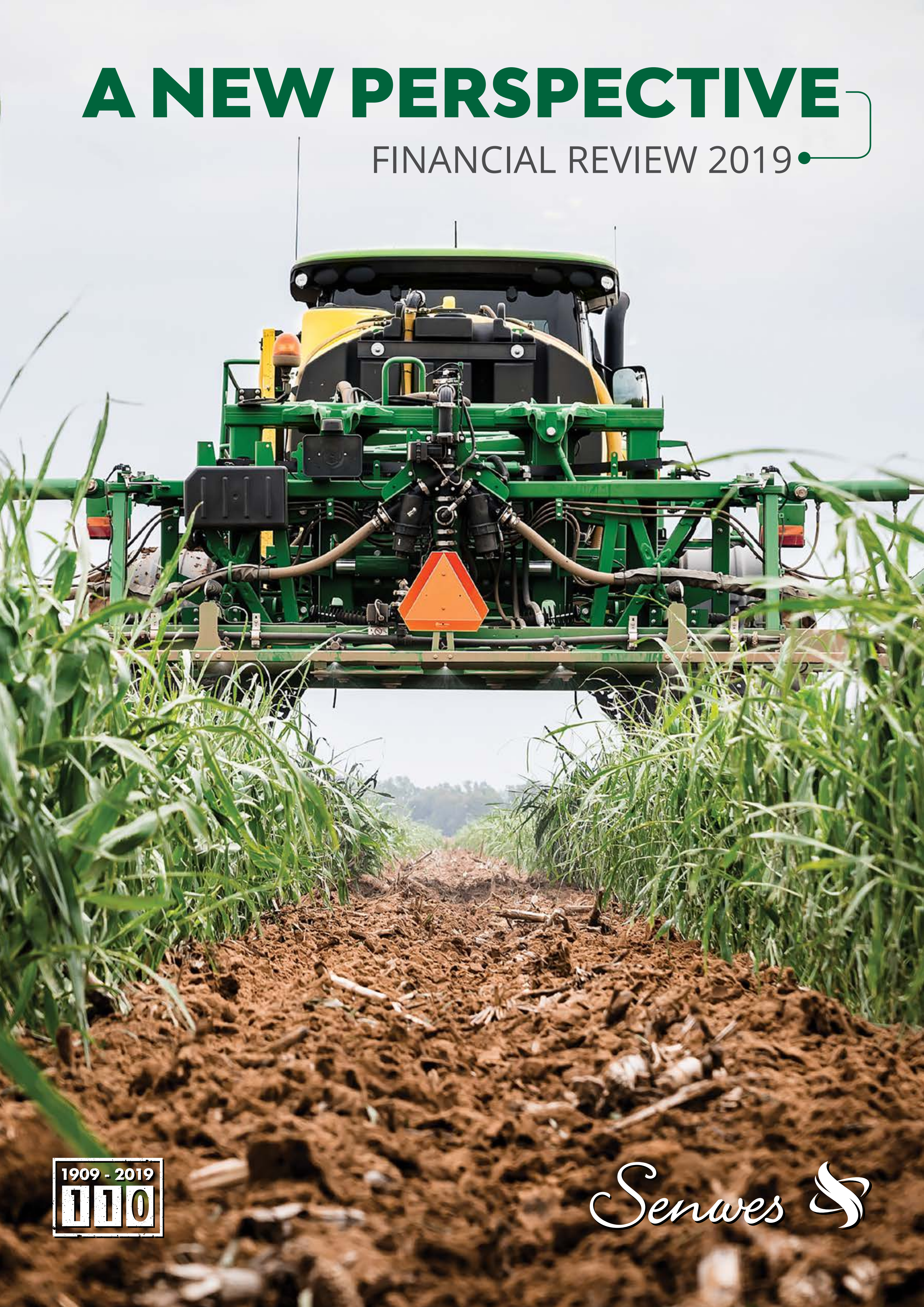
A NEW PERSPECTIVE

FINANCIAL REVIEW 2019



STATUTORY REPORTS

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The directors are responsible for the preparation, integrity and reasonableness of 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 84 to 168 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), its interpretations 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 2019, set out on pages 84 to 168, were approved by the board.

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

Klerksdorp
27 June 2019

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
27 June 2019

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 2019, 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
27 June 2019

REPORT OF THE SENWES AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 30 April 2019 in accordance with section 94(7)(f) of the Companies Act, 71 of 2008.

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 meet 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)	3/3	None
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)	2/3	None

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 2019 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 2020 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 2019 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, no 71 of 2008.

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

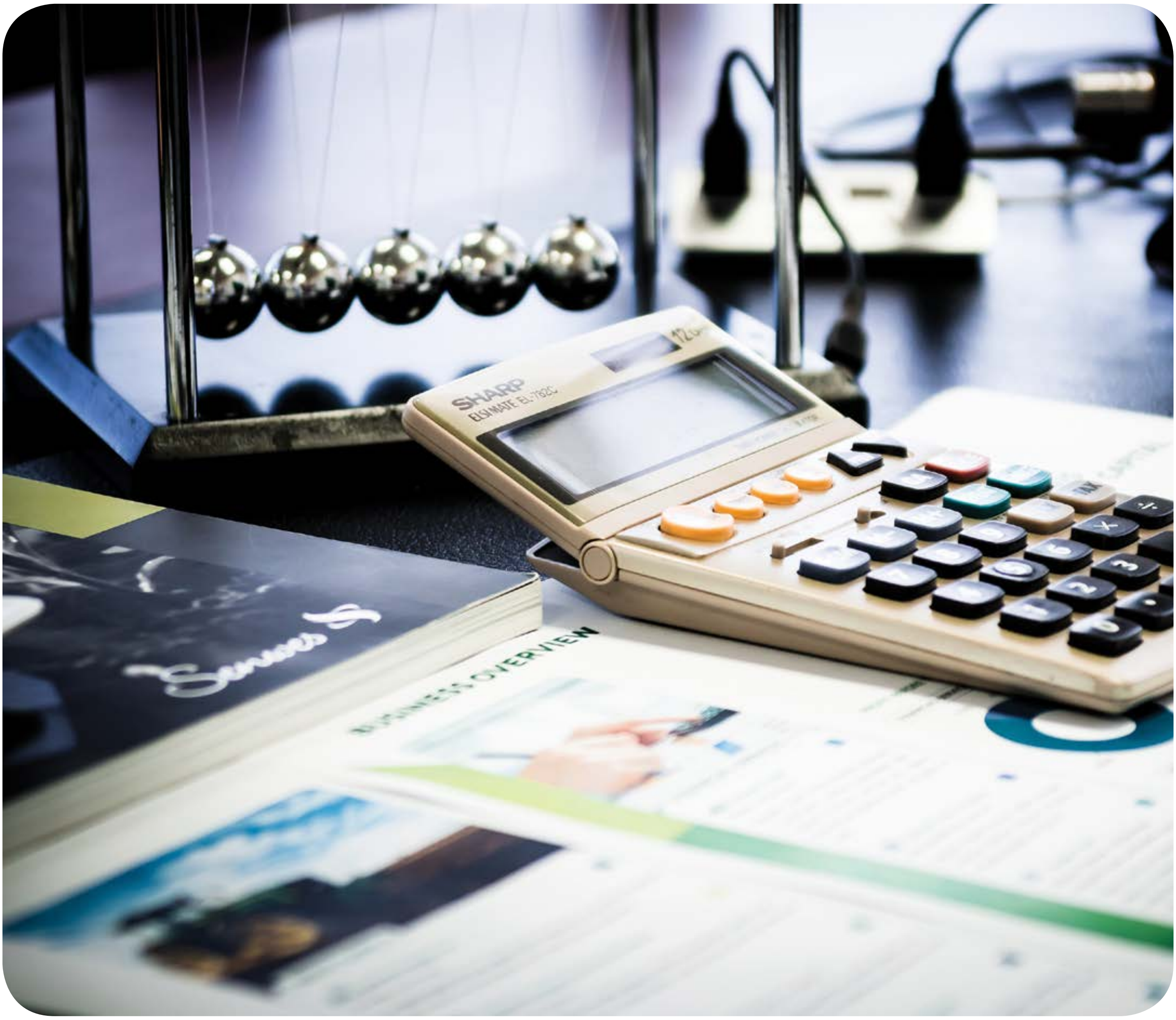
The committee fulfils an oversight role regarding the company's integrated annual report and the reporting process, including the system of internal financial control. It is responsible for ensuring that the company's and the Senwes group's internal audit function is independent and has the necessary 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 auditors 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 resources;
- 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;
- 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.

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 ten 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 27 June 2019.

SF Booysen
Chairman: Audit Committee
Klerksdorp
27 June 2019

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 98 to 168 which comprise of the consolidated and separate statements of financial position as at 30 April 2019, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Senwes and the group as at 30 April 2019, 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 and 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 and 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.

The Key Audit Matters applies equally to the audit of the consolidated and separate financial statements.

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><td>
Provision for expected losses against mortgage loans and accounts receivable
(Consolidated and separate financial statements)

As disclosed in note 6 to the financial statements, the gross mortgage bonds and other receivables amounted to R1,2bn for the group and company. The group and company have recorded a R12m provision for expected credit losses against mortgage loans and other receivables.

The determination as to whether mortgage loans and production loans are collectable involves significant management judgement and estimates, the most significant of which include, for the portfolio provision:
◗ Crop estimates and yields specific to the customers' region and commodity;
◗ The number of hectares planted;
◗ The expected realisation price, which is the SAFEX price adjusted by grade differences and transport differentials which is determined by customer region and commodity;
◗ The input costs specific to the customers' region and commodity; and
◗ The quality and expected realisation of securities held for customers.

Management uses this information to determine a probability of default of the portfolio (PD) and loss given default (LGD) both of which have a significant impact on the determination of the provision for expected credit losses recognised against the mortgage loan and other receivable amounts.

Customers that have been handed over to legal are specifically provided for based on the exposure and the estimation of the quality and expected realisation of securities held for the specific customers.

The significant judgements and estimates are inextricably linked to conducive growing and harvesting conditions which is different from year to year.
</td><td>
Our audit procedures involved, amongst others, the following:

◗ We performed an independent calculation using inputs and assumptions we corroborated and compared the outcome to management's provision calculation;
◗ We compared the crop estimates and yields for the specific regions and commodities used by management to the information released by the National Crop Estimation Committee;
◗ We evaluated the hectares planted with comparison to the hectares for which finance was applied for;
◗ We assessed the expected realisation price by customer region and commodity taking into account the SAFEX price, average grade differences and average transport differential as realised during the year;
◗ We assessed the process and competence of Senwes Agricultural Services who determined the input costs specific to the customers' region and commodity;
◗ We tested controls over the credit application process which includes the verification of securities obtained for finance provided;
◗ We recalculated management's factors, used to calculate the provisions, and also the provision for expected credit losses;
◗ We selected a sample of customers that were handed over to legal and evaluated both the existence and sufficiency of the securities.
• In addition we assessed the methodology used by management to determine the expected realisation of the securities held;
◗ We also assessed the adequacy of the disclosures made on judgements and estimates made on the provision for expected credit losses.
</td></tr>
<tr><td>
PROVISION FOR OBSOLETE STOCK AND NET REALISABLE VALUE
(Consolidated and separate financial statements)

Inventory is carried at the lower of cost and net realisable value. As a result the group provides for mechanisation inventory (which includes whole goods and spares) based on a consistent policy driven by age. In the current year management considered additional specific factors which impacted on the net realisable values of mechanisation inventory, these included:
◗ Competitor prices and products;
◗ Market share;
◗ Large volume of inventory on hand.

This combined with the aging of inventory resulted in the provision for obsolete stock of R73m and R67m for the group and company respectively as disclosed on Note 7.

The provision is based on various judgements and estimates on expected future market and economic conditions that might have an impact on the sales projections and selling prices of the various products.
</td><td>
Our audit procedures involved, amongst others, the following:

◗ We attended a sample of inventory counts performed by management and inspected the physical condition of the inventory;
◗ We tested the ageing of inventory for a sample of items;
◗ We recalculated management's aged based impairments;
◗ We independently recalculated the total provision as follows:
• Based on the historical sales trends, assigned expected realisation to inventory items;
• Compared the inventory items included in the provision to the total inventory listing;
• Considered technology obsolescence and managements plans to sell models subject to replacement in the near future;

◗ We assessed the adequacy of the disclosures made on judgements and estimates made on the provision.
</td></tr>
</table>

Key Audit Matter	How the matter was addressed in the audit
Presentation of revenues and direct costs associated to commodity trading (Consolidated and separate financial statements) The Group's accounting policy in respect to the disclosure of the commodity trade activities is summarised in note 32 to the financial statements. In prior years the revenue and direct cost associated with such commodity trading transactions were gross presented in the statement of profit or loss and other comprehensive income. However, as a result of the assessment of the impact of implementation of IFRS 9, these transactions are now net presented in the statement of profit or loss and other comprehensive income. The accounting policy is reliant on management judgement of the application of principles of "own use" to the contracts as defined in IFRS 9. The specific principles that management needed to demonstrate for "own use", are summarised in Note 32. These contracts principally relate to derivatives embedded in the contractual terms.	Our audit procedures involved, amongst others, the following: ◗ We corroborated our understanding of the commodity trading activities. ◗ We assessed the potential impact this may have on the accounting for and the presentation of these transactions. ◗ We reviewed management's justification for the application of principles of "own use" as disclosed in Note 32. ◗ We independently performed an assessment of the commodity supply arrangements with derivatives in terms of IFRS9, and compared the disclosure and measurement outcomes with management's assessment. ◗ We tested the design and implementation of controls in respect of the recognition of revenue and accounting for the derivative instruments linked to these contracts. ◗ We considered management's presentation of these amounts on a net basis against the criteria in IFRS. ◗ We assessed the disclosure in Note 32.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 168 page document titled "Senwes Integrated Report for the year ended 30 April 2019", 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, related safeguards.

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

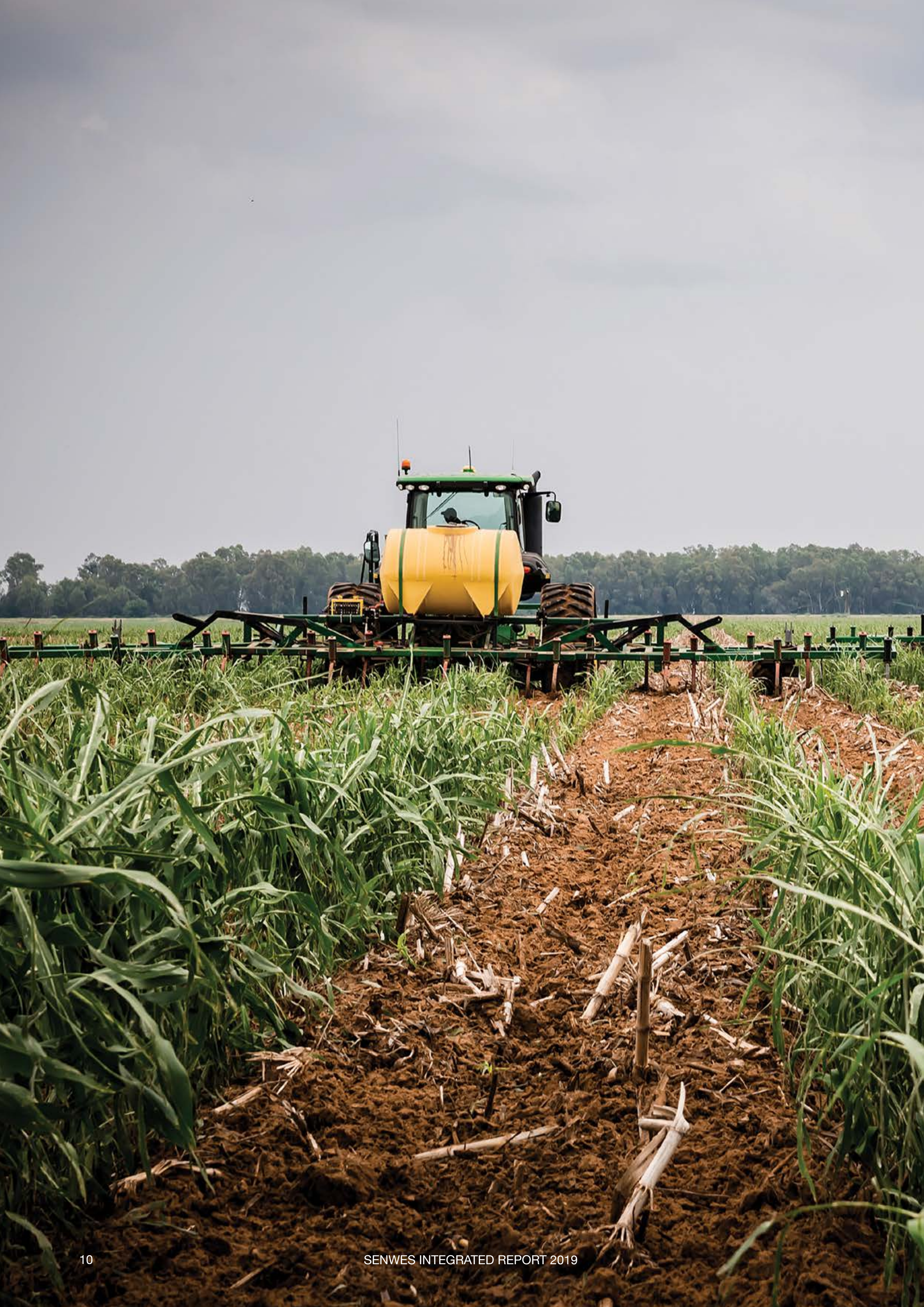
Report on Other Legal and Regulatory Requirements

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 16 years.

