

UNAUDITED INTERIM RESULTS

AGRIBEL

HOLDINGS LTD



31 OCTOBER

2021



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INTRODUCTION

The condensed consolidated interim results of Agribel Holdings Limited ("the company") as at, and for the six months ended 31 October 2021, comprise the company, all its subsidiaries, jointly controlled entities and associates (jointly referred to as "the group").

The Agribel Holdings Limited condensed consolidated interim results, including the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 31 October 2021, are prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS) and its interpretations as adopted by the International Accounting Standards Board (IASB), the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, financial pronouncements as issued by the Financial Reporting Standards Council, the presentation requirements of IAS 34 Interim Financial Reporting and the requirements of the South African Companies Act, 71 of 2008.

The accounting policies applied in the preparation of these condensed consolidated interim results are in accordance with IFRS and are consistent with the accounting policies applied in the preparation of the group's previous audited consolidated annual financial statements, except as stated in note 7 of these financial statements.

These interim results have not been audited or independently reviewed by the group's external auditors. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the group's annual financial statements as at 30 April 2021.

All amounts relate to the group's results, unless otherwise specified.

The directors of the group take full responsibility for the preparation of this report.

The preparation of the group's results was supervised by D Bester CA (SA).

The results were published on 3 December 2021.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 MONTHS ENDED 31 OCTOBER		12 MONTHS ENDED 30 APRIL
	2021 UNAUDITED R'm	2020 UNAUDITED R'm	2021 AUDITED R'm *
Revenue	5 199	3 517	7 575
Earnings before depreciation and amortisation (EBITDA)	531	510	976
Depreciation and amortisation	(71)	(68)	(142)
Earnings before interest (EBIT)	460	442	834
Finance costs	(75)	(50)	(104)
Profit after finance costs	385	392	730
Share of profit from joint ventures and associates	21	19	14
Profit before tax	406	411	744
Taxation	(107)	(102)	(178)
Profit for the year	299	309	566
Other comprehensive income not to be classified to profit or loss in subsequent periods, net of tax			
Fair value adjustment on financial asset at fair value through other comprehensive income	-	-	2
Total comprehensive income for the year, net of tax	299	309	568
Profit attributable to:			
Equity holders of the parent	219	155	285
Non-controlling interest	80	154	281
Total comprehensive income attributable to:			
Equity holders of the parent	219	155	286
Non-controlling interest	80	154	282
EARNINGS AND NORMALISED HEADLINE EARNINGS			
Earnings per statement of comprehensive income	219	155	285
<i>Adjustments:</i>			
Impairment of property, plant and equipment and intangible assets	4	-	6
Impairment of goodwill	-	-	21
Profit from sale of property, plant and equipment	(5)	(5)	(27)
Gain on the disposal of investment in joint venture	-	-	(20)
Gain on bargain purchase of subsidiaries	-	(29)	(76)
Tax effect of adjustments	1	1	5
Headline earnings:	219	122	194
Loss on foreign exchange on capital loans	-	1	-
Legal/consultation fees	12	3	11
Reversal of impairment on loans of a capital nature	-	-	(21)
Impairment of investments	3	14	14
Restructuring costs	-	5	8
Other once-off items	-	-	27
Tax effect of adjustments	-	(2)	(11)
Normalised headline earnings	234	143	222
Weighted average number of shares in issue ('000)	123 465	123 471	119 781
Earnings per share (cents)	174,0	125,2	237,9
Normalised headline earnings per share (cents)	189,5	115,6	185,3
DIVIDENDS PER SHARE			
Dividend (cents)	25	23	65
Final dividend	-	-	23
Interim dividend proposed	25	23	23
Special dividend	-	-	19
Net asset value per share for the group (cents)	2 164	1 512	2 062
Net asset value per share for the company (cents)	824	739	864

