
# 2015 SENWESBEL

## ANNUAL FINANCIAL STATEMENTS

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# 5-YEAR REVIEW OF THE INVESTMENT IN SENWES LIMITED

Senwesbel Limited had a 51,6% interest in Senwes Limited as at 30 April 2015. The core statistics in respect of the investment are as follows:

| | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| Senwesbel share in Senwes (%) | **51,6** | 51,1 | 59,0 | 58,8 | 41,2 |
| Turnover from continuing operations (R'm) | **8 755** | 11 476 | 13 884 | 11 875 | 6 476 |
| Profit after tax (R'm) | **247** | 251 | 307 | 265 | 219 |
| Earnings per share (cents) | **143,4** | 143,9 | 168,9 | 146,0 | 121,1 |
| Normalised headline earnings per share (cents) | **175,2** | 99,0 | 152,4 | 132,8 | 116,2 |
| Net asset value per share (cents) | **1 054,6** | 958,1 | 884,4 | 756,7 | 680,3 |
| Closing market price (cents) | **1 150,0** | 1 075,0 | 1 040,0 | 900,0 | 1 020,0 |
| Growth in market price (%) | **7,0** | 3,4 | 15,6 | (11,8) | 39,7 |
| Total dividend (cents) | **50,0** | 48,0 | 61,0 | 60,0 | 35,0 |
| Final dividend declared (cents) | **26,0** | 22,0 | 31,0 | 15,0 | 25,0 |
| Interim dividend (cents) | **24,0** | 26,0 | 26,0 | 45,0 | 10,0 |
| Special dividend (cents) | **-** | - | 4,0 | - | - |
| Return on opening equity (%) | **15,0** | 15,7 | 22,3 | 21,5 | 20,7 |
| Return on average equity (%) | **14,3** | 15,5 | 20,7 | 20,3 | 19,1 |
| Dividend yield on average market price (%) (excluding special dividend) | **4,5** | 4,5 | 5,9 | 6,3 | 4,0 |
| Dividend yield on average market price (%) (including special dividend) | **4,5** | 4,5 | 6,3 | 6,3 | 4,0 |
| Total shareholder return on opening market price (%) (capital growth plus dividends) | **11,6** | 8,0 | 22,3 | (5,9) | 44,5 |

## A FEW HIGHLIGHTS IN RESPECT OF THE INVESTMENT:

- After-tax profit of R247 million, which represents a 15,0% return on opening equity.
- Total shareholder return on opening market price (capital growth plus dividends) of 11,6% (2014: 8,0%).
- Normalised headline earnings per share increased to 175,2 cents per share (2014: 99,0 cents per share).
- Net asset value per share increased by 10,0% to 1 054,6 cents per share (2014: 958,1 cents per share).

## THE FOLLOWING ARE RELEVANT INVESTOR STATISTICS IN RESPECT OF THE INVESTMENT:

| | 2015 | 5-year average |
|---|---|---|
| Price-earnings ratio – normalised headline earnings per share (times) | **6,6** | 8,0 |
| Total shareholder return – opening market price (%) | **11,6** | 16,1 |
| Dividend cover – including special dividend (times) | **2,9** | 2,9 |

## SENWESBEL NET ASSET VALUE PER SHARE:

| | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| Net asset value per share (R) (Company) | **7,79** | 7,75 | 7,06 | 6,06 | 7,31 |
| Net asset value per share (R) (Group) | **10,68** | 9,96 | 8,73 | 7,71 | 5,27 |

Senwesbel Ltd purchased 890 145 shares in Senwes Ltd during the financial year.

# 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, associates and joint ventures. The annual financial statements set out on page 6 to 59 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies Act, 2008.

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. Nothing has come to the attention of the Board which could indicate a material deficiency in the functioning of these controls, procedures and systems 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 in 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 finance 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 2015, set out on page 2 to 71, were approved by the Board.

**AJ Kruger**
Chairman
Klerksdorp
30 June 2015

**NDP Liebenberg**
Vice-Chairman

# NOTICE IN TERMS OF SECTION 29 OF THE COMPANIES ACT,
## ACT 71 OF 2008 (AS AMENDED) ("THE ACT")

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

# 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 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 for the current financial year under review.

**AE Scholtz**
Company Secretary
Klerksdorp
30 June 2015

# INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of Senwesbel Limited**

We have audited the consolidated and separate financial statements of Senwesbel Limited set out on pages 6 to 71, which comprise the statements of financial position as at 30 April 2015, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

**Directors' responsibility for the consolidated financial statements**

The company's directors are responsible for the preparation and fair presentation of these 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.

**Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Senwesbel Limited as at 30 April 2015, 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.

**Other reports required by the Companies Act**

As part of our audit of the consolidated and separate financial statements for the year ended 30 April 2015, we have read the Directors' Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

*Ernst & Young Inc.*

Ernst & Young Inc.
Director – Mike Herbst
Registered Auditor
Chartered Accountant (SA)
31 July 2015

# STATUTORY
# DIRECTORS' REPORT

**1. MAIN OBJECTIVE**

The public company acts as an investment company.

**2. SHARE CAPITAL**

The authorised share capital remained unchanged.

**3. DIVIDENDS**

The Board proposed that a final dividend of 16 cents per share (2014 – 17 cents per share) be declared. An interim dividend of 16 cents per share was paid in December 2014 (2013 – 24 cents per share). Refer to note 22.2 for dividends paid and proposed.

**4. DIRECTORS**

4.1. The names of the directors are Messrs. AJ Kruger (Chairman), NDP Liebenberg, JDM Minnaar, JJ Minnaar, TF van Rooyen and WH van Zyl.

4.1.1. The following directors have a remaining term in office of less than one year:

| Names: | Retirement by rotation |
|---|---|
| AJ Kruger | 2015 |
| JDM Minnaar | 2015 |

4.1.2. The following directors have a remaining term in office of longer than one year:

| Names: | Retirement by rotation |
|---|---|
| JJ Minnaar | 2017 |
| WH van Zyl | 2017 |
| NDP Liebenberg | 2016 |
| TF van Rooyen | 2016 |

4.2. Directors' interests

The interests of directors in the shares of the company as at 30 April 2015 are indicated below:

| | NUMBER OF SHARES 2015 | NUMBER OF SHARES 2014 |
|---|---|---|
| Non-executive directors: | | |
| Direct | **8 921 409** | 8 504 587 |
| Indirect | **16 277 784** | 15 011 132 |
| **Total** | **25 199 193** | 23 515 719 |

**5. STATUTORY APPOINTMENTS AND REGISTERED ADDRESS**

5.1. Company Secretary
AE Scholz

5.2. Public Officer
CF Kruger

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

**6. BUY-BACK OF SHARES**

During the 2015 financial year Senwesbel Ltd repurchased 542 874 of its own shares at a cost of R4,3million. The repurchased shares will be cancelled during the 2016 financial year.

**7. INTEGRATED REPORTING**

Senwesbel Ltd acts as an investment company. The interest in Senwes Ltd is the only investment held by Senwesbel. Corporate governance, operational review, integrated and sustainability reports are not disclosed in the Senwesbel financial report. These reports are disclosed in detail by Senwes Ltd. Refer to the Senwes Ltd website, www.senwes.co.za, for these reports.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## AS AT 30 APRIL 2015

| | NOTES | GROUP 2015 R'm | GROUP 2014 R'm | COMPANY 2015 R'm | COMPANY 2014 R'm |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 2 | **1 051** | 1 001 | **-** | - |
| Investment in subsidiaries | 3.1 | **-** | - | **1 073** | 993 |
| Investment in associates | 5.1 | **-** | 2 | **-** | - |
| Investment in joint ventures | 5.2 | **214** | 241 | **-** | - |
| Other financial assets | 4.1.1 | **4** | 4 | **-** | - |
| Loans and other receivables | 6 | **656** | 554 | **-** | - |
| Deferred tax asset | 15.2 | **20** | 6 | **-** | - |
| **Total non-current assets** | | **1 945** | 1 808 | **1 073** | 993 |
| **Current assets** | | | | | |
| Inventory | 7 | **932** | 431 | **-** | - |
| Trade and other receivables | 8 | **2 180** | 2 117 | **-** | - |
| Other loans receivable | 4.1.2 | **17** | 170 | **7** | 24 |
| Inventory held to satisfy firm sales | 9 | **323** | 278 | **-** | - |
| Derivative financial instruments | 17.1 | **68** | 25 | **-** | - |
| Cash and short-term deposits | 4.1.3 | **13** | 30 | **-** | - |
| **Total current assets** | | **3 533** | 3 051 | **7** | 24 |
| **TOTAL ASSETS** | | **5 478** | 4 859 | **1 080** | 1 017 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | | | | | |
| Issued capital | 11 | **1** | 1 | **1** | 1 |
| Share premium | 12.1 | **518** | 518 | **518** | 518 |
| Non-distributable reserve | | **78** | 78 | **78** | 78 |
| Other reserves | 12.2 | **19** | 22 | **447** | 390 |
| Retained earnings | | **659** | 576 | **(63)** | (57) |
| **Own equity** | | **1 275** | 1 195 | **981** | 930 |
| Non-controlling interest | | **1 056** | 988 | **-** | - |
| **Total equity** | | **2 331** | 2 183 | **981** | 930 |
| **Non-current liabilities** | | | | | |
| Interest-bearing loans | 4.2.3 | **1 002** | 652 | **-** | - |
| Incentive bonuses: Long-term portion | 13.1 | **5** | 10 | **-** | - |
| Deferred tax liability | | **205** | 205 | **99** | 85 |
| **Total non-current liabilities** | | **1 212** | 867 | **99** | 85 |
| **Current liabilities** | | | | | |
| Trade and other payables | 14 | **705** | 426 | **-** | 2 |
| Interest-bearing loans | 4.2.2 | **1 117** | 1 285 | **-** | - |
| Other loans payable | 4.2.1 | **35** | - | **-** | - |
| Derivative financial instruments | 17.2 | **18** | 72 | **-** | - |
| Tax payable | 26 | **7** | 4 | **-** | - |
| Incentive bonuses: Short-term portion | 13.1 | **49** | 19 | **-** | - |
| Provisions | 16 | **4** | 3 | **-** | - |
| **Total current liabilities** | | **1 935** | 1 809 | **-** | 2 |
| **Total liabilities** | | **3 147** | 2 676 | **99** | 87 |
| **TOTAL EQUITY AND LIABILITIES** | | **5 478** | 4 859 | **1 080** | 1 017 |

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED 30 APRIL 2015

| | NOTES | GROUP 2015 R'm | GROUP 2014 R'm | COMPANY 2015 R'm | COMPANY 2014 R'm |
|---|---|---|---|---|---|
| Services rendered | | **474** | 248 | **-** | - |
| Finance income | 19.3 | **259** | 203 | **1** | 1 |
| Income from operating activities | | **1 443** | 2 076 | **-** | - |
| Income from commodity trading | | **6 579** | 8 949 | **-** | - |
| **Revenue** | | **8 755** | 11 476 | **1** | 1 |
| Cost of sales | | **(7 576)** | (10 609) | **-** | - |
| **Gross profit** | | **1 179** | 867 | **1** | 1 |
| Other investment income | 20 | **1** | 4 | **43** | 135 |
| Distribution, sales, administrative expenses and gains | 19.1 | **(653)** | (390) | **(6)** | (8) |
| **Operating profit** | | **527** | 481 | **38** | 128 |
| Finance costs | 19.2 | **(137)** | (128) | **-** | (6) |
| Share of profit from joint ventures | 5.2 | **7** | 13 | **-** | - |
| **Profit before tax from continuing operations** | | **397** | 366 | **38** | 122 |
| Taxation | 15.1 | **(106)** | (80) | **-** | (14) |
| **Profit for the year after tax from continuing operations** | | **291** | 286 | **38** | 108 |
| Loss after tax from discontinued operations and operations transferred to merger entity | 10 | **(50)** | (46) | **-** | - |
| **Profit for the year** | | **241** | 240 | **38** | 108 |
| **Other comprehensive income to be classified to profit or loss in subsequent periods, net of tax** | | **(6)** | 4 | **57** | 4 |
| Fair value adjustment on available-for-sale financial assets | 12.2.2 | **-** | - | **57** | 4 |
| Exchange difference on translation of foreign operations | | **(6)** | 4 | **-** | - |
| **Total comprehensive income for the year, net of tax** | | **235** | 244 | **95** | 112 |
| **Profit attributable to:** | | | | | |
| Equity holders of the parent | | **127** | 133 | **38** | 112 |
| Non-controlling interest | | **114** | 107 | **-** | - |
| **Total comprehensive income attributable to:** | | | | | |
| Equity holders of the parent | | **124** | 135 | **95** | 112 |
| Non-controlling interest | | **111** | 109 | **-** | - |

### EARNINGS PER SHARE

| | NOTES | 2015 CENTS / SHARE | 2014 CENTS / SHARE |
|---|---|---|---|
| Basic and diluted earnings for the year attributable to ordinary equity holders of the parent (cents) | 22.1.3 | **106,3** | 110,8 |
| Normalised headline earnings per share (cents) | 22.1.3 | **128,9** | 75,9 |

### DIVIDENDS FOR THE YEAR

| | NOTES | 2015 | 2014 |
|---|---|---|---|
| Dividend per share paid during the year | 22.2 | **33** | 39 |
| Final dividend previous year | | **17** | 15 |
| Interim dividend | | **16** | 24 |
| Final dividend per share proposed | | **16** | 17 |

# CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

## FOR THE YEAR ENDED 30 APRIL 2015

| | NOTES | ISSUED SHARE CAPITAL R'm | SHARE PREMIUM R'm | NON-DISTRIBUTABLE RESERVES R'm | CHANGE IN OWNERSHIP R'm | FAIR VALUE ADJUSTMENTS R'm | SHARE-BASED PAYMENT RESERVE R'm | RETAINED EARNINGS R'm | EQUITY OF SUBSIDIARY R'm | NON-CONTROLLING INTEREST R'm | TOTAL EQUITY R'm |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 11 | 12.1 | | 12.2.3 | 12.2.2 | 12.2.4 | | 12.2.1 | | |
| **GROUP** | | | | | | | | | | | |
| **Balance as at 30 April 2013** | | **1** | **518** | **78** | **(14)** | **(29)** | **-** | **490** | **4** | **875** | **1 923** |
| Total comprehensive income | | - | - | - | - | - | - | 133 | 2 | 109 | 244 |
| Profit for the year | | - | - | - | - | - | - | 133 | - | 107 | 240 |
| Other comprehensive income | | - | - | - | - | - | - | - | 2 | 2 | 4 |
| Dividends | 22.2 | - | - | - | - | - | - | (47) | - | (45) | (92) |
| Change in ownership | | - | - | - | 59 | - | - | - | - | 49 | 108 |
| **Balance as at 30 April 2014** | | **1** | **518** | **78** | **45** | **(29)** | **-** | **576** | **6** | **988** | **2 183** |
| Total comprehensive income | | - | - | - | - | - | - | 127 | (3) | 111 | 235 |
| Profit for the year | | - | - | - | - | - | - | 127 | - | 114 | 241 |
| Other comprehensive income | | - | - | - | - | - | - | - | (3) | (3) | (6) |
| Dividends | 22.2 | - | - | - | - | - | - | (39) | - | (37) | (76) |
| Share-based payment reserve | | - | - | - | - | - | 8 | - | - | 6 | 14 |
| Shares purchased from non-controlling shareholders | | - | - | - | (3) | - | - | - | - | (8) | (11) |
| Change in ownership | | - | - | - | (5) | - | - | - | - | (4) | (9) |
| Repurchase of own equity shares | | - | - | - | - | - | - | (5) | - | - | (5) |
| **Balance as at 30 April 2015** | | **1** | **518** | **78** | **37** | **(29)** | **8** | **659** | **3** | **1 056** | **2 331** |
| **COMPANY** | | | | | | | | | | | |
| **Balance as at 30 April 2013** | | **1** | **518** | **78** | **-** | **386** | **-** | **(136)** | **-** | **-** | **847** |
| Total comprehensive income | | - | - | - | - | 4 | - | 126 | - | - | 130 |
| Profit for the year | | - | - | - | - | - | - | 108 | - | - | 108 |
| Other comprehensive income | | - | - | - | - | 4 | - | 18 | - | - | 22 |
| Dividends | 22.2 | - | - | - | - | - | - | (47) | - | - | (47) |
| **Balance as at 30 April 2014** | | **1** | **518** | **78** | **-** | **390** | **-** | **(57)** | **-** | **-** | **930** |
| Total comprehensive income | | - | - | - | - | 57 | - | 38 | - | - | 95 |
| Profit for the year | | - | - | - | - | - | - | 38 | - | - | 38 |
| Other comprehensive income | | - | - | - | - | 57 | - | - | - | - | 57 |
| Dividends | 22.2 | - | - | - | - | - | - | (39) | - | - | (39) |
| Repurchase of own equity shares | | - | - | - | - | - | - | (5) | - | - | (5) |
| **Balance as at 30 April 2015** | | **1** | **518** | **78** | **-** | **447** | **-** | **(63)** | **-** | **-** | **981** |

# CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 30 APRIL 2015

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | NOTES | **2015 R'm** | 2014 R'm | **2015 R'm** | 2014 R'm |
| **Net cash flows (used in)/from operating activities** | | **(72)** | 76 | **(3)** | 5 |
| Cash from operating activities | 24 | **569** | 169 | **(6)** | (8) |
| Finance income | | **-** | 203 | **1** | 1 |
| Dividends received | | **1** | 4 | **43** | 63 |
| Finance costs paid | 19.2 | **(137)** | (128) | **-** | (6) |
| Tax paid | 26 | **(98)** | (47) | **-** | - |
| Dividends paid | 22.2 | **(76)** | (92) | **(39)** | (47) |
| Changes in operating capital | 25 | **(331)** | (33) | **(2)** | 2 |
| **Net cash flows from/(used in) investment activities** | | **70** | 4 | **(9)** | 216 |
| Purchase of property, plant and equipment | 27 | **(89)** | (56) | **-** | - |
| Proceeds from the disposal of property, plant and equipment | 28 | **4** | 3 | **-** | - |
| Proceeds/(purchase) from/of the sale of available-for-sale financial asset | | **-** | 1 | **(9)** | 216 |
| Increase of investments in joint ventures | | **(2)** | - | **-** | - |
| Dividends received from investments in joint ventures | | **7** | - | **-** | - |
| Net cash received on formation of Hinterland | 5.2.6 | **-** | 94 | **-** | - |
| Increase in other loans payable to related parties | 29 | **35** | - | **-** | - |
| Decrease/(increase) in other loans receivable from related parties | 29 | **115** | (38) | **-** | - |
| **Net cash flows before financing activities** | | **(2)** | 80 | **(12)** | 221 |
| **Net cash (used in)/from financing activities** | | **(15)** | (99) | **(5)** | (213) |
| Transactions with non-controlling shareholders | 12.2 | **(15)** | 114 | **(5)** | - |
| Proceeds from interest-bearing loans: Long-term | | **350** | - | **-** | - |
| Repayment of interest-bearing loans: Long-term | | **(350)** | (213) | **-** | (213) |
| **Net (decrease)/increase in cash and cash equivalents** | | **(17)** | (19) | **(17)** | 8 |
| Cash and cash equivalents - beginning of the year | | **30** | 49 | **24** | 16 |
| **Cash and cash equivalents - end of the year** | | **13** | 30 | **7** | 24 |

# 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:

| | |
|---|---|
| **INVESTMENT ACTIVITIES**<br>*(Senwesbel)* | It is Senwesbel's strategy to consider interests in other agricultural and related businesses. At present Senwesbel owns an interest in Senwes Limited. |
| **FINANCIAL SERVICES**<br>*(Senwes Credit & Certisure Group)* | Credit extension to agricultural producers and grain buyers. Senwes Credit also renders agricultural services to its growing client base. Certisure earns commission on short-term, crop and life insurance premiums and administration fees. |
| **INPUT SUPPLY**<br>*(Senwes Mechanisation & Hinterland Group)* | Sales at retail outlets, direct sales of farming input requirements and sales of mechanisation goods and spare parts. |
| **MARKET ACCESS**<br>*(Senwes Grainlink & Tradevantage & Bunge Senwes)* | Income received from the handling and storage of agricultural produce. Commission earned on grain marketing. Income received from the sale of own grain. |
| **CORPORATE** | 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, treasury and directors. |

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. Management 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

| | GROUP | | | |
|---|---|---|---|---|
| | SEGMENTAL REVENUE | | SEGMENTAL PROFIT/(LOSS) | |
| | **2015 R'm** | 2014 R'm | **2015 R'm** | 2014 R'm |
| Investment activities *(Senwesbel)* | **-** | - | **(5)** | (11) |
| Financial services *(Senwes Credit & Certisure Group)`* | **219** | 170 | **99** | 95 |
| Operating activities | **219** | 170 | **99** | 95 |
| Input supply *(Senwes Mechanisation & Hinterland Group)* | **1 463** | 1 552 | **89** | 226 |
| Operating activities | **1 466** | 1 581 | **89** | 80 |
| Intragroup sales | **(3)** | (29) | **-** | - |
| Profit from merger of retail business | **-** | - | **-** | 146 |
| Market access *(Senwes Grainlink, Tradevantage & Bunge Senwes)* | **6 985** | 9 889 | **210** | 85 |
| Operating activities | **10 798** | 11 478 | **210** | 85 |
| Intragroup sales | **(3 813)** | (1 589) | **-** | - |
| Normal operational activities | **8 667** | 11 611 | **393** | 395 |
| Corporate activities | **88** | 15 | **(66)** | (74) |
| **Total revenue** | **8 755** | 11 626 | **-** | - |
| **Revenue from discontinued operations** | **-** | (150) | **-** | - |
| Input supply | **-** | (144) | **-** | - |
| Market access | **-** | (6) | **-** | - |
| **Revenue from continuing operations** | **8 755** | 11 476 | **-** | - |
| **Profit before tax from continuing and discontinued operations** | | | **327** | 321 |
| Taxation | | | **(86)** | (81) |
| **Profit for the year from continuing and discontinued operations** | | | **241** | 240 |
| **Loss after tax from discontinued operations and operations transferred to merger entity** | | | **50** | 46 |
| Input supply | | | **-** | (4) |
| Market access | | | **50** | 50 |
| **Profit after tax from continuing operations** | | | **291** | 286 |

## 1.3 NET SEGMENTAL ASSETS

| | GROUP | | | | | |
|---|---|---|---|---|---|---|
| | ASSETS | | LIABILITIES | | NET | |
| | **2015 R'm** | 2014 R'm | **2015 R'm** | 2014 R'm | **2015 R'm** | 2014 R'm |
| Investment activities | **-** | - | **-** | (2) | **-** | (2) |
| Financial services | **2 800** | 2 458 | **(1 535)** | (1 466) | **1 265** | 992 |
| Input supply * | **1 052** | 694 | **(730)** | (448) | **322** | 246 |
| Market access | **1 483** | 1 632 | **(422)** | (466) | **1 061** | 1 166 |
| Total operations | **5 335** | 4 784 | **(2 687)** | (2 382) | **2 648** | 2 402 |
| Corporate | **123** | 69 | **(255)** | (89) | **(132)** | (20) |
| Total segmental assets/(liabilities) | **5 458** | 4 853 | **(2 942)** | (2 471) | **2 516** | 2 382 |
| Deferred tax | **20** | 6 | **(205)** | (205) | **(185)** | (199) |
| **Total** | **5 478** | 4 859 | **(3 147)** | (2 676) | **2 331** | 2 183 |

** Assets include the investment in the Hinterland joint venture of R119 million (2014: R124 million)*

# 2. PROPERTY, PLANT AND EQUIPMENT

| | GROUP | |
|---|---|---|
| | **2015 R'm** | 2014 R'm |
| **Cost price** | **1 499** | 1 428 |
| Land | **16** | 16 |
| Silos | **851** | 848 |
| Buildings and improvements | **129** | 117 |
| Plant and equipment | **432** | 380 |
| Vehicles | **71** | 67 |
| **Accumulated depreciation and impairments** | **(448)** | (427) |
| Land | **-** | - |
| Silos | **(67)** | (68) |
| Buildings and improvements | **(45)** | (47) |
| Plant and equipment | **(291)** | (273) |
| Vehicles | **(45)** | (39) |
| **Total carrying value** | **1 051** | 1 001 |

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.

## 2015 - RECONCILIATION OF THE MOVEMENTS ON PROPERTY, PLANT AND EQUIPMENT

| | BALANCE AT THE BEGINNING OF THE YEAR R'm | PURCHASES R'm | DISPOSALS R'm | IMPAIRMENTS AND REVERSALS R'm | DEPRECIATION R'm | BALANCE AT THE END OF THE YEAR R'm |
|---|---|---|---|---|---|---|
| **GROUP – 2015** | | | | | | |
| Land | **16** | **-** | **-** | **-** | **-** | **16** |
| Silos | **780** | **7** | **(2)** | **2** | **(3)** | **784** |
| Buildings and improvements | **70** | **14** | **-** | **-** | **-** | **84** |
| Plant and equipment | **107** | **60** | **(1)** | **-** | **(26)** | **140** |
| Vehicles | **28** | **8** | **-** | **-** | **(9)** | **27** |
| **Total** | **1 001** | **89** | **(3)** | **2** | **(38)** | **1 051** |

## 2014 - RECONCILIATION OF THE MOVEMENTS ON PROPERTY, PLANT AND EQUIPMENT

| | BALANCE AT THE BEGINNING OF THE YEAR R'm | PURCHASES R'm | DISPOSALS R'm | IMPAIRMENTS AND REVERSALS R'm | DEPRECIATION R'm | BALANCE AT THE END OF THE YEAR R'm |
|---|---|---|---|---|---|---|
| **GROUP – 2014** | | | | | | |
| Land | 16 | - | - | - | - | 16 |
| Silos | 774 | 7 | - | - | (1) | 780 |
| Buildings and improvements | 69 | 4 | - | - | (3) | 70 |
| Plant and equipment | 95 | 36 | (1) | - | (23) | 107 |
| Vehicles | 30 | 9 | (2) | - | (9) | 28 |
| **Total** | 984 | 56 | (3) | - | (36) | 1 001 |

# 3. INVESTMENT IN COMPANIES AND STRUCTURED ENTITIES

## 3.1. INVESTMENT IN SUBSIDIARIES

The company's investment in Senwes Limited is accounted for at fair value. The fair value of a financial instrument is the amount at which an asset can be exchanged for or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value of the investment is the market value as traded in the considered market.

The market value amounts to R11,50 (2014 - R10,75) per share as at 30 April 2015.

| | COMPANY | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | % INTEREST | | TOTAL SHARES IN ISSUE | | COST PRICE | | TOTAL NET INVESTMENT | |
| | 2015 | 2014 | 2015 | 2014 | 2015 R'm | 2014 R'm | 2015 R'm | 2014 R'm |
| **Senwes Limited** | **51.6** | 51.1 | **93 259 402** | 92 369 247 | **523** | 513 | **1 073** | 993 |

The directors' valuation is based on the market price of the Senwes share. The difference between the directors' valuation (fair value) and the cost price is accounted for as a fair value adjustment of the investment and accounted for in the statement of other comprehensive income in the company.

The following is the summarised financial information:

| | GROUP | |
|---|---|---|
| | 2015 R'm | 2014 R'm |
| **Financial position** | | |
| Current assets | **3 533** | 3 051 |
| Non-current assets | **1 214** | 1 077 |
| Current liabilities | **(1 942)** | (1 831) |
| Non-current liabilities | **(1007)** | (662) |
| **Equity** | **1 798** | 1 635 |
| **Financial results** | | |
| Revenue | **8 755** | 1 1476 |
| Cost of sales | **(7 576)** | (10 609) |
| Distribution, sales, administration expense and gains | **(647)** | (381) |
| Finance costs | **(137)** | (124) |
| Share of profit from joint ventures | **7** | 7 |
| Profit after tax from continuing operations | **297** | 291 |
| Profit after tax, discontinued operations included | **247** | 251 |
| Profit attributable to: | | |
| Equity holders of the parent | **243** | 248 |
| Non-controlling interest | **4** | 3 |

# 3.2. GROUP INTERESTS CORPORATE TRANSACTIONS

## 2015

**Senwes Graanmakelaars (Pty) Ltd**

To comply with the capital adequacy requirements imposed by the JSE (Derivative Rules dated March 2013), Senwes Graanmakelaars, previously dormant, was reactivated as from 1 May 2014 to host the brokerage and option book business of Senwes.

Senwes Ltd is the sole shareholder. Senwes Graanmakelaars is still awaiting an FSB licence, which will be received during the 2016 financial year. The transactions recorded for the 30 April 2015 financial year are immaterial and therefore no detail will be disclosed.

**Molemi Sele (Pty) Ltd**

Senwes Ltd, AFGRI Operations Ltd and NWK Ltd established a new joint venture on 1 November 2014, Molemi Sele (Pty) Ltd. Molemi Sele (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. Refer to note 5.2.7 for further information. Senwes Ltd holds 35,7%, AFGRI Operations Ltd 34,9% and NWK Ltd 29,4% of the shares in this joint venture.

**Senwes Share Incentive Trust (SPV)**

The Trust was established on 1 May 2014 as a vehicle to implement the new share scheme and to facilitate the vesting of the shares. Refer to note 3.3.4 for further information.

## 2014

**Hinterland SA (Pty) Ltd**

On 1 June 2013, the retail businesses of Senwes Ltd and AFGRI Operations Ltd were merged into a new joint venture, Hinterland SA (Pty) Ltd. Senwes Ltd and AFGRI Operations Ltd are equal shareholders in the joint venture. Refer to note 5.2.6 and note 10 for detailed information.

**Tradevantage Grain (Pty) Ltd**

Senwes' Grain Marketing division has been operating in a new entity, Tradevantage, since 1 November 2013. Senwes Agrowth (Pty) Ltd is the sole shareholder in Tradevantage Grain (Pty) Ltd. Senwes holds a 73,5% share and Thobo Trust, a BEE-Trust, holds a 26,5% in Senwes Agrowth (Pty) Ltd.

## 3.2.1 Group interest in subsidiaries

| | GROUP | | | |
|---|---|---|---|---|
| | 2015 | | 2014 | |
| | NUMBER OF SHARES IN ISSUE | % INTEREST | NUMBER OF SHARES IN ISSUE | % INTEREST |
| JD Implements (Pty) Ltd | **1 000** | **50** | 1 000 | 50 |
| Senwes Agrowth (Pty) Ltd* | **1 000** | **73,5** | 1 000 | 73,5 |
| Senwes Capital (Pty) Ltd | **11 054** | **100** | 11 054 | 100 |
| Senwes Graanmakelaars (Pty) Ltd | **100** | **100** | 100 | 100 |
| Senwes Mauritius Ltd | **240** | **100** | 240 | 100 |
| Senwes Share Incentive Trust | **-** | **100** | - | - |
| Tradevantage (Pty) Ltd | **-** | **100** | - | 100 |

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

## 3.3. FINANCIAL INFORMATION OF SUBSIDIARIES

The following is the financial information of significant subsidiaries. A full list of subsidiaries is available for inspection at the registered office of the company.

### 3.3.1 JD Implements (Pty) Ltd

Senwes has a 50% interest in JD Implements (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 the 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: | 2015<br>R'm | 2014<br>R'm |
|---|---|---|
| **Financial position** | | |
| Current assets | **89** | 65 |
| Non-current assets | **17** | 16 |
| Current liabilities | **(62)** | (47) |
| Non-current liabilities | **(10)** | (8) |
| **Equity** | **34** | 26 |
| Attributable to: | | |
| Equity holders of the parent | **16** | 13 |
| Non-controlling interest | **17** | 13 |
| | | |
| **Financial results** | | |
| Revenue | **234** | 201 |
| Cost of sales | **(199)** | (169) |
| Expenses | **(24)** | (21) |
| Profit before tax | **11** | 11 |
| Taxation | **(3)** | (3) |
| **Profit after tax** | **8** | 8 |
| Non-controlling interest share in profit or loss | **4** | 4 |

### 3.3.2 Senwes Capital (Pty) Ltd

Senwes has a 100% interest in Senwes Capital (Pty) Ltd ("Senwes Capital"). Senwes Capital is the owner of the head office building of Senwes. 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: | 2015<br>R'm | 2014<br>R'm |
|---|---|---|
| **Financial position** | | |
| Non-current assets | **162** | 168 |
| Current liabilities | **(55)** | (84) |
| Non-current liabilities | **(2)** | - |
| **Equity** | **105** | 84 |
| | | |
| **Financial results** | | |
| Revenue | **13** | 14 |
| Investment income | **7** | 5 |
| Profit from sale of property | **-** | 65 |
| Taxation | **(5)** | (4) |
| **Profit after taxation** | **15** | 80 |
| **Other comprehensive income** | | |
| Available-for-sale financial assets fair value adjustment | **6** | 2 |
| **Total comprehensive income** | **21** | 82 |
| | | |
| **Investment in Senwes** | | |
| Cost price of investment | **108** | 121 |
| Fair value adjustment through other comprehensive income | **9** | 3 |
| **Fair value of investment** | **117** | 124 |

Equity in 2014 included deemed dividends of R103 million paid to Senwes due to the unbundling of Senwes Capital's investment in Hinterland to Senwes during June 2013.

Senwes Capital bought an additional 404 620 shares in Senwes at a cost of R4,7 million (2014: R102,2 million). Senwes Capital sold 1 685 094 Senwes shares during the year to the Senwes Share Incentive Trust for R17,5 million.

Senwes Capital holds 10 219 652 (2014: 11 500 126) shares in Senwes Ltd. During the year dividends of R4,5 million (2014: R3,8 million) were received by Senwes Capital.

