

# Charting Tomorrow

#BreakingNewGround



Annual  
**FINANCIAL  
STATEMENTS**  
2023



# Contents

**2** Statement of responsibility **by the Board of Directors**

**3** Notice in terms of section 29 **of the Companies Act**

**3** Certification by **the Company Secretary**

**4** Report of **the senwes Audit Committee**

**6** Independent **auditor's report**

**10** Statutory **director's report**

**14** Consolidated statements of **financial position**

**15** Consolidated statements of **comprehensive income**

**16** Consolidated statements of **change in equity**

**17** Consolidated statements of **cash flows**

**18** Notes to **the financial statements**

**68** Accounting **policy**

**88** Corporate **information**



## Statement of Responsibility by the Board of Directors

The directors are responsible for the preparation, integrity and reasonableness of the presentation of the separate and consolidated financial statements ("annual financial statements") of the company and its subsidiaries, associates and joint ventures. The annual financial statements set out on pages 2 to 87 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), its interpretations issued by the IFRS Interpretations Committee (IFRIC), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act of South Africa.

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

The annual financial statements were prepared on a going concern basis. With the exception of Tradevantage (Pty) Ltd, Senwes Graanmakelaars (Pty) Ltd, Africum Agripet (Pty) Ltd and Staalmeester Agricultural Equipment (Pty) Ltd, the directors have no reason to believe that the group or any company within the group will not be a going concern in the foreseeable future, based on results, operational trends, market environment, estimates and forecasts, risks, capital structure and available cash and financial resources.

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

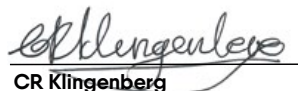
The annual financial statements for the year ended 30 April 2023, set out on pages 2 to 87, were approved by the board.



**JDM Minnaar**  
Chairman  
Klerksdorp  
27 June 2023



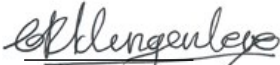
**F Strydom**  
Group Chief Executive Officer



**CR Klingenberg**  
Group Chief Financial Officer

## Notice in terms of section 29 of the Companies Act, No 71 of 2008 (as amended) (“the Act”)

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



**CR Klingenberg**  
Group Chief Financial Officer  
Klerksdorp  
27 June 2023

## Certification by the Company Secretary

In accordance with section 88 of the Companies Act, where applicable, it is hereby certified that the company and its subsidiaries have lodged all such returns for the year ended 30 April 2023 as required of a public company in terms of the aforesaid Act, with the Registrar of Companies and Intellectual Property Commission (CIPC) and that such returns are true, correct and up to date.



**EM Joynt**  
Company Secretary  
Klerksdorp  
27 June 2023

# Report of the Senwes Audit Committee

We are pleased to present our report for the financial year ended 30 April 2023 in accordance with section 94(7)(f) of the Companies Act.

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

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

Name of member	Meeting attendance	Changes	Independent
SF Booysen - B.Compt (Hons), D.Com, CA (SA)	3/3	None	✓
JJ Minnaar - B.Eng. Agriculture (UP)	3/3	None	✗
JPN Stander - B.Agric Admin (Hons) (Agricultural Economics)	3/3	None	✓
AG Waller - B.Com (Hons), CA (SA)	3/3	None	✓

## External auditor

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

The committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the 2023 financial year.

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

## Auditor rotation

During the reporting period, the committee participated in the process to identify and appoint a new external auditor (pursuant to IRBA's mandatory auditor rotation policy) culminating in its nominating for approval by the board the appointment of PricewaterhouseCoopers Inc. ("PWC") as the group's external auditor with effect from the 2024 financial period, subject to shareholder approval on 22 August 2023.

The committee satisfied itself through enquiry that both PWC and the audit partner are independent as defined by the Companies Act and as per the standards stipulated in the audit profession.

The committee wishes to thank Ernst & Young for its professional and dedicated service to the group during its tenure.

## Internal financial controls

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

- \* the results of the formal documented review of the design, implementation and effectiveness of the Senwes Group's system of internal financial controls conducted by the internal audit function during the 2023 financial year;
- \* the information and explanations given by management; and
- \* the discussions held with the external auditor on the results of its audit.

## Financial statements (including accounting practices)

The committee reviewed the financial statements of the company and the Senwes Group and is satisfied that the results for the year ended 30 April 2023 have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa.

## Financial function and Chief Financial Officer review

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

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

### **Mandate delegated by the board**

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

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

### **Internal Audit**

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

- \* Satisfying itself of the competence of the internal auditors and adequacy of internal audit staffing;
- \* Approving the internal audit plan as well as the internal audit charter;
- \* Ensuring that the internal audit function is subject to a periodic independent quality review; and
- \* Reviewing the functioning of the internal audit programme and department to ensure co-ordination between the internal and external auditor.

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

### **Sustainability reporting**

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

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

### **Recommendation of the annual financial statements for approval by the board**

The committee recommended the annual financial statements to the board of directors for approval on 27 June 2023.



**SF Booysen**

Chairman: Audit Committee

Klerksdorp

27 June 2023

# Independent Auditor's Report

*To the Shareholders of Senwes Limited*

## **Report on the Audit of the Consolidated and Separate Financial Statements**

### *Opinion*

We have audited the consolidated and separate financial statements of Senwes Limited and its subsidiaries, joint ventures and associates ('the group' or 'Senwes') set out on pages 14 to 87 which comprise of the consolidated and separate statements of financial position as at 30 April 2023, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity, the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Senwes as at 30 April 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

### *Basis for Opinion*

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

### *Key Audit Matters*

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

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



Key Audit Matter	How the matter was addressed in the audit
<p><b>Provision for expected losses against mortgage loans, production loans and other receivables</b></p> <p>(Consolidated and separate financial statements)</p> <p>As disclosed in Note 11 and 24.1 to the financial statements, the gross mortgage bonds, production loans and other receivables amounted to R4,8bn (2022: R4.6bn) for the group and R0,4bn (2022: R0,6bn) for company. The Group have recorded a R144m (2022: R151m) allowance for expected credit losses against mortgage loans, production loans and other receivables, whereas the company has recorded an allowance of R30 million (2022: R20 million).</p> <p>The determination as to whether mortgage loans and production loans are collectable, involves management determinable inputs, the most significant of which include:</p> <ol style="list-style-type: none"> <li>1. Crop estimates and yields specific to the customers' region and commodity;</li> <li>2. The number of hectares planted;</li> <li>3. The expected realisation price, which is the SAFEX price adjusted by transport differentials that is determined by customer region and commodity;</li> <li>4. The input costs which comprise seed, diesel and fertilizer which are specific to the customers' region and commodity and are determined by management's internal specialists and;</li> <li>5. The estimation of the quality and expected realisation of securities held for the customers that have been handed over to legal.</li> <li>6. The estimation of future expected losses which is based on historical trends (for term loans, actual data for the past 10 years is used to make the estimate and for production accounts, a loss factor was estimated relating to the 2024 production accounts already granted and taken up by customers, which is based on the expectation of a severe El Niño year for the 2024 production season, the impact of which is measured by way of scrutinising ocean temperatures over the years)</li> </ol> <p>The majority of inputs are determinable at the time of the audit, but need to be reconsidered and determined each year. Most cannot be referenced to historical trends as the significant inputs are inextricably linked to conducive growing and harvesting conditions which is different from year to year and varies significantly between the different geographical regions (North-West, Gauteng, Free State, and Northern Cape). Crop yields are impacted by rainfall in the various regions which, by its nature, is only determined by actuals once it has occurred.</p> <p>Management uses this information to determine a probability of default of the portfolio (PD) and a loss given default (LGD), both of which have a significant impact on the determination of the allowance for expected credit losses recognised against the mortgage and production loans and other receivable amounts.</p>	<p>Our audit procedures involved, amongst others, the following:</p> <ul style="list-style-type: none"> <li>• We assessed the methodology used by management to: <ul style="list-style-type: none"> <li>- Calculate the expected credit loss allowance against the requirements of <i>IFRS 9: Financial Instruments</i>.</li> <li>- Determine the expected realisation of the securities held, by comparing securities realised at default against the recorded security value.</li> </ul> </li> <li>• We assessed the process and competence of management internal specialists who determined the input costs specific to the customers' region and commodity by performing sensitivity analysis over the schedules provided.</li> <li>• We independently performed a sensitivity analysis and calculated an allowance for expected credit loss by recalculating the probability of default (PD) and the loss given default (LGD) factors using inputs and assumptions tested during the audit, and compared the ranges calculated in our sensitivity analysis to management's calculation.</li> <li>• We compared the crop estimates and yields for the specific regions and commodities used by management to the information released by the National Crop Estimation Committee.</li> <li>• We evaluated the hectares planted in comparison to the hectares for which finance was applied for.</li> <li>• We assessed the expected realisation price by customer region and commodity considering the SAFEX price, average grade differences and average transport differential as realised during the year and compared that to management's valuation.</li> <li>• We performed a reasonability test on the value of farmers grain applied as security by making use of the quantities audited by the Grain team.</li> <li>• We assessed the reasonability of the El Niño – PD factor used by the client, by selecting a sample of production accounts to which the factor was applied and by obtaining external historical weather data.</li> <li>• We recalculated management's PD and LGD factors, used to calculate the provisions, as well as the provision for expected credit losses.</li> <li>• We tested controls over the credit application process which includes the verification of securities obtained for finance provided.</li> <li>• We selected a sample of customers that were handed over to legal and evaluated the existence and adequacy of the securities by obtaining relevant sales prices and documentation of the security provided.</li> </ul> <p>Applying our judgement and considering the abovementioned inputs, we determined the acceptable range of the allowance for expected losses against mortgage loans, production loans and other receivables.</p> <p>We assessed the adequacy of the disclosures made on judgements and estimates made on the allowance for expected credit losses in terms of <i>IFRS 9</i>.</p>

Key Audit Matter	How the matter was addressed in the audit
<p>Obtaining evidence for the key inputs, considering the number of locations that the Group operates in, required a significant amount of audit effort in the current year, as it relates to multiple production regions for three different commodities (maize, sunflower and soya beans). Within the production regions, there is disaggregation which further increases the volume of work required to assess the inputs.</p> <p>Therefore, the calculation of the ECL allowance was considered a Key Audit Matter.</p>	

#### *Other Information*

The directors are responsible for the other information. The other information comprises the information included in the 87 - page document titled "2023 SENWES ANNUAL FINANCIAL STATEMENTS", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information also includes the 107 - page document titled "2023 INTEGRATED REPORT". The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

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

#### *Responsibilities of the Directors for the Consolidated and Separate Financial Statements*

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

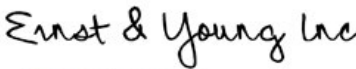
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

#### *Report on Other Legal and Regulatory Requirements*

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of Senwes Limited for 20 years.

DocuSigned by:  
  
DEC2A8455D8C4FA...

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

13 July 2023

# Statutory Directors' Report

## 1. Main objectives

The main objectives of the group are as follows:

- \* To supply primary agricultural input products and services, including financial services.
- \* To provide market access for agricultural produce.
- \* The processing and conditioning of agricultural produce and delivery to the market.

## 2. Change in nature of activities

During the year, the group expanded its operations by acquiring various shares and assets in mechanisation businesses in East Germany. Refer to note 6.1 for details regarding the transaction.

Except for the above, there were no material changes in the nature of the business of the group during the financial year.

## 3. Subsidiaries and other financial assets

Details of the company's interest in subsidiaries, associates, joint ventures and other financial assets are set out in notes 6 to 8 of the annual financial statements. A significant change during the year relates to the business combination of the foreign operated (Germany) SFL Holdings Group.

## 4. Results

The net profit after tax of the group attributable to equity holders of the parent for the year under review amounted to R907 million (2022: R601 million). The summarised results are as follows:

	GROUP		COMPANY	
	2023 R'm	2022 R'm	2023 R'm	2022 R'm
Revenue	13 632	10 881	1 574	1 406
Operating profit	1 494	908	620	229
Profit after tax (attributable to equity holders of the parent)	907	601	302	153

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

The summarised statement of financial position is as follows:

	GROUP		COMPANY	
	2023 R'm	2022 R'm	2023 R'm	2022 R'm
Total assets	12 411	11 111	7 878	8 217
Total interest-bearing debt	4 765	5 572	4 423	5 083

Refer to the report of the chief financial officer in the integrated report for a comprehensive overview of the results of the operating units.

## 5. Dividends

The board declared a final dividend of 40 cents per share (2022: 34 cents per share). A special dividend of 56 cents per share was also declared (2022: 56 cents per share). An interim dividend of 36 cents per share was paid in January 2023 (2022: 34 cents per share). Refer to note 25.2 for dividends paid and declared.

## 6. Directors

The board's pursuit of managing the group and the company in accordance with good corporate governance practices still applies. The board comprises 13 (2022: 14) members:

Shareholder	Board members
Agribel Holdings Ltd	6
Together with:	
Independent non-executive directors	5
Executive directors	2

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

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

Name	Position	First appointment	Retirement by rotation
WH van Zyl	Non-executive director	31 August 2012	2023
JS Marais	Independent non-executive director	22 August 2019	2023
NDP Liebenberg	Non-executive director	21 August 2008	2023
SF Booysen	Independent non-executive director	11 October 2010	2023 *

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

Name	Position	First appointment	Retirement by rotation
JJ Viljoen	Non-executive director	12 October 2021	2024
AG Waller	Independent non-executive director	5 December 2014	2024
GL Malherbe	Non-executive director	12 October 2021	2024
JJ Minnaar	Non-executive director	26 August 2011	2024
JPN Stander	Independent non-executive director	22 August 2019	2024
VJ Klein	Independent non-executive director	22 August 2019	2025
JDM Minnaar	Non-executive director	22 September 1999	2025

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

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

## 7. Statutory appointments and registered address

### 7.1. Company Secretary

EM Joynt

### 7.2. Public Officer

CR Klingenberg CA (SA)

### 7.3. Registered address

1 Charel de Klerk Street, Klerksdorp, 2570

### 7.4. Postal address

PO Box 31, Klerksdorp, 2570

### 7.5. Auditor

Ernst & Young Inc.  
102 Rivonia Road, Sandton, 2146

## 8. Share capital

### 8.1. Issue of shares

During the year under review Senwes did not issue any shares (2022: no shares issued).

### 8.2. Buy-back of shares

During the 2023 financial year Senwes Capital (Pty) Ltd repurchased 710 861 shares from the market to increase treasury stock (2022: Senwes Capital (Pty) Ltd repurchased 3 337 395 Senwes shares from the market to increase treasury stock).

### 8.3. Unissued shares

The company's total unissued shares amount to 400 327 450 shares (2022: 400 327 450 shares).

## 9. Property, plant and equipment

The carrying value of property, plant and equipment increased by R446 million (2022: R42 million). New capital amounting to R245 million (2022: R227 million) was spent, R118 million (2022: R96 million) of which was spent to increase operating capacity and R127 million (2022: R131 million) to maintain operating capacity.

Silos with a carrying value of R365 million (2022: R358 million) and a security support value of R2,4 billion (2022: R2,4 billion) serve as security for the Nedbank facility disclosed in note 7.2.2 and 7.2.3.

## 10. Share incentive scheme

As at 30 April 2023, the total treasury shares amounted to 5 769 672 (2022: 10 539 367), which represent 3,2% (2022: 5,8%) of the total issued share capital. 4 524 526 (2022: 6 061 189) of these shares are allocated towards participants of the equity-settled share-based payment scheme. Details of the vesting dates and pricing are disclosed in note 16.2 of the financial statements.

## 11. Shareholders

Details of the shareholder structure are set out in the corporate governance report.

## 12. Contingent liabilities and guarantees

Senwes guarantees an amount of Rnil (2022: R100 million) relating to the facility of Hinterland Holdings (Pty) Ltd. The Hinterland Holdings (Pty) Ltd facility was included in Senwes Ltd's facility, with effect from 3 May 2022 and the guarantee was cancelled.

As at 30 April 2023, guarantees of R41 million (2022: R44 million) were held at Absa Bank in favour of John Deere, Eskom Holdings, SARS and Transnet.

A letter of comfort to the value of R80 million (2022: R80 million) was issued to Gavilon South Africa (Pty) Ltd and expired on 30 April 2023. A new letter of comfort was not issued.

A letter of comfort to the value of R10 million (2022: R10 million) was issued to Total South Africa (Pty) Ltd and expired on 31 October 2022. A new letter of comfort was not issued.

A letter of comfort to the value of R0,5 million (2022: Rnil) was issued to Unitrans (Pty) Ltd and shall endure until 30 June 2023.

