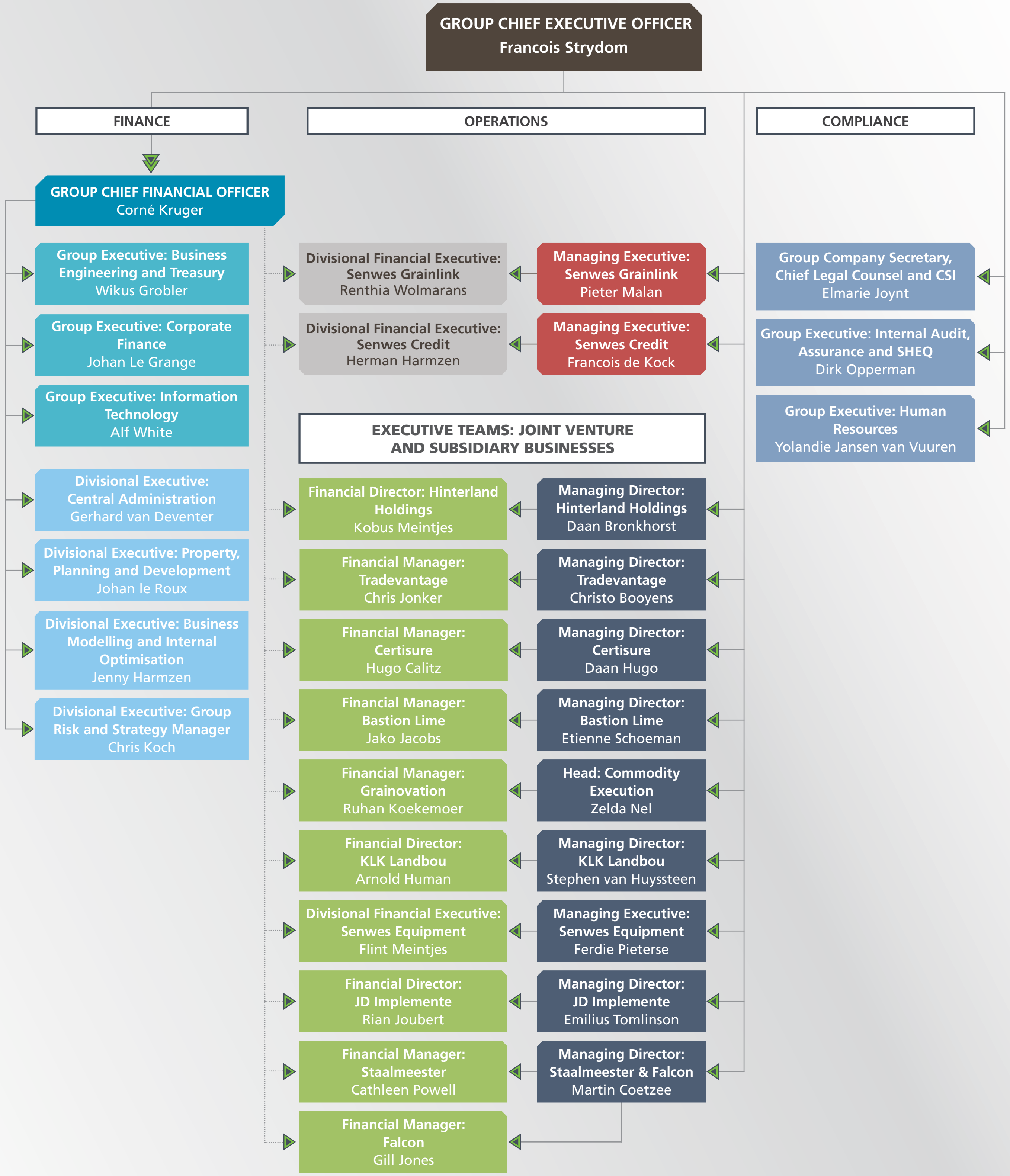
The chairman is a non-executive director who is appointed by the board on an annual basis. The positions of the chairman and the chief executive officer are separate with segregated duties.

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

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

CHIEF EXECUTIVE OFFICER, EXECUTIVE COMMITTEE ("EXCO") AND SUPPORTING SENIOR MANAGEMENT

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 the following:



OUR EXECUTIVE COMMITTEE

The company's daily corporate and management functions are dealt with by the chief executive officer, supported by a management team, comprising the heads of all business and corporate units.

Exco Member	Position as at 30 April 2020		Joint Venture/Subsidiary Director																
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
F Strydom	Chief Executive Officer							■		■	■	■	■	■	■	■		■	
CF Kruger	Chief Financial Officer			■			■	■		■	■	■	■		■	■	■	■	
LA Grobler	Group Executive: Business Engineering and Treasury		■	■		■													■
EM Joynt	Company Secretary and Chief Legal Counsel						■										■		
JJ Le Grange	Group Executive: Corporate Finance																		
PJ Malan	Managing Executive: Senwes Grainlink		■																
DJ Opperman	Group Executive: Internal Audit, Assurance and SHEQ																		
F Pieterse	Managing Executive: Senwes Equipment						■	■	■										
F de Kock	Managing Executive: Senwes Credit									■	■								■
AJ White	Group Executive: Information Technology																		
FC Booyens	Managing Director: Tradevantage	On Invitation			■														
D Bronkhorst	Managing Director: Hinterland	On Invitation													■	■	■		
DD Hugo	Managing Director: Certisure	On Invitation								■	■								
E Schoeman	Managing Director: Bastion Lime	On Invitation											■	■					
M Coetzee	Managing Director: Staalmeester and Falcon	On Invitation					■	■											
SD van Huyssteen	Managing Director: KLK Landbou	On Invitation																■	

1 Senwes Graanmakelaars (Pty) Ltd
2 Grainovation (Pty) Ltd
3 Tradevantage Grain (Pty) Ltd
4 Electronic Silocerts (Pty) Ltd
5 Staalmeester Agricultural Equipment (Pty) Ltd
6 Falcon Agricultural Equipment (Pty) Ltd
7 JD Implemente (Pty) Ltd
8 Certisure Brokers (Pty) Ltd
9 Univision Broker Services (Pty) Ltd
10 Senwes Agrowth (Pty) Ltd
11 Bastion Lime (Pty) Ltd
12 Oos-Transvaal Kalkverskaffers (Pty) Ltd
13 Hinterland Holdings (Pty) Ltd
14 Hinterland SA (Pty) Ltd
15 Hinterland Fuels (Pty) Ltd
16 KLK Landbou Ltd
17 Molemi Sele Management (Pty) Ltd

GROUP EXECUTIVE LEADERSHIP

The Executive Committee comprises the heads of all business and corporate units.

Besides the Exco, various management committees have been constituted throughout the group and material matters are afforded focused attention. These are:

- Financial and IT Steering Committee;
- Compliance Committee;
- Ethics Committee; and
- Employment Equity Committees.

During the year under review, additional management committees were constituted namely:

Name of Committee	Purpose
Advice Committee	To enhance and harvest operational synergies between the Senwes Group and KLK.
Covid-19 Crisis Committee	To address and mitigate the impact of the Covid-19 pandemic on the Senwes Group.

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 subsidiaries and 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 below.

The personal interests of the current board members in the group are disclosed in the table below:

Name	SENWES SHARES	Direct %	SENWESBEL SHARES	*Indirect %
Non-executive:				
SF Booysen	-	0,00%	688 413	0,59%
AJ Kruger and related parties	142 386	0,08%	1 051 071	0,90%
AJ Kruger	132 386	0,07%	432 246	0,37%
Eldrie Trust	-	0,00%	618 825	0,53%
Kingston Boerdery CC**	10 000	0,01%	-	0,00%
NDP Liebenberg and related parties	-	0,00%	1 019 000	0,88%
NDP Liebenberg	-	0,00%	662 350	0,57%
Annatjie Liebenberg Lewende Trust	-	0,00%	356 650	0,31%
JS Marais	22 500	0,01%	-	0,00%
JDM Minnaar and related parties	20 129	0,01%	14 535 179	12,52%
JDM Minnaar	7 019	0,00%	-	0,00%
Robyn Trust	823	0,00%	5 095 000	4,39%
Lerna Boerdery CC	1 140	0,00%	4 728 779	4,07%
JDM Boerdery (Pty) Ltd	11 147	0,01%	4 711 400	4,06%
JJ Minnaar	15 198	0,01%	4 337 838	3,74%
TF van Rooyen and related parties	33 432	0,02%	674 302	0,58%
TF van Rooyen	4 335	0,00%	11 100	0,01%
Doc-Zonie Trust	8 028	0,00%	622 227	0,54%
IM Boerdery (Pty) Ltd	21 069	0,02%	40 975	0,03%
WH van Zyl and related parties	446 922	0,25%	8 545 435	7,36%
Van Zyl Beleggings Trust	-	0,00%	3 289 662	2,83%
Thuso Graan (Pty) Ltd	46 922	0,03%	2 064 913	1,78%
WH van Zyl Snr	400 000	0,22%	3 190 860	2,75%
Executive:				
F Strydom	847 916	0,47%	3 016 275	2,60%
CF Kruger and related parties	145 354	0,08%	2 493 895	2,15%
CF Kruger	83 034	0,04%	-	0,00%
CF Kruger Investment Holdings (Pty) Ltd	-	0,00%	2 493 895	2,15%
K Kruger	41 720	0,02%	-	0,00%
D Kruger	10 300	0,01%	-	0,00%
C Kruger	10 300	0,01%	-	0,00%
Subtotal of directors	**1 673 837**	**0,93%**	**36 361 408**	**31,32%**
Other shareholders	**179 115 471**	**99,07%**	**79 730 445**	**68,68%**
TOTAL	**180 789 308**	**100,00%**	**116 091 853**	**100,00%**

* Indirect interest is based on the percentage of the shareholding of the entity in Senwes, multiplied by the percentage interest held by the individual.
** The directors do not necessarily have a controlling interest in the trusts, CCs and/or companies related to them.

Directors have unrestricted access to the company secretary, who provides guidance and advice in relevant circumstances. They may also seek independent advice regarding the business of the group, in terms of the protocol for the procurement of independent external advice, 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 within 48 hours of a trade occurring.

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

Date 2019/2020	Status of trading	Reason
30 April	Closed	Preparation of the annual financial statements
27 June	Open	Publication of annual financial statements and dividend announcements
31 October	Closed	Preparation of the interim financial statements
28 February	Open	Announcement of pro forma-financial effects of the potential Suidwes transaction on the group
27 March	Closed	Details of amended offer to the Suidwes shareholders was disseminated to the board
2 April	Open	Announcement of pro forma-financial effects of the Suidwes transaction to the group's shareholders
30 April	Closed	Preparation of the annual financial statements

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 reserving 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 these board committee structures to ensure that the onerous work of the board is being attended to properly.

The current board committees are as follows:

GOVERNANCE AUDIT COMMITTEE (AGM appointed)	GOVERNANCE SOCIAL AND ETHICS COMMITTEE (AGM appointed)	GOVERNANCE REMUNERATION COMMITTEE	GOVERNANCE RISK COMMITTEE	GOVERNANCE NOMINATION COMMITTEE	STRATEGIC INVESTMENT COMMITTEE
Required by the Companies Act and King IV™ Independent members	Required by the Companies Act Members have to have appropriate skills	Required by King IV™	Required by King IV™	Required by King IV™	Own mandate
Mandate approved	Mandate approved	Mandate approved	Mandate approved	Mandate approved	Mandate approved

These committees meet on a regular basis in terms of the board's annual work plan and annually review their mandates, after which such mandates are presented to the board for approval.

After each meeting the chairmen of the board committees report on the activities of the committees to the main board, as the board is required to ensure that the committees act within their mandates and have done the work they are required to do.

The main board will rely on these committees to provide certain safeguards as per the mandates of the committees, such as recognition of risks, fair remuneration of management, strong internal controls, sound investment decisions and good communication with stakeholders.

The board will thus expect each governance committee to inform it of any risks or other issues of strategic importance, which it has discovered during the execution of its mandate.

The board will also expect to be given the assurance that, apart from the risks or issues specifically reported on, the committee has carried out all the functions required of it in a satisfactory manner and that no additional issues have come to its attention, which the board needs to consider.

Overall, the board has expressed satisfaction with the active role played by each board committee in ensuring that the onerous responsibilities of the board are properly executed and addressed.

THE AUDIT COMMITTEE

The board is satisfied that it has an independent Audit Committee.

This committee comprises 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 three times 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 strategies and risks in terms of legislation, structuring of proposed transactions and prevailing tax issues affecting the group through the Tax Risk Committee.

THE INVESTMENT COMMITTEE

The Investment Committee comprises non-executive directors only. The executive directors attend the meetings as well. This committee met four times during the year under the guidance of its chairman, Steve Booysen. 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 regarding investments made.

During the year under review, the committee provided invaluable guidance and direction in terms of two major potential growth transactions, one of which was KLK Landbou.

THE NOMINATION COMMITTEE ("NOMCO")

This committee met twice during the year and is chaired by Danie Minnaar, chairman of the board. It comprises 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 ("REMCO")

This committee met four times during the year under the chairmanship of Nico Liebenberg and comprises 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 ("LTI")

The participants of the LTI-share 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 met, the allocated shares are forfeited. The annual grants in terms of the share scheme vest after three years.

The scheme is overseen by the board, with the detail being attended to by the Remco and complies with section 97 of the Companies Act. During the year under review, 90,3% of the shares granted in 2016, vested on 28 June 2019. The details thereof are reported in the remuneration report.

THE RISK COMMITTEE

The 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 risk management function reports continuously on material risks and opportunities throughout the group, as well as those of each operational business unit or joint venture. The committee met twice during the year and plays a strategic role in guiding the board in its strategic plans by analysing strategic and operational risks at all levels. The committee attends to the following mandate:

- Considers the strategic, operational and business aspects of the Senwes Group;
- The committee will also review and challenge the risk philosophy, strategy and policies which are implemented to mitigate or minimise identified risks; and
- The committee will also provide comfort to the board of directors that such policies are effective within the risk management process considering the overall risk profile of the Senwes Group.
- The probability or potential for realisation of the aforementioned risks, as well as actions to address/remove such risks other than by means of adequate normal insurance cover;
- The appropriateness of the levels of insurance cover;
- Risk management model and systems; and
- Prevailing corporate governance principles and codes for best practices.

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 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. Kobus Marais is the chairman and the committee met once during the year. It comprises 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 by the Ethics Committee. 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.

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 shareholders' meetings and information regarding a number of the company's 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 cooperate 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

In terms of the ZAR X Listing Requirements, listed companies have 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 three years ago. Each business and corporate unit has identified the critical legislative provisions and these are monitored and reported on individually per dashboard. No major incidents of non-compliance with legislation have been reported during the year under review.

The Compliance division has also commenced planning to implement group-wide compliance measures relating to the Protection of Personal Information Act, which is to commence upon proclamation by the president. It is estimated that group-wide preparation for implementation will take up to 12 months.

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 2021 financial year and approves the going concern principle.

INVESTOR RELATIONS

Senwes and Senwesbel are listed on the ZAR X exchange 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 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: www.zarx.co.za.

SHAREHOLDER INFORMATION

Senwes' five largest shareholders as at 30 April 2020:

Name of shareholder	Number of shares	% of issued shares
Senwesbel Ltd	96 106 723	53,16%
Grindrod Trading Holdings (Pty) Ltd	37 395 213	20,68%
Senwes Share Incentive Scheme Trust	6 071 381	3,36%
Senwes Capital (Pty) Ltd	4 738 901	2,62%
Ian van der Merwe Beherend (Pty) Ltd	1 000 000	0,55%

Shareholder information in terms of portfolio size:

Size of holding	Number of holders	%	Total number of securities	%
1 - 1 000 securities	827	30,29%	288 515	0,16%
1 001 - 5 000 securities	743	27,22%	1 908 945	1,06%
5 001 - 30 000 securities	878	32,16%	11 665 860	6,45%
30 001 - 100 000 securities	227	8,32%	11 289 846	6,24%
100 001 - or more securities	55	2,01%	155 636 142	86,09%
Total	**2 730**	**100,00%**	**180 789 308**	**100,00%**

Shareholder diary	2020
Financial year-end	30 April
Announcement of results in media	2 July
Annual general meeting notices available	23 July
Annual general meeting	27 August at 9:00

SENWES BOARD OF DIRECTORS

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.

JDM (Danie) Minnaar [55]

CHAIRMAN

Director since September 1999
B.Com (Economics)

SF (Steve) Booysen [58]

VICE-CHAIRMAN

Independent director since October 2009
B.Compt (Hons), D.Com, CA (SA)

F (Francois) Strydom [60]

CHIEF EXECUTIVE OFFICER

Director since June 2002
B.Sc Agric (Hons) (Animal Science)

CF (Corné) Kruger [47]

CHIEF FINANCIAL OFFICER

Director since August 2010
B.Com (Hons), CA (SA)

NON-EXECUTIVE DIRECTORS

VJ (Venete) Klein [62]

Director since August 2019
Chartered Director CD (SA), Executive Development Programmes at Harvard, Instead and MIT

AJ (Dries) Kruger [69]

Director since October 2007
B.Compt (Hons), CA (SA)

NDP (Nico) Liebenberg [52]

Director since August 2008
B.Com (Hons), M. Sustainable Agriculture

JS (Kobus) Marais [65]

Director since August 2019
B.Agricultural Management

JJ (Jaco) Minnaar [44]

Director since August 2011
B.Eng (Agriculture)

SM (Simon) Mohapi [64]

Director since August 2016
Stock Market College (SA), Financial Planning

JPN (Pieter) Stander [59]

Director since August 2019
B.Agric Admin (Hons) (Agricultural Economics)

TF (Tom) van Rooyen [55]

Director since November 2013
B.Sc Agric (Hons) (Agricultural Economics)

WH (Thabo) van Zyl [46]

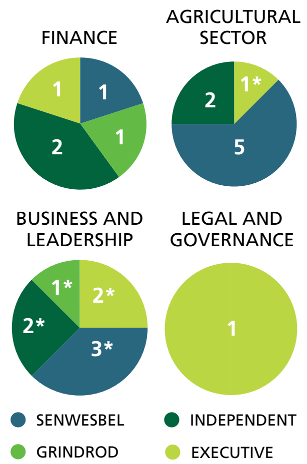
Director since August 2012
B.Sc Agric (Agricultural Economics)

AG (Andrew) Waller [58]

Director since December 2014
B.Com (Hons), CA (SA)

BOARD MEMBERS' SKILLS

Board members currently have the following skills as indicated in this skills matrix:



*Duplicated skills

Elmarie Joynt [50]

Company Secretary and Chief Legal Counsel

Appointed in February 2002
B.Com (Law), LLB, FCIS, FCIBM, LLM (with distinction), Attorney and Notary of the High Court

REMUNERATION REPORT

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 reasonable 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.

Our remuneration policy is reviewed annually to ensure that the objectives of remuneration, namely 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 interest 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

CAREER GROWTH OPPORTUNITIES

LEARNING AND DEVELOPMENT OPPORTUNITIES

GUARANTEED REMUNERATION

SHORT-TERM INCENTIVES

LONG-TERM INCENTIVES

PERFORMANCE RECOGNITION

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.

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.

REMUNERATION GOVERNANCE

Board of Directors

- The board has the final authority for the approval of the remuneration philosophy and policy.
- The board delegates responsibility for this policy to the Remuneration Committee ("Remco").
- The 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;
- Working in consultation with other board committees and relevant internal functions in ensuring co-operative and responsible remuneration policy design, planning, decision-making and execution;
- Approval of the benchmarking methodology, including the comparator group of companies used for the purpose of determining external market competitiveness of the group's remuneration;
- Engaging with independent external advisors and relevant stakeholders on any matters of remuneration as they deem necessary in order to ensure that the remuneration policy and practices are aligned with the group's objectives;
- Reporting to shareholders on behalf of the board on remuneration matters.

Executive Committee

- The 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

Name	Director status	Qualifications	
Nico Liebenberg	Non-executive director	B.Com. (Hons), M. Sustainable Agriculture	Committee Chairman
Steve Booysen	Independent non-executive director	B.Compt. (Hons), D.Com, CA (SA)	Member
Jaco Minnaar	Non-executive director	B.Eng. (Agriculture)	Member
Thabo van Zyl	Non-executive director	B.Sc. Agric (Agricultural Economics)	Member
Francois Strydom	Chief Executive Officer	Permanent invitees with no voting power. They are excluded when matters relating to their own remuneration are discussed.	
Corné Kruger	Chief Financial Officer		

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

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 purpose of our 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:

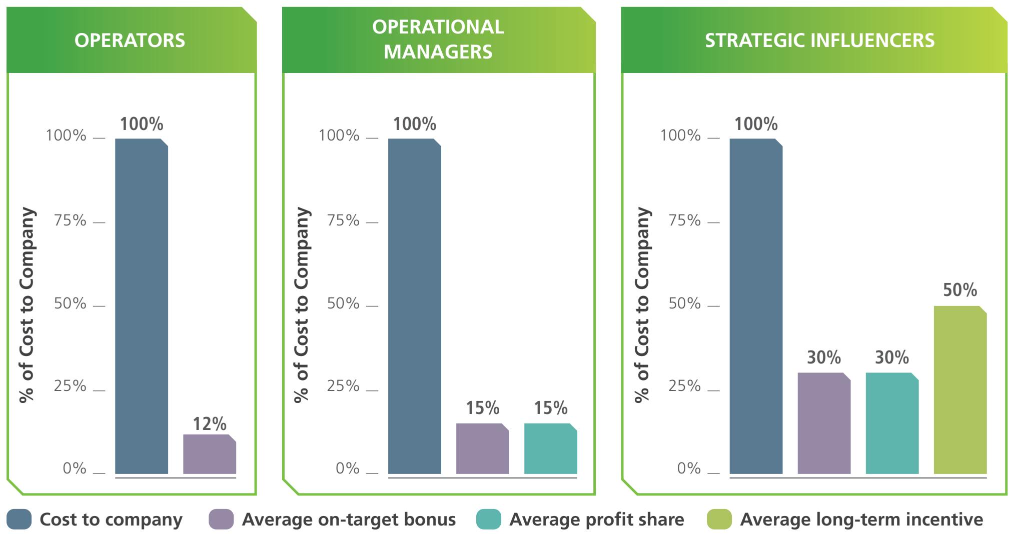
- CREATING A GREAT COMPANY TO WORK FOR
- PROVIDING CHALLENGING JOBS AND GROWTH OPPORTUNITIES
- PROVIDING AN ENABLING, SAFE, HEALTHY AND SUPPORTIVE WORK ENVIRONMENT
- PROVIDING EMPLOYEE RECOGNITION AND MARKET COMPETITIVE REWARDS

REMUNERATION STRUCTURE

The remuneration structure comprises guaranteed pay (total cost to company), special purpose bonus (in exceptional circumstances, at the discretion of the executive and/or Remco), short-term incentives and long-term incentives.

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 PHILOSOPHY AND INCENTIVES



OPERATORS
Employees from job grade 1 – 11.

OPERATIONAL MANAGERS
Employees from job grade 12 – 16.

STRATEGIC INFLUENCERS
Employees from job grade 17 – 25.

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 skills levels, performance and retention of the directors. Remuneration is generally positioned at the median of the relevant benchmark.

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 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 chairmen of board committees are paid a premium commensurate with their role and as compensation for the additional responsibilities as chairmen. 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.

EXECUTIVE DIRECTORS' REMUNERATION

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 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.

GUARANTEED 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 pay is positioned 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 the 40th and 60th percentile is reasonably competitive and acceptable.

SIGN-ON AND/OR RETENTION BONUS

A sign-on bonus is a once-off monetary award offered to a prospective employee as part of a larger remuneration package and as incentive to join the company. The payment may also be used to relieve 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. Such 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 an on-target bonus and profit share where targets have been exceeded. The criteria to qualify 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 incentivisation. 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 1,8 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 and approved by the board in 2018. Fixed-term contracts must be reviewed six months before the termination date to decide on extension or termination.

DISCRETION AND JUDGEMENT

The remuneration policy recognises that mechanistic 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.

REMUNERATION AND OUTCOMES

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's 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:

	2020	2019
Guaranteed remuneration	5 046 615	5 005 332
Retention remuneration	666 667	-
Total STI-payment	2 324 960	2 226 942
Total LTI-value vesting	4 209 570	3 269 696
Dividends received	1 134 835	862 172

CF KRUGER (CHIEF FINANCIAL OFFICER)

Corné Kruger has completed his tenth year as chief financial officer. A solid performance delivered in a difficult environment, namely the group's results in 2020, reflects Corné's work in effectively 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.

	2020	2019
Guaranteed remuneration	3 264 329	3 090 751
Retention remuneration	333 333	-
Total STI-payment	1 565 042	1 346 741
Total LTI-value vesting	2 036 246	1 414 150
Dividends received	656 840	482 715

REMUNERATION OF NON–EXECUTIVE DIRECTORS (COMPANY)

Non-executive directors' remuneration for the year ended 30 April 2020 and 30 April 2019 was as follows:

	2020			2019		
Non-executive	Total directors' remuneration	Remuneration	Travelling and accommodation expenses	Total directors' remuneration	Remuneration	Travelling and accommodation expenses
SF Booysen	1 018 818	1 001 756	17 062	822 148	804 279	17 869
JB Botha	221 197	218 994	2 203	517 227	513 190	4 037
VJ Klein	368 082	356 956	11 126	-	-	-
AJ Kruger	951 535	939 113	12 422	905 182	516 359	13 631
NDP Liebenberg	966 459	957 905	8 554	922 829	647 067	6 914
JS Marais	505 943	490 980	14 963	-	-	-
JDM Minnaar	1 585 899	1 537 394	48 505	1 366 700	1 137 187	55 374
JJ Minnaar	659 849	648 411	11 438	624 155	448 355	10 391
SM Mohapi	499 696	484 883	14 813	473 013	460 029	12 984
JPN Stander	503 700	465 377	38 323	-	-	-
TF van Rooyen	628 760	625 148	3 612	600 748	422 484	6 637
WH van Zyl	742 792	731 748	11 044	704 775	527 321	11 908
AG Waller	119 072	119 072	-	396 722	396 722	-
Total	**8 771 802**	**8 577 737**	**194 065**	**7 333 499**	**5 872 993**	**139 745**

The non-executive directors' fee proposals were evaluated by Remco and an annual increase of 5,5% was approved in respect of the chairman's fee, board fees and committee fees during August 2019.

Policy on external non-executive director appointment

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

Service Contracts

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

Position	Contract
Chief Executive Officer	A three-year fixed contract expiring 31/07/2022
Chief Financial Officer	A three-year fixed contract expiring 31/01/2023

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 reviewed the salaries of executive directors and all staff and recommended broad mandates for general salary and wage increases for approval by the board;
- 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 2020 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.

Report BY THE CHIEF FINANCIAL OFFICER

CORNÉ KRUGER
Senwes CFO

The 2020 financial year was an exceptionally challenging year, specifically pertaining to the Covid-19 impact on the group's April 2020 results, as well as the countrywide grain quality problems.

After having taken these negative aspects into consideration, the net asset value per share of the Senwes Group increased to R15,06 (2019: R14,05). This can be attributed to meticulous planning, loyal clients, a robust strategy and committed employees.

The directors approved a final dividend of 30 cents per share. This resulted in a total dividend of 60 cents per share for the 2020 financial year, after taking the interim dividend of 30 cents per share into account.

The EBITDA increased by 17,6% from 2019 to 2020. This was mainly due to the improvement of the input supply segment. The improvement of the results can be attributed to strategic investment acquisitions such as KLK, Falcon Agricultural Equipment, Grainovation and the inclusion of a full year's record result of Staalmeester Agricultural Equipment.

KEY MESSAGES

- Simplified distributable income and segment statements
- Segmental results
- Simplified statement of financial position
- Risk assessment and sensitivity analysis
- Net asset value vs share price
- Quality of earnings
- Future prospects

SIMPLIFIED DISTRIBUTABLE INCOME AND SEGMENT STATEMENTS

	Difference	Group*		Market Access		Input Supply		Financial Services		Corporate and Consolidation	
	%	2020 R'm	2019 R'm	2020 R'm	2019 R'm	2020 R'm	2019 R'm	2020 R'm	2019 R'm	2020 R'm	2019 R'm
Turnover	78,8%	**4,803**	2 687	**765**	758	**3,533**	1 485	**385**	348	**120**	96
Gross profit ❶	30,3%	**1,776**	1 363	**750**	762	**672**	292	**231**	215	**123**	94
Operating expenses ❷	38,4%	**(1,149)**	(830)	**(466)**	(396)	**(458)**	(215)	**(30)**	(47)	**(194)**	(172)
EBITDA	17,6%	**627**	533	**284**	366	**214**	77	**201**	168	**(72)**	(78)
Depreciation	71,8%	**(95)**	(55)	**(42)**	(30)	**(35)**	(7)	**-**	-	**(18)**	(18)
EBIT ❸	11,3%	**532**	478	**242**	336	**179**	70	**201**	168	**(90)**	(96)
Net finance costs ❹	7,5%	**(86)**	(80)	**(56)**	(36)	**(31)**	(40)	**-**	-	**1**	(4)
Profit before tax	12,1%	**446**	398	**186**	300	**148**	30	**200**	168	**(89)**	(100)
Taxation	(5,2%)	**(109)**	(115)								
Profit after tax	19,1%	**337**	283								
Non-controlling interest	1 822,9%	**(34)**	(2)								
Profit after tax and non-controlling interest	7,7%	**303**	281								
Adjustments:											
Gain on bargain purchase of subsidiary	(100%)	**(56)**	-								
Reversal of impairment on loans	(100%)	**(12)**	-								
Impairment of goodwill	100%	**12**	-								
Legal and consultation fees	(61,7%)	**6**	16								
Other	300,0%	**(7)**	(2)								
Normalised headline earnings		**246**	295								
EPS	5,5%	**178,3**	169,1								
HEPS	(18,7%)	**144,2**	177,5								
Interest cover	4,5%	**7,0**	6,7								
Gearing ratio	23,0%	**144%**	121%								

**Group includes corporate segment.*

MAIN VARIANCES

❶ The group's gross profit is 30,3% higher, mainly due to the inclusion of the newly acquired KLK's gross profit.

❷ The group's operational expenses increased by 38,4%, mainly due to the following reasons:
- The inclusion of KLK's operational expenditure from July 2019;
- The inclusion of newly acquired Grainovation and Falcon's operational expenditure from November 2019; and
- Higher maintenance costs at silos (mainly mechanical and electrical) due to increased intake.

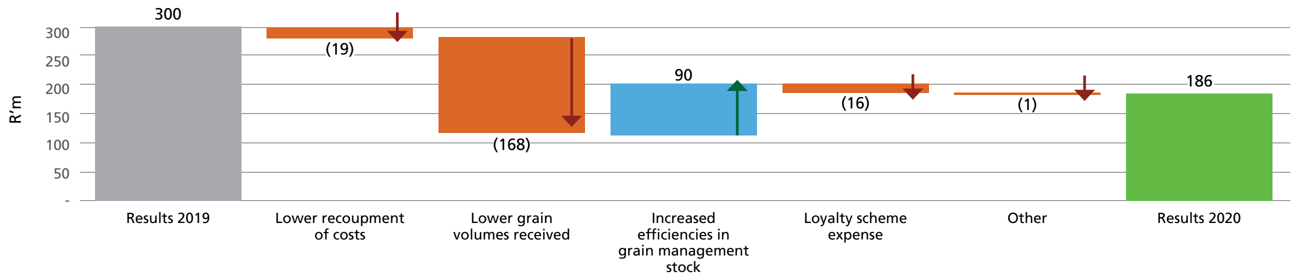
❸ The group's EBIT is 11,3% higher than 2019, mainly due to acquisitions made during the year as explained above.

❹ The group's finance costs are higher than the previous year mainly due to the increase in non-interest earning assets.

SEGMENTAL RESULTS

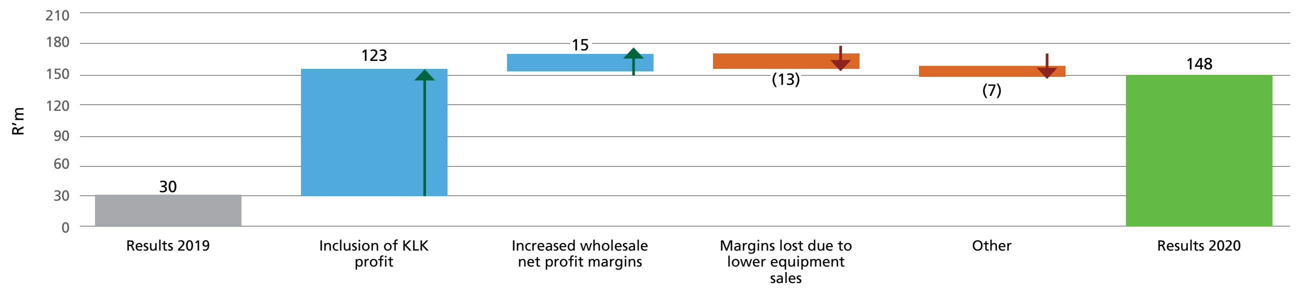
MARKET ACCESS

A smaller and later harvest resulted in smaller silo services fees of R168m whilst R90m was created with more effective management of grain inventory, even after taking into account the cost to correct lower quality commodities.



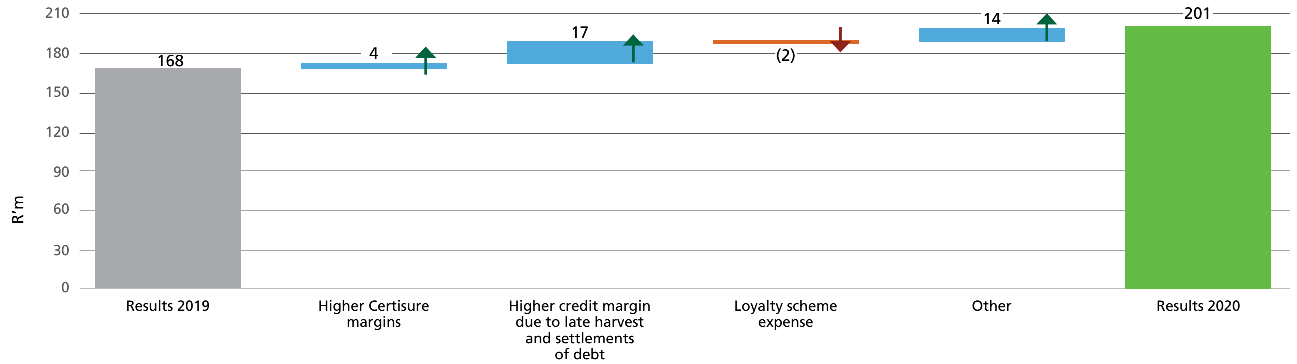
INPUT SUPPLY

Input Supply's results improved by R117m for the year. The main contributor was the inclusion of KLK's profit for the period of 8 months. The Hinterland Group's operational results also continued its upward trend even with the Covid-19 influence on fuel and retail sales. The gross profit margin of Senwes Equipment remained under pressure as margins were decreased to stimulate sales.



FINANCIAL SERVICES

Senwes Credit experienced a very profitable 2020 financial year, with a 29% increase in profit since 2019. The main reason for this increase is the increase in gross profit of R17m due to a higher debtor's book. The Certisure Group also increased its result by 27,9% due to an increase in credit life insurance, crop insurance and funeral cover income.



SIMPLIFIED STATEMENT OF FINANCIAL POSITION

		2020 R'm	2019 R'm
ASSETS			
Property, plant and equipment	❶	1 290	715
Intangible assets and goodwill		41	9
Investment in JV's and associate		216	255
Operating capital			
Inventory	❷	882	609
Derivative financial instruments		86	52
Debtors and receivable loans	❸	5 471	4 085
Long-term		1 736	1 204
Short-term		3 735	2 881
Agency inventory		105	234
Cash		174	31
Other		76	70
TOTAL ASSETS		**8 341**	**6 060**
EQUITY AND LIABILITIES			
Own equity	❸	2 560	2 336
Non-controlling interest		343	27
Long-term debt		670	1 002
Short-term debt	❶	3 814	2 013
Creditors	❷	800	575
Other		154	107
TOTAL LIABILITIES		**8 341**	**6 060**
NAV	**7,2%**	**R15,06/s**	**R14,05/s**
Own capital ratio	**(4,0%)**	**35%**	**39%**
ROE	**-**	**13,0%**	**13,0%**

CAPITAL ALLOCATION

Capital is mainly allocated to fixed capital projects, credit extended to producers, machinery and retail stock, as well as working capital for the expansion into new markets. Material movements can be explained as follows:

❶ Property, plant and equipment increased (including investment property) by R575 million during the year. The addition of the KLK, Grainovation and Falcon companies into the Senwes Group, contributed R376 million of this increase. The silo services business, Grainlink, incurred capital expenditure of R90m on the aeration project which aims to add value to the client by accepting grain at a higher moisture level than the industry norm.

❷ Increase of R273 million, which mostly relates to the inclusion of KLK's inventory.

❸ Increase in debtor's book of 33,9%, mainly due to higher summer production credit and higher term loans. Senwes also extended a loan to Suidwes to the value of R508m which is classified as a long-term loan.