Ernst & Young Inc.

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

19 July 2019
Sandton, Johannesburg



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 3 to 5 of the annual financial statements.

4. Results

The net profit after tax of the group for the year under review amounted to R283 million (2018: R311 million). The summarised results are as follows:

	GROUP		COMPANY	
	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Revenue	**2 687**	2 792	**2 456**	2 459
Operating profit	**605**	660	**542**	583
Profit after tax	**283**	311	**228**	248

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

The summarised statement of financial position is as follows:

	GROUP		COMPANY	
	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Total assets	**6 060**	6 130	**5 772**	5 920
Total interest-bearing debt	**2 883**	3 031	**2 908**	3 047

Refer to the CFO's report in the integrated report for a comprehensive overview on the results of the operating units (p. 66).

5. Dividends

The board proposed that a final dividend of 30 cents per share (2018: 27 cents per share) be declared. An interim dividend of 30 cents per share was paid in December 2018 (2017: 27 cents per share). Refer to note 22.2 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 of 12 (2018: 12) members:

Shareholder	Board members
Senwesbel Ltd	6
Grindrod Trading Holdings (Pty) Ltd	1
Together with:	
Independent non-executive directors	3
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 23.6.

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

Name	Position	First appointment	Retirement by rotation
JDM Minnaar	Non-executive director	22 September 1999	2019
TF van Rooyen	Non-executive director	29 November 2013	2019

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

Name	Position	First appointment	Retirement by rotation
WH van Zyl	Non-executive director	31 August 2012	2020
NDP Liebenberg	Non-executive director	21 August 2008	2020
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*
JBH Botha	Independent non-executive director	15 October 2009	2022*
AG Waller	Appointed in terms of the shareholder agreement with Grindrod		

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

A table of indirect shareholding is included in note 23.7 and indicates directors' indirect shares in Senwes Ltd. Related party information in respect of material contracts and transactions with directors is disclosed in note 23.4 to 23.7. 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
No shares were issued during the year under review.

8.2. Buy-back of shares
During the 2019 financial year 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. (2018: The group repurchased 3 611 268 of the company's shares at an average price of R12,21 per share (R44,1 million)).

8.3. Unissued shares
The company's unissued shares number 400 327 450 shares (2018: 400 327 450 shares).

9. Property, plant and equipment
The carrying value of property, plant and equipment increased by R96 million. New capital amounting to R188 million was spent, R101 million of which was spent to increase operating capacity and R87 million to maintain operating capacity.

Silos with a carrying value of R249 million and a security support value of R1,5 billion serve as security for the non-current interest-bearing loans disclosed in note 4.2.3.

10. Special resolutions
The following special resolutions were adopted at the previous annual general meeting held on 22 August 2018:

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 2017.

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: Authorisation for the company or a subsidiary of the company to repurchase its own shares

That, subject to the provisions of the Companies Act, the company or its subsidiaries be authorised to repurchase its shares, which repurchase shall, in any financial year, be limited to a maximum of 20% of the issued share capital.

10.3. Special resolution no. 3: Amendment of the company's MOI To delete article 23.4.3 and to replace it with the following article 23.4.3

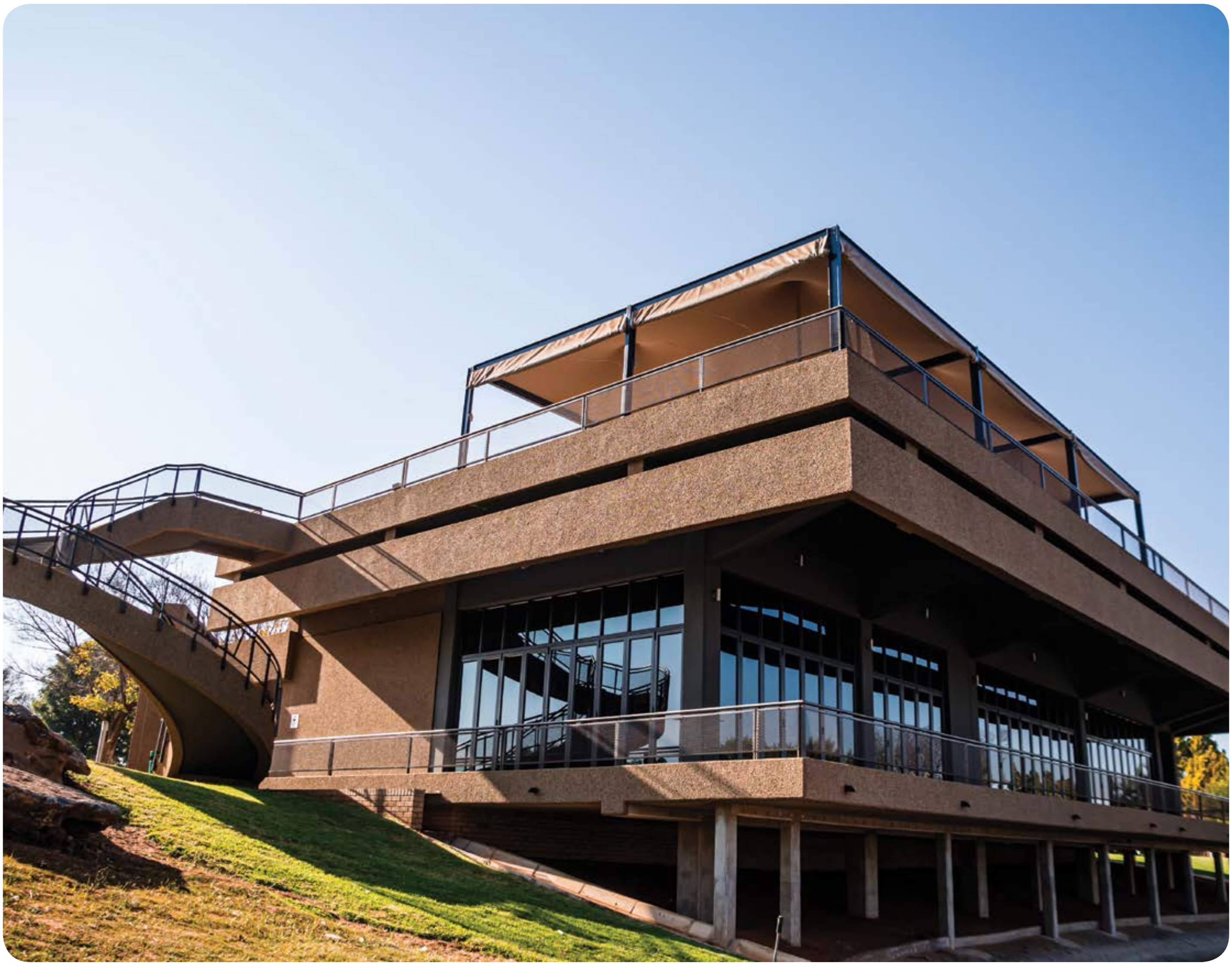
Resolved that: A shareholder or his proxy must deliver to the company a copy of the instrument appointing a proxy before the person so empowered seeks to exercise any right granted to it under such instrument at the shareholders' meeting, provided further that the aforesaid instrument delivered on the day of the meeting must be delivered (i) by email to the transfer office of the company, together with a copy thereof to the company secretary of the company (and received by both the transfer office and the company secretary) or (ii) by hand to the company secretary at the meeting before the person so empowered seeks to exercise any right granted to it under such instrument at the shareholders meeting.

11. Share incentive scheme
As at 30 April 2019, the total treasury shares were 14 490 144 (2018: 15 207 119), which represents 8% (2018: 8%) of the issued share capital. 6 405 018 (2018: 9 316 285) of these shares are allocated towards the equity-settled share-based payment scheme. Details of the vesting dates and pricing are disclosed in note 13.2 of the financial statements.

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

13. Contingent liabilities
On 24 August 2017, the Competition Commission 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 of Senwes' turnover. Senwes opposed the application and denied the allegations.

At a pre-trial conference the Tribunal instructed that the parties should attempt to settle the matter and indicated that the matter did not warrant a trial. The Tribunal also indicated that it will be in favour of an admission, but did not support the levying of any penalties. Accordingly Senwes proposed a very reasonable settlement, admitting a once-off bona fide contravention of the initial order. The CC declined to provide any response and Senwes is to file the formal arbitration application to place the draft settlement proposal before the Tribunal for adjudication. The arbitration hearing will in all probability only take place by end July 2019.



14. Events after the reporting period

KLK Landbou Limited

KLK Landbou Limited ("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.

Senwes obtained a controlling share of 57,44% in KLK, for an amount of R186,3 million. The acquisition will be funded from normal operating cash flows and the issue of ordinary shares. The effective date of the transaction was 1 July 2019. This transaction constitutes a business combination with change in control. Senwes will evaluate the fair value of assets obtained and liabilities assumed and will calculate the goodwill or gain on bargain purchase realised, accordingly. For more details regarding the transaction refer to the prospectus issued, available at www.zarx.co.za

SENWES GROUP 5-YEAR REVIEW

	2019 R'm	2018 R'm	2017 R'm	2016 R'm	2015 R'm
STATEMENT OF FINANCIAL POSITION					
Assets					
Non-current assets	**2 218**	1 976	1 777	1 545	1 214
Current assets	**3 842**	4 154	3 484	3 115	3 533
Total assets	**6 060**	6 130	5 261	4 660	4 747
Equity and liabilities					
Capital and reserves	**2 336**	2 159	1 970	1 863	1 781
Non-controlling interest	**27**	20	19	19	17
Equity	**2 363**	2 179	1 989	1 882	1 798
Non-current liabilities	**1 168**	1 088	1 002	1 002	1 007
Current liabilities	**2 529**	2 863	2 270	1 776	1 942
Total equity and liabilities	**6 060**	6 130	5 261	4 660	4 747
Interest-bearing liabilities included in current and non-current liabilities	**2 883**	3 031	2 617	2 200	2 161
INCOME STATEMENT PER SEGMENT					
Revenue *					
Financial Services (*Senwes Credit, Senwes Asset Finance, Certisure group and Molemi Sele*)	**348**	321	309	230	219
Input Supply (*Senwes Equipment, JD Implemente, Staalmeester, Hinterland group and Bastion Lime group*)	**1 485**	1 425	1 350	1 429	1 463
Market Access (*Senwes Grainlink, Tradevantage, Senwes Graanmakelaars, Grainovation and ESC*)	**758**	942	741	493	556
Normal operating activities	**2 591**	2 688	2 400	2 152	2 238
Corporate income	**96**	104	97	101	88
Income from continuing operations	**2 687**	2 792	2 497	2 253	2 326
Profit/(loss)					
Financial Services (*Senwes Credit, Senwes Asset Finance, Certisure group and Molemi Sele*)	**168**	160	147	74	99
Input Supply (*Senwes Equipment, JD Implemente, Staalmeester, Hinterland group and Bastion Lime group*)	**30**	(59)	43	5	89
Market Access (*Senwes Grainlink, Tradevantage, Senwes Graanmakelaars, Grainovation and ESC*)	**300**	412	85	174	210
Normal operating activities	**498**	513	275	253	398
Corporate costs	**(100)**	(81)	(46)	(40)	(65)
Profit before tax	**398**	432	229	213	333
Taxation	**(115)**	(121)	(62)	(57)	(86)
Profit for the year	**283**	311	167	156	247
Non-controlling interest	**2**	1	1	3	4
Finance charges included in results	**(213)**	(223)	(204)	(164)	(137)
CASH FLOW STATEMENT					
Cash from operating activities	**708**	813	457	500	575
Change in working capital	**(193)**	(128)	33	(17)	(327)
Other operating income	**-**	-	-	-	1
Total finance costs, tax and dividends paid	**(376)**	(399)	(325)	(319)	(314)
Finance costs paid	**(213)**	(223)	(204)	(164)	(137)
Tax paid	**(64)**	(86)	(50)	(66)	(98)
Dividends paid	**(99)**	(90)	(71)	(89)	(79)
Net cash flow from / (used in) operating activities	**139**	286	165	164	(65)
Net cash (used in)/from investment activities	**(104)**	(256)	(186)	(142)	53
Net cash (used in)/from financing activities	**(1)**	(47)	-	-	(5)
Net increase/(decrease) in cash and cash equivalents	**34**	(17)	(21)	22	(17)

* Refer to note 32 for more detail regarding the reclassification of income items.

FINANCIAL AND OPERATING RATIOS

	2019	2018	2017	2016	2015	5-year compounded annual growth %
FINANCIAL GROWTH (%)						
Total assets	**(1,1)**	16,5	12,9	(1,8)	15,0	8,0
Total shareholder interest	**8,4**	9,6	5,7	4,7	10,0	7,6
Interest–bearing liabilities	**(4,9)**	15,8	18,9	1,8	10,2	8,0
Total revenue from continuing operations *	**(3,8)**	11,8	10,8	(3,1)	(43,7)	(8,2)
Profit before tax	**(7,9)**	88,6	7,5	(36,0)	0,6	3,8
Normalised headline earnings per share	**(9,2)**	80,4	36,6	(54,7)	77,0	12,4
Net asset value per share	**7,7**	11,8	5,7	4,6	10,1	8,0
Closing market price per share	**-**	5,8	(1,0)	(8,7)	7,0	0,5
Total dividends for the year	**11,1**	20,0	-	(10,0)	4,2	4,6
PERFORMANCE OF ORDINARY SHARES						
Number of ordinary shares ('m)						
Weighted average number in issue	**166,18**	167,27	168,88	168,88	169,21	
Number in issue at year-end	**166,30**	165,58	168,88	168,88	168,88	
Cents per share						
Earnings	**169,1**	185,3	98,3	90,6	143,4	3,3
Normalised headline earnings	**177,5**	195,5	108,4	79,3	175,2	12,4
Diluted normalised headline earnings	**169,1**	180,9	101,2	74,1	164,0	12,4
Net asset value	**1 404,7**	1 303,9	1 166,5	1 103,1	1 054,6	8,0
Closing market price	**1 100,0**	1 100,0	1 040,0	1 050,0	1 150,0	0,5
Total dividends for the year	**60,0**	54,0	45,0	45,0	50,0	
Final dividend proposed	**30,0**	27,0	25,0	20,0	26,0	
Interim dividend paid	**30,0**	27,0	20,0	25,0	24,0	
Percentage						
Price-book ratio	**78,3**	84,4	89,2	95,2	109,0	
Dividend yield	**5,5**	5,2	4,3	3,9	4,7	
Dividend yield on average market price	**5,5**	5,0	4,3	4,1	4,5	
Times						
Price earnings ratio	**6,2**	5,6	9,6	13,2	6,6	
Dividend cover	**2,8**	3,4	2,2	2,0	2,9	
SHAREHOLDER RETURN (%)						
Return on opening equity	**13,0**	15,7	8,9	8,6	15,0	
Return on average equity	**12,5**	15,0	8,7	8,4	14,3	
Total shareholder return (on opening market price) (dividends & capital growth)	**5,5**	11,0	3,3	(4,8)	11,6	
Total shareholder return (on average market price) (dividends & capital growth)	**5,5**	10,7	3,3	(5,0)	11,2	
PRODUCTIVITY						
Revenue/equity (times) *	**1,1**	1,3	1,3	1,2	1,3	
Number of employees	**1 624**	1 613	1 540	1 412	1 482	
Operating profit per employee (R'000)	**373**	409	269	264	360	
Return on total assets - EBIT (%)	**10,1**	10,7	8,2	7,7	11,4	
Operating profit as % of income *	**22,5**	23,6	16,6	17,3	19,9	
Effective tax rate (%)	**29**	28	27	27	26	
SOLVENCY AND LIQUIDITY						
Equity as % net assets	**45**	42	43	46	45	
Equity as % of total assets (own capital ratio)	**39**	36	38	40	38	
Gearing ratio (%)	**121**	139	131	115	119	
Non-interest-bearing liabilities as % of equity	**34**	42	33	31	44	
Financing costs paid (R'm)	**(213)**	(223)	(204)	(164)	(137)	
Interest cover - EBITDA (times)	**3,1**	3,1	2,3	2,5	3,7	
Current ratio	**1,5**	1,5	1,5	1,8	1,8	
Quick asset ratio	**1,2**	1,1	1,2	1,3	1,2	

* Refer to note 32 for more detail regarding the reclassification of income items.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 April 2019