## 13. Events after the reporting period

### 13.1. The acquisition of a fourth John Deere dealership in Germany

Senwes Ltd is in the formal contracting stage relating to the acquisition of a fourth John Deere dealer located in East Germany. The dealer was included in the initial investigation of the Germany businesses. Key open items are negotiated regarding the acquisition of properties, movable assets, certain stock, and the transfer of employees. S&L Connect GmbH has already been granted the area of responsibility ("AOR") of the fourth dealer, effective 1 July 2023. Concluding the transaction will enable a more effective and successful takeover of the AOR as there is value encapsulated in the know-how of the transferring employees and the location of the properties. The investment committee approved the acquisition on 8 June 2023.

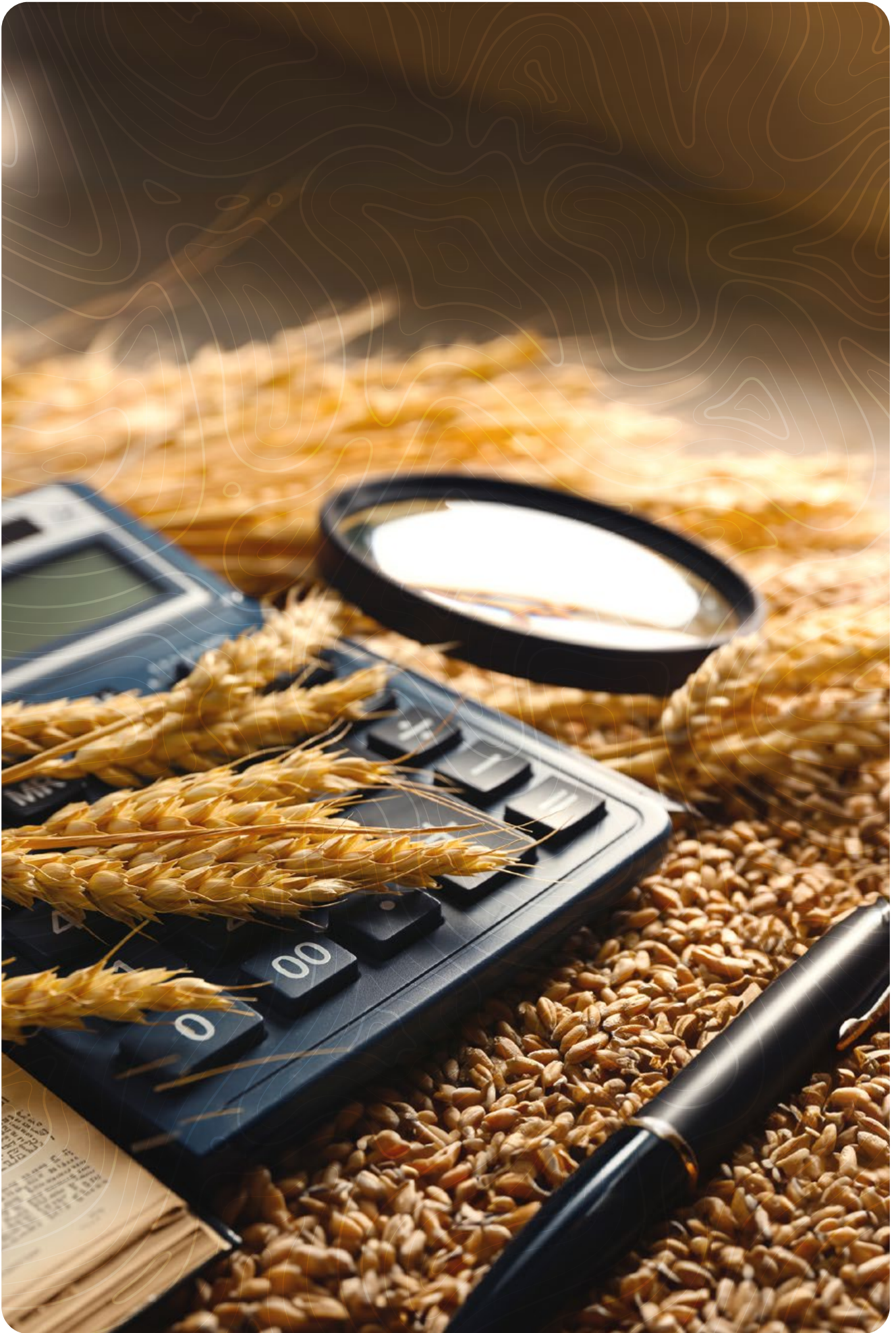
### 13.2. Carpe Diem Raisins (Pty) Ltd share transaction

The KLK Landbou Ltd acquisition of the remaining 20% non-controlling interest of Carpe Diem Raisins (Pty) Ltd was subject to the transfer of the manufacturing property. The property- and share transfer was concluded on 29 May 2023.

Except for the above, management is not aware of any events that have occurred from the statement of financial position date up to the date of this report that require adjustment or disclosure in these annual financial statements.

## 14. Date for authorisation and issue of financial statements

A mandate has been given to the chairman of the Audit Committee only, to approve any adjustments to the financial statements after the date of approval by the directors on 27 June 2023.



# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

as at 30 April 2023

	Notes	GROUP		COMPANY	
		2023 R'm	2022 R'm	2023 R'm	2022 R'm
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	2	2 761	2 315	786	792
Investment property	3	2	2	1	1
Right-of-use assets	4	30	29	1	1
Goodwill and intangible assets	5	255	161	4	5
Investment in subsidiaries	6.2	-	-	810	685
Investment in joint ventures and associates	8	101	110	30	31
Other financial assets	7.1.1	18	4	12	-
Long-term portion of other loans receivable	7.1.2	-	2	390	47
Loans and other receivables	9	1 103	1 300	-	1
Deferred tax assets	18.2	77	96	-	-
<b>Total non-current assets</b>		<b>4 347</b>	<b>4 019</b>	<b>2 034</b>	<b>1 563</b>
<b>Current assets</b>					
Inventories	10	2 872	1 941	210	208
Trade and other receivables	11	4 630	4 401	374	614
Other loans receivable	7.1.2	1	1	5 050	5 151
Inventory held to satisfy firm sales	12	126	47	126	47
Derivative financial instruments	20.1	72	595	68	594
Income tax receivable	29	-	1	8	21
Cash and short-term deposits	7.1.4	361	87	6	-
<b>Total current assets</b>		<b>8 062</b>	<b>7 073</b>	<b>5 842</b>	<b>6 635</b>
Non-current assets held for sale	13.1	2	19	2	19
<b>TOTAL ASSETS</b>		<b>12 411</b>	<b>11 111</b>	<b>7 878</b>	<b>8 217</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Issued capital and share premium	14; 15.1	68	68	68	68
Treasury shares	15.2	(65)	(129)	-	-
Foreign currency translation reserve		29	-	-	-
Reserves	15.3, 15.4, 16.2	14	11	39	23
Retained earnings		4 045	3 366	2 367	2 298
<b>Total own equity</b>		<b>4 091</b>	<b>3 316</b>	<b>2 474</b>	<b>2 389</b>
Non-controlling interest	6.3	519	424	-	-
<b>Total equity</b>		<b>4 610</b>	<b>3 740</b>	<b>2 474</b>	<b>2 389</b>
<b>Non-current liabilities</b>					
Interest-bearing loans	7.2.3	1 440	1 409	1 342	1 398
Other financial liabilities	7.2.5	71	104	58	91
Lease liabilities	4	21	22	-	-
Deferred government grants	7.4	12	10	-	-
Deferred tax liability	18.2	247	240	124	103
<b>Total non-current liabilities</b>		<b>1 791</b>	<b>1 785</b>	<b>1 524</b>	<b>1 592</b>
<b>Current liabilities</b>					
Trade and other payables	17	1 986	1 140	303	320
Contract liabilities	7.3	27	20	26	19
Short-term portion of interest-bearing loans	7.2.2	2 915	3 979	2 872	3 648
Other loans payable	7.2.1	95	69	5	26
Derivative financial instruments	20.2	364	59	352	59
Income tax payable	29	18	-	-	-
Short-term incentive bonuses	16.1	190	143	105	88
Bank overdraft	7.2.4	286	89	204	10
Short-term portion of lease liabilities	4	13	11	-	1
Short-term portion of deferred government grants	7.4	2	2	-	-
Provisions	19	114	74	13	65
<b>Total current liabilities</b>		<b>6 010</b>	<b>5 586</b>	<b>3 880</b>	<b>4 236</b>
<b>Total liabilities</b>		<b>7 801</b>	<b>7 371</b>	<b>5 404</b>	<b>5 828</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>12 411</b>	<b>11 111</b>	<b>7 878</b>	<b>8 217</b>



# CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 April 2023

	Notes	GROUP		COMPANY	
		2023 R'm	2022 R'm	2023 R'm	* 2022 R'm
Services rendered		1 154	1 012	901	823
Income from sale of goods		12 073	9 557	388	356
<b>Revenue from contracts with customers</b>		<b>13 227</b>	<b>10 569</b>	<b>1 289</b>	<b>1 179</b>
Finance income relating to the lending business	22.3	405	312	285	227
<b>Revenue</b>		<b>13 632</b>	<b>10 881</b>	<b>1 574</b>	<b>1 406</b>
Cost of sales	22.1	(9 526)	(7 609)	17	(115)
Finance costs relating to the lending business	22.2	(194)	(133)	(260)	(164)
<b>Gross profit</b>		<b>3 912</b>	<b>3 139</b>	<b>1 331</b>	<b>1 127</b>
Other operating income	23	322	128	154	104
Gain/(loss) on disposal of investment in joint venture	6.1	2	(10)	22	-
Distribution, sales and administrative expenses	22.1	(2 747)	(2 331)	(877)	(1 002)
Expected credit loss income/(expense) on financial assets	22.1	5	(18)	(10)	-
<b>Operating profit</b>		<b>1 494</b>	<b>908</b>	<b>620</b>	<b>229</b>
Finance income	22.3	45	38	35	16
Finance costs	22.2	(238)	(101)	(245)	(55)
Share of profit from joint ventures and associates	8	26	25	-	-
<b>Profit before tax from operations</b>		<b>1 327</b>	<b>870</b>	<b>410</b>	<b>190</b>
Tax	18.1	(320)	(202)	(108)	(37)
<b>Profit after tax</b>		<b>1 007</b>	<b>668</b>	<b>302</b>	<b>153</b>
<b>Profit after tax from:</b>					
Continuing operations		1 005	666	300	147
Discontinued operations	13.1, 13.2	2	2	2	6
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax</b>		<b>53</b>	<b>(14)</b>	<b>21</b>	<b>(14)</b>
Exchange differences on translation of foreign operations		32	-	-	-
Cash flow hedge movements		21	(14)	21	(14)
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of tax</b>		<b>3</b>	<b>(1)</b>	<b>-</b>	<b>-</b>
Fair value adjustment on other financial assets	7.1.1	3	(1)	-	-
<b>Total comprehensive income for the year, net of tax</b>		<b>1 063</b>	<b>653</b>	<b>323</b>	<b>139</b>
<b>Profit after tax attributable to:</b>					
Equity holders of the parent		907	601	302	153
Non-controlling interest	6.3	100	67	-	-
<b>Total comprehensive income attributable to:</b>					
Equity holders of the parent		960	586	323	139
Non-controlling interest	6.3	103	67	-	-

\* Change in presentation of finance costs relating to the lending business. Refer to note 34.

		2023 cents/ share	2022 cents/ share
<b>EARNINGS PER SHARE</b>			
Earnings per share	25.1.3	525.8	347.6
Diluted earnings per share	25.1.4	509.1	335.9
Normalised headline earnings per share	25.1.3	558.1	398.2

		2023 cents/ share	2022 cents/ share
<b>DIVIDENDS FOR THE YEAR</b>			
Dividends per share paid during the year	25.2	126	92
Final dividend previous year		34	32
Special dividend previous year		56	26
Interim dividend		36	34
Final dividend per share proposed	25.2	40	34
Special dividend per share proposed		56	56

# CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY

for the year ended 30 April 2023

	Notes	Issued share capital and share premium R'm	Treasury shares R'm	Share-based payment reserve R'm	Changes in ownership R'm	Other reserves R'm	Foreign currency translation reserve R'm	Retained earnings R'm	Non-controlling interest R'm	Total equity R'm
<b>GROUP</b>										
<b>Balance as at 30 April 2021</b>		68	(98)	36	(13)	6	-	2 938	376	3 313
<b>Total comprehensive income</b>		-	-	-	-	(15)	-	601	67	653
Profit for the year		-	-	-	-	-	-	601	67	668
Other comprehensive income		-	-	-	-	(15)	-	-	-	(15)
Dividends	25.2	-	-	-	-	-	-	(166)	(12)	(178)
Change in ownership of subsidiary *	6.3	-	-	-	(4)	-	-	-	(7)	(11)
Equity-settled share-based payment scheme - Vesting	16.2	-	21	(17)	-	-	-	(4)	-	-
Net treasury shares purchased	15.2	-	(52)	-	-	-	-	(3)	-	(55)
Equity-settled share-based payment scheme - Expense	16	-	-	18	-	-	-	-	-	18
<b>Balance as at 30 April 2022</b>		<b>68</b>	<b>(129)</b>	<b>37</b>	<b>(17)</b>	<b>(9)</b>	<b>-</b>	<b>3 366</b>	<b>424</b>	<b>3 740</b>
<b>Total comprehensive income</b>		-	-	-	-	24	29	907	103	1 063
Profit for the year		-	-	-	-	-	-	907	100	1 007
Other comprehensive income		-	-	-	-	24	29	-	3	56
Dividends	25.2	-	-	-	-	-	-	(225)	(11)	(236)
Change in ownership of subsidiaries *	6.3	-	-	-	(12)	-	-	-	(15)	(27)
Acquisition of subsidiary	6.3	-	-	-	-	-	-	-	18	18
Equity-settled share-based payment scheme - Vesting	16.2	-	23	(20)	-	-	-	(3)	-	-
Net treasury shares sold	15.2	-	41	-	-	-	-	(4)	-	37
Equity-settled share-based payment scheme - Expense	16.2	-	-	15	-	-	-	-	-	15
Recycling of reserves **		-	-	-	-	(4)	-	4	-	-
<b>Balance as at 30 April 2023</b>		<b>68</b>	<b>(65)</b>	<b>32</b>	<b>(29)</b>	<b>11</b>	<b>29</b>	<b>4 045</b>	<b>519</b>	<b>4 610</b>

\* The change in ownership relates to the transactions described in note 15.4.

\*\* The recycling of reserves relate to the recycling of an equity reserve recognised from the equity accounting of Molemi Sele Management (Pty) Ltd. The investment was disposed of during the current year.