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31 OCTOBER		AS AT 30 APRIL
	2021 UNAUDITED R'm	2020 UNAUDITED R'm	2021 AUDITED R'm *
ASSETS			
Non-current assets			
Property, plant and equipment	3 004	2 997	2 997
Investment property	13	13	13
Right-of-use asset	38	102	51
Intangible assets and goodwill	165	133	133
Investment in joint ventures and associates	106	183	149
Other financial assets	4	2	3
Long-term portion of other loans receivable	3	-	-
Loans and other receivables	1 256	1 130	1 376
Deferred tax asset	124	90	148
Total non-current assets	4 713	4 650	4 870
Current assets			
Inventory	2 168	2 241	1 846
Trade and other receivables	3 181	3 163	4 204
Other financial assets	-	-	1
Other loans receivable	4	177	21
Inventory held to satisfy firm sales	-	45	10
Derivative financial instruments	31	39	204
Tax receivable	-	-	3
Cash and short-term deposits	441	116	18
Total current assets	5 825	5 781	6 307
TOTAL ASSETS	10 538	10 431	11 177
EQUITY AND LIABILITIES			
Equity			
Issued capital	68	54	54
Share premium	498	498	498
Reserves	731	101	728
Retained earnings	1 425	1 214	1 265
Own equity	2 722	1 867	2 545
Non-controlling interest	971	1 821	931
Total equity	3 693	3 688	3 476
Non-current liabilities			
Interest-bearing loans	1 011	162	415
Redeemable preference shares	311	-	-
Lease liabilities	30	75	39
Deferred government grants	11	11	12
Other financial liabilities	92	49	66
Deferred tax liability	474	386	466
Total non-current liabilities	1 929	683	998
Current liabilities			
Bank overdraft	496	411	523
Trade and other payables	2 408	1 924	1 982
Contract liabilities	70	70	30
Interest-bearing loans	1 717	3 417	3 911
Other loans payable	88	101	83
Derivative financial instruments	36	19	58
Tax payable	11	41	6
Short-term portion of lease liabilities	12	30	18
Short-term portion of deferred government grants	3	3	3
Provisions	75	44	89
Total current liabilities	4 916	6 060	6 703
Total liabilities	6 845	6 743	7 701
TOTAL EQUITY AND LIABILITIES	10 538	10 431	11 177

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	ISSUED SHARE CAPITAL AND SHARE PREMIUM	NON-DISTRIBUTABLE RESERVES	OTHER RESERVES	CHANGE IN OWNERSHIP & TREASURY SHARES	RETAINED EARNINGS *	TOTAL	NON-CONTROLLING INTEREST *
	R'm	R'm	R'm	R'm	R'm	R'm	R'm
Balance at 30 April 2021 (audited)	552	78	35	615	1 265	2 545	931
Prior year adjustments	-	-	-	-	(4)	(4)	-
Profit for the period	-	-	-	-	219	219	80
Dividends	-	-	-	-	(52)	(52)	(33)
Issue of shares (Scrip dividends)	14	-	-	-	-	14	-
Change in ownership of subsidiary	-	-	-	(3)	-	(3)	(8)
Equity-settled share-based payment scheme - Vesting	-	-	(13)	16	(3)	-	-
Net treasury shares purchased	-	-	-	(2)	-	(2)	(1)
Equity-settled share-based payment scheme - Expense	-	-	5	-	-	5	2
Balance at 31 October 2021 (unaudited)	566	78	27	626	1 425	2 722	971
Balance at 30 April 2020 (audited)	511	78	39	1	1 070	1 699	1 702
Prior period adjustment	-	-	-	-	-	-	1
Profit for the period	-	-	-	-	155	155	154
Dividends paid	-	-	-	-	(26)	(26)	(24)
Shares Issued during the year	41	-	-	-	-	41	-
Acquisition of subsidiaries	-	-	-	-	-	-	38
Equity-settled share-based payment scheme - vesting	-	-	(14)	-	-	(14)	(11)
Equity-settled share-based payment scheme - expense	-	-	3	-	-	3	2
Change in ownership	-	-	-	(2)	-	(2)	(16)
Change in interest in subsidiaries	-	-	-	-	-	-	(76)
Adjustment in subsidiary	-	-	-	-	15	15	12
Acquisition of treasury shares	-	-	15	(19)	-	(4)	39
Balance at 31 October 2020 (unaudited)	552	78	43	(20)	1 214	1 867	1 821

* In terms of IFRS 3, a retrospective adjustment of amounts recognised at the acquisition date of Suidwes Holdings (Pty) Ltd, a subsidiary of Senwes Ltd, was made to reflect new information obtained about facts and circumstances that existed as at the acquisition date and, if known, would have affected the measurement of the amounts recognised as at that date. The impact of the adjustment is a decrease in gain on bargain purchase of R22 million.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 MONTHS ENDED 31 OCTOBER		12 MONTHS ENDED 30 APRIL
	2021 UNAUDITED R'm	2020 UNAUDITED R'm	2021 AUDITED R'm
Cash flows from operating activities	547	438	906
Finance income	2	8	6
Tax paid	(67)	(73)	(143)
Finance costs paid	(57)	(40)	(98)
Dividends paid	(71)	(51)	(114)
Changes in operating capital	(755)	(354)	(566)
Net cash flows from operating activities	(401)	(72)	(9)
Net cash flows used in investment activities	(24)	(216)	(348)
Net cash flows before financing activities	(425)	(288)	(357)
Net cash flows from/(used in) financing activities	875	(51)	(193)
Net increase/(decrease) in cash and cash equivalents	450	(339)	(550)
Cash and cash equivalents - beginning of the period	(505)	45	45
Cash and cash equivalents - end of the period*	(55)	(294)	(505)

* Includes bank overdraft (R496m) and cash and short-term deposits (R441m) at 31 October 2021.