	Notes	GROUP 2019 R'm	GROUP 2018 R'm	COMPANY 2019 R'm	COMPANY 2018 R'm
ASSETS					
Non-current assets					
Property, plant and equipment	2	**715**	567	**608**	481
Goodwill	1.5	**9**	-	**-**	-
Investment in subsidiaries	3.2	**-**	-	**110**	100
Investment in joint ventures	5.1	**227**	265	**222**	260
Investment in associate	5.2	**28**	27	**25**	25
Other financial assets	4.1.1	**5**	4	**3**	4
Long-term portion of other loans receivable	4.1.2	**6**	3	**48**	29
Loans and other receivables	6	**1 204**	1 079	**1 204**	1 079
Deferred tax asset	15.2	**24**	31	**12**	13
Total non-current assets		**2 218**	1 976	**2 232**	1 991
Current assets					
Inventory	7	**609**	995	**364**	709
Trade and other receivables	8	**2 881**	2 828	**2 787**	2 701
Other loans receivable	4.1.2	**28**	134	**143**	321
Inventory held to satisfy firm sales	9	**234**	144	**218**	161
Derivative financial instruments	17.1	**52**	53	**20**	37
Tax receivable	26	**7**	-	**8**	-
Cash and short-term deposits	4.1.3	**31**	-	**1**	-
Total current assets		**3 842**	4 154	**3 541**	3 929
TOTAL ASSETS		**6 060**	6 130	**5 773**	5 920
EQUITY AND LIABILITIES					
Equity					
Issued capital	11	**1**	1	**1**	1
Share premium	12.1	**67**	67	**67**	67
Treasury shares	12.2	**(160)**	(168)	**-**	-
Reserves	12.3, 12.4, 13.2	**31**	44	**57**	56
Retained earnings		**2 397**	2 215	**2 227**	2 102
Own equity		**2 336**	2 159	**2 352**	2 226
Non-controlling interest	3.3	**27**	20	**-**	-
Total equity		**2 363**	2 179	**2 352**	2 226
Non-current liabilities					
Interest-bearing loans	4.2.3	**1 002**	1 002	**1 000**	1 000
Other financial liabilities	4.2.5	**59**	37	**59**	37
Deferred tax liability	15.2	**107**	49	**112**	54
Total non-current liabilities		**1 168**	1 088	**1 171**	1 091
Current liabilities					
Trade and other payables	14	**536**	598	**236**	375
Contract liabilities	4.3	**39**	79	**39**	79
Interest-bearing loans	4.2.2	**1 837**	1 985	**1 837**	1 985
Other loans payable	4.2.1	**46**	43	**71**	43
Derivative financial instruments	17.2	**30**	66	**29**	13
Tax payable	26	**-**	8	**-**	8
Incentive bonuses: Short-term portion	13.1	**26**	47	**23**	47
Bank overdraft	4.2.4	**-**	3	**-**	19
Other financial liabilities	4.2.5	**-**	28	**-**	28
Provisions	16	**15**	6	**15**	6
Total current liabilities		**2 529**	2 863	**2 250**	2 603
Total liabilities		**3 697**	3 951	**3 421**	3 694
TOTAL EQUITY AND LIABILITIES		**6 060**	6 130	**5 773**	5 920

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 April 2019

		GROUP		COMPANY	
	Notes	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Services rendered		**813**	793	**818**	797
Income from sale of goods		**1 500**	1 659	**1 259**	1 292
Revenue from contracts with customers		**2 313**	2 452	**2 077**	2 089
Finance income	19.3	**374**	340	**379**	370
Revenue		**2 687**	2 792	**2 456**	2 459
Cost of sales	19.1	**(1 224)**	(1 358)	**(1 075)**	(1 095)
Gross profit		**1 463**	1 434	**1 381**	1 364
Dividend income	20	**-**	-	**2**	4
Distribution, sales and administrative expenses	19.1	**(843)**	(777)	**(826)**	(788)
Credit loss expense on financial assets	19.1	**(15)**	3	**(15)**	3
Operating profit		**605**	660	**542**	583
Finance costs	19.2	**(213)**	(223)	**(214)**	(224)
Share of profit/(loss) from joint ventures and associate	5.1, 5.2	**6**	(5)	**-**	-
Profit before tax from continuing operations		**398**	432	**328**	359
Taxation	15.1	**(115)**	(121)	**(100)**	(111)
Profit after tax		**283**	311	**228**	248
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax		**-**	(1)	**-**	-
Share of other comprehensive income of joint venture	5.1	**-**	(1)	**-**	-
Total comprehensive income for the year, net of tax		**283**	310	**228**	248
Profit attributable to:					
Equity holders of the parent		**281**	310	**228**	248
Non-controlling interest		**2**	1	**-**	-
Total comprehensive income attributable to:					
Equity holders of the parent		**281**	309	**228**	248
Non-controlling interest		**2**	1	**-**	-

EARNINGS PER SHARE		2019 cents/share	2018 cents/share
Earnings per share	22.1.3	**169,1**	185,3
Normalised headline earnings per share	22.1.3	**177,5**	195,5
Diluted earnings per share	22.1.4	**161,1**	171,5
Diluted normalised headline earnings per share	22.1.4	**169,1**	180,9

DIVIDENDS FOR THE YEAR		2019 cents/share	2018 cents/share
Dividend per share paid during the year	22.2	**57**	52
Final dividend previous year		**27**	25
Interim dividend		**30**	27
Final dividend per share proposed	22.2	**30**	27

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

for the year ended 30 April 2019

	Notes	Issued share capital R'm	Share premium R'm	Treasury shares R'm	Share-based payment reserve R'm	Changes in ownership R'm	Fair value adjustments* R'm	Retained earnings R'm	Non-controlling interest R'm	Total equity R'm
		11	12.1	12.2	13.2	12.4	12.3		3.3	
GROUP										
Balance as at 30 April 2017		1	67	(126)	41	(14)	6	1 995	19	1 989
Total comprehensive income		-	-	-	-	-	(1)	310	1	310
Profit for the year		-	-	-	-	-	-	310	1	311
Other comprehensive income		-	-	-	-	-	(1)	-	-	(1)
Dividends	22.2	-	-	-	-	-	-	(90)	-	(90)
Equity-settled share-based payment scheme - Vesting	13.2	-	-	2	(5)	-	-	-	-	(3)
Treasury shares purchased	11	-	-	(44)	-	-	-	-	-	(44)
Equity-settled share-based payment scheme - Expense	13.2	-	-	-	17	-	-	-	-	17
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	22.2	**-**	**-**	**-**	**-**	**-**	**-**	**(99)**	**-**	**(99)**
Acquisition of subsidiary	3.1	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5**	**5**
Change in ownership of joint venture		**-**	**-**	**-**	**-**	**(14)**	**-**	**-**	**-**	**(14)**
Equity-settled share-based payment scheme - Vesting	13.2	**-**	**-**	**8**	**(8)**	**-**	**-**	**-**	**-**	**-**
Equity-settled share-based payment scheme - Expense	13.2	**-**	**-**	**-**	**9**	**-**	**-**	**-**	**-**	**9**
Balance as at 30 April 2019		**1**	**67**	**(160)**	**54**	**(28)**	**5**	**2 397**	**27**	**2 363**

*R2,7 million relates to fair value adjustment on Suidwes Holdings and R3 million to fair value adjustments on Molemi Sele Management.

	Notes	Issued share capital R'm	Share premium R'm	Treasury shares R'm	Share-based payment reserve R'm	Changes in ownership R'm	Fair value adjustments* R'm	Retained earnings R'm	Non-controlling interest R'm	Total equity R'm
COMPANY										
Balance as at 30 April 2017		1	67	-	41	-	3	1 948	-	2 060
Total comprehensive income		-	-	-	-	-	-	248	-	248
Profit for the year		-	-	-	-	-	-	248	-	248
Other comprehensive income		-	-	-	-	-	-	-	-	-
Dividends	22.2	-	-	-	-	-	-	(94)	-	(94)
Equity-settled share-based payment scheme - Vesting	13.2	-	-	-	(5)	-	-	-	-	(5)
Equity-settled share-based payment scheme - Expense	13.2	-	-	-	17	-	-	-	-	17
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	22.2	**-**	**-**	**-**	**-**	**-**	**-**	**(103)**	**-**	**(103)**
Equity-settled share-based payment scheme - Vesting	13.2	**-**	**-**	**-**	**(8)**	**-**	**-**	**-**	**-**	**(8)**
Equity-settled share-based payment scheme - Expense	13.2	**-**	**-**	**-**	**9**	**-**	**-**	**-**	**-**	**9**
Balance as at 30 April 2019		**1**	**67**	**-**	**54**	**-**	**3**	**2 227**	**-**	**2 352**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 April 2019

		GROUP		COMPANY	
	Notes	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Net cash flows from operating activities		**139**	286	**28**	56
Cash from operating activities	24	**708**	813	**638**	783
Finance costs paid	19.2	**(213)**	(223)	**(214)**	(224)
Tax paid	26	**(64)**	(86)	**(57)**	(81)
Dividends paid	22.2	**(99)**	(90)	**(103)**	(94)
Changes in working capital	25	**(193)**	(128)	**(236)**	(328)
Net cash flows used in investment activities		**(104)**	(256)	**(8)**	(75)
Purchase of property, plant and equipment	27	**(188)**	(141)	**(184)**	(127)
Proceeds from the disposal of property, plant and equipment	28	**3**	3	**3**	3
Acquisition of subsidiary	3.1	**(25)**	-	**-**	-
Grant to Senwes Share Incentive Trust	3.2	**-**	-	**(2)**	(2)
Dividends received from investments in joint ventures	5.1.1	**2**	4	**2**	4
Additional loans received from related parties	29	**14**	55	**39**	30
Repayment of loans from related parties	29	**(11)**	(56)	**(11)**	(55)
Additional loans advanced to related parties	29	**(49)**	(124)	**(98)**	(156)
Repayment of loans to related parties	29	**150**	3	**243**	228
Net cash flows before financing activities		**35**	30	**20**	(19)
Net cash from financing activities		**(1)**	(47)	**-**	-
Treasury shares purchased	12.2	**(1)**	(47)	**-**	-
Net increase/(decrease) in cash and cash equivalents		**34**	(17)	**20**	(19)
Cash and cash equivalents at the beginning of the year	4.1.3, 4.2.4	**(3)**	14	**(19)**	-
Cash and cash equivalents at the end of the year	4.1.3, 4.2.4	**31**	(3)	**1**	(19)

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 and Bastion Lime group)	Sales at retail outlets, direct sales of farming input requirements, the importation, manufacturing and sale of mechanisation goods and spare parts, as well as the servicing of such farming and other mechanisation equipment. Wholesale of agricultural and industrial retail products to agricultural retail outlets.
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 Nautilus Hedge Fund)	Head office services, information technology, human resources, properties, central administration, fleet management, secretarial services, legal services, corporate marketing, risk management, internal audit, strategic development, group finance, corporate finance, innovation and integration, business engineering and treasury and governance.

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

1.2 SEGMENTAL REVENUE AND RESULTS

Senwes group operates in South Africa only.

	GROUP			
	2019 R'm	2018 R'm	2019 R'm	2018 R'm
	SEGMENTAL REVENUE		SEGMENTAL PROFIT/(LOSS)	
Financial Services *(Senwes Credit, Senwes Asset Finance, Certisure group and Molemi Sele)*	**348**	321	**168**	160
Income from financing clients and service level agreement income	**349**	324	**292**	286
AgriRewards	**(1)**	(3)	**(1)**	(3)
Finance costs	**-**	-	**(133)**	(132)
Profit from joint ventures	**-**	-	**10**	9
Input Supply *((Senwes Equipment, JD Implemente, Staalmeester, Hinterland Group and Bastion Lime Group)*	**1 485**	1 425	**30**	(59)
Income/(loss) from sale of goods and services rendered	**1 598**	1 548	**82**	(1)
Intragroup sales	**(113)**	(123)	**-**	-
Finance costs	**-**	-	**(40)**	(36)
Profit/(loss) from joint ventures	**-**	-	**(12)**	(22)
Market Access *(Senwes Grainlink, Tradevantage, Senwes Graanmakelaars, Grainovation and ESC)*	**758**	942	**300**	412
Income from commodity trading, sale of goods and services rendered *	**3 003**	4 636	**340**	475
AgriRewards	**(16)**	(25)	**(16)**	(25)
Intragroup sales	**(2 229)**	(3 669)	**-**	-
Finance costs	**-**	-	**(32)**	(46)
Profit from joint ventures	**-**	-	**8**	8
Normal operational activities	**2 591**	2 688	**498**	513
Corporate	**96**	104	**(100)**	(81)
Income from service level agreement and other corporate fees	**66**	73	**15**	12
Interest income from joint ventures	**30**	31	**32**	31
Finance costs	**-**	-	**(8)**	(9)
Corporate costs	**-**	-	**(139)**	(115)
Total revenue	**2 687**	2 792		
Profit before tax			**398**	432
Taxation			**(115)**	(121)
Profit after tax			**283**	311

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

1.3 NET SEGMENTAL ASSETS

	GROUP					
	2019 R'm	2018 R'm	2019 R'm	2018 R'm	2019 R'm	2018 R'm
	ASSETS		LIABILITIES		NET	
Financial Services	**3 800**	3 405	**(2 044)**	(1 948)	**1 756**	1 457
Input Supply *	**865**	1 318	**(548)**	(885)	**317**	433
Market Access	**1 159**	1 217	**(786)**	(852)	**373**	365
Total operations	**5 824**	5 940	**(3 378)**	(3 685)	**2 446**	2 255
Corporate	**212**	159	**(212)**	(217)	**-**	(58)
Total segmental assets/(liabilities)	**6 036**	6 099	**(3 590)**	(3 902)	**2 446**	2 197
Deferred tax	**24**	31	**(107)**	(49)	**(83)**	(18)
Total	**6 060**	6 130	**(3 697)**	(3 951)	**2 363**	2 179

* Assets include the net investment in Hinterland joint venture of R98 million (2018: R146 million).

1.4 SEGMENTAL DISCLOSABLE ITEMS

	GROUP					
	2019 R'm	2018 R'm	2019 R'm	2018 R'm	2019 R'm	2018 R'm
	CAPITAL EXPENDITURE		DEPRECIATION		NON-CASH TRANSACTIONS*	
Financial Services	**-**	-	**-**	-	**(15)**	3
Input Supply	**(30)**	(23)	**(7)**	(6)	**5**	(57)
Market Access	**(144)**	(83)	**(30)**	(20)	**(11)**	(4)
Corporate	**(36)**	(35)	**(18)**	(16)	**-**	(3)
Total	**(210)**	(141)	**(55)**	(42)	**(21)**	(61)

* Non-cash transactions consist of provisions made.

1.5 GOODWILL

	GROUP		COMPANY	
	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Input supply				
Carrying value at the beginning of year	**-**	-	**-**	-
Movements during the year:				
Goodwill acquired *	**9**	-	**-**	-
Transfer form property, plant and equipment **	**6**	-	**4**	-
Decrease due to impairments recognised ***	**(6)**	-	**(4)**	-
Carrying value at the end of year	**9**	-	**-**	-
Fair value at initial recognition	**15**	-	**4**	-
Accumulated impairment provision	**(6)**	-	**(4)**	-

* The goodwill acquired during the year relates to the Staalmeester acquisition. Refer to note 3.1 for further details. The goodwill recognised may change (up until 30 September 2019), as the company is still in the process of evaluating the existance of any other intangible assets (provisional accounting is applied as allowed in the standard).

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

*** Senwes Equipment and JDI Agrico branches: The depressed state of the agriculture sector, causing producers to incur less capital expenditure, meant that the acquired branches from Agrico was 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).

Goodwill is tested for impairment on an annual basis during the last quarter of each financial year.

Except as stated above, no other indications of impairment of goodwill were identified.

2. PROPERTY, PLANT AND EQUIPMENT

	GROUP		COMPANY	
	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Cost price	**1 289**	1 117	**1 171**	1 023
Land	**35**	33	**4**	3
Silos	**107**	113	**107**	113
Buildings and improvements	**308**	238	**249**	187
Plant and equipment	**731**	636	**714**	629
Vehicles	**108**	97	**97**	91
Accumulated depreciation and impairments	**(574)**	(550)	**(563)**	(542)
Land	**-**	-	**-**	-
Silos	**(60)**	(64)	**(60)**	(64)
Buildings and improvements	**(80)**	(65)	**(79)**	(65)
Plant and equipment	**(366)**	(357)	**(361)**	(353)
Vehicles	**(68)**	(64)	**(63)**	(60)
Total carrying value	**715**	567	**608**	481

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 4.2.3.

2.3. The capital commitments of the group are set out in note 18.2.

2019 - Reconciliation of movements on property, plant and equipment

	Balance at the beginning of the year R'm	Purchases [1] R'm	Disposals 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 with purchases is property, plant and equipment of R21 million which originated from the acquisition of Staalmeester. Refer to note 3.1 for more details regarding the acquisition.

[2] Included with transfers is the transfer of goodwill, R6 million, to note 1.5 Goodwill.

	Balance at the beginning of the year R'm	Purchases [1] R'm	Disposals 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 with transfers is the transfer of goodwill, R4 million, to note 1.5 Goodwill.

2. PROPERTY, PLANT AND EQUIPMENT | continued

2018 - Reconciliation of movements on property, plant and equipment

	Balance at the beginning of the year R'm	Purchases R'm	Disposals and impairment provisions R'm	Transfers within asset classes R'm	Depreciation R'm	Balance at the end of the year R'm
GROUP - 2018						
Land	35	3	-	(5)	-	33
Silos	38	4	-	7	-	49
Buildings and improvements	147	31	(3)	1	(3)	173
Plant and equipment *	226	86	-	(2)	(31)	279
Vehicles	25	17	-	(1)	(8)	33
Total	471	141	(3)	-	(42)	567

* Included with the carrying value of plant and equipment is goodwill to the value of R6 million, which originated from the Agrico transaction. The goodwill was tested for impairment at year-end and no impairment was recognised.

	Balance at the beginning of the year R'm	Purchases R'm	Disposals and impairment provisions R'm	Transfers within asset classes R'm	Depreciation R'm	Balance at the end of the year R'm
COMPANY - 2018						
Land	8	-	-	(5)	-	3
Silos	38	4	-	7	-	49
Buildings and improvements	105	22	(3)	(1)	(2)	121
Plant and equipment *	224	85	-	(1)	(31)	277
Vehicles	22	16	-	-	(7)	31
Total	397	127	(3)	-	(40)	481

* Included with the carrying value of plant and equipment is goodwill to the value of R4 million, which originated from the Agrico transaction. The goodwill was tested for impairment at year-end and no impairment was recognised.