		Issued share capital and share premium R'm	Treasury shares R'm	Share-based payment reserve R'm	Changes in ownership R'm	Other reserves R'm	Foreign currency translation reserve R'm	Retained earnings R'm	Non-controlling interest R'm	Total equity R'm
<b>COMPANY</b>										
<b>Balance as at 30 April 2021</b>		68	-	36	-	-	-	2 316	-	2 420
<b>Total comprehensive income</b>		-	-	-	-	(14)	-	153	-	139
Profit for the year		-	-	-	-	-	-	153	-	153
Other comprehensive income		-	-	-	-	(14)	-	-	-	(14)
Dividends	25.2	-	-	-	-	-	-	(167)	-	(167)
Equity-settled share-based payment scheme - Vesting	16.2	-	-	(17)	-	-	-	(4)	-	(21)
Equity-settled share-based payment scheme - Expense	16.2	-	-	18	-	-	-	-	-	18
<b>Balance as at 30 April 2022</b>		<b>68</b>	<b>-</b>	<b>37</b>	<b>-</b>	<b>(14)</b>	<b>-</b>	<b>2 298</b>	<b>-</b>	<b>2 389</b>
<b>Total comprehensive income</b>		-	-	-	-	21	-	302	-	323
Profit for the year		-	-	-	-	-	-	302	-	302
Other comprehensive income		-	-	-	-	21	-	-	-	21
Other movements		-	-	-	-	-	-	(2)	-	(2)
Dividends	25.2	-	-	-	-	-	-	(228)	-	(228)
Equity-settled share-based payment scheme - Vesting	16.2	-	-	(20)	-	-	-	(3)	-	(23)
Equity-settled share-based payment scheme - Expense	16.2	-	-	15	-	-	-	-	-	15
<b>Balance as at 30 April 2023</b>		<b>68</b>	<b>-</b>	<b>32</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>2 367</b>	<b>-</b>	<b>2 474</b>

# CONSOLIDATED STATEMENTS OF CASH FLOWS

for the year ended 30 April 2023

	Notes	GROUP		COMPANY	
		2023 R'm	2022 R'm	2023 R'm	** 2022 R'm
<b>Net cash flows generated from operating activities</b>		<b>709</b>	<b>36</b>	<b>235</b>	<b>(166)</b>
Cash from operating activities *	27	1 848	1 302	580	425
Finance income received from the non-lending business	22.3	45	38	21	16
Finance costs paid on the non-lending business	22.2	(228)	(93)	(236)	(48)
Tax paid	29	(298)	(182)	(81)	(40)
Dividends paid	25.2	(236)	(178)	(228)	(167)
Changes in working capital	28	(422)	(851)	179	(352)
<b>Net cash flows used in investment activities</b>		<b>(550)</b>	<b>(168)</b>	<b>(353)</b>	<b>(109)</b>
Purchase of property, plant and equipment	30	(245)	(227)	(82)	(117)
Purchase of intangible assets	5.2	(2)	(12)	-	-
Proceeds from the disposal of property, plant and equipment	31	78	33	17	7
Acquisition of subsidiaries	6.1	(425)	49	(132)	(58)
Acquisition of other financial assets		(7)	-	(7)	-
Disposal of investment in joint venture		23	-	23	-
Dividends received from investments in joint ventures	8, 23	3	2	3	39
Dividends received from subsidiaries	23	-	-	3	2
Additional loans received from related parties	32	33	-	-	-
Repayment of loans from related parties	32	(7)	(32)	(21)	(239)
Additional loans advanced to related and third parties	32	(1)	-	(394)	-
Repayment of loans to related and third parties	32	-	19	237	257
<b>Net cash flows before financing activities</b>		<b>159</b>	<b>(132)</b>	<b>(118)</b>	<b>(275)</b>
<b>Net cash flows (used in)/generated from financing activities</b>		<b>(93)</b>	<b>585</b>	<b>(70)</b>	<b>777</b>
Treasury shares purchased		(12)	(57)	-	-
Repurchase of own shares	15.4	-	(10)	-	-
Repayment of interest-bearing loans	7.2.3	(45)	-	(56)	-
Proceeds from interest-bearing loans	7.2.3	-	668	-	778
Repayment of principal portion of lease liabilities	4	(14)	(16)	(1)	(1)
Additional share purchase in/capital contribution to subsidiaries	6.1	(27)	-	(13)	-
Deferred government grants received	7.4	5	-	-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>66</b>	<b>453</b>	<b>(188)</b>	<b>502</b>
Cash and cash equivalents at the beginning of the year	7.1.4, 7.2.4	(2)	(455)	(10)	(512)
Exchange rate translation		11	-	-	-
<b>Cash and cash equivalents at the end of the year</b>	7.1.4, 7.2.4	<b>75</b>	<b>(2)</b>	<b>(198)</b>	<b>(10)</b>
<b>* Additional information on operational cash flows:</b>		<b>211</b>	<b>179</b>	<b>25</b>	<b>63</b>
Finance costs paid disclosed as part of cost of sales	22.2	(194)	(133)	(260)	(164)
Finance income received disclosed as part of revenue	22.3	405	312	285	227

\*\* Change in presentation of finance costs relating to the lending business. Refer to note 34.

## 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 consist of the following reportable segments:

<p><b>Financial Services and Advice</b> (Agri Credit Solutions, Certisure Group, SS Wealth Planning, Molemi Sele Management *, Senwes Insurance Fund, Senwes Cell Captive and Digital Strategy)</p>	<p>Credit extension to agricultural producers and grain buyers. Agri Credit Solutions also renders agricultural services to its growing client base. Certisure includes commission received on short-term, crop and life insurance premiums and administration fees. SS Wealth Planning facilitates wealth creation by means of a wide range of wealth planning and related services for clients. Molemi Sele holds investments in agricultural companies and a cell captive. Digital strategy aims to collect and manage data to extract intelligence and contribute value to the supply chain. The Senwes Insurance Fund acts as an insurer for entities within the Senwes Group, and the Senwes Cell Captive provides credit life insurance to agricultural producers.</p>
<p><b>Input Supply</b> (Senwes Equipment, JD Implemente, Staalmeeester, Hinterland Group, Falcon, KLK Landbou Group (Retail and Fuel), Agrinet, Protek and SFL Holdings Group)</p>	<p>Sales at retail outlets (including fuel stations), direct sales of farming input requirements, car dealership sales, the importation, manufacturing and sale of mechanisation goods and spare parts, as well as the servicing of such farming and other mechanisation equipment, local and internationally. Wholesale supply of agricultural, fuel and industrial retail products to agricultural and other retail outlets. Buying, repackaging, distribution and selling of pesticides and fertiliser for the household and retail market.</p>
<p><b>Market Access</b> (Senwes Grainlink, Grainovation and ESC)</p>	<p>Income received from the handling and storage of agricultural produce and the transportation of grain commodities. Commission earned on marketing of grain and revenue from the sale of grain. Electronic issuing and trading of silo certificates.</p>
<p><b>Processing, Conditioning and Markets</b> (Senwes Seed *, Carpe Diem Raisins Group, KLK Feedlot *, Abattoirs and Auctioneering *, Botselo Mills, SA Dorper, Bastion Lime Group and NviroTek Laboratories)</p>	<p>Processing of seed. Buying, processing and packaging of raisins. The feedlots aid in getting animals market-ready while the abattoirs and auctioneering sites handle the slaughtering and selling of lamb and beef carcasses. The mills produce a wide range of maize products and a specialised beer powder. SA Dorper handles the processing and exporting of Dorper skins and cattle hides. The Bastion Group specialises in the production and marketing of high quality lime and gypsum products for agricultural and industrial purposes. NviroTek Laboratories is an independent and accredited testing laboratory group with an analytical focus on chemistry, microbiology, hygiene monitoring, chromatography and biological analysis.</p>
<p><b>Corporate</b> (Senwes Share Incentive Scheme Trust, Thobo Trust, Senwes Capital and RealFin Collective Investment Scheme)</p>	<p>Head office services, information technology, human resources, planning and property development, central administration, fleet management, secretarial services, legal services, corporate marketing, risk management, internal audit, strategic development, group finance, market intelligence, corporate finance and business engineering, treasury and governance.</p>

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

\* Discontinued during the current year.

## 1.2 Segmental revenue and results

The Senwes Group operates in South Africa and Germany.

	GROUP			
	2023 R'm	2022 R'm	2023 R'm	2022 R'm
	SEGMENTAL REVENUE		SEGMENTAL PROFIT/(LOSS)	
<b>Financial Services</b> ( <i>Agri Credit Solutions, Certisure Group, SS Wealth Planning, Molemi Sele Management *, Senwes Insurance Fund, Senwes Cell Captive and Digital Strategy</i> )	476	380	190	153
Income from financing clients, insurance brokerage and service level agreement income	498	382	189	151
AgriRewards	(1)	(2)	(1)	(2)
Intragroup sales	(21)	-	-	-
Profit from joint venture	-	-	2	4
<b>Input Supply</b> ( <i>Senwes Equipment, JD Implemente, Staalmeester, Hinterland Group, Falcon, KLK Landbou Group (Retail and Fuel), Agrinet, Protek and SFL Holdings Group</i> )	10 563	8 095	606	481
Income from sale of goods and services rendered **	10 591	8 107	675	525
AgriRewards	(6)	(7)	(6)	(6)
Intragroup sales	(22)	(5)	-	-
Finance costs	-	-	(63)	(38)
<b>Market Access</b> ( <i>Senwes Grainlink, Grainovation and ESC</i> )	1 319	1 162	555	325
Income from commodity trading, sale of goods and services rendered ***	1 340	1 185	721	399
AgriRewards	(21)	(23)	(21)	(27)
Finance costs	-	-	(147)	(49)
Profit from joint venture	-	-	2	2
<b>Processing, Conditioning and Markets</b> ( <i>Senwes Seed *, Carpe Diem Raisins Group, KLK Feedlot *, Abattoirs and Auctioneering *, Botselo Mills, SA Dorper, Bastion Lime Group and NviroTek Laboratories</i> )	1 272	1 224	152	97
Income from sale of goods and services rendered	1 272	1 224	144	85
Finance costs	-	-	(14)	(7)
Profit from joint venture and associate	-	-	22	19
Normal operational activities	13 630	10 861	1 503	1 056
<b>Corporate</b>	2	20	(176)	(186)
Income from service level agreement and other corporate fees	1	20	1	6
Interest income from joint ventures	1	-	1	-
Finance costs	-	-	(14)	(7)
Corporate costs	-	-	(148)	(130)
Consolidation, abnormal and sundry items	-	-	(16)	(55)
<b>Total revenue</b>	<b>13 632</b>	<b>10 881</b>		
<b>Profit before tax</b>			<b>1 327</b>	870
Tax			<b>(320)</b>	(202)
<b>Profit after tax (before non-controlling interest)</b>			<b>1 007</b>	668
Non-controlling interest			<b>(100)</b>	(67)
<b>Profit after tax (after non-controlling interest)</b>			<b>907</b>	601

\* Discontinued during the current year.

\*\* Income from sale of goods and services rendered of R1,1 billion was derived from foreign operations in Germany during the current year. Refer to note 6.1.

\*\*\* More than 10% of revenue from services rendered was not derived from any specific business partner(s). (2022: More than 10% of revenue from services rendered was not derived from any specific business partner(s)).

## 1.3 Net segmental assets

	GROUP					
	2023 R'm	2022 R'm	2023 R'm	2022 R'm	2023 R'm	2022 R'm
	ASSETS *		LIABILITIES		NET	
Financial Services	4 787	5 063	(2 420)	(2 911)	2 367	2 152
Input Supply	5 104	3 152	(3 477)	(2 294)	1 627	858
Market Access	1 377	2 030	(1 004)	(1 379)	373	651
Processing, Conditioning and Markets	775	502	(416)	(326)	359	176
<b>Total operations</b>	<b>12 043</b>	<b>10 747</b>	<b>(7 317)</b>	<b>(6 910)</b>	<b>4 726</b>	<b>3 837</b>
Corporate	291	268	(237)	(221)	54	47
<b>Total segmental assets/(liabilities)</b>	<b>12 334</b>	<b>11 015</b>	<b>(7 554)</b>	<b>(7 131)</b>	<b>4 780</b>	<b>3 884</b>
Deferred tax	77	96	(247)	(240)	(170)	(144)
<b>Total</b>	<b>12 411</b>	<b>11 111</b>	<b>(7 801)</b>	<b>(7 371)</b>	<b>4 610</b>	<b>3 740</b>

\* Non-current assets (excl. financial instruments and deferred tax assets) of R483 million relates to foreign operations in Germany and is included in the input supply segment above. Refer to note 6.1.

## 1.4 Segmental disclosable items

	GROUP					
	2023 R'm	2022 R'm	2023 R'm	2022 R'm	2023 R'm	2022 R'm
	CAPITAL EXPENDITURE		DEPRECIATION ON PPE		NON-CASH TRANSACTIONS *	
Financial Services	(7)	(8)	(3)	(3)	99	19
Input Supply	(113)	(70)	(68)	(40)	72	42
Market Access	(22)	(66)	(25)	(62)	(39)	44
Processing, Conditioning and Markets	(37)	(30)	(21)	(24)	5	1
Corporate	(66)	(53)	(57)	(13)	104	25
<b>Total</b>	<b>(245)</b>	<b>(227)</b>	<b>(174)</b>	<b>(142)</b>	<b>241</b>	<b>131</b>

\* Non-cash transactions consist of provisions made.

## 2. PROPERTY, PLANT AND EQUIPMENT

	GROUP		COMPANY	
	2023 R'm	2022 R'm	2023 R'm	2022 R'm
<b>Cost</b>	<b>4 091</b>	<b>3 380</b>	<b>1 543</b>	<b>1 485</b>
Land	151	107	16	16
Silos	434	430	108	106
Buildings and improvements	1 374	1 089	296	294
Plant and equipment	1 862	1 514	1 008	968
Vehicles	248	210	115	101
Heavy vehicles	22	30	-	-
<b>Accumulated depreciation and impairments</b>	<b>(1 330)</b>	<b>(1 065)</b>	<b>(757)</b>	<b>(693)</b>
Land	(32)	(16)	-	-
Silos	(69)	(72)	(70)	(69)
Buildings and improvements	(283)	(155)	(98)	(91)
Plant and equipment	(823)	(714)	(527)	(479)
Vehicles	(117)	(94)	(62)	(54)
Heavy vehicles	(6)	(14)	-	-
<b>Total carrying value</b>	<b>2 761</b>	<b>2 315</b>	<b>786</b>	<b>792</b>

- 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 notes 7.2.2, 7.2.3 and 7.2.4.  
 2.3. The capital commitments of the group are set out in note 21.2.

### 2023 - Reconciliation of movements on property, plant and equipment

	Balance at the beginning of the year R'm	Business combinations 1 R'm	Purchases/ transfers 2 R'm	Disposals/re- classifications R'm	Impairments/ Reversals R'm	Depreciation R'm	Exchange rate translation R'm	Balance at the end of the year R'm
<b>GROUP - 2023</b>								
Land	91	12	14	(1)	(2)	-	5	119
Silos	358	-	1	6	-	-	-	365
Buildings and improvements	934	112	57	(18)	-	(15)	21	1 091
Plant and equipment	800	130	223	(5)	(5)	(136)	32	1 039
Vehicles	116	7	32	(5)	-	(20)	1	131
Heavy vehicles	16	-	6	(3)	-	(3)	-	16
<b>Total</b>	<b>2 315</b>	<b>261</b>	<b>333</b>	<b>(26)</b>	<b>(7)</b>	<b>(174)</b>	<b>59</b>	<b>2 761</b>

<sup>1</sup> Relates to the acquisition of SFL Holdings Group. Refer to note 6.1 for more detail regarding the acquisition.

<sup>2</sup> Includes net transfers (to) and from inventory to the amount of R88 million.

<b>COMPANY - 2023</b>								
Land	16	-	-	-	-	-	-	16
Silos	37	-	1	-	-	-	-	38
Buildings and improvements	203	-	5	(1)	-	(9)	-	198
Plant and equipment	489	-	60	(3)	(4)	(61)	-	481
Vehicles	47	-	16	-	-	(10)	-	53
<b>Total</b>	<b>792</b>	<b>-</b>	<b>82</b>	<b>(4)</b>	<b>(4)</b>	<b>(80)</b>	<b>-</b>	<b>786</b>

**2022 - Reconciliation of movements on property, plant and equipment**

	Balance at the beginning of the year R'm	Business combinations <sup>1</sup> R'm	Purchases/transfers <sup>2</sup> R'm	Disposals/re-classifications R'm	Impairments/Reversals <sup>3</sup> R'm	Depreciation R'm	Balance at the end of the year R'm
<b>GROUP - 2022</b>							
Land	74	-	12	1	4	-	91
Silos	353	-	-	3	2	-	358
Buildings and improvements	931	-	53	(10)	(27)	(13)	934
Plant and equipment	807	-	175	(39)	(33)	(110)	800
Vehicles	98	1	38	(6)	(1)	(14)	116
Heavy vehicles	10	-	11	-	-	(5)	16
<b>Total</b>	<b>2 273</b>	<b>1</b>	<b>289</b>	<b>(51)</b>	<b>(55)</b>	<b>(142)</b>	<b>2 315</b>

<sup>1</sup> Relates to the acquisition of SENWK (Pty) Ltd. Refer to note 6.1 for more detail regarding the acquisition.

<sup>2</sup> Includes a transfer from investment property to the amount of R11 million as well as net transfers (to) and from inventory to the amount of R51 million.

**COMPANY - 2022**

Land	4	-	12	-	-	-	16
Silos	38	-	-	(2)	1	-	37
Buildings and improvements	218	-	4	(1)	(8)	(10)	203
Plant and equipment	517	-	83	(25)	(24)	(62)	489
Vehicles	39	-	18	(1)	(1)	(8)	47
<b>Total</b>	<b>816</b>	<b>-</b>	<b>117</b>	<b>(29)</b>	<b>(32)</b>	<b>(80)</b>	<b>792</b>

<sup>3</sup> During the previous financial year, the group recognised an impairment loss on property, plant and equipment of R55 million. The most significant impairments recognised relate to the following:

- An impairment on a silo complex where a pipe system was leaking and not being used. The entire carrying amount (R18 million) has been impaired as the value in use is deemed to be Rnil, as well as aeration installed at certain silos which was replaced with new technology (R11 million). These impairment losses were allocated to the market access reportable segment in terms of the segmental results (note 1.2).

- Impairments to certain retail branches (R11 million) which operate as cash generating units. Branches were assessed for impairment indicators on the land and buildings. Where indicators were identified, the fair values less costs to sell were calculated, based on specific market conditions impacting those branches. These impairment losses were allocated to the input supply reportable segment in terms of the segmental results (note 1.2).