NOTES

1. SHARES PURCHASED IN SENWES LIMITED

Agribel Holdings Limited's shareholding in Senwes remained at 74,37% during the period.

2. CONTINGENT LIABILITIES

Claimants representing ex Suidwes customers issued summons against, Africum Commodities (Pty) Ltd ("AC"), for an amount of R64,7 million. AC has applied the proceeds from the sale of grain against debt of customer(s) but the Claimants claim that the proceeds must be repaid to the insolvent estate. AC denies any liability and the claim is being defended. AC has been advised that its defence(s) has good merits and the risk is the incurrence of legal costs.

Due to the nature of the contingent liability, no certainty exists with regards to payouts to be made and the financial effect, as well as the timing, cannot be determined and no reimbursements are receivable.

3. NEW BUSINESS COMBINATIONS

3.1 SENWK (Pty) Ltd

During the period Senwes obtained an additional 50% interest in SENWK (Pty) Ltd ("SENWK"), with effective date 1 May 2021. This transaction constitutes a business combination achieved in stages (joint venture to a fully owned subsidiary) in accordance with IFRS 3.

Fair value of assets acquired and liabilities assumed:

		R'm
Provisional fair value of SENWK's net tangible assets (equity)	A.....	53
Share obtained (control)	B.....	100%
Fair value of tangible net assets (equity) obtained	C (AxB).....	53
Consideration paid (including provisional fair value of previously held equity interest)	D.....	85
Provisional goodwill (previously held as a joint venture investment on group financial statements) *	E(D-C)	32

* The net assets recognised in the 31 October 2021 interim financial statements are based on a provisional assessment of fair value, while the group finalises the fair value measurement of assets acquired and liabilities assumed. Assessment of further separately identifiable assets and/or liabilities is also in progress.

The provisional goodwill recognised is mainly due to the joint venture investment revaluation of R46 million recognised due to loss of control over a subsidiary on 1 May 2021.

4. DIVIDENDS

The board approved an interim dividend of 25 cents per share with the option to elect to receive either none, 50% or 100% of the cash dividends as shares in the company ("scrip dividends"). Payment of the dividend will take place on 14 January 2022. The last day of trading and submission of the scrip dividend offer form is 7 January 2022 and the record date is 10 January 2022. All shareholders registered in the shareholder register as at 10 January 2022, will qualify for the dividend. Dividend withholding tax of 20% will be deducted where applicable.

5. FAIR VALUE OF INSTRUMENTS

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 the measurements:

CARRYING AMOUNT	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL INSTRUMENTS	SIGNIFICANT OTHER OBSERVABLE INPUTS	SIGNIFICANT UNOBSERVABLE INPUTS	
	TOTAL R'm	LEVEL 1 R'm	LEVEL 2 R'm	LEVEL 3 R'm
31 October 2021 (Unaudited):				
Total assets	468	442	23	3
Total liabilities	(280)	(280)	-	-
30 April 2021 (Audited):				
Total assets	358	320	34	4
Total liabilities	(110)	(110)	-	-
31 October 2020 (Unaudited):				
Total assets	658	627	29	2
Total liabilities	(1 012)	(1 012)	-	-

Accounts receivable, loans receivable, loans payable, lease liabilities and deferred government grants at amortised cost approximate the fair value.

During the period there were no changes in levels or new items added.

6. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material event which occurred after the reporting period and up to the date of this report.

7. CHANGES IN ACCOUNTING STANDARDS

Since the last reported financial statements, namely the annual financial statements for the year ended 30 April 2021, there were no significant new standards which were evaluated and implemented in the financial statements of the group.

NOTES (CONTINUED)

By order of the board:

NDP Liebenberg

Chairman

3 December 2021

JJ Minnaar

Vice-Chairman

DIRECTORS:

NDP Liebenberg (Chairman), JJ Minnaar (Vice-Chairman), AJ Kruger, JDM Minnaar, GL Malherbe, JJ Viljoen and WH van Zyl.

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CORPORATE INFORMATION

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2571

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AUDITOR

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Telephone: 011 772 3000

INVESTOR RELATIONS

Attention: The Company Secretary
Senwes Limited
PO Box 31
Klerksdorp
2571
Telephone: 018 464 7104
Fax: 018 464 7121

TRADING OF SHARES

Over-The-Counter (OTC) trading
www.senwes.co.za
Telephone: 018 464 7105

FINANCE PARTNERS

Absa Bank
Grindrod Bank