## 3.3.3 Senwes Mauritius Ltd

Senwes has a 100% interest in Senwes Mauritius Ltd, incorporated in Mauritius. The core business of Senwes Mauritius is the investment in foreign entities (Malawi, Mozambique, Zambia and Kenya). Both Senwes Mauritius and Bunge hold a 50% interest in the African entities. The financial year-end is the same as Senwes' financial year-end. The registered office of the company is in Mauritius. The information presented below is that of the Company and not the Group.

| The following is the summarised financial information: | 2015 R'm | 2014 R'm |
|---|---|---|
| **Financial position** | | |
| Current assets | **24** | 64 |
| Non-current assets | **-** | - |
| Current liabilities | **(65)** | (101) |
| Non-current liabilities | **-** | - |
| **Equity (Including foreign translation reserve)** | **(41)** | (37) |
| **Financial results** | | |
| Finance income received | **4** | 6 |
| Expenses | **-** | (1) |
| Finance costs | **(5)** | (5) |
| Provision for impairment | **-** | (41) |
| **Loss after taxation** | **(1)** | (41) |
| **Other comprehensive income** | | |
| Available-for-sale financial assets fair value adjustment | **-** | 3 |
| **Total comprehensive income** | **(1)** | (38) |

## 3.3.4 Senwes Share Incentive Trust

The Trust was established on 1 May 2014 as a vehicle to implement the new share scheme and to facilitate the vesting of the shares. The Trust will buy shares every year to facilitate the scheme. In terms of IFRS10 - Consolidated Financial Statements, Senwes controls the Trust and therefore the Trust will be treated as a structured entity and will be consolidated on Group level. The shares acquired by the Trust will be treated as treasury shares on Group level, until the shares vest. The financial year-end is the same as Senwes' financial year end. The following is the summarised financial information:

During the year the Trust bought 1 685 094 shares from Senwes Capital for R17,5 million. The Trust received dividends of R0,6 million during the year from Senwes and paid dividends of R0,6 million to participants of the scheme.

| **INVESTMENT IN SENWES:** | VALUE OF SHARES R'm | MARKET VALUE R/share | NUMBER OF SHARES |
|---|---|---|---|
| Cost price | **18** | **R10,4** | 1 685 094 |
| Fair value adjustment | **2** | **R11,5** | 1 685 094 |
| **Investment at fair value** | **20** | | |

Senwes Ltd is obligated to provide funding to the Trust through grants. The funding may be used for the sole purpose of buying shares.

### 3.3.5. Tradevantage Grain (Pty) Ltd

Senwes has an indirect interest of 73,5% through Senwes Agrowth in Tradevantage Grain (Pty) Ltd ("Tradevantage"). Tradevantage's core business is the trading of agricultural commodities. 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 investment in Tradevantage increased during the year due to the implementation of the new share-based payment scheme (LTI scheme). As the shares vest, the investment will be converted to an interest-bearing loan and interest will be charged at a market related rate.

| The following is the summarised financial information: | 2015<br>R'm | 2014<br>R'm |
|---|---|---|
| **Financial position** | | |
| Current assets | **308** | 271 |
| Non-current assets | **1** | 1 |
| Current liabilities | **(306)** | (274) |
| Non-current liabilities | **-** | - |
| Equity | **3** | (2) |
| Attributable to: | | |
| Equity holders of the parent | **3** | (2) |
| Non-controlling interest* | **-** | - |
| | | |
| **Financial results** | | |
| Revenue | **4 481** | 1 671 |
| Cost of sales | **(4 423)** | (1 665) |
| Expenses | **(24)** | (7) |
| Finance costs | **(39)** | (6) |
| Other income | **12** | 4 |
| Taxation | **(2)** | 1 |
| **Profit/(loss) after taxation** | **5** | (2) |

*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 per the trust agreement . The trust is ring-fenced as a special purpose vehicle and therefore consolidated.

# 4. OTHER FINANCIAL ASSETS AND LIABILITIES

## 4.1. FINANCIAL ASSETS

### 4.1.1. Other financial assets

| | GROUP | |
|---|---|---|
| | 2015<br>R'm | 2014<br>R'm |
| **Financial assets available-for-sale** | **4** | 4 |

Financial assets available-for-sale comprise of an investment in Suidwes Holdings Ltd. All shares in Suidwes Investment Ltd were disposed of in the previous year. Shares sold in Suidwes Holdings Ltd during the year amounted to 80 104 (2014: 223 829).

## 4.1.2. Other loans receivable

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2015 R'm** | 2014 R'm | **2015 R'm** | 2014 R'm |
| **Interest-bearing loans to related parties (foreign companies)** | | | | |
| Bunge Senwes International Ltd – incorporated in Mauritius | **84** | 78 | **-** | - |
| Senwes Mauritius Ltd | **-** | - | **-** | - |
| Provision for impairment – Bunge Senwes International as part of Senwes Mauritius Ltd | **(74)** | (63) | **-** | - |
| **Interest-bearing loans to related parties (local companies)** | | | | |
| Bunge Senwes (Pty) Ltd | **35** | 120 | **-** | - |
| Certisure Group | **-** | 1 | **-** | - |
| Hinterland SA (Pty) Ltd | **-** | 34 | **-** | - |
| Senwes Ltd | **-** | - | **7** | 24 |
| Tradevantage Grain (Pty) Ltd | **-** | - | **-** | - |
| Provision for impairment – Bunge Senwes (Pty) Ltd | **(28)** | - | **-** | - |
| **Non-interest-bearing loans to related parties** | | | | |
| Senwes Capital (Pty) Ltd | **-** | - | **-** | - |
| Silo Certs (Pty) Ltd | **3** | 3 | **-** | - |
| Provision for impairment | **(3)** | (3) | **-** | - |
| **Balance at the end of the year** | **17** | 170 | **7** | 24 |

- The loan to Bunge Senwes International Ltd is unsecured, has no fixed repayment terms and bears interest at a fixed rate.
- The loan to Senwes Mauritius Ltd is unsecured, has no fixed repayment terms and bears interest at a prime-linked rate. This loan is in US dollars. The exchange profit recognised on this loan is R8 million (2014: R8 million).
- The loan to Bunge Senwes (Pty) Ltd is unsecured, has no fixed repayment terms and bears interest at a prime-linked rate.
- The loan to the Certisure Group is unsecured, has no fixed repayment terms and bears interest at a prime-linked rate.
- The loan to Hinterland SA (Pty) Ltd is unsecured, has no fixed repayment terms and bears interest at a prime-linked rate.
- The loan of R3,5 million to JD Implements (Pty) Ltd is secured by the shares held by the Tomlinson Trust in JD Implements (Pty) Ltd, has a fixed repayment term of 10 years and bears interest at a prime-linked rate. The loan of R4 million to JD Implements (Pty) Ltd is unsecured, has fixed repayment terms and bears interest at a prime-linked rate. The loan of R2 million to JD Implements (Pty) Ltd is unsecured, has no fixed repayment terms and bears no interest.
- The loan to Senwes Ltd bears interest at a prime-linked rate which was 6.5% at year end (2014 - 6,5%). Senwesbel reinvests its cash in order to earn better returns and it can be withdrawn immediately.
- The loan to Tradevantage Grain (Pty) Ltd is unsecured, has no fixed repayment terms and bears interest at a prime-linked rate.
- The loan to Senwes Capital (Pty) Ltd is unsecured, has no fixed repayment terms but is repayable on demand and bears no interest.
- The loan to Silo Certs (Pty) Ltd is unsecured, interest free with no fixed repayment terms. The total loan to Silo Certs (Pty) Ltd is subordinated to the claims of other creditors.

### 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.

## 4.1.3. Cash and short-term deposits

| | GROUP | |
|---|---|---|
| | **2015 R'm** | 2014 R'm |
| **Cash and short-term deposits** | **13** | 30 |

Cash bears interest at a prime-linked rate on a daily basis and Senwes aims to have a zero balance on the group of bank accounts by sweeping amounts to and from the short-term facilities.

## 4.2. FINANCIAL LIABILITIES

### 4.2.1. Other loans payable

| | GROUP | |
|---|---|---|
| | **2015 R'm** | 2014 R'm |
| *Interest-bearing loans from related parties* | | |
| Certisure Group | **2** | - |
| Grasland Ondernemings (Pty) Ltd | **1** | - |
| Hinterland SA (Pty) Ltd | **32** | - |
| Senwes Capital (Pty) Ltd | **-** | - |
| **Total** | **35** | - |

- The loan from the Certisure Group is unsecured, has no fixed repayment terms and bears interest at a prime-linked rate.
- The loan from Grasland Ondernemings (Pty) Ltd is unsecured, has no fixed repayment terms and bears interest at a prime-linked rate.
- The loan from Hinterland SA (Pty) Ltd is unsecured, has no fixed repayment terms and bears interest at a prime-linked rate.
- 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 | |
|---|---|---|
| | **2015 R'm** | 2014 R'm |
| Short-term loans | **1 039** | 1 262 |
| Commodity finance | **78** | 23 |
| **Total** | **1 117** | 1 285 |

#### SHORT-TERM LOANS

**Absa**

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 R2 000 million available, and at year-end only R979 million had been utilised.

Included in this amount are amounts owing to related parties:

| | GROUP | |
|---|---|---|
| | **2015 R'm** | 2014 R'm |
| Grainovation (Pty) Ltd | **10** | 15 |
| Bunge Senwes (Pty) Ltd | **7** | 42 |
| **Total** | **17** | 57 |

**Land Bank**

The Land Bank facility was repaid during the 2015 financial year.

#### COMMODITY FINANCE

The carrying value of the finance is in accordance with the fair value of the underlying commodities. Commodities which are pledged as security are reflected in note 9. Interest on commodity finance is linked to the sub-prime-linked rate and is capitalised monthly.

### 4.2.3. Non-current interest-bearing loans

| | GROUP | |
|---|---|---|
| | **2015 R'm** | 2014 R'm |
| **Interest-bearing loans** | **1 002** | 652 |

**THE GROUP HAS THE FOLLOWING NON-CURRENT INTEREST-BEARING LOANS:**

- A facility of R650 million with Land Bank, effective from 19 January 2012. The facility was fully utilised as at 30 April 2015. This loan is repayable as a balloon payment on 31 May 2022 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 as at 30 April 2015. This loan is repayable as a balloon payment on 30 April 2018 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 372 million serve as security for the above-mentioned long-term loans.
- The loan of R2 million is payable by JD Implements (Pty) Ltd to the Tomlinson Family Trust. This loan is interest free, has no fixed repayment terms and is unsecured.

# 5. GROUP INVESTMENT IN ASSOCIATES AND JOINT VENTURES

## 5.1. ASSOCIATES

| | | GROUP | |
|---|---|---|---|
| | **NOTES** | **2015 R'm** | 2014 R'm |
| **Silo Certs (Pty) Ltd*** | 5.1.1 | - | 2 |

* ICX platform (Pty) Ltd sold its shares in Silo Certs (Pty) Ltd during September 2014 in equal parts to Senwes Ltd and AFGRI Operations (Pty) Ltd. Senwes Ltd and AFGRI Operations (Pty) Ltd are now equal shareholders. The investment in Silo Certs (Pty) Ltd has been accounted for as a joint venture since 1 September 2014.

Other associates: Grain Silo Industry was liquidated during the year under review. The investment in Grain Silo Industry was immaterial (less than R500 000) and no further disclosure has been made.

### 5.1.1. Silo Certs (Pty) Ltd

The Group has a 50% (2014: 42,5%) interest in Silo Certs (Pty) Ltd ("Silo Certs") since 1 September 2014. 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. Refer to note 5.2.8 for current year summarised information.

| The following is the summarised information of Silo Certs | **2015 R'm** | 2014 R'm |
|---|---|---|
| **Statement of financial position of Silo Certs:** | | |
| Assets | - | 4 |
| Liabilities | - | (6) |
| **Equity** | - | (2) |
| **42,5% proportion of the Group's ownership:** | - | |
| Carrying amount of the investment | - | (1) |
| **The revenue and profit of Silo Certs are as follows:** | | |
| Revenue | - | 3 |
| Profit after taxation | - | 1 |
| **Group's share of profit for the year** | - | - |

# 5.2. JOINT VENTURES

| | NOTES | GROUP 2015 R'm | 2014 R'm |
|---|---|---|---|
| Bunge Senwes (Pty) Ltd | 5.2.1 | **-** | 32 |
| Bunge Senwes International Ltd | 5.2.2 | **-** | - |
| Certisure Group | 5.2.3 | **62** | 62 |
| Grainovation (Pty) Ltd | 5.2.4 | **9** | 7 |
| Grasland Ondernemings (Pty) Ltd | 5.2.5 | **19** | 16 |
| Hinterland SA (Pty) Ltd | 5.2.6 | **119** | 124 |
| Molemi Sele (Pty) Ltd | 5.2.7 | **2** | - |
| Silo Certs (Pty) Ltd | 5.2.8 | **3** | - |
| **Total carrying amount** | | **214** | **241** |

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

| | NOTES | GROUP 2015 R'm | 2014 R'm |
|---|---|---|---|
| Bunge Senwes (Pty) Ltd | 5.2.1 | **(32)** | (6) |
| Certisure Group | 5.2.3 | **7** | 7 |
| Grainovation (Pty) Ltd | 5.2.4 | **2** | 2 |
| Grasland Ondernemings (Pty) Ltd | 5.2.5 | **3** | 2 |
| Hinterland SA (Pty) Ltd | 5.2.6 | **(5)** | 2 |
| Loss of joint venture reclassified to discontinued opperations | 5.2.1 | **32** | 6 |
| **Total profit from joint ventures** | | **7** | 13 |

## 5.2.1 Bunge Senwes (Pty) Ltd

The Group has a 50% interest in Bunge Senwes (Pty) Ltd ("Bunge Senwes"). The main business objective is the importing and exporting of grains, oilseeds and grain related by-products. The financial year-end is the same as the Senwes Group financial year-end. The principal place of business of Bunge Senwes is in Sunninghill, Johannesburg. This investment has been classified as a discontinued operation. Please refer to note 10.

| The following is the summarised financial information of Bunge Senwes: | 2015 R'm | 2014 R'm |
|---|---|---|
| **Statement of financial position of Bunge Senwes:** | | |
| Current assets | **11** | 340 |
| Cash and cash equivalents | **8** | 40 |
| Non-current assets | **-** | 2 |
| Trade payables | **(4)** | (62) |
| Other current liabilities | **(1)** | (2) |
| Non-current liabilities | **(70)** | (240) |
| **Equity** | **(56)** | 78 |
| **50% proportion of the Group's ownership:** | | |
| Carrying amount of the investment | **-** | 32 |
| **The revenue and profit of Bunge Senwes are as follows:** | | |
| Revenue | **3 006** | 3 856 |
| Cost of sales | **(3 043)** | (3 817) |
| Operating expenses | **(21)** | (19) |
| Finance income | **10** | 2 |
| Finance costs | **(45)** | (20) |
| **(Loss)/profit before taxation** | **(93)** | 2 |
| Taxation | **5** | (1) |
| **Profit after taxation** | **(88)** | 1 |
| Group's share of (loss)/profit for the year | **(32)** | 1 |
| Loss adjustment on group level | **-** | (7) |

** The carrying value of the investment is zero due to accumulated joint venture losses accounted against the investment and therefore the remaining loss of R12 million is not recognised as a loss from joint ventures. An increase in the provision for impairment on loan is recognised instead.*

## 5.2.1 Bunge Senwes (Pty) Ltd (continued)

| | 2015 R'm | 2014 R'm |
|---|---|---|
| **Cash and cash equivalents of Bunge Senwes are as follows:** | | |
| Operating | **127** | 94 |
| Investing | **11** | (21) |
| Financing | **(171)** | (61) |
| **Net (decrease)/increase in cash and cash equivalents** | **(33)** | 12 |

## 5.2.2. Bunge Senwes International Ltd

The Group has a 50% interest in Bunge Senwes International Ltd ("BSI"). BSI is the holding company of entities in Malawi, Mozambique, Zambia and Kenya. The core business activity is the trading of agricultural commodities. The financial year-end is the same as the Senwes Group financial year-end. The principal place of business of BSI is in Mauritius. This investment has been classified as a discontinued operation. Please refer to note 10.

The following is the summarised financial information of BSI:

| | 2015 R'm | 2014 R'm |
|---|---|---|
| **Statement of financial position of BSI:** | | |
| Current assets, excluding cash and cash equivalents | **2** | 158 |
| Cash and cash equivalents | **25** | 37 |
| Non-current assets | **41** | 42 |
| Provisions | **-** | (98) |
| Other current liabilities | **(4)** | (33) |
| Non-current liabilities | **(168)** | (155) |
| Non-controlling interest | **-** | 6 |
| **Equity** | **(104)** | (43) |
| | | |
| **50% proportion of the Group's ownership:** | | |
| Carrying amount of the investment* | **-** | - |
| | | |
| **The revenue and profit of BSI are as follows:** | | |
| Revenue | **27** | 359 |
| Cost of sales | **(48)** | (363) |
| Operating expenses | **(20)** | (49) |
| Finance costs | **(15)** | (11) |
| **Loss before taxation** | **(56)** | (64) |
| Taxation | **-** | - |
| **Loss after taxation** | **(56)** | (64) |
| Non-controlling interest share in profit or loss | **6** | 10 |
| **Loss after non-controlling interest** | **(50)** | (54) |
| **Other comprehensive income:** | | |
| Foreign translation reserve | **5** | (1) |
| **Total comprehensive loss** | **(45)** | (55) |
| Group's share of loss for the year * | **-** | - |
| **Cash and cash equivalents of BSI are as follows:** | | |
| Operating | **-** | (5) |
| Investing | **-** | (37) |
| Financing | **-** | 50 |
| **Net increase/(decrease) in cash and cash equivalents** | **-** | 8 |

* A provision was made to fully impair the investment and therefore the loss of BSI is not recognised as a profit or loss from joint ventures. An increase in the provision for impairment on loan is recognised instead.