**3. INVESTMENT PROPERTY**

	GROUP		COMPANY	
	2023 R'm	2022 R'm	2023 R'm	2022 R'm
financial year, the group recognised an				
Cost	2	2	1	1
Accumulated depreciation and impairments	-	-	-	-
<b>Total carrying value</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>

**2023 - Reconciliation of movements on investment property**

	Balance at the beginning of the year R'm	Business combinations R'm	Additions R'm	Transfers R'm	Depreciation R'm	Balance at the end of the year R'm
<b>GROUP - 2023</b>						
Land and buildings	2	-	-	-	*	2
<b>Total</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>*</b>	<b>2</b>
<b>COMPANY - 2023</b>						
Land and buildings	1	-	-	-	*	1
<b>Total</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>*</b>	<b>1</b>

\* Amount is less than R0,5 million.

**2022 - Reconciliation of movements on investment property**

	Balance at the beginning of the year R'm	Business combinations R'm	Additions R'm	Transfers <sup>1</sup> R'm	Depreciation R'm	Balance at the end of the year R'm
<b>GROUP - 2022</b>						
Land and buildings	13	-	-	(11)	-	2
<b>Total</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>(11)</b>	<b>-</b>	<b>2</b>

<sup>1</sup> NviroTek Laboratories (Pty) Ltd ("NviroTek") currently leases a portion of property to external tenants. NviroTek now occupies the significant portion of the building and subsequently transferred this asset to property, plant and equipment during November 2021. Refer to note 2.

**COMPANY - 2022**

Land and buildings	1	-	-	-	-	1
<b>Total</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>

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

3.2. The fair value of land and buildings is estimated at R9 million (2022: R7 million). The capitalisation method was used as the valuation method. Higher rates of return, occupation levels and lower expected market-related rental value will reduce fair value.

#### 4. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The group has lease contracts for various items of buildings, plant and equipment and vehicles used in its operations.

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

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

##### 2023 - Reconciliation of movements on right-of-use assets

	Balance at the beginning of the year R'm	Business combinations R'm	Additions R'm	De-recognitions/modifications R'm	Depreciation R'm	Balance at the end of the year R'm
<b>GROUP - 2023</b>						
Buildings and improvements	14	-	13	-	(7)	20
Plant and equipment	9	-	2	(1)	(4)	6
Motor vehicles	6	-	-	-	(2)	4
<b>Total</b>	<b>29</b>	<b>-</b>	<b>15</b>	<b>(1)</b>	<b>(13)</b>	<b>30</b>

##### COMPANY - 2023

Buildings and improvements	1	-	-	-	*	1
<b>Total</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>

\* Amount is less than R0,5 million.

##### 2022 - Reconciliation of movements on right-of-use assets

	Balance at the beginning of the year R'm	Business combinations R'm	Additions R'm	De-recognitions/modifications R'm	Depreciation R'm	Balance at the end of the year R'm
<b>GROUP - 2022</b>						
Buildings and improvements	29	-	1	(7)	(9)	14
Plant and equipment	12	-	1	-	(4)	9
Motor vehicles	10	-	-	(2)	(2)	6
<b>Total</b>	<b>51</b>	<b>-</b>	<b>2</b>	<b>(9)</b>	<b>(15)</b>	<b>29</b>

##### COMPANY - 2022

Buildings and improvements	1	-	-	-	*	1
Plant and equipment	1	-	-	-	(1)	-
<b>Total</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>1</b>

\* Amount is less than R0,5 million.

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

##### 2023 - Reconciliation of movements on lease liabilities

	Balance at the beginning of the year R'm	Business combinations R'm	Additions R'm	De-recognitions/modifications R'm	Accretion of interest R'm	Payments R'm	Balance at the end of the year R'm
<b>GROUP - 2023</b>							
Buildings and improvements	17	-	13	-	2	(10)	22
Plant and equipment	10	-	2	-	1	(5)	8
Motor vehicles	6	-	-	-	-	(2)	4
<b>Total</b>	<b>33</b>	<b>-</b>	<b>15</b>	<b>-</b>	<b>3</b>	<b>(17)</b>	<b>34</b>

**Current**

13

**Non-current**

21

##### COMPANY - 2023

Buildings and improvements	1	-	-	-	*	(1)	*
<b>Total</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>-</b>

**Current**

\*

**Non-current**

-

\* Amount is less than R0,5 million.



**2022 - Reconciliation of movements on lease liabilities**

	Balance at the beginning of the year R'm	Business combinations R'm	Additions R'm	De-recognitions/ modifications R'm	Accretion of interest R'm	Payments R'm	Balance at the end of the year R'm
<b>GROUP - 2022</b>							
Buildings and improvements	35	-	1	(8)	2	(13)	17
Plant and equipment	13	-	1	-	1	(5)	10
Motor vehicles	9	-	-	(2)	1	(2)	6
<b>Total</b>	<b>57</b>	<b>-</b>	<b>2</b>	<b>(10)</b>	<b>4</b>	<b>(20)</b>	<b>33</b>
Current							11
Non-current							22
<b>COMPANY - 2022</b>							
Buildings and improvements	2	-	-	(1)	-	-	1
Plant and equipment	1	-	-	-	-	(1)	-
<b>Total</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>(1)</b>	<b>1</b>
Current							1
Non-current							-

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

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

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

	<b>GROUP</b>					
	2023 R'm			2022 R'm		
	Within five years	More than five years	Total	Within five years	More than five years	Total
Extension options expected not to be exercised	-	-	-	4	-	4
Termination options expected to be exercised	2	4	6	-	-	-
<b>Total</b>	<b>2</b>	<b>4</b>	<b>6</b>	<b>4</b>	<b>-</b>	<b>4</b>

**5. GOODWILL AND INTANGIBLE ASSETS**

	Notes	<b>GROUP</b>		<b>COMPANY</b>	
		2023 R'm	2022 R'm	2023 R'm	2022 R'm
Goodwill	5.1	73	43	-	-
Intangible assets	5.2	182	118	4	5
<b>Total carrying value</b>		<b>255</b>	<b>161</b>	<b>4</b>	<b>5</b>

## 5.1 Goodwill

	GROUP		COMPANY	
	2023	2022	2023	2022
	R'm	R'm	R'm	R'm
Carrying value at the beginning of year	43	35	-	-
Fair value at initial recognition	80	64	-	-
Accumulated impairment provision	(37)	(29)	-	-
<i>Movements during the year:</i>				
Goodwill acquired through business combination(s) *	27	16	-	-
Decrease due to impairments recognised **	(2)	(8)	-	-
Exchange rate translation	5	-	-	-
<b>Carrying value at end of the year</b>	<b>73</b>	<b>43</b>	<b>-</b>	<b>-</b>
Fair value at initial recognition (including exchange rate translation)	112	80	-	-
Accumulated impairment provision	(39)	(37)	-	-

\* The goodwill acquired during the year relates to SFL Holdings Group (2022: relates to SENWK (Pty) Ltd). Refer to note 6.1 for further detail.

\*\* The impairment loss was allocated to the corporate reportable segment in terms of the segmental results (note 1.2).

Goodwill is tested for impairment on an annual basis during the last quarter of each financial year. The net asset value of Falcon Agricultural Equipment (Pty) Ltd ("Falcon") was compared to a consolidated value-in-use calculation of the Staalmeester and Falcon business units, due to the merger of these units. The calculations were performed using the price-earnings ("PE") ratio valuation method by applying an average PE-ratio between 4,8 and 5,6 to an average forecasted profit after tax for the next three years.

The PE-ratios were benchmarked against market averages and past transactions. The valuations were in excess of the respective net asset values and no impairment charge was consequently recognised on the Falcon and Staalmeester goodwill.

The net asset value of the SENWK Group was compared to a value-in-use calculation of the respective businesses included in the group. The calculations were performed using the price-earnings ("PE") ratio valuation method by applying an adjusted PE-ratio of 4,62 to an average forecasted profit after tax for the next three years.

The valuation was in excess of the net asset value and no impairment charge was consequently recognised on the SENWK goodwill.

During the year, the goodwill recognised on the Grainovation business combination was fully impaired (R2 million) as a result of the low profitability of the company due to the business model change to transport brokerage rather than owning the fleet.

2022: The net asset value of Falcon Agricultural Equipment (Pty) Ltd ("Falcon") and Staalmeester Agricultural Equipment (Pty) Ltd ("Staalmeester") was compared to a consolidated value-in-use calculation of these business units, due to the subsequent merger of these units. The calculation was performed using the discounted cash flow ("DCF") valuation method by applying a weighted average cost of capital ("WACC") rate of 17,8%, over an eight year period and a perpetual growth rate of 2%.

The valuation was in line with the combined net asset value of these units and no impairment charge was consequently recognised on goodwill.

## 5.2 Intangible Assets

	GROUP		COMPANY	
	2023	2022	2023	2022
	R'm	R'm	R'm	R'm
<b>Cost</b>	<b>240</b>	<b>138</b>	<b>6</b>	<b>6</b>
Intellectual property	6	6	6	6
Brandnames, patents, trademarks and other rights	54	54	-	-
Computer software	10	8	-	-
Customer relationships	76	56	-	-
Supplier agreements	91	11	-	-
Accreditation	3	3	-	-
<b>Accumulated amortisation and impairments</b>	<b>(58)</b>	<b>(20)</b>	<b>(2)</b>	<b>(1)</b>
Intellectual property	(2)	(1)	(2)	(1)
Brandnames, patents, trademarks and other rights	(26)	(6)	-	-
Computer software	(6)	(4)	-	-
Customer relationships	(15)	(8)	-	-
Supplier agreements	(7)	-	-	-
Accreditation	(2)	(1)	-	-
<b>Total carrying value</b>	<b>182</b>	<b>118</b>	<b>4</b>	<b>5</b>

**2023 - Reconciliation of movements on intangible assets**

	Balance at the beginning of the year R'm	Business combinations <sup>1</sup> R'm	Additions R'm	Amortisation R'm	Impairments <sup>2</sup> R'm	Exchange rate translation R'm	Balance at the end of the year R'm
<b>GROUP - 2023</b>							
Intellectual property	5	-	-	(1)	-	-	4
Brandnames, patents, trademarks and other rights	48	-	-	(1)	(19)	-	28
Computer software	4	-	2	(2)	-	-	4
Customer relationships *	48	17	-	(7)	-	3	61
Supplier agreements *	11	67	-	(6)	-	12	84
Accreditation	2	-	-	(1)	-	-	1
<b>Total</b>	<b>118</b>	<b>84</b>	<b>2</b>	<b>(18)</b>	<b>(19)</b>	<b>15</b>	<b>182</b>

\* The remaining amortisation period of significant finite intangible assets is 7 to 8 years for customer relationships and 9 years for supplier agreements.

<sup>1</sup> Refer to note 6.1.

<sup>2</sup> The continued decline in financial performance of the input wholesale business, as a cash-generating unit, resulted in an intangible asset impairment of R19 million recognised during the current year. The value in use recoverable amount was calculated on the discounted cash flow ("DCF") methodology, incorporating various discounts and premiums. The valuation was performed using a multi-period cost of equity percentage between 14,7% and 14,1% discounted over a ten year projected cash flow period, a perpetual growth rate of 5,0% and a marketability discount of 6,3%. The projected cash flows was based on financial budgets approved by management. The key assumptions used reflect past experience and is consistent with external sources of information. The impairment loss was allocated to the input supply reportable segment in terms of the segmental results (note 1.2).

The recoverable amount of significant intangible assets with indefinite useful lives, allocated to a cash-generating unit, is calculated on an annual basis during the last quarter of each financial year. PE-BEE Agri (Pty) Ltd's ("Protek") intangible assets with indefinite useful lives consist of trademarks of R16 million and supplier agreements of R11 million. The net asset value of Protek, on group level, was compared to a value in use valuation, based on the discounted cash flow ("DCF") methodology, incorporating various discounts and premiums. The valuation was performed using a weighted average cost of capital ("WACC") rate of 20,5% discounted over a ten year projected cash flow period, a perpetual growth rate of 2% and a marketability discount of 5,5%. The projected cash flows was based on financial budgets approved by management. The key assumptions used reflect past experience and is consistent with external sources of information.

The valuation was benchmarked against PE (price-earnings)-ratio multiples and EBITDA (earnings before interest, tax, depreciation and amortisation)-ratio multiples of comparable entities in the market. The valuation amount was in excess of the net asset value and no impairment charge was consequently recognised on the intangible assets. Reasonably possible changes to key assumptions are not expected to cause the carrying amount to exceed the recoverable amount, based on the current headroom calculated.

**COMPANY - 2023**

Intellectual property	5	-	-	(1)	*	4
<b>Total</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>*</b>	<b>4</b>

**2022 - Reconciliation of movements on intangible assets**

	Balance at the beginning of the year R'm	Business combinations <sup>1</sup> R'm	Additions R'm	Amortisation R'm	Balance at the end of the year R'm
<b>GROUP - 2022</b>					
Intellectual property	5	-	-	-	5
Brandnames, patents, trademarks and other rights *	41	-	7	-	48
Computer software	-	-	5	(1)	4
Customer relationships *	38	16	-	(6)	48
Supplier agreements	11	-	-	-	11
Accreditation	3	-	-	(1)	2
<b>Total</b>	<b>98</b>	<b>16</b>	<b>12</b>	<b>(8)</b>	<b>118</b>

\* The remaining amortisation period of significant finite intangible assets is 8,5 years for trademarks and 8 to 9 years for customer relationships.

**COMPANY - 2022**

Intellectual property	5	-	-	-	5
<b>Total</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>

<sup>1</sup> Refer to note 6.1.

## 6. INVESTMENT IN COMPANIES

### 6.1 Corporate transactions and restructuring

2023

#### SFL Holdings GmbH ("SFL")

During the previous year, Senwes acquired the entire shareholding of SFL, a holding company incorporated in Germany. During the current year, Senwes provided the funding to SFL to acquire various shares and assets in agricultural businesses (three John Deere dealerships, with six branches and sub-dealers) in Germany. As a result, Senwes gained control of the foreign operations and consolidated these operations. The acquisition is aligned to the Senwes strategic philosophy, specifically the strategic pillar of externalisation which brings further opportunities into alternative lower risk jurisdictions. A platform for growth will be created while increasing exposure to other major currencies and decreasing the exposure to the volatile rand. The effective date of consolidation was 1 July 2022.

		Group
		R'm
Fair value of assets acquired and liabilities assumed :	A.....	445
Property, plant and equipment		261
Intangible assets		84
Trade and other receivables <sup>2</sup>		138
Inventory		312
Cash and cash equivalents		47
Other assets		3
Interest-bearing loans		(92)
Deferred tax liabilities		(7)
Trade and other payables		(283)
Non-controlling interest		(18)
Consideration paid <sup>1</sup>	B.....	472
<b>Goodwill <sup>3</sup></b>	C=(B-A).....	<b>27</b>

<sup>1</sup> The acquisition was funded using operating cash flows of R472 million which were paid to SFL and Senwes Grundstucks GmbH ("Grundstucks") in order to fund the acquisition of the businesses within the SFL Group. The funding from Senwes was structured as equity contributions of R140 million and loans of R332 million. Goodwill of R27 million was recognised as a result of the business combinations.

<sup>2</sup> The fair value of trade and other receivables acquired of R138 million include a provision of R1 million which is not expected to be collected.

<sup>3</sup> Goodwill arose in respect of, inter alia, the high profitability of the acquired business, synergies expected to arise after the group's acquisition of the business, and the workforce of the company which did not qualify for separate recognition.

Since acquisition date, and for the 2023 financial year, revenue of R1,1 billion and a profit after tax of R24 million were contributed to the consolidated statement of comprehensive income by the SFL Group. The revenue and profit contributed by the group for the 12-month accounting period, as though the acquisition had been as of the beginning of the 2023 reporting period, were R1,4 billion and R27 million, respectively.

#### Molemi Sele Management (Pty) Ltd ("MSM")

The three shareholders of MSM; Senwes Limited, NWK Limited and Afgri Operations Limited, agreed that they will no longer continue with the joint venture partnership in MSM and its Guardrisk cell captive. During the current year Senwes consequently divested from the MSM joint venture, effective 1 November 2022. The proceeds from the disposal amounted to R23 million and a profit on disposal of joint venture of R2 million (group) and R22 million (company) was respectively recognised.

#### Staalmeester (Pty) Ltd ("Staalmeester")

Senwes, through Senwes Equip Holdings (Pty) Ltd, acquired the remaining share (25%) in Staalmeester from the non-controlling shareholder for R10 million on 1 May 2022. The transaction resulted in the change in ownership reserve being increased by R3 million. Subsequently, Falcon Agricultural Equipment (Pty) Ltd ("Falcon") acquired the total business operations of Staalmeester with effect from 1 May 2022 in terms of a disposal agreement.