HOW WE FUND

Own equity increased by R224 million, while long and short-term loans increased by R1,5 billion. This can be explained as follows:

❶ There was a R350 million transfer from long-term to short-term debt. Total short-term debt increased by R1,8 billion mainly due to the increase in the debtor's book and the loan to Suidwes Landbou. The unutilised short-term facility of R1,1 billion ensures adequate liquidity for growth opportunities and unexpected transactions.

❷ The increase in inventory is funded by the increase in trade creditors.

❸ The increase in PPE is mainly funded by the growth in equity.

RISK ASSESSMENT AND SENSITIVITY ANALYSIS

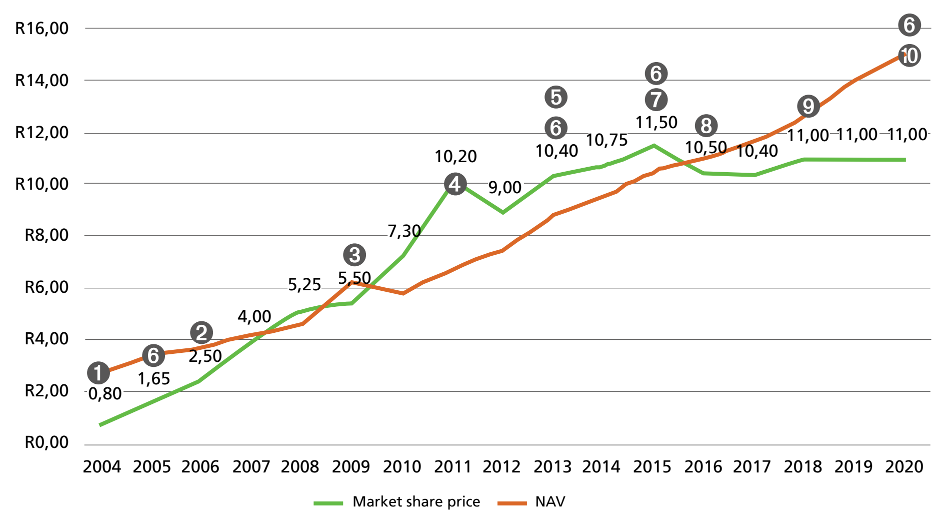
RESIDUAL RISK PERFORMANCE AGAINST TARGETS

The residual risk continued to move between the acceptable risk tolerance levels of the company. These risks among others was the ever-declining soft commodity closing stocks, scarcity of higher-grade maize, inverse cross-season spreads and ultimately the impact of Covid-19. The risk tolerance levels would have been breached in the last quarter if it had not been for an expected good maize crop along with the swift and decisive risk response plans implemented before and during the last quarter in order to manage the group's risk levels within the tolerance levels.

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 derisk the risk profile of Senwes through our strategic initiatives, which include:

- Diversification within the core business;
- Increased investments in efficiencies in the value chain;
- Active management of slow moving mechanisation stock;
- Management of interest and other carry cost;
- Continuous monitoring of bank covenants;
- Increased focus on credit practices as well as client selection within this unit.

NET ASSET VALUE VS SHARE PRICE



❶ First dividend after turnaround.
❷ Royal Bafokeng B-BBEE transaction.
❸ Record financial results.
❹ Senwesbel offer to Senwes shareholders.
❺ Grindrod transaction.
❻ Share repurchases 2005; 2013; 2015; 2020.
❼ Good results after a good grain harvest.
❽ Worst drought since 1904: 2016.
❾ Good results driven by an exceptionally good grain harvest.
❿ Net profit of R303 million, whilst market price per share closed at the same level as the previous year.

While the NAV increased during the period 2016 to 2020, the market price per share remained consistent. The main reasons for this are the low liquidity of Senwes shares and political uncertainty regarding the land reform issue. The market share price of Senwes was at R13 per share during the 2020 financial year, but declined to R11 with thin liquidity after the announcement of the lockdown.

QUALITY OF EARNINGS: ACCOUNTING VS CASH EARNINGS

	R'm
Accounting profit before tax	446
Adjusted for non-cash items:	
Profit on business combinations	(56)
Depreciation and amortisation	87
Provisions not in normal course of business	26
Provisions abnormal in nature	30
Cash profit	**533**

The quality of earnings ratio (actual cash profit vs accounting profit) for the 2020 year is 120%. This is an indicator that the actual cash profit is higher than the accounting profit after eliminating non-cash flow items such as depreciation, the gain on bargain purchase and the movement in abnormal provisions.

Positive cash flow of R994 million (2019: R139 million) was generated from operating activities after the payment of dividends to the value of R112 million (2019: R99 million), finance costs of R88 million (2019: R80 million), tax of R117 million (2019: R64 million) and the increase in working capital of R762 million (2019: R193 million) are taken into account. R268 million (2019: R188 million) was invested in capital projects aimed at operational efficiency and at increasing service delivery to the customer.

FUTURE PROSPECTS

Given the environment in which we operate and the current agricultural conditions, we are subject to several variable factors beyond management's control. We anticipate that the current Covid-19 crisis may have the following financial impact on the 2021 financial year results:

Risk Factor	Impact %	HEPS cents/share	Certainty %
Increased outloading of grain due to higher consumption and exports	21%	(0,18)	80%
Decline in carry-out grain closing inventory	18%	(0,15)	65%
Decline in the equipment market size	13%	(0,11)	20%
Interest rates negatively impacted on net interest-earning assets	13%	(0,11)	90%
Decline in retail activities (Hinterland and KLK)	9%	(0,07)	80%
Decline in fuel activities (Hinterland and KLK)	7%	(0,06)	75%
Below average hectares planted	7%	(0,06)	10%
Delay in commencement of the grain delivery season	4%	(0,03)	100%
Decline in wholesale activities (Hinterland)	4%	(0,03)	65%
Unexpected movements in rand/dollar exchange rate	4%	(0,03)	50%

Fortunately, there are very high prospects for the coming grain harvesting season that will possibly counteract the impact of Covid-19, as mentioned above. These prospects include, amongst others:

- A good summer grain harvest;
- An increase in client profitability which will possibly result in a higher level of spending on equipment and capital goods;
- An increase in clients' ability to repay their outstanding production and long-term debt;
- A high level of business confidence in the coming planting season;
- The restructuring and reorganisation of the group are currently in process; and
- The implementation of the possible merger with Suidwes.

ACKNOWLEDGEMENTS

The Chairman and Chief Executive Officer acknowledged all stakeholders in their reports and I can merely confirm what they said.

All honour and glory to our Lord!

CF Kruger
Chief Financial Officer

2 July 2020
Klerksdorp

MANAGING RISK IN THE AGRICULTURAL SECTOR

BLACK SWAN EVENTS, WAITING FOR RAIN AND RESPONDING TO THE UNBELIEVABLE

Environmental risks continue to dominate the latest World Economic Forum's (WEF) global risk report of 2020. Respondents to their Global Risks Perception Survey ranked climate change and related environmental issues as the top five risks in terms of likelihood — the first time in the survey's history that one category has occupied all five of the top spots.

In Senwes' case, it is no different. The last time the agricultural sector saw somewhat of a normal or average season was arguably in 2012. During the period thereafter there were two record crop years, two record drought years and two very sporadic years ranging from record pre-season droughts to record post-season rainfall. The current summer crop production year is no different and experienced extremely late seasonal rainfall followed by above average rainfall. This could result in one of the biggest crops come the end of the delivery season.

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

No entity operates in a risk-free environment and ERM does not create such an environment. ERM rather enables management to operate more effectively in environments filled with risks. It cannot and does not operate in isolation within Senwes, but rather as an enabler of the management process.

OUR ERM-FRAMEWORK IS BASED UPON FOUR CRITICAL RISK ACTIVITIES

1 ENSURING RISK GOVERNANCE

ERM is inter-related with corporate governance by providing information to the board on the most significant risks and how they are being managed 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.

2 ENHANCING THE RISK CULTURE

Risk management is deeply rooted in the culture of Senwes and its strategic and tactical intent. The responsibility and accountability for risk management reside 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.

3 RISK STRATEGY

Management considers the entity's risk appetite first in evaluating strategic alternatives, then in setting objectives which are aligned with the selected strategy. Thereafter, mechanisms are developed to manage the related risks.

Risk appetite therefore guides resource allocation and assists us in aligning the organisation, people and processes in designing the infrastructure required to effectively respond to and monitor risks.

4 MANAGING THE RISK PROCESS

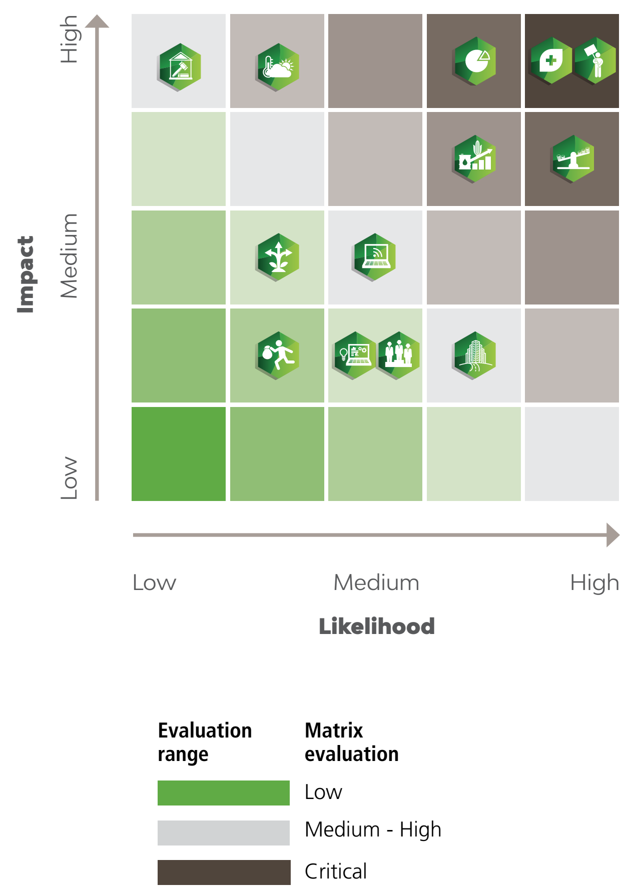
The group has a formal risk assessment process in place through which risks and mitigating management actions are identified, assessed, monitored and reported on.

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' MATERIAL RISKS

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

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



Rank	Risk
1	Environmental and health and safety risk
2	Political and economic climate risk
3	Market size and market share risk
4	Credit, liquidity and market risk
5	Commodity price risk
6	Weather and climate risk
7	Information technology risk - systems and cyber
8	Urbanisation, scarcity and retention of skills risk
9	Transition and customer risk
10	Diversification and agricultural industry risk
11	Unique competitor risk
12	Regulation and compliance risk
13	Theft and fraud risk

MATERIAL RISKS AND OPPORTUNITIES

RISK TREND

ENVIRONMENTAL AND HEALTH AND SAFETY RISK

Risk Events

- Covid-19 outbreak leading to record market crashes – **black swan event**.

Description

Covid-19 is a new strain of the Coronavirus that was discovered in 2019 and has not been previously identified in humans, which dominated the headlines at the beginning of 2020. South Africa implemented various response plans, which resulted in a national lockdown including travel bans, limitations on gatherings and calling for social distancing. The environmental and health effects will continue to be absorbed during the next financial year.

The group is also subject to compliance requirements regarding employee health and safety, environmental and quality assurance.

Mitigation and Control

The Senwes Group implemented its own response plan relating to Covid-19 which is managed by a nominated committee, which includes the executive directors.

Focusing on operations, the safety of grain as a core product and its handling are continuously being assessed by Senwes through a hazard critical control point (HACCP) and quality management systems. Senwes also incorporates a fully functional SHEQ division to enable the policy environment, effective structures, education and training, empowering employees to make judgement calls and enforcing rules and regulations.

Opportunities

- Develop and optimise the group's environmental, health and safety compliance and assurance processes and systems, also through the utilisation of the latest technology in this regard.
- Strengthen the group's environmental and health and safety compliance culture through continuously upskilling and training personnel as well as optimising and adapting development programmes in this regard.

Strategic focus areas triggered

- Reorganisation of business models.

For more info on the group strategy see p. 44

RISK TREND

POLITICAL AND ECONOMIC CLIMATE RISK

Risk Events

- Land Bank downgrade and subsequent repricing of the agricultural debt industry.
- Continued state-owned enterprise (SOE) bailouts.
- Continued trade war between USA and China, impacting the South African economy and agri-industry.
- Brexit.
- Insufficient power supply - load shedding.

Description

The group and the agricultural sector could be negatively impacted by political decisions, civil unrest, high unemployment rates, mismanagement of SOEs (electricity and water), volatile exchange rate movements and unsustainable growth. Various policy changes impacting the agricultural sector could severely impact the group's strategic intent.

The most significant political threat to the group and industry remains the policy of land expropriation without compensation. Furthermore, the impact of credit rating downgrades could be fuelled by the already struggling local economy and agri-industry.

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 diminish and nullify the value of the security that Senwes holds against outstanding funds. This risk can only be accepted and cannot be mitigated.

Opportunities

- Externalisation and/or diversification into new markets and/or lower risk jurisdictions.
- Engagement at political/government level to aid in the formulation and roll-out of sustainable solutions for South Africa's political and economic challenges.
- Development solutions which aim to reduce the impact of political and economic challenges for both the Senwes Group and its customers (e.g. cost or risk sharing between Senwes and its customers with regards to selected products and/or services).

Strategic focus areas triggered

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

For more info on the group strategy see p. 44

RISK TREND

MARKET SIZE AND MARKET SHARE RISK

Risk Events
- Longest decline in equipment market size – **black swan event**.
- Record April 2019 rainfall leading to significant crop quality issues – **black swan event**.
- Loss in input sales due to surplus on-farm stock from smaller areas planted the previous year.
- Aggressive and unsustainable market penetration strategies by competitors.

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

Mitigation and Control
Senwes Grainlink's continued investment in technology and infrastructure at its silos remains a focus area in order to increase market share by means of offering a more attractive value proposition to clients. Similar investments are made throughout the group in order to grow market share.

Opportunities
- Consolidation and/or expansion to achieve critical mass and market share growth.
- Continuous research, innovation, evaluation and, where necessary, improvement of the group's core activities and solutions, in order to maintain a competitive advantage and grow market share.

Strategic focus areas triggered
- Diversification, horizontal integration and consolidation.
- Internal integration of the customer.
- Increased investment in efficiencies within the value chain.
- Externalisation.

For more info on the group strategy see p. 44

The retail and equipment service offering remains 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.

RISK TREND

CREDIT, LIQUIDITY AND MARKET RISK

Risk Events
- Extremely late harvest resulting in record arrears. However, the risk event was managed at an exceptionally high level, limiting any possible negative impact.
- Land Bank downgrade and subsequent repricing of the agricultural debt industry.

Description
The profile of the credit book with regards to concentration and geographical risk remains a risk factor. The improved outlook on farmer profitability would further mitigate credit and market risk. The Senwes Group is also exposed to medium-term liquidity risk 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.

Opportunities
- Diversification and/or expansion into new, lower risk and counter-cyclical markets or commodities.
- Formulation and roll-out of new and adapted solutions which aim to mitigate credit, liquidity and market risk.

Strategic focus areas triggered
- Diversification, horizontal integration and consolidation.
- Reorganisation of business models.
- Externalisation.

For more info on the group strategy see p. 44

RISK TREND

COMMODITY PRICE RISK

Risk Events
- Record decline in Brent crude oil price (opportunity for Senwes).
- Continued trade war between USA and China impacting local commodity prices.
- Volatile end of financial year soft commodity price movements due to lack of higher grade white maize and declining closing stocks.
- Market backwardation during March and April.

Description
Volatile commodity markets such as grain, oilseed, fertiliser, steel and oil have an impact on input costs and the cost of capital goods for producers, creating 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
- Continuous development and optimisation of the group's hedging instruments and price management strategies.
- Development and roll-out of tailor-made solutions which aim to manage/mitigate commodity price risk for producers and optimise their cash flow positions and profitability.

Strategic focus areas triggered
- Reorganisation of business models.

For more info on the group strategy see p. 44

RISK TREND

WEATHER AND CLIMATE RISK

Risk Events
- One of the driest pre-seasons followed by one of the wettest summers – black swan event.
- Africa experienced the hottest November ever recorded according to the National Oceanic and Atmospheric Administration's State of the Climate Reports.
- Limited and isolated summer crop flooding.

Description
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.

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 and/or diversification into new, counter-cyclical markets and/or lower risk jurisdictions.
- Fully understand and model the impact of weather and climate risk from the producer's point of view and tailor the group's solution offering to mitigate the impact of these risks.

Strategic focus areas triggered
- Diversification, horizontal integration and consolidation.
- Increased investment in efficiencies within the value chain.
- Externalisation.

For more info on the group strategy see p. 44

RISK TREND

INFORMATION TECHNOLOGY - SYSTEMS AND CYBER RISK

Risk Events
- Various cyber-related attempts (especially phishing) within the Senwes Group.

Description
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 is applied. Furthermore, extensive business and IT-disaster recovery processes have been established. Continuous focus is placed on IT-governance and improving the maturity of systems.

Opportunities
- Continuous internal system development to ensure that clients are serviced in a cost-effective and efficient manner. In addition, system development could be structured in a manner which ensures long-term sustainability, strengthens cyber security and data integrity, enables effective integration and ensures effortless adaptability aligned with the group's strategic evolution.

Strategic focus areas triggered
- Reorganisation of business models.
- Unlocking value synergies.

For more info on the group strategy see p. 44

RISK TREND

URBANISATION, SCARCITY AND RETENTION OF SKILLS RISK

Risk Events
- Certain areas of high employee turnover and scarcity of certain skills within the diverse operating area of the group.

Description
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 recruitment and retention of right-fit employees are challenges in the industry and for 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
- Optimisation of skills development and retention programmes as well as succession planning strategies.
- Define, develop and sell a working environment which balances the key attractive factors of urbanisation with the benefits of living in rural areas.

Strategic focus areas triggered
- Diversification, horizontal integration and consolidation.
- Reorganisation of business models.
- Unlocking value synergies.
- Increased investment in efficiencies within the value chain.
- Externalisation.

For more info on the group strategy see p. 44

RISK TREND

TRANSITION AND CUSTOMER RISK

Risk Events

- Continuous increase in market storage capacity.
- Clients focused on economies of scale resulting in fewer producers with superior farming operations.

Description

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 are at risk without transition and diversification.

Mitigation and Control

Senwes still believes in strong client relationships and continuously attempts to improve these relationships. Customer needs and our ability to fulfil those 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 make 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.

Alternative storage structures are addressed by innovative market transactions and by investments in technology and infrastructure at our silos.

Opportunities

- Expand and optimise customer research and the customer intelligence database of the group to enable the proactive development of solutions, in order to prevent the group from being bypassed in the process where a customer needs to seek a solution to fit his/her needs elsewhere in the market.
- Development of solutions (e.g. wealth planning and tax structuring services) that will enable the group to farm alongside its producers.

Strategic focus areas triggered

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

For more info on the group strategy see p. 44

RISK TREND

DIVERSIFICATION AND AGRICULTURAL INDUSTRY RISK

Risk Events

- Input pillar risk mitigation over the past few years with diversification opportunities pursued such as Staalmeester, KLK Landbou and Falcon.

Description

Senwes is exposed to limited growth opportunities, especially in the local agricultural sector. The company 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 our strategy is diversification, horizontal integration and local consolidation, increased investment in efficiencies in the value chain, business unit integration, joint venture repositioning and externalisation.

The reduction of risk in the current business models and geographical exposures therefore remains a high priority.

Opportunities

- Upscaling through consolidation and/or expansion to ensure critical mass as well as value synergies which will position the group for growth and long-term survival.
- Diversification and/or externalisation into new markets or lower risk jurisdictions.
- Development and roll-out of solutions that will ensure growth in the client base (addition of new clients) and an increase in the share of clients' wallets spent across the Senwes Group.
- Optimise value chain participation through investments aimed at increasing efficiencies.

Strategic focus areas triggered

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

For more info on the group strategy see p. 44

RISK TREND

UNIQUE COMPETITOR RISK

Risk Events

- Aggressive and unsustainable market penetration strategies by competitors.

Description

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 international), could have an adverse effect on market share and the group's results.

Mitigation and Control

Senwes is exposed to competitors and innovative strategies and capital investments have been made in order to retain and grow market share.

Opportunities

- Development and roll-out of tailor-made solutions (products and services) which ensure a competitive advantage.
- Continuously evaluate partnerships (e.g. suppliers, joint venture partners, etc.) across the group and consider the impact on the group's competitive advantage if it decides to opt for a selection of key, preferred partners (a house of premium brands/partners).
- Optimise the balance between defensive and attack strategies.
- Increased participation in the parts of the value chain where the group has never been involved and which could aid in mitigating unique competitor risk.

Strategic focus areas triggered

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

For more info on the group strategy see p. 44

RISK TREND

REGULATION AND COMPLIANCE RISK

Description

The risk describes the wide range of legislation that the group must comply with. The material acts are, inter alia, the Companies Act, relevant tax regulations, Competition Act, Financial Intelligence Centre Act (FICA), Financial Markets Act, Financial Advisory & Intermediary Services (FAIS), National Credit Act (NCA), Consumer Protection Act (CPA), Protection of Personal Information Act (POPIA) and the Occupational Health and Safety Act (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.

Opportunities

- Continuously drive improvement and optimisation of the group's compliance coverage plan.
- Strive for a culture of compliance through cultivating an understanding of regulatory compliance requirements by means of continuously upskilling and training personnel in this regard.

Strategic focus areas triggered

- Reorganisation of business models.

For more info on the group strategy see p. 44

RISK TREND

THEFT AND FRAUD RISK

Description

The economic climate gives rise to theft and fraudulent activities, especially involving high-value 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, redesign 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 in the risk culture of the company, which contributes to the mitigation of this risk.

Opportunities

- Develop and/or optimise the group's code of conduct and ethics processes, also by utilising the latest technology in this regard.
- Strengthen the group's anti-theft and fraud culture by means of continuously raising awareness and training personnel as well as optimising and adapting response processes and penalty proceedings in this regard.

Strategic focus areas triggered

- Reorganisation of business models.

For more info on the group strategy see p. 44

STATUTORY REPORTS

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The directors are responsible for the preparation, integrity and reasonableness of the presentation of the separate and consolidated financial statements ("annual financial statements") of the company and its subsidiaries, associate and joint ventures. The annual financial statements set out on pages 96 to 191 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), its interpretations as issued by the IFRS Interpretations Committee (IFRIC), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act of South Africa.

The directors are also responsible for the financial control and risk management of the company and its subsidiaries, which are reviewed regularly. These controls are designed to provide reasonable but not absolute assurance with regards to the reliability of the annual financial statements, to provide adequate safeguarding and maintenance of assets and to prevent and identify misrepresentations and losses. No material deficiency in the functioning of these controls, procedures and systems came to the attention of the board during the year under review.

The annual financial statements were prepared on a going concern basis. The directors have no reason to believe that the group or any company within the group will not be a going concern in the foreseeable future, based on results, operational trends, market environment, estimates and forecasts, risks, capital structure and available cash and financial resources.

The annual financial statements were audited by the independent auditor, Ernst & Young Inc. The independent auditor had unrestricted access to all financial records, including all minutes of the board, board committees and management and shareholder meetings. The board believes that all representations made to the independent auditor during the audit were valid and proper.

The annual financial statements for the year ended 30 April 2020, set out on pages 96 to 191, were approved by the board.

JDM Minnaar	**F Strydom**	**CF Kruger**
Chairman	Chief Executive Officer	Chief Financial Officer

Klerksdorp
2 July 2020

NOTICE IN TERMS OF SECTION 29 OF THE COMPANIES ACT, NO 71 OF 2008 (AS AMENDED) ("THE ACT")

These annual financial statements have been audited in accordance with the Act and have been prepared under the supervision of CF Kruger, CA (SA), Chief Financial Officer.

CF Kruger
Chief Financial Officer
Klerksdorp
2 July 2020

CERTIFICATION BY THE COMPANY SECRETARY

In accordance with section 88 of the Companies Act, where applicable, it is hereby certified that the company and its subsidiaries have lodged all such returns for the year ended 30 April 2020 as required of a public company in terms of the aforesaid Act, with the Registrar of Companies and Intellectual Property Commission (CIPC) and that such returns are true, correct and up to date.

EM Joynt
Company Secretary
Klerksdorp
2 July 2020

REPORT OF THE SENWES AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 30 April 2020 in accordance with section 94(7)(f) of the Companies Act.

The manner in which the Audit Committee carried out its duties is referred to in the corporate governance report in respect of roles and responsibilities and mandate.

The committee consists of five non-executive directors, three of whom are independent, and meets at least three times per annum, as per the committee mandate and terms of reference.

Name of member	Meeting attendance	Changes
SF Booysen - B.Compt (Hons), D.Com, CA (SA)	3/3	None
JBH Botha - BLC.LLB, HDip (Tax)	1/1	Retired on 22 August 2019
AJ Kruger - B.Compt (Hons), CA (SA)	3/3	None
NDP Liebenberg - B.Com (Hons), M. Sustainable Agriculture	3/3	None
SM Mohapi - Graduate Diploma in Company Direction (NQF 7), Diploma in Investment Management (UJ)	3/3	None
JPN Stander - B.Agric Admin (Hons) (Agricultural Economics)	2/2	Appointed on 22 August 2019

External auditor

The committee is satisfied that the external auditor, Ernst & Young Inc., is independent of the group, as determined in terms of the Companies Act, which includes consideration of compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board of Auditors.

The committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the 2020 financial year.

A formal written policy and procedures (incorporating an authority matrix) governs the process whereby the external auditor is considered for non-audit services. The committee approved the terms of the written policy for the provision of non-audit services by the external auditor and approved the nature and extent of non-audit services that the external auditor may provide.

The committee recommended Ernst & Young Inc. for reappointment as the external auditor and Mr Derek Engelbrecht as the designated audit director, for the 2021 financial year.

Internal financial controls

The committee is of the opinion that the Senwes Group's system of internal financial controls is effective and forms a basis for the preparation of reliable financial statements. This opinion is based on:

- the results of the formal documented review of the design, implementation and effectiveness of the Senwes Group's system of internal financial controls conducted by the internal audit function during the 2020 financial year;
- the information and explanations given by management; and
- the discussions held with the external auditor on the results of its audit.

Financial statements (including accounting practices)

The committee reviewed the financial statements of the company and the Senwes Group and is satisfied that they comply with International Financial Reporting Standards in all material respects, as well as with the Companies Act.

Financial function and chief financial officer review

The committee is satisfied that the chief financial officer of Senwes has appropriate expertise and experience.

The committee has considered and is satisfied with the appropriateness of the expertise and adequacy of resources of the Senwes Group's financial function and experience of the senior members of management responsible for the financial function.

Mandate delegated by the Board

The committee fulfils an oversight role regarding the company's integrated annual report and the reporting process, including the system of internal financial control. It is responsible for ensuring that the company and the Senwes Group's internal audit function is independent and has the necessary resources, standing and authority within the organisation to enable it to effectively perform its duties. Furthermore, the committee oversees co-operation between the internal and external auditor and serves as a link between the board of directors and these functions. During the year under review, the committee and the chairman met with the external auditor and with the head of internal audit separately.

The committee is satisfied that it has complied with its statutory, governance and other responsibilities.

Internal audit

The committee is responsible for overseeing Internal Audit, in particular in respect of:

- Satisfying itself of the competence of the internal auditors and adequacy of internal audit staffing;
- Approving the internal audit plan as well as the internal audit charter;
- Ensuring that the internal audit function is subject to a periodic independent quality review; and

- Reviewing the functioning of the internal audit programme and department to ensure co-ordination between the internal and external auditor.

The head of Internal Audit has direct access to the Audit Committee, primarily through its chairman.

Covid-19

A quick, precautionary and aggressive response has allowed the Senwes Group to navigate the Covid-19 crisis thus far. The group's assessment of the risks associated with Covid-19, and the response to these risks are deemed sufficient to prevent pandemic-related impacts from materially affecting the group and its result and financial position.

Sustainability reporting

The committee considered the company's sustainability information as disclosed in the integrated annual report and assessed its consistency with operational and other information known to committee members, and for consistency with the annual financial statements. A report from the Risk Committee regarding the top 10 risks was presented to the Audit Committee for consideration.

The Audit Committee further discussed the sustainability information with management and is satisfied that the information is reliable and consistent with the financial results.

Recommendation of the annual financial statements for approval by the Board

The committee recommended the annual financial statements to the board of directors for approval on 2 July 2020.

SF Booysen
Chairman: Audit Committee
Klerksdorp
2 July 2020

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Senwes Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of Senwes Limited and its subsidiaries, joint ventures and associates ('the group' or 'Senwes') set out on pages 112 to 191, which comprise of the consolidated and separate statements of financial position as at 30 April 2020, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity, the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Senwes as at 30 April 2020, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated and separate financial statements* section of our report. We are independent of the group and company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements of the group and company in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits of the group and company in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA code) and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

Key Audit Matter	How the matter was addressed in the audit
Allowance for expected losses against mortgage loans and other receivables *(Consolidated and separate financial statements)* As disclosed in Note 9 and 11 to the consolidated and separate financial statements, the gross mortgage bonds and other receivables amounted to R3,6bn for the group and company. The group and company have recorded a R111m provision for expected credit losses against mortgage loans and other receivables. The determination of the expected credit loss (ECL) allowance on mortgage loans and production and month debt, for customers that have not been handed over to legal, requires estimation of the probability of default (PD) and the loss given default (LGD). Both factors are key inputs into the allowance and have a significant impact on the calculation of the allowance for expected credit losses. When estimating the PD, management uses various inputs which require judgement and estimation, of which the most significant are: ❖ Crop estimates and yields specific to the customers' region and commodity; ❖ An estimate of the number of hectares planted; ❖ The expected commodity future prices, which is the SAFEX price adjusted by grade differences and transport differentials which is determined by customer region and commodity; and ❖ The input costs specific to the customers' region and commodity. When estimating the LGD, management considers the quality and expected realisation value of securities held for customers. Customers that have been handed over to legal are provided for based on the exposure and the estimation of the quality and expected realisation of securities held for the specific customers. The inputs into the expected credit loss allowance are linked to growing, harvesting and market conditions, which are seasonal and constantly changing. The 2020 financial year started on the back of the highest average rainfall for April 2019 in the Senwes area of operation in the last 105 years. This meant that temperatures remained high, which kept frost at bay until early June. Planted crops therefore had more time to grow to full maturity but late plantings suffered frost damage and grade quality issues were evident. The pre-season data from 1 May to 31 October 2019 shattered the old drought records with materially lower rainfall than the long-term average. Moving into summer, above normal rainfall was received from 1 November 2019 until 30 April 2020. The total maize crop was estimated at 15,2 million tonnes, which would make the 2019/2020 harvest the second biggest ever produced in South Africa. As such, the calculation of the ECL allowance was again considered to be a key audit matter in the current year and obtaining evidence for the key inputs required a significant amount of audit effort.	Our audit procedures involved, amongst others, the following: ❖ We obtained an understanding, evaluated the design, and tested the operating effectiveness of the controls related to the credit application process including securities offered against the finance applied for; ❖ We independently calculated an allowance for expected credit losses by recalculating the probability of default (PD) and the loss given default (LGD) factors using inputs and assumptions tested during the audit, and compared the result to management's allowance; ❖ The procedures relating to our estimation of the probability of default (PD) factor include: • We compared the crop estimates and yields for the specific regions and commodities used by management to the information released by the National Crop Estimate Committee. • We compared the hectares planted against the hectares for which finance was approved. • We assessed the expected commodity future prices, per customer region and commodity, by independently obtaining the SAFEX prices and adjusting them for the average grade differentials and average transport differentials realised during the year. • We assessed the competence of the management expert, Senwes Agricultural Services, and the process followed by the expert in determining the input costs specific to the customers' region and commodity through recalculations. ❖ The procedures relating to our estimation of the loss given default (LGD) factor include: • We assessed the methodology used by management to determine the expected realisation value of the securities held by comparing securities realised at default against the recorded security value. • We selected a sample of customers and tested the existence of the securities held by inspecting that the security is formally registered in favour of the group. ❖ Our procedures relating to customers handed over to legal included the selection of a sample of customers and we performed the following: • Inspected the security to test that it is formally registered in favour of the group. • Tested the value of the securities against the outstanding debt by considering the expected realisation value from external inputs where available. ❖ We assessed the adequacy of the disclosures made in notes 9 and 11 to the consolidated and separate financial statements on judgements and estimates made in the allowance for expected credit losses.

Key Audit Matter	How the matter was addressed in the audit
Accounting for business acquisitions *(Consolidated financial statements)* The group acquired 57,4% shareholding in KLK Landbou Limited group of companies for R187m and recognised a gain on bargain purchase of R56m. This acquisition was accounted for using the acquisition method as prescribed in *IFRS 3: Business Combinations*. The group performed a purchase price allocation (PPA) determination as disclosed in Note 6 to the consolidated and separate financial statements. The offer made to KLK shareholders allowed the shareholder the choice in determining the purchase consideration, a cash settlement for a portion or full purchase consideration, as well as shares in Senwes Limited and/or Senwesbel Limited. The KLK Group has been operating in various forms in the agricultural industry since 1941, and has a significant influence on the region where it operates. This influence needed to be assessed to consider if any intangible assets existed which needed to be recognised as part of the business combination. The identification and measurement of intangible assets is a highly subjective and judgemental process, we therefore required the use of valuation specialists and many robust discussions with management to support the fact that there were no identifiable intangible assets. The determination of the fair value of assets acquired, historically held at cost in the separate financial statements of the KLK group, is a complex process subject to significant judgements being applied as a result of the absence of extensive, recent market transactions for similar properties, and therefore we used valuation specialists. We have determined this to be a key audit matter due to the complexity of calculating the consideration paid and the significant management judgment and estimates applied in the PPA in identifying the acquired assets and their fair values, particularly property, plant and equipment.	Our audit procedures included, amongst others, the following: ❖ We read the purchase agreements to obtain an understanding of the transactions and the key terms. ❖ We evaluated the accounting treatment of the business combination by performing the following key procedures: • We tested the purchase consideration, which was paid through a combination of the issue of Senwes shares and cash, by testing the cash payments to the bank statements and the consideration paid in shares to the share register and ZARX. • We held robust discussions with management regarding the potential intangible assets considered in the PPA, as well as the value determined for these; • We tested management's identification of identifiable assets by comparing the assets identified to the at-acquisition financial information of KLK and testing the fair value adjustments processed as part of the PPA; • We involved our valuation specialists in assisting us in reviewing management's valuation methodologies on property, plant and equipment; • With the assistance of our valuation specialists, we assessed the key assumptions and inputs in the fair value calculation of property, plant and equipment. • Net annual income per property was agreed to available external sources and actual results achieved. • The capitalisation rate applied was evaluated against property valuation best practice.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 192-page document titled "Senwes 2020 Integrated Report", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of Senwes Limited for 17 years.

Ernst & Young Inc.

Ernst & Young Inc.
Director – Derek Engelbrecht
Registered Auditor
Chartered Accountant (SA)

6 July 2020

STATUTORY DIRECTORS' REPORT

1. Main objectives

The main objectives of the group are as follows:

- To supply primary agricultural input products and services.
- To provide market access for agricultural produce.

2. Change in nature of activities

There were no material changes in the nature of the business of the group during the financial year.

3. Subsidiaries and other financial assets

Details of the company's interest in subsidiaries, associate, joint ventures and other financial assets are set out in notes 6 to 8 of the annual financial statements. Significant changes during the year relate to the acquisition of KLK Landbou Ltd, Falcon Agricultural Equipment (Pty) Ltd and Grainovation (Pty) Ltd (previously accounted as a joint venture) as subsidiaries of the group.

4. Results

The net profit after tax of the group for the year under review amounted to R303 million (2019: R281 million). The summarised results are as follows:

	GROUP		COMPANY	
	2020 R'm	2019 R'm	2020 R'm	2019 R'm
Revenue	**4 803**	2 687	**1 927**	2 456
Operating profit	**551**	472	**383**	409
Profit after tax (attributable to equity holders of the parent)	**303**	281	**214**	228

Refer to note 1 of the financial statements for a full segmental analysis.

The summarised statement of financial position is as follows:

	GROUP		COMPANY	
	2020 R'm	2019 R'm	2020 R'm	2019 R'm
Total assets	**8 341**	6 060	**7 094**	5 773
Total interest-bearing debt	**4 347**	2 883	**4 254**	2 908

Refer to the CFO's report in the integrated report for a comprehensive overview on the results of the operating units.

5. Dividends

The board proposed that a final dividend of 30 cents per share (2019: 30 cents per share) be declared. An interim dividend of 30 cents per share was paid in December 2019 (2019: 30 cents per share). Refer to note 25.2 for dividends paid and proposed.

6. Directors

The board's pursuit of managing the group and the company in accordance with good corporate governance practices still applies. The board comprises 14 (2019: 12) members:

Shareholder	Board members
Senwesbel Ltd	6
Grindrod Trading Holdings (Pty) Ltd	1
Together with:	
Independent non-executive directors	5
Executive directors	2

Executive directors are appointed on the basis of service contracts for a period of three years. Particulars thereof are contained in the corporate governance report and note 26.6.