## 5.2.3. 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 Certisure Group: | 2015 R'm | 2014 R'm |
|---|---|---|
| **Statement of financial position of the Certisure Group:** | | |
| Current assets, excluding cash and cash equivalents | **40** | 40 |
| Cash and cash equivalents | **1** | 8 |
| Non-current assets | **3** | 3 |
| Trade payables | **(3)** | (3) |
| Provisions | **(5)** | (5) |
| Other current liabilities | **(4)** | (11) |
| **Equity** | **32** | 32 |
| **50% proportion of the Group's ownership:** | | |
| Carrying amount of the investment* | **62** | 62 |
| **The revenue and profit of the Certisure Group are as follows:** | | |
| Revenue | **54** | 52 |
| Operating expenses | **(38)** | (34) |
| Finance income | **2** | 1 |
| **Profit before taxation** | **18** | 19 |
| Taxation | **(5)** | (5) |
| **Profit after taxation** | **13** | 14 |
| Group's share of profit for the year | **7** | 7 |
| Dividends received | **(7)** | - |
| **Cash and cash equivalents of the Certisure Group are as follows:** | | |
| Operating | **13** | 15 |
| Investing | **(8)** | (12) |
| Financing | **(13)** | - |
| **Net (decrease)/increase in cash and cash equivalents** | **(8)** | 3 |

*Includes a revaluation of R46 million recognised due to loss of control over a subsidiary

## 5.2.4. 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 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: | 2015 R'm | 2014 R'm |
|---|---|---|
| **Statement of financial position of Grainovation:** | | |
| Current assets, excluding cash and cash equivalents | **15** | 9 |
| Cash and cash equivalents | **10** | 16 |
| Non-current assets | **20** | 24 |
| Provisions | **(1)** | (4) |
| Trade payables | **(13)** | (12) |
| Other current liabilities | **(8)** | (9) |
| Non-current liabilities | **(5)** | (11) |
| **Equity** | **18** | 13 |
| **50% proportion of the Group's ownership:** | | |
| Carrying amount of the investment | **9** | 7 |

## 5.2.4. Grainovation (Pty) Ltd (continued)

| | 2015 R'm | 2014 R'm |
|---|---|---|
| **The revenue and profit of Grainovation are as follows:** | | |
| Revenue | **395** | 306 |
| Cost of sales | **(372)** | (285) |
| Operating expenses, excluding depreciation | **(12)** | (9) |
| Depreciation | **(5)** | (5) |
| Finance costs | **-** | (1) |
| **Profit before taxation** | **6** | 6 |
| Taxation | **(2)** | (2) |
| **Profit after taxation** | **4** | 4 |
| Group's share of profit for the year | **2** | 2 |
| **Cash and cash equivalents of Grainovation are as follows:** | | |
| Operating | **4** | 3 |
| Investing | **-** | - |
| Financing | **(10)** | (10) |
| **Net decrease in cash and cash equivalents** | **(6)** | (7) |

## 5.2.5. Grasland Ondernemings (Pty) Ltd

The Group has a 50% interest in Grasland Ondernemings (Pty) Ltd ("Grasland"). 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 principal place of business of Grasland is in Lichtenburg, in the Northwest province.

| The following is the summarised financial information of Grasland: | 2015 R'm | 2014 R'm |
|---|---|---|
| **Statement of financial position of Grasland:** | | |
| Current assets, excluding cash and cash equivalents | **19** | 20 |
| Cash and cash equivalents | **4** | - |
| Non-current assets | **35** | 37 |
| Trade payables | **(8)** | (8) |
| Other current liabilities | **(2)** | (2) |
| Bank overdraft | **-** | (3) |
| Non-current liabilities | **(14)** | (13) |
| **Equity** | **34** | 31 |
| **50% proportion of the Group's ownership:** | | |
| Carrying amount of the investment | **19** | 16 |
| **The revenue and profit of Grasland are as follows:** | | |
| Revenue | **51** | 37 |
| Cost of sales | **(26)** | (16) |
| Operating expenses, excluding depreciation | **(14)** | (11) |
| Depreciation | **(3)** | (3) |
| Finance costs | **(1)** | (1) |
| **Profit before taxation** | **7** | 6 |
| Taxation | **(2)** | (2) |
| **Profit after taxation** | **5** | 4 |
| Group's share of profit for the year | **3** | 2 |
| Dividends received | **-** | 1 |
| **Cash and cash equivalents of Grasland are as follows:** | | |
| Operating | **10** | (1) |
| Investing | **(1)** | (7) |
| Financing | **(2)** | 9 |
| **Net increase in cash and cash equivalents** | **7** | 1 |

## 5.2.6. Hinterland SA (Pty) Ltd

Senwes and AFGRI merged their retail businesses during the 2014 financial year, namely on 1 June 2013. Senwes contributed its retail business, excluding working capital of R96,5 million which was financed by shareholder loans, and Senwes Capital contributed its retail property to Hinterland in exchange for shares in Hinterland. An equalisation distribution of R93,7 million was made to Senwes as part of this merger transaction. The shares received as consideration were recognised as an investment in Hinterland, which was accounted for as a joint venture. Retail property, plant and equipment of Senwes and Senwes Capital with a book value of R76 million were contributed. Shares to the value of R240 million were issued to the Senwes Group.

A Group profit of R146 million and taxation of R16 million were recognised in profit for the year ended 30 April 2014. This transaction also met the definition of a discontinued operation, refer to note 10, where discontinued operations will be disclosed at company level.

The core business activity of Hinterland is the sale of farming inputs and direct delivery transactions with regard to fuel, fertiliser, seed, etcetera. The financial year-end is the same as the Senwes Group financial year-end. The registered office of the company is the same as Senwes' registered office.

| The following is the summarised financial information of Hinterland: | 2015 R'm | 2014 R'm |
|---|---|---|
| **Statement of financial position of Hinterland:** | | |
| Current assets | **789** | 762 |
| Cash and cash equivalents | **45** | 70 |
| Non-current assets | **720** | 719 |
| Trade payables | **(300)** | (377) |
| Provisions | **(8)** | (4) |
| Other current liabilities | **(561)** | (474) |
| Non-current liabilities | **(79)** | (96) |
| **Equity** | **606** | 600 |
| **50% proportion of the Group's ownership:** | | |
| Cost price of investment | **300** | 300 |
| Acquisition date fair value adjustment | **(60)** | (60) |
| Elimination of unrealised profit on non-monetary assets contributed to joint venture | **(112)** | (112) |
| Accumulated losses and change in ownership | **(4)** | - |
| Carrying amount of investment at the beginning of the year | **124** | 128 |
| Group's share of accumulated profit | **10** | 2 |
| Elimination of profit on intragroup sales | **-** | (1) |
| Loss adjustment on group level* | **(15)** | - |
| Change in ownership – 25% shareholding in Prodist owned by LRB | **-** | (5) |
| **Carrying amount of the investment** | **119** | 124 |
| **The revenue and profit of Hinterland are as follows:** | | |
| Revenue | **2 770** | 2 691 |
| Cost of sales | **(2 285)** | (2 301) |
| Operating expenses, excluding depreciation and amortisation | **(434)** | (368) |
| Depreciation and amortisation | **(14)** | (21) |
| Other income | **13** | 13 |
| Investment income | **1** | 7 |
| Finance costs | **(37)** | (30) |
| **Profit/(loss) before taxation** | **14** | (9) |
| Taxation | **(7)** | 9 |
| **Profit after taxation** | **7** | - |
| Profit/(loss) attributable to: | | |
| Owners of the parent | **19** | 4 |
| Non-controlling interest | **(12)** | (4) |
| Group's share of profit for the year | **10** | 2 |
| Deferred tax adjustment on group level* | **(13)** | - |
| Prior year adjustment* | **(2)** | - |
| **Cash and cash equivalents of Hinterland are as follows:** | | |
| Operation | **(55)** | (395) |
| Investing | **(25)** | (25) |
| Financing | **55** | 491 |
| **Net (decrease)/increase in cash and cash equivalents** | **(25)** | 71 |

## 5.2.7. Molemi Sele (Pty) Ltd

The Group has a 35,7% interest in Molemi Sele (Pty) Ltd. Molemi Sele (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: | 2015 R'm | 2014 R'm |
|---|---|---|
| **Statement of financial position of Molemi Sele:** | | |
| Non-current assets | **4** | - |
| Other current liabilities | **-** | - |
| Non-current liabilities | **-** | - |
| **Equity** | **4** | - |
| **35,7% proportion of the Group's ownership:** | | |
| Carrying amount of the investment | **2** | - |
| **Investment in Guardrisk** | | |
| Cost price of investment | **2** | - |
| Fair value adjustment through other comprehensive income | **-** | - |
| **Fair value of investment** | **2** | - |

## 5.2.8. Silo Certs (Pty) Ltd

The Group has a 50% (2014: 42.5%) interest in Silo Certs (Pty) Ltd ("Silo Certs"). Senwes Ltd acquired additional shares during September 2014 which resulted in a change in investment from associate to joint venture. 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 following is the summarised information of Silo Certs: | 2015 R'm | 2014 R'm |
|---|---|---|
| **Statement of financial position of Silo Certs:** | | |
| Current assets, excluding cash and cash equivalents | **1** | - |
| Cash and cash equivalents | **6** | - |
| Non-current assets | **-** | - |
| Trade payables | **-** | - |
| Other current liabilities | **-** | - |
| Non-current liabilities | **(6)** | - |
| **Equity** | **1** | - |
| **50% proportion of the Group's ownership:** | | |
| Carrying amount of the investment | **3** | - |
| **The revenue and profit of Silo Certs are as follows:** | | |
| Revenue | **4** | - |
| Cost of sales | **(1)** | - |
| Operating expenses, excluding depreciation | **(2)** | - |
| Depreciation | **-** | - |
| Finance costs | **-** | - |
| **Profit before taxation** | **1** | - |
| Taxation | **-** | - |
| **Profit after taxation** | **1** | - |
| Group's share of profit for the year* | **-** | - |

* Less than R1 million

# 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 loan/agreement. Interest rates are market-related and can be variable or fixed, depending on the specific agreement.

| | NOTES | GROUP 2015 R'm | GROUP 2014 R'm |
|---|---|---|---|
| Gross investment in mortgage loans | | **1 175** | 956 |
| Less: Unearned finance income | | **(348)** | (282) |
| Carrying amount | | **827** | 674 |
| Less: Current portion | | **(171)** | (120) |
| **Total loans and other receivables** | 6.1 | **656** | 554 |

## 6.1. MORTGAGE LOANS

| | GROUP 2015 R'm | GROUP 2014 R'm |
|---|---|---|
| Within one year | **171** | 120 |
| After one year but no more than five years | **392** | 348 |
| More than five years | **264** | 206 |
| Carrying amount | **827** | 674 |
| Less: Current portion | **(171)** | (120) |
| **Total** | **656** | 554 |

### 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 Fair value

The Board is of the opinion that the carrying amount of the mortgage loans is a reasonable approximation of the fair value thereof.

# 7. INVENTORY

| | NOTES | GROUP 2015 R'm | GROUP 2014 R'm |
|---|---|---|---|
| Merchandise | 7.1, 7.2 | **762** | 387 |
| Consumables | | **9** | 10 |
| Grain commodities | 7.3, 7.4 | **161** | 34 |
| **Balance at the end of the year** | 7.5 | **932** | 431 |

7.1. Included in merchandise is floor plan inventory of R375 million (2014 – R187 million), which serves as security in terms of an agreement with the relevant supplier of farming equipment.

7.2. Included in the merchandise inventory of the company and Group is an adjustment to net realisable value of R27 million (2014 – R30 million).

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 R84 million (2014 - R23 million).

7.5. Inventory is valued as follows:

| | GROUP | | |
|---|---|---|---|
| | **2015 R'm** | 2014 R'm | **VALUATION METHOD** |
| Merchandise and consumables | **86** | 85 | Weighted average cost price |
| Mechanisation whole goods | **685** | 312 | Specific identification cost |
| Grain commodities | **161** | 34 | Contract price and thereafter at fair value |
| **Balance at the end of the year** | **932** | 431 | |

# 8. TRADE AND OTHER RECEIVABLES

| | | GROUP | |
|---|---|---|---|
| | **NOTES** | **2015 R'm** | 2014 R'm |
| Trade receivables | | **1 738** | 1 722 |
| Production accounts | 8.1 | **1 609** | 1 524 |
| Current accounts | 8.2 | **129** | 198 |
| Current portion of loans and other receivables | 6.1 | **171** | 120 |
| Grain debtors | 8.3 | **273** | 215 |
| Sundry receivables | 8.4 | **59** | 108 |
| Less: Provision for impairment | 8.5 | **(61)** | (48) |
| **Balance at the end of the year** | | **2 180** | 2 117 |

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.

This accounts consists of the following:

| | |
|---|---|
| Summer production credit due | 31 August |
| Winter production credit due | 31 January |
| Animal production credit due | 31 May |

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 the 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. A provision for impairment of R0,5 million (2014 – R nil) is included in the balance. No agency grain debtors were encumbered at year-end (2014 – R nil).

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 lifetime expected credit losses for financial assets for which there have been significant increases in credit risk since initial recognition - whether assessed on an individual or collective basis - considering all reasonable and supportable information, including that which is forward-looking.

Impairment = Total Book x Probability of Default (PD) x Loss Given Default (LGD).

Impairment of a financial asset is dependent on whether the credit risk of financial asset has increased significantly since initial recognition. Indicators of impairment of a financial asset 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 the ability of clients to settle outstanding debt.

**Specifically impaired (legal clients)** – The two most significant indicators of impairment identified in the current financial year are arrears (non-compliance with debtor terms) and the severe drought experienced during the current season that significantly impacted the farmer's turnover.

**Individual impairment assessment** - 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.

**Portfolio impairment (non-legal clients)** – A group impairment assessment: debtors are not individually assesed but debtors with similar credit risks and characteristics are grouped. The entire group is then assessed for impairment. The group impairment % is calculated as follows: Impairment = PD (arrears default % + drought default %) x LGD.

Where there is no specific indicator of impairment i.e. arrears, the debtor will be categorised as a portfolio debtor. Although no specific indicator of impairment exists there are still general factors that will increase the credit risk i.e. drought in the current season. The portfolio impairment is therefore calculated as follows: Impairment = PD (drought default %) x LGD.

As at year-end, a provision of R61 million (2014 – R48 million) was made for the impairment of trade and other receivables, the details of which are as follows:

| | GROUP | |
|---|---|---|
| | **2015 R'm** | 2014 R'm |
| ***Specific impairment*** | **(2)** | (2) |
| Balance at the beginning of the year | **(2)** | (16) |
| Provision during the year | **(1)** | 10 |
| Utilised during the year | **1** | 4 |
| ***Portfolio impairment*** | **(59)** | (46) |
| Balance at the beginning of the year | **(46)** | (30) |
| Provision during the year | **(13)** | (16) |
| Utilised during the year | **-** | - |
| **Total provision for impairment** | **(61)** | (48) |

8.6. Trade and other receivables can be summarised as follows:

| | GROUP 2015 | | | GROUP 2014 | | |
|---|---|---|---|---|---|---|
| | **CURRENT R'm** | DEBT IN ARREARS R'm | **TOTAL R'm** | **CURRENT R'm** | DEBT IN ARREARS R'm | **TOTAL R'm** |
| Trade receivables | **1 670** | **68** | **1 738** | 1 663 | 59 | 1 722 |
| Production accounts | **1 561** | **48** | **1 609** | 1 483 | 41 | 1 524 |
| Current accounts | **109** | **20** | **129** | 180 | 18 | 198 |
| Current portion of loans and other receivables | **140** | **31** | **171** | 114 | 6 | 120 |
| Grain debtors | **273** | **-** | **273** | 215 | - | 215 |
| Sundry receivables | **59** | **-** | **59** | 107 | 1 | 108 |
| Less: Provision for impairment | **(53)** | **(8)** | **(61)** | (42) | (6) | (48) |
| **Total trade and other receivables** | **2 089** | **91** | **2 180** | 2 057 | 60 | 2 117 |

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 arears is a specific provision based on debtors handed over to legal department.

8.7. As security for Senwes' short-term facilities with Absa, all rights and interests in producer debtors and their underlying securities have been ceded and pledged to Absa. The value of security ceded amounts to R1 225 million (2014 – R1 025 million) as at year-end.