The consolidated business operations of both parties, which deal in the importing and manufacturing of bespoke agricultural equipment, will lead to further unlocking of synergies within the group and avoid any possible duplication of services and expenses.

The above mentioned transactions were accounted for as business combinations under common control and therefore excluded from the scope of IFRS 3.

#### PE-BEE (Pty) Ltd ("Protek")

During the year the group, through Africum (Pty) Ltd, increased its shareholding in Protek by acquiring an additional 9% of the non-controlling interest of Protek for R17 million, resulting in a shareholding of 60%. The effective date of the transaction was 1 September 2022. The transaction resulted in a change in ownership reserve of R10 million being decreased in the statement of changes in equity.

#### KLK Landbou Limited ("KLK")

During the year, KLK acquired the remaining 49% shareholding of Ramskop (Pty) Ltd ("Ramskop") from the non-controlling shareholders for R1. The effective date of the transaction was 28 February 2023. The transaction resulted in a change in ownership reserve of R5 million being decreased in the statement of changes in equity.

**2022****SENWK (Pty) Ltd ("SENWK")**

During the previous year, Senwes acquired an additional 50% interest in SENWK from NWK Ltd ("NWK"), the other party to the joint venture. This transaction constituted a business combination with change in control (joint venture to fully owned subsidiary) in terms of IFRS 3. The SENWK Group operates in the insurance, brokerage and administrative services industry. The effective date of acquisition and consolidation was 1 May 2021.

		Group
		R'm
Fair value of assets acquired and liabilities assumed :	A.....	<b>59</b>
Property, plant and equipment		1
Intangible assets		16
Deferred tax asset		1
Trade and other receivables <sup>2</sup>		29
Cash and short-term deposits		72
Fiduciary assets and cash and cash equivalents		3
Other current assets		2
Deferred tax liabilities		(11)
Trade and other payables		(46)
Fiduciary liabilities		(6)
Provisions		(2)
Consideration paid <sup>1</sup>	B.....	<b>75</b>
<b>Goodwill</b>	C=(B-A).....	<b>16</b>

<sup>1</sup> The consideration paid consists of the acquisition date fair value of the equity interest in SENWK held immediately before the acquisition date as well as an additional R26,1 million paid to NWK. A loss of R9,9 million was recognised as a result of remeasuring to fair value the equity interest in SENWK held before the business combination, and is included in the "(Loss)/gain on disposal of investment in joint venture" line in the statement of comprehensive income.

<sup>2</sup> The fair value of trade and other receivables acquired (R29 million) includes a provision of Rnil million which is not expected to be collected.

Since acquisition date, and for the 2022 financial year, revenue of R51 million and a profit after tax of R9 million were contributed to the consolidated statement of comprehensive income by the SENWK Group. The acquisition became effective at the start of the 12-month accounting period.

**Suidwes IT Solutions 2 (Pty) Ltd ("SWITO 2")**

Senwes, as the legal and beneficial owner of its IT-division within Senwes Ltd, disposed of its business to a separate legal entity, SWITO 2, during the previous financial year. SWITO 2 is fully owned by Africum (Pty) Ltd (a fully owned indirect subsidiary of Senwes Ltd). This was therefore a common control transaction, and excluded from the scope of IFRS 3. There were no assets or liabilities transferred to SWITO 2 and only the operations were transferred. Refer to note 13 for more details regarding the transaction.

**Hinterland SA (Pty) Ltd ("Hinterland SA")**

In terms of the group's strategic intent, Agrinet (Pty) Ltd ("Agrinet") and Hinterland SA (Pty) Ltd (wholesale) merged into one entity effective from 1 May 2021.

The Agrinet business was sold as a going concern to Hinterland SA (Pty) Ltd, therefore all the Agrinet business operations were conducted in Hinterland SA (Pty) Ltd from 1 May 2021. Effectively the wholesale operations, which were a division of Hinterland SA (Pty) Ltd, and the Agrinet operations merged on the effective date. The transaction was concluded as an asset-for-share transaction. Agrinet continued as a property holding entity, leasing fixed property to Hinterland where the operations are being conducted.

On 1 May 2021 the operations of the retail division of Hinterland SA (Pty) Ltd were sold to Hinterland Holdings (Pty) Ltd. The assets and liabilities of the retail division were transferred to the holding company and a corresponding receivable was recognised as consideration receivable from Hinterland SA (Pty) Ltd.

The abovementioned transactions were accounted for as business combinations under common control and therefore excluded from the scope of IFRS 3.

*Other transactions:*

During the previous year, KLK Landbou Ltd ("KLK") repurchased 47 773 of its own issued shares, effectively increasing the shareholding held by Senwes to 57,8%. The transaction resulted in a change in ownership reserve of R0,3 million being recognised in the statement of changes in equity.

## 6.2 Investment in subsidiaries

	Notes	Total shares in issue	Interest %	Shares R'm	Provision for impairment on investment R'm	Total net investment R'm
<b>COMPANY - 2023</b>						
JD Implemente (Pty) Ltd	6.3.1	1 000	50	6	-	6
KLK Landbou Ltd	6.3.3	17 127 558	57.8	187	-	187
Suidwes Holdings (Pty) Ltd		53 291 256	100	113	-	113
Hinterland Holdings (Pty) Ltd		50 000 000	100	213	-	213
Grainovation (Pty) Ltd		1 000	100	28	-	28
Senwes Equip Holdings (Pty) Ltd <sup>1</sup>		100	100	-	-	-
Senwes Equip Holdings (Pty) Ltd - Discounted loans <sup>2</sup>		-	-	-	-	5
Senwes Agrowth (Pty) Ltd <sup>3</sup>		1 000	73.5	-	-	-
Senwes Capital (Pty) Ltd		11 054	100	25	-	25
Senwes Graanmakelaars (Pty) Ltd		100	100	-	-	-
Senwes Share Incentive Scheme Trust <sup>4</sup>	16.2	-	100	61	-	61
SENWK (Pty) Ltd <sup>5</sup>		180	100	29	-	29
SFL Holdings GmbH <sup>6</sup>	6.3.6	25 000	100	132	-	132
SS Siloco (Pty) Ltd <sup>7</sup>		100	100	*	-	*
Agri Credit Solutions (Pty) Ltd <sup>8</sup>		6	17	1	-	1
Agri Credit Solutions (Pty) Ltd - IFRS 2 <sup>8</sup>		-	-	-	-	4
Agrifriend Equipment (Pty) Ltd - IFRS 2 <sup>9</sup>		-	-	-	-	3
Hinterland SA (Pty) Ltd - IFRS 2 <sup>10</sup>		-	-	-	-	2
Hinterland Holdings (Pty) Ltd - IFRS 2		-	-	-	-	1
NviroTek Laboratories (Pty) Ltd - IFRS 2 <sup>11</sup>		-	-	-	-	*
Falcon Agricultural Equipment (Pty) Ltd - IFRS 2 <sup>12</sup>		-	-	-	-	*
Certisure Brokers (Pty) Ltd - IFRS 2 <sup>13</sup>		-	-	-	-	*
<b>Total carrying value</b>				<b>795</b>	<b>-</b>	<b>810</b>

\* Amount is less than R0,5 million.

<sup>1</sup> The share capital of Senwes Equip Holdings amounts to R100.

<sup>2</sup> The discounted loans to Senwes Equip Holdings originated due to the nature of these loans (refer to note 7.1.2), being interest free and repayment terms will only be negotiated after five years, a portion of these loans, R17 million at inception, was classified as investments.

<sup>3</sup> Senwes Agrowth (Pty) Ltd is the holding company of Tradevantage Grain (Pty) Ltd ("Tradevantage") and consists of equity and an investment of R100.

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

<sup>4</sup> Senwes Share Incentive Scheme Trust was established as a vehicle for the equity-settled share-based payment scheme. During the year 2 136 338 shares (2022: 1 808 689 shares) vested under the LTI-scheme and 702 277 shares (2022: 246 723 shares) were repurchased from the participants of the scheme and market participants.

<sup>5</sup> Senwes holds a 100% share in SENWK (Pty) Ltd ("SENWK"). Refer to note 6.1 for detail regarding the acquisition of SENWK during the prior year.

<sup>6</sup> Senwes holds a 100% share in SFL Holdings GmbH. Refer to note 6.1 for detail regarding the transaction.

<sup>7</sup> Senwes holds a 100% share in SS Siloco (Pty) Ltd ("SS Siloco"). The investment in SS Siloco amounts to R100.

<sup>8</sup> Senwes indirectly holds a 100% share in Agri Credit Solutions (Pty) Ltd ("ACS") through Suidwes Holdings (Pty) Ltd ("Suidwes Holdings"), which holds 83,3% in ACS, while Senwes holds the remaining 16,7%.

<sup>9</sup> Senwes indirectly holds a 100% share in Agrifriend Equipment (Pty) Ltd ("Agrifriend Equipment") through Africum Ltd ("Africum") (10%) and Senwes Equipment (90%).

<sup>10</sup> Senwes indirectly holds a 100% share in Hinterland SA (Pty) Ltd ("Hinterland SA") through Agrinet (Pty) Ltd ("Agrinet") (85,6%) and Hinterland Holdings (Pty) Ltd (14,4%).

<sup>11</sup> Senwes indirectly holds a 82% share in NviroTek Laboratories (Pty) Ltd ("NviroTek") through Africum Ltd ("Africum").

<sup>12</sup> Senwes indirectly holds a 100% share in Falcon Agricultural Equipment (Pty) Ltd ("Falcon") through Senwes Equip Holdings (Pty) Ltd.

<sup>13</sup> Senwes indirectly holds a 100% share in Certisure Brokers (Pty) Ltd ("Certisure") through SENWK (Pty) Ltd.

	Notes	Total shares in issue	Interest %	Shares R'm	Provision for impairment on investment R'm	Total net investment R'm
<b>COMPANY - 2022</b>						
JD Implemente (Pty) Ltd	6.3.1	1 000	50	6	-	6
KLK Landbou Ltd	6.3.3	17 127 558	57,8	187	-	187
Suidwes Holdings (Pty) Ltd		53 291 256	100	113	-	113
Hinterland Holdings (Pty) Ltd		50 000 000	100	213	-	213
Grainovation (Pty) Ltd		1 000	100	28	-	28
Senwes Equip Holdings (Pty) Ltd <sup>1</sup>		100	100	-	-	-
Senwes Equip Holdings (Pty) Ltd - Discounted loans <sup>2</sup>		-	-	-	-	6
Senwes Agrowth (Pty) Ltd <sup>3</sup>		1 000	74	-	-	-
Senwes Capital (Pty) Ltd		11 054	100	25	-	25
Senwes Graanmakelaars (Pty) Ltd		100	100	-	-	-
Senwes Mauritius Ltd <sup>4</sup>		240	100	19	(19)	-
Senwes Share Incentive Scheme Trust <sup>5</sup>	16.2	-	100	71	-	71
SENWK (Pty) Ltd <sup>6</sup>		180	100	29	-	29
SFL Holdings GmbH <sup>7</sup>		25 000	100	*	-	*
Agri Credit Solutions (Pty) Ltd <sup>8</sup>		6	17	1	-	1
Agri Credit Solutions (Pty) Ltd - IFRS 2 <sup>8</sup>		-	-	-	-	2
Agrifriend Equipment (Pty) Ltd - IFRS 2 <sup>9</sup>		-	-	-	-	2
Hinterland SA (Pty) Ltd - IFRS 2 <sup>10</sup>		-	-	-	-	1
Hinterland Holdings (Pty) Ltd - IFRS 2		-	-	-	-	1
NviroTek Laboratories (Pty) Ltd - IFRS 2 <sup>11</sup>		-	-	-	-	*
Staalmeester Agricultural Equipment (Pty) Ltd - IFRS 2 <sup>12</sup>		-	-	-	-	*
Falcon Agricultural Equipment (Pty) Ltd - IFRS 2 <sup>13</sup>		-	-	-	-	*
<b>Total carrying value</b>				<b>692</b>	<b>(19)</b>	<b>685</b>

\* Amount is less than R0,5 million.

<sup>1</sup> The share capital of Senwes Equip Holdings amounts to R100.

<sup>2</sup> The discounted loans to Senwes Equip Holdings originated due to the nature of these loans (refer to note 7.1.2), being interest free and repayment terms will only be negotiated after five years, a portion of these loans, R17 million at inception, is classified as investments.

<sup>3</sup> Senwes Agrowth (Pty) Ltd is the holding company of Tradevantage Grain (Pty) Ltd ("Tradevantage") and consists of equity and an investment of R100.

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

<sup>4</sup> Senwes is in the process of deregistering the business of Senwes Mauritius.

<sup>5</sup> Senwes Share Incentive Scheme Trust was established as a vehicle for the equity-settled share-based payment scheme. During the year 1 808 689 shares (2021: 1 824 038 shares) vested under the LTI-scheme and 246 723 shares (2021: 381 219 shares) were repurchased from the participants of the scheme.

<sup>6</sup> Senwes holds a 100% share in SENWK (Pty) Ltd ("SENWK"). Refer to note 6.1 for detail regarding the acquisition of SENWK.

<sup>7</sup> Senwes holds a 100% share in SFL Holdings GmbH.

<sup>8</sup> Senwes indirectly holds a 100% share in Agri Credit Solutions (Pty) Ltd ("ACS") through Suidwes Holdings (Pty) Ltd ("Suidwes Holdings"), which holds 83,3% in ACS, while Senwes holds the remaining 16,7%.

<sup>9</sup> Senwes indirectly holds a 100% share in Agrifriend Equipment (Pty) Ltd ("Agrifriend Equipment") through Africum Ltd ("Africanum") (10%) and Senwes Equipment (90%).

<sup>10</sup> Senwes indirectly holds a 100% share in Hinterland SA (Pty) Ltd ("Hinterland SA") through Agrinet (Pty) Ltd ("Agrinet") (85,6%) and Hinterland Holdings (Pty) Ltd (14,4%).

<sup>11</sup> Senwes indirectly holds a 82% share in NviroTek Laboratories (Pty) Ltd ("NviroTek") through Africum Ltd ("Africanum").

<sup>12</sup> Senwes indirectly holds a 75% share in Staalmeester Agricultural Equipment (Pty) Ltd ("Staalmeester") through Senwes Equip Holdings (Pty) Ltd.

<sup>13</sup> Senwes indirectly holds a 100% share in Falcon Agricultural Equipment (Pty) Ltd ("Falcon") through Senwes Equip Holdings (Pty) Ltd.

### 6.3 Financial information of subsidiaries

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

	2023 R'm	2022 R'm
<b>Summarised non-controlling interest balances:</b>		
Non-controlling interest of subsidiaries that are individually significant and separately disclosed	510	422
Non-controlling interest of subsidiaries that are not individually significant	1	(2)
Non-controlling interest relating to group equity adjustments	8	4
<b>Total non-controlling interest</b>	<b>519</b>	<b>424</b>
<b>Summarised non-controlling interest movement:</b>		
<b>Individually disclosed subsidiaries</b>		
Non-controlling interest share in profit or loss	99	70
Non-controlling interest acquired in business combination	18	-
Dividends paid to non-controlling shareholders	(11)	(12)
Non-controlling interest relating to group profit or loss adjustments	1	(3)
Change in ownership	(15)	-
Exchange rate translation	3	-
<b>Subsidiaries not individually significant to disclose</b>		
Non-controlling interest share in profit or loss	*	-
Change in ownership	-	(7)
<b>Total non-controlling interest movement</b>	<b>95</b>	<b>48</b>

\* Amount is less than R0,5 million.

#### 6.3.1 JD Implemente (Pty) Ltd

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

The following is the summarised financial information:

	2023 R'm	2022 R'm
<b>Financial position</b>		
Non-current assets	36	34
Current assets, excluding bank and cash	192	120
Cash and cash equivalents	1	25
Trade payables	(135)	(97)
Current financial liabilities, excluding trade payables	(1)	(8)
Non-current liabilities	(13)	(11)
<b>Equity attributable to subsidiary</b>	<b>80</b>	<b>63</b>
Attributable to:		
Equity holders of the parent	40	31
Non-controlling interest	40	32
<b>Financial results</b>		
Revenue	493	443
Cost of sales	(414)	(373)
Other income	6	5
Depreciation	(2)	(1)
Expenses	(51)	(44)
Finance costs	(2)	(2)
<b>Profit before tax</b>	<b>30</b>	<b>28</b>
Tax	(8)	(8)
<b>Profit after tax</b>	<b>22</b>	<b>20</b>
Non-controlling interest share in profit or loss	11	10
Dividends paid to non-controlling shareholders	(3)	(2)
<b>Summarised cash flows are as follows:</b>		
Generated from operating activities	4	21
Used in investing activities	(21)	(2)
Used in financing activities	(7)	(7)
<b>Net (decrease)/increase in cash flows</b>	<b>(24)</b>	<b>12</b>



**6.3.2 Staalmeester Agricultural Equipment (Pty) Ltd**

Senwes holds 100% in Senwes Equip Holdings (Pty) Ltd ("Senwes Equip Holdings"). Senwes Equip Holdings has a 100% (2022: 75%) interest in Staalmeester Agricultural Equipment (Pty) Ltd ("Staalmeester"). During the year, Senwes Equip Holdings increased its shareholding from 75% to 100%. Staalmeester subsequently disposed of its assets and liabilities to Falcon Agricultural Equipment (Pty) Ltd. Refer to note 6.1 for detail regarding these transactions. Staalmeester's core business is the manufacturing, importing and retailing of agri-implements. The financial year-end is the same as Senwes' financial year-end. The registered office of the company is the same as Senwes' registered office.