The following non-executive directors have a remaining term of office of less than one year:

Name	Position	First appointment	Retirement by rotation
WH van Zyl	Non-executive director	31 August 2012	2020
JS Marais	Independent non-executive director	22 August 2019	2020
NDP Liebenberg	Non-executive director	21 August 2008	2020

The following non-executive directors have a remaining term of office of more than one year:

Name	Position	First appointment	Retirement by rotation
JJ Minnaar	Non-executive director	26 August 2011	2021
AJ Kruger	Non-executive director	2 October 2007	2021*
SM Mohapi	Independent non-executive director	26 August 2016	2022
SF Booysen	Independent non-executive director	11 October 2010	2022*
JPN Stander	Independent non-executive director	22 August 2019	2022
VJ Klein	Independent non-executive director	22 August 2019	2023
JDM Minnaar	Non-executive director	22 September 1999	2023*
TF van Rooyen	Non-executive director	29 November 2013	2023
AG Waller	Appointed in terms of the shareholders agreement with Grindrod		

*Independence to be evaluated annually and reported on as they have been on the board for nine years or more.

A table of direct and indirect shareholding is included in note 26.7 and indicates directors' indirect shares in Senwes Ltd. Related party information in respect of material contracts and transactions with directors is disclosed in note 26.4 to 26.7. A register of directorships and interests is disclosed annually and circulated at the board meeting.

7. Statutory appointments and registered address

7.1. Company Secretary
EM Joynt

7.2. Public Officer
CF Kruger CA (SA)

7.3. Registered address
1 Charel de Klerk Street, Klerksdorp, 2571

7.4. Postal address
PO Box 31, Klerksdorp, 2570

8. Share capital

8.1. Issue of shares
During the year under review, Senwes issued and bought back 3 066 207 treasury shares from Senwes Capital, which were subsequently cancelled as part of the KLK Landbou Ltd transaction. (2019: No shares were issued during the year.)

8.2. Buy-back of shares
During the 2020 financial year the company repurchased 4 230 470 Senwes shares as part of the repurchase programme that ended on 30 March 2020. These shares form part of treasury shares held in Senwes Capital (Pty) Limited. (2019: The company did not repurchase any of its shares. However, the Senwes LTI Share Incentive Scheme purchased 868 842 shares at R9,50 per share, from participants of the scheme on 28 June 2018.)

8.3. Unissued shares
The company's unissued shares number 400 327 450 shares (2019: 400 327 450 shares).

9. Property, plant and equipment

The carrying value of property, plant and equipment increased by R574 million. A significant portion of the increase can be attributed to business combinations during the year (refer to note 6.1). New capital amounting to R268 million was spent, R113 million of which was spent to increase operating capacity and R155 million to maintain operating capacity.

Silos with a carrying value of R340 million and a security support value of R2,1 billion serve as security for the non-current interest-bearing loans disclosed in note 7.2.3.

10. Special resolutions

The following special resolutions were adopted at the previous annual general meeting held on 22 August 2019:

10.1 Special resolution no. 1: Remuneration of non-executive directors
That the remuneration of non-executive directors be approved in terms of article 28.5 of the memorandum and articles of association of the company, read in conjunction with section 66(8) of the Companies Act, as amended, be approved with effect from 1 September 2018.

The meeting noted that, should the said remuneration not be approved, the remuneration of the previous year would apply.

10.2 Special resolution no. 2: Financial assistance to subsidiaries and related parties
That, as a general approval and in terms of section 45 of the Act, any direct or indirect financial assistance granted or about to be granted by the company to any related or inter-related company of the company as authorised by the board in terms of section 45(2) of the Act is hereby approved, which approval specifically includes that the board may make such arrangements on behalf of the company as they think advisable for financing, assisting or subsidising any of the company's subsidiary companies and/or associate companies and/or entities, in which the company has an interest, and for guaranteeing its contracts, obligations or liabilities, in whatsoever manner, for a period of two years, effective as from the date of this resolution being adopted.

10.3. Special resolution no. 3: Financial assistance to purchase own shares
That the board in general be and is hereby authorised in terms of section 44 of the Act to grant any direct or indirect financial assistance, either by means of a loan, guarantee or the provision of any form of security to any person, and/or the company's holding company, subsidiaries and/or associates and/or entities in which the company has an interest for the subscription, acquisition or purchase of shares in the company, which have been issued or which are to be issued and that such approval is granted for a period of two years effective as from the date of adoption of this resolution.

10.4. Special resolution no. 4: Authorisation to the company or a subsidiary of the company to acquire the share of the company
That shareholders of the company hereby authorise, by means of a general authority and by means of a single or a series of transactions, the following:
(a) The acquisition of any of its shares by the company or any subsidiary of the company, whether by means of a single transaction or a series of transactions; and
(b) the acquisition of and/or transfer to the company of any of its shares purchased by any of its subsidiaries in accordance with (a) above, at such consideration and on such terms and conditions and in such quantities as may be determined by the directors of the company or its subsidiaries from time to time, but subject to the provisions of the Act, an exchange's listing requirements (if applicable), and subject to such other conditions as may be required by any other authority, provided that:

- Authorisation will only be valid until and up to the date of the company's next annual general meeting;
- The general authorisation to purchase shares in the company in accordance with (a) above in any 1 (one) financial year, will be limited to a maximum of 20% (twenty percent) of the company's issued share capital of that class on the date upon which the authorisation was granted;
- The board of the company resolved (i) to authorise the acquisition of shares in the company, (ii) that the company passed the solvency and liquidity test as contemplated in the Act, and (iii) that no material change has taken place in the financial position of the company and its subsidiaries ("the group") since the application of the solvency and liquidity test;
- The company or its subsidiaries may not buy back shares during a closed period for trading in shares, unless a repurchase programme has been put in place in which the dates and number of shares which may be traded during the relevant period are indicated and in respect of which comprehensive particulars of the programme have been made available to the general public and shareholders by means of a published announcement.

11. Share incentive scheme

As at 30 April 2020, the total treasury shares were 10 810 282 (2019: 14 490 144), which represents 6% (2019: 8%) of the issued share capital. 6 071 381 (2019: 6 405 018) of these shares are allocated towards the equity-settled share-based payment scheme. Details of the vesting dates and pricing are disclosed in note 16.2 of the financial statements.

12. Shareholders

Details of the shareholder structure are set out in the Corporate Governance report.

13. Contingent liabilities

Senwes guarantees an amount of R100 million (2019: R200 million) relating to the overdraft facility of Hinterland Holdings (Pty) Ltd.

(2019: On 24 August 2017 the Competition Commission (CC) served an application on Senwes and Tradevantage to refer the alleged contravention of the order to the Tribunal with a request of an administrative penalty. The matter has subsequently been settled between the CC and Senwes. The settlement agreement consent hearing took place on 6 November 2019. Confirmation of the settlement agreement was granted. No penalties were levied, and there were no financial implications for the group.)

14. Covid-19 impact

Refer to the integrated report for information relating to the impact of Covid-19 on the group and mitigating steps taken.

15. Events after the reporting period

Senwes was involved in negotiations regarding the acquisition of a controlling interest in Suidwes Landbou Group. Approval has been obtained from the Competition Commission and the shareholders of Suidwes Landbou. Senwes is awaiting approval from the Competition Tribunal.

Except for the above, management is not aware of any other event that has occurred from the statement of financial position date and up to the date of this report.

16. Date for authorisation and issue of financial statements

Mandate has been given to the chairman of the audit committee only, to approve any adjustments to the financial statements after the date of approval by the directors on 2 July 2020.

SENWES GROUP 5-YEAR REVIEW

	2020 R'm	2019 * R'm	2018 * R'm	2017 * R'm	2016 * R'm
STATEMENT OF FINANCIAL POSITION					
Assets					
Non-current assets	**3 352**	2 218	1 976	1 777	1 545
Current assets	**4 989**	3 842	4 154	3 484	3 115
Total assets	**8 341**	**6 060**	**6 130**	**5 261**	**4 660**
Equity and liabilities					
Capital and reserves	**2 560**	2 336	2 159	1 970	1 863
Non-controlling interest	**343**	27	20	19	19
Equity	**2 903**	2 363	2 179	1 989	1 882
Non-current liabilities	**859**	1 168	1 088	1 002	1 002
Current liabilities	**4 579**	2 529	2 863	2 270	1 776
Total equity and liabilities	**8 341**	**6 060**	**6 130**	**5 261**	**4 660**
Interest-bearing liabilities included in current and non-current liabilities	**4 347**	2 883	3 031	2 617	2 200
INCOME STATEMENT PER SEGMENT					
Revenue					
Financial Services *(Senwes Credit, Senwes Asset Finance, Certisure Group and Molemi Sele Management)*	**385**	348	321	309	230
Input Supply *(Senwes Equipment, JD Implemente, Staalmeester, KLK Landbou Group, Falcon, Hinterland Group and Bastion Lime Group)*	**3 533**	1 485	1 425	1 350	1 429
Market Access *(Senwes Grainlink, Tradevantage, Senwes Graanmakelaars, Grainovation and ESC)*	**765**	758	942	741	493
Normal operating activities	**4 683**	**2 591**	**2 688**	**2 400**	**2 152**
Corporate income	**120**	96	104	97	101
Total revenue	**4 803**	**2 687**	**2 792**	**2 497**	**2 253**
Profit/(loss)					
Financial Services *(Senwes Credit, Senwes Asset Finance, Certisure Group and Molemi Sele Management)*	**201**	168	160	147	74
Input Supply *(Senwes Equipment, JD Implemente, Staalmeester, KLK Landbou Group, Falcon, Hinterland Group and Bastion Lime Group)*	**148**	30	(59)	43	5
Market Access *(Senwes Grainlink, Tradevantage, Senwes Graanmakelaars, Grainovation and ESC)*	**186**	300	412	85	174
Normal operating activities	**535**	**498**	**513**	**275**	**253**
Corporate costs	**(89)**	(100)	(81)	(46)	(40)
Profit before tax	**446**	**398**	**432**	**229**	**213**
Taxation	**(109)**	(115)	(121)	(62)	(57)
Profit for the year	**337**	**283**	**311**	**167**	**156**
Non-controlling interest	**34**	2	1	1	3
Net finance costs (finance costs less finance income) included in results	**(86)**	(80)	(91)	(68)	(72)
CASH FLOW STATEMENT					
Cash from operating activities	**545**	575	681	321	408
Changes in working capital	**762**	(193)	(128)	33	(17)
Total finance income and finance costs, tax and dividends paid	**(313)**	(243)	(267)	(189)	(227)
Finance income	**4**	-	-	-	-
Finance costs paid	**(88)**	(80)	(91)	(68)	(72)
Tax paid	**(117)**	(64)	(86)	(50)	(66)
Dividends paid	**(112)**	(99)	(90)	(71)	(89)
Net cash flow from operating activities	**994**	139	286	165	164
Net cash used in investment activities	**(927)**	(104)	(256)	(186)	(142)
Net cash used in financing activities	**(33)**	(1)	(47)	-	-
Net increase/(decrease) in cash and cash equivalents	**34**	34	(17)	(21)	22

*Change in presentation of finance costs and cost of sales. Refer to note 35.

FINANCIAL AND OPERATING RATIOS

	Definition *p. 110-111*	2020	2019 *	2018 *	2017 *	2016 *	5-year compounded annual growth %
FINANCIAL GROWTH (%)							
Total assets		**37,6**	(1,1)	16,5	12,9	(1,8)	11,9
Total shareholder interest		**22,9**	8,4	9,6	5,7	4,7	10,1
Interest-bearing liabilities		**50,8**	(4,9)	15,8	18,9	1,8	15,0
Total revenue from continuing operations		**78,7**	(3,8)	11,8	10,8	(3,1)	15,6
Profit before tax		**12,1**	(7,9)	88,6	7,5	(36,0)	6,0
Normalised headline earnings per share		**(18,8)**	(9,2)	80,4	36,6	(54,7)	(3,8)
Net asset value per share		**7,2**	7,7	11,8	5,7	4,6	7,4
Closing market price per share		**-**	-	5,8	(1,0)	(8,7)	(0,9)
Total dividends for the year		**-**	11,1	20,0	-	(10,0)	3,7
PERFORMANCE OF ORDINARY SHARES							
Number of ordinary shares ('m)							
Weighted average number in issue		**169,87**	166,18	167,27	168,88	168,88	
Number in issue at year-end		**169,98**	166,30	165,58	168,88	168,88	
Cents per share							
Earnings	1	**178,3**	169,1	185,3	98,3	90,6	
Normalised headline earnings	2	**144,2**	177,5	195,5	108,4	79,3	
Diluted normalised headline earnings	3	**137,9**	169,1	180,9	101,2	74,1	
Net asset value	4	**1 506,1**	1 404,7	1 303,9	1 166,5	1 103,1	
Closing market price		**1 100,0**	1 100,0	1 100,0	1 040,0	1 050,0	
Total dividends for the year		**60,0**	60,0	54,0	45,0	45,0	
Final dividend proposed		**30,0**	30,0	27,0	25,0	20,0	
Interim dividend paid		**30,0**	30,0	27,0	20,0	25,0	
Percentage							
Price-book ratio	5	**73,0**	78,3	84,4	89,2	95,2	
Dividend yield on opening market price	6	**5,5**	5,5	5,2	4,3	3,9	
Dividend yield on average market price	7	**5,5**	5,5	5,0	4,3	4,1	
Times							
Price-earnings ratio	8	**7,6**	6,2	5,6	9,6	13,2	
Cyclically adjusted price-earnings ratio (CAPE ratio)	9	**6,4**	6,5	6,3	6,4	6,8	
EV/EBITDA multiple	10	**9,8**	9,1	8,9	13,3	12,5	
Dividend cover	11	**3,0**	2,8	3,4	2,2	2,0	
R'million							
Market capitalisation	12	**1 988,7**	1 988,7	1 988,7	1 880,2	1 898,3	
SHAREHOLDER RETURN (%)							
Return on opening equity	13	**13,0**	13,0	15,7	8,9	8,6	
Return on average equity	14	**12,4**	12,5	15,0	8,7	8,4	
Total shareholder return on opening market price (%)	15	**5,5**	5,5	11,0	3,3	(4,8)	
Total shareholder return on average market price (%)	16	**5,5**	5,5	10,7	3,3	(5,0)	
Alpha to residual risk ratio (cents alpha achieved per R1 residual risk)	17	**0,5**	1,6	15,5	(17,9)	(18,8)	
Equity risk premium (%)	18	**4,2**	4,2	7,1	0,1	(0,1)	
PRODUCTIVITY AND EFFICIENCY							
Asset velocity (times)	19	**0,7**	0,4	0,5	0,5	0,5	
Revenue/equity (times)	20	**1,7**	1,1	1,3	1,3	1,2	
Number of employees		**3 427**	1 624	1 613	1 540	1 412	
Operating profit per employee (R'000)	21	**160,8**	290,6	327,3	180,5	199,0	
Return on total assets - EBIT (%)	22	**6,4**	7,9	8,5	5,6	5,8	
Return on net tangible capital invested (%)	23	**10,2**	9,2	11,4	7,3	7,2	
Operating profit as % of income	24	**11,5**	17,6	18,9	11,1	13,2	
Effective tax rate (%)	25	**25**	29	28	27	27	
SOLVENCY AND LIQUIDITY							
Equity as % of net assets	26	**40**	45	42	43	46	
Equity as % of total assets (own capital ratio)	27	**35**	39	36	38	40	
Gearing ratio (%)	28	**144**	121	139	131	115	
Non-interest-bearing liabilities as % of equity	29	**38**	34	42	33	31	
Finance costs (R'm)	30	**(90)**	(80)	(91)	(68)	(72)	
Interest cover - EBITDA (times)	31	**7,0**	6,7	6,2	5,0	4,5	
Current ratio	32	**1,1**	1,5	1,5	1,5	1,8	
Quick asset ratio	33	**0,9**	1,2	1,1	1,2	1,3	

*Change in presentation of finance costs and cost of sales. Refer to note 35.

DEFINITIONS

1. Earnings per share
Earnings attributable to shareholders, divided by the weighted average number of shares in issue during the year.

2. Normalised headline earnings per share
Normalised headline earnings (refer to note 25.1.2), divided by the weighted average number of shares in issue during the year.

3. Diluted normalised headline earnings per share
Normalised headline earnings (refer to note 25.1.2), divided by the weighted average diluted number of shares in issue during the year.

4. Net asset value per share
Capital and reserves, divided by the number of shares in issue at year-end.

5. Price-book ratio
Closing market price per share divided by the net asset value per share, at year-end.

6. Dividend yield on opening market price
Total dividend per share divided by the opening market price per share.

7. Dividend yield on average market price
Total dividend per share divided by the average market price per share.

8. Price-earnings ratio
Closing market price per share divided by the normalised headline earnings per share.

9. Cyclically adjusted price-earnings ratio (CAPE ratio)
Closing market price per share divided by the 10-year average, inflation-adjusted headline earnings per share.

10. EV/EBITDA multiple
Enterprise value (EV) divided by the earnings before interest, taxes, depreciation and amortisation (EBITDA). Where the EV is calculated as market capitalisation plus the value of interest-bearing debt, less cash.

11. Dividend cover
Earnings per share divided by the total dividend per share.

12. Market capitalisation
Closing market price per share multiplied by the number of shares in issue.

13. Return on opening equity
Profit after tax divided by the opening balance of total equity.

14. Return on average equity
Profit after tax divided by the average of the opening and closing balance of total equity.

15. Total shareholder return on opening market price
Total dividend plus growth in the market price per share, divided by the opening market price per share.

16. Total shareholder return on average market price
Total dividend plus growth in the market price per share, divided by the average market price per share.

17. Alpha to residual risk ratio
Alpha (in R'm) divided by the group's average residual risk (in R'm). Where alpha is defined as the value by which the actual return on equity outperforms the required return on equity. The ratio expresses alpha as a value in cents achieved per R1 residual risk taken.

18. Equity risk premium
The equity risk premium is defined as the return in excess of the risk-free rate of return, and is calculated as the difference between the return on opening equity (definition 13) and the risk-free rate of return (assumed to be the return of the R186 government bond).

19. Asset velocity
Revenue divided by total average assets.

20. Revenue/equity
Revenue divided by total closing equity.

21. Operating profit per employee
Profit before tax from continuing operations, adjusted with finance costs, investment income and share of profit from associate and joint ventures (operating profit), divided by the total number of employees at Senwes at year-end.

22. Return on total assets
Profit before taxation and finance costs from continuing operations (EBIT), as % of total assets less assets of discontinued operations (held-for-sale).

23. Return on net tangible capital invested
Earnings before interest and tax (EBIT) divided by the opening balance of net tangible capital invested. Where net tangible capital invested is calculated as total assets (or total equity and liabilities) reduced by intangible assets, non-interest-bearing current liabilities and cash.

24. Operating profit as % of income
Operating profit as percentage of revenue. Where operating profit is calculated as the earnings before interest and tax, excluding profit or loss from joint ventures and associate.

25. Effective tax rate
Tax expense as per the financial statements as a % of profit before tax.

26. Equity as % of net assets
Total equity expressed as a % of total assets, reduced by non-interest-bearing debt.

27. Equity as % of total assets (own capital ratio)
Total equity expressed as a % of total assets.

28. Gearing ratio
Interest-bearing debt, reduced by cash, divided by total equity.

29. Non-interest-bearing liabilities as % of equity
Non-interest-bearing liabilities and provisions divided by total equity.

30. Finance costs
Refer to note 22.2 in the annual financial statements.

31. Interest cover
Earnings before interest, tax, depreciation and amortisation (EBITDA), divided by finance costs.

32. Current ratio
Current assets divided by current liabilities.

33. Quick asset ratio
Current assets less inventory, divided by current liabilities.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

as at 30 April 2020

	Notes	GROUP 2020 R'm	GROUP 2019 R'm	COMPANY 2020 R'm	COMPANY 2019 R'm
ASSETS					
Non-current assets					
Property, plant and equipment	2	**1 289**	715	**757**	608
Investment properties	3	**1**	-	**-**	-
Right-of-use assets	4	**37**	-	**2**	-
Goodwill and intangible assets	5	**41**	9	**6**	-
Investment in subsidiaries	6.2	**-**	-	**328**	110
Investment in joint ventures	8.1	**185**	227	**222**	222
Investment in associate	8.2	**31**	28	**25**	25
Other financial assets	7.1.1	**2**	5	**-**	3
Long-term portion of other loans receivable	7.1.2	**510**	6	**586**	48
Loans and other receivables	9	**1 226**	1 204	**1 226**	1 204
Deferred tax asset	18.2	**30**	24	**12**	12
Total non-current assets		**3 352**	2 218	**3 164**	2 232
Current assets					
Inventory	10	**882**	609	**58**	364
Trade and other receivables	11	**3 735**	2 881	**3 280**	2 787
Other loans receivable	7.1.2	**7**	28	**374**	143
Inventory held to satisfy firm sales	12	**105**	234	**82**	218
Derivative financial instruments	20.1	**86**	52	**77**	20
Tax receivable	29	**-**	7	**-**	8
Cash and short-term deposits	7.1.3	**174**	31	**59**	1
Total current assets		**4 989**	3 842	**3 930**	3 541
TOTAL ASSETS		**8 341**	6 060	**7 094**	5 773
EQUITY AND LIABILITIES					
Equity					
Issued capital	14	**1**	1	**1**	1
Share premium	15.1	**67**	67	**67**	67
Treasury shares	15.2	**(124)**	(160)	**-**	-
Reserves	15.3, 15.4, 16.2	**23**	31	**47**	57
Retained earnings		**2 593**	2 397	**2 333**	2 227
Own equity		**2 560**	2 336	**2 448**	2 352
Non-controlling interest	6.1, 6.3	**343**	27	**-**	-
Total equity		**2 903**	2 363	**2 448**	2 352
Non-current liabilities					
Interest-bearing loans	7.2.3	**670**	1 002	**650**	1 000
Other financial liabilities	7.2.5	**35**	59	**35**	59
Lease liabilities	4	**29**	-	**1**	-
Deferred government grants	7.4	**10**	-	**-**	-
Deferred tax liability	18.2	**115**	107	**81**	112
Total non-current liabilities		**859**	1 168	**767**	1 171
Current liabilities					
Trade and other payables	17	**791**	536	**149**	236
Contract liabilities	7.3	**9**	39	**9**	39
Interest-bearing loans	7.2.2	**3 467**	1 837	**3 461**	1 837
Other loans payable	7.2.1	**64**	46	**141**	71
Derivative financial instruments	20.2	**72**	30	**63**	29
Tax payable	29	**15**	-	**15**	-
Short-term incentive bonuses	16.1	**24**	26	**23**	23
Bank overdraft	7.2.4	**109**	-	**-**	-
Short-term portion of lease liabilities	4	**10**	-	**1**	-
Short-term portion of deferred government grants	7.4	**1**	-	**-**	-
Provisions	19	**17**	15	**17**	15
Total current liabilities		**4 579**	2 529	**3 879**	2 250
Total liabilities		**5 438**	3 697	**4 646**	3 421
TOTAL EQUITY AND LIABILITIES		**8 341**	6 060	**7 094**	5 773

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 April 2020

	Notes	GROUP 2020 R'm	GROUP 2019 * R'm	COMPANY 2020 R'm	COMPANY 2019 * R'm
Services rendered		**634**	813	**580**	818
Income from sale of goods		**3 764**	1 500	**912**	1 259
Revenue from contracts with customers		**4 398**	2 313	**1 492**	2 077
Finance income	22.3	**405**	374	**435**	379
Revenue		**4 803**	2 687	**1 927**	2 456
Cost of sales and cost of finance income	22.1	**(3 027)**	(1 357)	**(767)**	(1 208)
Gross profit		**1 776**	1 330	**1 160**	1 248
Dividend income	23	**-**	-	**12**	2
Gain on bargain purchase of subsidiary	6.1	**56**	-	**-**	-
Distribution, sales and administrative expenses	22.1	**(1 273)**	(843)	**(786)**	(826)
Credit loss expense on financial assets	22.1	**(8)**	(15)	**(3)**	(15)
Operating profit		**551**	472	**383**	409
Finance income	22.3	**4**	-	**-**	-
Finance costs	22.2	**(90)**	(80)	**(89)**	(81)
Share of (loss)/profit from joint ventures and associate	8.1, 8.2	**(19)**	6	**-**	-
Profit before tax from operations		**446**	398	**294**	328
Tax	18.1	**(109)**	(115)	**(80)**	(100)
Profit after tax		**337**	283	**214**	228
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax		**(1)**	-	**-**	-
Fair value adjustments of other financial assets	7.1.1	**(2)**	-	**-**	-
Share of other comprehensive income of joint venture	8.1	**1**	-	**-**	-
Total comprehensive income for the year, net of tax		**336**	283	**214**	228
Profit attributable to:					
Equity holders of the parent		**303**	281	**214**	228
Non-controlling interest	6.3	**34**	2	**-**	-
Total comprehensive income attributable to:					
Equity holders of the parent		**302**	281	**214**	228
Non-controlling interest	6.3	**34**	2	**-**	-

*Change in presentation of finance costs and cost of sales. Refer to note 35.

EARNINGS PER SHARE		2020 cents/ share	2019 cents/ share
Earnings per share	25.1.3	**178,3**	169,1
Normalised headline earnings per share	25.1.3	**144,2**	177,5
Diluted earnings per share	25.1.4	**170,5**	161,1
Diluted normalised headline earnings per share	25.1.4	**137,9**	169,1

DIVIDENDS FOR THE YEAR		2020 cents/ share	2019 cents/ share
Dividend per share paid during the year	25.2	**60**	57
Final dividend previous year		**30**	27
Interim dividend		**30**	30
Final dividend per share proposed	25.2	**30**	30

CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY

for the year ended 30 April 2020

	Notes	Issued share capital R'm	Share premium R'm	Treasury shares R'm	Share-based payment reserve R'm	Changes in owner-ship R'm	Fair value adjust-ments* R'm	Retained earnings R'm	Non-con-trolling interest R'm	Total equity R'm
	Notes	14	15.1	15.2	16.2	15.4	15.3		6.3	
GROUP										
Balance as at 30 April 2018		1	67	(168)	53	(14)	5	2 215	20	2 179
Total comprehensive income		-	-	-	-	-	-	281	2	283
Profit for the year		-	-	-	-	-	-	281	2	283
Other comprehensive income		-	-	-	-	-	-	-	-	-
Dividends	25.2	-	-	-	-	-	-	(99)	-	(99)
Acquisition of subsidiary	6.1	-	-	-	-	-	-	-	5	5
Change in ownership of joint venture	15.4	-	-	-	-	(14)	-	-	-	(14)
Equity-settled share-based payment scheme - Vesting	16.2	-	-	8	(8)	-	-	-	-	-
Treasury shares purchased	14	-	-	-	-	-	-	-	-	-
Equity-settled share-based payment scheme - Expense	16.2	-	-	-	9	-	-	-	-	9
Balance as at 30 April 2019		**1**	**67**	**(160)**	**54**	**(28)**	**5**	**2 397**	**27**	**2 363**
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**(1)**	**303**	**34**	**336**
Profit for the year		**-**	**-**	**-**	**-**	**-**	**-**	**303**	**34**	**337**
Other comprehensive income		**-**	**-**	**-**	**-**	**-**	**(1)**	**-**	**-**	**(1)**
Dividends	25.2	**-**	**-**	**-**	**-**	**-**	**-**	**(107)**	**(5)**	**(112)**
Acquisition of subsidiary	6.1	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**288**	**288**
Change in ownership of subsidiary **		**-**	**-**	**-**	**-**	**-***	**-**	**-**	**(1)**	**(1)**
Equity-settled share-based payment scheme - Vesting	16.2	**-**	**-**	**24**	**(24)**	**-**	**-**	**-**	**-**	**-**
Net treasury shares sold	15.2	**-**	**-**	**12**	**-**	**-**	**-**	**-**	**-**	**12**
Equity-settled share-based payment scheme - Expense	16.2	**-**	**-**	**-**	**17**	**-**	**-**	**-**	**-**	**17**
Balance as at 30 April 2020		**1**	**67**	**(124)**	**47**	**(28)**	**4**	**2 593**	**343**	**2 903**

*R4 million relates to fair value adjustments on Molemi Sele Management.

**The change in ownership relates to Senwes Ltd acquiring an additional 0,21% share in KLK Landbou Ltd during July 2019.

***Amount is less than R0,5 million.

	Notes	Issued share capital R'm	Share premium R'm	Treasury shares R'm	Share-based payment reserve R'm	Changes in owner-ship R'm	Fair value adjust-ments* R'm	Retained earnings R'm	Non-con-trolling interest R'm	Total equity R'm
COMPANY										
Balance as at 30 April 2018		1	67	-	53	-	3	2 102	-	2 226
Total comprehensive income		-	-	-	-	-	-	228	-	228
Profit for the year		-	-	-	-	-	-	228	-	228
Other comprehensive income		-	-	-	-	-	-	-	-	-
Dividends	25.2	-	-	-	-	-	-	(103)	-	(103)
Equity-settled share-based payment scheme - Vesting	16.2	-	-	-	(8)	-	-	-	-	(8)
Equity-settled share-based payment scheme - Expense	16.2	-	-	-	9	-	-	-	-	9
Balance as at 30 April 2019		**1**	**67**	**-**	**54**	**-**	**3**	**2 227**	**-**	**2 352**
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**-**	**214**	**-**	**214**
Profit for the year		**-**	**-**	**-**	**-**	**-**	**-**	**214**	**-**	**214**
Other comprehensive income		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Dividends	25.2	**-**	**-**	**-**	**-**	**-**	**-**	**(108)**	**-**	**(108)**
Fair value adjustment		**-**	**-**	**-**	**-**	**-**	**(3)**	**-**	**-**	**(3)**
Equity-settled share-based payment scheme - Vesting	16.2	**-**	**-**	**-**	**(22)**	**-**	**-**	**-**	**-**	**(22)**
Equity-settled share-based payment scheme - Expense	16.2	**-**	**-**	**-**	**15**	**-**	**-**	**-**	**-**	**15**
Balance as at 30 April 2020		**1**	**67**	**-**	**47**	**-**	**-**	**2 333**	**-**	**2 448**

CONSOLIDATED STATEMENTS OF CASH FLOWS

for the year ended 30 April 2020

	Notes	GROUP 2020 R'm	GROUP 2019 * R'm	COMPANY 2020 R'm	COMPANY 2019 * R'm
Net cash flows from operating activities		**994**	139	**1 195**	28
Cash from operating activities	27	**545**	575	**379**	505
Finance income	22.3	**4**	-	**-**	-
Finance costs paid	22.2	**(88)**	(80)	**(87)**	(81)
Tax paid	29	**(117)**	(64)	**(88)**	(57)
Dividends paid	25.2	**(112)**	(99)	**(108)**	(103)
Changes in working capital	28	**762**	(193)	**1 099**	(236)
Net cash flows used in investment activities		**(927)**	(104)	**(1 135)**	(8)
Purchase of property, plant and equipment	30	**(268)**	(188)	**(224)**	(184)
Purchase of intangible assets	5	**(6)**	-	**(6)**	-
Proceeds from the disposal of property, plant and equipment	31	**18**	3	**3**	3
Proceeds from the disposal investment property	3	**2**	-	**-**	-
Acquisition of subsidiaries	6.1	**(228)**	(25)	**(217)**	-
Grant to Senwes Share Incentive Scheme Trust	6.2	**-**	-	**-**	(2)
Dividends received from investments in joint ventures	8.1.1, 23	**5**	2	**5**	2
Dividends received from subsidiaries	23	**-**	-	**7**	-
Additional loans received from related parties	32	**29**	14	**79**	39
Repayment of loans from related parties	32	**-**	(11)	**(9)**	(11)
Additional loans advanced to related and third parties	32	**(510)**	(49)	**(820)**	(98)
Repayment of loans to related and third parties	32	**31**	150	**47**	243
Net cash flows before financing activities		**67**	35	**60**	20
Net cash used in financing activities		**(33)**	(1)	**(2)**	-
Treasury shares purchased	15.2	**(22)**	(1)	**-**	-
Repayment of interest-bearing loans	7.2.3	**(6)**	-	**-**	-
Repayment of lease liabilities (excluding interest accrued)	4	**(7)**	-	**(2)**	-
Deferred government grants received	7.4	**2**	-	**-**	-
Net increase in cash and cash equivalents		**34**	34	**58**	20
Cash and cash equivalents at the beginning of the year	7.1.3, 7.2.4	**31**	(3)	**1**	(19)
Cash and cash equivalents at the end of the year	7.1.3, 7.2.4	**65**	31	**59**	1

*Change in presentation of finance costs and cost of sales. Refer to note 35.

NOTES TO THE FINANCIAL STATEMENTS

1. SEGMENTAL INFORMATION

1.1 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 Sele 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 Sele holds investments in agricultural companies, an index tracker fund and a cell captive.
Input Supply (Senwes Equipment, JD Implemente, Staalmeester, Senwes Equip Holdings, Hinterland Group, Bastion Lime Group, Falcon and KLK Landbou Group)	Sales at retail outlets (including fuel stations), direct sales of farming input requirements, car dealership sales, 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, fuel and industrial retail products to agricultural retail outlets. Production and processing of raisin products, cattle hides, dorper skins, beef and lamb carcasses (abattoirs).
Market Access (Senwes Grainlink, Tradevantage, Senwes Graanmakelaars, 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 Share Incentive Scheme Trust, Thobo Trust, Senwes Capital, Senwes Agrowth and RealFin Collective Investment Scheme)	Head office services, information technology, human resources, planning and property development, central administration, fleet management, secretarial services, legal services, corporate marketing, risk management, internal audit, strategic development, group finance, corporate finance, 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.

1.2 SEGMENTAL REVENUE AND RESULTS

Senwes Group operates in South Africa only.

	GROUP			
	2020 R'm	2019 R'm	2020 R'm	2019 ** R'm
	SEGMENTAL REVENUE		SEGMENTAL PROFIT/(LOSS)	
Financial Services *(Senwes Credit, Senwes Asset Finance, Certisure Group and Molemi Sele)*	**385**	348	**201**	168
Income from financing clients and service level agreement income	**387**	349	**192**	159
AgriRewards	**(2)**	(1)	**(2)**	(1)
Profit from joint ventures	**-**	-	**11**	10
Input Supply *(Senwes Equipment, JD Implemente, Staalmeester, KLK Landbou Group, Falcon, Hinterland Group and Bastion Lime Group)*	**3 533**	1 485	**148**	30
Income from sale of goods and services rendered	**3 535**	1 598	**220**	82
AgriRewards	**(1)**	-	**(1)**	-
Intragroup sales	**(1)**	(113)	**-**	-
Finance costs	**-**	-	**(36)**	(40)
Profit/(loss) from joint ventures	**-**	-	**(35)**	(12)
Market Access *(Senwes Grainlink, Tradevantage, Senwes Graanmakelaars, Grainovation and ESC)*	**765**	758	**186**	300
Income from commodity trading, sale of goods and services rendered *	**3 872**	3 003	**253**	340
AgriRewards	**(14)**	(16)	**(14)**	(16)
Intragroup sales	**(3 093)**	(2 229)	**-**	-
Finance costs	**-**	-	**(57)**	(32)
Profit from joint ventures	**-**	-	**4**	8
Normal operational activities	**4 683**	2 591	**535**	498
Corporate	**120**	96	**(89)**	(100)
Income from service level agreement and other corporate fees	**90**	66	**3**	15
Interest income from joint ventures	**30**	30	**30**	32
Finance costs	**-**	-	**3**	(8)
Corporate costs	**-**	-	**(125)**	(139)
Total revenue	**4 803**	2 687		
Profit before tax			**446**	398
Tax			**(109)**	(115)
Profit after tax (before non-controlling interest)			**337**	283
Non-controlling interest			**(34)**	(2)
Profit after tax (after non-controlling interest)			**303**	281

*More than 10% of revenue from services rendered was not derived from any specific business partner(s) (2019: R302 million, from two business partners).
**Change in presentation of finance costs and cost of sales. Refer to note 35.

1.3 NET SEGMENTAL ASSETS

	GROUP					
	2020 R'm	2019 R'm	2020 R'm	2019 R'm	2020 R'm	2019 R'm
	ASSETS		LIABILITIES		NET	
Financial Services	**4 107**	3 800	**(2 529)**	(2 044)	**1 578**	1 756
Input Supply *	**1 949**	865	**(1 240)**	(548)	**709**	317
Market Access	**1 498**	1 159	**(1 048)**	(786)	**450**	373
Total operations	**7 554**	5 824	**(4 817)**	(3 378)	**2 737**	2 446
Corporate	**757**	212	**(506)**	(212)	**251**	-
Total segmental assets/(liabilities)	**8 311**	6 036	**(5 323)**	(3 590)	**2 988**	2 446
Deferred tax	**30**	24	**(115)**	(107)	**(85)**	(83)
Total	**8 341**	6 060	**(5 438)**	(3 697)	**2 903**	2 363

*Assets include the net investment in Hinterland joint venture of R72 million (2019: R98 million).