# 9. INVENTORY HELD TO SATISFY FIRM SALES

| | | GROUP | |
|---|---|---|---|
| | NOTES | 2015<br>R'm | 2014<br>R'm |
| Inventory held | 9.1 | **323** | 278 |
| **Total inventory held to satisfy firm sales** | | **323** | 278 |

9.1. Inventory held to satisfy firm sales represents inventory purchases on behalf of third parties 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). Variation margins are also set off against these items. Consequently the carrying value is equal to the fair value thereof.

# 10. DISCONTINUED OPERATIONS

## 10.1. 2015

### 10.1.1 Africa activities to be discontinued

The board of Senwes and Bunge Europe approved the decision to discontinue business in Africa during 2014. Senwes and Bunge were equal shareholders in Bunge Senwes International ("BSI"). BSI is the holding company of entities in Malawi, Mozambique and Kenya. The discontinuing of BSI is still in process and will be completed within 12 months. This transaction meets the definition of discontinued operations.

### 10.1.2 Bunge Senwes to be discontinued

The board of Senwes and Bunge Europe approved the decision to discontinue business conducted through Bunge Senwes (Pty) Ltd during 2015. Senwes and Bunge were equal shareholders in Bunge Senwes (Pty) Ltd. The discontinuing of Bunge Senwes (Pty) Ltd will be completed within 12 months. This transaction meets the definition of discontinued operations.

## 10.2. 2014

### 10.2.1 Africa activities to be discontinued

The board of Senwes and Bunge Europe approved the decision to discontinue business in Africa. Senwes and Bunge were equal shareholders in Bunge Senwes International ("BSI"). BSI is the holding company of Malawi, Mozambique and Kenya. The discontinuing of BSI will be completed within 12 months. This transaction meets the definition of discontinued operations.

# Notes to discontinued operations

The results of discontinued operations for the period are presented below:

| | GROUP | | | | | |
|---|---|---|---|---|---|---|
| | 2015 | | | 2014 | | |
| | BUNGE SENWES R'm | AFRICAN COMPANIES R'm | SENWES RETAIL R'm | BUNGE SENWES R'm | AFRICAN COMPANIES R'm | SENWES RETAIL R'm |
| Revenue | - | - | - | - | - | 144 |
| Cost of sales | - | - | - | - | - | (126) |
| Interest income | - | 10 | - | - | 6 | - |
| Expenses | - | - | - | - | (46) | - |
| Impairment | (28) | (10) | - | - | - | (13) |
| Equity loss from joint ventures | (42) | - | - | (6) | (4) | - |
| **(Loss)/profit before taxation from discontinued operations and operations transferred to merger entity** | (70) | - | - | (6) | (44) | 5 |
| Taxation | 10 | 10 | - | - | - | (1) |
| **(Loss)/profit after taxation from discontinued operations and operations to be transferred to merger entity** | (60) | 10 | - | (6) | (44) | 4 |
| **Other comprehensive income** | | | | | | |
| Foreign translation reserve | - | - | - | - | 3 | - |
| **Total comprehensive income** | (60) | 10 | - | (6) | (41) | 4 |

The net cash flow of discontinued operations incurred is as follow:

| | GROUP | | | | | |
|---|---|---|---|---|---|---|
| | 2015 | | | 2014 | | |
| | BUNGE SENWES R'm | AFRICAN COMPANIES R'm | SENWES RETAIL R'm | BUNGE SENWES R'm | AFRICAN COMPANIES R'm | SENWES RETAIL R'm |
| Operating activities | - | - | - | - | 5 | 4 |
| Investing activities | - | - | - | - | - | - |
| **Net cash inflow** | - | - | - | - | 5 | 4 |

Earnings per share from discontinued operations (cents):

| | GROUP | | | | | |
|---|---|---|---|---|---|---|
| | 2015 | | | 2014 | | |
| | BUNGE SENWES R'm | AFRICAN COMPANIES R'm | SENWES RETAIL R'm | BUNGE SENWES R'm | AFRICAN COMPANIES R'm | SENWES RETAIL R'm |
| Earnings per share | (35,6) | 6 | - | (3,7) | (25,1) | 2,2 |
| Normalised headline earnings per share | - | (14,9) | - | - | 1,2 | 2,2 |

# 11. ISSUED CAPITAL

| | GROUP 2015 R'm | GROUP 2014 R'm | COMPANY 2015 R'm | COMPANY 2014 R'm |
|---|---|---|---|---|
| Authorised: | | | | |
| 113 269 462 (2015 and 2014) ordinary shares of 0,516 cents each | **1** | 1 | **1** | 1 |
| Issued: | | | | |
| 119 405 865 (2014 - 119 948 739) ordinary shares of 0,516 cents each | **1** | 1 | **1** | 1 |

During the 2015 financial year Senwesbel Ltd repurchased 542 874 of its own shares at a cost of R4,3 million. The repurchased shares will be cancelled during the 2016 financial year.

# 12. RESERVES

## 12.1. SHARE PREMIUM

| | GROUP 2015 R'm | GROUP 2014 R'm | COMPANY 2015 R'm | COMPANY 2014 R'm |
|---|---|---|---|---|
| **Balance at the end of the year** | **518** | 518 | **518** | 518 |

## 12.2. OTHER RESERVES

### 12.2.1. Equity of subsdiary

| | GROUP 2015 R'm | GROUP 2014 R'm |
|---|---|---|
| Balance at the beginning of the year | **6** | 4 |
| Other comprehensive income | **(3)** | 2 |
| **Balance at the end of the year** | **3** | 6 |

### 12.2.2. Fair value adjustments

| | GROUP 2015 R'm | GROUP 2014 R'm | COMPANY 2015 R'm | COMPANY 2014 R'm |
|---|---|---|---|---|
| Balance at the beginning of the year | **(29)** | (29) | **390** | 386 |
| Fair value adjustments | **-** | - | **57** | 4 |
| **Balance at the end of the year** | **(29)** | (29) | **447** | 390 |

### 12.2.3. Change in ownership

| | GROUP | |
|---|---|---|
| | **2015 R'm** | 2014 R'm |
| Opening balance | **45** | (14) |
| Purchase/(sale) of interest from/to non-controlling shareholders | **2** | (92) |
| Net consideration for interest (paid)/received | **(10)** | 151 |
| **Balance at the end of the year** | **37** | 45 |

During 2015 BSI repurchased the 25% non-controlling interest held in Mozambique. During the 2014 financial year Prodist (Pty) Ltd, a subsidiary of Hinterland SA (Pty) Ltd, issued shares to Mica to obtain a 25% shareholding in Prodist. Hinterland owns 75% of Prodist 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).

### 12.2.4. Share-based payment reserve

| | GROUP | |
|---|---|---|
| | **2015 R'm** | 2014 R'm |
| Balance at the beginning of the year | **-** | - |
| Increase in reserve for the period | **8** | - |
| **Balance at the end of the year** | **8** | - |

# 13. EMPLOYEE BENEFITS

## 13.1. INCENTIVE BONUSES

| | GROUP AND COMPANY | | | | | |
|---|---|---|---|---|---|---|
| | **2015** | | | **2014** | | |
| | **SHORT-TERM R'm** | **LONG-TERM R'm** | **TOTAL R'm** | SHORT-TERM R'm | LONG-TERM R'm | TOTAL R'm |
| Balance at the beginning of the year | **19** | **10** | **29** | 65 | 20 | 85 |
| Increase in provision during the year | **31** | **12** | **43** | 9 | 8 | 17 |
| Utilised during the year | **(10)** | **(8)** | **(18)** | (63) | (10) | (73) |
| Total for the year | **40** | **14** | **54** | 11 | 18 | 29 |
| Short-term portion | **9** | **(9)** | **-** | 8 | (8) | - |
| **Balance at the end of the year** | **49** | **5** | **54** | 19 | 10 | 29 |

The Group has a short-term and a long-term incentive scheme for employees. It is aligned with the objectives and remuneration philosophy of the Group in that a portion of the remuneration is subject to risk. A provision is 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.

## 13.1.2. Cash-settled share-based payment scheme

The long-term incentive scheme is a phantom share scheme, which vests over a three-year period, based on the performance of the Group's shares due to growth in the share price, net asset value and dividends.

The cash-settled share-based payment scheme was converted to a equity settled share-based payment scheme during the 2015 financial year. The last allocation of cash settled shares was done on 1 May 2013 and the final expense will be accounted for in the financial year ending 30 April 2016.

The table below reflects the number of shares, weighted average vested price and movement:

| | GROUP | | | |
|---|---|---|---|---|
| | 2015 | | 2014 | |
| | NUMBER OF SHARES BASED ON THE MARKET VALUE SCHEME | NUMBER OF SHARES BASED ON THE NET ASSET VALUE SCHEME | NUMBER OF SHARES BASED ON THE MARKET VALUE SCHEME | NUMBER OF SHARES BASED ON THE NET ASSET VALUE SCHEME |
| Outstanding at the beginning of the year | **4 047 500** | **4 047 500** | 4 032 500 | 4 032 500 |
| Allocated during the year | - | - | 1 395 000 | 1 395 000 |
| Forfeited during the year | **(270 000)** | **(270 000)** | (135 000) | (135 000) |
| Exercised during the year | **(1 302 500)** | **(1 302 500)** | (1 245 000) | (1 245 000) |
| **Outstanding at the end of the year** | **2 475 000** | **2 475 000** | 4 047 500 | 4 047 500 |

| | MARKET VALUE SCHEME | | |
|---|---|---|---|
| | 1 MAY | | |
| **DATE OF GRANT** | **2014** | 2013 | **2012** |
| Issue price of phantom shares | - | R10,25 | R8,74 |
| Expiry date | - | 30/04/2016 | 30/04/2015 |
| Market price of underlying shares as at 30 April 2015 | - | *R11,46 | *R11,46 |
| Accumulated dividends per share | - | R1,07 | R1,48 |

| | NET ASSET VALUE SCHEME | | |
|---|---|---|---|
| | 1 MAY | | |
| **DATE OF GRANT** | **2014** | 2013 | **2012** |
| Issue price of phantom shares | - | R8,85 | R7,57 |
| Expiry date | - | 30/04/2016 | 30/04/2015 |
| Net asset value of underlying shares as at 30 April 2015 | - | R10,55 | R10,55 |
| Accumulated dividends per share | - | R1,07 | R1,48 |

* The market price is normally the weighted average price which applies from 30 trading days prior to year-end until 20 trading days thereafter, with the condition that at least 500 000 shares should trade during this period. 500 000 shares was traded from 20 February 2015 to 29 May 2015.

The calculation of the liability was based on the following assumptions:

- Risk free rate: 7,3%
- Dividend yield: 5,7%
- Volatility: 30%

At year-end, the carrying value of the cash-settled share-based liability amounted to R14 million (2014 – R18 million).

## 13.2. EQUITY-SETTLED SHARE-BASED PAYMENT SCHEME

During the year a new incentive scheme was introduced whereby Senwes shares will be granted to senior management, which will be held in Trust for the vesting period until vesting of each grant on the vesting date. 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.

During the financial year 1 572 898 (2014 : nil) shares were granted.

The total expense recognised for the year amounts to R14 million (2014 - R nil). The accumulated equity-settled reserve amounts to R14 million.

| | GROUP | |
|---|---|---|
| | **2015 R'm** | 2014 R'm |
| Expense recognised for the period | **14** | - |
| **Total equity-settled share-based payment expense** | **14** | - |

| TRANCHE | NUMBER OF SHARES PER TRANCHE GRANTED | FAIR VALUE PRICE PER SHARE ON GRANT DATE | VESTING DATE |
|---|---|---|---|
| **1** | 1 572 898 | **10,40** | 30 April 2017 |
| **2** | 1 572 898 | **9,99** | 30 April 2018 |
| **3** | 1 572 898 | **9,56** | 30 April 2019 |
| **4** | 1 572 898 | **9,07** | 30 April 2020 |
| **5** | 1 572 898 | **8,54** | 30 April 2021 |
| **6** | 1 572 898 | **8,05** | 30 April 2022 |
| | 9 437 388 | | |

# 14. TRADE AND OTHER PAYABLES

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2015 R'm** | 2014 R'm | **2015 R'm** | 2014 R'm |
| Trade payables | **489** | 249 | **-** | - |
| Other amounts payable | **191** | 152 | **-** | 2 |
| Leave and thirteenth cheque accrual | **25** | 25 | **-** | - |
| **Total trade and other payables** | **705** | 426 | **-** | 2 |

Terms and conditions in respect of trade and other payables:

- Trade payables are payable on different terms ranging from immediate to 90 days after date of statement and are not interest-bearing.
- Other amounts payable have varying short-term payment dates (30 to 90 days) and consists of grain handling and storage income received in advance, PAYE and audit fees.
- Leave and thirteenth cheque payable are accrued on a monthly basis.
- Trade and other payables at amortised cost are also the fair value thereof.

# 15. INCOME TAX

## 15.1. TAX EXPENSE

| | NOTES | GROUP 2015 R'm | GROUP 2014 R'm | COMPANY 2015 R'm | COMPANY 2014 R'm |
|---|---|---|---|---|---|
| SA normal tax – current year | | **( 100)** | ( 52) | **-** | - |
| Increase/(decrease) in deferred tax asset | | **14** | (29) | **-** | - |
| Capital gains tax | | **-** | - | **-** | 14 |
| **Total tax expense** | | **( 86)** | ( 81) | **-** | 14 |
| Discontinued operations to be transferred to merger entity | 10 | **( 20)** | 1 | **-** | - |
| **Total tax of continued operations** | | **( 106)** | ( 80) | **-** | 14 |

## 15.2. DEFERRED TAX ASSET

| | GROUP 2015 R'm | GROUP 2014 R'm |
|---|---|---|
| **The main temporary differences:** | | |
| Property, plant and equipment | **( 16)** | (13) |
| Inventory | **8** | 9 |
| Trade and other receivables | **13** | 11 |
| Provisions | **39** | 24 |
| Investment in joint ventures* | **( 24)** | (25) |
| **Balance at the end of the year** | **20** | 6 |

**Consist of deferred tax on the Hinterland investment and provisions carried over to Hinterland as part of the merger transaction.*

| | GROUP 2015 R'm | GROUP 2014 R'm |
|---|---|---|
| **Reconciliation of deferred tax balance:** | | |
| Balance at the beginning of the year | **6** | 35 |
| Temporary differences - movements during the year | **14** | (29) |
| **Balance at the end of the year** | **20** | 6 |

## 15.3. RECONCILIATION OF THE TAX RATE

| | GROUP 2015 R'm | GROUP 2014 R'm | COMPANY 2015 R'm | COMPANY 2014 R'm |
|---|---|---|---|---|
| Standard tax rate | **28,0** | 28,0 | **28,0** | 28,0 |
| **Adjusted for:** | | | | |
| Non-taxable income | **(6,6)** | (0,6) | **(31,1)** | (20,2) |
| Non-deductable expenses | **4,6** | 6,1 | **3,8** | 3,4 |
| Previous year adjustment | **-** | (0,1) | **-** | - |
| Other | **-** | (0,2) | **-** | - |
| Profit from associates | **-** | (0,1) | **-** | - |
| Items at capital gains tax rate | **-** | (7,9) | **-** | - |
| CFC-income | **-** | 0,1 | **-** | - |
| **Effective tax rate** | **26,0** | 25,3 | **0,7** | 11,2 |

# 16. PROVISIONS

| | GROUP | |
|---|---|---|
| | GRAIN RISK R'm | TOTAL R'm |
| **Balance as at 30 April 2013** | **3** | **3** |
| Decrease in provision during the year | - | - |
| **Balance as at 30 April 2014** | **3** | **3** |
| Increase in provision during the year | **1** | **1** |
| **Balance as at 30 April 2015** | **4** | **4** |

## 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

| | NOTES | GROUP 2015 R'm | 2014 R'm |
|---|---|---|---|
| **17.1. CURRENT ASSETS** | | **68** | 25 |
| - Forward purchase contracts | 21.1.1.2 | **67** | 25 |
| - Safex futures | 21.1.1.2 | **1** | - |
| **17.1. CURRENT LIABILITIES** | | **18** | 72 |
| - Forward purchase contracts | 21.1.1.2 | **18** | 68 |
| - Safex futures | 21.1.1.2 | - | 4 |

# 18. CAPITAL OBLIGATIONS AND CONTINGENT LIABILITIES

## 18.1. CONTINGENT LIABILITIES

No contingent liabilities exist on or after year-end.

## 18.2. COMMITMENTS IN RESPECT OF CAPITAL PROJECTS

| | GROUP 2015 R'm | 2014 R'm |
|---|---|---|
| Already contracted | **28** | 28 |
| Authorised but not yet contracted | **33** | 27 |
| **Total future capital projects** | **61** | 55 |

## 18.3. OPERATING LEASES – MINIMUM LEASE PAYMENTS

The Group has certain non-cancellable operating lease obligations (fixed rental contracts) in respect of equipment and property with an average period of between three and six years.

| | GROUP | |
|---|---|---|
| | **2015 R'm** | 2014 R'm |
| Within one year | **1** | 1 |
| More than one year and within five years | **3** | 3 |
| More than five years | **1** | - |
| **Operating lease obligation** | **5** | 4 |

The capital commitments and operating leases will be financed by net cash flow from operations and/or loans from financial institutions.