The following is the summarised financial information:

	2023 R'm	2022 R'm
<b>Financial position</b>		
Non-current assets	-	26
Current assets	-	37
Trade payables	-	1
Current financial liabilities, excluding trade payables	-	(2)
<b>Equity attributable to subsidiary</b>	<b>-</b>	<b>62</b>
Attributable to:		
Equity holders of the parent	-	46
Non-controlling interest	-	16
Non-controlling interest relating to group equity adjustments	-	(3)
<b>Financial results</b>		
Revenue	-	64
Cost of sales	-	(40)
Other income	-	2
Depreciation	-	(1)
Expenses	-	(19)
<b>Profit before tax</b>	<b>-</b>	<b>6</b>
Tax	-	(2)
<b>Profit after tax</b>	<b>-</b>	<b>4</b>
Non-controlling interest share in profit or loss	-	1
Change in ownership	<b>(13)</b>	-
<b>Summarised cash flows are as follows:</b>		
Used in operating activities	-	(1)
Generated from financing activities	-	1
<b>Net increase in cash flows</b>	<b>-</b>	<b>-</b>

**6.3.3 KLK Landbou Ltd**

Senwes has a 57,83% (2022: 57,83%) interest in KLK Landbou Ltd ("KLK"), and it is therefore accounted for as a subsidiary. KLK is a group of companies in the agricultural sector. The group's focus areas are agricultural retail, fuels and associated products, meat trading through abattoirs, various car dealerships, livestock, the processing and exporting of sheep skins and cattle hides and the trading, processing and packaging of raisins and raisin products in the Orange River area, mainly for the export market. The company has a February financial year-end. KLK is therefore consolidated two months in arrears in comparison with the financial results and financial position of the Senwes Group. Financial adjustments deemed significant are, however, made to the financial statements of the group relating to the months of March and April. The registered office of the company is in Upington, South Africa.

The following is the summarised financial information:

	2023 R'm	2022 R'm
<b>Financial position</b>		
Non-current assets	415	383
Current assets, excluding bank and cash	810	722
Cash and cash equivalents	4	24
Trade payables	(251)	(305)
Current financial liabilities, excluding trade payables	(111)	(100)
Non-current liabilities	(68)	(66)
Non-controlling interest	(124)	(99)
<b>Equity attributable to subsidiary</b>	<b>675</b>	<b>559</b>
Attributable to:		
Equity holders of the parent	390	322
Non-controlling interest	285	237
Non-controlling interest relating to group equity adjustments	(3)	(6)
<b>Financial results</b>		
Revenue	3 537	2 542
Cost of sales	(2 868)	(2 039)
Other income	56	27
Depreciation	(34)	(30)
Expenses	(494)	(368)
Finance costs	(6)	(5)
<b>Profit before tax</b>	<b>191</b>	<b>127</b>
Tax	(48)	(38)
Non-controlling interest	(20)	(13)
<b>Profit after tax</b>	<b>123</b>	<b>76</b>
Non-controlling interest share in profit or loss	53	32
Non-controlling interest relating to group profit or loss adjustments	3	(3)
Dividends paid to non-controlling shareholders	(2)	(4)
Change in ownership	5	-
<b>Summarised cash flows are as follows:</b>		
Used in operating activities	(80)	(82)
Used in investing activities	(52)	(46)
Used in financing activities	(4)	(19)
<b>Net decrease in cash flows</b>	<b>(136)</b>	<b>(147)</b>

**6.3.4 PE-BEE Agri (Pty) Ltd ("Protek")**

Senwes holds a 60% (2022: 51%) share in Protek through its wholly owned subsidiary, Africum (Pty) Ltd ("Africum"). Protek's core business is the buying, repackaging, distribution and selling of pesticides and fertiliser for the household and retail market. The financial year-end is the same as Senwes' financial year-end. The registered office of the company is in Heidelberg, South Africa.

The following is the summarised financial information:

	2023 R'm	2022 R'm
<b>Financial position</b>		
Non-current assets	12	12
Current assets, excluding bank and cash	69	69
Cash and cash equivalents	8	7
Trade payables	(20)	(25)
Current financial liabilities, excluding trade payables	(5)	(6)
Non-current liabilities	(4)	(4)
<b>Equity attributable to subsidiary</b>	<b>60</b>	<b>53</b>
Attributable to:		
Equity holders of the parent	36	27
Non-controlling interest	24	26
Non-controlling interest relating to group equity adjustments	10	11
<b>Financial results</b>		
Revenue	203	191
Cost of sales	(107)	(102)
Other income	-	1
Depreciation	(2)	(2)
Expenses	(64)	(56)
<b>Profit before tax</b>	<b>30</b>	<b>32</b>
Tax	(8)	(9)
<b>Profit after tax</b>	<b>22</b>	<b>23</b>
Non-controlling interest share in profit or loss	11	11
Non-controlling interest relating to group profit or loss adjustments	(1)	-
Dividends paid to non-controlling shareholders	(6)	(6)
Change in ownership	(7)	-
<b>Summarised cash flows are as follows:</b>		
Generated from/(used in) operating activities	19	(7)
Used in investing activities	-	(7)
(Used in)/generated from financing activities	(18)	4
<b>Net increase/(decrease) in cash flows</b>	<b>1</b>	<b>(10)</b>

**6.3.5 NviroTek Laboratories (Pty) Ltd**

Senwes holds an 82% share in NviroTek Laboratories (Pty) Ltd ("NviroTek") through its wholly owned subsidiary, Africum (Pty) Ltd ("Africum"). NviroTek's core business is providing laboratory services to the agricultural market. 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:

	2023 R'm	2022 R'm
<b>Financial position</b>		
Non-current assets	50	45
Current assets, excluding bank and cash	41	34
Cash and cash equivalents	3	1
Trade payables	(12)	(9)
Current financial liabilities, excluding trade payables	(1)	(5)
<b>Equity attributable to subsidiary</b>	<b>81</b>	<b>66</b>
Attributable to:		
Equity holders of the parent	66	54
Non-controlling interest	15	12
Non-controlling interest relating to group equity adjustments	1	2
<b>Financial results</b>		
Revenue	81	73
Cost of sales	(14)	(13)
Other income	9	2
Depreciation	(4)	(4)
Expenses	(53)	(42)
<b>Profit before tax</b>	<b>19</b>	<b>16</b>
Tax	(4)	(3)
<b>Profit after tax</b>	<b>15</b>	<b>13</b>
Non-controlling interest share in profit or loss	3	2
Non-controlling interest relating to group profit or loss adjustments	(1)	-
<b>Summarised cash flows are as follows:</b>		
Generated from operating activities	18	17
Generated from investing activities	(9)	2
Used in financing activities	(7)	(21)
<b>Net increase/(decrease) in cash flows</b>	<b>2</b>	<b>(2)</b>

### 6.3.6 SFL Holdings Group

Senwes holds a 100% share in SFL Holdings GmbH ("SFL"). SFL indirectly holds investments in other companies through its wholly owned subsidiary S&L Connect GmbH ("S&L"). The details below are presented for entities where a non-controlling interest exists within the SFL Holdings Group. These companies are Agrar Technik Lissa GmbH ("ATL") and Landmaschinenvertrieb Bad Schmiedeberg GmbH ("LVBS"), with non-controlling interest of 40% and 49% respectively. The core business of the SFL Holdings Group is the sale of mechanisation goods, spare parts and rendering of workshop services. The companies included below have a December financial year-end. The registered office of SFL Holdings is in Sonnewalde, Germany.

The following is the summarised financial information:

	2023 R'm	2022 R'm
<b>Financial position</b>		
Non-current assets	16	-
Current assets, excluding bank and cash	52	-
Cash and cash equivalents	17	-
Trade payables	(23)	-
Non-current liabilities	(15)	-
<b>Equity attributable to subsidiary</b>	<b>47</b>	<b>-</b>
Attributable to:		
Equity holders of the parent	25	-
Non-controlling interest	22	-
<b>Financial results</b>		
Revenue	78	-
Cost of sales	(67)	-
Other income	-	-
Depreciation	(1)	-
Expenses	(7)	-
<b>Profit before tax</b>	<b>3</b>	<b>-</b>
Tax	(1)	-
<b>Profit after tax</b>	<b>2</b>	<b>-</b>
Non-controlling interest share in profit or loss	1	-
Exchange rate translation	3	-
<b>Summarised cash flows are as follows:</b>		
Generated from operating activities	1	-
Generated from/(used in) investing activities	(4)	-
Used in financing activities	-	-
<b>Net (decrease)/increase in cash flows</b>	<b>(3)</b>	<b>-</b>

## 7. OTHER FINANCIAL ASSETS AND LIABILITIES

### 7.1 Financial assets

#### 7.1.1 Other financial assets

	Note	GROUP		COMPANY	
		2023 R'm	2022 R'm	2023 R'm	2022 R'm
Financial assets at fair value through other comprehensive income *		5	4	-	-
Financial assets at fair value through profit or loss **		12	-	12	-
Financial assets at amortised cost	6.1	1	-	-	-
<b>Total other financial assets</b>		<b>18</b>	<b>4</b>	<b>12</b>	<b>-</b>

\* Consist of a 10,7% investment held in Oos-Transvaal Kalkverskaffers (Pty) Ltd.

\*\* Consist of an investment in the Senwes Cell Captive with Guardrisk.

<b>Current</b>	-	-	-	-
<b>Non-current</b>	<b>18</b>	<b>4</b>	<b>12</b>	<b>-</b>

## 7.1.2 Other loans receivable

	GROUP		COMPANY	
	2023 R'm	2022 R'm	2023 R'm	2022 R'm
<b>Non-current assets</b>				
<b>Non-current assets with related parties</b>				
SFL Holdings GmbH <sup>1</sup>	-	-	366	-
Senwes Equip Holdings (Pty) Ltd <sup>2</sup>	-	-	24	47
<b>Total non-current assets with related parties</b>	-	-	390	47
<b>Non-current assets with third parties</b>				
Supreme Petfood (Pty) Ltd <sup>3</sup>	-	2	-	-
<b>Total non-current assets</b>	-	2	390	47
<b>Current assets</b>				
<b>Interest-bearing loans to related parties (local companies)</b>				
SFL Holdings GmbH <sup>1</sup>	-	-	113	-
Oos-Transvaal Kalkverskaffers (Pty) Ltd <sup>4</sup>	1	-	-	-
Agrifriend Equipment (Pty) Ltd <sup>5</sup>	-	-	-	35
Africum (Pty) Ltd <sup>6</sup>	-	-	4 555	5 105
Senwes Capital (Pty) Ltd <sup>7</sup>	-	-	-	1
SS Siloco (Pty) Ltd <sup>8</sup>	-	-	-	-
<b>Total interest-bearing loans to related parties (local companies)</b>	1	-	4 668	5 141
<b>Interest-bearing loans to third parties</b>				
Supreme Petfood (Pty) Ltd <sup>3</sup>	-	1	-	-
<b>Total interest-bearing loans to third parties</b>	-	1	-	-
<b>Non-interest-bearing loans to related parties</b>				
Suidwes Investments (Pty) Ltd <sup>9</sup>	-	-	348	-
SS Siloco (Pty) Ltd <sup>8</sup>	-	-	10	10
Senwes Equip Holdings (Pty) Ltd <sup>2</sup>	-	-	24	-
<b>Total non-interest-bearing loans to related parties</b>	-	-	382	10
<b>Total current assets</b>	1	1	5 050	5 151
<b>Balance at the end of the year</b>	1	3	5 440	5 198

<sup>1</sup> The loans to SFL Holdings GmbH consist of a shareholders loan of R385 million and a bridging loan of R94 million. The shareholders loan is unsecured, bears interest at 4% above the yearly average three-month EURIBOR and 5% of the loan is payable in three annual instalments, after which 50% of the loan is payable in seven annual instalments, with the final 45% payable at the end of the ten year period. The bridging loan is unsecured, bears interest at 4% above the yearly average three-month EURIBOR and is repayable on demand.

<sup>2</sup> The two loans to Senwes Equip Holdings (Pty) Ltd are unsecured, interest-free and these loans (proportionately classified as a loan receivable and an investment in subsidiary, refer to note 6.2) are not repayable before 1 October 2023 and 1 November 2024, respectively. The parties to these loans will negotiate repayment terms before the end of the aforementioned periods. These loans were granted to Senwes Equip Holdings (Pty) Ltd for the purpose of acquiring Staalmeester Agricultural Equipment (Pty) Ltd and Falcon Agricultural Equipment (Pty) Ltd, respectively.

<sup>3</sup> The loan to Supreme Petfood (Pty) Ltd is secured by a cession of debtors and pledge of inventory, bears interest at a prime-linked rate and is repayable on demand.

<sup>4</sup> The loan to Oos-Transvaal Kalkverskaffers (Pty) Ltd is unsecured, bears interest at a prime-linked rate and has no fixed repayment terms.

<sup>5</sup> The loan to Agrifriend Equipment (Pty) Ltd is unsecured, bears interest at a prime-linked rate and is repayable on demand.

<sup>6</sup> The loan to Africum (Pty) Ltd is unsecured, bears interest at a prime-linked rate and is repayable on demand.

<sup>7</sup> The loan to Senwes Capital (Pty) Ltd is unsecured, bears interest at a prime-linked rate and is repayable on demand.

<sup>8</sup> The loan to SS Siloco (Pty) Ltd is unsecured, interest-free and is repayable on demand.

<sup>9</sup> The term loan to Suidwes Investments (Pty) Ltd is secured, interest-free and is repayable on demand. The loan is secured by properties, debtors, inventory and investments with an estimated realisable value of R750 million.

**Impairment of loans**

Loans are evaluated to identify the presence of certain triggers, e.g. future cash flows discounted at market-related rates, to determine if there is a need for an impairment allowance. All financial assets are assessed for expected credit losses. Refer to note 7.1.3 for the classification of these assets. Also refer to notes 11.5 and 24.1.2 for more guidance on how expected credit losses may be calculated.

**Investments in and loans to/from private companies**

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

## 7.1.3 Expected credit losses

	GROUP							
	2023				2022			
	R'm Stage 1	R'm Stage 2	R'm Stage 3	R'm Total	R'm Stage 1	R'm Stage 2	R'm Stage 3	R'm Total
Gross other loans receivable	1	3	-	4	3	-	-	3
Allowance for expected credit losses	-	(3)	-	(3)	-	-	-	-
Opening balance	-	-	-	-	-	-	-	-
Increase in allowance for doubtful debts	-	(3)	-	(3)	-	-	-	-
<b>Net other loans receivable</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>3</b>

There were no movements between stages during the current or prior financial year. Significant changes in the gross carrying amount did not contribute to changes in the loss allowance.

	COMPANY							
	2023				2022			
	R'm Stage 1	R'm Stage 2	R'm Stage 3	R'm Total	R'm Stage 1	R'm Stage 2	R'm Stage 3	R'm Total
Gross other loans receivable	4 969	-	-	4 969	5 198	-	-	5 198
Allowance for expected credit losses	-	-	-	-	-	-	-	-
Opening balance	-	-	-	-	-	(1)	-	(1)
Allowance reversal due to loans written off	-	-	-	-	-	1	-	1
<b>Net other loans receivable</b>	<b>4 969</b>	<b>-</b>	<b>-</b>	<b>4 969</b>	<b>5 198</b>	<b>-</b>	<b>-</b>	<b>5 198</b>

There were no movements between stages during the current financial year. Significant changes in the gross carrying amount did not contribute to changes in the loss allowance.

Refer to note 24.1.2 Credit risk, for details regarding classification of accounts into stages and events leading to transfers between stages.