3. INVESTMENT IN COMPANIES

3.1 CORPORATE TRANSACTIONS AND RESTRUCTURING

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 in mechanisation investments in the group.

Fair value of assets acquired and liabilities assumed:

		SENWES GROUP R'm	STAALMEESTER 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. Refer to note 5.1.4 for more details.

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.

2018

There were no corporate transactions during the 2018 financial year.

3.2 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 - 2019						
JD Implemente (Pty) Ltd	3.3.1	**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]	13.2	**-**	**100**	**68**	**-**	**68**
Tradevantage Grain (Pty) Ltd [6]		**-**	**100**	**4**	**-**	**4**
Total carrying value				**122**	**(19)**	**110**

[1] *Senwes Agrowth is the holding company of Tradevantage and consists of equity and an investment of R100 only.*

Thobo Trust holds a 26,5% interest in Tradevantage (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 bought back from them.*

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

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

[5] *The discounted loan to Senwes Equip Holdings originated due to the nature of the loan (refer to note 4.1.2), 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 (who holds 100% in Tradevantage), of which Senwes holds 73,5%, and Thobo Trust (who holds 26.5% in Tradevantage), which is a special purpose vehicle of Senwes.*

	Notes	Total shares in issue	Interest %	Shares R'm	Provision for impairment on investment R'm	Total net investment R'm
COMPANY - 2018						
JD Implemente (Pty) Ltd	3.3.1	1 000	50	6	-	6
Senwes Agrowth (Pty) Ltd [1]		1 000	73,5	-	-	-
Senwes Capital (Pty) Ltd		11 054	100	24	-	24
Senwes Graanmakelaars (Pty) Ltd		100	100	-	-	-
Senwes Mauritius Ltd [3]		240	100	19	(19)	-
Senwes Share Incentive Scheme Trust [2]	13.2	-	100	66	-	66
Tradevantage Grain (Pty) Ltd		-	100	4	-	4
Total carrying value				119	(19)	100

[1] *Senwes Agrowth is the holding company of Tradevantage and consists of equity and an investment of R100 only.*

Thobo Trust holds a 26,5% interest in Tradevantage, a subsidiary of Senwes Agrowth. 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 R5,8 million to the trust to obtain 360 109 shares to fund the LTI-scheme. During the year 444 764 shares vested to the value of R4,6 million, from the trust to qualifying members, under the LTI scheme and 135 869 shares were bought back from them.*

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

3.3 FINANCIAL INFORMATION OF SUBSIDIARIES

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

3.3.1 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:

	2019 R'm	2018 R'm
Financial position		
Non-current assets	**33**	35
Current assets, excluding bank and cash	**103**	106
Cash and cash equivalents	**14**	3
Trade payables	**(82)**	(74)
Current financial liabilities, excluding trade payables	**(5)**	(4)
Non-current liabilities	**(24)**	(27)
Equity	**39**	39
Attributable to:		
Equity holders of the parent	**19**	19
Non-controlling interest	**20**	20
Financial results		
Revenue	**328**	354
Cost of sales	**(278)**	(311)
Other income	**1**	1
Depreciation	**(2)**	(2)
Expenses	**(39)**	(35)
Finance costs	**(7)**	(6)
Profit before tax	**3**	1
Tax	**(1)**	-
Profit after tax	**2**	1
Non-controlling interest share in profit or loss	**1**	1
Dividends paid to non-controlling shareholders	**-**	-
Summarised cash flows are as follows:		
Generated from operating activities	**16**	7
Used in investing activities	**(2)**	(5)
Used in from financing activities	**(3)**	(1)
Net increase/(decrease) in cash flows	**11**	1

3.3.2 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:

	2019 R'm	2018 R'm
Financial position		
Non-current assets	**34**	-
Current assets, excluding bank and cash	**31**	-
Cash and cash equivalents	**-**	-
Trade payables	**(5)**	-
Current financial liabilities, excluding trade payables	**(2)**	-
Non-current liabilities	**(18)**	-
Equity	**40**	-
Attributable to:		
Equity holders of the parent	**30**	-
Non-controlling interest	**10**	-
Financial results		
Revenue	**39**	-
Cost of sales	**(22)**	-
Other income	**-**	-
Depreciation	**(1)**	-
Expenses	**(8)**	-
Finance costs	**(1)**	-
Profit before tax	**7**	-
Tax	**(2)**	-
Profit after tax	**5**	-
Non-controlling interest share in profit or loss	**1**	-
Dividends paid to non-controlling shareholders	**-**	-
Summarised cash flows are as follows:		
Used in operating activities	**(20)**	-
Used in investing activities	**(35)**	-
Generated from financing activities	**55**	-
Net increase/(decrease) in cash flows	**-**	-

4. OTHER FINANCIAL ASSETS AND LIABILITIES

4.1 FINANCIAL ASSETS

4.1.1 Other financial assets

	GROUP		COMPANY	
	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Financial assets at fair value through other comprehensive income	**5**	4	**3**	4

Financial assets at fair value through other comprehensive income, at company level, comprise of an investment in Suidwes Holdings Ltd of 564 599 shares at R5.71 per share (2018: 585 656 shares at R6.07 per share).

The number of shares sold in Suidwes Holdings Ltd during the year amounted to 21 057 (2018: 49 229).

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

4.1.2 Other loans receivable

	GROUP		COMPANY	
	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Non-Current assets				
Bastion Lime (Pty) Ltd [1]	**6**	3	**6**	3
JD Implemente (Pty) Ltd [2]	**-**	-	**14**	26
Senwes Equip Holdings (Pty) Ltd [3]	**-**	-	**17**	-
Staalmeester Agricultural Equipment (Pty) Ltd [4]	**-**	-	**11**	-
Total non-current assets	**6**	3	**48**	29
Current assets				
Non-interest-bearing loans to related parties (foreign companies)				
Senwes Mauritius Ltd [5]	**-**	-	**11**	10
Interest-bearing loans to related parties (local companies)				
Bastion Lime (Pty) Ltd [1]	**6**	3	**6**	3
Hinterland Holdings (Pty) Ltd [6]	**20**	125	**20**	125
JD Implemente (Pty) Ltd [2]	**-**	-	**12**	3
Senwes Graanmakelaars (Pty) Ltd [7]	**-**	-	**5**	5
Staalmeester Agricultural Equipment (Pty) Ltd [4]	**-**	-	**9**	-
Thobo Trust [8]	**-**	-	**2**	1
Impairment provision - Thobo Trust	**-**	-	**(2)**	(1)
Tradevantage Grain (Pty) Ltd [9]	**-**	-	**70**	156
Non-interest bearing loans to related parties				
Hinterland SA (Pty) Ltd [10]	**30**	30	**30**	30
Provision for impairment - Hinterland SA (Pty) Ltd	**(30)**	(26)	**(30)**	(24)
Senwes Capital (Pty) Ltd [11]	**-**	-	**8**	11
Silo Certs (Pty) Ltd [12]	**2**	2	**2**	2
Total current assets	**28**	134	**143**	321
Balance at the end of the year	**34**	137	**191**	350

[1] Refer to note 4.1.2.1 below for details regarding the loans to Bastion Lime (Pty) Ltd.

[2] Refer to note 4.1.2.2 below for details regarding the loans to JD Implemente (Pty) Ltd.

[3] The loan to Senwes Equip Holdings (Pty) Ltd is unsecured, interest free and the loan (R17 million classified as a loan receivable and R7 million as an investment, refer to note 3.2) is not repayable within five years, 01 October 2023, after inception of the loan. The parties to the loan will negotiate repayment terms before the end of the aforesaid period. Due to these terms, a part of the loan was reclassified to Investments in subsidiaries, refer note 3.2.

[4] Refer to note 4.1.2.3 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 loss recognised on this loan is R1 million (2018: loss R1 million). The company is being deregistered and it is expected that the loan will be settled within 12 months.

[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.

[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.

[9] The loan to Tradevantage Grain (Pty) Ltd is unsecured, has no fixed repayment terms and bears interest at a prime-linked rate.

[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 Silo Certs (Pty) Ltd is unsecured, interest-free with no fixed repayment terms.

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 provision. All financial assets are assessed for expected credit losses. Refer to note 4.1.4 for the classification of these assets. Also refer to note 8.5 and 21.1.2 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.

4.1.2.1 Bastion Lime (Pty) Ltd

	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.

	2018 GROUP AND COMPANY R'm		
	Short-term portion	Long-term portion	Total
Total capital outstanding	3	3	6

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.

4.1.2.2 JD Implemente (Pty) Ltd

	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. 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.

	2018 COMPANY R'm		
	Short-term portion	Long-term portion	Total
Total capital outstanding	3	26	29

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.

4.1.2.3 Staalmeester Agricultural Equipment (Pty) Ltd

	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 instalments.

4.1.3 Cash and short-term deposits

	GROUP 2019 R'm	GROUP 2018 R'm	COMPANY 2019 R'm	COMPANY 2018 R'm
Cash and short-term deposits	**31**	-	1	-

4.1.4 Expected credit losses

	GROUP							
	2019				2018			
	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	**34**	**30**	**-**	**64**	133	30	-	163
Provision for expected credit losses	**-**	**(30)**	**-**	**(30)**	-	(26)	-	(26)
Net mortgage loans	**34**	**-**	**-**	**34**	133	4	-	137
Movements in stages during the year:								
Stage 1 to Stage 2	**-**	**-**	**-**	**-**	(30)	30	-	-
Total movements	**-**	**-**	**-**	**-**	(30)	30	-	-

	COMPANY							
	2019				2018			
	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	**191**	**32**	**-**	**223**	344	31	-	375
Provision for expected credit losses	**-**	**(32)**	**-**	**(32)**	-	(25)	-	(25)
Net mortgage loans	**191**	**-**	**-**	**191**	344	6	-	350
Movements in stages during the year:								
Stage 1 to Stage 2	**-**	**-**	**-**	**-**	(31)	31	-	-
Total movements	**-**	**-**	**-**	**-**	(31)	31	-	-

4.2 FINANCIAL LIABILITIES

4.2.1 Other loans payable

	GROUP 2019 R'm	GROUP 2018 R'm	COMPANY 2019 R'm	COMPANY 2018 R'm
Interest-bearing loans from related parties				
Certisure group [1]	**27**	24	**27**	24
Bastion Lime (Pty) Ltd [2]	**10**	-	**10**	-
Hinterland Holdings (Pty) Ltd [3]	**9**	16	**9**	16
Molemi Sele Management (Pty) Ltd [4]	**-**	3	**-**	3
Senwes Capital (Pty) Ltd [5]	**-**	-	**25**	-
Total	**46**	43	**71**	43

[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 Molemi Sele Management (Pty) Ltd is unsecured, has no fixed repayment terms and bears interest at a prime-linked rate.

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

4.2.2 Current interest-bearing loans

	GROUP		COMPANY	
	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Short-term loans	**1 716**	1 836	**1 716**	1 836
Commodity finance	**121**	149	**121**	149
Total	**1 837**	1 985	**1 837**	1 985

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 billion available and at year-end only R1,7 billion (2018: R1,8 billion) had been utilised.

Nedbank Ltd:

A short-term loan of R125 million was granted from Nedbank Ltd during April 2018. The loan bears interest at a sub-prime-linked rate. The loan is additional to the R1 billion long-term facility with Nedbank Ltd and is secured by the same assets. Refer no note 4.2.3 below. The loan was repaid during this financial year.

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 9. Commodity finance bears interest at a sub-prime-linked rate and is capitalised monthly.

4.2.3 Non-current interest-bearing loans

	GROUP		COMPANY	
	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Interest-bearing loans	**1 002**	1 002	**1 000**	1 000

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 1 June 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.

*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 1 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 R1,5 billion, set as the value of security at the bank, and carrying amount of R249 million serve as security for the above-mentioned long-term loans.

*The 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.

4.2.4 Bank overdraft

	GROUP		COMPANY	
	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Bank overdraft	**-**	3	**-**	19

4.2.5 Other financial liabilities

	GROUP		COMPANY	
	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Non-current liabilities				
AgriRewards [1]	**59**	37	**59**	37
Current liabilities				
Creditors gaurantee[2]	**-**	28	**-**	28
Total other financial liabilities	**59**	65	**59**	65

[1]AgriRewards is a deferred bonus scheme in terms of which Senwes allocates a portion of its profits on an annual basis to customers to reward them for their loyalty during the year.

The AgriRewards scheme was launched during August 2016. The scheme is not automatic and customers have to register to participate.

For the 2019 financial year all grain deliveries at Senwes silo's, interest-bearing transactions of Senwes Credit and new whole good sales at Senwes Equipment qualified for the scheme.

During April 2019 the board approved a reward of R45/tonne (2018: R50/tonne) for grain deliveries, Rnil/ton (2018: R5/tonne) for grain procurement, 0,35% of interest-bearing transactions (2018: 0,75%) and 0,25% of turnover on new whole goods at Senwes Equipment (2018: Nil%). 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	10	30 April 2033
2018	31	30 April 2034
2019	18	30 April 2035
	59	

[2]During the 2018 year a gaurantee was issued to the creditors of Hinterland SA (Pty) Ltd. Senwes would have been held liable for 50% of the creditors, limited to R35 million, in the case Hinterland SA default to its payment to the creditors. The risk of default was evaluated and a provision of R27,8 million was accounted for in 2018. This guarantee expired in October 2018.

4.3 CONTRACT LIABILITIES

	GROUP		COMPANY	
	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Storage of grain	**18**	52	**18**	52
Handling of grain	**21**	27	**21**	27
Total	**39**	79	**39**	79

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.

5. INVESTMENTS IN JOINT VENTURES AND ASSOCIATE

5.1 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	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Certisure Group	5.1.1	**77**	73	**3**	3
Grainovation (Pty) Ltd	5.1.2	**27**	19	**-**	-
Bastion Lime (Pty) Ltd (Group)	5.1.3	**13**	18	**2**	2
Hinterland Holdings (Pty) Ltd (Group)	5.1.4	**98**	146	**213**	253
Molemi Sele Management (Pty) Ltd	5.1.5	**10**	7	**2**	2
Silo Certs (Pty) Ltd	5.1.6	**2**	2	**2**	-
Total carrying amount		**227**	265	**222**	260

5.1 JOINT VENTURES | continued

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

	Notes	GROUP 2019 R'm	GROUP 2018 R'm
Certisure Group	5.1.1	**6**	6
Grainovation (Pty) Ltd	5.1.2	**6**	6
Bastion Lime (Pty) Ltd (Group)	5.1.3	**(1)**	-*
Hinterland Holdings (Pty) Ltd (Group)	5.1.4	**(11)**	(22)
Molemi Sele Management (Pty) Ltd	5.1.5	**3**	3
Silo Certs (Pty) Ltd	5.1.6	**1**	1
Total profit/(loss) from joint ventures		**4**	(6)
Other comprehensive income from joint venture - Molemi Sele Management		**-***	(1)
Total profit/(loss) and other comprehensive income from joint ventures		**4**	(7)

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

5.1.1 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:

	2019 R'm	2018 R'm
Statement of financial position of the Certisure group:		
Non-current assets	**5**	5
Current assets, excluding cash and cash equivalents	**11**	61
Cash and cash equivalents	**58**	1
Trade payables	**(5)**	(4)
Provisions	**(2)**	(2)
Other current financial liabilities	**(5)**	(7)
Equity	**62**	54
50% proportion of the group's ownership:		
Carrying amount of the investment*	**77**	73

*Includes a revaluation of R46 million recognised due to loss of control over a subsidiary (1 May 2012).

	2019 R'm	2018 R'm
The revenue and profit of the Certisure group are as follows:		
Revenue	**59**	60
Operating expenses	**(46)**	(46)
Finance income	**5**	5
Profit before tax	**18**	19
Tax	**(5)**	(6)
Profit after tax	**13**	13
Group's share of profit for the year	**6**	6
Dividends received	**(2)**	(4)
Summarised cash flows of the Certisure group are as follows:		
Generated from operating activities	**15**	16
Generated from investing activities	**-**	34
Used in financing activities	**(4)**	(8)
Net increase in cash flows	**11**	42

5.1.2 Grainovation (Pty) Ltd

The group has a 50% interest in Grainovation (Pty) Ltd ("Grainovation"), the core business activity of which 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.