# 19. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

## 19.1. DISTRIBUTION, SALES AND ADMINISTRATIVE EXPENSES AND DISCLOSABLE ITEMS

| | GROUP | |
|---|---|---|
| | **2015 R'm** | 2014 R'm |
| Profit from operations is stated after the following: | | |
| Employee cost (including directors' costs) | **( 373)** | ( 335) |
| Bad debt written off | **( 2)** | ( 4) |
| Bad debt recovered | **1** | 3 |
| Water and electricity | **( 40)** | ( 32) |
| Depreciation | **( 38)** | ( 36) |
| Maintenance cost | **( 37)** | ( 37) |
| Operating lease expense | **( 7)** | ( 5) |
| Property | **( 2)** | ( 3) |
| Plant and equipment | **( 5)** | ( 2) |
| Foreign exchange profit | **8** | 8 |
| Profit on disposal of property, plant and equipment | **1** | 1 |
| Profit from merger of retail business | **-** | 146 |
| Increase in provision for grain risk | **( 1)** | - |
| Impairment of investment | **-** | 4 |
| Impairment of loan | **39** | ( 49) |

## 19.2. FINANCE COSTS

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2015 R'm** | 2014 R'm | **2015 R'm** | 2014 R'm |
| Loans from commercial banks | **( 111)** | (99) | **-** | (6) |
| Commodity finance | **( 19)** | (25) | **-** | - |
| Other | **( 7)** | (4) | **-** | - |
| **Total finance costs paid** | **( 137)** | (128) | **-** | (6) |

## 19.3. FINANCE INCOME

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2015 R'm** | 2014 R'm | **2015 R'm** | 2014 R'm |
| Loans and other receivables | **75** | 55 | **1** | 1 |
| Trade receivables | **143** | 121 | **-** | - |
| Other loans to related parties | **41** | 33 | **-** | - |
| Discontinued operations: Africa | **-** | (6) | **-** | - |
| **Total finance income** | **259** | 203 | **1** | 1 |

## 19.4. EMPLOYEE COSTS (EXCLUDING DIRECTORS' COSTS)

| | GROUP | |
|---|---|---|
| | **2015 R'm** | 2014 R'm |
| Total remuneration | **326** | 313 |
| Remuneration and benefits | **280** | 302 |
| Cash-settled incentive bonuses | **34** | 11 |
| Equity settled share-based bonus* | **12** | |
| Pension costs – defined contribution plan | **23** | 21 |
| **Total employee costs** | **349** | 334 |

** Only key personnel qualify for equity-settled share-based scheme*

| | NUMBER | NUMBER |
|---|---|---|
| Permanent employees | **1 388** | 1 335 |
| Temporary employees | **94** | 108 |
| **Employees at the end of the year** | **1 482** | 1 443 |

## 19.5 MOVEMENT IN PROVISION FOR IMPAIRMENT

| | | GROUP | |
|---|---|---|---|
| | NOTES | **2015 R'm** | 2014 R'm |
| **Investments** | | | |
| Senwes Mauritius Ltd | 19.5.1 | **-** | - |
| Bunge Senwes International Ltd - Mauritius | 19.5.1 | **-** | ( 4) |
| Bunge Senwes (Pty) Ltd - Johannesburg | 19.5.2 | **-** | - |
| **Other loans receivable** | | | |
| Mauritius Ltd | 19.5.1 | **-** | - |
| Bunge Senwes International Ltd - Mauritius | 19.5.1 | **11** | 49 |
| Bunge Senwes (Pty) Ltd - Johannesburg | 19.5.2 | **28** | - |
| **Total impairment provision in profit or loss** | | **39** | 45 |

## 19.5.1. Senwes Mauritius Ltd

Senwes Mauritius Ltd is a full subsidiary of Senwes Ltd. Senwes Mauritius Ltd holds 50% in Bunge Senwes International Ltd (BSI). BSI is the holding company of the following operating entities: Malawi, Zambia and Mozambique. These African companies are generating losses and a decision was made in the previous financial year to liquidate these entities.

The liquidation value of the underlying assets were determined on each reporting date. The value of the assets less liabilities indicated that BSI will not generate sufficient cash to settle its loan to Senwes Mauritius or for Senwes Mauritius to recover its investments. This is also an indication that Senwes Mauritius will not be able to repay its loan to Senwes nor will Senwes be able to recover its investment.

The recoverable amount is based on the liquidation value of the underlying assets. This is regarded as a level 3 valuation.

| INVESTMENTS | | | | | | |
|---|---|---|---|---|---|---|
| | 2015 | | | 2014 | | |
| ENTITIES | CARRYING VALUE OF INVESTMENT R'm | CARRYING VALUE OF IMPAIRMENT PROVISION R'm | FAIR VALUE OF INVESTMENT R'm | CARRYING VALUE OF INVESTMENT R'm | CARRYING VALUE OF IMPAIRMENT PROVISION R'm | FAIR VALUE OF INVESTMENT R'm |
| BSI Ltd (Group) | **14** | **( 14)** | **-** | 14 | ( 14) | - |

| OTHER LOANS RECEIVABLE | | | | | | |
|---|---|---|---|---|---|---|
| | 2015 | | | 2014 | | |
| ENTITIES | CARRYING VALUE OF LOAN R'm | CARRYING VALUE OF IMPAIRMENT PROVISION R'm | FAIR VALUE OF LOAN R'm | CARRYING VALUE OF LOAN R'm | CARRYING VALUE OF IMPAIRMENT PROVISION R'm | FAIR VALUE OF LOAN R'm |
| BSI Ltd (Group) | **84** | **( 74)** | **10** | 78 | ( 63) | 15 |

## 19.5.2. Bunge Senwes (Pty) Ltd - Johannesburg

The recoverable amount of the investment was based on the net asset value of the entity. This is regarded as a level 3 valuation.

The loan can be considered to be part of the investment in joint venture and the provision was determined on the same basis as the investment in shares.

| INVESTMENTS | | | | | | |
|---|---|---|---|---|---|---|
| | 2015 | | | 2014 | | |
| ENTITIES | CARRYING VALUE OF INVESTMENT R'm | CARRYING VALUE OF IMPAIRMENT PROVISION R'm | FAIR VALUE OF INVESTMENT R'm | CARRYING VALUE OF INVESTMENT R'm | CARRYING VALUE OF IMPAIRMENT PROVISION R'm | FAIR VALUE OF INVESTMENT R'm |
| Bunge Senwes (Pty) Ltd - Johannesburg (Group) | **43** | **( 43)** | **-** | 43 | (11) | 32 |

| OTHER LOANS RECEIVABLE | | | | | | |
|---|---|---|---|---|---|---|
| | 2015 | | | 2014 | | |
| ENTITIES | CARRYING VALUE OF LOAN R'm | CARRYING VALUE OF IMPAIRMENT PROVISION R'm | FAIR VALUE OF LOAN R'm | CARRYING VALUE OF LOAN R'm | CARRYING VALUE OF IMPAIRMENT PROVISION R'm | FAIR VALUE OF LOAN R'm |
| Bunge Senwes (Pty) Ltd - Johannesburg (Group) | **35** | **( 28)** | **7** | 120 | - | 120 |

# 20. OTHER OPERATING INCOME

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2015 R'm** | 2014 R'm | **2015 R'm** | 2014 R'm |
| Dividends received | **1** | 2 | **43** | 61 |
| Profit with sale of shares in Senwes Ltd | **-** | - | **-** | 72 |
| Treacle legal cost recouped | **-** | 2 | **-** | 2 |
| **Total other investment income** | **1** | 4 | **43** | 135 |

# 21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's overall risk management programme focuses on the unpredictability of financial 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. 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 is monitored daily and reported to appropriate senior management. The net open position as at 30 April 2015 is not material.

#### 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 future. The forward sales contracts represent contracts with clients for the sale of physical commodities in future.

#### 21.1.1.3. FOREIGN EXCHANGE RISK

The Group has minimal exposure to fluctuations in mainly the Rand/USD 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.

Foreign exchange contracts are concluded for specific transactions to hedge against fluctuations in exchange rates. The currency risk on group level was R nil as at 30 April 2015 (2014 – R nil). 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.

| | GROUP | | |
|---|---|---|---|
| | 2015 | | |
| **Interest rate risk** | **ASSETS R'm** | NON-INTEREST EARNING ASSETS R'm | **INTEREST EARNING ASSETS R'm** |
| Inventory | **932** | **932** | **-** |
| Trade and other receivables (current) | **2 180** | **95** | **2 085** |
| Loans and other receivables (non-current) | **656** | **-** | **656** |
| Inventory held to satisfy firm sales | **323** | **323** | **-** |
| Cash and short-term deposits | **13** | **-** | **13** |
| Other | **85** | **-** | **85** |
| **Total** | **4 189** | **1 350** | **2 839** |
| Interest-bearing liabilities | | | **(2 161)** |
| **Net exposure to interest rate risk (limited to R nil)** | | | **-** |

| | GROUP | | |
|---|---|---|---|
| | 2014 | | |
| **Interest rate risk** | **ASSETS R'm** | NON-INTEREST EARNING ASSETS R'm | **INTEREST EARNING ASSETS R'm** |
| Inventory | 431 | 431 | - |
| Trade and other receivables (current) | 2 117 | 101 | 2 016 |
| Loans and other receivables (non-current) | 554 | - | 554 |
| Inventory held to satisfy firm sales | 278 | 278 | - |
| Cash and short-term deposits | 30 | - | 30 |
| Other | 195 | - | 195 |
| **Total** | 3 605 | 810 | 2 795 |
| Interest-bearing liabilities | | | (1 961) |
| **Net exposure to interest rate risk (limited to R nil)** | | | - |

Interest costs are naturally hedged in instances where interest-earning assets exceed interest-bearing liabilities. Interest rates are hedged by means of financial instruments in times of high volatility or when interest-bearing liabilities significantly exceed interest-earning assets.

**SENSITIVITY OF INTEREST RATES**

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

| | GROUP | | | |
|---|---|---|---|---|
| | 2015 | | 2014 | |
| | INCREASE / (DECREASE) % | (INCREASE) / DECREASE INTEREST EXPENSES BEFORE TAX R'm | INCREASE / (DECREASE) % | (INCREASE) / DECREASE INTEREST EXPENSES BEFORE TAX* R'm |
| Commodity financing | **2%** | **(1.6)** | 2% | (0.5) |
| | **1%** | **(0.8)** | 1% | (0.2) |
| | **(1)%** | **0.8** | (1)% | 0.2 |
| | **(2)%** | **1.6** | (2)% | 0.5 |
| Short-term rate | **2%** | **(20.4)** | 2% | (25.2) |
| | **1%** | **(10.2)** | 1% | (12.6) |
| | **(1)%** | **10.2** | (1)% | 12.6 |
| | **(2)%** | **20.4** | (2)% | 25.2 |
| Long-term rate | **2%** | **(20.0)** | 2% | (13.0) |
| | **1%** | **(10)** | 1% | (6.5) |
| | **(1)%** | **10** | (1)% | 6.5 |
| | **(2)%** | **20** | (2)% | 13.0 |

## 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 value at risk mentioned below is calculated as follows:

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.
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.

| | GROUP | |
|---|---|---|
| | 2015 R'm | 2014 R'm |
| Gross exposure | **744** | 723 |
| Concentration decreased due to better credit spread and distribution | **(190)** | (301) |
| **Value at risk of producer debtors (VaR)** | **554** | 422 |

The value at risk of R554 million (2014 – R422 million) was calculated before taking into account the statement of financial position of clients. The book increased by R190 million and the VaR increased by R132 million (31,3%) from 2014 and can be attributed to more first grade securities (covering bonds) vested. All credit was approved according to the credit policy. This is an indication that the profiles of new clients are the same as the profiles of existing clients. An additional provision for bad debt of R0,7 million (2014: R6,4 million) was created (according to IFRS 9) to provide for the increased VaR.

The above values at risk are 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

| Stratification of the client base to the extent of credit extended | GROUP 2015 EXPOSURE OF BOOK | GROUP 2015 ARREARS | GROUP 2014 EXPOSURE OF BOOK | GROUP 2014 ARREARS |
|---|---|---|---|---|
| R1 – R500 000 | **5.42%** | **12.15%** | 3.15% | 15.73% |
| R500 000 – R1 250 000 | **7.68%** | **14.86%** | 4.17% | 7.36% |
| R1 250 000 – R3 000 000 | **15.16%** | **10.34%** | 16.22% | 1.84% |
| R3 000 000 – R5 000 000 | **18.61%** | **14.31%** | 19.63% | 2.88% |
| R5 000 000 – R12 500 000 | **22.14%** | **11.61%** | 25.63% | 0.87% |
| Above R12 500 000 | **30.79%** | **10.51%** | 29.14% | 0.64% |
| Legal clients | **0.20%** | **37.30%** | 2.06% | 66.68% |
| **Total** | **100.00%** | | 100.00% | |

The total arrears for 2015 amounted to 11.91% (2014: 3.45%).

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.

## CATEGORISATION

| Distribution of debtors by category | GROUP 2015 TRADE DEBTORS | GROUP 2014 TRADE DEBTORS |
|---|---|---|
| Category 1 | **32.12%** | 44.20% |
| Category 2 | **49.36%** | 44.75% |
| Category 3 | **11.20%** | 6.81% |
| Category 4 | **0.89%** | 0.02% |
| Other | **4.24%** | 2.79% |
| Legal clients | **2.19%** | 1.43% |
| **Total** | **100.00%** | 100.00% |

The different categories are defined as follows:

Category 1 client: Top clients in the market with an excellent credit history, balance sheet, financial position and repayment ability.

Category 2 client: Top quartile clients (with the exclusion of category 1 clients) in the market with a good credit history, sound financial position and excellent repayment ability.

Category 3 & 4 client: Represents a broad client base varying from beginner farmers with relatively poor balance sheets to producers involved in a fight for survival. Senwes' policy only provides for this category in circumstances which include a high security position, specific tailor-made low risk financing products and where Senwes is of the opinion that the client should be able to recover to a stronger position.

Other: Accounts are evaluated on the basis on which the account is handled.

## COUNTER-PARTY RISK

The credit crunch raises generic questions regarding the ability and appetite of financiers for funding. Absa, Land Bank 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. The remaining undiscounted cash flows are as follows:

| | GROUP | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2015 | | | | | | |
| | 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** | **-** | **-** | **-** | **-** | **350** | **650** |
| Interest on interest-bearing loans | **371** | **6** | **6** | **25** | **37** | **195** | **102** |
| Long-term incentive bonuses | **5** | **-** | **-** | **-** | **-** | **5** | **-** |
| Other | **207** | **-** | **-** | **-** | **-** | **-** | **207** |
| **Total non-current liabilities** | **1 583** | **6** | **6** | **25** | **37** | **550** | **959** |
| **Current liabilities** | | | | | | | |
| Interest-bearing loans | **1 117** | **-** | **78** | **-** | **1 039** | **-** | **-** |
| Interest on interest-bearing loans | **19** | **2** | **2** | **6** | **9** | **-** | **-** |
| Trade and other payable | **740** | **515** | **215** | **10** | **-** | **-** | **-** |
| Other | **77** | **-** | **-** | **70** | **7** | **-** | **-** |
| **Total current liabilities** | **1 935** | **517** | **295** | **86** | **1 055** | **-** | **-** |
| **Total liabilities, including interest payable** | **3 536** | **523** | **301** | **111** | **1 092** | **550** | **959** |

| | GROUP | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2014 | | | | | | |
| | 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 | 650 | - | - | - | - | - | 650 |
| Interest on interest-bearing loans | 327 | 4 | 4 | 15 | 23 | 185 | 96 |
| Long-term incentive bonuses | 10 | - | - | - | - | 10 | - |
| Other | 2 | - | - | - | - | - | 2 |
| **Total non-current liabilities** | 989 | 4 | 4 | 15 | 23 | 195 | 748 |
| **Current liabilities** | | | | | | | |
| Interest-bearing loans | 1 285 | - | 23 | - | 1 262 | - | - |
| Interest on interest-bearing loans | 23 | 2 | 2 | 8 | 11 | - | - |
| Trade and other payables | 447 | 312 | 135 | - | - | - | - |
| Other | 99 | - | - | 75 | 24 | - | - |
| **Total current liabilities** | 1 854 | 314 | 160 | 83 | 1 297 | - | - |
| **Total liabilities, including interest payable** | 2 843 | 318 | 164 | 98 | 1320 | 195 | 748 |

## 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.
- 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.
- 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 BEE-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.