## 7.1.4 Cash and short-term deposits

	GROUP		COMPANY	
	2023	2022	2023	2022
	R'm	R'm	R'm	R'm
Cash and short-term deposits	361	87	6	-

## 7.2 Financial liabilities

## 7.2.1 Other loans payable

	GROUP		COMPANY	
	2023	2022	2023	2022
	R'm	R'm	R'm	R'm
<b>Interest-bearing loans from related parties</b>				
Bastion Lime (Pty) Ltd <sup>1</sup>	95	62	-	-
Africum (Pty) Ltd <sup>2</sup>	-	-	5	26
Agribel Holdings Ltd <sup>3</sup>	-	3	-	-
Oos-Transvaal Kalkverskaffers (Pty) Ltd <sup>4</sup>	-	4	-	-
<b>Total interest bearing loans from related parties</b>	<b>95</b>	<b>69</b>	<b>5</b>	<b>26</b>

<sup>1</sup> The loan from Bastion Lime (Pty) Ltd is unsecured, bears interest at a prime-linked rate and has no fixed repayment terms.

<sup>2</sup> The loan from Africum (Pty) Ltd is unsecured, bears interest at a prime-linked rate and is repayable on demand.

<sup>3</sup> The loan from Agribel Holdings Ltd is unsecured, bears interest at a prime-linked rate and has no fixed repayment terms.

<sup>4</sup> The loan from Oos-Transvaal Kalkverskaffers (Pty) Ltd is unsecured, bears interest at a prime-linked rate and has no fixed repayment terms.

## 7.2.2 Current interest-bearing loans

	GROUP		COMPANY	
	2023 R'm	2022 R'm	2023 R'm	2022 R'm
Short-term loans	2 780	3 886	2 737	3 555
Commodity finance	135	93	135	93
<b>Total</b>	<b>2 915</b>	<b>3 979</b>	<b>2 872</b>	<b>3 648</b>

Non-cash flow movements include a R30 million increase due to the SFL Holdings Group business combination as well as a R5 million exchange rate translation movement. (2022: Non-cash flow movements include a R650 million decrease due to the settlement made from a non-current interest-bearing loan during the previous year (group and company).

### Short-term loans

#### Absa Bank Ltd:

As continuing security for Senwes' current facilities with Absa Bank Ltd ("Absa"), all rights and interest to producer debtors and their underlying security have been ceded and pledged to Absa. The Absa loan is renewable annually, and the current facilities bear interest at a sub-prime-linked rate, capitalised on a monthly basis. Senwes has an Absa facility of R4,5 billion available, and at year-end R2,678 million had been utilised (2022: R3,5 billion).

The Hinterland Holdings (Pty) Ltd R500 million seasonal prime lending facility was included in the Senwes Group facility, with effect from 3 May 2022 (2022: R325 million of the facility has been utilised by Hinterland Holdings (Pty) Ltd) and is secured by the following:

i - A limited guarantee by Hinterland Securities (Pty) Ltd for an amount of R500 million supported by a first continuing coverage mortgage bond for a minimum cumulative amount of R500 million over the properties owned by Hinterland Holdings (Pty) Ltd; Agri Credit Solutions (Pty) Ltd, Suidwes Beleggings (Pty) Ltd and Hinterland SA (Pty) Ltd.

ii - A limited guarantee by Hinterland Holdings (Pty) Ltd for an amount of R500 million supported by a cession of loan account and a general notarial bond for an amount of R250 million over movable assets.

iii - A limited guarantee by Hinterland SA (Pty) Ltd for an amount of R500 million supported by a cession of loan account and a general notarial bond for an amount of R250 million over movable assets.

iv - A limited guarantee by Hinterland Fuels (Pty) Ltd for an amount of R500 million supported by a cession of loan account.

#### Nedbank Ltd:

The R650 million term loan from Nedbank, which was classified as current on 30 April 2021, was settled on 31 May 2021 with the proceeds of a new term loan ("MTL 1a") of R1 billion between Senwes Ltd and Nedbank. Interest is payable monthly in arrears for 71 months, with a bullet payment plus interest, in month 72. The loan is secured by a cession of first covering mortgage bonds over the Senwes silos, using a special purpose vehicle, Senwes Securities (Pty) Ltd, and bears interest at a sub-prime-linked rate.

Senwes Ltd entered into a new medium-term loan facility ("MTL 1b") of R465 million with Nedbank on 30 November 2021. The loan will amortise over 72 months, payable monthly in arrears, of which 35% amortising in the first 3 years and 65% amortising in the last 3 years. The loan is secured by a cession of first covering mortgage bonds over the Suidwes silos, using a special purpose vehicle, Suidwes Securities (Pty) Ltd, and bears interest at a sub-prime-linked rate.

R59 million (2022: R55 million) of these loans was classified as current at year-end.

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

Refer to note 7.2.3 for a description of the terms and conditions relating to the respective borrowings. The short-term portion amounts to R3 million (2022: R3 million).

#### Short-term portion of SFL Holdings GmbH's interest-bearing borrowings:

Refer to note 7.2.3 for a description of the terms and conditions relating to the respective borrowings. The short-term portion amounts to R37 million (2022: Rnil).

#### Short-term portion of PE-BEE Agri (Pty) Ltd's interest-bearing borrowings:

Refer to note 7.2.3 for a description of the terms and conditions relating to the respective borrowings. The short-term portion amounts to R3 million (2022: R3 million).

#### Commodity finance:

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

## 7.2.3 Non-current interest-bearing loans

	GROUP		COMPANY	
	2023 R'm	2022 R'm	2023 R'm	2022 R'm
<b>Interest-bearing loans</b>	<b>1 440</b>	<b>1 409</b>	<b>1 342</b>	<b>1 398</b>

The cash flow movement is an outflow of R45 million (group) and R56 million (company). Non-cash flow items on group consist of a R62 million increase due to the SFL Holdings business combination as well as an exchange rate translation movement of R14 million. (2022: The cash flow movement is an inflow of R668 million (group) and R778 million (company). Non-cash flow items consist of a R650 million increase due to the settlement of a current interest-bearing loan during the previous year (group and company).

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

#### Senwes Ltd (Nedbank)

Refer to note 7.2.2 for a description of the terms and conditions relating to the respective borrowings. The long-term portion amounts to R1 342 million (2022: R1 398 million).

#### JD Implemente (Pty) Ltd (Wesbank)

A loan of R2 million (2022: R2 million) is payable to the Tomlinson Family Trust. This loan is interest free, has no fixed repayment terms and is unsecured. The company also has a financing agreement with Wesbank to the amount of R2 million (2022: R1 million). The financing agreements bear interest at a prime-linked rate.

#### KLK Landbou Ltd (Wesbank)

The instalment sales agreement from Wesbank Ltd bears interest at a prime-linked rate, is secured, and is repayable in monthly instalments which include interest. The long-term portion of the sales agreement amounts to R1 million (2022: R5 million).



**SFL Holdings GmbH**

This is borrowings on machinery purchases from John Deere Financial, DLL Group, Deutsche Leasing and Süd Leasing, and bears interest at a Euribor-linked rate (between 2,5% and 4,5%), is secured, and repayable in monthly instalments which include interest. The period of repayment varies between one to 60 months. The long-term portion of these loans is R93 million (2022: Rnil).

**PE-BEE Agri (Pty) Ltd (Scientific Chemicals)**

During the previous year, PE-BEE Agri (Pty) Ltd ("Protek") financed the purchase of registrations and trademarks from a supplier (Scientific Chemicals) in terms of a sales agreement which stipulates that the loan is interest-free and payable in two equal instalments of R3 million during December 2022 and December 2023 (short-term portion).

**7.2.4 Bank overdraft**

	GROUP		COMPANY	
	2023 R'm	2022 R'm	2023 R'm	2022 R'm
<b>Bank overdraft</b>	<b>286</b>	89	<b>204</b>	10

**Senwes Ltd**

The overdraft includes a utilised facility of R204 million (2022: Rnil) from Absa Bank. The account is presented on a net cash basis at group level as part of the group facility.

At company level, the overdraft includes a utilised facility of R204 million (2022: R10 million) from Absa Bank. The account is presented on a net cash basis at group and company level as part of the group facility.

**KLK Landbou Ltd**

The bank overdraft of R82 million (2022: R89 million) at First Rand Bank and Absa Bank (2022: First Rand Bank) has a combined limit of R170 million (2022: R165 million), and is secured by a general notarial bond registered over movable assets, plant and equipment and inventory; cession of KLK Landbou Ltd's loan account, Carpe Diem Raisins (Pty) Ltd's debtors, and a short-term insurance policy. The facilities bear interest at a prime-linked rate.

**7.2.5 Other financial liabilities**

	GROUP		COMPANY	
	2023 R'm	2022 R'm	2023 R'm	2022 R'm
<b>Non-current liabilities</b>				
AgriRewards <sup>1</sup>	71	104	58	91
<b>Total other financial liabilities</b>	<b>71</b>	104	<b>58</b>	91

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

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

For the 2023 financial year, the following business activities qualified for AgriRewards: all grain deliveries at Senwes silos, grain procurement, interest-bearing transactions with Agri Credit Solutions, and new whole goods sales at Senwes Equipment.

Additionally, the following new business activities were introduced during the year: parts purchases at Senwes Equipment, purchases at Hinterland stores, shops and direct seed purchases, as well as credit life insurance, asset insurance and short-term insurance premiums with Certisure.

Senwes also introduced a "tier system" during the year. The system is based on the level of tonnes delivered at Senwes silos and as a consequence, where these loyal customers are doing business with a combination of the participating business activities, they earn additional bonuses.

During January 2023 the members of the scheme were afforded the opportunity to convert their AgriRewards to Senwes shares. 64,6% of the participating members decided to convert their AgriRewards, which resulted in the liability decreasing during the 2023 financial year.

During April 2023 the board approved a reward of R50/ton (2022: R50/ton) for grain deliveries, R5/ton (2022: R5/ton) for grain procurement, 0,35% of interest-bearing transactions (2022: 0,35%), 3% of turnover on new whole goods at Senwes Equipment (2022: 3%), 0,5%, 1,0% and 1,5% of Hinterland direct maize seed sales, shop sales and store sales respectively, and 0,5% of credit life insurance, crop insurance and asset insurance premiums, with an additional 0,5% per insurance segment if the client does business with all three insurance segments. The allocation is discounted to a present value using a ROE-linked rate.

The rewards are payable as follows:

Financial year awarded	GROUP	
	Present value of award R'm	Payment date
2017	3	30 April 2033
2018	8	30 April 2034
2019	4	30 April 2035
2020	7	30 April 2036
2021	9	30 April 2037
2022	10	30 April 2038
2023	30	30 April 2039
	<b>71</b>	

### 7.3 Contract liabilities

	GROUP		COMPANY	
	2023 R'm	2022 R'm	2023 R'm	2022 R'm
Storage of grain	4	3	4	2
Handling of grain	23	17	22	17
<b>Total</b>	<b>27</b>	<b>20</b>	<b>26</b>	<b>19</b>

Contract liabilities include advances received to deliver storage and handling of grain. All the contract liabilities are short-term in nature. These liabilities will subsequently realise to grain storage income and grain handling income respectively under services rendered. The typical timing of payment corresponds with the delivery of grain and differs from the performance obligation of storage and handling of grain. The contract liability increase from the previous year is therefore due to more early deliveries of grain compared to the prior year. The revenue recognised in profit or loss that was included in the opening balance of the contract liability, amounts to R20 million (2022: R30 million).

### 7.4 Deferred government grants

#### KLK Landbou Ltd

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

	GROUP	
	2023 R'm	2022 R'm
Balance at the beginning of the year	12	15
Received during the year	5	-
Realised in profit or loss	(3)	(3)
<b>Total</b>	<b>14</b>	<b>12</b>
<b>Current</b>	<b>2</b>	<b>2</b>
<b>Non-current</b>	<b>12</b>	<b>10</b>

## 8. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

All joint ventures and associates are accounted for by applying the equity method. During the year the group had the following investments in joint ventures and associates:

#### Joint Ventures

##### Bastion Lime (Pty) Ltd (Group)

The group has a 50% interest in Bastion Lime (Pty) Ltd Group ("Bastion"). The company's main business objective is the mining and distribution of agricultural lime. The financial year-end is the same as the Senwes Group financial year-end. The registered office of the company is the same as Senwes' registered office.

##### Molemi Sele Management (Pty) Ltd

The group had a 35.7% interest in Molemi Sele Management (Pty) Ltd ("MSM"). During the year Senwes disposed of its investment in MSM (refer to note 6.1). MSM 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 was the same as Senwes' registered office before the disposal.

##### Silocerts (Pty) Ltd

The group has a 50% interest in Silocerts (Pty) Ltd ("ESC"). ESC deals with the electronic issuing and trading of silo certificates. The financial year-end is the same as the Senwes Group financial year-end. The principal place of business of ESC is in Johannesburg, Gauteng.

#### Associates

##### RealFin Collective Investment Scheme

A hedge fund was established on a 50/50-basis with Absa Bank. Both parties contributed R25 million to the hedge fund upon the establishment of the fund. During the current year, Absa Investments merged with Sanlam Investments, allowing them to create a combined asset management venture. The responsibilities of the new combined venture effectively remain the same as before. The plan is to grow the fund with external investors. In this partnership, Sanlam is responsible for the CAT IIA license and also provides access to potential investors. Senwes is responsible for research and trading advice as well as generating returns on the investment. Both parties are responsible for governance and risk management. The fund's principal place of business is South Africa.

##### Botselo Mills (Pty) Ltd

The group has a 34.9% share in Botselo Mills (Pty) Ltd ("Botselo Mills"). Botselo Mills deals with the production of a wide range of maize products as well as production of value added products. The financial year-end is the same as the Senwes Group financial year-end. The principal place of business of Botselo Mills is in Delareyville, Northwest.

The following is the consolidated summarised financial information of joint ventures and associates:

	2023 R'm	2022 R'm
<b>Statement of financial position:</b>		
Non-current assets	309	334
Current assets, excluding cash and cash equivalents	322	250
Cash and cash equivalents	153	125
Trade payables	(306)	(161)
Provisions	(5)	(6)
Other current financial liabilities	(4)	(2)
Non-current liabilities	(102)	(108)
Non-controlling interest	(19)	(17)
<b>Equity</b>	<b>348</b>	<b>415</b>
Proportion of the group's ownership in joint venture equity	56	63
Proportion of the group's ownership in associate equity	91	103
Proportion of other investor's ownership in joint venture and associate equity	202	249
<b>The total revenue and profit of joint ventures and associates are as follows:</b>		
Revenue	1 554	1 167
Cost of sales	(1 197)	(835)
Operating expenses, excluding depreciation, amortisation and impairment loss	(257)	(262)
Depreciation and amortisation	(26)	(24)
Other income	24	41
Investment income	1	1
Finance costs	(22)	(16)
<b>Profit before tax</b>	<b>77</b>	<b>72</b>
Tax	(13)	(16)
<b>Profit after tax</b>	<b>64</b>	<b>56</b>
Group's share of profit from joint ventures	16	21
Group's share of profit from associates	10	4
Other investor's share of profit from joint ventures and associates	38	31
Dividends received from joint venture	(3)	(2)
<b>Summarised cash flows of joint ventures and associates are as follows:</b>		
Generated from operating activities	118	63
Used in investing activities	(19)	(9)
Used in financing activities	(8)	(22)
<b>Net increase in cash flows</b>	<b>91</b>	<b>32</b>

	GROUP		COMPANY	
	2023 R'm	2022 R'm	2023 R'm	2022 R'm
<b>Total carrying amount of joint ventures and associates</b>	<b>101</b>	<b>110</b>	<b>30</b>	<b>31</b>

## 9. LOANS AND OTHER RECEIVABLES

Represent debtors for financing of mortgage loans (note 9.1) granted over varying terms of up to 120 months. The underlying asset serves as security for the loans/agreements. Interest rates are market-related and can be variable or fixed, depending on the specific agreement.

	Notes	GROUP		COMPANY	
		2023 R'm	2022 R'm	2023 R'm	2022 R'm
Gross investment in mortgage loans		2 099	2 195	15	16
Less: Unearned finance income		(658)	(565)	-	-
<b>Carrying amount</b>		<b>1 441</b>	<b>1 630</b>	<b>15</b>	<b>16</b>
Less: Current portion	11	(333)	(330)	(15)	(15)
<b>Total loans and other receivables before allowance for expected credit losses</b>		<b>1 108</b>	<b>1 300</b>	<b>-</b>	<b>1</b>
Allowance for expected credit losses	9.1.4	(5)	-	-	-
<b>Total loans and other receivables</b>	9.1	<b>1 103</b>	<b>1 300</b>	<b>-</b>	<b>1</b>

## 9.1 Mortgage loans

	Note	GROUP		COMPANY	
		2023 R'm	2022 R'm	2023 R'm	2022 R'm
Within one year		333	330	15	15
After one year but not more than five years		835	951	-	1
More than five years		273	349	-	-
<b>Carrying amount</b>		<b>1 441</b>	<b>1 630</b>	<b>15</b>	<b>16</b>
Less: Current portion		(333)	(330)	(15)	(15)
<b>Total mortgage loans before allowance for expected credit losses</b>		<b>1 108</b>	<b>1 300</b>	<b>-</b>	<b>1</b>
Allowance for expected credit losses	9.1.4	(5)	-	-	-
<b>Total</b>		<b>1 103</b>	<b>1 300</b>	<b>-</b>	<b>1</b>

### 9.1.1 Terms and conditions

Mortgage loans are repayable over 2 to 10 years, secured mainly by first bonds over property. The interest rates are market-related, depending on the specific agreement.