The following is the summarised financial information of Grainovation:

	2019 R'm	2018 R'm
Statement of financial position of Grainovation:		
Non-current assets	**68**	72
Current assets, excluding cash and cash equivalents	**28**	31
Cash and cash equivalents	**(6)**	-
Trade payables	**(9)**	(27)
Current financial liabilities, excluding trade payables and bank overdraft	**(13)**	(13)
Non-current financial liabilities	**(7)**	(17)
Non-current liabilities	**(7)**	(7)
Equity	**54**	39
50% proportion of the group's ownership:		
Carrying amount of the investment*	**27**	19
The revenue and profit of Grainovation are as follows:		
Revenue	**357**	381
Cost of sales	**(322)**	(345)
Other income	**-**	2
Operating expenses, excluding depreciation	**(9)**	(12)
Depreciation	**(11)**	(7)
Finance income	**-**	2
Finance costs	**(2)**	(3)
Profit before tax	**13**	18
Tax	**-**	(5)
Profit after tax	**13**	13
Reconciliation of group's share of profit/(loss) for the year		
Group's share of profit for the year	**6**	16
50% of profit for the year	**7**	6
Prior year adjustments	**(1)**	-
Summarised cash flows of Grainovation are as follows:		
Generated from operating activities	**10**	19
Used in investing activities	**(7)**	(35)
Used in financing activities	**(9)**	(9)
Net decrease in cash flows	**(6)**	(25)

5.1.3 Bastion Lime (Pty) Ltd (Group)

The group has a 50% interest in Bastion Lime (Pty) Ltd group ("Bastion") (previously known as Grasland Ondernemings (Pty) Ltd). 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:

	2019 R'm	2018 R'm
Statement of financial position of Bastion:		
Non-current assets	**42**	45
Current assets, excluding cash and cash equivalents	**9**	9
Cash and cash equivalents	**10**	9
Trade payables	**(5)**	(7)
Current financial liabilities, excluding trade payables and provisions	**(3)**	(4)
Provisions	**(1)**	(1)
Non-current financial liabilities	**(21)**	(19)
Non-current liabilities	**-**	(4)
Non-controlling interest	**-**	1
Equity	**31**	29
50% proportion of the group's ownership:		
Reconciliation of carrying amount to 50% of net asset value:		
Carrying amount of the investment	**13**	18
Increase in Senwes' shareholding during June 2010, paid to previous shareholder	**(1)**	(1)
Group adjustment - provision made on research costs	**3**	(3)
50% of net asset value	**15**	14
The revenue and profit of Bastion are as follows:		
Revenue	**44**	52
Cost of sales	**(23)**	(23)
Other income	**3**	3
Operating expenses, excluding depreciation	**(12)**	(18)
Depreciation	**(6)**	(3)
Finance costs	**(2)**	(2)
Profit before tax	**4**	9
Tax	**(1)**	(2)
Profit after tax	**3**	7
Attributable to owners of the parent	**3**	8
Attributable to non-controlling interest	**-**	(1)
Reconciliation of group's share of profit/(loss) for the year		
Group's share of loss for the year	**(1)**	-
50% of profit for the year	**1**	3
Group adjustment - provision made on research costs	**-**	(3)
Prior year adjustments	**(2)**	-
Summarised cash flows of Bastion are as follows:		
Generated from operating activities	**7**	12
Used in investing activities	**(2)**	(8)
(Used in)/generated from financing activities	**(4)**	5
Net increase in cash flows	**1**	9

5.1.4 Hinterland Holdings (Pty) Ltd (Group)

The group has a 50% interest in Hinterland Holdings (Pty) Ltd ("Hinterland"). The core business activity of Hinterland is the sale of farming input products and direct delivery transactions such as fuel, fertiliser, seed, etc. and wholesale. 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.

During the year, LRB sold its 25% shareholding in Hinterland SA (Pty) Ltd ("Hinterland SA") to Hinterland. This resulted in Hinterland holding a 100% interest in Hinterland SA. This change occured on 13 August 2018. Furthermore, Hinterland merged its retail operations into Hinteland SA. The effective date of the merger was 1 December 2018. The merger constituted a common control transaction and the net assets were transferred into Hinterland SA (Pty) Ltd.

The following is the summarised financial information of Hinterland:

	2019 R'm	2018 R'm
Statement of financial position of Hinterland:		
Non-current assets	**704**	672
Current assets, excluding cash and cash equivalents	**760**	755
Cash and cash equivalents	**26**	19
Trade payables	**(319)**	(308)
Provisions	**(4)**	(3)
Other current financial liabilities	**(551)**	(265)
Non-current liabilities	**(102)**	(335)
Non-controlling interest	**(2)**	26
Equity	**512**	561
50% proportion of the group's ownership:		
Total carrying amount of the investment	**98**	146
Carrying amount of Hinterland group	**98**	141
Carrying amount of loan to Hinterland SA, classified as an investment *	**26**	26
Impairment Hinterland SA investment	**(26)**	(21)

* During 2016 Senwes Ltd, AFGRI Operations (Pty) Ltd and LRB extended a loan of R130 million to Hinterland SA. Senwes contributed R56,3 million, R26,3 million 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 4.1.2.

	2019 R'm	2018 R'm
Reconciliation to carrying amount:		
50% of net asset value	**256**	281
Elimination of unrealised profit on non-monetary assets contributed to joint venture	**(112)**	(112)
Carrying amount before other adjustments at group level	**144**	169
Accumulated loss adjustment at group level	**-**	-
Day 1 adjustment made group intangibles and goodwill	**(2)**	(2)
Impairment provision Hinterland SA investment	**(26)**	(21)
Additional impairment provision	**(18)**	-
Carrying amount of the investment	**98**	146

The impairment provision is calculated based on the unrecoverable amount (Senwes' exposure less recoverable amount of Hinterland SA's assets).

5.1.4 Hinterland Holdings (Pty) Ltd (Group) | continued

	2019 R'm	2018 R'm
The revenue and loss of Hinterland are as follows:		
Revenue	**3 054**	3 096
Cost of sales	**(2 514)**	(2 573)
Operating expenses, excluding depreciation, amortisation and impairment loss	**(516)**	(440)
Depreciation and amortisation	**(26)**	(104)
Impairment loss	**-**	(30)
Other income	**18**	26
Investment income	**11**	13
Finance costs	**(49)**	(49)
Loss before tax	**(22)**	(61)
Taxation	**3**	(1)
Loss after tax	**(19)**	(62)
Loss attributable to:		
Owners of the parent	**(17)**	(45)
Non-controlling interest	**(2)**	(17)
Reconciliation of group's share of loss for the year		
Group's share of loss for the year	**(11)**	(22)
50% of loss for the year	**(9)**	(22)
Prior year adjustment taken into account in current year	**(2)**	-
Summarised cash flows of Hinterland are as follows:		
(Used in)/generated from operating activities	**(24)**	126
Used in investing activities	**(38)**	(46)
(Used in)/generated from financing activities	**57**	(98)
Net decrease in cash flows	**(5)**	(18)

5.1.5 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:

	2019 R'm	2018 R'm
Statement of financial position of Molemi Sele:		
Non-current assets	**25**	21
Current assets	**3**	2
Non-current liabilities	**(2)**	(2)
Equity	**26**	21
35,7% proportion of the group's ownership:		
Total carrying amount of the investment	**10**	7
The revenue and profit of Molemi Sele are as follows:		
Dividend income	**6**	10
Interest income	**1**	-
Profit before taxation	**7**	10
Taxation	**-***	-*
Profit after taxation	**7**	10
Group's share of profit for the year	**3**	3

* Less than R0,5 million.

	2019 R'm	2018 R'm
Summarised cash flows of Molemi Sele are as follows:		
Generated from operating activities	**3**	10
Used in investing activities	**(3)**	(7)
Used in financing activities	**-**	(3)
Net increase/(decrease) in cash flows	**-**	-

5.1.6 Silo Certs (Pty) Ltd

The group has a 50% interest in Silo Certs (Pty) Ltd ("Silo Certs"). Silo Certs 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 Silo Certs is in Johannesburg, Gauteng.

The following is the summarised information of Silo Certs:

	2019 R'm	2018 R'm
Statement of financial position of Silo Certs:		
Current assets, excluding cash and cash equivalents	**-**	1
Cash and cash equivalents	**6**	6
Non-current liabilities	**(2)**	(4)
Equity	**4**	3
50% proportion of the group's ownership:		
Carrying amount of the investment	**2**	2

Included in the carrying amount is R0,5 million paid during September 2014 to previous shareholder to increase Senwes' shareholding from 42,5% to 50%.

	2019 R'm	2018 R'm
The revenue and profit of Silo Certs are as follows:		
Revenue	**4**	5
Cost of sales	**(1)**	(1)
Operating expenses, excluding depreciation	**(2)**	(2)
Profit before tax	**1**	2
Taxation	**- ***	- *
Profit after tax	**1**	2
Group's share of profit for the year	**1**	1

* Less than R0,5 million.

	2019 R'm	2018 R'm
Summarised cash flows of Silo Certs are as follows:		
Generated from operating activities	**1**	1
Used in investing activities	**(1)**	-
Generated from financing activities	**-**	1
Net increase in cash flows	**-**	2

5.2 ASSOCIATE

The associate is accounted for by applying the equity method. The carrying value of the investment in associate is as follows:

	GROUP		COMPANY	
	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Nautilus Hedge Fund	**28**	27	**25**	25

	GROUP	
	2019 R'm	2018 R'm
Statement of financial position of Nautilus Hedge Fund:		
Cash and cash equivalents	**57**	54
50% proportion of the group's interest:		
Carrying amount of the investment	**28**	27

	GROUP	
	2019 R'm	2018 R'm
The revenue and profit of Nautilus Hedge Fund are as follows:		
Revenue	**5**	3
Operating expenses	**(2)**	(1)
Total profit from associates	**3**	2
Group's share of profit from associate	**2**	1

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 licence 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 is responsible for governance and risk management. The fund's principal place of business is South Africa.

	GROUP		COMPANY	
	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Initial investment in Nautilus Hedge Fund	**25**	25	**25**	25
Share of accumulated profit	**3**	2	**-**	-
Carrying amount of the investment	**28**	27	**25**	25

Notwithstanding the fact that Senwes does not hold any voting rights in the NAUTILUS AAM Commodity QHF portfolio of the Nautilus Qualified Investor Hedge Fund Scheme, 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.

6. LOANS AND OTHER RECEIVABLES

Represent debtors for financing of mortgage loans (note 6.1) 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	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Gross investment in mortgage loans		**2 321**	2 023	**2 321**	2 023
Less: Unearned finance income		**(731)**	(641)	**(731)**	(641)
Carrying amount		**1 590**	1 382	**1 590**	1 382
Less: Current portion	8	**(374)**	(303)	**(374)**	(303)
Total loans and other receivables before provisions		**1 216**	1 079	**1 216**	1 079
Provision for expected credit losses	6.1.4	**(12)**	-	**(12)**	-
Total loans and other receivables	6.1	**1 204**	1 079	**1 204**	1 079

6.1 MORTGAGE LOANS

		GROUP		COMPANY	
		2019 R'm	2018 R'm	2019 R'm	2018 R'm
Within one year		**374**	303	**374**	303
After one year but not more than five years		**761**	631	**761**	631
More than five years		**455**	448	**455**	448
Carrying amount		**1 590**	1 382	**1 590**	1 382
Less: Current portion		**(374)**	(303)	**(374)**	(303)
Total mortgage loans before provisions		**1 216**	1 079	**1 216**	1 079
Provision for expected credit losses	6.1.4	**(12)**	-	**(12)**	-
Total		**1 204**	1 079	**1 204**	1 079

6.1.1 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.

6.1.2 Provision for impairment

The calculation method for the provisions for impairment of the loans receivable must be read in conjunction with note 8. Please refer to note 8.5 since the provision for impairments forms part of the portfolio impairment provision.

6.1.3 Fair value

As indicated in note 6.1.2, the method of impairment provisions is disclosed in note 8 and the long-term loans receivable need te be read in conjuction with note 8. The fair value for the longterm loans are reflected in note 6.1 for 2019: R1,2bn (2018: R1,1bn).

6.1.4 Expected credit losses

	GROUP and COMPANY							
	2019				2018			
	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	**564**	**1 004**	**22**	**1 590**	367	998	17	1 382
Provision for expected credit losses	**-**	**(9)**	**(3)**	**(12)**	-	-	-	-
Net mortgage loans	**564**	**995**	**19**	**1 578**	367	998	17	1 382
Movements in stages during the year:								
Stage 1 to Stage 2	**(157)**	**157**	**-**	**-**	(78)	78	-	-
Stage 1 to Stage 3	**(1)**	**-**	**1**	**-**	-	-	-	-
Stage 2 to stage 1	**67**	**(67)**	**-**	**-**	41	(41)	-	-
Stage 2 to stage 3	**-**	**(7)**	**7**	**-**	-	(6)	6	-
Total movements	**(91)**	**83**	**8**	**-**	(37)	31	6	-

Refer to note 21.1.2 Credit risk, for details regarding classification of accounts into stages and events leading to transfers between stages.

7. INVENTORY

	Notes	GROUP 2019 R'm	GROUP 2018 R'm	COMPANY 2019 R'm	COMPANY 2018 R'm
Merchandise	7.1, 7.2	**432**	723	**326**	639
Consumables		**22**	19	**22**	19
Grain commodities	7.3, 7.4	**155**	253	**16**	51
Balance at the end of the year	7.5	**609**	995	**364**	709

7.1 Included in merchandise is floor plan inventory of R56 million (2018: R184 million), which serves as security in terms of an agreement with the relevant supplier of farming equipment.

7.2 The merchandise inventory in company of R326 million (2018: R639 million) and group of R432 million (2018: R723 million) include adjustments to net realisable value and provisions for obsolete stock to the value of R73 million (2018: R89 million) for group and R67 million (2018: R85 million) for company.

7.3 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.

7.4 Grain inventory has been pledged as security for loans granted by financiers to the value of R135 million (2018: R163m).

7.5 Inventory is valued as follows:

	GROUP 2019 R'm	GROUP 2018 R'm	Valuation method
Merchandise and consumables	**120**	108	Weighted average cost price
Mechanisation whole goods	**334**	634	Purchases price
Grain commodities	**155**	253	Contract price and thereafter at fair value
Balance at the end of the year	**609**	995	

8. TRADE AND OTHER RECEIVABLES

	Notes	GROUP 2019 R'm	GROUP 2018 R'm	COMPANY 2019 R'm	COMPANY 2018 R'm
Trade receivables		**2 332**	2 310	**2 288**	2 257
Production accounts	8.1	**2 120**	1 988	**2 120**	1 988
Current accounts	8.2	**212**	322	**168**	269
Current portion of loans and other receivables	6.1	**374**	303	**374**	303
Grain debtors	8.3	**166**	190	**101**	140
Sundry receivables	8.4	**106**	119	**120**	94
Less: Allowance for expected credit losses	8.5	**(97)**	(94)	**(96)**	(93)
Balance at the end of the year		**2 881**	2 828	**2 787**	2 701

8.1 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

8.2 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.

8.3 Grain debtors represent agricultural produce sold to third parties, storage and handling income. A provision for impairment of R1,9 million (2018: R2,9 million) is included in the group balances. No agency grain debtors were encumbered at year-end (2018: 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 financing	Receivable within 48 hours, thereafter interest at a prime-linked rate

8.4 Sundry receivables consist of accounts for corporate and statutory services as well as deposits held for trading purposes (Safex).

8.5 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 treated as having significantly increase when default in payment which is reflected when arrears occurs.

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 6, 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 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.

* *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.

A provision 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 provision in respect of term loans falling within the portfolio impairment reflect the lifetime expected credit losses.

The amount of the respective provisions for impairment losses is determined using the following formula:

Production credit and deferred payment arrangements:
Impairment = Total book x 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).

8.5 | 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 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 includes 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 = PD (arrears default % + drought loss default % + Long term drought 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.

There were no material write-offs of trade and other receivables during the year (2018: no material write-offs).

The impairment provision on trade and other receivables is R97 million (2018: R94 million), the details of which are as follows:

	GROUP		COMPANY	
	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Specific impairment	**(9)**	(11)	**(8)**	(10)
Balance at the beginning of the year	**(11)**	(18)	**(10)**	(17)
Decrease/(increase) in provision during the year	**(1)**	(2)	**(1)**	(2)
Transfer between portfolio and specific impairment	**3**	9	**3**	9
Portfolio impairment	**(88)**	(83)	**(88)**	(83)
Balance at the beginning of the year	**(83)**	(79)	**(83)**	(79)
Transfer between portfolio and specific impairment	**(3)**	(9)	**(3)**	(9)
(Increase)/decrease in provision during the year	**(2)**	5	**(2)**	5
Total provision for impairment	**(97)**	(94)	**(96)**	(93)

8.6 Trade and other receivables can be summarised as follows:

	GROUP					
	2019			2018		
	Current R'm	Debt in arrears R'm	Total R'm	Current R'm	Debt in arrears R'm	Total R'm
Trade receivables	**2 269**	**63**	**2 332**	2 255	55	2 310
Production accounts	**2 080**	**40**	**2 120**	1 958	30	1 988
Current accounts	**189**	**23**	**212**	297	25	322
Current portion of loans and other receivables	**268**	**106**	**374**	287	16	303
Grain debtors	**166**	**-**	**166**	190	-	190
Sundry receivables	**106**	**-**	**106**	116	3	119
Less: provision for impairment	**(44)**	**(53)**	**(97)**	(41)	(53)	(94)
Total trade and other receivables	**2 765**	**116**	**2 881**	2 807	21	2 828

8.6.1 Current receivables are accounts within current credit terms.

8.6.2 Debt in arrears are accounts outside current credit terms.

8.6.3 The provision relating to debt in arrears is a specific provision based on debtors handed over to the legal department.

8.7 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 R2,1 billion (2018: R2,1 billion) as at year-end.

8.8 The carrying value read with the portfolio provision approximates the fair value of trade and other receivables.

9. INVENTORY HELD TO SATISFY FIRM SALES

	GROUP		COMPANY	
	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Inventory held to satisfy firm sales	**234**	144	**218**	161

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.

10. DISCONTINUED OPERATIONS

10.1 DISCONTINUED OPERATIONS: 2019

There were no discontinued operations during the year.

10.2 DISCONTINUED OPERATIONS: 2018

There were no discontinued operations during 2018.