1.4 SEGMENTAL DISCLOSABLE ITEMS

	GROUP					
	2020 R'm	2019 R'm	2020 R'm	2019 R'm	2020 R'm	2019 R'm
	CAPITAL EXPENDITURE		DEPRECIATION ON PPE		NON-CASH TRANSACTIONS *	
Financial Services	**-**	-	**-**	-	**(4)**	(15)
Input Supply	**(53)**	(30)	**(19)**	(7)	**(15)**	5
Market Access	**(170)**	(144)	**(48)**	(30)	**(1)**	(11)
Corporate	**(45)**	(36)	**(20)**	(18)	**(2)**	-
Total	**(268)**	(210)	**(87)**	(55)	**(22)**	(21)

*Non-cash transactions consist of provisions made.

2. PROPERTY, PLANT AND EQUIPMENT

	GROUP		COMPANY	
	2020 R'm	2019 R'm	2020 R'm	2019 R'm
Cost price	**2 011**	1 289	**1 337**	1 171
Land	**37**	35	**6**	4
Silos	**107**	107	**107**	107
Buildings and improvements	**538**	308	**283**	249
Plant and equipment	**1 097**	731	**869**	714
Vehicles	**143**	108	**72**	97
Heavy vehicles	**89**	-	**-**	-
Accumulated depreciation and impairments	**(722)**	(574)	**(580)**	(563)
Land	**-**	-	**-**	-
Silos	**(60)**	(60)	**(60)**	(60)
Buildings and improvements	**(90)**	(80)	**(86)**	(79)
Plant and equipment	**(469)**	(366)	**(388)**	(361)
Vehicles	**(79)**	(68)	**(46)**	(63)
Heavy vehicles	**(24)**	-	**-**	-
Total carrying value	**1 289**	715	**757**	608

2.1. Registers of land and buildings are available for inspection at the registered offices of the relevant companies.

2.2. Certain assets are encumbered as set out in note 7.2.3.

2.3. The capital commitments of the group are set out in note 21.

2020 - Reconciliation of movements on property, plant and equipment

	Balance at the beginning of the year R'm	Business combinations [1] R'm	Purchases R'm	Disposals and impairment provisions [2] R'm	Depreciation R'm	Balance at the end of the year R'm
GROUP - 2020						
Land	**35**	**-**	**2**	**-**	**-**	**37**
Silos	**47**	**-**	**-**	**-**	**-**	**47**
Buildings and improvements	**228**	**173**	**59**	**(3)**	**(9)**	**448**
Plant and equipment	**365**	**138**	**187**	**(4)**	**(58)**	**628**
Vehicles	**40**	**24**	**20**	**(10)**	**(10)**	**64**
Heavy vehicles	**-**	**76**	**-**	**(1)**	**(10)**	**65**
Total	**715**	**411**	**268**	**(18)**	**(87)**	**1 289**

[1] Relates to the acquisitions of Falcon Agricultural Equipment (Pty) Ltd, KLK Landbou Ltd and Grainovation (Pty) Ltd. Refer to note 6.1 for more details regarding the acquisitions.

	Balance at the beginning of the year R'm	Business combinations [1] R'm	Purchases R'm	Disposals and impairment provisions [2] R'm	Depreciation R'm	Balance at the end of the year R'm
COMPANY - 2020						
Land	**4**	**-**	**2**	**-**	**-**	**6**
Silos	**47**	**-**	**-**	**-**	**-**	**47**
Buildings and improvements	**170**	**-**	**39**	**(3)**	**(9)**	**197**
Plant and equipment	**353**	**-**	**175**	**(3)**	**(44)**	**481**
Vehicles	**34**	**-**	**8**	**(9)**	**(7)**	**26**
Total	**608**	**-**	**224**	**(15)**	**(60)**	**757**

[2] The disposals at company level include the disposal of Senwes Limited's equipment division to a separate legal entity, Senwes Equipment (Pty) Ltd, which resulted in a common control transaction. The carrying value of the assets sold was R12 million.

2. PROPERTY, PLANT AND EQUIPMENT | continued

2019 - Reconciliation of movements on property, plant and equipment

	Balance at the beginning of the year R'm	Purchases [1] R'm	Disposals and impairment provisions R'm	Transfers [2] R'm	Depreciation R'm	Balance at the end of the year R'm
GROUP - 2019						
Land	33	4	-	(2)	-	35
Silos	49	8	-	(10)	-	47
Buildings and improvements	173	51	-	12	(8)	228
Plant and equipment	279	129	(1)	(4)	(38)	365
Vehicles	33	18	-	(2)	(9)	40
Total	567	210	(1)	(6)	(55)	715

[1] Included in purchases are property, plant and equipment of R21 million which originated from the acquisition of Staalmeester. Refer to note 6.1 for more details regarding the acquisition.

[2] Included in transfers is the transfer of goodwill, R6 million, refer to note 5 Goodwill and Intangible assets.

	Balance at the beginning of the year R'm	Purchases [1] R'm	Disposals and impairment provisions R'm	Transfers [2] R'm	Depreciation R'm	Balance at the end of the year R'm
COMPANY - 2019						
Land	3	1	-	-	-	4
Silos	49	8	-	(10)	-	47
Buildings and improvements	121	40	-	16	(7)	170
Plant and equipment	277	123	(1)	(8)	(38)	353
Vehicles	31	13	-	(2)	(8)	34
Total	481	185	(1)	(4)	(53)	608

[2] Included in transfers is the transfer of goodwill, R4 million, refer to note 5 Goodwill and Intangible assets.

3. INVESTMENT PROPERTIES

	GROUP		COMPANY	
	2020 R'm	2019 R'm	2020 R'm	2019 R'm
Cost	**1**	-	**-**	-
Accumulated depreciation and impairments	**-**	-	**-**	-
Total carrying value	**1**	-	**-**	-

2020 - Reconciliation of movements on investment property

	Balance at the beginning of the year R'm	Business combinations [1] R'm	Disposals [2] R'm	Depreciation R'm	Balance at the end of the year R'm
GROUP - 2020					
Land and buildings	**-**	**3**	**(2)**	**-**	**1**
Total	**-**	**3**	**(2)**	**-**	**1**

[1] Consists of investment property of R3 million which originated from the acquisition through business combination of KLK Landbou. Refer to note 6.1 for more details regarding the acquisition.

[2] Land and buildings with a carrying value of R2 million were sold during the current financial year for R2 million.

3.1. A register of investment property is available for inspection at the registered office of the relevant company.

3.2. The fair value of land and buildings is estimated at R6 million (2019: R8 million). The capitalisation method was used as the valuation method. Higher rates of return, occupation levels and lower expected market-related rental value will reduce fair value.

4. LEASE ASSETS AND LIABILITIES

The group has lease contracts for mostly buildings and plant and equipment used in its operations.

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

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

2020 - Reconciliation of movements on right-of-use assets

	Balance at the beginning of the year R'm	Adoption of standard * R'm	Additions [1] R'm	Transfer/ disposal [2] R'm	Depreciation R'm	Balance at the end of the year R'm
GROUP - 2020						
Buildings and improvements	-	10	28	-	(7)	31
Plant and equipment	-	1	6	-	(1)	6
Total	-	11	34	-	(8)	37
COMPANY - 2020						
Buildings and improvements	-	9	-	(6)	(2)	1
Plant and equipment	-	1	-	-	-	1
Total	-	10	-	(6)	(2)	2

[1] Additions relate to the business combinations of Falcon Agricultural Equipment (Pty) Ltd and KLK Landbou Ltd during the current financial year. Refer to note 6.1 for more details regarding the acquisitions.
[2] The transfer/disposal relates to the disposal of Senwes Ltd's equipment division to a separate legal entity, Senwes Equipment (Pty) Ltd, which resulted in a common control transaction.

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

2020 - Reconciliation of movements on lease liabilities

	Balance at the beginning of the year R'm	Adoption of standard * R'm	Additions [1] R'm	Transfer/ disposal [2] R'm	Accretion of interest R'm	Payments R'm	Balance at the end of the year R'm
GROUP - 2020							
Buildings and improvements	-	10	29	-	2	(7)	34
Plant and equipment	-	1	6	-	-	(2)	5
Total	-	11	35	-	2	(9)	39
Current							10
Non-current							29
COMPANY - 2020							
Buildings and improvements	-	9	-	(6)	-	(2)	1
Plant and equipment	-	1	-	-	-	-	1
Total	-	10	-	(6)	-	(2)	2
Current							1
Non-current							1

[1] Additions relate to the business combinations of Falcon Agricultural Equipment (Pty) Ltd and KLK Landbou Ltd during the current financial year. Refer to note 6.1 for more details regarding the acquisitions.
[2] The transfer/disposal relates to the disposal of Senwes Ltd's equipment division to a separate legal entity, Senwes Equipment (Pty) Ltd, which resulted in a common control transaction.

*The group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 May 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application, and therefore IFRS 16 has no impact on the prior year.

2020 - Reconciliation of movements on lease liabilities | continued

The maturity analysis of lease liabilities is disclosed in note 24.1.3.

Refer to note 22.1 for the lease expenses relating to short-term leases and leases of low value assets recognised in profit or loss. The group has no expense relating to variable lease payments not included in the measurement of lease liabilities.

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

	GROUP		
	Within five years	More than five years	Total
	2020 R'm		
Extension options expected not to be exercised	17	48	65
Termination options expected to be exercised	5	-	5
Total	22	48	70

5. GOODWILL AND INTANGIBLE ASSETS

	GROUP		COMPANY	
	2020 R'm	2019 R'm	2020 R'm	2019 R'm
Goodwill				
Carrying value at the beginning of year	9	-	-	-
Fair value at initial recognition	15	-	4	-
Accumulated impairment provision	(6)	-	(4)	-
Movements during the year:				
Goodwill acquired *	26	9	-	-
Common control transaction ****	-	-	-	-
Transfer from property, plant and equipment **	-	6	-	4
Decrease due to impairments recognised ***	-	(6)	-	(4)
Carrying value at the end of year	35	9	-	-
Fair value at initial recognition	41	15	-	4
Accumulated impairment provision	(6)	(6)	-	(4)

*The goodwill acquired during the year relates to the Falcon Agricultural Equipment (Pty) Ltd and Grainovation (Pty) Ltd acquisitions. Refer to note 6.1 for further details.

**Goodwill to the value of R6 million (R4 million at company level) was previously included with property, plant and equipment. This reallocation was done in 2019.

***Senwes Equipment and JDI Agrico branches: The depressed state of the agricultural sector, causing producers to incur less capital expenditure, meant that the acquired branches from Agrico were unable to achieve its revenue growth targets as originally expected. As a result thereof, Senwes and JDI impaired the goodwill recognised at acquisition date (Senwes: R4 million and JDI: R2 million).

****The derecognition of the carrying value at company level relates to the disposal of Senwes Ltd's equipment division to a separate legal entity, Senwes Equipment (Pty) Ltd, which resulted in a common control transaction.

Goodwill is tested for impairment on an annual basis during the last quarter of each financial year. The investments in Falcon Agricultural Equipment (Pty) Ltd and Staalmeester Agricultural Equipment (Pty) Ltd delivered results beyond the required rate of return as determined at the inception of the investment. (2019: The investment in Staalmeester Agricultural Equipment (Pty) Ltd delivered results beyond the required rate of return as determined at the inception of the investment.)

5. GOODWILL AND INTANGIBLE ASSETS | continued

	GROUP AND COMPANY 2020 R'm
Intangible asset - Intellectual property	
Carrying value at the beginning of year	-
Cost price at initial recognition	-
Accumulated amortisation and impairments	-
Movements during the year:	
Additions *	6
Amortisation	-
Carrying value at the end of year	**6**
Cost price at initial recognition	6
Accumulated amortisation and impairments	-

*During the current financial year the company acquired intellectual property (IP) relating to an invention of laser-based volume measuring devices which the seller has developed on behalf of, and with the assistance of Senwes.

6. INVESTMENT IN COMPANIES

6.1 CORPORATE TRANSACTIONS AND RESTRUCTURING

2020

KLK Landbou Ltd

During the period Senwes acquired a 57,44% interest in KLK Landbou Ltd ("KLK"), which operates as a group of companies in the agricultural sector, with the effective date being 1 July 2019.

Refer to note 6.3.3 for a description of KLK`s operations.

		GROUP R'm
Fair value of assets acquired and liabilities assumed [1]:	A……………………….........	**424**
Non-current assets, excluding property, plant and equipment and deferred tax		29
Property, plant and equipment		324
Deferred tax asset		13
Inventory		425
Trade and other receivables		166
Cash and cash equivalents		54
Trade payables		(322)
Bank overdraft		(52)
Current financial liabilities, excluding trade payables and bank overdraft		(4)
Non-current liabilities		(101)
Non-controlling interest		(108)
Percentage share interest obtained	B………………………….....	**57,44%**
Fair value of tangible net assets (equity) obtained	C = (AxB)………………….	**243**
Consideration paid [2]	D……………………….........	**187**
Bargain purchase [3]	E = (D-C)……………...........	**56**
Non-controlling interest recognised [4]		**180**

[1] The amounts recognised at the acquisition date for each major class of assets acquired and liabilities assumed.

[2] The acquisition was funded from normal operating cash flows (R153 million) and the issue of 3 066 207 normal shares (R34 million), which amounts to a total investment of R187 million.

[3] The bargain purchase is included in the "Gain on bargain purchase of subsidiary" line item in the statement of comprehensive income. The transaction resulted in a gain mainly due to significant fair value adjustments on properties recognised at acquisition date.

[4] The non-controlling interest was determined using the proportionate method.

Since acquisition date, revenue of R2 135 million and a profit after tax of R33 million were contributed to the consolidated statement of comprehensive income by KLK, whereas the revenue and profit contributed by the company for the 12-month accounting period, as though the acquisition had been as of the beginning of the annual reporting period, are R2 651 million and R43 million, respectively.

Other transactions:

During the year, and subsequent to the acquisition of KLK, the board of directors of Carpe Diem Raisins (Pty) Ltd (subsidiary of KLK) decided to purchase the remaining 37,5% of the non-controlling interest of Cool Raisins (Pty) Ltd for R17 million. KLK exercised the option to purchase a further 30,0% shareholding in Carpe Diem Raisins (Pty) Ltd from Van der Colff Beleggings (Pty) Ltd. The transaction price has been agreed between the parties on 28 May 2020 and the transaction is subject to Competition Commission approval.

6.1 CORPORATE TRANSACTIONS AND RESTRUCTURING | continued

Falcon Agricultural Equipment (Pty) Ltd

During the year Senwes acquired a 100% interest, by obtaining the assets and liabilities, in Falcon Agricultural Equipment (Pty) Ltd ("Falcon"). Falcon operates as an agri-implement manufacturer, importer and retailer. The acquisition amounted to R28 million plus fair value of operating capital on the effective date (R21 million). The acquisition was funded from normal operating cash flows. The effective date of acquisition was 1 November 2019. Senwes holds this investment through one of its wholly-owned subsidiaries, Senwes Equip Holdings (Pty) Ltd ("Senwes Equip Holdings" previously known as Pricepro (Pty) Ltd). Senwes Equip Holdings serves as a holding company for mechanisation investments in the group.

		GROUP R'm
Fair value of assets acquired and liabilities assumed [1]:	A……………………….........	**24**
Property, plant and equipment		3
Inventory		22
Trade and other receivables		10
Trade and other payables		(9)
Other liabilities		(2)
Consideration paid	B………………………….....	**49**
Goodwill [2]	C = (B-A)………………….	**25**

[1] The amounts recognised at the acquisition date for each major class of assets acquired and liabilities assumed.

[2] Goodwill arose in respect of, inter alia, the high profitability of the acquired business and synergies expected to arise after the group's acquisition of the business.

Since acquisition date, revenue of R50 million and a profit after tax of R4 million were contributed to the consolidated statement of comprehensive income by Falcon.

Grainovation (Pty) Ltd

Senwes acquired an additional 50% equity interest in Grainovation (Pty) Ltd ("Grainovation"), which brings the investment to 100%. Grainovation is a soft commodity logistics company. The acquisition amounted to R28 million, and was funded from normal operating cash flows. The effective date of acquisition was 1 November 2019. This transaction constitutes a business combination achieved in stages.

		GROUP R'm
Fair value of assets acquired and liabilities assumed [1]:	A……………………….........	**53**
Property, plant and equipment		84
Inventory		1
Trade and other receivables		24
Trade and other payables		(58)
Deferred tax liability		(9)
Loans receivable		11
Consideration paid [2]	B………………………….....	**54**
Goodwill [3]	C = (B-A)………………….	**1**

[1] The amounts recognised at the acquisition date for each major class of assets acquired and liabilities assumed.

[2] The consideration paid consists of the acquisition date fair value of the equity interest in Grainovation held immediately before the acquisition date (R26 million), and the fair value of consideration paid relating to the additional 50% equity interest obtained. A gain of R2 million was recognised as a result of remeasuring to fair value the equity interest in Grainovation held before the business combination, and is included in the "Share of (loss)/profit from joint ventures and associate" line in the statement of comprehensive income.

[3] Goodwill arose in respect of, inter alia, the high profitability of the acquired business and synergies expected to arise after the group's acquisition of the business.

Since acquisition date, revenue of R28 million and a profit after tax of R5 million were contributed to the consolidated statement of comprehensive income by Grainovation, whereas the revenue and profit contributed by the company for the for the 12-month accounting period, as though the acquisition had been as of the beginning of the annual reporting period, are R66 million and R16 million, respectively.

6.1 CORPORATE TRANSACTIONS AND RESTRUCTURING | continued

Senwes Equipment (Pty) Ltd (Senwes Equipment)

Senwes as the legal and beneficial owner of its equipment division within Senwes Ltd, offering mechanisation and maintenance solutions and the supply of whole goods, spares and workshop services to producers from 28 retail outlets and 17 mechanisation workshops, disposed of its business to a separate legal entity (Senwes Equipment (Pty) Ltd) during the current financial year. Senwes Equipment is wholly-owned by Senwes Equip Holdings (Pty) Ltd (a wholly-owned subsidiary of Senwes Ltd). This is therefore a common control transaction, and excluded from the scope of IFRS 3. The effective date of this transaction was 2 December 2019.

The following assets and liabilities transferred from Senwes to Senwes Equipment:

	COMPANY
	R'm
Property, plant and equipment	12
Inventory	382
Trade and other receivables	10
Trade and other payables	(404)

2019

Staalmeester Agricultural Equipment (Pty) Ltd

During the year Senwes Equipment acquired a 75% interest, by obtaining the assets and liabilities in Staalmeester Agricultural Equipment (Pty) Ltd ("Staalmeester"), which operates as an agri-implement manufacturer, importer and retailer, with the effective date being 1 October 2018. Senwes holds this investment through one of its wholly-owned subsidiaries, Senwes Equip Holdings (Pty) Ltd ("Senwes Equip Holdings" previously known as Pricepro (Pty) Ltd). Senwes Equip Holdings serves as a holding company for mechanisation investments in the group.

Fair value of assets acquired and liabilities assumed:

		SENWES GROUP	STAALMEESTER
		R'm	R'm
Fair value of property, plant and equipment	A…………………………...........	21	21
Control obtained	B……………………………....	75%	100%
Value of property, plant and equipment obtained	C = (AxB)…………………..	16	21
Consideration paid	D…………………………...........	25	35
Goodwill	E = (D-C)…………..............	9	14
Non-controlling interest recognised [1]		5	-

[1] The non-controlling interest was determined using the proportionate method.

The net assets recognised in these financial statements are based on a provisional assessment while the group assesses whether there are further separately identifiable assets and/or liabilities.

Restructuring: Hinterland SA/Prodist

During the period, LRB sold their 25% shareholding in Prodist (Pty) Ltd to Hinterland SA (Pty) Ltd. This resulted in Hinterland SA (Pty) Ltd holding a 100% interest in Prodist (Pty) Ltd.

Subsequent to the sale, Hinterland SA changed its name to Hinterland Holdings and Prodist changed its name to Hinterland SA.

Hinterland Holdings (Pty) Ltd merged its retail operations into Hinterland SA (Pty) Ltd. The effective date of the merger was 1 December 2018. The merger constituted a common control transaction and the net value of the assets were transferred into Hinterland SA (Pty) Ltd.

6.2 INVESTMENT IN SUBSIDIARIES

	Notes	Total shares in issue	Interest %	Shares R'm	Provision for impairment on investment R'm	Total net investment R'm
COMPANY - 2020						
JD Implemente (Pty) Ltd	6.3.1	**1 000**	**50**	**6**	**-**	**6**
KLK Landbou Ltd [7]	6.3.3	**17 175 331**	**57,7**	**187**	**-**	**187**
Grainovation (Pty) Ltd		**1 000**	**100**	**28**	**-**	**28**
Senwes Equip Holdings (Pty) Ltd [4]		**100**	**100**	**-**	**-**	**-**
Senwes Equip Holdings (Pty) Ltd - Discounted loan [5]		**-**	**-**	**-**	**-**	**12**
Senwes Agrowth (Pty) Ltd [1]		**1 000**	**73,5**	**-**	**-**	**-**
Senwes Capital (Pty) Ltd		**11 054**	**100**	**25**	**-**	**25**
Senwes Graanmakelaars (Pty) Ltd		**100**	**100**	**-**	**-**	**-**
Senwes Mauritius Ltd [3]		**240**	**100**	**19**	**(19)**	**-**
Senwes Share Incentive Scheme Trust [2]	16.2	**-**	**100**	**66**	**-**	**66**
Tradevantage Grain (Pty) Ltd [6]		**-**	**100**	**4**	**-**	**4**
Total carrying value				**335**	**(19)**	**328**

6.2 INVESTMENT IN SUBSIDIARIES | continued

[1] Senwes Agrowth (Pty) Ltd is the holding company of Tradevantage and consists of equity and an investment of only R100.

Thobo Trust holds a 26,5% interest in Tradevantage Grain (Pty) Ltd, a subsidiary of Senwes Agrowth (Pty) Ltd. No non-controlling interest is accounted for as the trust is ring-fenced as a special purpose vehicle and therefore consolidated. Profits are to be used for social development activities per the trust agreement.

[2] Senwes Share Incentive Scheme Trust was established as a vehicle for the equity-settled share-based payment scheme. During the year 2 336 868 shares (2019: 887 702 shares) vested under the LTI scheme and 376 371 shares (2019: 170 727 shares) were repurchased from the participants of the scheme.

[3] Senwes is in the process of deregistering the business of Senwes Mauritius.

[4] Senwes Equip Holdings' share capital amounts to only R100.

[5] The discounted loans to Senwes Equip Holdings originated due to the nature of these loans (refer to note 7.1.2), being interest free and repayment terms will only be negotiated after five years, a portion of these loans, R16,9 million at inception, is classified as investments. During the period an additional loan was granted to Senwes Equip Holdings, for the purpose of acquiring Falcon Agricultural Equipment (Pty) Ltd.

[6] Senwes indirectly holds a 100% share in Tradevantage through Senwes Agrowth (which holds 100% in Tradevantage), of which Senwes holds 73,5%, and Thobo Trust (which holds 26,5% in Senwes Agrowth), which is a special purpose vehicle of Senwes and also fully consolidated.

[7] During the period Senwes acquired a 57,44% interest in KLK Landbou Ltd ("KLK"), which operates as a group of companies in the agricultural sector, with the effective date being 1 July 2019. Refer to note 6.1 for further details. Subsequent to this (July 2019) Senwes acquired an additional 0,21% share interest, followed by a marginal repurchase of shares by KLK.

[8] During the period Senwes acquired an additional 50% share interest in Grainovation, which brings the investment to 100%, with the effective date being 1 November 2019. Refer to note 6.1 for further details.

	Notes	Total shares in issue	Interest %	Shares R'm	Provision for impairment on investment R'm	Total net investment R'm
COMPANY - 2019						
JD Implemente (Pty) Ltd	6.3.1	1 000	50	6	-	6
Senwes Equip Holdings (Pty) Ltd [4]		100	100	-	-	-
Senwes Equip Holdings (Pty) Ltd - Discounted loan [5]		-	-	-	-	7
Senwes Agrowth (Pty) Ltd [1]		1 000	73,5	-	-	-
Senwes Capital (Pty) Ltd		11 054	100	25	-	25
Senwes Graanmakelaars (Pty) Ltd		100	100	-	-	-
Senwes Mauritius Ltd [3]		240	100	19	(19)	-
Senwes Share Incentive Scheme Trust [2]	16.2	-	100	68	-	68
Tradevantage Grain (Pty) Ltd [6]		-	100	4	-	4
Total carrying value				122	(19)	110

[1] Senwes Agrowth (Pty) Ltd is the holding company of Tradevantage and consists of equity and an investment of only R100.

Thobo Trust holds a 26,5% interest in Tradevantage Grain (Pty) Ltd, a subsidiary of Senwes Agrowth (Pty) Ltd. No non-controlling interest is accounted for as the trust is ring-fenced as a special purpose vehicle and therefore consolidated. Profits are to be used for social development activities per the trust agreement.

[2] Senwes Share Incentive Scheme Trust was established as a vehicle for the equity-settled share-based payment scheme. During the year Senwes granted R9,1 million to the trust to obtain 868 842 shares to fund the LTI-scheme. During the year 887 702 shares vested to the value of R8,4 million, from the trust to qualifying members, under the LTI scheme and 170 727 shares were repurchased from them.

[3] Senwes is in the process of deregistering the business of Senwes Mauritius.

[4] Senwes Equip Holdings' share capital amounts to only R100.

[5] The discounted loan to Senwes Equip Holdings originated due to the nature of the loan (refer to note 7.1.2), being interest free and repayment terms will only be negotiated after five years, a portion of the loan, R7,9 million at inception, is classified as an investment.

[6] Senwes indirectly holds a 100% share in Tradevantage through Senwes Agrowth (which holds 100% in Tradevantage), of which Senwes holds 73,5%, and Thobo Trust (which holds 26,5% in Senwes Agrowth), which is a special purpose vehicle of Senwes and also fully consolidated.

6.3 FINANCIAL INFORMATION OF SUBSIDIARIES

Only subsidiaries with significant non-controlling interest will be disclosed. The following is the financial information of the subsidiaries with significant non-controlling interest. A full list of subsidiaries is available for inspection at the registered office of the company.

6.3.1 JD Implemente (Pty) Ltd

Senwes has a 50% interest in JD Implemente (Pty) Ltd ("JDI"). JDI is accounted for as a subsidiary due to the fact that Senwes appoints the chairman of the board and where the shareholders disagree, the chairman has the casting vote. JDI's core business is the sale of mechanisation goods, spare parts and rendering of workshop services in the Eastern and Western Cape. The financial year-end is the same as Senwes' financial year-end. The registered office of the company is in Swellendam, South Africa.

The following is the summarised financial information:

	2020 R'm	2019 R'm
Financial position		
Non-current assets	**35**	33
Current assets, excluding bank and cash	**68**	103
Cash and cash equivalents	**1**	14
Trade payables	**(43)**	(82)
Current financial liabilities, excluding trade payables	**(4)**	(5)
Non-current liabilities	**(21)**	(24)
Equity	**36**	39
Attributable to:		
Equity holders of the parent	**18**	19
Non-controlling interest	**18**	20
Financial results		
Revenue	**207**	328
Cost of sales	**(169)**	(278)
Other income	**2**	1
Depreciation	**(2)**	(2)
Expenses	**(38)**	(39)
Finance costs	**(4)**	(7)
(Loss)/profit before tax	**(4)**	3
Tax	**1**	(1)
(Loss)/profit after tax	**(3)**	2
Non-controlling interest share in profit or loss	**(2)**	1
Dividends paid to non-controlling shareholders	**-**	-
Summarised cash flows are as follows:		
(Utilised by)/generated from operating activities	**(8)**	16
Used in investing activities	**(2)**	(2)
Used in financing activities	**(3)**	(3)
Net (decrease)/increase in cash flows	**(13)**	11

6.3.2 Staalmeester Agricultural Equipment (Pty) Ltd

Senwes holds 100% in Senwes Equip Holdings (Pty) Ltd ("Senwes Equip Holdings"). Senwes Equip Holdings has a 75% interest in Staalmeester Agricultural Equipment (Pty) Ltd ("Staalmeester"). Staalmeester's core business is the manufacturing, importing and retailing of agri-implements. The financial year-end is the same as Senwes' financial year-end. The registered office of the company is the same as Senwes' registered office.

The following is the summarised financial information:

	2020 R'm	2019 R'm
Financial position		
Non-current assets	**34**	34
Current assets, excluding bank and cash	**33**	31
Cash and cash equivalents	**-**	-
Trade payables	**(4)**	(5)
Current financial liabilities, excluding trade payables	**(10)**	(2)
Non-current liabilities	**(3)**	(18)
Equity	**50**	40
Attributable to:		
Equity holders of the parent	**37**	30
Non-controlling interest	**13**	10
Financial results		
Revenue	**69**	39
Cost of sales	**(41)**	(22)
Other income	**2**	-
Depreciation	**(1)**	(1)
Expenses	**(13)**	(8)
Finance costs	**(2)**	(1)
Profit before tax	**14**	7
Tax	**(4)**	(2)
Profit after tax	**10**	5
Non-controlling interest share in profit or loss	**3**	1
Dividends paid to non-controlling shareholders	**-**	-
Summarised cash flows are as follows:		
Generated from/(utilised by) operating activities	**7**	(20)
Used in investing activities	**-**	(35)
(Used in)/generated from financing activities	**(7)**	55
Net increase in cash flows	**-**	-

6.3 FINANCIAL INFORMATION OF SUBSIDIARIES | continued

6.3.3 KLK Landbou Ltd

Senwes has a 57,67% interest in KLK Landbou Ltd ("KLK"), and it is therefore accounted for as a subsidiary. KLK is a group of companies in the agricultural sector. The group's focus areas are agricultural retail, fuels and associated products, meat trading through abattoirs, various car dealerships, livestock, the processing and exporting of sheep skins and cattle hides and the trading, processing and packaging of raisins and raisin products in the Orange River area, mainly for the export market. The company has a February financial year-end. KLK is therefore consolidated two months in arrears in comparison with the financial results and financial position of the Senwes Group. Financial adjustments deemed significant are however made to the financial statements of the group relating to the months of March and April 2020. The registered office of the company is in Upington, South Africa. Refer to note 6.1 for more details regarding the acquisition during the current year.

The following is the summarised financial information:

	2020 R'm
Financial position	
Non-current assets	**340**
Current assets, excluding bank and cash	**584**
Cash and cash equivalents	**93**
Trade payables	**(269)**
Current financial liabilities, excluding trade payables	**(121)**
Non-current liabilities	**(71)**
Non-controlling interest	**(140)**
Equity attributable to subsidiary	**416**
Attributable to:	
Equity holders of the parent	**240**
Non-controlling interest	**176**
Financial results	
Revenue	**2 135**
Cost of sales	**(1 737)**
Other income	**9**
Depreciation	**(16)**
Expenses	**(310)**
Finance costs	**(8)**
Profit before tax	**73**
Tax	**(21)**
Non-controlling interest	**(19)**
Profit after tax	**33**
Non-controlling interest share in profit or loss	**14**
Dividends paid to non-controlling shareholders	**5**
Change in ownership	**1**
Summarised cash flows are as follows:	
Generated from operating activities	**93**
Used in investing activities	**(19)**
Used in financing activities	**(18)**
Net increase in cash flows	**56**

7. OTHER FINANCIAL ASSETS AND LIABILITIES

7.1 FINANCIAL ASSETS

7.1.1 Other financial assets

	GROUP		COMPANY	
	2020 R'm	2019 R'm	2020 R'm	2019 R'm
Financial assets at fair value through other comprehensive income	**2**	5	**-**	3

Financial assets at fair value through other comprehensive income, at company level, comprise an investment in Suidwes Holdings Ltd of Rnil (2019: 564 599 shares at R5,71 per share). During the current financial year, the investment has been fully impaired due to recoverability concerns relating to the investment.

Senwes did not dispose of any shares in Suidwes Holdings Ltd during the year (2019: 21 057 shares).

At group level the investment also includes investments held by Thobo Trust, namely: a 5% investment held in Hinterland Fuels (Pty) Ltd and a 10,7% investment held in Oos-Transvaal Kalkverskaffers (Pty) Ltd.

7.1.2 Other loans receivable

	GROUP		COMPANY	
	2020 R'm	2019 R'm	2020 R'm	2019 R'm
Non-Current assets				
Non-Current assets with related parties				
Bastion Lime (Pty) Ltd [1]	**1**	6	**1**	6
JD Implemente (Pty) Ltd [2]	**-**	-	**13**	14
Senwes Equip Holdings (Pty) Ltd [3]	**-**	-	**42**	17
Staalmeester Agricultural Equipment (Pty) Ltd [4]	**-**	-	**6**	11
Falcon Agricultural Equipment (Pty) Ltd [14]	**-**	-	**15**	-
Non-Current assets with third parties				
Suidwes Investments (Pty) Ltd [15]	**509**	-	**509**	-
Total non-current assets	**510**	6	**586**	48
Current assets				
Non-interest-bearing loans to related parties (foreign companies)				
Senwes Mauritius Ltd [5]	**-**	-	**14**	11
Interest-bearing loans to related parties (local companies)				
Bastion Lime (Pty) Ltd [1]	**6**	6	**6**	6
Hinterland Holdings (Pty) Ltd [6]	**-**	20	**-**	20
JD Implemente (Pty) Ltd [2]	**-**	-	**9**	12
Senwes Graanmakelaars (Pty) Ltd [7]	**-**	-	**5**	5
Impairment provision - Senwes Graanmakelaars (Pty) Ltd	**-**	-	**(5)**	-
Staalmeester Agricultural Equipment (Pty) Ltd [4]	**-**	-	**7**	9
Thobo Trust [8]	**-**	-	**3**	2
Impairment provision - Thobo Trust	**-**	-	**(3)**	(2)
Tradevantage Grain (Pty) Ltd [9]	**-**	-	**152**	70
Senwes Equipment (Pty) Ltd [13]	**-**	-	**185**	-
Non-interest bearing loans to related parties				
Hinterland SA (Pty) Ltd [10]	**30**	30	**30**	30
Impairment provision - Hinterland SA (Pty) Ltd	**(30)**	(30)	**(30)**	(30)
Senwes Capital (Pty) Ltd [11]	**-**	-	**-**	8
Silocerts (Pty) Ltd [12]	**1**	2	**1**	2
Total current assets	**7**	28	**374**	143
Balance at the end of the year	**517**	34	**960**	191

[1] Refer to note 7.1.2.1 below for details regarding the loans to Bastion Lime (Pty) Ltd.

[2] Refer to note 7.1.2.2 below for details regarding the loans to JD Implemente (Pty) Ltd.

[3] The two loans to Senwes Equip Holdings (Pty) Ltd are unsecured, interest-free and these loans (proportionately classified as a loan receivable and an investment, refer to note 6.2) are not repayable within five years, ending on 1 October 2023 and 1 November 2024 respectively, after inception of these loans. The parties to these loans will negotiate repayment terms before the end of the aforementioned periods. Due to these terms, a part of the loan was reclassified to investments in subsidiaries as mentioned. These loans were provided to Senwes Equip Holdings (Pty) Ltd for the purpose of acquiring Staalmeester Agricultural Equipment (Pty) Ltd and Falcon Agricultural Equipment (Pty) Ltd.

[4] Refer to note 7.1.2.3 below for details regarding the loans to Staalmeester Agricultural Equipment (Pty) Ltd.

[5] The loan to Senwes Mauritius Ltd is unsecured and interest-free. This loan is in US dollars and the exchange profit recognised on this loan is R3 million (2019: loss R1 million). The company is being deregistered and subsequent to year end the loan has been settled.

[6] The loan to Hinterland Holdings (Pty) Ltd is unsecured and bears interest at a prime-linked rate, which is repayable on demand.

[7] The loan to Senwes Graanmakelaars (Pty) Ltd is unsecured, bears interest at a prime-linked rate and has no fixed repayment terms but is repayable on demand. The loan is subject to a subordination agreement.

[8] Although Thobo Trust holds a 26,5% interest in Tradevantage, no non-controlling interest is accounted for. Profits are to be used for social development activities as per the trust agreement. The trust is ring-fenced as a special purpose vehicle and therefore consolidated. The loan to Thobo Trust is unsecured, has no fixed repayment terms and bears interest at a prime-linked rate. The loan is subject to a subordination agreement.

[9] The loan to Tradevantage Grain (Pty) Ltd is unsecured, repayable on demand with three months` notice and bears interest at a prime-linked rate. The loan is subject to a subordination agreement.

[10] The loan to Hinterland SA (Pty) Ltd is unsecured, interest-free and is repayable on demand.

[11] The loan to Senwes Capital (Pty) Ltd is unsecured, interest free, has no fixed repayment terms and is repayable on demand.

[12] The loan to Silocerts (Pty) Ltd is unsecured, interest-free with no fixed repayment terms.

[13] The loan to Senwes Equipment (Pty) Ltd is unsecured, repayable on demand and bears interest at a prime-linked rate.

[14] The loan to Falcon Agricultural Equipment (Pty) Ltd is unsecured, has no fixed repayment date and bears interest at a prime-linked rate. The loan facility is amortised over four years.

[15] The term loan to Suidwes Investments (Pty) Ltd is secured, payable on 30 June 2021 and earns interest at a prime-linked rate. The loan is secured by properties, debtors, inventory and investments with an estimated realisable value of R750 million.

7.1.2 Other loans receivable | continued

Impairment of loans

Loans are evaluated to identify the presence of certain triggers, e.g. future cash flows discounted at market related rates, to determine if there is a need for an impairment allowance. All financial assets are assessed for expected credit losses. Refer to note 7.1.4 for the classification of these assets. Also refer to note 11.5 and 24.1.2 for more guidance on how expected credit losses may be calculated.