**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.

### 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 company 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 exposed to income volatility as a result of adverse weather and climate events. These events influence the volume of grain produced in the Senwes area which, in turn, reduces storage income and producer profitability. The income volatility of a catastrophic climate event is mitigated by utilising 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, 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 ASSOCIATES

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 summarise 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 2015 | | | |
|---|---|---|---|---|---|
| | | CARRYING AMOUNT AS AT 30 APRIL 2015 | QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL INSTRUMENTS | OTHER SIGNIFICANT OBSERVABLE INPUTS | SIGNIFICANT UNOBSERVABLE INPUTS |
| | | TOTAL | LEVEL 1 | LEVEL 2 | LEVEL 3 |
| **Recurring measurements** | **NOTES** | **R'm** | R'm | **R'm** | R'm |
| *Assets* | | | | | |
| Grain commodities | 7 | **161** | **161** | **-** | **-** |
| Inventory held to satisfy firm sales | 9 | **323** | **323** | **-** | **-** |
| Investment in Suidwes Holdings | 4.1.1 | **4** | **-** | **4** | **-** |
| Forward purchase contracts | 17.1 | **67** | **67** | **-** | **-** |
| Safex futures | 17.1 | **1** | **1** | **-** | **-** |
| **Total assets** | | **556** | **552** | **4** | **-** |
| *Liabilities* | | | | | |
| Commodity finance | 4.2.2 | **78** | **78** | **-** | **-** |
| Forward purchase contracts | 17.2 | **18** | **18** | **-** | **-** |
| **Total liabilities** | | **96** | **96** | **-** | **-** |

*Accounts receivable, loans receivable and loans payable at amortised cost are also the fair value thereof.*

| | | FAIR VALUE AS AT 30 APRIL 2014 | | | |
|---|---|---|---|---|---|
| | | CARRYING AMOUNT AS AT 30 APRIL 2014 | QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL INSTRUMENTS | OTHER SIGNIFICANT OBSERVABLE INPUTS | SIGNIFICANT UNOBSERVABLE INPUTS |
| | | TOTAL | LEVEL 1 | LEVEL 2 | LEVEL 3 |
| **Recurring measurements** | **NOTES** | **R'm** | R'm | **R'm** | R'm |
| *Assets* | | | | | |
| Grain commodities | 7 | 34 | 34 | - | - |
| Inventory held to satisfy firm sales | 9 | 278 | 278 | - | - |
| Investment in Suidwes Holdings | 4.1.1 | 4 | - | 4 | - |
| Forward purchase contracts | 17.1 | 25 | 25 | - | - |
| **Total assets** | | 341 | 337 | 4 | - |
| *Liabilities* | | | | | |
| Commodity finance | 4.2.2 | 23 | 23 | - | - |
| Forward purchase contracts | 17.2 | 68 | 68 | - | - |
| Safex futures | 17.2 | 4 | 4 | - | - |
| **Total liabilities** | | 95 | 95 | - | - |

*Accounts receivable, loans receivable and loans payable at amortised cost are also the fair value thereof.*

**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.

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

**Foreign currency collar**

The mark to market is determined by using the closing mid-market rate on the day as well as the mid-market forward points and vols. This is done to accommodate both buyers and sellers with no differentiation between the two. It is also not a tradable price but a fair value of market traded on that specific day in the past.

**Suidwes Holdings Ltd**

Suidwes Holdings' shares 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.

# 22. EARNINGS PER SHARE AND DIVIDENDS

## 22.1. EARNINGS PER SHARE

The following calculations are based on a weighted average number of 119 405 865 (2014 – 119 948 739) shares. The earnings were calculated on profit attributable to shareholders..

22.1.1. Earnings per share is based on a profit of R127 million (2014 – R133 million) attributable to ordinary shares.

22.1.2. Normalised headline earnings per share is based on a profit of R154 million (2014 – R91 million). Normalised headline earnings is HEPS as defined by the JSE, but adjusted with abnormal/once off items to obtain a sustainable profit after taxation.

22.1.3. Reconciliation between earnings and normalised headline earnings is as follow:

| | GROUP | |
|---|---|---|
| | **2015 R'm** | 2014 R'm |
| Earnings per statement of comprehensive income | **127** | 133 |
| Adjustments: | | |
| Impairment and adjustments of silos and other buildings | **(1)** | - |
| Profit on foreign exchange | **(4)** | (4) |
| Profit from sale of property, plant and equipment | **(1)** | (1) |
| Impairment of investments and loans | **20** | 25 |
| Equity losses attributable to discontinued operations | **13** | - |
| Profit from merger of retail business | **-** | (71) |
| Restructuring costs | **-** | 9 |
| **Normalised headline earnings** | **154** | 91 |
| Earnings per share (cents) | **106,3** | 110,8 |
| Normalised headline earnings per share (cents) | **128,9** | 75,9 |

*All adjustments are stated on an after-tax basis.*

## 22.2. DIVIDENDS PAID AND PROPOSED

| | COMPANY | |
|---|---|---|
| | **2015 R'm** | 2014 R'm |
| Declared and paid during the year: | | |
| Dividends on ordinary shares: | | |
| Final dividend 2014 – 17 cents (2013 – 15 cents) | **20** | 18 |
| Interim dividend 2015 - 16 cents (2014 - 24 cents) | **19** | 29 |
| **Total dividends paid** | **39** | 47 |
| Proposed for approval at the annual general meeting (not recognised as a liability as at 30 April) | | |
| Dividends on ordinary shares: | | |
| **Final dividend 2015 – 16 cents (2014 - 17 cents)** | **19** | 20 |

# 23. RELATED PARTY TRANSACTIONS

## 23.1. SUBSIDIARIES

The financial statements include the financial results of the subsidiaries listed. The table below reflects the total of transactions per subsidiary.

| COMPANY | | | | |
|---|---|---|---|---|
| 2015 | | | | |
| SUBSIDIARIES | TRANSACTIONS INCLUDE | % INTEREST | INCOME RECEIVED/ (PAID) R'm | AMOUNTS OWED (TO)/BY SUBSIDIARIES R'm |
| Senwes Ltd | Interest and dividends received | **51,6%** | **44** | **7** |

| COMPANY | | | | |
|---|---|---|---|---|
| 2014 | | | | |
| SUBSIDIARIES | TRANSACTIONS INCLUDE | % INTEREST | INCOME RECEIVED/ (PAID) R'm | AMOUNTS OWED (TO)/BY SUBSIDIARIES R'm |
| Senwes Ltd | Interest and dividends received | 51,1% | 62 | 24 |

Senwesbel Limited received dividends of R43 million (2014 – R61 million) from Senwes Limited. Senwesbel Limited received interest of R1 million (2014 – R1 million) from Senwes Limited.

| GROUP | | | | |
|---|---|---|---|---|
| 2015 | | | | |
| SUBSIDIARIES | TRANSACTIONS INCLUDE | % INTEREST | INCOME RECEIVED/ (PAID) R'm | AMOUNTS OWED (TO)/BY SUBSIDIARIES R'm |
| JD Implements (Pty) Ltd | Revenue from sale of mechanisation whole goods and interest received | **50,0%** | **3** | **9** |
| Senwes Agrowth (Pty) Ltd (Group) | Revenue from sale of grain, interest received, interest paid and service level agreement income | **73,5%** | **3 859** | **244** |
| Senwes Capital (Pty) Ltd | Interest and rent paid | **100%** | **(21)** | **78** |
| Senwes Mauritius Ltd | Interest received | **100%** | **4** | **11** |
| **Total** | | | **3 845** | **342** |

| GROUP | | | | |
|---|---|---|---|---|
| 2014 | | | | |
| SUBSIDIARIES | TRANSACTIONS INCLUDE | % INTEREST | INCOME RECEIVED/ (PAID) R'm | AMOUNTS OWED (TO)/BY SUBSIDIARIES R'm |
| JD Implements (Pty) Ltd | Revenue from sale of mechanisation whole goods and interest received | 50% | 29 | 7 |
| Senwes Agrowth (Pty) Ltd (Group) | Revenue from sale of grain, interest received, interest paid and service level agreement income | 73,5% | 1 601 | 247 |
| Senwes Capital (Pty) Ltd | Interest and rent paid | 100% | (16) | 95 |
| Senwes Mauritius Ltd | Interest received | 100% | 5 | 100 |
| **Total** | | | 1 619 | 449 |

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

## 23.2. ASSOCIATES AND JOINT VENTURES

Details of transactions are listed in the table below. Transactions with related parties include:

| | |
|---|---|
| Silo Certs (Pty) Ltd | Costs relating to silo certificates |
| Bunge Senwes (Pty) Ltd | Revenue from sale of grain, interest received, interest paid and service level agreement income |
| Certisure Group | Interest received and service level agreement income |
| Grainovation (Pty) Ltd | Transport costs, interest paid and service level agreement income |
| Grasland Ondernemings (Pty) Ltd | Purchasing of lime |
| Hinterland SA (Pty) Ltd | Service level agreement income and expenses and interest received |

| GROUP | | | | | | |
|---|---|---|---|---|---|---|
| | 2015 | 2014 | 2015 R'm | 2014 R'm | 2015 R'm | 2014 R'm |
| ENTITIES | % INTEREST | | TRANSACTIONS WITH RELATED PARTIES | | AMOUNTS OWED BY/(TO) ENTITIES | |
| **Associates** | | | | | | |
| Grain Silo Industry (Pty) Ltd | - | 26% | - | - | - | - |
| Silo Certs (Pty) Ltd | - | 42,5% | - | (1) | - | - |
| **Joint Ventures** | | | | | | |
| Bunge Senwes (Pty) Ltd | **50%** | 50% | **1 863** | 2 349 | **28** | 105 |
| Bunge Senwes International Ltd | **50%** | 50% | **3** | 6 | **84** | 78 |
| Certisure Group | **50%** | 50% | **(2)** | 1 | **(2)** | (24) |
| Grainovation (Pty) Ltd | **50%** | 50% | **(252)** | (296) | **(10)** | 15 |
| Grasland Ondernemings (Pty) Ltd | **50%** | 50% | **-** | (3) | **(1)** | - |
| Hinterland SA (Pty) Ltd | **50%** | 50% | **42** | 22 | **(44)*** | 34 |
| Silo Certs (Pty) Ltd | **50%** | - | **-** | - | **-** | - |

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

**The amount owed to Hinterland is shown as the net of a R32 million loan payable, R27 million sundry payables and a R13 million sundry receivables.*

## 23.3. TRADE RECEIVABLES – DIRECTORS

These comprise of production credit 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 | |
|---|---|---|
| | **2015 R'm** | 2014 R'm |
| **Related parties – trade and other accounts receivable** | **15** | 24 |

## 23.4. DIRECTORS' REMUNERATION (NON-EXECUTIVE)

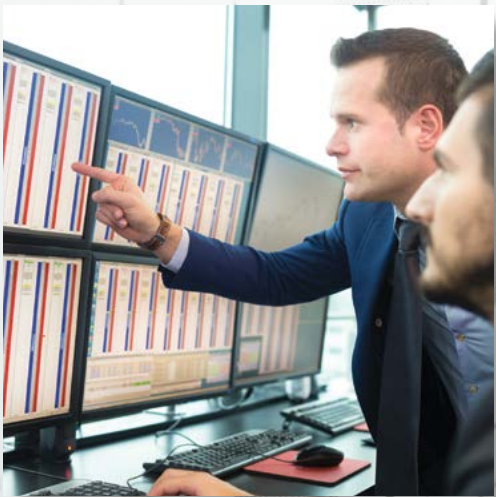
| | COMPANY | |
|---|---|---|
| | **2015 R'm** | 2014 R'm |
| **Non-executive directors** | **1** | 0,8 |

## 23.5. CASH-SETTLED SHARE-BASED TRANSACTION

For information regarding the cash-settled share-based transactions of executive directors, refer to note 13.1.2.

## 23.6. EQUITY-SETTLED SHARE-BASED TRANSACTION

For information regarding the equity-settled share-based transactions of executive directors, refer to note 13.2.



## 23.7. INFORMATION ON DIRECTORS' SHAREHOLDING

**DIRECTORS' DIRECT AND INDIRECT INTERESTS IN THE COMPANY:**

| | COMPANY | | | |
|---|---|---|---|---|
| | 2015 | | 2014 | |
| | NUMBER OF SHARES | % OF TOTAL SHARES | NUMBER OF SHARES | % OF TOTAL SHARES |
| ***Direct*** | | | | |
| Non-executive directors | **8 921 409** | **7,5** | 8 504 587 | 7,1 |
| ***Indirect*** | | | | |
| Non-executive directors | **16 277 784** | **13,6** | 15 011 132 | 12,5 |
| **Total direct and indirect interest** | **25 199 193** | **21,1** | 23 515 719 | 19,6 |

| | COMPANY | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2015 | | | | 2014 | | | |
| **Portfolio size** | NUMBER OF SHARE-HOLDERS | % | NUMBER OF SHARES | % | NUMBER OF SHARE-HOLDERS | % | NUMBER OF SHARES | % |
| 1-1 000 | **612** | **28.29** | **229 822** | **0.22** | 743 | 28.29 | 266 054 | 0.22 |
| 1 001-5 000 | **514** | **23.04** | **1 300 477** | **1.29** | 605 | 23.04 | 1 544 693 | 1.29 |
| 5 001-30 000 | **773** | **31.04** | **11 222 524** | **9.85** | 815 | 31.04 | 11 818 939 | 9.85 |
| 30 001-100 000 | **308** | **12.41** | **16 530 104** | **14.57** | 326 | 12.41 | 17 478 906 | 14.57 |
| 100 001-and over | **134** | **5.22** | **90 122 938** | **74.07** | 137 | 5.22 | 88 840 147 | 74.07 |
| **Total** | **2 341** | **100.00** | **119 405 865** | **100.00** | 2 626 | 100.00 | 119 948 739 | 100.00 |

**THE FIVE LARGEST SHAREHOLDERS AT YEAR-END ARE AS FOLLOWS:**

| | COMPANY | |
|---|---|---|
| | 2015 | |
| | NUMBER OF SHARES | % INTEREST |
| JDM Minnaar | **11 278 543** | **9.40%** |
| JE Grobler | **10 972 430** | **9.15%** |
| WH van Zyl | **7 727 387** | **6.44%** |
| Langgeluk Beleggings (Pty) Ltd | **4 474 994** | **3.73%** |
| JJ Minnaar | **4 136 956** | **3.45%** |

**SHAREHOLDING OF DIRECTORS:**

| | COMPANY | |
|---|---|---|
| | NUMBER OF SHARES | |
| | 2015 | 2014 |
| AJ Kruger | **877 128** | 822 128 |
| NDP Liebenberg | **1 000 000** | 1 000 000 |
| JDM Minnaar | **11 278 543** | 10 220 463 |
| JJ Minnaar | **4 136 956** | 4 086 956 |
| TF van Rooyen | **179 179** | 94 220 |
| WH van Zyl | **7 727 387** | 7 291 952 |

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

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2015 R'm** | 2014 R'm | **2015 R'm** | 2014 R'm |
| Profit before tax from continuing operations | **397** | 366 | **38** | 122 |
| Profit before tax from discontinued operations to be transferred to merger entity | **(70)** | (46) | **-** | - |
| **Profit before tax** | **327** | 320 | **38** | 122 |
| Non-cash adjustments to reconcile profit before tax to net cash flows: | **242** | (151) | **(44)** | (130) |
| Foreign exchange profit/(loss) | **(8)** | (8) | **-** | - |
| Depreciation | **38** | 36 | **-** | - |
| Increase in provisions | **1** | 6 | **-** | - |
| Finance costs | **137** | 128 | **-** | 6 |
| Impairment of investments | **39** | 45 | **-** | - |
| Profit/(loss) from associates and joint ventures | **25** | (3) | **-** | - |
| Profit from merger of retail business | **-** | (146) | **-** | - |
| Profit on disposal of property, plant and equipment | **(1)** | (1) | **-** | - |
| Reversal of impairment of property, plant and equipment | **(2)** | - | **-** | - |
| Profit with sale of available-for-sale financial assets | **-** | (1) | **-** | (72) |
| Finance income | **-** | (203) | **(1)** | (1) |
| Other operating income: dividends received | **(1)** | (4) | **(43)** | (63) |
| Equity-settled share-based payment expense | **14** | - | **-** | - |
| **Cash from operating activities** | **569** | 169 | **(6)** | (8) |

# 25. CHANGES IN OPERATING CAPITAL

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2015 R'm** | 2014 R'm | **2015 R'm** | 2014 R'm |
| (Increase)/decrease in inventory | **(499)** | 196 | **-** | - |
| Increase in trade and other receivables | **(179)** | (284) | **-** | - |
| (Increase)/decrease in inventory held to satisfy firm sales | **(45)** | 11 | **-** | - |
| Increase/(decrease) in trade and other payables | **210** | (126) | **(2)** | 2 |
| Increase in interest-bearing current loans | **182** | 170 | **-** | - |
| **Changes in operating capital** | **(331)** | (33) | **(2)** | 2 |

# 26. TAX PAID

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2015 R'm** | 2014 R'm | **2015 R'm** | 2014 R'm |
| Tax payable at the beginning of the year | **(5)** | 1 | **-** | 1 |
| Deferred tax asset at the beginning of the period | **6** | 35 | **-** | - |
| Amounts debited in profit and loss* | **(86)** | (81) | **-** | (1) |
| Deferred tax asset at the end of the period | **(20)** | (6) | **-** | - |
| Tax (receivable)/payable at the end of the year | **7** | 4 | **-** | - |
| **Tax paid** | **(98)** | (47) | **-** | - |

**Including tax relating to assets and liabilities held-for-sale and discontinued operations.*

# 27. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

| | GROUP | |
|---|---|---|
| | **2015 R'm** | 2014 R'm |
| Land | **-** | - |
| Silos | **(7)** | (7) |
| Buildings and improvements | **(14)** | (4) |
| Machinery and equipment | **(60)** | (36) |
| Vehicles | **(8)** | (9) |
| **Total acquisition of property, plant and equipment** | **(89)** | (56) |
| Represented by: | **(89)** | (56) |
| Acquisition to increase operating capacity | **(42)** | (26) |
| Acquisition to maintain operating capacity | **(47)** | (30) |

# 28. PROCEEDS FROM DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

| | GROUP | |
|---|---|---|
| | **2015 R'm** | 2014 R'm |
| Carrying value of assets sold | **3** | 2 |
| Profit from disposal | **1** | 1 |
| **Proceeds from disposal** | **4** | 3 |

# 29. OTHER LOANS RECEIVABLE

| | GROUP | |
|---|---|---|
| | **2015 R'm** | 2014 R'm |
| **Loans from related parties** | | |
| Increase in loans from related parties | **35** | - |
| | | |
| **Loans to related parties** | | |
| Decrease/(increase) in related loans to related parties | **153** | - |
| *Adjustments to movements already considered in note 24* | | |
| Impairments of loans | **(39)** | (45) |
| Impairment of foreign currency translation reserve | **(7)** | (1) |
| Forex | **8** | 8 |
| **Increase in other loans receivable** | **115** | (38) |

# 30. UNUTILISED FUNDING FACILITIES

An unutilised short-term facility of R979 million ensures sufficient liquidity for growth opportunities and unexpected events. At year-end, Senwes had unutilised commodity finance and unsecured assets of R408 million and R2 728 million respectively.