11. ISSUED CAPITAL

	GROUP		COMPANY	
	2019	2018	2019	2018
Authorised:				
581 116 758 (2019 and 2018) ordinary shares of 0,516 cents each	**3**	3	**3**	3
Issued:				
180 789 308 (2019 and 2018) ordinary shares of 0,516 cents each	**1**	1	**1**	1

Reconciliation of issued shares:

	GROUP		COMPANY	
	2019	2018	2019	2018
	Number of shares		Number of shares	
Shares issued	**180 789 308**	180 789 308	**180 789 308**	180 789 308
Treasury shares purchased *	**(15 822 610)**	(15 651 883)	**-**	-
Treasury shares vested **	**1 332 466**	444 764	**-**	-
Total shares in issue	**166 299 164**	165 582 189	**180 789 308**	180 789 308

* Senwes Capital (Pty) Ltd did not repurchase any of the company's shares during the year under review (2018: 3 611 268 shares). Senwes Capital (Pty) Ltd, a subsidiary of Senwes Ltd, sold 868 842 shares (2018: 360 109) to the Senwes Share Incentive Trust during the year. Senwes Capital (Pty) Ltd held 8 085 126 (2018: 8 953 968) shares in Senwes Ltd as at 30 April 2019. The Senwes Share Incentive Scheme Trust bought 868 842 shares from Senwes Capital (Pty) Ltd.

The Senwes Share Incentive Scheme Trust held 6 405 018 (2018: 6 253 151) shares as at 30 April 2019.

** During the year 887 702 shares (2018: 444 764 shares) vested under the LTI scheme and 170 727 shares (2018: 135 869 shares) were bought back from the participants of the scheme. The unissued shares are under the control of the directors until the upcoming annual general meeting.

12. RESERVES

12.1 Share premium

	GROUP		COMPANY	
	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Balance at the end of the year	**67**	67	**67**	67

12.2 Treasury shares

	GROUP	
	2019 R'm	2018 R'm
Balance at the beginning of the year	**(168)**	(126)
Treasury shares vested *	**9**	5
Treasury shares purchased **	**(1)**	(47)
Balance at the end of the year	**(160)**	(168)

* During the year 887 702 shares (2018: 444 764 shares) vested from Senwes Share Incentive Scheme Trust to the qualifying members through the LTI scheme.

** Senwes Capital (Pty) Ltd, a subsidiary of Senwes Ltd, did not repurchase any shares from Senwes' shareholders during the year (2018: R44 million for 3 611 268 shares).
Senwes Share Incentive Scheme Trust, an SPV of Senwes Ltd, bought 170 727 shares for a total amount of R1,6 million (2018: 135 869 shares) from Senwes' shareholders during the year.

12.3 Fair value adjustments

	GROUP		COMPANY	
	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Balance at the end of the year	**5**	4	**3**	3

This reserve represents fair value changes on financial assets at fair value through other comprehensive income as indicated in note 4.1.1. as well as fair value movement on investment held by Molemi Sele as indicated in note 5.1.5.

12.4 Change in ownership: Equity of a joint venture

	GROUP	
	2019 R'm	2018 R'm
Balance at the beginning of the year	**(14)**	(14)
Equity accounted movement in equity of joint venture	**(14)**	-
Balance at the end of the year	**(28)**	(14)

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% (2018: 75%) 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 other comprehensive income (equity).

During the 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 occured on 13 August 2018.

13. EMPLOYEE BENEFITS

13.1 Incentive bonuses

	GROUP		COMPANY	
	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Balance at the beginning of the year	**47**	14	**47**	14
Increase in provision during the year	**26**	45	**24**	45
Underprovision previous year	**2**	-	**1**	-
Utilised during the year	**(49)**	(12)	**(49)**	(12)
Balance at the end of the year	**26**	47	**23**	47

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.

13.1.1 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.

13.2 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 R9 million (2018: R17 million). The accumulated equity-settled reserve amounts to R54 million (2018: R53 million). Refer to the tabel below for more details:

	GROUP		COMPANY	
	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Opening balance	**53**	41	**53**	41
Vested during the year	**(8)**	(5)	**(8)**	(5)
Expense recognised	**9**	17	**9**	17
Initial shares granted	**7**	9	**6**	9
Increase in shares granted/new participants	**7**	8	**7**	8
Overprovision previous year	**(5)**	-	**(4)**	-
Equity-settled share-based payment reserve	**54**	53	**54**	53

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		**2 322 977**	9,55	30 June 2019
4		**2 053 903**	9,06	30 June 2020
5		**2 028 138**	8,53	30 June 2021
6		**1 608 594**	8,05	30 June 2022
Total		**8 013 612**		

The first two tranches vested on 30 June 2017 and June 2018. All the performance conditions were not met and therefore only 30% and 51%, respectively, of these shares vested for employees still in service on date of vesting.

The next vesting will take place on 30 June 2019, subject to performance and other conditions being met.

14. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Trade payables	**388**	471	**132**	270
Members' funds	**13**	13	**13**	13
Audit fees	**-**	2	**-**	2
PAYE	**5**	5	**5**	5
Other amounts payable	**106**	83	**62**	61
Leave and thirteenth cheque accrual	**24**	24	**24**	24
Total trade and other payables	**536**	598	**236**	375

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.

15. INCOME TAX

15.1 Tax expense

	GROUP		COMPANY	
	2019 R'm	2018 R'm	2019 R'm	2018 R'm
SA normal tax – current year	**(71)**	(100)	**(62)**	(94)
(Decrease)/increase in deferred tax (liability)/asset	**(41)**	(28)	**(35)**	(24)
Previous year's adjustment on income tax	**(3)**	7	**(3)**	7
Total tax expense	**(115)**	(121)	**(100)**	(111)

15.2 Deferred tax asset/(liability)

	GROUP		COMPANY	
	2019 R'm	2018 R'm	2019 R'm	2018 R'm
The main temporary differences:				
Property, plant and equipment	**(49)**	(39)	**(48)**	(39)
Inventory provisions	**4**	25	**4**	25
Trade and other receivables	**22**	20	**22**	19
Other provisions	**18**	25	**17**	25
AgriRewards	**(71)**	(49)	**(71)**	(49)
Share incentive	**(2)**	(2)	**(2)**	(1)
Operational losses carried forward *	**12**	18	**-**	-
CGT losses carried forward	**12**	13	**12**	13
Investment in joint ventures **	**(29)**	(29)	**(34)**	(34)
Deferred tax (liability)/asset	**(83)**	(18)	**(100)**	(41)

*The operational losses carried forward relate mainly to Tradevantage's assessed losses. The deferred tax asset will be recognised in full. For IFRS purposes an asset can be recognised to the extent that it is probable that the asset will be able to be utilised through future profits, no time limit on utilisations exists for recognition. Tradevantage realised a profit during the year under review and 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.

The deferred tax asset and liability is disclosed in the statement of financial position as follows:

	GROUP		COMPANY	
	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Deferred tax asset	**24**	31	**12**	13
at normal tax rate	**12**	18	**-**	-
at capital gains tax rate	**12**	13	**12**	13
Deferred tax liability	**(107)**	(49)	**(112)**	(54)
at normal tax rate	**(58)**	(10)	**(64)**	(15)
at capital gains tax rate	**(49)**	(39)	**(48)**	(39)
Deferred tax (liability)/asset	**(83)**	(18)	**(100)**	(41)

	GROUP		COMPANY	
	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Reconciliation of deferred tax asset/(liability) balance:				
Balance at the beginning of the year	**(18)**	11	**(41)**	(17)
Temporary differences - movements during the year	**(41)**	(29)	**(35)**	(24)
Previous year adjustment to deferred tax	**(24)**	-	**(24)**	-
Deferred tax (liability)/asset	**(83)**	(18)	**(100)**	(41)

15.3 Reconciliation of the tax rate

	GROUP		COMPANY	
	2019 %	2018 %	2019 %	2018 %
Standard tax rate	**28,0**	28,0	**28,0**	28,0
Adjusted for:				
Non-taxable income (dividends, accounting profits, impairment reversals)	**(0,6)**	(0,1)	**(0,3)**	(0,3)
Other incentive allowances	**(0,3)**	(0,4)	**(0,4)**	(0,5)
Non-deductable expenses (capital expenditure, donations, JV profits or losses)	**0,8**	1,0	**2,4**	4,6
Other	**0,3**	-	**0,0**	-
Prior year adjustment	**0,6**	(0,6)	**0,8**	(0,9)
Effective tax rate	**28,8**	27,9	**30,5**	30,9

16. PROVISIONS

		GROUP and COMPANY		
	Note	AgriRewards R'm	Grain risk R'm	Total R'm
Balance as at 30 April 2017		**8**	3	**11**
Increase in provision during the year		**-**	3	**3**
Transferred to other financial liabilities	4.2.5	**(8)**	-	**(8)**
Balance as at 30 April 2018		**-**	6	**6**
Increase in provision during the year		**-**	9	**9**
Balance as at 30 April 2019		**-**	15	**15**

16.1 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.

17. DERIVATIVE FINANCIAL INSTRUMENTS

		GROUP		COMPANY	
	Notes	2019 R'm	2018 R'm	2019 R'm	2018 R'm
17.1 Current assets					
Forward purchase contracts	21.1.1.2; 21.5	**52**	53	**20**	37
17.2 Current liabilities		**30**	66	**29**	13
Forward purchase contracts	21.1.1.2; 21.5	**28**	56	**27**	3
Safex futures	21.1.1.2; 21.5	**2**	10	**2**	10

Fair value gains and losses recognised in profit and loss with regards to derivative financial instruments amounted to a loss of R22 million (2018: a gain of R8 million).

18. CAPITAL OBLIGATIONS AND CONTINGENT LIABILITIES

18.1 Contingent liabilities

On 24 August 2017, the Competition Commission served an application on Senwes and Tradevantage as to refer the alleged contravention of the order to the Tribunal with a request of an administrative penalty of Senwes' turnover. Senwes opposed the application and denied the allegations.

At a pre-trial conference the Tribunal instructed that the parties should attempt to settle the matter and that the matter does not warrant a trial. The Tribunal also indicated that it will be in favour of an admission, but does not support the levying of any penalties. Accordingly Senwes proposed a very reasonable settlement, admitting a once-off bona fide contravention of the initial order. The Competition Commission declined to provide any response, and Senwes is to file the formal arbitration application as to place the draft settlement proposal before the Tribunal for adjudication. The arbitration hearing will in all probability only take place by end July 2019.

18.2 Commitments in respect of capital projects

	GROUP		COMPANY	
	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Already contracted	**49**	37	**49**	37
Authorised by the board but not yet contracted	**137**	149	**137**	149
Total future capital projects	**186**	186	**186**	186

18.3 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		COMPANY	
	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Within one year	**5**	2	**3**	2
More than one year and within five years	**5**	3	**4**	3
Operating lease obligation	**10**	5	**7**	5

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.

For IFRS 16 considerations refer to note 33.

19. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

19.1 Distribution, sales and administrative expenses and disclosable items

		GROUP		COMPANY	
	Notes	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Profit from operations is stated after the following:					
Employee costs (including directors' costs)	19.4, 23.5	**(466)**	(452)	**(420)**	(416)
Decrease/(increase) in provision for bad debt on revenue from contracts with customers	8.5	**1**	(2)	**-**	(2)
(Increase)/decrease in provision for bad debt on other revenue	6, 8.5	**(15)**	5	**(15)**	3
Bad debt written off		**(15)**	(12)	**(15)**	(13)
Water and electricity		**(69)**	(43)	**(68)**	(43)
Depreciation	2	**(55)**	(42)	**(53)**	(40)
Maintenance costs		**(58)**	(45)	**(57)**	(44)
Operating lease expenses		**(12)**	(11)	**(29)**	(26)
Property		**(7)**	(6)	**(24)**	(22)
Plant and equipment		**(5)**	(5)	**(5)**	(4)
Foreign exchange profit/(loss)		**2**	(1)	**2**	(1)
Profit on disposal of property, plant and equipment		**2**	1	**2**	1
Reversal of impairment of property, plant and equipment		**-**	1	**-**	1
Increase in provision for grain risk	16	**(9)**	(3)	**(9)**	(3)
Impairment of investment net of release of credit guarantee	5.1.4	**-**	(8)	**(19)**	(54)
Merchandise inventory provision part of cost of sales	7.2	**16**	(56)	**18**	(56)
Cost of inventory recognised as an expense		**(1 240)**	(1 302)	**(1 093)**	(1 039)

The investment in Hinterland Group and direct loans to Hinterland SA are assessed annually for impairment provisions. The impairment provision at group level were evaluated as sufficient, but additional impairment on the investment at company level was needed. Accordingly an additional impairment of R18 million was recognised at company level.

The impairment provision was calculated, based on the unrecoverable amount (Senwes' exposure less recoverable amount of Hinterland SA's assets).

Also included in the company total is an movement in impairment of the loan to Thobo Trust to the value of R2 million (2018: R1 million) and an impairment on the loan to Senwes Mauritius to the value of R1 million.

19.2 Finance costs

	GROUP		COMPANY	
	2019 R'm	2018 R'm	**2019 R'm**	2018 R'm
Loans from commercial banks	**(181)**	(187)	**(181)**	(187)
Commodity finance	**(19)**	(22)	**(19)**	(22)
AgriRewards	**(4)**	(1)	**(4)**	(1)
Other*	**(9)**	(13)	**(10)**	(14)
Total finance costs paid	**(213)**	(223)	**(214)**	(224)

* Other interest mainly includes interest paid on loans payable to joint ventures.

19.3 Finance income

	GROUP		COMPANY	
	2019 R'm	2018 R'm	**2019 R'm**	2018 R'm
Loans and other receivables	**161**	148	**161**	148
Trade receivables	**180**	167	**177**	164
Other loans to related parties	**34**	28	**42**	61
AgriRewards allocation *	**(1)**	(3)	**(1)**	(3)
Total finance income	**374**	340	**379**	370

** The AgriRewards allocation is set off against the applicable revenue stream in terms of IFRS.*

19.4 Employee costs (excluding directors' costs)

		GROUP		COMPANY	
	Notes	**2019 R'm**	2018 R'm	**2019 R'm**	2018 R'm
Total remuneration		**408**	396	**370**	366
Remuneration and benefits		**378**	344	**343**	315
Short term incentive bonus		**25**	40	**23**	40
Equity-settled share-based bonus*	13.2	**5**	12	**4**	11
Pension costs – defined contribution plan		**30**	27	**27**	25
Total employee costs		**438**	423	**397**	391

* Only senior managers qualify for the equity-settled share-based scheme.

	Number	Number	**Number**	Number
Permanent employees	**1 520**	1 447	**1 373**	1 337
Temporary employees	**104**	166	**100**	166
Employees at the end of the year*	**1 624**	1 613	**1 473**	1 503

*Includes only employees of the company and its subsidiaries.

20. DIVIDEND INCOME

	GROUP		COMPANY	
	2019 R'm	2018 R'm	**2019 R'm**	2018 R'm
Dividends received	**-**	-	**2**	4

21. 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.

21.1 FINANCIAL RISKS

21.1.1 Market risks

21.1.1.1 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 2019 was not material.

The following line items on the statement of financial position are affected by commodity price risk:

		GROUP	
	Notes	2019 R'm	2018 R'm
Inventory	7	**155**	253
Derivative financial instruments (assets)	17.1	**52**	53
Trade and other receivables/(payables)	8, 14	**5**	(21)
Derivative financial instruments (liabilities)	17.2	**(30)**	(66)
Total		**182**	219

The potential impact of changes in Safex prices is illustrated below:

	GROUP	
	2019 R'm	2018 R'm
Increase of R400 in Safex prices	**4**	70
Increase of R250 in Safex prices	**(2)**	52
Increase of R100 in Safex prices	**(8)**	32
Decrease of R100 in Safex prices	**(16)**	5
Decrease of R250 in Safex prices	**(23)**	(19)
Decrease of R400 in Safex prices	**(30)**	(47)

21.1.1.2 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.

21.1.1.3 Foreign exchange risk

The group has minimal 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.

The currency risk on group level was Rnil as at 30 April 2019 (2018: Rnil). The fair value adjustment on foreign exchange contracts is recognised through profit and loss. A sensitivity analysis is not indicated since the amount is not material.

21.1.1.4 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.

		2019 GROUP		
	Notes	**Assets R'm**	**Non-interest-earning assets R'm**	**Interest-earning assets R'm**
Interest rate risk				
Property, plant and equipment		**715**	**715**	**-**
Goodwill		**9**	**9**	**-**
Investment in joint ventures		**227**	**227**	**-**
Investment in associate		**28**	**28**	**-**
Other non-current assets		**35**	**35**	**-**
Inventory		**609**	**609**	**-**
Trade and other receivables (current)		**2 881**	**-**	**2 881**
Loans and other receivables (non-current)		**1 204**	**-**	**1 204**
Inventory held to satisfy firm sales		**234**	**234**	**-**
Cash and short-term deposits		**31**	**-**	**31**
Other current assets		**87**	**2**	**85**
Total		**6 060**	**1 859**	**4 201**
Interest-bearing liabilities	4.2			**(2 883)**
Net exposure to interest rate risk (limited to Rnil)				**-**

		2018 GROUP		
	Notes	**Assets R'm**	**Non-interest-earning assets R'm**	**Interest-earning assets R'm**
Interest rate risk				
Property, plant and equipment		567	567	-
Investment in joint ventures		265	265	-
Investment in associate		27	27	-
Other non-current assets		38	38	-
Inventory		995	995	-
Trade and other receivables (current)		2 828	-	2 828
Loans and other receivables (non-current)		1 079	-	1 079
Inventory held to satisfy firm sales		144	144	-
Other current assets		187	6	181
Total		6 130	2 042	4 088
Interest-bearing liabilities	4.2			(3 031)
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.