Investments in and loans to/from private companies

The register of shares and loans to/from private companies is available for inspection at the registered office of the company.

7.1.2.1 Bastion Lime (Pty) Ltd

	2020 GROUP AND COMPANY R'm		
	Short-term portion	Long-term portion	Total
Total capital outstanding	**6**	**1**	**7**

A detailed register of these loans is available for inspection at the registered office of the company.

The loans bear interest at prime-linked rates. The loans are secured by equipment and a cession over trade receivables. The loans are repayable in monthly instalments with the last payments due between February 2020 and June 2021.

	2019 GROUP AND COMPANY R'm		
	Short-term portion	Long-term portion	Total
Total capital outstanding	6	6	12

A detailed register of these loans is available for inspection at the registered office of the company.

The loans bear interest at prime-linked rates. The loans are secured by equipment and a cession over trade receivables. The loans are repayable in monthly instalments with the last payments due between February 2020 and June 2021.

7.1.2.2 JD Implemente (Pty) Ltd

	2020 COMPANY R'm		
	Short-term portion	Long-term portion	Total
Total capital outstanding	**9**	**13**	**22**

A detailed register of these loans is available for inspection at the registered office of the company.

The loans bear interest at prime-linked rates. Also refer to the detail register of the loans regarding securities held. This includes bonds over properties in George, Bredasdorp and Swellendam as well as a cession over trade receivables and a session over the shares that are held by the Tomlinson Family Trust. The loans are repayable in various monthly instalments.

	2019 COMPANY R'm		
	Short-term portion	Long-term portion	Total
Total capital outstanding	12	14	26

A detailed register of these loans is available for inspection at the registered office of the company.

The loans bear interest at prime-linked rates. Most of the loans are adequately secured. This includes bonds over properties in George, Bredasdorp and Swellendam as well as a cession over trade receivables and a session over the shares that are held by the Tomlinson Family Trust. The loans are repayable in various monthly instalments.

7.1.2.3 Staalmeester Agricultural Equipment (Pty) Ltd

	2020 COMPANY R'm		
	Short-term portion	Long-term portion	Total
Total capital outstanding	**7**	**6**	**13**

A detailed register of these loans is available for inspection at the registered office of the company.

The loans bear interest at prime-linked rates. The loans are unsecured and are repayable in specified annual instalments.

7.1.2.3 Staalmeester Agricultural Equipment (Pty) Ltd | continued

	2019 COMPANY R'm		
	Short-term portion	Long-term portion	Total
Total capital outstanding	9	11	20

A detailed register of these loans is available for inspection at the registered office of the company.

The loans bear interest at prime-linked rates. The loans are unsecured and are repayable in specified annual instalments.

7.1.3 Cash and short-term deposits

	GROUP		COMPANY	
	2020 R'm	2019 R'm	2020 R'm	2019 R'm
Cash and short-term deposits	**174**	31	**59**	1

7.1.4 Expected credit losses

	GROUP							
	2020				2019			
	R'm Stage 1	R'm Stage 2	R'm Stage 3	R'm Total	R'm Stage 1	R'm Stage 2	R'm Stage 3	R'm Total
Gross other loans receivable	**517**	**30**	**-**	**547**	34	30	-	64
Allowance for expected credit losses	**-**	**(30)**	**-**	**(30)**	-	(30)	-	(30)
Net other loans receivable	**517**	**-**	**-**	**517**	34	-	-	34
Movements in stages during the year:								
Stage 1 to Stage 2	**-**	**-**	**-**	**-**	-	-	-	-
Stage 2 to Stage 3	**-**	**-**	**-**	**-**	-	-	-	-
	-	**-**	**-**	**-**	-	-	-	-

	COMPANY							
	2020				2019			
	R'm Stage 1	R'm Stage 2	R'm Stage 3	R'm Total	R'm Stage 1	R'm Stage 2	R'm Stage 3	R'm Total
Gross other loans receivable	**960**	**38**	**-**	**998**	191	32	-	223
Allowance for expected credit losses	**-**	**(38)**	**-**	**(38)**	-	(32)	-	(32)
Net other loans receivable	**960**	**-**	**-**	**960**	191	-	-	191
Movements in stages during the year:								
Stage 1 to Stage 2	**(5)**	**5**	**-**	**-**	-	-	-	-
Stage 2 to Stage 3	**-**	**-**	**-**	**-**	-	-	-	-
	(5)	**5**	**-**	**-**	-	-	-	-

7.2 FINANCIAL LIABILITIES

7.2.1 Other loans payable

	GROUP		COMPANY	
	2020 R'm	2019 R'm	2020 R'm	2019 R'm
Interest-bearing loans from related parties				
Certisure Group [1]	**41**	27	**41**	27
Bastion Lime (Pty) Ltd [2]	**23**	10	**23**	10
Hinterland Holdings (Pty) Ltd [3]	**-**	9	**-**	9
Senwes Capital (Pty) Ltd [4]	**-**	-	**69**	25
Grainovation (Pty) Ltd [5]	**-**	-	**8**	-
Total	**64**	46	**141**	71

[1] The loan from Certisure Group is unsecured, has no fixed repayment terms and bears interest at a prime-linked rate.

[2] The loan from Bastion Lime (Pty) Ltd is unsecured, has no fixed repayment terms and bears interest at a prime-linked rate.

[3] The loan from Hinterland Holdings (Pty) Ltd is unsecured, has no fixed repayment terms and bears interest at a prime-linked rate.

[4] The loan from Senwes Capital (Pty) Ltd is unsecured, has no fixed repayment terms and bears interest at a prime-linked rate.

[5] The loan from Grainovation (Pty) Ltd is unsecured, has no fixed repayment terms and bears interest at a prime-linked rate.

7.2.2 Current interest-bearing loans

	GROUP		COMPANY	
	2020 R'm	2019 R'm	2020 R'm	2019 R'm
Short-term loans	**3 426**	1 716	**3 420**	1 716
Commodity finance	**41**	121	**41**	121
Total	**3 467**	1 837	**3 461**	1 837

Non-cash flow movements include a R350 million increase due to a reclassification from non-current interest-bearing loans during the year (group and company) and a R3 million increase from the KLK Landbou Ltd business combination (group) (refer to note 6.1). (2019: Movements in financial liabilities only consist of cash flow items.)

Short-term loans

Absa Bank Ltd:

As continuing security for Senwes' current facilities with Absa Bank Ltd ("Absa"), all rights and interest to producer debtors and their underlying security have been ceded and pledged to Absa. The Absa loan is renewable annually, and the current facilities bear interest at a sub-prime linked rate, capitalised on a monthly basis. Senwes has an Absa facility of R3,5 billion available, and at year end R3,07 billion has been utilised (2019: R1,7 billion).

Commodity finance:

The carrying value of the finance approximates the fair value of the underlying commodities. Commodities which are pledged as security are reflected in note 12. Commodity finance bears interest at a sub-prime-linked rate and is capitalised monthly.

Nedbank:

A facility of R350 million with Nedbank, effective from 30 April 2015. The facility was fully utilised on 30 April 2015. This loan is repayable as a balloon payment on 30 April 2021 and bears interest at a sub-prime-linked rate. Interest is paid on a monthly basis, therefore only the capital amount will be repayable at the end of the term.

Short-term portion of KLK Landbou Ltd's interest-bearing borrowings:

Refer to note 7.2.3 for a description of the terms and conditions relating to the respective borrowings. The short-term portion amounts to R6 million.

7.2.3 Non-current interest-bearing loans

	GROUP		COMPANY	
	2020 R'm	2019 R'm	2020 R'm	2019 R'm
Interest-bearing loans	**670**	1 002	**650**	1 000

The cash flow movement is R6 million (group) and Rnil (company). Reconciling items include a R350 million decrease due to a reclassification to current interest-bearing loans during the year (group and company) and a R24 million increase from the KLK Landbou Ltd business combination (group) (refer to note 6.1). (2019: Movements in financial liabilities only consist of cash flow items).

The group has the following non-current interest-bearing loans:

*A facility of R650 million with Nedbank, effective from 29 May 2015. The facility was fully utilised on 29 May 2015. This loan is repayable as a balloon payment on 31 May 2021 and bears interest at a sub-prime-linked rate. Interest is paid on a monthly basis, therefore only the capital amount will be repayable at the end of the term.

*Assets (silos) with a market value of R2,1 billion, set as the value of security at the bank, and carrying amount of R340 million serve as security for the above-mentioned long-term loans.

*A loan of R2 million is payable by JD Implemente (Pty) Ltd to the Tomlinson Family Trust. This loan is interest free, has no fixed repayment terms and is unsecured.

*A mortgage loan of R9 million and instalment sale agreements of R15 million is payable by KLK Landbou Ltd. The long-term portion of these loans amount to R18 million. The mortgage loan from Standard Bank of SA Ltd carries interest at rates linked to the prime lending rate of banks and is repayable in monthly instalments, which include interest and is secured by the property mortgage registration as well as a cession of the short-term insurance policy to the value of R19 million. The instalment sale agreements from Standard Bank of SA Ltd and Wesbank Ltd carry interest at prime-linked rates, and are repayable in monthly instalments which include interest and are secured by the underlying plant and equipment to the value of R15 million.

7.2.4 Bank overdraft

	GROUP		COMPANY	
	2020 R'm	2019 R'm	2020 R'm	2019 R'm
Bank overdraft	**109**	-	**-**	-

The bank overdraft relates to Carpe Diem Raisins (Pty) Ltd (subsidiary of KLK Landbou Ltd). The overdraft has a limit of R135 million, and is secured by a general notarial bond registered over movable assets, plant and equipment and inventory; cession of KLK Landbou Ltd's loan account, Carpe Diem Raisins (Pty) Ltd debtors, the short-term insurance policy and Van der Colff Beleggings (Pty) Ltd's loan account (non controlling shareholder).

7.2.5 Other financial liabilities

	GROUP		COMPANY	
	2020 R'm	2019 R'm	2020 R'm	2019 R'm
Non-current liabilities				
AgriRewards [1]	**35**	59	**35**	59
Total other financial liabilities	**35**	59	**35**	59

[1]The AgriRewards scheme was launched during August 2016. The scheme is not automatic and customers have to register to participate. For the 2020 financial year all grain deliveries at Senwes silos, grain procurement, interest-bearing transactions with Senwes Credit and new whole goods sales at Senwes Equipment qualified for the scheme.

During October 2019 the members of the scheme were awarded the opportunity to convert their AgriRewards to Senwes shares. 72% of the participating members decided to convert and the liability therefore decreased during the 2020 financial year.

During April 2020 the board approved a reward of R50/tonne (2019: R45/tonne) for grain deliveries, R5/tonne (2019: Rnil/tonne) for grain procurement, 0,35% of interest-bearing transactions (2019: 0,35%) and 3% of turnover on new whole goods at Senwes Equipment (2019: 0,25%). The allocation is discounted to a present value using a prime-linked rate.

The rewards are payable as follow:

Financial year awarded	Present value of award (R'm)	Payment date
2017	**3**	30 April 2033
2018	**10**	30 April 2034
2019	**5**	30 April 2035
2020	**17**	30 April 2036
	35	

7.3 CONTRACT LIABILITIES

	GROUP		COMPANY	
	2020 R'm	2019 R'm	2020 R'm	2019 R'm
Storage of grain	4	18	4	18
Handling of grain	5	21	5	21
Total	9	39	9	39

Contract liabilities include advances received to deliver storage and handling of grain. All of the contract liabilities are short-term in nature. These liabilities would subsequently realise to grain storage income and grain handling income, respectively under services rendered.

7.4 DEFERRED GOVERNMENT GRANTS

KLK Landbou Ltd

Government grants have been received for the purchase of certain items of plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants. Deferred government grants are recognised according to the useful life of the assets to which they relate.

	GROUP	
	2020 R'm	2019 R'm
Balance at the beginning of the year	-	-
Recognition due to business combination*	11	-
Received during the year	2	-
Realised in profit or loss	(2)	-
Total	11	-

*The recognition of deferred government grants relates to the acquisition of KLK Landbou Ltd. Refer to note 6.1 for further details relating to the acquisition.

Current	1
Non-current	10

8. INVESTMENTS IN JOINT VENTURES AND ASSOCIATE

8.1 JOINT VENTURES

All joint ventures are accounted for by applying the equity method. The carrying values of the investments in joint ventures are as follows:

		GROUP		COMPANY	
	Notes	2020 R'm	2019 R'm	2020 R'm	2019 R'm
Certisure Group	8.1.1	80	77	3	3
Grainovation (Pty) Ltd	8.1.2	-	27	-	-
Bastion Lime (Pty) Ltd (Group)	8.1.3	17	13	2	2
Hinterland Holdings (Pty) Ltd (Group)	8.1.4	72	98	213	213
Molemi Sele Management (Pty) Ltd	8.1.5	13	10	2	2
Silocerts (Pty) Ltd	8.1.6	3	2	2	2
Total carrying amount		185	227	222	222

The share in (loss)/profit from the investments in joint ventures for the year is as follows:

		GROUP	
	Notes	2020 R'm	2019 R'm
Certisure Group	8.1.1	8	6
Grainovation (Pty) Ltd	8.1.2	-	6
Bastion Lime (Pty) Ltd (Group)	8.1.3	4	(1)
Hinterland Holdings (Pty) Ltd (Group)	8.1.4	(38)	(11)
Molemi Sele Management (Pty) Ltd	8.1.5	3	3
Silocerts (Pty) Ltd	8.1.6	1	1
Total (loss)/profit from joint ventures		(22)	4
Other comprehensive income from joint venture - Molemi Sele Management		1	-*
Total (loss)/profit and other comprehensive income from joint ventures		(21)	4

*The share in these joint ventures' profit/(loss) are below R0,5 million.

8.1.1 Certisure Group

The group has a 50% interest in the Certisure Group. The core business activity is insurance broking and administrative services. The financial year-end is the same as the Senwes Group financial year-end. The registered office of the company is the same as Senwes' registered office.

The following is the summarised financial information of the Certisure Group:

	2020 R'm	2019 R'm
Statement of financial position of the Certisure Group:		
Non-current assets	5	5
Current assets, excluding cash and cash equivalents	12	11
Cash and cash equivalents	66	58
Trade payables	(7)	(5)
Provisions	(3)	(2)
Other current financial liabilities	(6)	(5)
Equity	67	62
50% proportion of the group's ownership:		
Carrying amount of the investment *	80	77

*Includes a revaluation of R46 million recognised due to loss of control over a subsidiary (1 May 2012).

	2020 R'm	2019 R'm
The revenue and profit of the Certisure Group are as follows:		
Revenue	61	59
Operating expenses	(44)	(46)
Finance income	5	5
Profit before tax	22	18
Tax	(6)	(5)
Profit after tax	16	13
Group's share of profit for the year	8	6
Dividends received	(5)	(2)
Summarised cash flows of the Certisure Group are as follows:		
Generated from operating activities	21	15
Generated from investing activities	-	-
Used in financing activities	(13)	(4)
Net increase in cash flows	8	11

8.1.2 Grainovation (Pty) Ltd

The group had a 50% interest in Grainovation (Pty) Ltd ("Grainovation") during a portion of the current financial year and entire prior year (joint venture accounting). Senwes acquired an additional 50% interest in the company, which increased the investment to 100%, with effective date 1 November 2019. This transaction constitutes a business combination achieved in stages, which results in Grainovation accounted as a fully owned subsidiary from the effective date. The core business activity of Grainovation is the transportation of grain commodities. The financial year-end is the same as the Senwes Group`s financial year-end. The registered office of the company is the same as Senwes' registered office. Refer to note 6.1 for more details on the acquisition.

The following is the summarised financial information of Grainovation at the effective date of 1 November 2019:

	2020 R'm	2019 R'm
Statement of financial position of Grainovation:		
Non-current assets	-	68
Current assets, excluding cash and cash equivalents	-	28
Cash and cash equivalents	-	(6)
Trade payables	-	(9)
Current financial liabilities, excluding trade payables and bank overdraft	-	(13)
Non-current financial liabilities	-	(7)
Non-current liabilities	-	(7)
Equity	-	54
50% proportion of the group's ownership:		
Carrying amount of the investment	-	27
The revenue and profit of Grainovation are as follows: *		
Revenue	153	357
Cost of sales	(134)	(322)
Other income	7	-
Operating expenses, excluding depreciation	(7)	(9)
Depreciation	(7)	(11)
Finance costs	(1)	(2)
Profit before tax	11	13
Tax	-	-
Profit after tax	11	13

*Financial results relate to the six month period ended 31 October 2019.

	2020 R'm	2019 R'm
Reconciliation of group's share of profit/(loss) for the year		
Group's share of profit for the year	-	6
50% of profit for the year **	6	7
Prior year adjustments	(6)	(1)
Summarised cash flows of Grainovation are as follows:		
Generated from operating activities	19	10
Used in investing activities	(21)	(7)
Generated from/(used in) financing activities	19	(9)
Net increase/(decrease) in cash flows	17	(6)

**The profit for the year includes a gain of R2 million that was recognised as a result of remeasuring to fair value the equity interest in Grainovation held before the business combination.

8.1.3 Bastion Lime (Pty) Ltd (Group)

The group has a 50% interest in Bastion Lime (Pty) Ltd Group ("Bastion"). The company's main business objective is the mining and distribution of agricultural lime. The financial year-end is the same as the Senwes Group financial year-end. The registered office of the company is the same as Senwes' registered office.

The following is the summarised financial information of Bastion:

	2020 R'm	2019 R'm
Statement of financial position of Bastion:		
Non-current assets	42	42
Current assets, excluding cash and cash equivalents	9	9
Cash and cash equivalents	23	10
Trade payables	(14)	(5)
Current financial liabilities, excluding trade payables and provisions	(4)	(3)
Provisions	(4)	(1)
Non-current financial liabilities	(14)	(21)
Equity	38	31
50% proportion of the group's ownership:		
Reconciliation of carrying amount to 50% of net asset value:		
Carrying amount of the investment	17	13
Increase in Senwes' shareholding during June 2010, paid to previous shareholder	(1)	(1)
Group adjustment - provision made in respect of research costs	3	3
50% of net asset value	19	15
The revenue and profit of Bastion are as follows:		
Revenue	66	44
Cost of sales	(26)	(23)
Other income	4	3
Operating expenses, excluding depreciation	(25)	(12)
Depreciation	(7)	(6)
Finance costs	(1)	(2)
Profit before tax	11	4
Tax	(3)	(1)
Profit after tax	8	3
Attributable to owners of the parent	7	3
Attributable to non-controlling interest	1	-
Reconciliation of group's share of profit/(loss) for the year		
Group's share of profit/(loss) for the year	4	(1)
50% of profit for the year	4	1
Prior year adjustments	-	(2)
Summarised cash flows of Bastion are as follows:		
Generated from operating activities	26	7
Used in investing activities	(5)	(2)
Used in financing activities	(8)	(4)
Net increase in cash flows	13	1

8.1.4 Hinterland Holdings (Pty) Ltd (Group)

The group has a 50% interest in Hinterland Holdings (Pty) Ltd ("Hinterland"). The core business activities of Hinterland are the sale of farming input products and direct delivery transactions relating to fuel, fertiliser, seed, etc., and wholesale business. The financial year-end is the same as the Senwes Group financial year-end. The registered office of the company is the same as Senwes' registered office.

The following is the summarised financial information of Hinterland:

	2020 R'm	2019 R'm
Statement of financial position of Hinterland:		
Non-current assets	**730**	704
Current assets, excluding cash and cash equivalents	**705**	760
Cash and cash equivalents	**34**	26
Trade payables	**(355)**	(319)
Provisions	**(3)**	(4)
Other current financial liabilities	**(537)**	(551)
Non-current liabilities	**(136)**	(102)
Non-controlling interest	**(2)**	(2)
Equity	**436**	512
50% proportion of the group's ownership:		
Total carrying amount of the investment	**72**	98
Carrying amount of Hinterland Group	**72**	98
Carrying amount of loan to Hinterland SA, classified as an investment *	**26**	26
Impairment Hinterland SA investment	**(26)**	(26)

*During 2016 Senwes Ltd, AFGRI Operations (Pty) Ltd and LRB extended a loan of R130,0 million to Hinterland SA. Senwes contributed R56,3 million, R26,3 million of which is an interest-free loan with no repayment terms. This loan is therefore classified as an investment and not loans receivable. The terms relating to the other R30,0 million are interest-free, but payable on demand. Refer to note 7.1.2.

	2020 R'm	2019 R'm
Reconciliation to carrying amount:		
50% of net asset value	**218**	256
Elimination of unrealised profit on non-monetary assets contributed to joint venture	**(112)**	(112)
Carrying amount before other adjustments at group level	**106**	144
Accumulated loss adjustment at group level		
Day 1 adjustment made in respect of group intangibles and goodwill	**(2)**	(2)
Impairment provision Hinterland SA investment	**(26)**	(26)
Additional impairment provision	**(6)**	(18)
Carrying amount of the investment	**72**	98

The impairment provision is calculated based on the unrecoverable amount (Senwes' exposure less recoverable amount of Hinterland SA's assets).

8.1.4 Hinterland Holdings (Pty) Ltd (Group) | continued

	2020 R'm	2019 R'm
The revenue and loss of Hinterland are as follows:		
Revenue	**2 435**	3 054
Cost of sales	**(1 934)**	(2 514)
Operating expenses, excluding depreciation, amortisation and impairment loss	**(503)**	(516)
Depreciation and amortisation	**(37)**	(26)
Other income	**17**	18
Investment income	**3**	11
Finance costs	**(44)**	(49)
Loss before tax	**(63)**	(22)
Tax	**(15)**	3
Loss after tax	**(78)**	(19)
Loss attributable to:		
Owners of the parent	**(79)**	(17)
Non-controlling interest	**1**	(2)
Reconciliation of group's share of loss for the year		
Group's share of loss for the year	**(38)**	(11)
50% of loss for the year	**(40)**	(9)
Prior year adjustment taken into account in current year	**2**	(2)
Summarised cash flows of Hinterland are as follows:		
Generated from/(utilised by) operating activities	**92**	(24)
Used in investing activities	**(48)**	(38)
(Used in)/generated from financing activities	**(36)**	57
Net increase/(decrease) in cash flows	**8**	(5)

8.1.5 Molemi Sele Management (Pty) Ltd

The group has a 35,7% interest in Molemi Sele Management (Pty) Ltd. Molemi Sele Management (Pty) Ltd is the owner of a cell within Guardrisk Life. The arrangement enables Guardrisk, a registered licensed cell captive insurer, to provide long-term insurance and to offer third party insurance policies to customers of the shareholders. The financial year-end is the same as the Senwes Group financial year-end. The registered office of the company is the same as Senwes' registered office.

The following is the summarised financial information of Molemi Sele:

	2020 R'm	2019 R'm
Statement of financial position of Molemi Sele:		
Non-current assets	**33**	25
Current assets	**5**	3
Non-current liabilities	**(3)**	(2)
Equity	**35**	26
35,7% proportion of the group's ownership:		
Total carrying amount of the investment	**13**	10
The revenue and profit of Molemi Sele are as follows:		
Dividend income	**7**	6
Interest income	**1**	1
Gains/(losses) from financial assets at fair value	**3**	-
Profit before tax	**11**	7
Tax	**(1)**	-*
Profit after tax	**10**	7
Group's share of profit for the year	**3**	3

*Less than R0,5 million.

	2020 R'm	2019 R'm
Summarised cash flows of Molemi Sele are as follows:		
Generated from operating activities	**3**	3
Used in investing activities	**(3)**	(3)
Used in financing activities	**-**	-
Net increase/(decrease) in cash flows	**-**	-

8.1.6 Silocerts (Pty) Ltd

The group has a 50% interest in Silocerts (Pty) Ltd ("Silocerts"). Silocerts deals with the electronic issuing and trading of silo certificates. The financial year-end is the same as the Senwes Group financial year-end. The principal place of business of Silocerts is in Johannesburg, Gauteng.

The following is the summarised information of Silocerts:

	2020 R'm	2019 R'm
Statement of financial position of Silocerts:		
Current assets, excluding cash and cash equivalents	**-***	-*
Cash and cash equivalents	**6**	6
Non-current liabilities	**(1)**	(2)
Equity	**5**	4

*Less than R0,5 million.

	2020 R'm	2019 R'm
50% proportion of the group's ownership:		
Carrying amount of the investment	**3**	2

Included in the carrying amount is R0,5 million paid during September 2014 to the previous shareholder to increase Senwes' shareholding from 42,5% to 50%.

	2020 R'm	2019 R'm
The revenue and profit of Silocerts are as follows:		
Revenue	**4**	4
Cost of sales	**(1)**	(1)
Operating expenses	**(2)**	(2)
Profit before tax	**1**	1
Tax	**-***	-*
Profit after tax	**1**	1
Group's share of profit for the year	**1**	1

*Less than R0,5 million.

	2020 R'm	2019 R'm
Summarised cash flows of Silocerts are as follows:		
Generated from operating activities	**1**	1
Used in investing activities	**-**	(1)
Used in financing activities	**(1)**	-
Net increase/(decrease) in cash flows	**-**	-

8.2 ASSOCIATE

The associate is accounted for by applying the equity method. The carrying value of the investment in associate is as follows:

	GROUP		COMPANY	
	2020 R'm	2019 R'm	2020 R'm	2019 R'm
RealFin Collective Investment Scheme (Nautilus Hedge Fund)	**31**	28	**25**	25

	GROUP	
	2020 R'm	2019 R'm
Statement of financial position of RealFin Collective Investment Scheme (Nautilus Hedge Fund):		
Cash and cash equivalents	**61**	57
50% proportion of the group's interest:		
Carrying amount of the investment	**31**	28

	GROUP	
	2020 R'm	2019 R'm
The revenue and profit of RealFin Collective Investment Scheme (Nautilus Hedge Fund) are as follows:		
Revenue	**5**	5
Operating expenses	**(1)**	(2)
Total profit from associate	**4**	3
Group's share of profit from associate *	**3**	2

*Includes R0,5 million relating to a prior year adjustment

A hedge fund was established on a 50%:50% basis with Absa Bank. Both parties contributed R25 million to the hedge fund upon the establishment of the fund. The plan is to grow the fund with external investors. In this partnership Absa Bank is responsible for the CAT IIA license and also provide access to potential investors. Senwes is responsible for research and trading advice as well as generating returns on the investment. Both parties are responsible for governance and risk management. The fund's principal place of business is South Africa. The fund name changed from Nautilus Hedge Fund to RealFin Collective Investment Scheme during the current financial year.

	GROUP		COMPANY	
	2020 R'm	2019 R'm	2020 R'm	2019 R'm
Initial investment in RealFin Collective Investment Scheme (Nautilus Hedge Fund)	**25**	25	**25**	25
Share of accumulated profit	**6**	3	**-**	-
Carrying amount of the investment	**31**	28	**25**	25

Notwithstanding the fact that Senwes does not hold any voting rights in the AAM RCIS Commodity QI Hedge Fund portfolio of the RealFin Collective Investment Scheme (Nautilus Hedge Fund), Senwes has significant influence over the portfolio as a result of the fact that it provides essential technical services to the portfolio. The investment is therefore classified as an associate.

9. LOANS AND OTHER RECEIVABLES

Represent debtors for financing of mortgage loans (note 9.1) granted over varying terms of up to 120 months. The underlying asset serves as security for the loans/agreements. Interest rates are market-related and can be variable or fixed, depending on the specific agreement.

		GROUP		COMPANY	
	Notes	2020 R'm	2019 R'm	2020 R'm	2019 R'm
Gross investment in mortgage loans		**2 167**	2 321	**2 167**	2 321
Less: Unearned finance income		**(530)**	(731)	**(530)**	(731)
Carrying amount		**1 637**	1 590	**1 637**	1 590
Less: Current portion	11	**(398)**	(374)	**(398)**	(374)
Total loans and other receivables before allowance for expected credit losses		**1 239**	1 216	**1 239**	1 216
Allowance for expected credit losses	9.1.4	**(13)**	(12)	**(13)**	(12)
Total loans and other receivables	9.1	**1 226**	1 204	**1 226**	1 204

9.1 MORTGAGE LOANS

	Note	GROUP 2020 R'm	GROUP 2019 R'm	COMPANY 2020 R'm	COMPANY 2019 R'm
Within one year		**398**	374	**398**	374
After one year but not more than five years		**882**	761	**882**	761
More than five years		**357**	455	**357**	455
Carrying amount		**1 637**	1 590	**1 637**	1 590
Less: Current portion		**(398)**	(374)	**(398)**	(374)
Total mortgage loans before allowance for expected credit losses		**1 239**	1 216	**1 239**	1 216
Allowance for expected credit losses	9.1.4	**(13)**	(12)	**(13)**	(12)
Total		**1 226**	1 204	**1 226**	1 204

9.1.1 Terms and conditions

Mortgage loans are repayable over 2 to 10 years, secured mainly by first bonds over property. The interest rates are market-related, depending on the specific agreement.

9.1.2 Allowance for impairment

The calculation method of the allowance for impairment of the loans receivable must be read in conjunction with note 11. Please refer to note 11.5 since the allowance for impairments forms part of the portfolio impairment allowance.

9.1.3 Fair value

As indicated in note 9.1.2, the method of impairment allowance is disclosed in note 11 and the long-term loans receivable need to be read in conjunction with note 11. The amortised cost of the long-term loans are reflected in note 9.1, 2020: R1,2 billion (2019: R1,2 billion), and approximates the fair value of these loans.

9.1.4 Expected credit losses

	GROUP and COMPANY 2020				2019			
	R'm Stage 1	R'm Stage 2	R'm Stage 3	R'm Total	R'm Stage 1	R'm Stage 2	R'm Stage 3	R'm Total
Gross mortgage loans	**513**	**1 074**	**50**	**1 637**	564	1 004	22	1 590
Allowance for expected credit losses	**-**	**(1)**	**(12)**	**(13)**	-	(9)	(3)	(12)
Net mortgage loans	**513**	**1 073**	**38**	**1 624**	564	995	19	1 578
Movements in stages during the year:								
Stage 1 to Stage 2	**(166)**	**166**	**-**	**-**	(157)	157	-	-
Stage 1 to Stage 3	**-**	**-**	**-**	**-**	(1)	-	1	-
Stage 2 to stage 1	**129**	**(129)**	**-**	**-**	67	(67)	-	-
Stage 2 to stage 3	**-**	**(28)**	**28**	**-**	-	(7)	7	-
Total movements	**(37)**	**9**	**28**	**-**	(91)	83	8	-

Refer to note 24.1.2 credit risk, for details regarding classification of accounts into stages and events leading to transfers between stages.

10. INVENTORY

	Notes	GROUP 2020 R'm	GROUP 2019 R'm	COMPANY 2020 R'm	COMPANY 2019 R'm
Merchandise and processed goods	10.1, 10.2	**552**	432	**-**	326
Consumables		**29**	22	**28**	22
Grain commodities	10.3, 10.4	**62**	155	**30**	16
Other commodities	10.6	**239**	-	**-**	-
Balance at the end of the year	10.4, 10.5	**882**	609	**58**	364

10.1 Included in merchandise is floor plan inventory of R137 million (2019: R56 million), which serves as security in terms of an agreement with the relevant supplier of farming equipment.

10.2 The merchandise inventory in company of Rnil (2019: R326 million) and group of R552 million (2019: R432 million) include adjustments to net realisable value and provisions for obsolete stock to the value of R65 million (2019: R73 million) for group and Rnil (2019: R67 million) for company.

10.3 Grain commodities represent grain purchased from producers. The price of such inventory is hedged on the South African Futures Exchange (Safex). Variance margins are also set off against these items. Consequently the carrying value is equal to the fair value thereof.

10.4 Grain inventory has been pledged as security for loans granted by financiers to the value of R45 million (2019: R135 million). A portion of KLK Landbou Ltd's inventory balance has been pledged as security for bonds and finance granted by financiers, to the value of R150 million.

10.5 Inventory is valued as follows:

	GROUP 2020 R'm	GROUP 2019 R'm	Valuation method
Merchandise, processed goods, consumables and other commodities	**505**	120	Weighted average cost price
Mechanisation whole goods and vehicles	**315**	334	Purchase price
Grain commodities	**62**	155	Contract price and thereafter at fair value
Balance at the end of the year	**882**	609	

10.6 Other commodities consist of raisin and fuel inventory, which arose from the KLK Landbou Ltd business combination (refer to note 6.1).

11. TRADE AND OTHER RECEIVABLES

	Notes	GROUP 2020 R'm	GROUP 2019 R'm	COMPANY 2020 R'm	COMPANY 2019 R'm
Trade receivables		**2 739**	2 332	**2 472**	2 288
Production accounts	11.1	**2 404**	2 120	**2 404**	2 120
Current accounts	11.2	**335**	212	**68**	168
Current portion of loans and other receivables	9.1	**398**	374	**398**	374
Grain debtors	11.3	**183**	166	**58**	101
Sundry receivables	11.4	**519**	106	**450**	120
Less: Allowance for expected credit losses	11.5	**(104)**	(97)	**(98)**	(96)
Balance at the end of the year		**3 735**	2 881	**3 280**	2 787

11.1 Production accounts mainly include the extension of credit to producers on a seasonal basis for purposes of procuring inputs and/or mechanisation purchases from or via Senwes. These accounts bear interest at market-related rates.

These accounts consist of the following:

Summer production credit due	31 August
Winter production credit due	31 January
Animal production credit due	31 August

11.2 Current accounts consist of 30-day monthly accounts, silo cost accounts and other accounts for specific products.

These accounts bear interest at the following rates:

Monthly account:	Interest-free for first 30 days after statement, thereafter classified as arrears.
Silo cost account:	Interest-free period that varies from season to season (determined before every season), thereafter classified as arrears.
Deferred payment arrangement:	Interest-free period that varies according to various transactions and products, thereafter classified as arrears.

Interest on arrear accounts is levied at guideline rates as determined by the National Credit Act.

11.3 Grain debtors represent agricultural produce sold to third parties, storage and handling income. An allowance for impairment of R2,8 million (2019: R1,9 million) is included in the group balances. No agency grain debtors were encumbered at year-end (2019: Rnil).

The terms of these debtors are as follows:

Mill-doors	Receivable within 7 days after delivery, after which interest is charged at a prime-linked rate
Ex silo financing	Interest at a prime-linked rate from date of invoice and receivable 30 days from date of statement
Ex silo non-financing	Receivable within 48 hours, thereafter interest at a prime-linked rate

11.4 Sundry receivables consist of accounts for corporate and statutory services as well as deposits held for trading purposes (Safex).

11.5 The objective of the impairment requirements is to recognise expected credit losses in respect of financial assets — whether assessed on an individual or collective basis — considering all reasonable and supportive information, including that which is forward-looking.

The basis for impairment of a financial asset is dependent on whether the credit risk of the financial asset has increased significantly since initial recognition. Indicators of a significant increase in the credit risk since initial recognition include:

* Non-compliance with arrangements or agreements.

* Insolvencies or near-insolvencies.

* Apparent financial problems or poor key financial ratios.

* Other indicators such as drought or low commodity prices which will affect customer ability to settle outstanding debt.

* A debtors' credit risk is considered to have significantly increased if the account is in arrears, this will be reflected by a default in payment on the account.

The client is automatically in default if:

* The client fails to effect any payment on the Payment Day.

* The client fails to fulfil any other obligation in terms of the Agreement properly and timeously.

* The client alienates or encumbers any assets over which a notarial bond is registered in favour of Senwes, or any other securities in favour of Senwes.

* The client passes away.

* The client applies the production credit for a purpose other than for which it was granted.

* The controlling equity in the client (where the client is a juristic person) or the majority of trustees of a trust change without the prior approval of Senwes.

* Any judgement against the client is not satisfied within 7 days or is not set aside within a reasonable time.

* The client commits any act of insolvency.

* The client is placed under provisional sequestration, liquidation or business rescue, or if any application therefor is delivered and the applicant's claim is not fully settled within seven days after issue thereof.

For trade and other receivables, other than mortgage loans, as stated in note 9, the simplified approach in accordance with IFRS 9 Financial instruments is applied.

Impairment is determined on the following basis for the below trade receivables:

* *Production accounts*

Payment period of these accounts is 12 months. No lifetime expected credit losses are necessary.

* *Deferred payment arrangements*

Payment period varies but must be settled within 12 months. No lifetime expected credit losses are necessary.
Impairment losses recognised reflect the expected losses over the lifetime of the instrument.

* *Term loans*

Represent debtors for financing of mortgage loans granted over varying terms of up to 120 months.

An allowance for impairment is made on the total net exposure over the lifetime of the loan in respect of term loans that are assessed for impairment individually or term loans owing by legal clients.

In addition, interest income recognition reflects the impairment in respect of debts owing by legal clients whose debts are viewed as credit-impaired financial assets.

The impairment allowance in respect of term loans falling within the portfolio impairment reflect the lifetime expected credit losses.

The amount of the respective allowance for impairment losses is determined using the following formula:

Production credit and deferred payment arrangements (with no indicator of default):
Impairment = Total book x PD (consolidation default %) x Loss Given Default (LGD).

Term loans:
Impairment = Total book x probability of default (PD = Arrears, consolidation default % + loss default % + future loss default %) x Loss Given Default (LGD).