# 31. AFTER-BALANCE SHEET-EVENTS

At date of issue of this report, the directors are not aware of any events after the reporting period that would have a significant impact on 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 available-for-sale financial assets measured at fair value. The carrying values of designated hedged assets and liabilities are adjusted to reflect changes in the fair values resulting from the hedged risks. The financial statements are presented in South African rand terms and all values are rounded to the nearest million (R' 000 000), except where stated otherwise.

### 1.1. STATEMENT OF COMPLIANCE

The financial statements of Senwes Limited and all its subsidiaries, joint ventures and associates ("Group") have been prepared in accordance and in compliance with the requirements of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and Interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) and with those requirements of the South African Companies Act, no 71 of 2008 (as amended), applicable to companies reporting under IFRS.

### 1.2. CHANGE IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policy adopted in the preparation of the consolidated financial statements is consistent with the policy followed in the preparation of the Group's annual financial statements for the previous financial year, except for the adoption of new standards and interpretations effective as of 1 May 2014 as set out below:

- IAS 32 Financial Instruments Presentation (Amendment) – Change in application guidance when offsetting financial assets and financial liabilities – Effective date 1 January 2014.
  This amendment did not have any impact on the Group.

- IAS 36 Impairment of Assets (Amendment): Disclosure requirements for the recoverable amount of impaired assets – Effective date 1 January 2014.
  This amendment affected disclosure in Senwes Group financial statement only. Refer to note 19.5.

- IFRIC 21 Levies – Accounting treatment of the liability to pay a levy to the government if levy is in the scope of IAS37 – Effective date 1 January 2014.
  This amendment did not have any impact on the Group.

- IFRS 10, IFRS 12 and IAS 27 (Amendment) - Amendment to define an investment entity and to introduce the exception to consolidate subsidiaries for investment entities.
  This amendment did not have any impact on the Group.

### 1.3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

Standards already issued, but not yet effective upon the issuing of the Group's financial statements, are listed below. This list contains standards and interpretations issued, which are expected to be applicable at a future date. The intention of the Group is to adopt these standards, if applicable, when they become effective.

- IAS 19 Employee Benefits (Amendment) - Amendment to defined Benefit Plans requirements – Effective date 1 July 2014
- IFRS 9 Financial Instruments, including hedging – New principle-based standard that currently addresses recognition and measurement of financial assets and liabilities, hedge accounting and impairment methodology - Effective date 1 January 2018
- IFRS 11 Accounting for Acquisitions of Interests in Joint Operations (Amendment) - This amendment requires the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3 Business Combinations, to apply all of the principles on business combinations accounting in IFRS 3 - Effective date 1 January 2016.
- IFRS 15 Revenue from contract 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 - Effective date 1 January 2017.

- IAS 1 Disclosure initiative - Guidance on the basis of aggregation of items in the financial statements and notes. OCI of joint ventures and associates to be presented separately.
- Annual Improvements to IFRS – Effective date 1 July 2014
  - IAS 16 PPE & IAS 38 Intangible assets – Clarification of treatment of revaluation of assets to ensure consistent practice.
  - IAS 24 Related Party Disclosures – An entity that provides key management personnel services, is a related party subject to related party disclosure.
  - IFRS 2 Share-based Payments – Amendment to the definition of vesting condition. Distinguish between service conditions and performance conditions.
  - IFRS 3 Business Combinations – Contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss.
  - IFRS 3 Business Combination - Joint operations are also outside the scope of IFRS 3, not just joint ventures. Therefore joint arrangements (Joint operations and joint ventures).
  - IFRS 13 Fair Value Measurement – Clarification of the scope of net presentation/disclosure requirements.
  - IFRS 8 Operating Segments – Additional disclosure of judgment required to aggregate segment for reporting purposes.
- Annual Improvements to IFRS – Effective date 1 January 2016
  - IFRS 5 Non-current assets held for sale and discontinued operations - Accounting for change in plans to dispose of.
  - IFRS 7 Financial Instruments: Disclosure – Added disclosure requirements for financials assets that have been transferred but that are still serviced by the entity.
  - IAS 16 PPE & IAS 38 Intangible assets - This amendment makes it clear that depreciation based on revenue generated by the entity is not an acceptable basis for depreciation.
  - IAS 16 Property Plant & Equipment and IAS 41 Agriculture - Accounting for bearer plants.
  - IAS 19 Employee Benefits - Clarification of discount rate to be used as actuarial input.
  - IFRS 10 and IAS 28 (Amendment): Sale or Contribution of Assets between Investor and its Associate or 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.
  - IAS 34 Interim Financial Reporting - Clarification that additional information may be given in interim financial statements or by reference to information in other reports available to users at the same time as interim financial statements.
  - IAS 27 (Amendment): Equity method in separate financial statements - Applying the cost model or equity method to account for investments in subsidiaries, joint ventures or associates in separate financials statements.

The Group is in the process of evaluating the effects of these standards. IFRS 9 Financial instruments, might have an impact on the Group's classification and measurement on investments, current hedging module and impairment methodology of accounts receivable. IFRS 15 Revenue from contract with customers may also have an impact on the Senwes Group. The other new or amended standards are not expected to have a significant impact on the Group's financial position or performance, additional disclosures may be required.

# 2. SIGNIFICANT ACCOUNTING POLICIES

## 2.1. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Senwes Limited and its subsidiaries, joint ventures and associates as at 30 April 2015.

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
- The Group's voting rights and potential voting rights

The Group re-assesses 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.

## 2.1.2. Associates

The Group's investments in its associates are accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Acquisition of shares in investments is reflected as available-for-sale financial assets 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.

## 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 re-measured 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 IAS 39 Financial Instruments: Recognition and Measurement, 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 IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured 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 re-assesses 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 re-assessment 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. No 'new' goodwill is recognised as a result of the common control transaction, except for existing goodwill relating to either of the combining entities. Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within equity.

## 2.1.4. Fair Value Measurements

The Group measures financial instruments, such as, derivative and certain inventory 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 ordinary 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 that 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 re-assessing 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 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 comprehensice 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 zero, 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:

| | | |
|---|---|---|
| Mechanisation whole goods | - | Purchase price |
| Grain commodities | - | At fair value |

Inventory is valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the normal course of business, less estimated costs necessary to conclude the sale

## 2.5. 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.

## 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 are adjusted for any changes in the income tax rate.

Deferred tax assets arising from all deductible temporary differences are limited to the extent that probable future taxable income will be available against which the temporary differences can be charged.

The carrying amounts of deferred income tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax shall be recognised outside profit and loss if the tax relates to items, in the same or different period, outside profit or loss. Therefore if items are recognised in other comprehensive income the deferred tax should be recognised in other comprehensive income and if items are recognised directly in equity the deferred tax should be recognised directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**VALUE ADDED TAX**

Revenue, expenses and assets are recognised net of the amount of value added tax except:

- Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to the taxation authority is included as part of receivables or payables in the statement of financial position.

## 2.7. POST-EMPLOYMENT BENEFITS

### 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 are 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

#### Cash-settled share-based payments

Key employees of the Group receive remuneration in the form of share-based payment transactions, as part of a share appreciation scheme (cash-settled share-based payment). The cost of cash-settled transactions is measured initially at fair value at the grant date using an economic forecasting model, taking into account the terms and conditions upon which the instruments were granted (see note 13). This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is remeasured at each reporting date up to and including the settlement date with changes in fair value recognised in profit or loss.

#### 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, storage and handling fees, income from services rendered, commission income, finance 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 measured at fair value of the consideration received or receivable, 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.

### SERVICES RENDERED

Revenue from services provided is recognised by taking into account the stages of completion at reporting date and if results can be determined with reasonable accuracy. If revenue cannot be determined with reasonable accuracy, it is only recognised to the extent of recoverable expenses incurred.

Direct delivery transactions with regard to fuel, fertiliser, seed and other farming inputs are net accounted in revenue, since their nature is in line with agency principles rather than acting as principal. The underlying reason for the transactions is credit extension. Commission income is recognised on receipt of evidence that the goods or services have been delivered to the buyer.

Other commission is recognised as income as and when the service is rendered or, if applicable, in terms of the contract agreement.

### FINANCE INCOME

Interest income on all financial instruments measured at amortised cost is recorded using the effective interest rate (EIR)method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of profit or loss.

**INCOME FROM OPERATING ACTIVITIES**

Income from operating activities comprise of income received from the sale of own grain and sales of mechanisation goods and spare parts.

Revenue from sales of goods is recognised when the material risks and rewards of ownership of the goods are transferred to the buyer and reasonable assurance exists that the economic benefits of the transaction will flow to the business.

**INCOME FROM COMMODITY TRADING**

In grain selling transactions, price risk exposure with regard to purchases is hedged by selling on the futures exchange, Safex. Where the objective is hedging, rather than delivery to Safex, these transactions are net accounted in profit or loss.

For sale and repurchase agreements on an asset other than a financial asset the terms of the agreement need to be analysed to determine whether the seller has transferred the risk and rewards of ownership to the buyer and hence revenue is recognised. When the seller has retained the risk and rewards of ownership, even though the legal title has been transferred, the transaction is a financing agreement and does not give rise to revenue.

**DIVIDENDS RECEIVED**

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

# 2.10. FINANCIAL INSTRUMENTS

## 2.10.1. Financial assets:

**INITIAL RECOGNITION AND MEASUREMENT**

Financial assets within the scope of IAS 39 are classified as loans and receivables, available-for-sale or at fair value through profit and loss financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value, through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

### 2.10.1.1. LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the statement of financial position. Loans and receivables are recognised initially at fair value plus transaction costs. The subsequent measurement is at amortised cost less impairment, using the effective interest rate method. Interest income determined by using the effective interest rate method is included in finance income in profit or loss.statement of financial position. Loans and receivables are recognised initially at fair value plus transaction costs. The subsequent measurement is at amortised cost less impairment, using the effective interest rate method. Interest income determined by using the effective interest rate method is included in finance income in profit or loss.

### 2.10.1.2. AVAILABLE-FOR-SALE FINANCIAL INVESTMENTS

Available-for-sale financial assets include equity investments and debt securities and are non-derivative financial assets that are classified as available-for-sale or are not classified in any of the other categories.

Available-for-sale financial assets are initially recognised at fair value plus transaction costs. Transaction costs are incremental costs, directly attributable to the purchase of the financial asset; in other words costs which would not have been incurred should the asset not have been purchased.

After initial measurement, available-for-sale financial assets are measured at fair value with unrealised gains or losses recognised directly in other comprehensive income, until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recorded in other comprehensive income is recognised in profit or loss.

**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

Financial liabilities within the scope of IAS 39 are classified as loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

### 2.10.2.1. INTEREST-BEARING LOANS AND BORROWINGS

All loans and borrowings are initially recognised at the fair value of the consideration received, including directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Interest expense determined by using the effective interest rate method 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 expired. 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 profit or loss.

**OFFSETTING**

Where a legal right to set-off assets and liabilities exists and where it is intended to settle the relevant assets and liabilities simultaneously or on a net basis, the amounts are set-off.

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

### 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 is initially recognised at the fair value of the inventory less location deferential. After initial recognition, commodity finance loans are subsequently measured at fair value taking in to account the movement in the commodity markets. The fair value movements is included in profit or loss. Interest expense is included in finance cost in profit or loss.

## 2.11. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative instruments 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 for 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 IAS 39, 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 over-the-counter (OTC) 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, OTC-contracts are regarded as a financial instrument. In terms of IAS 39, it is recorded at fair value, where the Group has a long history of net finalisation (either with the other party or to participate in other offsetting contracts).

## 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.

**FINANCIAL ASSETS**
**FINANCIAL ASSETS HELD AT AMORTISED COST**
***TRADE RECEIVABLES***
Trade receivables are stated at an expected realisable value; which is the original invoiced amount less any provisions created by way of impairments. An impairment provision will be calculated if there is proof that the Group will not be able to collect all amounts from the debtor, as set out in the original terms of payment. The amount of the provision is the difference between the carrying value and the recoverable amount, which is the present value of future cash flows (excluding future credit losses not yet exposed to), discounted against the financial asset's original effective rate of interest, as calculated at the initial recognition of the asset. Bad debts are written off in the year in which they occur or are identified.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. If a write-off is later recovered, the previously recognised impairment loss is increased or decreased by adjusting the allowance account with the counter entry being recognised in profit or loss.

***OTHER ACCOUNTS RECEIVABLE***
An assessment is made at each reporting date as to whether there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence for impairment includes observable data that comes to the attention of the Group in relation to the asset about the following loss events:

- significant financial difficulty of the issuer, or
- a breach of contract, such as a default in payment, or
- probability that the borrower will enter bankruptcy or other financial reorganisation, or
- disappearance of an active market for that financial asset because of financial difficulties, or
- indications that there is a measurable decrease in the estimated future cash flows from the Group of financial assets since the initial recognition of these assets.

The impairment is determined as the difference between the carrying amount and the recoverable amount. This is done on the basis of discounting the future cash flows to present value using the original effective interest rate. This rate is the rate of the financial debtor or group of debtors contracted.

**AVAILABLE-FOR-SALE FINANCIAL INVESTMENTS**
For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or group of investments are impaired.

**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 to 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 publically 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**

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or group of investments are impaired.

- 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

## 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. CASH-SETTLED SHARE-BASED PAYMENTS

The Group measures the cost of cash settled transactions with certain employees by reference to the fair value at the grant date using an economic forecasting model. The terms and conditions upon which the instruments were granted are also taken into account. This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is measured at each reporting date up to and including the settlement date with changes in fair value recognised in profit or loss. The assumptions used for estimating the fair value of share-based payment transactions are disclosed in note 13.1.

### 3.2. EQUITY-SETTLED SHARE-BASED PAYMENTS

The expense in 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. FAIR VALUE OF FINANCIAL INSTRUMENTS

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The key assumptions used for estimating the fair value of financial instruments are disclosed in note 5 (Investment in Hinterland) and note 21.5, Fair value measurements.

### 3.4. IMPAIRMENT OF FINANCIAL ASSETS

A decision framework was implemented to establish whether a debt is classified as doubtful or bad. Debtors are stated at an expected realisable value; which is the original invoiced amount less any provisions created by way of impairments. An impairment provision will be calculated if there is proof that the Group will not be able to collect all amounts from the debtor, as set out in the original terms of payment. The amount of the provision is the difference between the carrying value and the recoverable amount, which is the current value of future cash flows (excluding future credit losses not yet exposed to), discounted against the financial asset's original effective rate of interest, as calculated at the recognition of the asset. Bad debts are written off in the year in which they occur or are identified. For the carrying value of impairment on financial assets refer to note 8, accounts receivable.

### 3.5. INVENTORY IMPAIRMENT PROVISION

A decision framework was implemented to establish whether a debt is classified as doubtful or bad. Debtors are stated at an expected realisable value; which is the original invoiced amount less any provisions created by way of impairments. An impairment provision will be calculated if there is proof that the Group will not be able to collect all amounts from the debtor, as set out in the original terms of payment. The amount of the provision is the difference between the carrying value and the recoverable amount, which is the current value of future cash flows (excluding future credit losses not yet exposed to), discounted against the financial asset's original effective rate of interest, as calculated at the recognition of the asset. Bad debts are written off in the year in which they occur or are identified. For the carrying value of impairment on financial assets refer to note 8, accounts receivable.

## 3.6. 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 asset 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.

## 3.7. 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.

## 3.8. 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.

## 3.9. 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.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# CORPORATE INFORMATION

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