21.1.1 Market risks | continued

Sensitivity of interest rates

The potential impact of interest rate changes on finance costs is illustrated below:

	GROUP			
	2019		2018	
	Increase/ (decrease) %	(Increase)/ decrease interest expenses before tax R'm	Increase/ (decrease) %	(Increase)/ decrease interest expenses before tax R'm
Commodity finance	**2%**	**(2,4)**	2%	(3,0)
	1%	**(1,2)**	1%	(1,5)
	(1)%	**1,2**	(1)%	1,5
	(2)%	**2,4**	(2)%	3,0
Short-term debt	**2%**	**(34,3)**	2%	(36,7)
	1%	**(17,2)**	1%	(18,4)
	(1)%	**17,2**	(1)%	18,4
	(2)%	**34,3**	(2)%	36,7
Long-term debt	**2%**	**(20,0)**	2%	(20,0)
	1%	**(10,0)**	1%	(10,0)
	(1)%	**10,0**	(1)%	10,0
	(2)%	**20,0**	(2)%	20,0

21.1.2 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 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			
	2019		2018	
Stratification of the client base to the extent of credit extended	Exposure of book	Arrears	Exposure of book	Arrears
R1 – R500 000	**1,3%**	**19,0%**	1,1%	19,3%
R500 000 – R1 250 000	**1,9%**	**6,4%**	2,0%	9,0%
R1 250 000 – R3 000 000	**7,1%**	**2,7%**	8,2%	3,0%
R3 000 000 – R5 000 000	**14,9%**	**3,1%**	14,8%	3,2%
R5 000 000 – R12 500 000	**23,0%**	**2,3%**	23,4%	0,9%
Above R12 500 000	**51,3%**	**4,2%**	50,0%	0,5%
Legal clients	**0,5%**	**88,8%**	0,5%	86,1%
Total	**100,0%**		100,0%	

The total arrears for 2019 amounted to 4,19% (2018: 2,03%).

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.

The net exposure is calculated as follows:

Gross exposure - Securities held = Net exposure to credit risk after net asset value

1. "Gross exposure" is calculated by decreasing the total producer debtor balance by the security value held or ceded to Senwes as well as the appropriate provision for bad debt.

   "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.

Stages of debt

	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	**58%**	**2 241**	**616**	**74**
Stage 3	**1%**	**36**	**15**	**26**
Total	**100%**	**3 900**	**1 194**	**198**

21.1.2 Credit risk | continued

Distribution of debtors by category	GROUP			
	2018			
	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	36%	1 306	525	29
Stage 2	63%	2 236	597	95
Stage 3	1%	20	8	8
Total	100%	3 562	1 130	133

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 8.5, 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 is 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 declined to 57% for 2019, from 63% in 2018 see note 21.1.2. 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 includes 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.

21.1.3 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 - 2019						
	Total R'm	Due within 1 month R'm	Due within 1-2 months R'm	Due within 2-6 months R'm	Due within 6-12 months 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**	**7**	**7**	**28**	**41**	**330**	**-**
Other financial liabilities	**59**	**-**	**-**	**-**	**-**	**-**	**59**
JDI loan from Tomlinson Family Trust	**2**	**-**	**-**	**-**	**-**	**-**	**2**
Total non-current liabilities	**1 474**	**7**	**7**	**28**	**41**	**1 330**	**61**
Current liabilities							
Interest-bearing loans	**1 837**	**121**	**-**	**-**	**1 716**	**-**	**-**
Interest on interest-bearing loans	**570**	**13**	**11**	**31**	**74**	**441**	**-**
Trade and other payables and Contract liabilities * ^	**575**	**209**	**169**	**83**	**104**	**10**	**-**
Derivative financial instruments, tax payable, incentive bonuses, provisions and other financial liabilities**	**117**	**44**	**46**	**26**	**1**	**-**	**-**
Total current liabilities	**3 099**	**387**	**226**	**140**	**1 895**	**451**	**-**
Total liabilities, including interest payable	**4 573**	**394**	**233**	**168**	**1 936**	**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.

	GROUP and COMPANY						
	Financial liabilities - 2018						
	Total R'm	Due within 1 month R'm	Due within 1-2 months R'm	Due within 2-6 months R'm	Due within 6-12 months 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	400	7	7	27	40	319	-
JDI loan from Tomlinson Family Trust	2	-	-	-	-	-	2
Total non-current liabilities	1 402	7	7	27	40	1 319	2
Current liabilities							
Interest-bearing loans	1 985	-	-	-	1 985	-	-
Interest on interest-bearing loans	661	12	12	47	70	520	-
Trade and other payables and Contract liabilities*	677	214	176	211	56	20	-
Derivative financial instruments, tax payable, incentive bonuses and provisions**	238	57	-	103	41	-	37
Total current liabilities	3 561	283	188	361	2 152	540	37
Total liabilities, including interest payable	4 963	290	195	388	2 192	1 859	39

* R219 million relates to Tradevantage and JD Implemente (Group: R677 million; Company: R454 million).

** R37 million relates to Tradevantage, JD Implemente and Senwes Capital (Group: R194 million; Company: R157 million).

21.1.4 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	
	2019 Own capital ratio	2018 Own capital ratio
Capital maintenance		
Total assets	**6 060**	6 130
Equity	**2 363**	2 179
Liabilities	**3 697**	3 951
Total equity and liabilities	**6 060**	6 130
Calculated rate (%)	**39%**	36%
Set target band (%)	**35%-45%**	35%-45%

The own capital ratio is the percentage of equity of total assets. The own capital ratio is at a higher 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	
	2019 R'm	2018 R'm
Interest cover		
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**666**	697
Finance costs	**213**	223
Calculated interest cover (times)	**3,1**	3,1
Set target (times)	**>2,5**	>2,0

The interest cover exceeds the minimum set target of 2,5.

21.2 BUSINESS RISKS

21.2.1 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.

21.2.1 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.

21.2.2 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 reduces 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 17.

21.2.3 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.

21.2.4 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.

21.3 ENVIRONMENTAL RISKS

21.3.1 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.

21.3.2 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.

21.4 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.

21.5 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 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	7	**155**	**155**	**-**	**-**
Inventory held to satisfy firm sales	9	**234**	**-**	**234**	**-**
Investment in financial assets at fair value through other comprehensive income	4.1.1	**5**	**-**	**-**	**5**
Investment in Nautilus Hedge Fund	5.2	**28**	**-**	**28**	**-**
Forward purchase contracts	17.1	**52**	**52**	**-**	**-**
Total assets		**474**	**207**	**262**	**5**
Liabilities					
Commodity finance	4.2.2	**121**	**121**	**-**	**-**
Forward purchase contracts	17.2	**28**	**28**	**-**	**-**
Safex futures	17.2	**2**	**2**	**-**	**-**
Total liabilities		**151**	**151**	**-**	**-**

Accounts receivable, loans receivable and loans payable at amortised cost approximate the fair value.

		Fair value as at 30 April 2018			
Recurring measurements	**Notes**	**Carrying amount as at 30 April 2018 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	7	253	253	-	-
Inventory held to satisfy firm sales	9	144	-	144	-
Investment in Suidwes Holdings	4.1.1	4	-	-	4
Investment in Nautilus Hedge Fund	5.2	27	-	27	-
Forward purchase contracts	17.1	53	53	-	-
Total assets		481	306	171	4
Liabilities					
Commodity finance	4.2.2	149	149	-	-
Forward purchase contracts	17.2	56	56	-	-
Safex futures	17.2	10	10	-	-
Total liabilities		215	215	-	-

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).

Techniques used to determine fair value measurements categorised in level 2:

Nautilus Hedge Fund'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. The price at which the remaining shares will be sold in the future, will more than likely be at 66% of the NAV and will be the fair value of the shares and is the value at which it is reflected in the financial statements. Also refer to note 4.1.1.

Investments held by Thobo Trust

The shares held by Thobo Trust in Hinterland Fuels (Pty) Ltd and OTKV. These companies are both private companies and their respective net equity values were used to determine the fair values.

22. EARNINGS PER SHARE AND DIVIDENDS

22.1 EARNINGS PER SHARE

The following calculations are based on a weighted average number of 166 179 668 (2018: 167 269 483) shares. The earnings were calculated on profit attributable to shareholders.

22.1.1 Earnings per share is based on a profit of R281 million (2018: R310 million) attributable to ordinary shares.

22.1.2 Normalised headline earnings per share is based on a profit of R295 million (2018: R327 million). Normalised headline earnings is HEPS according to the JSE, and adjusted with the following:

1. Impairments/(reversals) on investments/loans of capital nature;
2. Restructuring costs;
3. Profit/(loss) on foreign exchange on capital loans;
4. Expenses 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).

22.1.3 Reconciliation between earnings and normalised headline earnings is as follows:

	GROUP	
	2019 R'm	2018 R'm
Earnings per statement of comprehensive income	281	310
Adjustments:		
Profit from sale of property, plant and equipment	(5)	-
Profit from sale of financial assets at fair value through other comprehensive income	-	-
(Reversal)/impairment of property, plant and equipment and intangible assets	-	(5)
Gains on the disposal of investment in joint venture	-	(2)
Impairment of goodwill	5	1
Tax effect of adjustments	1	- *
Headline earnings	282	304
Abnormal/once-off items:		
(Reversal)/impairment of investments and loans	-	8
Restructuring costs	-	13
Loss on foreign exchange on capital loans**	1	1
Legal/consulting fees ***	16	2
Tax effect of adjustments	(4)	(1)
Normalised headline earnings	295	327
Earnings per share (cents)	169,1	185,3
Normalised headline earnings per share (cents)	177,5	195,5
Earnings per share from continued operations (cents)	169,1	185,3

* Total amount is less that R0,5 million.

** The company is in the process of winding up its Mauritius activities.

*** Legal/consulting fees mainly consist of consulting fees incurred in optimising certain operating activities and for merger and acquisition transactions.

22.1.4 Diluted headline earnings per share is based on the diluted number of 174 409 559 shares. The reconciliation between weighted average number of shares and diluted number of shares is:

	GROUP	
	2019 R'm	2018 R'm
Earnings per statement of comprehensive income	281	310
Diluted earnings	281	310
Weighted average number of shares	166 179 668	167 269 483
Weighted average equity-settled share-based scheme	8 229 891	13 519 825
Diluted shares	174 409 559	180 789 308
Diluted earnings per share (cents)	161,1	171,5
Diluted normalised headline earnings per share (cents)	169,1	180,9

22.2 DIVIDENDS PAID AND PROPOSED

	GROUP	
	2019 R'm	2018 R'm
Declared and paid during the year:		
Dividends on ordinary shares:		
Final dividend 2018: 27 cents (2017: 25 cents)	**49**	45
Interim dividend 2019: 30 cents (2018: 27 cents)	**54**	49
Total dividends paid (company)	**103**	94
Elimination of dividends paid to Senwes Capital and Senwes Share Incentive Trust	**(4)**	(4)
Total dividends paid (group)	**99**	90

Dividends paid by the group exclude the dividend paid to Senwes Capital and Share Incentive Scheme Trust of R4 million (2018: R4 million).
Proposed for approval at the annual general meeting (not recognised as a liability as at 30 April):
Dividends on ordinary shares:

Final dividend 2019: 30 cents (2018: 27 cents)	**54**	49

23. RELATED PARTY TRANSACTIONS

23.1 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.

	2019 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%**	**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.

	2018 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%**	**(2)**	**29**
Senwes Agrowth (Pty) Ltd (Group)	Income from sale of grain, interest received, interest paid and service level agreement income	**73,5%**	**3 738**	**160**
Senwes Capital (Pty) Ltd	Interest and rent paid	**100,0%**	**(18)**	**11**
Senwes Mauritius Ltd	Service level agreement expenses	**100,0%**	**-**	**10**
Thobo Trust	Interest received	*	**-**	**1**
Total			**3 718**	**211**

** Thobo Trust is consolidated due to the nature of the interest and its purpose as a special purpose vehicle.*

For the interest rates and loan repayment terms, refer to note 4.

23.2 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, stationery 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
Nautilus Hedge Fund	Management fees received, brokerage fee income and interest received
Silo Certs (Pty) Ltd	Costs relating to silo certificates

	GROUP					
	2019 R'm	2018 R'm	2019 R'm	2018 R'm	2019 R'm	2018 R'm
	% interest		Transactions with related parties		Amounts owed (to)/by entities	
Joint Ventures						
Bastion Lime (Pty) Ltd	**50,0%**	50,0%	**1**	1	**2**	6
Certisure group	**50,0%**	50,0%	**-**	(2)	**(29)**	(23)
Grainovation (Pty) Ltd	**50,0%**	50,0%	**(356)**	(336)	**7**	(3)
Hinterland Holdings (Pty) Ltd	**50,0%**	50,0%	**69**	64	**10**	162
Molemi Sele Management (Pty) Ltd	**35,7%**	35,7%	**-**	-	**-**	(3)
Silo Certs (Pty) Ltd	**50,0%**	50,0%	**-**	-	**2**	2

For the interest rates and loan repayment terms, refer to note 4.

23.3 SIGNIFICANT SHAREHOLDERS

23.3.1 Parent company

Senwesbel Ltd's shareholding in Senwes increased to 52,9% (2018: 52,6%) during the 2019 financial year.

	PARENT COMPANY					
	2019 R'm	2018 R'm	2019 R'm	2018 R'm	2019 R'm	2018 R'm
	Management fees received		Interest paid		Loan payable	
Senwesbel Ltd	**1**	1	**- ***	-*	**-***	-*

* Amounts are less than R0,5 million.

Dividends paid to Senwesbel Ltd amounted to R54,2 million (2018: R49,7 million).

For interest rates and loan repayment terms, refer to note 4.

23.3.2 Shareholder with significant influence

	SHAREHOLDER WITH SIGNIFICANT INFLUENCE			
	2019 R'm	2018 R'm	2019 R'm	2018 R'm
	Interest received		Loan receivable/(payable)	
Grindrod Trading Holdings (Pty) Ltd	**4**	12	**15**	10

23.4 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	
	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Related parties – trade and other accounts receivable	**93**	77	**66**	48

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 comrprise of revenue from the sale of mechanisation wholegoods and spares, handling, storage, sales and purchases of grain, interest and financing transactions.

	GROUP		COMPANY	
	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Income	**298**	207	**127**	91
Purchases	**86**	77	**86**	76
Total transactions with directors	**384**	284	**213**	167

23.5 DIRECTORS' REMUNERATION (EXECUTIVE AND NON-EXECUTIVE)

	Notes	GROUP 2019 R'm	COMPANY 2018 R'm
Salaries*		**8**	8
Short-term incentive		**4**	6
Long-term incentive		**5**	5
Equity-settled share-based payment	13.2	**5**	5
Executive directors		**17**	19
Non-executive directors		**6**	6
Directors' remuneration: company		**23**	25
Directors' remuneration: subsidiaries		**6**	4
Directors' remuneration: group		**29**	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):

	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 van 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 ***	**Statutory costs**
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.

Equity-settled share-based payments (company):

	Number of shares granted*	
Executive	**2019**	**2018**
	Number	**Number**
F Strydom	**2 742 363**	2 632 247
CF Kruger	**1 710 231**	1 691 193
JMB Maswanganyi	**-**	176 612
Total	**4 452 594**	4 500 052

*Included with the number of shares are both the initial and additional grants.

The total share-based payment expense recognised for the 2019 financial year amounted to R4,7 million (2018: R4,7 million) and relates to four tranches (2018: five tranches) which will vest, depending on vesting conditions being met, on a yearly basis from June 2019 to June 2022.

Non-executive directors' remuneration (company):

	2018						
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	843 413	-	843 413	829 036	14 377
JB Botha	In Office	Full Year	490 496	-	490 496	484 141	6 355
AJ Kruger	In Office	Full Year	876 150	373 522	502 628	487 130	15 498
NDP Liebenberg	In Office	Full Year	939 021	318 232	620 789	611 186	9 603
JDM Minnaar	In Office	Full Year	1 492 949	187 059	1 305 890	1 243 949	61 941
JJ Minnaar	In Office	Full Year	608 751	165 228	443 523	422 977	20 546
SM Mohapi	In Office	Full Year	446 538	-	446 538	433 989	12 549
TF van Rooyen	In Office	Full Year	562 822	155 143	407 679	398 570	9 109
WH v Zyl	In Office	Full Year	657 958	146 415	511 543	497 473	14 070
AG Waller	In Office	Full Year	326 769	-	326 769	326 769	-
Total			7 244 867	1 345 599	5 899 268	5 735 220	164 048

Executive directors' remuneration (company):

	2018			
Executive	**Remuneration**	**Short-term incentive bonus**	**Long-term incentive ***	**Statutory costs**
F Strydom	4 754 543	3 777 471	2 944 520	59 633
CF Kruger	2 945 557	2 251 465	1 739 808	33 663
JMB Maswanganyi **	621 448	-	-	11 283
Total	8 321 548	6 028 936	4 684 328	104 579

* The long-term incentive has not vested as yet and is subject to vesting conditions. The total share-based payment expense recognised for the 2018 financial year relates to five tranches which will vest, depending on vesting conditions being met, on a yearly basis from June 2018 to June 2022.

** Resigned 30 June 2017.

23.6 INFORMATION ON DIRECTORS' TERMS OF OFFICE

For information regarding the non-executive directors, refer to the statutory directors' report (page 91).