11.5 | continued

The relevant inputs for the respective categories of instruments are:

Individual impairment assessment and specifically impaired (legal clients): The inputs are determined for each debtor and reflect the actual risk (LGD) for possible bad debt determined by the legal department, taking into account all securities and the client's balance sheet. The factors that influence management's estimates and judgement include whether customers that have been handed over to the legal department for collection are specifically provided for, based on the exposure and the estimation of the quality and expected realisation of securities held for the specific customers.

Portfolio impairment (non-legal clients) – The group impairment % is calculated as follows: Impairment = Total book x PD (arrears default % + additional risk loss default %) x LGD. The factors that influence management's estimates and judgement for losses expected in the 12-month period include:

- Crop estimates and yields specific to the customers' region;
- The number of hectares planted;
- The expected realisation price, which is the Safex price adjusted by grade differences and transport differentials and which is determined by customer region;
- The input costs specific to the customers' region;
- The quality and expected realisation of securities held for customers; and,
- Number of droughts expected in the next 10 years.
- LGD was adjusted by adding 13% of the pre-season contracts value to securities.

There were write-offs of R2 million for trade and other receivables during the year (2019: no material write-offs). These amounts were written-off subject to enforcement activity.

The impairment allowance on trade and other receivables is R104 million (2019: R97 million), the details of which are as follows:

	GROUP		COMPANY	
	2020 R'm	2019 R'm	2020 R'm	2019 R'm
Specific impairment	**(19)**	(9)	**(13)**	(8)
Balance at the beginning of the year	**(9)**	(11)	**(8)**	(10)
Increase in allowance during the year	**(9)**	(1)	**(4)**	(1)
Transfer between portfolio and specific impairment	**(1)**	3	**(1)**	3
Portfolio impairment	**(85)**	(88)	**(85)**	(88)
Balance at the beginning of the year	**(88)**	(83)	**(88)**	(83)
Transfer between portfolio and specific impairment	**1**	(3)	**1**	(3)
Decrease/(increase) in allowance during the year	**2**	(2)	**2**	(2)
Total allowance for impairment	**(104)**	(97)	**(98)**	(96)

11.6 Trade and other receivables can be summarised as follows:

	GROUP					
	2020			2019		
	Current R'm	Debt in arrears R'm	Total R'm	Current R'm	Debt in arrears R'm	Total R'm
Trade receivables	**2 659**	**80**	**2 739**	2 269	63	2 332
Production accounts	**2 358**	**46**	**2 404**	2 080	40	2 120
Current accounts	**301**	**34**	**335**	189	23	212
Current portion of loans and other receivables	**330**	**68**	**398**	268	106	374
Grain debtors	**183**	**-**	**183**	166	-	166
Sundry receivables	**519**	**-**	**519**	106	-	106
Less: allowance for impairment	**(32)**	**(72)**	**(104)**	(44)	(53)	(97)
Total trade and other receivables	**3 659**	**76**	**3 735**	2 765	116	2 881

11.6.1 Current receivables are accounts within current credit terms.

11.6.2 Debt in arrears are accounts outside current credit terms.

11.6.3 The allowance relating to debt in arrears is a specific allowance based on debtors handed over to the legal department.

11.7 As security for Senwes' short-term facilities with Absa Bank (including the facility towards Tradevantage), all rights and interests in producer debtors and their underlying securities have been ceded and pledged to Absa Bank. The value of security ceded amounts to R3,7 billion (2019: R2,1 billion) as at year-end.

11.8 The carrying value read with the portfolio allowance approximates the fair value of trade and other receivables.

12. INVENTORY HELD TO SATISFY FIRM SALES

	GROUP		COMPANY	
	2020 R'm	2019 R'm	2020 R'm	2019 R'm
Inventory held to satisfy firm sales	**105**	234	**82**	218

Inventory held to satisfy firm sales represents inventory purchased to satisfy firm sales to the off-taker in respect of agricultural produce, which are payable by third parties on delivery of such agricultural produce to them. The price of such inventory is hedged on the South African Futures Exchange (Safex). Variations are also set off against these items. Inventory is measured at fair value, which is linked to the Safex price.

13. DISCONTINUED OPERATIONS

13.1 DISCONTINUED OPERATIONS: 2020

There were no discontinued operations during the year.

13.2 DISCONTINUED OPERATIONS: 2019

There were no discontinued operations during 2019.

14. ISSUED CAPITAL

	GROUP		COMPANY	
	2020	2019	2020	2019
Authorised: 581 116 758 (2020 and 2019) ordinary shares of 0,516 cents each	**3**	3	**3**	3
Issued: 180 789 308 (2020 and 2019) ordinary shares of 0,516 cents each	**1**	1	**1**	1

Reconciliation of issued shares:

	GROUP		COMPANY	
	2020	2019	2020	2019
	Number of shares		Number of shares	
Shares issued *	**180 789 308**	180 789 308	**180 789 308**	180 789 308
Treasury shares purchased **	**(14 479 616)**	(15 822 610)	**-**	-
Treasury shares vested ***	**3 669 334**	1 332 466	**-**	-
Total shares in issue	**169 979 026**	166 299 164	**180 789 308**	180 789 308

*During the year under review, Senwes issued, and repurchased 3 066 207 treasury shares from Senwes Capital (Pty) Ltd which were subsequently cancelled as part of the KLK Landbou Ltd transaction. (2019: No shares were issued during the year.)

**Senwes Capital (Pty) Ltd, a subsidiary of Senwes Ltd, repurchased 4 420 713 of the company's shares during the year under review (2019: no shares were repurchased). Senwes Capital (Pty) Ltd sold 7 766 938 shares (2019: 868 842) during the year. This included sales to the Senwes Share Incentive Scheme Trust of 1 626 860 shares (2019: 868 842), 3 073 871 shares to individuals (2019: no shares) relating to the AgriRewards share conversion and 3 066 207 shares relating to the KLK Landbou Ltd acquisition transaction. Senwes Capital (Pty) Ltd therefore held 4 738 901 (2019: 8 085 126) shares in Senwes Ltd as at 30 April 2020.

As mentioned above, the Senwes Share Incentive Scheme Trust bought 1 626 860 shares from Senwes Capital (Pty) Ltd. The Senwes Share Incentive Scheme Trust held 6 071 381 (2019: 6 405 018) shares as at 30 April 2020.

***During the year 2 336 868 shares (2019: 887 702 shares) vested under the LTI-scheme and 376 371 shares (2019: 170 727 shares) were repurchased from the participants of the scheme.

15. RESERVES

15.1 Share premium

	GROUP		COMPANY	
	2020 R'm	2019 R'm	2020 R'm	2019 R'm
Balance at the end of the year	**67**	67	**67**	67

15.2 Treasury shares

	GROUP	
	2020 R'm	2019 R'm
Balance at the beginning of the year	**(160)**	(168)
Treasury shares vested and issued *	**24**	9
Net treasury shares sold/(purchased) **	**12**	(1)
Balance at the end of the year	**(124)**	(160)

*During the year 2 336 868 shares (2019: 887 702 shares) vested from Senwes Share Incentive Scheme Trust to the qualifying members through the LTI scheme.

**Refer to note 14 for a description of the treasury shares purchased and sold during the current financial year. Net treasury shares sold/(purchased) include a non-cash flow component of R34 million (3 066 207 shares) relating to disposal of shares by Senwes Capital (Pty) Ltd to Senwes Ltd. (2019: No non-cash flow component.)

15.3 Fair value adjustments

	GROUP		COMPANY	
	2020 R'm	2019 R'm	2020 R'm	2019 R'm
Balance at the end of the year	**4**	5	**-**	3

This reserve represents fair value changes on financial assets at fair value through other comprehensive income as indicated in note 7.1.1. as well as fair value movement on investment held by Molemi Sele as indicated in note 8.1.5.

15.4 Change in ownership: Equity of a joint venture

	GROUP	
	2020 R'm	2019 R'm
Balance at the beginning of the year	**(28)**	(14)
Equity accounted movement in equity of joint venture	**-**	(14)
Balance at the end of the year	**(28)**	(28)

During the 2014 financial year Hinterland SA (Pty) Ltd ("Hinterland SA"), a subsidiary of Hinterland Holdings (Pty) Ltd ("Hinterland"), issued shares to LRB, who obtained a 25% shareholding in Hinterland SA. Hinterland owns 100% (2019: 100%) of Hinterland SA after the issuing of shares. Where the holding company's share changes in a subsidiary, without losing control, the profit or loss will be accounted for in equity.

During the 2019 financial year, LRB sold their 25% shareholding in Hinterland SA, previously known as Prodist, to Hinterland. This resulted in Hinterland holding a 100% interest in Hinterland SA. This change occurred on 13 August 2018.

16. EMPLOYEE BENEFITS

16.1 Incentive bonuses

	GROUP		COMPANY	
	2020 R'm	2019 R'm	2020 R'm	2019 R'm
Balance at the beginning of the year	**26**	47	**23**	47
Increase in provision during the year	**24**	26	**23**	24
(Over)/Underprovision previous year	**(1)**	2	**1**	1
Utilised during the year	**(25)**	(49)	**(24)**	(49)
Balance at the end of the year	**24**	26	**23**	23

The group has a short-term incentive scheme for employees and an equity-settled share-based payment scheme for senior management. It is aligned with the objectives and remuneration philosophy of the group in that a portion of the remuneration is subject to risk. Provisions are created in accordance with the rules of the schemes.

16.1.1 Short-term incentive scheme

The short-term incentive scheme is paid each year to qualifying employees. The calculation is based on the performance of the group, the division in which the employee is employed as well as an individual evaluation of the performance of the employee.

16.2 Equity-settled share-based payment scheme

Senwes grants shares to its senior management. These shares are acquired and held in a trust for the last three years of the vesting period. The scheme is a forfeitable share award scheme, where shares are forfeited if future service and performance conditions are not met.

The fair value of the shares granted are determined by using the market value of the shares on grant date adjusted with the present value of dividends not entitled to. The grant date is the date on which the entity and the participant agree to a share-based payment arrangement.

The total group expense recognised for the year amounts to R17 million (2019: R9 million). The accumulated group equity-settled reserve amounts to R47 million (2019: R54 million). Refer to the tabel below for more details:

	GROUP		COMPANY	
	2020 R'm	2019 R'm	2020 R'm	2019 R'm
Opening balance	**54**	53	**54**	53
Vested during the year	**(24)**	(8)	**(22)**	(8)
Expense recognised	**17**	9	**15**	9
Initial shares granted	**5**	7	**4**	6
Increase in shares granted/new participants	**13**	7	**12**	7
Overprovision previous year	**-**	(5)	**-**	(4)
Forfeited during the year	**(1)**	-	**(1)**	-
Equity-settled share-based payment reserve	**47**	54	**47**	54

Tranche		Number of shares per tranche granted	Fair value price per share on grant date	Vesting date
1	Vested	**-**	-	30 June 2017
2	Vested	**-**	-	30 June 2018
3	Vested	**-**	-	30 June 2019
4		**1 824 035**	R9,06	30 June 2020
5		**1 796 718**	R8,53	30 June 2021
6		**1 973 379**	R8,05	30 June 2022
7		**1 973 379**	R11,05	30 June 2023
Total		**7 567 511**		

The first three tranches vested on 30 June 2017, 2018 and 2019. The performance conditions were not fully met and therefore only 30%, 51% and 90% of these shares vested for employees still in service on date of vesting.

The next vesting will take place on 30 June 2020, subject to performance and other conditions being met.

17. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2020 R'm	2019 R'm	2020 R'm	2019 R'm
Trade payables	**613**	388	**52**	132
Members' funds	**12**	13	**12**	13
Audit fees	**1**	-	**-**	-
PAYE	**8**	5	**4**	5
Other amounts payable	**124**	106	**62**	62
Leave and thirteenth cheque accrual	**33**	24	**19**	24
Total trade and other payables	**791**	536	**149**	236

Terms and conditions in respect of trade and other payables:

* Trade payables are payable on different terms from 30 days after date of statement and are not interest-bearing.

* Other amounts payable have varying short-term payment dates.

* Leave and thirteenth cheques payable are accrued on a monthly basis.

* Trade and other payables at amortised cost approximate the fair value.

18. INCOME TAX

18.1 Tax expense

	GROUP		COMPANY	
	2020 R'm	2019 R'm	2020 R'm	2019 R'm
SA normal tax – current year	**(142)**	(71)	**(111)**	(62)
Increase/(decrease) in deferred tax (liability)/asset	**34**	(41)	**32**	(35)
Previous year's adjustment on income tax	**(1)**	(3)	**(1)**	(3)
Total tax expense	**(109)**	(115)	**(80)**	(100)

18.2 Deferred tax asset/(liability)

	GROUP		COMPANY	
	2020 R'm	2019 R'm	2020 R'm	2019 R'm
The main temporary differences:				
Property, plant and equipment	**(115)**	(49)	**(61)**	(48)
Inventory provisions	**6**	4	**5**	4
Trade and other receivables	**23**	22	**23**	22
Other provisions	**34**	18	**20**	17
AgriRewards	**(33)**	(71)	**(33)**	(71)
Share incentive	**(1)**	(2)	**(1)**	(2)
Right-of-use asset and lease liability adjustment ***	**-**	-	**-**	-
Operational losses carried forward *	**17**	12	**-**	-
CGT losses carried forward	**13**	12	**12**	12
Investment in joint ventures **	**(29)**	(29)	**(34)**	(34)
Deferred tax (liability)/asset	**(85)**	(83)	**(69)**	(100)

*The operational losses carried forward relate mainly to Tradevantage's assessed losses. The deferred tax asset will be recognised in full due to probability of the asset utilised through future profits, no time limit on utilisations exists for recognition. Tradevantage realised a loss during the year under review, however, the forecast and budget of Tradevantage reflects a profit for the foreseeable future. The situation will be monitored and if profits don't realise as expected in the following years, the asset will be reconsidered.

**Consists of deferred tax on the Hinterland investment and provisions carried over to Hinterland as part of the merger transaction.

***Amount is less than R0,5 million. The group accounts for deferred tax on a gross basis relating to the right-of-use asset and lease liability.

The deferred tax asset and liability is disclosed in the statement of financial position as follows:

	GROUP		COMPANY	
	2020 R'm	2019 R'm	2020 R'm	2019 R'm
Deferred tax asset	**30**	24	**12**	12
at normal tax rate	**17**	12	**-**	-
at capital gains tax rate	**13**	12	**12**	12
Deferred tax liability	**(115)**	(107)	**(81)**	(112)
at normal tax rate	**-**	(58)	**(20)**	(64)
at capital gains tax rate	**(115)**	(49)	**(61)**	(48)
Deferred tax (liability)/asset	**(85)**	(83)	**(69)**	(100)

	GROUP		COMPANY	
	2020 R'm	2019 R'm	2020 R'm	2019 R'm
Reconciliation of deferred tax asset/(liability) balance:				
Balance at the beginning of the year	**(83)**	(18)	**(100)**	(41)
Temporary differences - movements during the year	**34**	(41)	**32**	(35)
Previous year adjustment to deferred tax	**-**	(24)	**-**	(24)
Current year subsidiary acquisitions *	**(36)**	-	**-**	-
Deferred tax (liability)/asset	**(85)**	(83)	**(68)**	(100)

*This relates to the acquisition of KLK Landbou and Grainovation during the current year, refer to note 6.1.

18.3 Reconciliation of the tax rate

	GROUP		COMPANY	
	2020 %	2019 %	2020 %	2019 %
Standard tax rate	**28,0**	28,0	**28,0**	28,0
Adjusted for:				
Non-taxable income (dividends, accounting profits, impairment reversals)	**(4,0)**	(0,6)	**(1,3)**	(0,3)
Other incentive allowances	**(0,3)**	(0,3)	**(0,5)**	(0,4)
Non-deductible expenses (capital expenditure, donations, JV profits or losses)	**1,2**	0,8	**0,9**	2,4
Other	**(0,8)**	0,3	**(0,3)**	-
Prior year adjustment	**0,4**	0,6	**-**	0,8
Effective tax rate	**24,5**	28,8	**26,8**	30,5

19. PROVISIONS

	Note	GROUP R'm	COMPANY R'm
Balance as at 30 April 2018		**6**	6
Increase in provision during the year		**9**	9
Balance as at 30 April 2019		**15**	15
Increase in provision during the year		**2**	2
Balance as at 30 April 2020	19.1	**17**	17

19.1 Grain risks

The group is exposed to risks in the grain industry, which include the physical risk of holding inventory and non-compliance with grain contracts by counter-parties. Estimates for these risks are based on potential shortfalls and non-compliance with contracts at current market prices.

20. DERIVATIVE FINANCIAL INSTRUMENTS

	Notes	GROUP 2020 R'm	GROUP 2019 R'm	COMPANY 2020 R'm	COMPANY 2019 R'm
20.1 Current assets		**86**	52	**77**	20
Forward purchase contracts	24.1.1.2, 24.5	**53**	52	**44**	20
Safex futures	24.1.1.2, 24.5	**33**	-	**33**	-
20.2 Current liabilities		**72**	30	**63**	29
Forward purchase contracts	24.1.1.2, 24.5	**69**	28	**63**	27
Foreign exchange contracts	24.1.1.3, 24.5	**3**	-	**-**	-
Safex futures	24.1.1.2, 24.5	**-**	2	**-**	2

Fair value gains and losses recognised in profit and loss with regards to derivative financial instruments amounted to a profit of R62 million (2019: a loss of R22 million).

21. CAPITAL OBLIGATIONS AND CONTINGENT LIABILITIES

21.1 Contingent liabilities

Senwes guarantees an amount of R100 million (2019: R200 million) relating to the overdraft facility of Hinterland Holdings (Pty) Ltd.

(2019: On 24 August 2017 the Competition Commission (CC) served an application on Senwes and Tradevantage to refer the alleged contravention of the order to the Tribunal with a request of an administrative penalty. The matter has subsequently been settled between the CC and Senwes. The settlement agreement consent hearing took place on 6 November 2019. Confirmation of the settlement agreement was granted. No penalties were levied, and there were no financial implications for the group.)

21.2 Commitments in respect of capital projects

	GROUP 2020 R'm	GROUP 2019 R'm	COMPANY 2020 R'm	COMPANY 2019 R'm
Already contracted	**23**	49	**22**	49
Authorised by the board but not yet contracted	**59**	137	**34**	137
Total future capital projects	**82**	186	**56**	186

21.3 Operating leases – minimum lease payments

The group has certain non-cancellable operating lease obligations (fixed rental contracts) in respect of equipment and properties with an average period of between three and five years.

	GROUP 2020 R'm	GROUP 2019 R'm	COMPANY 2020 R'm	COMPANY 2019 R'm
Within one year	**-**	5	**-**	3
More than one year and within five years	**-**	5	**-**	4
Operating lease obligation	**-**	10	**-**	7

The capital commitments and operating leases will be financed by net cash flow from operations and/or loans from financial institutions.

All material contracts relating to buildings are renewable annually, and escalations are linked to CPI-rates.

The group does not have lease contracts that have not yet commenced as at 30 April 2020.

The disclosure above relates to IAS 17, Leases, the lease standard applied in the prior year. For the current year, IFRS 16 lease disclosure applies, refer to note 4.

22. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

22.1 Distribution, sales and administrative expenses and disclosable items

	Notes	GROUP 2020 R'm	GROUP 2019** R'm	COMPANY 2020 R'm	COMPANY 2019** R'm
Profit from operations is stated after the following:					
Employee costs (including directors' costs)	22.4, 26.5	**(602)**	(466)	**(416)**	(420)
(Increase)/decrease in allowance for expected credit loss on revenue from contracts with customers	11.5	**(3)**	1	**(3)**	-
Increase in allowance for expected credit loss on other revenue	9, 11.5	**(5)**	(15)	**-**	(15)
Bad debt written off		**(2)**	(15)	**(2)**	(15)
Water and electricity		**(96)**	(69)	**(71)**	(68)
Depreciation	2, 4	**(95)**	(55)	**(62)**	(53)
Maintenance costs		**(78)**	(58)	**(63)**	(57)
Lease expenses (low value and short term)		**(10)**	(12)	**(28)**	(29)
Property		**(5)**	(7)	**(24)**	(24)
Plant and equipment		**(5)**	(5)	**(4)**	(5)
Foreign exchange profit		**4**	2	**4**	2
Profit on disposal of property, plant and equipment		**2**	2	**2**	2
Increase in provision for grain risk	19	**(2)**	(9)	**(2)**	(9)
Reversal/(impairment) of investment net of release of credit guarantee and loans to related parties *	8.1.4, 7.1	**12**	-	**(5)**	(19)
Merchandise inventory provision part of cost of sales	10.2	**10**	16	**-**	18
Cost of sales and finance income recognised as an expense		**(3 037)**	(1 373)	**(767)**	(1 093)

*The investment in Hinterland Group and direct loans to Hinterland SA are assessed annually for impairment. The impairment at company level was evaluated as sufficient. However, a partial reversal of the impairment at group level was required. Accordingly an impairment reversal of R12 million was recognised at group level (2019: R18 million impairment increase at company level).

The impairment was calculated, based on the unrecoverable amount (Senwes' exposure less recoverable amount of Hinterland SA's assets).

Also included in the company total is a movement in impairment of the loan to Thobo Trust to the value of R0,2 million (2019: R2 million), an impairment of the loan to Senwes Graanmakelaars (Pty) Ltd to the value of R5 million (2019: Rnil) and an impairment on the loan to Senwes Mauritius to the value of Rnil (2019: R1 million).

**Change in the presentation of finance costs and cost of sales. Refer to note 35.

22.2 Finance costs

	GROUP		COMPANY	
	2020 R'm	2019** R'm	2020 R'm	2019** R'm
Loans from commercial banks	**(48)**	(48)	**(48)**	(48)
Commodity finance	**(26)**	(19)	**(26)**	(19)
AgriRewards ***	**(2)**	(4)	**(2)**	(4)
Other *	**(14)**	(9)	**(13)**	(10)
Total finance costs	**(90)**	(80)	**(89)**	(81)

*Other interest mainly includes interest paid on loans payable to joint ventures.

**Change in presentation of finance costs and cost of sales. Refer to note 35.

***AgriRewards interest is non-cash flow in nature, and relate to the discounting of the AgriRewards liability. Refer to note 7.2.5.

22.3 Finance income

	GROUP		COMPANY	
	2020 R'm	2019 R'm	2020 R'm	2019 R'm
Loans and other receivables	**177**	161	**177**	161
Trade receivables	**206**	180	**202**	177
Other loans to related parties	**23**	34	**58**	42
AgriRewards allocation *	**(1)**	(1)	**(2)**	(1)
Total finance income classified as revenue	**405**	374	**435**	379
Finance income (KLK Landbou Ltd)	**4**	-	**-**	-
Total finance income other than revenue	**4**	-	**-**	-
Total finance income	**409**	374	**435**	379

*The AgriRewards allocation is set off against the applicable revenue stream in terms of IFRS.

22.4 Employee costs (excluding directors' costs)

	Notes	GROUP		COMPANY	
		2020 R'm	2019 R'm	2020 R'm	2019 R'm
Total remuneration		**533**	408	**363**	370
Remuneration and benefits		**503**	378	**334**	343
Short-term incentive bonus		**19**	25	**20**	23
Equity-settled share-based bonus *	16.2	**11**	5	**9**	4
Pension costs – defined contribution plan		**32**	30	**27**	27
Total employee costs		**565**	438	**390**	397

*Only senior managers qualify for the equity-settled share-based scheme.

	Number	Number	Number	Number
Permanent employees	**2 777**	1 520	**1 021**	1 373
Temporary employees	**650**	104	**85**	100
Employees at the end of the year *	**3 427**	1 624	**1 106**	1 473

*Includes only employees of the company and its subsidiaries.

23. DIVIDEND INCOME

	GROUP		COMPANY	
	2020 R'm	2019 R'm	2020 R'm	2019 R'm
Dividends received	**-**	-	**12**	2
Total dividend income	**-**	-	**12**	2

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The group's overall risk management programme focuses on the unpredictability of financial markets, especially commodity derivative markets, and seeks to minimise potential adverse effects thereof on the group's financial performance.

The methods and assumptions used for the year are consistent with the previous year. Major risks have been identified and are managed as set out below.

24.1 FINANCIAL RISKS

24.1.1 Market risks

24.1.1.1 Commodity price risk

The value of the grain commodities and the fair value of pre-season forward purchase contracts on the statement of financial position are exposed to commodity price risk.

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 value of available commodities, the net value of futures contracts and option contracts and the value of the net position of the pre-season contracts indicate an effective hedge.

The hedging instruments used consist of futures contracts and option contracts. The net revaluation difference of the instruments used for hedging was taken into account against the value of the grain commodities and the fair value of pre-season contracts. The value of commodities on the statement of financial position reflects the market value thereof at year-end and the fair value of the futures contracts, option contracts and pre-season contracts is also included in the statement of financial position.

Positions that are not hedged on the Safex market leave Senwes with an exposure to price movements. This risk is exacerbated during low market liquidity and high market volatility. Senwes maintains a strict policy and limits are set at low levels with regard to open positions, whether speculative or operational in nature. The status of open positions are monitored daily and reported to appropriate senior management. The net open position as at 30 April 2020 was not material.

The following line items on the statement of financial position are affected by commodity price risk:

	Notes	GROUP	
		2020 R'm	2019 R'm
Grain commodities	10	**62**	155
Other commodities (raisins and fuel) *	10	**239**	-
Derivative financial instruments (assets)	20.1	**86**	52
Trade and other receivables/(payables)	11, 17	**-****	5
Derivative financial instruments (liabilities)	20.2	**(72)**	(30)
Total		**315**	182

*KLK Landbou Limited ("KLK"), a subsidiary of the group, is primarily exposed to price risk of changes in other commodities (raisins), livestock and fuel prices. KLK does not anticipate a sharp drop in trade, livestock and fuel prices in the near future. No cover was taken for the risk. KLK reviews its trading, livestock and fuel prices on a regular basis for effective financial management.

**Amount is below R0,5 million.

The potential impact of changes in Safex prices is illustrated below:

	GROUP	
	2020 R'm	2019 R'm
Increase of R400 in Safex prices	**(5)**	4
Increase of R250 in Safex prices	**(3)**	(2)
Increase of R100 in Safex prices	**(1)**	(8)
Decrease of R100 in Safex prices	**3**	(16)
Decrease of R250 in Safex prices	**6**	(23)
Decrease of R400 in Safex prices	**9**	(30)

24.1.1.2 Trading risk

Market risk with regards to trading relates to the potential losses in the trading portfolio due to market fluctuations such as interest rates, spread between current and future prices of commodities, volatility of these markets and changes in market liquidity. Risk limits are set to govern trading within the risk appetite of the group via forward purchase and sales contracts.

Forward purchase contracts represent contracts with producers for the procurement of physical commodities in the future. The forward sales contracts represent contracts with clients for the sale of physical commodities in the future.

24.1.1 Market risks | continued

24.1.1.3 Foreign exchange risk

The group has exposure to fluctuations in mainly the rand/US dollar exchange rate in respect of imports and exports. Foreign currency transactions are mainly concluded for the purchasing and selling of inventory. Foreign exchange contracts are concluded for specific transactions to hedge against fluctuations in exchange rates.

At year end the group had the following assets, liabilities and forward exchange contracts denominated in foreign currency in the following amounts:

	GROUP
	2020 R'm
Foreign currency in US dollars	6
Trade receivables denominated in US dollars	31
Forward exchange contracts denominated in US dollars	92
Trade and other payables denominated in euro	(14)
Total	**115**

Foreign exchange sensitivity analysis

An assessment of the group's sensitivity to the exchange rate shows that should the rand strengthen by 10%, the group's profit before tax would increase by R3 million. A 10% weakening of the rand versus the dollar, would result in a loss of the same amount.

The fair value adjustment on foreign exchange contracts is recognised through profit and loss.

24.1.1.4 Interest rate risk

Funding

The group is naturally hedged against fluctuating interest rates to a large extent since interest-bearing debt is mainly utilised for assets earning interest at fluctuating rates.

		2020 GROUP		
	Notes	Assets R'm	Non-interest-earning assets R'm	Interest-earning assets R'm
Interest rate risk				
Property, plant and equipment	2	1 289	1 289	-
Investment properties	3	1	1	-
Right-of-use assets	4	37	37	-
Goodwill and intangible assets	5	41	41	-
Investment in joint ventures	8.1	185	185	-
Investment in associate	8.2	31	31	-
Other non-current assets	7.1.1, 7.1.2, 18.2	542	542	-
Inventory	10	882	882	-
Trade and other receivables (current)	11	3 735	-	3 735
Loans and other receivables (non-current)	9	1 226	-	1 226
Inventory held to satisfy firm sales	12	105	105	-
Cash and short-term deposits	7.1.3	174	-	174
Other current assets	7.1.2, 20.1	93	1	92
Total		**8 341**	**3 114**	**5 227**
Interest-bearing liabilities	7.2			(4 347)
Net exposure to interest rate risk (limited to Rnil)				-

24.1.1 Market risks | continued

		2019 GROUP		
	Notes	Assets R'm	Non-interest-earning assets R'm	Interest-earning assets R'm
Interest rate risk				
Property, plant and equipment	2	715	715	-
Goodwill	5	9	9	-
Investment in joint ventures	8.1	227	227	-
Investment in associate	8.2	28	28	-
Other non-current assets	7.1.1, 7.1.2, 18.2	35	35	-
Inventory	10	609	609	-
Trade and other receivables (current)	11	2 881	-	2 881
Loans and other receivables (non-current)	9	1 204	-	1 204
Inventory held to satisfy firm sales	12	234	234	-
Cash and short-term deposits	7.1.3	31	-	31
Other current assets	7.1.2, 20.1, 29	87	2	85
Total		6 060	1 859	4 201
Interest-bearing liabilities	7.2			(2 883)
Net exposure to interest rate risk (limited to Rnil)				-

Interest costs are naturally hedged in instances where interest-earning assets exceed interest-bearing liabilities. Interest rates are hedged by means of financial instruments in times of high volatility or when interest-bearing liabilities significantly exceed interest-earning assets.

Sensitivity of interest rates

The potential impact of interest rate changes on finance costs is illustrated below:

	GROUP			
	2020		2019	
	Increase/ (decrease) %	(Increase)/ decrease interest expenses before tax R'm	Increase/ (decrease) %	(Increase)/ decrease interest expenses before tax R'm
Commodity finance	2%	(0,8)	2%	(2,4)
	1%	(0,4)	1%	(1,2)
	(1)%	0,4	(1)%	1,2
	(2)%	0,8	(2)%	2,4
Short-term debt	2%	(68,5)	2%	(34,3)
	1%	(34,3)	1%	(17,2)
	(1)%	34,3	(1)%	17,2
	(2)%	68,5	(2)%	34,3
Long-term debt	2%	(13,4)	2%	(20,0)
	1%	(6,7)	1%	(10,0)
	(1)%	6,7	(1)%	10,0
	(2)%	13,4	(2)%	20,0

24.1.2 Credit risk

Concentration risk

The potential credit concentration risk relates mainly to trade debtors. Trade debtors consist of a large number of clients, spread over different geographic areas and credit is extended in accordance with the credit policy of the group. Prudent credit evaluation processes are strictly adhered to.

The value at risk is calculated as follows:

Gross carry amount - Securities held = Gross exposure

Gross exposure - Partial net asset value = Net exposure to credit risk after net asset value

1. "Gross carry amount" is calculated by decreasing the total producer debtor balance by the security value held or ceded to Senwes as well as the appropriate allowance for expected credit losses.

   "Gross exposure" is calculated by decreasing the total gross carry amount by the securities held.

   "Net exposure" is calculated by decreasing the total gross exposure amount by the partial allocation of net asset value.

   "Security" may, without limiting the generality thereof, amongst others, assume the form of a special hypothec, a special notarial bond, right of retention, a lessor's hypothec, pledge, cession, surety, option or any other form of security.

2. Distribution (spread) is measured against best practices in the industry, given the concentration in respect of geography, stratification, categorisation and arrears. Sources for measurement of concentration risk are formulated by using various agricultural industry norms, market trends in large companies and own analyses. The spread will increase the value at risk should it be higher than the norm and will decrease the risk should it be lower than the norm.

   The risk is measured in respect of concentration in the different areas, namely arrears, categorisation, stratification (individual extent of the balance of the debtor account) and geography and are discussed in detail below.

Geography

Low concentration risk is applicable due to an extensively spread geographic area, mainly the Free State, Northwest and Northern Cape.

Stratification and arrears

	GROUP			
	2020		2019	
Stratification of the client base to the extent of credit extended	Exposure of book	Arrears	Exposure of book	Arrears
R1 – R500 000	**1,0%**	**32,3%**	1,3%	19,0%
R500 000 – R1 250 000	**1,7%**	**4,5%**	1,9%	6,4%
R1 250 000 – R3 000 000	**7,0%**	**4,3%**	7,1%	2,7%
R3 000 000 – R5 000 000	**13,7%**	**0,9%**	14,9%	3,1%
R5 000 000 – R12 500 000	**23,9%**	**3,2%**	23,0%	2,3%
Above R12 500 000	**52,2%**	**1,1%**	51,3%	4,2%
Legal clients	**0,5%**	**91,5%**	0,5%	88,8%
Total	**100,0%**		100,0%	

The total arrears for 2020 amounted to 2,62% (2019: 4,19%).

A fair distribution of client size and arrears is applicable and the size of the current book is in line with the risk appetite per segment of Senwes.

Stages of debt

	GROUP			
	2020			
Distribution of debtors by category	Trade debtors %	Gross carrying amount R'm	Gross exposure amount R'm	Net exposure to credit risk after net asset value R'm
Stage 1	**38%**	**1 632**	**667**	**109**
Stage 2	**60%**	**2 565**	**616**	**46**
Stage 3	**2%**	**67**	**35**	**31**
Total	**100%**	**4 264**	**1 318**	**186**

24.1.2 Credit risk | continued

	GROUP			
	2019			
Distribution of debtors by category	Trade debtors %	Gross carrying amount R'm	Gross carrying amount R'm	Net exposure to credit risk after net asset value R'm
Stage 1	42%	1 623	563	98
Stage 2	57%	2 241	616	74
Stage 3	1%	36	15	26
Total	100%	3 900	1 194	198

The different stages are defined as follows:

Although not required by IFRS 9 Financial instruments, Senwes categorises trade and other receivables as well, in order to evaluate financing provided in a holistic manner.

Trade and other receivables and loans (collectively referred to as debtors) with significant financing components are classified into the following categories, in accordance with IFRS 9 Financial instruments, for impairment purposes, taking into account factors mentioned in note 11.5, that reflect changes in credit risk since initial recognition:

Stage 1: the loss allowance measured at an amount equal to 12-month expected credit losses
Debtors where there have not been a significant increase in credit risk since initial recognition:

Portfolio impairment (non-legal clients) – A group impairment assessment: debtors are not individually assessed but debtors with similar credit risks and characteristics are grouped. The group is then assessed for impairment.

Stage 2: the loss allowance measured at an amount equal to lifetime expected credit losses
Debtors whose credit risk have increased significantly since initial recognition:

Portfolio impairment (non-legal) clients:
A group impairment assessment, debtors are not individually considered, debtors with similar credit risks and characteristics are grouped together. The group is then assessed for impairment. These debtors have not been handed over to the legal department for collection as yet, but there is an indicator of impairment. The two most significant indicators of impairment identified in the current financial year are arrears (non-compliance with debtor terms) and lower yield for the current harvest due to the late planting season. During the year stage 2 trade debtors increased to 60% for 2020, from 57% in 2019 see note 24.1.2. Allowances for life time expected losses were made specifically for loans.

Stage 3: financial assets that are purchased or originated credit-impaired
Debtors whose credit risk have increased significantly since initial recognition:

Specifically impaired (legal clients): This will typically be the case where the debtor is already handed over to the legal department for recovery. The impairment represents the actual risk (LGD) for possible bad debt determined by the legal department, taking into account all securities and the client's balance sheet. The factors that influence management's estimates and judgement include whether customers that have been handed over to the legal department for collection, are specifically provided for based on the exposure and the estimation of the quality and expected realisation of securities held for the specific customers.

Counter-party risk

The credit crunch raises generic questions regarding the ability and appetite of financiers for funding. Absa and Nedbank as key financiers are regarded as excellent counter-parties and therefore fall within acceptable levels of counter-party risk. Counter-party risk relating to credit extension to clients is managed actively and is considered to be within acceptable levels.

24.1.3 Liquidity risk

The group monitors its liquidity risk by means of a cash flow planning and security model.