Executive directors

Director	**Service contract expiry date**	Position held
F Strydom	31 July 2022	Chief Executive Officer
CF Kruger	31 January 2020	Chief Financial Officer

Directors' direct and indirect interests in the company:

	COMPANY			
	2019 R'm		2018 R'm	
	Number of shares	% of total shares	Number of shares	% of total shares
Direct				
Non-executive directors	**170 550**	**0,09%**	170 550	0,09%
Executive directors	**465 103**	**0,26%**	112 202	0,06%
Indirect				
Non-executive directors	**443 652**	**0,24%**	442 602	0,24%
Executive directors	**62 320**	**0,04%**	8 610	0,00%
Total direct and indirect interest	**1 141 625**	**0,63%**	733 964	0,39%

23.7 DIRECTORS' DIRECT AND INDIRECT INTERESTS IN THE COMPANY:

	2019		2018	
Name	Direct		Direct	
	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%
TF van Rooyen & Related parties:	**33 432**	**0,01%**	32 382	0,01%
TF van Rooyen	4 335	0,00%	4 335	0,00%
Doc-Zonie Trust **	8 028	0,00%	6 978	0,00%
IM Boerdery (Pty) Ltd **	21 069	0,01%	21 069	0,01%
WH van Zyl & Related parties:	**438 384**	**0,24%**	438 384	0,24%
WH van Zyl	33 829	0,02%	33 829	0,02%
Thuso Graan (Pty) Ltd **	4 555	0,00%	4 555	0,00%
Family members within defined cosanguinity	400 000	0,22%	400 000	0,22%
Executive				
F Strydom #	**336 841**	**0,19%**	112 202	0,06%
CF Kruger & Related parties:	**190 582**	**0,11%**	8 610	0,00%
CF Kruger ^	128 262	0,07%	-	0,00%
Family members within defined cosanguinity	62 320	0,04%	8 610	0,00%
Subtotal of directors	**1 141 625**	**0,63%**	733 964	0,39%
Other shareholders *	**179 647 683**	**99,37%**	180 055 344	99,61%
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 2 742 363 shares granted in terms of the LTI scheme which have not yet vested. 224 639 shares already vested in terms of the LTI scheme during the year.

^ Shares held in Senwes do not include 1 710 231 shares granted in terms of the LTI scheme which have not yet vested. 148 262 shares already vested in terms of the LTI scheme during the year.

24. RECONCILIATION OF PROFIT BEFORE TAX TO CASH FROM OPERATING ACTIVITIES

	GROUP		COMPANY	
	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Profit before tax	**398**	432	**328**	359
Non-cash adjustments to reconcile profit before tax to net cash flows:	**311**	381	**310**	424
Foreign exchange (profit)/loss	**(2)**	1	**(2)**	1
Depreciation	**55**	42	**52**	40
Increase in provisions	**38**	87	**60**	99
Finance costs	**213**	223	**214**	224
Impairment/(Reversal of impairment) on investments and loans	**-**	8	**(19)**	54
(Profit)/loss from joint ventures and associate	**(6)**	5	**-**	-
Profit on disposal of property, plant and equipment	**(2)**	(1)	**(2)**	(1)
Impairment/(Reversal of impairment) of property, plant and equipment and goodwill	**5**	(1)	**-**	(1)
Other operating income: dividends received	**-**	-	**(2)**	(4)
Equity-settled share-based payment expense	**9**	17	**9**	12
Cash from operating activities	**708**	813	**638**	783

25. CHANGES IN WORKING CAPITAL

	GROUP		COMPANY	
	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Decrease/(increase) in inventory	**390**	(376)	**349**	(240)
Increase in trade and other receivables	**(188)**	(319)	**(221)**	(338)
Decrease in inventory held to satisfy firm sales	**(91)**	(67)	**(57)**	(77)
(Decrease)/increase in trade and other payables	**(116)**	222	**(119)**	(85)
Decrease in contract liabilities	**(40)**	-	**(40)**	-
(Decrease)/increase in interest-bearing current loans	**(148)**	412	**(148)**	412
Changes in working capital	**(193)**	(128)	**(236)**	(328)

26. TAX PAID

	GROUP		COMPANY	
	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Tax payable at the beginning of the period	**(8)**	-	**(8)**	(2)
Deferred tax (liability)/asset at the beginning of the period	**(17)**	10	**(41)**	(17)
Amounts debited in profit and loss	**(115)**	(121)	**(100)**	(111)
Deferred tax liability at the end of the period	**83**	17	**100**	41
Tax (receivable)/payable at the end of the period	**(7)**	8	**(8)**	8
Tax paid	**(64)**	(86)	**(57)**	(81)

27. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

	GROUP		COMPANY	
	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Land	**(1)**	(3)	**(1)**	-
Silos	**(8)**	(4)	**(8)**	(4)
Buildings and improvements	**(41)**	(31)	**(40)**	(22)
Machinery and equipment	**(124)**	(86)	**(122)**	(85)
Vehicles	**(14)**	(17)	**(13)**	(16)
Total acquisition of property, plant and equipment	**(188)**	(141)	**(184)**	(127)
Represented by:	**(188)**	(141)	**(184)**	(127)
Acquisition to increase operating capacity	**(101)**	(92)	**(98)**	(80)
Acquisition to maintain operating capacity	**(87)**	(49)	**(86)**	(47)

Assets acquired through the acquisition of Staalmeester (refer to note 3.1) of R21 million is not included the group figures as the acquisition of a subsidiary is disclosed in a separate line on the Statement of cash flows.

28. PROCEEDS FROM DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

	GROUP		COMPANY	
	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Carrying value of assets sold	**1**	2	**1**	2
Profit from disposals	**2**	1	**2**	1
Proceeds from disposals	**3**	3	**3**	3

29. OTHER LOANS RECEIVABLE/PAYABLE

	GROUP		COMPANY	
	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Loans from related parties				
Additional loans received from related parties	**14**	55	**39**	30
Repayment of loans from related parties	**(11)**	(56)	**(11)**	(55)
Movement in loans from related parties	**3**	(1)	**28**	(25)
Loans to related parties				
Additional loans advanced to related parties	**(49)**	(124)	**(98)**	(156)
Total repayment of additional loans to related parties	**150**	3	**243**	228
Repayment of loans to related parties	**148**	4	**238**	212
Adjustments to movements already considered in note 24				
Impairments of loans	**-**	-	**3**	17
Forex	**2**	(1)	**2**	(1)
Movement in loans to related parties	**101**	(121)	**145**	72

30. UNUTILISED FUNDING FACILITIES

An unutilised short-term facility of R1,3 billion (2018: R1,2 billion) ensures adequate liquidity for growth opportunities and unexpected events. Additionally there is an uncommited headroom facility of R500 million available for mergers and acquisitions.

At year-end, Senwes had unpledged commodities and unsecured assets of R20 million (2018: R87 million) and R3,6 billion (2018: R3,8 billion) respectively.

31. IMPLEMENTATION OF NEW STANDARDS

As this is the first year of adopting IFRS 15, Revenue from contracts with customers, the transition to the new standard had the following effect on the financial statements of the group:

	GROUP			COMPANY		
Statement of financial position:	2019 R'm	2018 R'm	2017* R'm	2019 R'm	2018 R'm	2017* R'm
Current liabilities						
Decrease in trade and other payables	**(39)**	(79)	(21)	**(39)**	(79)	(21)
Increase in contract liabilities	**39**	79	21	**39**	79	21

** 2017 figures represents the effect that the change in the standard had on the opening balances of 2018.*

The implementation of the standard did not have any other material impact on the financial statements of the group and therefore no third statement of financial position is disclosed.

Due to updates in the Accounting Standards, the income or expense arising from the movement in expected credit losses is shown separately on the statement of other comprehensive income, which was previously included with distribution, sales and administrative expenses.

As the above mentioned was the only impact the standard had on the financial statements of the group, no restatement of the financial statements are made.

32. CHANGE IN PRESENTATION OF REVENUE AND ASSOCIATED COSTS

During the year, the group aligned its presentation of revenue and associated costs of grain trading transactions in the market access business. These transactions fail the "own-use" principles as set out in IFRS 9 in accordance with the group's expected purchase, sale or usage requirements of commodities traded. The group has elected to apply the net-presentation principle for such transactions. Prior to this change in presentation, the group recognised the gross revenue and costs of such transactions in the respective lines on the face of the Statement of comprehensive income.

The group believes this presentation is preferable as it more closely aligns with the ordinary activities of the group and the presentation of principally similar transactions in the industry, and will aid comparability.

The impact of this voluntary change in presentation on the consolidated financial statements is limited to the Statement of comprehensive income amounts arising on such transactions. The impact on each line item of the consolidated financial statements is as follows:

	GROUP		COMPANY	
	2019 R'm	2018 R'm	2019 R'm	2018 R'm
Decrease in Income from commodity trading	**(7 242)**	(6 748)	**(5 637)**	(5 703)
Decrease in Cost of sales	**7 242**	6 748	**5 637**	5 703
Net adjustment in Gross profit	**-**	-	**-**	-

The reclassification of income did not have any other material impact on the financial statements of the group and therefore no third statement of financial position is disclosed.

33. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Group plans to adopt IFRS 16 retrospectively with the cumulative effect of initially applying the Standard recognised at the date of initial application. The Group will elect to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4.

The Group will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment (i.e., printing and photocopying machines) that are considered of low value.

As at the date of issue of these financial statements it is not reasonably estimable to quantify the impact of the implementation of the standard on the financial statements of the group.

34. EVENTS AFTER THE REPORTING PERIOD

KLK Landbou Limited

KLK Landbou Limited ("KLK") is a group of companies in the agricultural sector. The group's focus areas are on 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.

Senwes obtained a controlling share of 57,44% in KLK, for an amount of R186,3 million. The acquisition will be funded from normal operating cash flows and the issue of ordinary shares. The effective date of the transaction was 1 July 2019. This transaction constitutes a business combination with change in control. Senwes will evaluate the fair value of assets obtained and liabilities assumed and will calculate the goodwill or gain on bargain purchase realised, accordingly. For more details regarding the transaction refer to the prospectus issued, available at www.zarx.co.za.

Further disclosures as required from IFRS are not disclosed as the initial recognition of the transaction have not been finalised as at date of issue of the financial statements.

ACCOUNTING POLICY

1. BASIS OF PRESENTATION

The financial statements are prepared on the historical cost basis, except for derivative financial instruments and financial assets measured at fair value through other comprehensive income. 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 Interna-ional 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 2018 as set out below:

- New standards adopted during this financial year:
  - IFRS 9 Financial instruments - New principle-based standard that currently addresses recognition and measurement of financial assets and financial liabilities, hedge accounting and impairment methodology

Phase 1: Financial assets
Financial assets are to be classified based on:
(a) business model of the reporting entity, and
(b) contractual cash flows of the instrument.

Only two categories of financial assets to exist – at amortised cost or at fair value.

Only instruments that have contractual cash flow that include pure interest and capital and that are managed on a contractual cash flow basis to be classified as at amortised cost. All other financial assets carried at fair value, with changes recognised profit or loss, unless the entity has elected, where the option is available, for example financial assets for which the business model is to collect contractual cash flows and to sell financial assets, to recognise in the movement other comprehensive income.

Phase 1: Financial liabilities
Financial liabilities measured at amortised cost, unless held for trading, then shown at fair value. If a financial liability is measured at fair value, any change in the entity's own credit risk is recognised in other comprehensive income.

Phase 2: Impairment methodology
The impairment methodology in IFRS 9 requires entities to also recognise expected credit losses on financial assets as well as commitments to provide credit. This differs from IAS 39 which requires a loss event to take place before an impairment loss may be recognised.

Phase 3: Hedge accounting
The standard removes the hedge effectiveness thresholds which had to be between 80% and 125%. The standard prescribes a more economic orientated approach to hedge effectiveness.

The group chose to apply this standard retrospectively. Senwes proactively hired an independent contractor to assist in evaluat-ing the effect of the implementation of the new standard. In accordance with his findings and recommendations no retrospective disclosure of the financial statements is made for the implementation of this standard as it did not have a material impact on the disclosed amounts in the financial statements, i.e. statement of financial position or statement of comprehensive income, because the nature of the triggers for expected losses remained unchanged from the previous model of incurred losses to the new model of expected credit losses.

The high level impact of this standard can be summarised as follows:

Classification under:		
Instrument:	IAS 39	IFRS 9
Loans and receivables	Amortised cost less impairments	Amortised cost less expected credit losses
Available-for-sale financial investments	Fair value through other comprehensive income	Fair value through other comprehensive income
Interest-bearing loans and borrowings	Amortised cost less impairments	Amortised cost less expected credit losses
Commodity finance loans	Fair value through profit and loss	Fair value through profit and loss

- IFRS 15 Revenue from Contracts with Customers

This standard provides that revenue be recognised to depict the transfer of promised goods or services in terms of any contract with a customer. The standard provides a number of steps to be followed in the revenue recognition process, with the effect that the focus of the revenue recognition shifts from the timing of transfer of risks and rewards to the timing of transfer of the goods or services. The standard has specific provisions dealing with commodity financing to determine whether this is accounted for as a sale or a financing transaction.

The group chose to apply this standard retrospectively. Senwes proactively hired an independent contractor to assist in evaluating the effect of the implementation of the new standard. In accordance with his findings and recommendations no retrospective disclosure of the financial statements is made for the implementation of this standard. The only material impact of IFRS 15 was an increase in contract liabilities and a subsequent decrease in trade and other payables as explained in note 31.
Retrospective disaggregation of revenue was done as disclosed in note 1.

- Annual Improvements/amendments to IFRS:
  - IFRS 9 Prepayment features with negative compensation - Amendment relates to the classification of an instrument that permits the issuer (borrower) to prepay the instrument at an amount less than the unpaid capital and interest (for example, to prepay at fair value). These instruments may be measured at amortised cost or fair value through other comprehensive income in terms of IFRS 9.
  - IFRS 15 Revenue from Contracts with Customers - Amendments affecting separate identifiability of goods or services, agent/principal considerations, royalty/licensing arrangements.
  - HEPS Circular 2/2015 issued by SAICA - Main changes relate to impact of IFRS 9 treatment on HEPS.

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 16 Leases
  A single on-balance sheet model that will require lessees to account for all leases, subject to some exemptions, as a financing lease. Lessees would recognise a liability to pay rentals with a corresponding asset for both types of leases. Effective date 1 January 2019;
- IFRS 16 (Circular 5/2018)
  Recognition of lease income and expense on a basis other than the straight line basis under guidance previously published by SAICA in respect of IAS 17 transferred to guidance in respect of IFRS 16. Effective date 1 January 2019;
- IFRIC 23 Uncertainty over Income Tax Treatments
  This interpretation deals with the accounting treatment for prepayments required in respect of disputed tax liabilities (pay now argue later provisions in terms of s164 of the Tax Administration Act). The accounting treatment of a tax uncertainty must reflect the entity's view on whether it is probable that the tax authorities will accept an uncertain treatment. Effective date 1 January 2019;
- IAS 28 Long-term Interests in Associates and Joint Ventures (Amendment)
  Entities are required to apply IFRS 9 to other financial instruments in an associate or joint venture that forms part of the long-term interest in the associate or joint venture and to which the equity method is not applied. IFRS 9 is applied before a share of losses are recognised or the impairment requirements in IAS 28 are applied. Effective date 1 January 2019;
- 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;

1.3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS | continued

- 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;
- IFRS Practice Statement 2 Making Material Judgement
  This practice statement provides guidance and an approach to entities in exercising material judgment.

The following standards are new or were also amended during the year, but are not likely to have a material impact on the company:

- IFRS 9 Financial instruments with IFRS 4 Insurance contracts;
- IFRS 17 Insurance Contracts;
- IAS 19 (Plan Amendment) - Curtailment or Settlement

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 2019.

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 Associate

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 he 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 4.1.2, 4.2.1 and 4.2.2.

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 transactions

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 company'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

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 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 determined on a basis other than weighted average cost is as follows:

Merchandise and consumables	- Weighted average cost price
Mechanisation whole goods	- Purchases 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.

2.5 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 9 for measurement.

2.6 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.

2.6 TAXES | continued

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.

2.7 POST–EMPLOYMENT BENEFITS

2.7.1 Retirement liability

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.

2.8 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.

2.9 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 asset 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, 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.

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 interest 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.

Dividends received
Dividends received from investments are recognised when the shareholders' right to receive payment is established.

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.

2.10 FINANCIAL INSTRUMENTS

2.10.1 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.

2.10.1 Financial assets | continued

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);
- Financial assets at fair value through profit or loss.

2.10.1.1 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.

2.10.1.2 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.

2.10.2 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.

2.10.2.1 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.

2.10.2.2 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.

Financial instruments to which the group is a party are disclosed in note 21.

2.11 DERIVATIVE FINANCIAL INSTRUMENTS

Financial instruments to which the group is a party are disclosed in note 21.

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 17. Derivative and financial instruments where these instruments are disclosed.

2.12 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.

2.13 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.

2.14 IMPAIRMENT OF ASSETS

All categories of assets are assessed for impairment at each reporting date.

2.14.1 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 8.5 for the detailed framework regarding impairment of financial assets.

2.14.2 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.

2.15 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 16.

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 18).

2.16 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.

2.17 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.

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 PAYMENTS

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

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.

3.3 IMPAIRMENT OF FINANCIAL ASSETS

Refer to note 8.5 for the detailed framework regarding impairment of financial assets.

For decision framework on loans receivable, refer to note 4.1.2.

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 7.

Specific factors that could impact the net realisable values of inventory is also considered. These could include:

- Stengthening of the rand against the US dollar;
- Competitors prices;
- Market share; and
- Large volume 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 15.2.

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 16.

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.

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