The group takes into account the maturity dates of its various assets and funds its activities by obtaining a balance between the optimal financing mechanism and the different financing products, which include bank overdrafts, short-term loans, commodity finance and other creditors. These are the remaining undiscounted cash-flows. The different debt expiry dates are as follows:

	GROUP and COMPANY			
	Financial liabilities - 2020			
	Total R'm	Due within 1 year R'm	Due within 1-5 years R'm	Due after 5 years R'm
Non-current liabilities				
Interest-bearing loans	**650**	**-**	**650**	**-**
Interest on interest-bearing loans	**37**	**34**	**3**	**-**
Other financial liabilities	**35**	**-**	**-**	**35**
JDI loan from Tomlinson Family Trust	**2**	**-**	**-**	**2**
KLK long-term loans	**18**	**-**	**18**	**-**
Lease liabilities ***	**30**	**-**	**26**	**4**
Total non-current liabilities	**772**	**34**	**697**	**41**
Current liabilities				
Interest-bearing loans	**3 461**	**3 461**	**-**	**-**
Interest on interest-bearing loans	**122**	**122**	**-**	**-**
KLK long-term loans (short-term portion)	**6**	**6**	**-**	**-**
Lease liabilities ***	**10**	**10**	**-**	**-**
Bank overdraft	**109**	**109**	**-**	**-**
Trade and other payables and contract liabilities *	**800**	**800**	**-**	**-**
Derivative financial instruments, tax payable, incentive bonuses, provisions and other financial liabilities **	**192**	**192**	**-**	**-**
Total current liabilities	**4 700**	**4 700**	**-**	**-**
Total liabilities, including interest payable	**5 472**	**4 734**	**697**	**41**

*Group: R800 million; Company: R158 million.

**Group: R192 million; Company: R259 million.

***Group: R40 million; Company: R2 million.

	GROUP and COMPANY			
	Financial liabilities - 2019			
	Total R'm	Due within 1 year R'm	Due within 1-5 years R'm	Due after 5 years R'm
Non-current liabilities				
Interest-bearing loans	1 000	-	1 000	-
Interest on interest-bearing loans	413	83	330	-
Other financial liabilities	59	-	-	59
JDI loan from Tomlinson Family Trust	2	-	-	2
Total non-current liabilities	1 474	83	1 330	61
Current liabilities				
Interest-bearing loans	1 837	1 837	-	-
Interest on interest-bearing loans	570	129	441	-
Trade and other payables and contract liabilities *	575	565	10	-
Derivative financial instruments, tax payable, incentive bonuses and provisions **	117	117	-	-
Total current liabilities	3 099	2 648	451	-
Total liabilities, including interest payable	4 573	2 731	1 781	61

*R300 million relates to Tradevantage and JD Implemente (Group: R575 million; Company: R275 million).

** R4 million relates to Tradevantage, JD Implemente and Senwes Capital (Group: R117 million; Company: R138 million).

^ R10 million of trade and other payables is payable on demand. However, it is not reasonably expected to be settled within 12 months.

24.1.4 Capital maintenance guidelines

Capital includes equity attributable to the equity holders of the parent. The group maintains its own capital ratio within the following guidelines:

	GROUP	
	2020 Own capital ratio	2019 Own capital ratio
Capital maintenance		
Total assets	**8 341**	6 060
Equity	**2 903**	2 363
Liabilities	**5 438**	3 697
Total equity and liabilities	**8 341**	6 060
Calculated rate (%)	**35%**	39%
Set target band (%)	**35%-45%**	35%-45%

The own capital ratio is the percentage of equity to total assets. The own capital ratio is at a lower level than the previous year and is still within the set target band. The policy in respect of the maintenance of capital is in accordance with the previous financial year.

	GROUP	
	2020 R'm	2019* R'm
Interest cover		
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**627**	533
Finance costs	**90**	80
Calculated interest cover (times)	**7,0**	6,7
Set target (times)	**>2,5**	>2,5

The interest cover exceeds the minimum set target of 2,5.

*Change in the presentation of finance costs and cost of sales. Refer to note 35.

24.2 BUSINESS RISKS

24.2.1 Operational risks

Access to grain

There is a risk of Senwes not being able to maintain access to or increase volumes of grain within its geographic base and that the concomitant impact on its grain income stream can be as follows:

- Downscaled planting – The occurrence of downscaled planting impacts Senwes at various levels. Models were developed and are being managed to reduce the impact of significant downscaled planting, if applicable.
- Drought – Climate change poses significant risks for Senwes and the sale of products could be affected significantly. Models have been developed and financial instruments are being used to manage and reduce the potential impact of drought.
- Competitive alternative storage structures – Alternative storage structures are addressed by innovative market transactions and by maintaining good producer relationships. Differences between product offerings are also being addressed in the market. Logistics solutions and funding of grain buyers are additional risk reduction measures. Various capital expenditure programmes have also been followed during the year to increase competitiveness.
- Improper management of transformation and land reform could have a significant impact on production. Senwes works in conjunction with all government departments concerned in seeking and implementing viable options, taking the B-BBEE-policy into account.

Human capital – scarcity and retention of talent

One of the cornerstones of good performance is access to and retention of excellent personnel. South Africa is currently involved in a talent war due to various reasons. Furthermore, Senwes has a relatively young talent profile which brings about difficulty to retain talent because of mobility. Added to this is the fact that Senwes is predominantly situated in rural areas and many young people relocate to the larger metropoles where there are more career opportunities. In order to mitigate this risk and as part of a comprehensive strategy in respect of the retention of talent, appropriate remuneration and incentive schemes have been implemented and ample opportunities for growth through training and practical exposure have been provided. Succession planning and identification of talent also receive the necessary attention.

Operational risk

Operational risks relate to events that are not caused by human error and form part of the normal running of the business. Such events would include operational breakdowns at critical times, unforeseen lead times on stock orders and lack of business enablers.

24.2.1 Operational risk | continued

Theft and fraud

The current economic conditions give rise to increased possibilities of fraudulent activity. 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. A refocus of business processes, a culture programme, redesign 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.

Also refer to the Risk Report in the Integrated Report for a more comprehensive outlook on risks related to the group.

24.2.2 Legal risks

Non-compliance with contracts

Senwes contracts with both producer and buyer, which poses a risk when prevailing conditions create circumstances of inability or the temptation not to comply with contractual obligations. These conditions could arise due to drought or significant price movements. Proper evaluation and accreditation of clients as well as the monitoring of the flow of the harvest play important roles in addressing this risk. Limiting contract volumes per counter party further reduce the risk. Market trends which may lead to non-compliance with contracts are monitored closely and strategies to hedge this risk on the Safex market are used when deemed necessary. These instruments are included with the values indicated in note 20.

24.2.3 Strategic risk

Sustainability and reputational risk

The possibility exists that certain events or perceptions could lead to uncertainty among certain stakeholders. This could in turn impact negatively on the business done with the group or the share value.

The risk management process considers all relevant actions, events and circumstances that could have an impact on the reputation of the company. The process also endeavours to measure the impact of possible reputation risks. Appropriate measures and structures are in place to deal with this timeously and effectively.

The risk process also identifies events which place pressure on the sustainability of the group. The process identifies areas for action that lead to the implementation of action plans to ensure sustained profitability.

24.2.4 System risks

The group relies heavily on technology. The main risks relate to archiving, capacity, data integrity, relevance, integration and adaptability. An IT-strategy and Management Committee are in place and formal change, project and integration management is applied.

24.3 ENVIRONMENTAL RISKS

24.3.1 Weather and climate risks

Senwes is indirectly subjected 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 weather derivative products.

24.3.2 Political risks

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 diminish and nullify the value of the security that Senwes holds against outstanding funds. This risk can only be accepted and cannot be mitigated.

24.4 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE

Senwes follows an Enterprise Wide Risk Management (ERM) framework, and as such very stringent reporting standards are placed on its subsidiaries, joint ventures and associates to comply with the ERM-methodology. The risk appetite levels of these entities differ and are governed by the group risk appetite level established for these types of investments.

24.5 FAIR VALUE

The following table summarises fair value measurements recognised in the statement of financial position or disclosed in the group's financial statements by class of asset or liability and categorised by level according to the significance of inputs used in making the measurements.

		Fair value as at 30 April 2020			
Recurring measurements	**Notes**	**Carrying amount as at 30 April 2020 Total R'm**	**Quoted prices in active markets for identical instruments Level 1 R'm**	**Significant other observable inputs Level 2 R'm**	**Significant unobservable inputs Level 3 R'm**
Assets					
Grain commodities	10	**62**	**62**	**-**	**-**
Inventory held to satisfy firm sales	12	**105**	**-**	**105**	**-**
Investment in financial assets at fair value through other comprehensive income	7.1.1	**2**	**-**	**-**	**2**
Investment in RealFin Collective Investment Scheme	8.2	**31**	**-**	**31**	**-**
Forward purchase contracts	20.1	**53**	**53**	**-**	**-**
Safex futures	20.1	**33**	**33**	**-**	**-**
Total assets		**286**	**148**	**136**	**2**
Liabilities					
Commodity finance	7.2.2	**41**	**41**	**-**	**-**
Forward purchase contracts	20.2	**69**	**69**	**-**	**-**
Foreign exchange contracts	20.2	**3**	**3**	**-**	**-**
Total liabilities		**113**	**113**	**-**	**-**

Accounts receivable, loans receivable and loans payable at amortised cost approximate the fair value.

		Fair value as at 30 April 2019			
Recurring measurements	**Notes**	**Carrying amount as at 30 April 2019 Total R'm**	**Quoted prices in active markets for identical instruments Level 1 R'm**	**Significant other observable inputs Level 2 R'm**	**Significant unobservable inputs Level 3 R'm**
Assets					
Grain commodities	10	155	155	-	-
Inventory held to satisfy firm sales	12	234	-	234	-
Investment in financial assets at fair value through other comprehensive income	7.1.1	5	-	-	5
Investment in RealFin Collective Investment Scheme	8.2	28	-	28	-
Forward purchase contracts	20.1	52	52	-	-
Total assets		474	207	262	5
Liabilities					
Commodity finance	7.2.2	121	121	-	-
Forward purchase contracts	20.2	28	28	-	-
Safex futures	20.2	2	2	-	-
Total liabilities		151	151	-	-

Accounts receivable, loans receivable and loans payable at amortised cost approximate the fair value.

Techniques used to determine fair value measurements categorised in level 1:

All items categorised in level 1 are revalued by applying the market value as determined by Safex (South African Futures Exchange), and the foreign exchange markets.

Techniques used to determine fair value measurements categorised in level 2:

RealFin Collective Investment Scheme`s inputs can indirectly be observed through the cash balances and financial position of the fund.

Techniques used to determine fair value measurements categorised in level 3:

Suidwes Holdings investment

The shares of Suidwes Holdings are still traded on the OTC market, but not actively. During the current financial year the investment has been fully impaired due to recoverability concerns. The investment is therefore valued at Rnil in the financial statements. Also refer to note 7.1.1.

Investments held by Thobo Trust

The shares held by Thobo Trust in Hinterland Fuels (Pty) Ltd and OTKV (Pty) Ltd. These companies are both private companies and discounted cash flow calculations were used to determine the fair values.

25. EARNINGS PER SHARE AND DIVIDENDS

25.1 EARNINGS PER SHARE

The following calculations are based on a weighted average number of 169 866 378 (2019: 166 179 668) shares. The earnings were calculated on profit attributable to shareholders.

25.1.1 Earnings per share is based on a profit of R303 million (2019: R281 million) attributable to ordinary shares.

25.1.2 Normalised headline earnings per share is based on a profit of R246 million (2019: R295 million). Normalised headline earnings is HEPS according to the JSE, and adjusted with the following:

1. Impairments/(reversals) on investments/loans of a capital nature;
2. Restructuring costs;
3. Profit/(loss) on foreign exchange on capital loans;
4. Expenses and cost impact not related to operational activities and which in nature are abnormal to the company;
5. Legal/consulting fees relating to business transactions (i.e. M&A's).

25.1.3 Reconciliation between earnings and normalised headline earnings is as follows:

	GROUP 2020 R'm	GROUP 2019 R'm
Earnings per statement of comprehensive income	**303**	281
Adjustments:		
Profit from sale of property, plant and equipment	**(8)**	(5)
Impairment of property, plant and equipment and intangible assets	**2**	-
Gains on the disposal of investment in joint venture	**(2)**	-
Impairment of goodwill	**12**	5
Gain on bargain purchase of subsidiary	**(56)**	-
Tax effect of adjustments	**2**	1
Headline earnings	**253**	282
Abnormal/once-off items:		
Reversal of impairment on investments and loans *	**(12)**	-
(Profit)/loss on foreign exchange on capital loans **	**(3)**	1
Legal/consulting fees ****	**6**	16
Other once-off items ***	**2**	-
Tax effect of adjustments	**-**	(4)
Normalised headline earnings	**246**	295
Earnings per share (cents)	**178,3**	169,1
Normalised headline earnings per share (cents)	**144,2**	177,5
Earnings per share from continued operations (cents)	**178,3**	169,1

*This relates to the impairment reversal of the Hinterland Holdings (Pty) Ltd investment at group level.

**The company is in the process of winding up its Mauritius activities.

***This relates to the cost impact of the Covid-19 pandemic, which we do not expect to reoccur annually and is therefore classified as once-off.

****Legal/consulting fees mainly consist of consulting fees incurred in optimising certain operating activities and for merger and acquisition transactions.

25.1.4 Diluted headline earnings per share is based on the diluted number of 177 654 085 (2019: 174 409 559) shares. The reconciliation between weighted average number of shares and diluted number of shares is:

	GROUP 2020 R'm	GROUP 2019 R'm
Earnings per statement of comprehensive income	**303**	281
Diluted earnings	**303**	281
Weighted average number of shares	**169 866 378**	166 179 668
Weighted average equity-settled share-based scheme	**7 787 707**	8 229 891
Diluted shares	**177 654 085**	174 409 559
Diluted earnings per share (cents)	**170,5**	161,1
Diluted normalised headline earnings per share (cents)	**137,9**	169,1

25.2 DIVIDENDS PAID AND PROPOSED

	GROUP 2020 R'm	GROUP 2019 R'm
Declared and paid during the year:		
Dividends on ordinary shares:		
Final dividend 2019: 30 cents (2018: 27 cents)	**54**	49
Interim dividend 2020: 30 cents (2019: 30 cents)	**54**	54
Total dividends paid (company)	**108**	103
Elimination of dividends paid to Senwes Capital and Senwes Share Incentive Scheme Trust	**(1)**	(4)
KLK Landbou Ltd dividends paid to non-controlling shareholders	**5**	-
Total dividends paid (group)	**112**	99

Dividends paid by the group exclude the dividend paid to Senwes Capital and Share Incentive Scheme Trust of R1 million (2019: R4 million).
Proposed for approval at the annual general meeting (not recognised as a liability as at 30 April):
Dividends on ordinary shares:

	GROUP 2020 R'm	GROUP 2019 R'm
Final dividend 2020: 30 cents (2019: 30 cents)	**54**	54

26. RELATED PARTY TRANSACTIONS

26.1 SUBSIDIARIES

The financial statements include the financial results of the subsidiaries listed below. The table below reflects the total of transactions per subsidiary. Transactions include interest income, interest expense, sales, purchases and other services rendered.

2020 COMPANY

	Transactions include	% interest	Income received/ (expenses incurred) R'm	Amounts owed (to)/by subsidiaries R'm
JD Implemente (Pty) Ltd	Revenue from and purchase of mechanisation whole goods, service level agreement income and interest received	**50,0%**	**4**	**22**
Senwes Agrowth (Pty) Ltd (Group)	Income from sale of grain, interest received, interest paid and service level agreement income	**73,5%**	**2 749**	**155**
Senwes Capital (Pty) Ltd	Interest and rent paid	**100,0%**	**(24)**	**(69)**
Senwes Graanmakelaars (Pty) Ltd	Interest received and service level agreement income	**100,0%**	**1**	**5**
Senwes Mauritius Ltd	Service level agreement income	**100,0%**	**-**	**14**
Senwes Equip Holdings (Pty) Ltd	Interest received	**100,0%**	**5**	**42**
Staalmeester Agricultural Equipment (Pty) Ltd **	Interest received and interest paid	**75,0%**	**2**	**13**
KLK Landbou Ltd	Recoupment of expenses	**57,7%**	**(1)**	**-**
Falcon Agricultural Equipment (Pty) Ltd	Interest received and service level agreement income	**100,0%**	**1**	**14**
Grainovation (Pty) Ltd	Interest received, rent received, service level agreement income and logistics services paid	**100,0%**	**-**	**(5)**
Thobo Trust	Interest received and grant paid	*****	**(1)**	**3**
Total			**2 736**	**194**

*Thobo Trust is consolidated due to the nature of the interest and its purpose as a special purpose vehicle.
**The shares are held via the wholly-owned subsidiary Senwes Equip Holdings (Pty) Ltd.

2019 COMPANY

	Transactions include	% interest	Income received/ (expenses incurred) R'm	Amounts owed (to)/by subsidiaries R'm
JD Implemente (Pty) Ltd	Revenue from sale of mechanisation whole goods and interest received	50,0%	15	32
Senwes Agrowth (Pty) Ltd (Group)	Income from sale of grain, interest received, interest paid and service level agreement income	73,5%	2 088	83
Senwes Capital (Pty) Ltd	Interest and rent paid	100,0%	(20)	(17)
Senwes Graanmakelaars (Pty) Ltd	Interest received and service level agreement income	100,0%	2	5
Senwes Mauritius Ltd	Service level agreement income	100,0%	-	11
Senwes Equip Holdings (Pty) Ltd	Interest received	100,0%	1	17
Staalmeester Agricultural Equipment (Pty) Ltd **	Interest received and interest paid	75,0%	1	20
Thobo Trust	Interest received and grant paid	*	(1)	(2)
Total			2 086	149

*Thobo Trust is consolidated due to the nature of the interest and its purpose as a special purpose vehicle.
**The 75% shareholding is held via the wholly-owned subsidiary Senwes Equip Holdings (Pty) Ltd.
For the interest rates and loan repayment terms, refer to note 7.

26.2 JOINT VENTURES AND ASSOCIATE

Details of transactions are listed in the table below. Transactions with related parties include:

Bastion Lime (Pty) Ltd	Service level agreement income and interest received
Certisure Group	Service level agreement income and interest received
Grainovation (Pty) Ltd	Transport costs, interest paid and service level agreement income
Hinterland Holdings (Pty) Ltd	Service level agreement income, rent paid, mechanisation service level agreement expense and interest paid or received
Hinterland SA (Pty) Ltd	Purchase of whole goods spares and service level agreement income
Molemi Sele Management (Pty) Ltd	Service level agreement income and interest paid
RealFin Collective Investment Scheme	Management fees received, brokerage fee income and interest received
Silocerts (Pty) Ltd	Costs relating to silo certificates

	GROUP					
	2020 R'm	2019 R'm	2020 R'm	2019 R'm	2020 R'm	2019 R'm
	% interest		Transactions with related parties		Amounts owed (to)/by entities	
Joint Ventures						
Bastion Lime (Pty) Ltd	**50,0%**	50,0%	**-**	1	**(15)**	2
Certisure Group	**50,0%**	50,0%	**-**	-	**(41)**	(29)
Grainovation (Pty) Ltd		50,0%	**-**	(356)	**-**	7
Hinterland Holdings (Pty) Ltd	**50,0%**	50,0%	**88**	69	**26**	10
Molemi Sele Management (Pty) Ltd	**35,7%**	35,7%	**-**	-	**-**	-
Silocerts (Pty) Ltd	**50,0%**	50,0%	**-**	-	**1**	2

For the interest rates and loan repayment terms, refer to note 7.

26.3 SIGNIFICANT SHAREHOLDERS

26.3.1 Parent company

Senwesbel Ltd's shareholding in Senwes increased to 53,2% (2019: 52,9%) during the 2020 financial year.

	PARENT COMPANY					
	2020 R'm	2019 R'm	2020 R'm	2019 R'm	2020 R'm	2019 R'm
	Management fees received		Interest paid		Loan payable	
Senwesbel Ltd	**2**	1	**-***	-*	**-***	-*

Dividends paid to Senwesbel Ltd amounted to R58 million (2019: R54,2 million).

For interest rates and loan repayment terms, refer to note 7.

*Amounts are less than R0,5 million.

26.3.2 Shareholder with significant influence

	SHAREHOLDER WITH SIGNIFICANT INFLUENCE			
	2020 R'm	2019 R'm	2020 R'm	2019 R'm
	Interest received		Loan receivable/(payable)	
Grindrod Trading Holdings (Pty) Ltd	**2**	4	**25**	15

26.4 TRADE WITH DIRECTORS

Balances with directors

These comprise of production credit, mortgages and other accounts for which customers of the company qualify. Credit extension terms and interest rates in respect of loans are aligned with the company's credit policy. These amounts are included in trade and other receivables according to normal credit terms and conditions.

	GROUP		COMPANY	
	2020 R'm	2019 R'm	2020 R'm	2019 R'm
Related parties – trade and other accounts receivable	**93**	93	**77**	66

Transactions with directors

Due to the nature of the business, the directors form part of the normal customer/client base of the group.

The transactions with directors comprise of revenue from the sale of mechanisation whole goods and spares, handling, storage, sales and purchases of grain, interest and financing transactions.

	GROUP		COMPANY	
	2020 R'm	2019 R'm	2020 R'm	2019 R'm
Income	**283**	298	**91**	127
Purchases	**102**	86	**102**	86

26.5 DIRECTORS' REMUNERATION (EXECUTIVE AND NON-EXECUTIVE)

		GROUP and COMPANY	
	Note	2020 R'm	2019 R'm
Salaries *		**9**	8
Short-term incentive		**4**	4
Long-term incentive		**6**	5
Equity-settled share-based payment	16.2	**6**	5
Executive directors		**19**	17
Non-executive directors		**7**	6
Directors' remuneration: company		**26**	23
Directors' remuneration: subsidiaries		**11**	6
Directors' remuneration: group		**37**	29

*Pension costs are included in salaries. These amounts will be less than R1 million when rounded and are therefore not disclosed in a separate line.

Non-executive directors' remuneration (company):

			2020					
Non-executive	Status	Date	Total directors' remuneration	Remuneration from Senwesbel	Total directors' remuneration from Senwes group	Remuneration from Senwes	Travelling and accommodation expenses	Remuneration from subsidiaries
SF Booysen	In Office	Full Year	1 018 818	-	1 018 818	1 001 756	17 062	-
JB Botha	Resigned	22/8/2019	221 197	-	221 197	218 994	2 203	-
VJ Klein	Appointed	22/8/2019	368 082	-	269 855	258 729	11 126	98,227
AJ Kruger	In Office	Full Year	951 535	394 857	556 678	544 256	12 422	-
NDP Liebenberg	In Office	Full Year	966 459	275 879	690 580	682 026	8 554	-
JS Marais	Appointed	22/8/2019	505 943	-	290 810	275 847	14 963	215,133
JDM Minnaar	In Office	Full Year	1 585 899	181 137	1 314 144	1 265 639	48 505	90,618
JJ Minnaar	In Office	Full Year	659 849	175 832	484 017	472 579	11 438	-
SM Mohapi	In Office	Full Year	499 696	-	499 696	484 883	14 813	-
JPN Stander	Appointed	22/8/2019	503 700	-	335 014	296 691	38 323	168,686
TF van Rooyen	In Office	Full Year	628 760	179 839	448 921	445 309	3 612	-
WH van Zyl	In Office	Full Year	742 792	175 938	566 854	555 810	11 044	-
AG Waller	In Office	Full Year	119 072	-	119 072	119 072	-	-
Total			8 771 802	1 383 482	6 815 656	6 621 591	194 065	572,664

26.5 DIRECTORS' REMUNERATION (EXECUTIVE AND NON-EXECUTIVE) | continued

Executive directors' remuneration (company):

	2020				
Executive	Remuneration	Retention remuneration	Short-term incentive bonus	Long-term incentive *	Travelling and accommodation expenses
F Strydom	5 046 615	666 667	2 324 960	4 209 570	136 379
CF Kruger	3 264 329	333 333	1 565 042	2 036 246	83 048
Total	**8 310 944**	**1 000 000**	**3 890 002**	**6 245 816**	**219 427**

*The long-term incentive has not vested as yet and is subject to vesting conditions. The total share-based payment expense recognised for the 2020 financial year relates to four tranches which will vest, depending on vesting conditions being met, on a yearly basis from June 2020 to June 2023.

Equity-settled share-based payments (company):

	Number of shares granted*	
	2020	2019
Executive	Number	Number
F Strydom	3 425 159	2 742 363
CF Kruger	2 047 317	1 710 231
Total	**5 472 476**	4 452 594

*Included with the number of shares are both the initial and additional grants.

The total share-based payment expense recognised for the 2020 financial year amounted to R6,2 million (2019: R4,7 million) and relates to four tranches (2019: four tranches) which will vest, depending on vesting conditions being met, on a yearly basis from June 2020 to June 2023.

Non-executive directors' remuneration (company):

	2019						
Non-executive	Status	Date	Total directors' remuneration	Remuneration from Senwesbel	Total directors' remuneration from Senwes group	Remuneration from Senwes	Travelling and accommodation expenses
SF Booysen	In Office	Full Year	822 148	-	822 148	804 279	17 869
JB Botha	In Office	Full Year	517 227	-	517 227	513 190	4 037
AJ Kruger	In Office	Full Year	905 182	375 192	529 990	516 359	13 631
NDP Liebenberg	In Office	Full Year	922 829	268 848	653 981	647 067	6 914
JDM Minnaar	In Office	Full Year	1 366 700	174 139	1 192 561	1 137 187	55 374
JJ Minnaar	In Office	Full Year	624 155	165 409	458 746	448 355	10 391
SM Mohapi	In Office	Full Year	473 013	-	473 013	460 029	12 984
TF van Rooyen	In Office	Full Year	600 748	171 627	429 121	422 484	6 637
WH v Zyl	In Office	Full Year	704 775	165 546	539 229	527 321	11 908
AG Waller	In Office	Full Year	396 722	-	396 722	396 722	-
Total			7 333 499	1 320 761	6 012 738	5 872 993	139 745

Executive directors' remuneration (company):

	2019			
Executive	Remuneration	Short-term incentive bonus	Long-term incentive *	Travelling and accommodation expenses
F Strydom	5 005 332	2 226 942	3 269 696	109 952
CF Kruger	3 090 751	1 346 741	1 414 150	64 059
Total	8 096 083	3 573 683	4 683 846	174 011

*The long-term incentive has not vested as yet and is subject to vesting conditions. The total share-based payment expense recognised for the 2019 financial year relates to four tranches which will vest, depending on vesting conditions being met, on a yearly basis from June 2019 to June 2022.

26.6 INFORMATION ON DIRECTORS' TERMS OF OFFICE

For information regarding the non-executive directors, refer to the statutory directors' report (page 105).

Executive directors

Director	Service contract expiry date	Position held
F Strydom	31 July 2022	Chief Executive Officer
CF Kruger	31 January 2023	Chief Financial Officer

Directors' direct and indirect interests in the company:

	COMPANY			
	2020 R'm		2019 R'm	
	Number of shares	% of total shares	Number of shares	% of total shares
Direct				
Non-executive directors	181 438	0,10%	170 550	0,09%
Executive directors	930 950	0,52%	465 103	0,26%
Indirect				
Non-executive directors	499 129	0,28%	443 652	0,24%
Executive directors	62 320	0,03%	62 320	0,04%
Total direct and indirect interest	**1 673 837**	**0,93%**	1 141 625	0,63%

26.7 DIRECTORS' DIRECT AND INDIRECT INTERESTS IN THE COMPANY:

	2020		2019	
	Direct		Direct	
Name	Shares	%	Shares	%
Non-executive				
AJ Kruger & Related parties:	**142 386**	**0,08%**	142 386	0,08%
AJ Kruger	132 386	0,07%	132 386	0,07%
Kingston Boerdery CC **	10 000	0,01%	10 000	0,01%
JS Marias	**22 500**	**0,01%**	-	0,00%
JDM Minnaar and related parties	**20 129**	**0,01%**	-	0,00%
JDM Minnaar	7 019	0,00%	-	0,00%
Robyn Trust **	823	0,00%	-	0,00%
Lerna Boerdery BK **	1 140	0,00%	-	0,00%
JDM Boerdery (Edms) Bpk **	11 147	0,01%	-	0,00%
JJ Minnaar	**15 198**	**0,01%**	-	0,00%
TF van Rooyen & Related parties:	**33 432**	**0,02%**	33 432	0,01%
TF van Rooyen	4 335	0,00%	4 335	0,00%
Doc-Zonie Trust **	8 028	0,01%	8 028	0,00%
IM Boerdery (Pty) Ltd **	21 069	0,01%	21 069	0,01%
WH van Zyl & Related parties:	**446 922**	**0,25%**	438 384	0,24%
WH van Zyl	-	0,00%	33 829	0,02%
Thuso Graan (Pty) Ltd **	46 922	0,03%	4 555	0,00%
Family members within defined consanguinity	400 000	0,22%	400 000	0,22%
Executive				
F Strydom #	**847 916**	**0,47%**	336 841	0,19%
CF Kruger & Related parties:	**145 354**	**0,08%**	190 582	0,11%
CF Kruger ^	83 034	0,05%	128 262	0,07%
Family members within defined consanguinity	62 320	0,03%	62 320	0,04%
Subtotal of directors	**1 673 837**	**0,93%**	1 141 625	0,63%
Other shareholders *	**179 115 471**	**99,07%**	179 647 683	99,37%
TOTAL	**180 789 308**	**100,00%**	180 789 308	100,00%

*Other shareholders include indirect shareholding of directors.

** The directors do not necessarily have a controlling interest in the trusts, CCs and/or companies related to them.

Shares held in Senwes do not include the 2 044 723 shares granted in terms of the LTI scheme which have not yet vested. 511 075 shares already vested in terms of the LTI scheme, during the year.

^ Shares held in Senwes do not include 1 133 736 shares granted in terms of the LTI scheme which have not yet vested. 337 309 shares already vested in terms of the LTI scheme, during the year.

27. RECONCILIATION OF PROFIT BEFORE TAX TO CASH FROM OPERATING ACTIVITIES

	GROUP		COMPANY	
	2020 R'm	2019 * R'm	2020 R'm	2019 * R'm
Profit before tax	**446**	398	**294**	328
Adjustments to reconcile profit before tax to net cash flows:	**99**	177	**85**	177
Foreign exchange profit	**(4)**	(2)	**(4)**	(2)
Depreciation	**95**	55	**62**	52
Non-cash movement in provisions	**(33)**	38	**(61)**	60
Finance costs	**90**	80	**89**	81
Finance income	**(4)**	-	**-**	-
(Reversal of impairment)/impairment on investments and loans	**(12)**	-	**5**	(19)
Loss/(profit) from joint ventures and associate	**19**	(6)	**-**	-
AgriRewards conversion profit	**(9)**	-	**(9)**	-
Profit on disposal of property, plant and equipment	**(2)**	(2)	**(2)**	(2)
Impairment of property, plant and equipment and goodwill	**2**	5	**2**	-
Gain on bargain purchase of subsidiary	**(56)**	-	**-**	-
Other operating income: dividends received	**-**	-	**(12)**	(2)
Fair value adjustment of equity interest in joint venture	**(2)**	-	**-**	-
Deferred government grant movement through profit or loss	**(2)**	-	**-**	-
Equity-settled share-based payment expense	**17**	9	**15**	9
Cash from operating activities	**545**	575	**379**	505

*Change in presentation of finance costs and cost of sales. Refer to note 35.

28. CHANGES IN WORKING CAPITAL

	GROUP		COMPANY	
	2020 R'm	2019 R'm	2020 R'm	2019 R'm
Decrease/(increase) in inventory	**161**	390	**(81)**	349
Increase in trade and other receivables	**(688)**	(188)	**(534)**	(221)
Decrease/(increase) in inventory held to satisfy firm sales	**129**	(91)	**136**	(57)
(Decrease)/increase in trade and other payables	**(86)**	(116)	**335**	(119)
Decrease in contract liabilities	**(30)**	(40)	**(30)**	(40)
Increase/(decrease) in interest-bearing current loans	**1 276**	(148)	**1 273**	(148)
Changes in working capital	**762**	(193)	**1 099**	(236)

29. TAX PAID

	GROUP		COMPANY	
	2020 R'm	2019 R'm	2020 R'm	2019 R'm
Tax receivable/(payable) at the beginning of the period	**7**	(8)	**8**	(8)
Deferred tax liability at the beginning of the period	**(83)**	(17)	**(100)**	(41)
Amounts debited in profit or loss	**(109)**	(115)	**(80)**	(100)
Tax movement not through profit or loss due to business combinations	**(32)**	-	**-**	-
Deferred tax liability at the end of the period	**85**	83	**69**	100
Tax payable/(receivable) at the end of the period	**15**	(7)	**15**	(8)
Tax paid	**(117)**	(64)	**(88)**	(57)

30. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

	GROUP		COMPANY	
	2020 R'm	2019 R'm	2020 R'm	2019 R'm
Land	**(2)**	(1)	**(2)**	(1)
Silos	**-**	(8)	**-**	(8)
Buildings and improvements	**(59)**	(41)	**(39)**	(40)
Machinery and equipment	**(187)**	(124)	**(175)**	(122)
Vehicles	**(20)**	(14)	**(8)**	(13)
Total acquisition of property, plant and equipment	**(268)**	(188)	**(224)**	(184)
Represented by:	**(268)**	(188)	**(224)**	(184)
Acquisition to increase operating capacity	**(113)**	(101)	**(85)**	(98)
Acquisition to maintain operating capacity	**(155)**	(87)	**(139)**	(86)

2020: Assets acquired through the acquisition of KLK Landbou Ltd, Falcon Agricultural Equipment (Pty) Ltd and Grainovation (Pty) Ltd (refer to note 6.1) of R411 million are not included the group figures as the acquisition of a subsidiary is disclosed in a separate line on the statement of cash flows.

2019: Assets acquired through the acquisition of Staalmeester Agricultural Equipment (Pty) Ltd (refer to note 6.1) of R21 million are not included the group figures as the acquisition of a subsidiary is disclosed in a separate line on the statement of cash flows.

31. PROCEEDS FROM DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

	GROUP		COMPANY	
	2020 R'm	2019 R'm	2020 R'm	2019 R'm
Carrying value of assets sold	**16**	1	**1**	1
Profit from disposals	**2**	2	**2**	2
Proceeds from disposals	**18**	3	**3**	3

32. OTHER LOANS RECEIVABLE/PAYABLE

		GROUP		COMPANY	
	Note	2020 R'm	2019 R'm	2020 R'm	2019 R'm
Loans from related parties					
Additional loans received from related parties	7.2.1	**29**	14	**79**	39
Total repayment of loans from related parties		**-**	(11)	**(9)**	(11)
Repayment of loans from related parties	7.2.1	**(11)**	(11)	**(9)**	(11)
Movement in loans from related parties due to Grainovation (Pty) Ltd business combination	6.1	**11**	-	**-**	-
Movement in loans from related parties		**29**	3	**70**	28
Loans to related and third parties					
Additional loans advanced to related and third parties	7.1.2	**(510)**	(49)	**(820)**	(98)
Total repayment of additional loans to related and third parties		**31**	150	**47**	243
Repayment of loans to related and third parties	7.1.2	**27**	148	**51**	238
Adjustments to movements already considered in note 27					
Impairments of loans		**-**	-	**(8)**	3
Forex		**4**	2	**4**	2
Movement in loans to related and third parties		**(479)**	101	**(773)**	145

33. UNUTILISED FUNDING FACILITIES

An unutilised short-term facility of R1,1 billion (2019: R1,3 billion) is available for growth opportunities and unexpected events.

At year-end, Senwes had unpledged commodities and unencumbered assets of R40 million (2019: R20 million) and R4,1 billion (2019: R3,6 billion) respectively.

34. IMPLEMENTATION OF NEW STANDARDS

As this is the first year of adopting IFRS 16, Leases, the transition to the new standard had the following effect on the financial statements of the group:

	GROUP		COMPANY	
Statement of financial position:	2020 R'm	2019 * R'm	2020 R'm	2019 * R'm
Non-current assets	**37**	-	**2**	-
Increase in Right-of-use assets	**37**	-	**2**	-
Increase/decrease in deferred tax asset/liability	**-**	-	**-**	-
Current liabilities	**(39)**	-	**(2)**	-
Increase in lease liability	**(39)**	-	**(2)**	-
Increase/decrease in deferred tax liability	**-**	-		-
Statement of comprehensive income:	**2**	-	**-**	-
Increase in distribution, sales and administrative expenses	**-**	-	**-**	-
Increase in finance costs	**2**	-	**-**	-

*The group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 May 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application, and therefore no adjustment is made to the prior year.

35. CHANGE IN PRESENTATION OF FINANCE COSTS

During the year, the group adjusted its presentation of finance costs and cost of sales relating to the financial services business. The change results in finance costs presented above the gross profit line on the face of the statement of comprehensive income as cost of sales, due to the finance income of the financial services business presented as revenue on the face of the statement of comprehensive income. Prior to this change in presentation, the group recognised the finance costs relating to the financial services business as finance costs in the respective line on the face of the statement of comprehensive income.

The group believes this presentation is preferable as it aligns the nature of transactions and will aid financial analysis. This constitutes a change in accounting policy, and results in the retrospective adjustment of disclosed amounts.

The impact of this voluntary change in presentation on the consolidated financial statements is limited to the statement of comprehensive income and the statement of cash flows. The impact on each line item of the consolidated financial statements is as follows:

	GROUP		COMPANY	
Statement of comprehensive income	2020 R'm	2019 R'm	2020 R'm	2019 R'm
Increase in cost of sales	**(155)**	(133)	**(155)**	(133)
Decrease in gross profit	**(155)**	(133)	**(155)**	(133)
Decrease in operating profit	**(155)**	(133)	**(155)**	(133)
Decrease in finance costs	**155**	133	**155**	133
Net adjustment in profit before tax	**-**	-	**-**	-
Statement of cash flows				
Decrease in cash from operating activities (outflow)	**(155)**	(133)	**(155)**	(133)
Decrease in finance costs paid (inflow)	**155**	133	**155**	133
Net adjustment in net cash flows from operating activities	**-**	-	**-**	-

The reclassification of finance costs did not have any other material impact on the financial statements of the group and therefore no third statement of financial position is disclosed.

36. STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the reporting date, there are no standards issued but not yet effective which is evaluated to have a material impact on the group in future periods.

37. EVENTS AFTER THE REPORTING PERIOD

Senwes was involved in negotiations regarding the acquisition of a controlling interest in Suidwes Landbou Group. Approval has been obtained from the Competition Commission and the shareholders of Suidwes Landbou. Senwes is awaiting approval from the Competition Tribunal.

Except for the above, management is not aware of any other event that has occurred from the statement of financial position date and up to the date of this report.

ACCOUNTING POLICY

1. BASIS OF PRESENTATION

The financial statements are prepared on the historical cost basis, except for derivative financial instruments, financial assets and commodity inventory measured at fair value. The carrying values of designated hedged assets and liabilities are adjusted to reflect changes in the fair values resulting from the hedged risks. The financial statements are presented in South African rand terms and all values are rounded to the nearest million (R'm), except where stated otherwise.

1.1 STATEMENT OF COMPLIANCE

The financial statements of Senwes Limited and all its subsidiaries, joint ventures and associate (Group) have been prepared in accordance and in compliance with the requirements of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and Interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) and with those requirements of the South African Companies Act, no 71 of 2008 (as amended), applicable to companies reporting under IFRS.

1.2 CHANGE IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policy adopted in the preparation of the consolidated financial statements is consistent with the policy followed in the preparation of the group's annual financial statements for the previous financial year, except for the adoption of new standards and interpretations effective as of 1 May 2019 as set out below:

- New standards adopted during this financial year:

IFRS 16 Leases

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

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

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

Refer to note 4 in the notes to the financial statements for a summary of the impact of the adoption on the financial statements of the group.

Upon adoption of IFRS 16, the group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to note 2.6 Leases for the accounting policy beginning 1 May 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the group.

Leases previously accounted for as operating leases

The group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The group also applied the available practical expedients wherein it:

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

The lease liabilities as at 1 May 2019 can be reconciled to the operating lease commitments as of 30 April 2019, as follows:

	GROUP R'm
Operating lease commitments as at 30 April 2019	10
Weighted average incremental borrowing rate as at 1 May 2019	5,72%
Discounted operating lease commitments as at 1 May 2019	9
Less:	-
Commitments relating to short-term leases	-*
Commitments relating to leases of low-value assets	-*
Add:	-
Commitments relating to leases previously classified as finance leases	-
Lease payments relating to renewal periods not included in operating lease commitments as at 30 April 2019	2
Lease liabilities as at 1 May 2019	11

* Amount is less than R0,5 million.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- How an entity considers changes in facts and circumstances.

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

Upon adoption of the Interpretation, the group considered whether it has any uncertain tax positions. The group determined, based on its tax compliance, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have an impact on the consolidated financial statements of the group.

1.3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

Standards already issued, but not yet effective upon the issuing of the group's financial statements, are listed below. This list contains standards and interpretations issued, which are expected to be applicable at a future date. The intention of the group is to adopt these standards, if applicable, when they become effective:

- IFRS 3 (Amendment)
  Definition of business amended to specify that a business consists of an integrated set of activities and assets that have the ability to contribute to the creation of outputs. The outputs are specified in the definition and guidance is provided to determine whether the process requirement is met. An optional concentration test to determine whether a set of activities and assets acquired constitute a business is introduced. Effective date 1 January 2020;
- IAS 1 and IAS 8 (Amendments)
  Revised definition of material and guidance introduced to determine whether information about an item, transaction or event is material to users of financial statements. Effective date 1 January 2020;
- Conceptual Framework
  The Conceptual Framework has been revised. This includes refinements to the definitions of asset or liability and related recognition criteria. It also includes guidance on measurement bases, presentation and disclosure and derecognition. The section of the framework that deals with the Reporting Entity has been inserted into this version of the framework. Effective date 1 January 2020;
- IFRS 10 and IAS 28 (Amendments)
  Sale/Contribution of Assets between Investor and its Associate/Joint Venture.
  Clarification of the accounting treatment when an investor losses control over a subsidiary as a result of a transaction with a joint venture or associate. No date for implementation set yet;

The following standards are new or were also amended during the year, but are not likely to have a material impact on the group:

- IFRS 17 Insurance Contracts;
- Amendments to IAS 1, Classification of Liabilities as current or non-current;
- Amendments to IFRS 9 and IFRS 7, Interest Rate Benchmark Reform.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF CONSOLIDATION

The consolidated financial statements comprise of the financial statements of Senwes Limited, its subsidiaries, joint ventures and associate as at 30 April 2020.

Control is achieved when the group is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the group controls an investee if and only if the group has:

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

When the group has less than a majority of the voting or similar rights of an investee, the group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The group's voting rights and potential voting rights.

The group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the group gains control until the date the group ceases to control the subsidiary.

Subsidiaries are consolidated from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the holding company, using consistent accounting policies. All intragroup balances, transactions, unrealised gains and losses resulting from intragroup transactions and dividends are eliminated.

Non-controlling interest's share of total comprehensive income within a subsidiary is attributed to the non-controlling interest, even if that results in a deficit balance.

For purchases of additional interests in subsidiaries from non-controlling interests without loss of control, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is added to, or deducted from, equity. For disposals of non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also recorded in equity.

Where the group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the cumulative translation differences recorded in equity;
- Derecognises the carrying amount of any non-controlling interest;
- Reclassifies the share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises in profit or loss any difference between the fair value and the net carrying amount of the subsidiary on date of loss of control.

Investments in subsidiaries at company level are shown at cost less any accumulated impairment losses. Where impairments occur, these are accounted for against the relevant class of assets. Upon consolidation, the impairment provisions relating to accumulated losses made will be written back.

2.1.1 Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The group's interests in joint ventures are accounted for by applying the equity method. In applying the equity method, account is taken of the group's share of accumulated retained earnings and movements in reserves from the effective dates on which the companies become joint ventures and up to the effective dates of disposal.

Under the equity method, the investment in joint ventures is initially recognised in the statement of financial position at cost. Subsequent to acquisition date the carrying amount of the investment is adjusted with changes in the group's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not amortised or separately tested for impairment. The share of the results of operations of joint ventures is reflected in profit or loss. This is the profit or loss attributable to equity holders of joint ventures and is therefore profit after tax and non-controlling interests in the subsidiaries of the joint ventures. Adjustments are made where the accounting period and accounting policies of joint ventures are not in line with those of the group. Where a change in other comprehensive income of joint ventures was recognised, the group recognises its share of any changes and discloses this, where applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the group and joint ventures are eliminated to the extent of the interest in joint ventures.

When downstream transactions provide evidence of a reduction in the net realisable value of the assets to be sold or contributed, or of an impairment loss of those assets, those losses shall be recognised in full by the investor. When upstream transactions provide evidence of a reduction in the net realisable value of the assets to be purchased or of an impairment loss of those assets, the investor shall recognise its share in those losses.

Where non-monetary assets are contributed to a joint venture in exchange for an equity interest in the joint venture, the profit or loss recognised shall be the portion of gain or loss attributable to the equity interests of the other venturer. The unrealised gains or losses shall be eliminated against the investment and shall not be presented as deferred gains or losses in the consolidated statement of financial position. Where such contribution lacks commercial substance, the gain or loss is regarded as unrealised and not recognised.

After application of the equity method, the group determines whether it is necessary to recognise an impairment loss on the group's investments in its joint ventures. The group determines at each reporting date whether there is any objective evidence that the investments in joint ventures are impaired. If this is the case the group calculates the amount of impairment as the difference between the recoverable amount of joint ventures and its carrying value and recognises the amount in profit or loss.

Upon loss of joint control over the joint venture, the group measures and recognises any remaining investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal, is recognised in profit or loss.

The company's interests in joint ventures are accounted for at cost.

2.1.2 Associates

The group's investments in its associates are accounted for using the equity method of accounting. An associate is an entity in which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Acquisition of shares in investments is reflected as financial assets at fair value through other comprehensive income until significant influence is obtained in that investment, thereafter that investment is recognised as an associate.

Under the equity method, the investment in the associate is initially recognised in the statement of financial position at cost. Subsequent to acquisition date the carrying amount of the investment is adjusted with the post-acquisition changes in the group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised or separately tested for impairment. The share of the results of operations of associates is reflected in profit or loss. This is the profit or loss attributable to equity holders of associates and is therefore profit after tax and non-controlling interests in the subsidiaries of the associates. Adjustments are made where the accounting period and accounting policies of associates are not in line with those of the group. Where a change in other comprehensive income of associates was recognised, the group recognises its share of any changes and discloses this, where applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the group and associates are eliminated to the extent of the interest in associates.

After application of the equity method, the group determines whether it is necessary to recognise an impairment loss on the group's investment in its associates. The group determines at each reporting date whether there is any objective evidence that the investments in associates are impaired. If this is the case the group calculates the amount of impairment as the difference between the recoverable amount of associates and its carrying value and then recognises the amount in profit or loss.

Upon loss of significant influence over associates, the group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of associates upon loss of significant influence and the fair value of the retained investments and proceeds from disposal, is recognised in profit or loss.

The company's investments in associates are accounted for at cost.

2.1.3 Business combinations

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

When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of IFRS 9, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

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

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

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

Transactions under common control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

Where a business is obtained through common control, the assets and liabilities will be reflected at their carrying amount on acquisition date and not at fair value. No 'new' goodwill is recognised as a result of the common control transaction, except for existing goodwill relating to either of the combining entities. Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within equity.

2.1.4 Fair value measurements

The group measures financial instruments, such as derivatives and certain inventory, such as grain commodity at fair value at each statement of financial position date. Also, fair values of financial instruments measured at amortised cost are disclosed in note 7.1.2, 7.2.1, 7.2.2, 7.2.3 and 7.2.5.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the group.

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

For the purpose of fair value disclosures, the group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.2 FOREIGN CURRENCIES

2.2.1 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the business operates (functional currency). The financial statements are presented in South African rand, which is the company's and group's functional and presentation currency.

2.2.2 Foreign transaction

Transactions in foreign currencies are converted at spot rates applicable on the transaction dates. Monetary assets and/or liabilities in foreign currencies are converted to rand at spot rates applicable at the reporting date. Exchange differences arising on settlement or recovery of such transactions are recognised in profit or loss.

2.2.3 Foreign operations

The results and financial position of all group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different to the group's presentation currency, are translated into the presentation currency as follows:

- Assets and liabilities at the closing exchange rate at the reporting date;
- Income and expense items are translated at the average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

On disposal of foreign operations, the component of other comprehensive income relating to that particular foreign operation is reclassified out of other comprehensive income. Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate at the reporting date.

2.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are held with a view to generate economic benefit from it for more than one period of use in the production or supply of goods or services or for administrative purposes and are not acquired for resale purposes.

All property, plant and equipment items are initially recognised at cost. Thereafter it is measured with reference to the cost of the asset less accumulated depreciation and accumulated impairments.

- The cost of property, plant and equipment includes the following: purchase price including import duties, non-refundable purchase taxes and costs directly attributable to bringing an asset to the location and condition necessary to operate as intended by management, less trade discounts and rebates.
- Property, plant and equipment with a cost of more than R7 000 are capitalised, while assets with a cost of less than R7 000 are written off against operating profit.
- Profits and losses on sale of property, plant and equipment are calculated on the basis of their carrying values and are accounted for in operating profit.
- With the replacement of a part of an item of property, plant and equipment, the replaced part is derecognised. The replacement part shall be recognised according to the recognition criteria as an individual asset with specific useful life and depreciation.

The carrying values of property, plant and equipment are considered for impairment when the events or changes in circumstances indicate that the carrying values are no longer recoverable from its future use or realisation of the assets.

Depreciation is calculated on a fixed percentage basis over the expected useful life at the following rates:

	%
Land	-
Silos	2,85
Buildings and improvements	2,5
Plant and equipment	7,5-33,3
Vehicles	20
Heavy vehicles	*

* Heavy vehicles are depreciated at 40%, 30%, 20% and 10% per annum over a four year period.

Depreciation begins when an asset is available for use, even if it is not yet brought into use. Each part of an item of property, plant and equipment with a cost which is significant in relation to the total cost of the item, is depreciated separately. Land is not depreciated as it is deemed to have an unlimited life.

The useful life method of depreciation and residual value of property, plant and equipment are reviewed at each reporting date and adjusted prospectively, if appropriate. The evaluations in respect of the useful life and residual value of assets can only be determined accurately when items of property, plant and equipment approach the end of their lives. Useful life and residual value evaluations can result in an increased or decreased depreciation expense. If the residual value of an asset equals its carrying amount, the asset's depreciation charge is nil, unless and until its residual value subsequently decreases to an amount below the asset's carrying amount.

2.4 INTANGIBLE ASSETS

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

The useful lives of intangible assets are assessed as either finite or indefinite.

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

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

Intellectual property

The group acquired intellectual property (IP) relating to an invention of laser-based volume measuring devices which the seller has developed on behalf of, and with the assistance of Senwes.

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

	Intellectual property
Useful live	Finite (10 years)
Amortisation method used	Amortised on a straight-line basis over the period of the patent
Internally generated or acquired	Acquired

2.5 INVESTMENT PROPERTY

Investment property is land and buildings held to earn rentals or for capital appreciation or both. Investment property is recognised as an asset when and only when it is probable that the future economic benefit associated with the investment property will be the business and the investment property cost can be measured reliably.

Investment properties are initially recognised at cost, including transaction costs. Depreciation is calculated using the straight-line method to reduce their cost to their residual values over their estimated useful life. Land is not depreciated. Investment properties depreciation methods, residual values and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statements of comprehensive income in the period of derecognition.

Transfers are made to/(from) investment property only when there is a change in use. If owner-occupied property becomes an investment property, the group accounts for it in accordance with property, plant and equipment up to the date of change.

Under certain circumstances, it is difficult to distinguish between investment property and property occupied by the owner. In such circumstances, the criteria are to distinguish based on the existing occupation and purpose of the property.

2.6 LEASES

IFRS 16:

The group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

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

i) Right-of-use assets

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

- Buildings and improvements 3 to 15 years
- Plant and machinery 3 to 15 years

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

The right-of-use assets are also subject to impairment. Refer to accounting policy note 3.8 for the impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the group and payments of penalties for terminating the lease, if the lease term reflects the group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

2.7 INVENTORY

Inventory represents assets held for resale in the normal course of business, to produce assets for sale, or for use in production processes, or the rendering of services. Included in cost of inventory are the cost price, production costs and any costs incurred in bringing the inventory to its current position and condition, ready for the intended purpose. Cost of inventory does not include interest, which is accounted for as an expense in the period when incurred.

Included in cost of production are costs directly attributable to units produced, direct costs such as direct wages and salaries, variable overheads, as well as the systematic allocation of fixed production overheads based on the normal capacity of the production facility.

Cost of inventory items is determined in accordance with the weighted average cost method, unless it is more appropriate to apply another basis on account of the characteristics, nature and use of the inventory. Cost of inventory is determined as follows:

Merchandise, processed goods, consumables and other commodities	- Weighted average cost price
Mechanisation whole goods and vehicles	- Purchase price
Grain commodities	- At fair value

Inventory is valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the normal course of business, less estimated costs necessary to conclude the sale.

2.8 INVENTORY HELD TO SATISFY FIRM SALES

Inventory held to satisfy firm sales represent inventory purchases on behalf of third parties in respect of agricultural produce received from producers, which are payable by the third party on delivery of such agricultural produce to them. This includes sales in terms of sales contracts secured by inventory. Refer to note 12 for measurement.

2.9 TAXES

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the group operates and generates taxable income.

Current income tax shall be recognised outside profit and loss if the tax relates to items, in the same or different period, outside profit or loss. Therefore if items are recognised in other comprehensive income the current tax should be recognised in other comprehensive income and if items are recognised directly in equity the current tax should be recognised directly in equity.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establish provisions where appropriate.

Tax receivables and tax payables are offset if a legally enforceable right exists to set off the recognised amounts and if there is an intention to settle on a net basis.

Deferred tax

Provision is made for deferred tax using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying values for purposes of financial reporting, at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, applying the tax rate enacted at the reporting date. The liability for deferred tax or deferred tax assets is adjusted for any changes in the income tax rate.

Deferred tax assets arising from all deductible temporary differences are limited to the extent that probable future taxable income will be available against which the temporary differences can be charged.

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

Deferred tax shall be recognised outside profit and loss if the tax relates to items, in the same or different period, outside profit or loss. Therefore if items are recognised in other comprehensive income the deferred tax should be recognised in other comprehensive income and if items are recognised directly in equity the deferred tax should be recognised directly in equity.

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

Value added tax

Revenue, expenses and assets are recognised net of the amount of value added tax except:

- Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to the taxation authority is included as part of receivables or payables in the statement of financial position.

2.10 POST–EMPLOYMENT BENEFITS

2.10.1 Retirement liabilities

The retirement liability comprises a defined contribution fund registered in terms of the Pension Funds Act, 1956, and the assets are administered separately by trustees. Funding is in terms of conditions of employment by means of contributions by the company, participating subsidiaries, as well as employees. Contributions are recognised in profit or loss in the period in which the employees rendered the related services. As the funds are defined contribution funds, any underfunding that may occur when the value of the assets decrease below that of the contributions, is absorbed by the employees by means of decreased benefits. The group therefore has no additional exposure in respect of the retirement liability.

2.11 EMPLOYEE BENEFITS

Short-term

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services.

These include normal benefits such as salaries, wages, paid leave, paid sick leave, profit-sharing and other bonuses as well as fringe benefits in respect of existing employees, and are charged to profit and loss in the period in which they occurred.

A provision is raised for the expected costs of incentive bonuses where a legal or constructive obligation exists, an accurate estimate of the obligation can be made and the obligation is expected to be settled within twelve months after the end of the period in which the employees rendered the related services.

A provision is raised for the undiscounted expected cost of the obligation where the obligation is due to be settled within twelve months after the end of the period in which the employees rendered the related employee services. The provision is for both normal leave days and long-service leave days accumulated, converted to a rand value at year-end, based on the cash equivalent thereof. The required adjustment is recognised in profit or loss.

A provision is raised for normal thirteenth cheque bonuses accrued, as a pro rata-payout is made where resignation occurs prior to the employee's normal elected date of payout.

Long-term
The distinction between short-term and other long-term employee benefits is based on the expected timing of settlement rather than the employee's entitlement to the benefits.

These include a leave provision in respect of existing employees where leave is not expected to be settled wholly within 12 months. Long-term leave is based on historical leave taken.

Termination benefits
An entity shall recognise a liability and expense for termination benefits at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognises the costs for a restructuring that involves the payment of termination benefits.

Share-based payments

Equity-settled share-based payments
The scheme will be a forfeitable share award scheme, where shares will be forfeited where future service and performance conditions are not met. The fair value of the shares granted are determined by using the market value of the shares on grant date adjusted with the present value of dividends not entitled to. The grant date is the date at which the entity and the participant agree to a share-based payment arrangement. The share-based payment expense will be recognised over the vesting period. The vesting period includes the service requirement attached to an award. The above expense will therefore be recognised and spread over the period from the grant date to the vesting date. The length of this period will vary from tranche to tranche.

Where the employees are employed by another Senwes Group company (subsidiary of Senwes), this company would be the entity receiving the services, and would have to account for the transaction as an equity-settled share-based payment, with a corresponding increase in capital contributed by Senwes. Senwes would be the settling entity that needs to account for the transaction as equity-settled, as it settles the transaction in its own shares with an increase in its investment in the subsidiary. As the shares vest, the investment will be converted to an interest-bearing loan, interest will be charged at a market related rate.

2.12 REVENUE RECOGNITION

Revenue includes income earned from the sale of goods, income from commodity trading, income from services rendered, commission income, interest and dividend income. Interest received as a result of credit extension is also stated as revenue but only to the extent that collection is reasonably assured. Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, net of any discounts, rebates and related taxes. The group assesses its revenue agreements in order to determine if it is acting as a principal or agent. Intragroup sales are eliminated on consolidation.

Revenue from contracts with customers

Services rendered
Storage and handling of grain
As a customer cannot benefit separately from either handling or storage on its own or together with other readily available resources, handling and storage constitutes a single performance obligation.

This performance obligation is satisfied by Senwes over a period of time as the customer receives and consumes the benefit of being able to store the product at the silo.

As the customer pays for specific activities to be performed, an output based method to measure the completion of the service is appropriate. This entails that revenue is recognised on the basis of the value of services transferred to date relative to the total service promised.

Revenue from handling is currently recognised on a fixed ratio-basis, which is derived from the costs and efforts of loading the product compared to withdrawing it from the silo.

Revenue from storage is recognised as the grain is stored over time.

Processing of grain
Senwes processes grain on behalf of a counter party. This process includes various actions, i.e.:
- Quality control of grain;
- Fumigation of seed;
- Processing to predetermined condition (including cleaning);
- Packing of processed seed;
- Protection of seed; and
- Storage of seed.

The primary performance obligation (cleaning) is performed at a point in time once the cleaning process has been completed based on the following indicators:

- The client only benefits from the processing upon completion.
- Senwes only has a right to be paid once processing has been completed.
- Senwes only transfers physical possession of the product which value has been enhanced back to the client once processing is completed.

Thus, the full revenue from the transaction price is recognised upon completion of the processing activity by Senwes.

Commission received
Commission is received on the procurement and sale of grain.

Revenue is recognised at the point in time when grain is delivered.

Servicing of equipment
Customer charged for time spent, parts/consumables. If it is not possible to complete the service due to further faults, the client is liable for the charges for time spent and materials used to the point when the service ceases.

If the service does not take a significant period of time to perform, the revenue will be recognised when the service is completed. If the service does however take a significant amount of time, revenue will be recognised as the customer's asset is enhanced and Senwes obtains a right to payment.

Credit initiation fees
The client pays Senwes the initial fee to perform certain necessary work and to prepare loan documentation.

The performance obligation is fulfilled at a specific point in time, as opposed to over a period of time. This point in time is when all the procedures to put the loan agreement have in place been completed.

Management fees
Senwes will enter into instalment agreements with clients and conclude the related security in respect of such agreements. Following the conclusion of this agreement Senwes may, subject to the approval of the counterparty, sell its rights and obligations from this transaction to the counterparty by assignment.

Senwes is appointed by the counterparty to administer the accounts and collect the amounts due to the counterparty, in the capacity as an agent, in respect of the transaction assigned.

This performance obligation is satisfied by Senwes over a period of time as the counterparty receives and consumes the benefit from the service as its being performed.

The counterparty pays Senwes a monthly management fee based on a percentage of the average account balances administered for the duration of the month. This constitutes the revenue stream.

Revenue is recognised on a monthly-basis, which is derived from the agreement between the parties.

Service level agreement income ("SLA")
Senwes performs certain administrative duties to it subsidiaries, joint ventures and associates.

This performance obligation is satisfied by Senwes over a period of time as the customer receives and consumes the benefit from the service as its being performed.

As the customer pays for specific activities to be performed, an output based method to measure the completion of the service is appropriate. This entails that revenue is recognised on the basis of the value of services transferred to date relative to the total service promised.

Revenue from SLA is currently recognised on a fixed monthly-basis, which is derived from the SLA agreement between the parties

Income from sale of goods
Sale of whole goods/parts without warranty
Senwes supplies specified equipment or parts to the customer. No warranty or guarantee is provided.

Revenue is recognised at a point in time when control of the asset is transferred to the customer.

The timing of revenue recognition depends on when the ability to direct the use and obtain the benefits from the as set transfers to the customer. This in turn depends on the terms of the sale (delivery terms, timing of the transfer of risk, etc.).

This may be demonstrated by and will depend on the circumstances as evidenced by a combination of the following:

- When the customer becomes liable to make payment for the equipment;
- When legal title to the equipment passes to the customer;
- When physical possession passes to the customer;
- When the significant risks and rewards of ownership pass to the customer;
- When the customer has accepted the asset.

Sale of whole goods/parts with John Deere warranty
Revenue terms, conditions and recognition criteria are the same as above except for the warranty provided.

The warranty is provided by John Deere and administered by Senwes.

As the warranty obligation is on John Deere, Senwes does not recognise any provision for the costs involved with this liability.

Precision farming income
Senwes make GPS signals available to customers for a specified period.

Revenue is recognised over the period of the agreement, which may be terminated by either party at one month's notice.

The customer simultaneously receives and consumes the benefit as the service obligation is performed by Senwes.

Trade in fuel, meat, vehicles, raisins, cattle hides and sheep skins.
Revenue relating to the sale of these products are measured at the transaction price which is the amount of consideration that the group expects to be entitled to in exchange for the products provided. Revenue from the sale of these goods is recognised when the goods are delivered and have been accepted by customers.

Revenue from other sources
Interest income
Interest income on all financial instruments measured at amortised cost is recorded using the effective interest rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of profit or loss.

As finance is provided continuously, the service obligation is performed over a period of time and as the client receives the benefit from the services as its being performed.

Interest accrues daily and is recognised on a monthly-basis.

Investment income
Dividends received
Dividends received from investments are recognised when the shareholders' right to receive payment is established.

Interest income other than revenue
Refer to the "Interest income" accounting policy above. Interest income other than revenue relates to interest income earned by the group which does not arise in the course of the group's ordinary activities.

Income from commodity trading
Milldoor commodity sales
The customer has the ability to direct the use of, and obtain substantially all the remaining benefits, from the commodity from the date of delivery at the premises specified by the purchaser. As this stage the purchaser can determine whether and when to sell or store the commodities. This service condition includes the delivery of the grain and does not constitute a separate revenue stream.

Income is recognised at the time of delivery.

Ex-silo commodity sales
The purchaser has the ability to direct the use of, and obtain substantially all the remaining benefits, from the commodity from the date of withdrawal. At this stage the purchaser can determine whether and when to sell or store the commodities.
Income is recognised at the time of withdrawal.

2.13 FINANCIAL INSTRUMENTS

2.13.1 Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the group has applied the practical expedient, the group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

2.13.1.1 Loans and receivables

The group measures loans and receivables at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

2.13.1.2 Financial assets at fair value through other comprehensive income

Upon initial recognition, the group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss upon derecognition. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The group elected to classify irrevocably its non-listed equity investments under this category.

Derecognition

Financial assets are derecognised when:

- The right to receive cash flow from investments expires, or
- The group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(a) the group has transferred substantially all the risks and rewards of the asset, or

(b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, it continues to recognise the transferred asset to the extent of the group's continuing involvement. In that case, the group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the group has retained.

2.13.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

2.13.2.1 Interest-bearing loans and borrowings

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

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

2.13.2.2 Commodity finance loans

Finance is obtained from banks where inventory serves as security. Senwes can enter into two types of commodity finance transactions:

- *Non-executory contracts*
  A commodity finance loan is obtained on inventory where the delivery month on Safex is in the current month.

Commodity finance loans are initially recognised at the fair value of the inventory less location differential, including directly attributable transaction costs. After initial recognition, commodity finance loans are subsequently measured at amortised cost using the effective interest rate method. Interest expense is included in finance cost in profit or loss.

- *Executory contracts*
  Commodity finance loan is obtained on inventory which delivery month on Safex is in future months.

Commodity finance loans are initially recognised at the fair value of the inventory less location differential. After initial recognition, commodity finance loans are subsequently measured at fair value through profit and loss, taking into account the movement in the commodity markets. The fair value movements are included in profit or loss. Interest expense is included in finance cost in profit or loss.

Derecognition

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

Offsetting

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

2.14 DERIVATIVE FINANCIAL INSTRUMENTS

Financial instruments to which the group is a party are disclosed in note 24.

Hedge accounting

Derivative instruments (assets and/or liabilities) are used by the group in the management of business risks. They are initially recognised in the statement of financial position at cost (which is the fair value on that date) and are thereafter remeasured to fair value. The method of recognising the resultant profit or loss depends on the type of item being hedged. The group allocates certain financial instruments as:

- A hedge of the exposure to changes in fair value of a recognised asset or liability or, an unrecognised firm commitment (fair value hedge); or
- A hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

Changes in the fair value of derivative instruments which have been allocated, and which qualify as fair value hedges, that are highly effective, are accounted for in profit or loss together with any change in the fair value of the hedged asset or liability that is attributable to the hedged risk, and are therefore effectively set off against one another. Changes in the fair value of derivative instruments which have been allocated and qualify as cash flow hedges, that are also highly effective, are accounted in other comprehensive income. The ineffective portion of a cash flow hedge is recognised immediately in profit and loss. If the forward transaction results in the recognition of an asset or liability, the profit or loss that was deferred earlier to other comprehensive income, is transferred from other comprehensive income and included in the initial determination of the cost of the asset or liability. Otherwise, amounts deferred to other comprehensive income are transferred to profit or loss and classified as revenue or expenditure during the same period when the hedged fixed commitment or forward transaction has an influence on profit or loss.

Changes in the fair value of any derivative instrument that do not qualify for hedge accounting with reference to IFRS 9, are immediately recognised in profit or loss. If the hedging instrument lapses or is sold, or if the hedge no longer meets the criteria for hedge accounting, any cumulative profit or loss that exists at that point in other comprehensive income, is retained in other comprehensive income and recognised when the forward transaction is finally recognised in profit or loss. If it is expected that the forward transaction will no longer realise, the reported cumulative profit or loss is immediately transferred to profit or loss.

From the inception of the transaction, the group documents the relationship between the hedging instrument and the hedged item, as well as the risk management aim and strategy for entering into the hedging transaction. As part of this process, all derivative instruments are allocated as hedges to specific assets and liabilities or to specific fixed commitments or forward transactions. The group also documents valuations, both at the outset and continuously, in order to determine whether the derivative instrument being used in hedging transactions, is indeed highly effective to set off the changes in fair value or cash flows of the hedged items.

Commodity term contracts (futures)

The group participates in various future buying and selling contracts for the buying and selling of commodities. Although certain contracts are covered by the physical provision or delivery during normal business activities, future contracts are regarded as a financial instrument. In terms of IFRS 9, it is recorded at fair value through profit and loss, where the group has a long history of net finalisation (either with the other party or to participate in other off-setting contracts).

Refer to note 20. Derivative and financial instruments where these instruments are disclosed.

2.15 CASH AND SHORT-TERM DEPOSITS

Included in cash and short-term deposits, which form an integral part of cash management, are cash on hand and bank overdraft balances. Bank overdraft balances are stated as current liabilities. For the purposes of the statement of cash flows, cash and cash equivalents comprise of cash and short-term deposits as defined above, net of outstanding overdrafts.

2.16 IMPAIRMENT OF ASSETS

All categories of assets are assessed for impairment at each reporting date.

2.16.1 Financial assets

The group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Refer to note 11.5 for the detailed framework regarding impairment of financial assets.

2.16.2 Non-financial assets

On each reporting date the group considers whether there are any indications of impairment of an asset. If such an indication exists, the group prepares an estimate of the recoverable amount of the asset. The recoverable amount of an asset or the cash generating unit, within which it and other assets operate, is the greater of the fair value less the cost of selling and the value in use of the asset. Where the carrying amount of an asset exceeds the recoverable amount, the impairment is determined and the carrying amount written off to the recoverable amount. Where the value in use is determined, the expected future cash flow is discounted at their present value by using a pre-tax discounting rate reflecting the current market assessments of the time value of money and specific risks associated with the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. Impairment losses of continuing operations are recognised in profit or loss.

If there is an indication that previously recognised impairment losses no longer exist or that they have decreased, an estimate is once again made of the recoverable amount of the asset in question excluding goodwill and if necessary, the impairment is written back to the statement of profit or loss. The write-back may not cause the carrying value to exceed the recoverable amount or the value it would have been if it was not previously impaired. After such a write-back, the depreciation expense in future periods is adjusted to apportion the adjusted carrying amount of the asset, less its residual value, systematically over the remaining useful life.

2.17 DEFERRED GOVERNMENT GRANTS

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Government grants have been received for the purchase of certain items of plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants. Deferred government grants are recognised according to the useful life of the assets to which it relates.

2.18 PROVISIONS AND CONTINGENT LIABILITIES

Provisions

Provisions are liabilities of which the timing or amount is uncertain and can therefore be distinguished from other creditors. Provisions are only recognised if:

- A currently constructive or legal obligation exists due to a past event;
- An outflow of economic benefits is probable in order to meet the commitment; and
- A reliable estimate of the amount can be made.

Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the reporting date. Provisions are disclosed in note 19.

Liabilities are current obligations arising from past events, which are expected to result in economic benefits flowing from the business, when met, and are accounted for directly after the occurrence of the event giving rise to the obligation. Liabilities form part of creditors in the statement of financial position.

Contingent liabilities

Contingent liabilities are potential obligations arising from past events, the existence of which will only be confirmed upon the occurrence or non-occurrence of one or more uncertain future events beyond the control of the business.

Contingent liabilities may also arise from a current obligation arising from past events but are not recognised because:

- It is improbable that an outflow of economic resources will occur; and/or
- The amount cannot be measured or estimated reliably.

Contingent liabilities are not recognised but are merely disclosed by way of a note in the financial statements (see note 21).

2.19 NON-CURRENT ASSETS HELD-FOR-SALE AND DISCONTINUED OPERATIONS

A discontinued operation is a component of an entity which has been sold or classified as held-for-sale and:

- Represents a separate important business component or geographical area of activities;
- Forms part of a single co-ordinated plan to sell a separate important business segment or geographical area of activities; or
- Is a subsidiary acquired with the sole purpose of selling it.

An item is classified as held-for-sale if the carrying amount of such item will largely be recovered through a transaction of sale rather than through continued use. Non-current assets and disposal groups classified as held-for-sale are measured at the lower of their carrying value and fair value less cost to sell. In the statement of comprehensive income, the after tax profit or loss is reported separately from profit or loss from continuing operations. Property, plant and equipment, once classified as held-for-sale, are not depreciated.

2.20 TREASURY SHARES

Own equity instruments that are reacquired are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in equity.

2.21 OPERATING LEASES

Leases in respect of property, plant and equipment, where substantially all the risks and rewards attached to property rights to an asset are retained by the lessor, are classified as operating leases. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Future escalations in terms of the lease agreement are calculated and the average lease expenditure is recognised over the lease period in equal amounts, only if a fixed escalation rate has been agreed to contractually.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reporting amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of income and expenses, assets and liabilities within the next financial year, are discussed below.

3.1 EQUITY-SETTLED SHARE-BASED PAYMENT

The expense is determined by using the market value, as traded on the OTC-market, of the shares on grant date, adjusted with the present value of dividends not entitled to. The share-based payment expense will be recognised over the vesting period. The vesting period includes the employment conditions and performance conditions (not market related) attached to an award. The expense will therefore be recognised, with corresponding increase in capital reserves in equity, and spread over the period from the grant date to the vesting date. The length of this period will vary from tranche to tranche. The accumulated expense recognised is the group's best estimate of the number of shares which will ultimately vest.

3.2 FAIR VALUE OF FINANCIAL INSTRUMENTS

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The key assumptions used for estimating the fair value of financial instruments are disclosed in note 24.5, Fair value measurements.

3.3 IMPAIRMENT OF FINANCIAL ASSETS

Refer to note 11.5 for the detailed framework regarding impairment of financial assets.

For decision framework on loans receivable, refer to note 7.1.2.

3.4 INVENTORY IMPAIRMENT PROVISION

Inventory is valued at the lower of cost and net realisable values. A provision is raised against inventory according to the nature, condition and age and net realisable value of inventory. For the carrying value of provision for slow moving inventory, refer to note 10.

Specific factors that could impact the net realisable values of inventory is also considered. These could include:

- Strengthening of the rand against the US dollar;
- Competitor prices;
- Market share; and
- Large volumes of inventory on hand.

3.5 TAXES

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the loss can be utilised. Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of taxable future profits together with future tax planning strategies. For the carrying value of deferred tax refer to note 18.2.

3.6 PROVISION FOR NON-COMPLIANCE WITH PRE-SEASON GRAIN CONTRACTS

The calculations are based on the following key assumptions:

- Default rate on current deliveries extrapolated to the total extrapolated;
- A fixed recovery rate on defaults; and
- Compensating financial instruments.

For the carrying value of non-compliance provision refer to note 19.

3.7 USEFUL LIFE AND RESIDUAL VALUE OF PROPERTY, PLANT AND EQUIPMENT

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each reporting date and adjusted prospectively, if appropriate. This review takes into account the location, condition and nature of the asset.

3.8 IMPAIRMENT OF NON-FINANCIAL ASSETS

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less cost to sell and its value in use. The fair value less cost to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the assets. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the group is not yet committed to, or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

3.9 HINTERLAND HOLDINGS (PTY) LTD IMPAIRMENT

The assessment of the recoverable amount and exposure of the Hinterland Holdings (Pty) Ltd ("Hinterland") investments, loans and guarantees requires estimation and judgement around estimates and assumptions used, including:

- The manner in which a restructuring plan may be decided upon and the effective implementation thereof to realise as much value as possible of the assets in Hinterland;
- The realisation value of assets; and
- The net exposure to creditors.

3.10 LEASES

Determining the lease term of contracts with renewal and termination options – group as lessee

The group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

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

Refer to note 4 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

CORPORATE INFORMATION

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