### 9.1.2 Allowance for impairment

The calculation method of the allowance for impairment of the loans receivable must be read in conjunction with note 11. Refer to note 11.5 since the allowance for impairments forms part of the portfolio impairment allowance.

### 9.1.3 Fair value

As indicated in note 9.1.2, the method of impairment allowance is disclosed in note 11 and the long-term loans receivable need to be read in conjunction with note 11. The amortised cost of the long-term loans are reflected in note 9.1, 2023: R1,1 billion (2022: R1,3 billion), and approximates the fair value of these loans.

### 9.1.4 Expected credit losses

	GROUP							
	2023				2022			
	R'm Stage 1	R'm Stage 2	R'm Stage 3	R'm Total	R'm Stage 1	R'm Stage 2	R'm Stage 3	R'm Total
Gross mortgage loans	908	488	45	1 441	778	805	47	1 630
Allowance for expected credit losses	(3)	(2)	-	(5)	-	-	-	-
Opening balance	-	-	-	-	(1)	-	(2)	(3)
New assets originated or purchased	(3)	(2)	-	(5)	-	-	-	-
Amount written off	-	-	-	-	1	-	2	3
<b>Net mortgage loans</b>	<b>905</b>	<b>486</b>	<b>45</b>	<b>1 436</b>	<b>778</b>	<b>805</b>	<b>47</b>	<b>1 630</b>
Movements in stages during the year:								
Stage 1 to Stage 2	2	(2)	-	-	-	-	-	-
Stage 1 to Stage 3	-	-	-	-	(19)	-	19	-
<b>Total Movements</b>	<b>2</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>(19)</b>	<b>-</b>	<b>19</b>	<b>-</b>

	COMPANY							
	2023				2022			
	R'm Stage 1	R'm Stage 2	R'm Stage 3	R'm Total	R'm Stage 1	R'm Stage 2	R'm Stage 3	R'm Total
Gross mortgage loans	-	-	15	15	-	-	16	16
Allowance for expected credit losses	-	-	-	-	-	-	-	-
Opening balance	-	-	-	-	-	-	(2)	(2)
Amount written off	-	-	-	-	-	-	2	2
<b>Net mortgage loans</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>16</b>	<b>16</b>

There were no movement in stages during the year.

Refer to note 24.1.2 Credit risk, for details regarding classification of accounts into stages and events leading to transfers between stages.

## 10. INVENTORY

	Notes	GROUP		COMPANY	
		2023	2022	2023	2022
		R'm	R'm	R'm	R'm
Merchandise and processed goods	10.1, 10.2	2 244	1 273	-	-
Consumables		44	49	27	33
Goods in transit		30	32	-	-
Grain commodities	10.3	183	175	183	175
Other commodities	10.6	371	412	-	-
<b>Balance at the end of the year</b>	10.4, 10.5	<b>2 872</b>	<b>1 941</b>	<b>210</b>	<b>208</b>

- 10.1** Included in merchandise is floor plan inventory of R572 million (2022: R146 million), which serves as security in terms of an agreement with the relevant supplier of farming equipment.
- 10.2** The merchandise inventory in the group of R2 245 million (2022: R1 273 million) include adjustments to net realisable value and provisions for obsolete stock to the value of R128 million (2022: R131 million).
- 10.3** Grain commodities represent grain purchased from producers. The price of such inventory is hedged on the South African Futures Exchange (Safex). Variance margins are also set off against these items. Consequently the carrying value is equal to the fair value thereof.
- 10.4** Grain inventory has been pledged as security for commodity finance granted by financiers to the value of R135 million (2022: R92 million). A portion of KLK Landbou Ltd's inventory balance has been pledged as security for bonds and finance granted by financiers, to the value of R135 million (2022: R165 million). Hinterland Holdings Group's inventory to the value of R250 million was pledged as security for the short-term facility with Absa Bank.
- 10.5** Inventory in the group is valued using the following methods:  
- Weighted average cost price  
- Purchase price  
- Contract price for grain commodities, thereafter at fair value  
Inventory is valued at the lower of cost or net realisable value.
- 10.6** Other commodities consist of raisins and fuel inventory.

## 11. TRADE AND OTHER RECEIVABLES

	Notes	GROUP		COMPANY	
		2023	2022	2023	2022
		R'm	R'm	R'm	R'm
Trade receivables		<b>3 834</b>	3 461	<b>13</b>	13
Production accounts	11.1	<b>2 814</b>	2 875	<b>7</b>	7
Current accounts	11.2	<b>1 020</b>	586	<b>6</b>	6
Current portion of loans and other receivables	9.1	<b>333</b>	330	<b>15</b>	15
Grain debtors	11.3	<b>300</b>	147	<b>300</b>	147
Sundry receivables	11.4	<b>307</b>	614	<b>76</b>	459
Less: Allowance for expected credit losses	11.5	<b>(144)</b>	(151)	<b>(30)</b>	(20)
<b>Balance at the end of the year</b>		<b>4 630</b>	4 401	<b>374</b>	614

11.1 Production accounts mainly include the extension of credit to producers on a seasonal basis for purposes of procuring inputs and/or mechanisation purchases from or via the Senwes Group. These accounts bear interest at market-related rates.

These accounts consist of the following:

Summer production credit due	31 August
Winter production credit due	31 January
Animal production credit due	31 August

11.2 Current accounts consist of 30-day monthly accounts, silo cost accounts and other accounts for specific products.

These accounts bear interest at the following rates:

Monthly account:	Interest-free for first 30 days after statement, thereafter classified as arrears.
Silo cost account:	Interest-free period that varies from season to season (determined before every season), thereafter classified as arrears.
Deferred payment arrangement:	Interest-free period that varies according to various transactions and products, thereafter classified as arrears.

Interest on arrear accounts is levied at guideline rates as determined by the National Credit Act.

11.3 Grain debtors represent agricultural produce sold to third parties, storage and handling income. An allowance for impairment of R7,1 million (2022: R3,1 million) is included in the group balances. No agency grain debtors were encumbered at year-end (2022: Rnil).

The terms of these debtors are as follows:

Agency agreement	Receivable within 7 days after delivery, after which interest is charged at a prime-linked rate.
Ex silo financing	Interest at a prime-linked rate from date of invoice and receivable 30 days from date of statement.
Ex silo non-financing	Receivable within 48 hours, thereafter interest at a prime-linked rate.

11.4 Sundry receivables consist of accounts for corporate and statutory services as well as deposits held for trading purposes (Safex) of R136 million (2022: R403 million).

11.5 The objective of the impairment requirements is to recognise expected credit losses in respect of financial assets – whether assessed on an individual or collective basis – considering all reasonable and supportive information, including that which is forward-looking.

The basis for impairment of a financial asset is dependent on whether the credit risk of the financial asset has increased significantly since initial recognition. Indicators of a significant increase in the credit risk since initial recognition include:

- Non-compliance with arrangements or agreements.
- Insolvencies or near-insolvencies.
- Apparent financial problems or poor key financial ratios.
- Other indicators such as drought or low commodity prices which will affect customer ability to settle outstanding debt.
- A debtor's credit risk is considered to have increased significantly if the account is in arrears. This will be reflected by a default in payment on the account.

The client is automatically in default if:

- The client fails to effect any payment on the payment day.
- The client fails to fulfil any other obligation in terms of the agreement properly and timeously.
- The client alienates or encumbers any assets over which a notarial bond is registered in favour of Senwes, or any other securities in favour of Senwes.
- The client passes away.
- The client applies the production credit for a purpose other than for which it was granted.
- The controlling equity in the client (where the client is a juristic person) or the majority of trustees of a trust change without the prior approval of Senwes.
- Any judgement against the client is not satisfied within 7 days or is not set aside within a reasonable time.
- The client commits any act of insolvency.
- The client is placed under provisional sequestration, liquidation or business rescue, or if any application therefore is delivered and the applicant's claim is not fully settled within seven days after issue thereof.

For trade and other receivables, other than mortgage loans, as stated in note 9, the simplified approach in accordance with IFRS 9 Financial Instruments is applied.

Impairment is determined on the following basis for trade and other receivables and loans below:

- *Production accounts*  
Payment period of these accounts is 12 months.
- *Deferred payment*  
Payment period varies but must be settled within 12 months.
- *Term loans*

Represent debtors for financing of mortgage loans granted over varying terms of up to 120 months.

An allowance for impairment is made on the total net exposure over the lifetime of the loan in respect of term loans that are assessed for impairment individually or term loans owing by legal clients.

In addition, interest income recognition reflects the impairment in respect of debts owing by legal clients whose debts are viewed as credit-impaired financial assets.

The impairment allowance in respect of term loans falling within the portfolio impairment, reflect the lifetime expected credit losses.

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

Production credit and deferred payment arrangements (with no indicator of default):

Impairment = Total book x PD (consolidation default %) x Loss Given Default (LGD).

Term loans:

Impairment = Total book x probability of default (PD = Arrears, consolidation default % + loss default % + future loss default %) x Loss Given Default (LGD).

The relevant inputs for the respective categories of instruments are:

**Individual impairment assessment and specifically impaired (legal clients):** The inputs are determined for each debtor and reflect the actual risk (LGD) for possible bad debt determined by the legal department, taking into account all securities and the client's balance sheet. The factors that influence management's estimates and judgement include whether customers that have been handed over to the legal department for collection are specifically provided for, based on the exposure and the estimation of the quality and expected realisation of securities held for the specific customers.

**Portfolio impairment (non-legal clients)** – The group impairment % is calculated as follows: Impairment = Total book x PD (arrears default % + loss default % + future loss default %) x LGD. The factors that influence management's estimates and judgement for losses expected in the 12-month period include:

- Crop estimates and yields specific to the customers' region;
- The number of hectares planted;
- The expected realisation price, which is the Safex price adjusted by grade differences and transport differentials and which is determined by customer region;
- The input costs specific to the customers' region;
- The quality and expected realisation of securities held for customers; and
- Number of droughts expected in the next 10 years.

There were write-offs of R1 million for trade and other receivables during the year (2022: R13 million). These amounts were written off subject to enforcement activity.

The impairment allowance on trade and other receivables is R144 million (2022: R151 million), the details of which are as follows:

	GROUP		COMPANY	
	2023 R'm	2022 R'm	2023 R'm	2022 R'm
<b>Specific impairment</b>				
Balance at the beginning of the year	(21)	(29)	(15)	(22)
(Increase)/decrease in allowance during the year	(11)	6	(7)	5
Transfer between portfolio and specific impairment	-	2	-	2
	(112)	(130)	(8)	(5)
<b>Portfolio impairment</b>				
Balance at the beginning of the year	(130)	(103)	(5)	(6)
Transfer between portfolio and specific impairment	-	(2)	-	(2)
Decrease/(increase) in allowance during the year	18	(25)	(3)	3
<b>Total allowance for impairment</b>	<b>(144)</b>	<b>(151)</b>	<b>(30)</b>	<b>(20)</b>

Expected credit loss movement analysis:

	GROUP							
	2023				2022			
	R'm Stage 1	R'm Stage 2	R'm Stage 3	R'm Total	R'm Stage 1	R'm Stage 2	R'm Stage 3	R'm Total
Allowance for expected credit losses	(71)	(27)	(46)	(144)	(62)	(54)	(35)	(151)
Opening balance	(62)	(54)	(35)	(151)	(48)	(54)	(30)	(132)
New assets originated or purchased	(9)	-	(12)	(21)	(23)	-	(4)	(27)
Payments and assets derecognised	-	27	-	27	3	-	12	15
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	9	-	(9)	-
Amount written off	-	-	1	1	-	-	-	-
Effect of modifications	-	-	-	-	(3)	-	-	(3)
Effect of changes in assumptions	-	-	-	-	-	-	(4)	(4)

	COMPANY							
	2023				2022			
	R'm Stage 1	R'm Stage 2	R'm Stage 3	R'm Total	R'm Stage 1	R'm Stage 2	R'm Stage 3	R'm Total
Allowance for expected credit losses	(8)	-	(22)	(30)	(4)	-	(16)	(20)
Opening balance	(4)	-	(16)	(20)	(4)	-	(24)	(28)
New assets originated or purchased	(4)	-	(7)	(11)	-	-	-	-
Payments and assets derecognised	-	-	-	-	3	-	12	15
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
Amount written off	-	-	1	1	-	-	-	-
Effect of modifications	-	-	-	-	(3)	-	-	(3)
Effect of changes in assumptions	-	-	-	-	-	-	(4)	(4)

11.6 Trade and other receivables can be summarised as follows:

	GROUP					
	2023			2022		
	Current R'm	Debt in arrears R'm	Total R'm	Current R'm	Debt in arrears R'm	Total R'm
Trade receivables	3 798	36	3 834	3 421	40	3 461
Production accounts	2 797	18	2 815	2 853	22	2 875
Current accounts	1 001	18	1 019	568	18	586
Current portion of loans and other receivables	297	36	333	296	34	330
Grain debtors	300	-	300	147	-	147
Sundry receivables	307	-	307	614	-	614
Less: allowance for impairment	(112)	(32)	(144)	(152)	1	(151)
<b>Total trade and other receivables</b>	<b>4 590</b>	<b>40</b>	<b>4 630</b>	<b>4 326</b>	<b>75</b>	<b>4 401</b>

11.6.1 Current receivables are accounts within current credit terms.

11.6.2 Debt in arrears is accounts outside current credit terms.

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

11.7 As security for Senwes' short-term facilities with Absa Bank, all rights and interests in producer debtors and their underlying securities have been ceded and pledged to Absa Bank. The value of security ceded amounts to R3,2 billion (2022: R4,2 billion) as at year-end.

11.8 The carrying value read with the portfolio allowance approximates the fair value of trade and other receivables.

## 12. INVENTORY HELD TO SATISFY FIRM SALES

	GROUP		COMPANY	
	2023	2022	2023	2022
	R'm	R'm	R'm	R'm
<b>Inventory held to satisfy firm sales</b>	<b>126</b>	<b>47</b>	<b>126</b>	<b>47</b>

Inventory held to satisfy firm sales represents inventory purchased to satisfy firm sales to the off-taker in respect of agricultural produce, which is payable by third parties on delivery of such agricultural produce to them. The price of such inventory is hedged on the South African Futures Exchange (Safex). Variations are also set off against these items. Inventory is measured at fair value, which is linked to the Safex price.



### 13. DISCONTINUED OPERATIONS

#### 13.1 Discontinued operations: 2023

##### Senwes Seed (division)

Senwes as the legal and beneficial owner of its seed division within Senwes Ltd, offering seed processing services, concluded a sale of the Senwes Seed operations to a third party. The effective date of the transaction was 1 February 2023. It is expected that the transfer of the property, as final step of the sale, will be concluded during August 2023. The operations of the seed division within Senwes Ltd are therefore disclosed as discontinued for the current financial year and comparative period.

	GROUP and COMPANY	
	2023	2022
	R'm	R'm
Services rendered	18	19
<b>Revenue</b>	<b>18</b>	19
Cost of sales	(1)	(2)
<b>Gross profit</b>	<b>17</b>	17
Distribution, sales and administrative expenses	(15)	(15)
<b>Profit before tax from operations</b>	<b>2</b>	2
Tax	-	-
<b>Profit after tax</b>	<b>2</b>	2
<b>Summarised cash flows are as follows:</b>		
Generated from operating activities	4	1
Used in investing activities	(3)	(1)
Used in financing activities	(1)	-
<b>Net increase in cash flows</b>	<b>-</b>	-

The major asset class of the division classified as held for sale as at 30 April are as follows:

<b>Assets</b>		
Property, plant and equipment	2	19
<b>Total non-current assets held for sale</b>	<b>2</b>	19
<b>Reconciliation of movements in non-current assets held for sale:</b>		
Opening balance	19	-
Property, plant and equipment classified as held for sale	-	19
Disposals during the year	(17)	-
<b>Non-current assets held for sale at the end of the year</b>	<b>2</b>	19

#### 13.2 Discontinued operations: 2022

##### Suidwes IT Solutions 2 (Pty) Ltd ("SWITO 2")

Senwes as the legal and beneficial owner of its IT-division within Senwes Ltd, disposed of its business to a separate legal entity, SWITO 2, during the previous financial year with effective date of 1 November 2021. SWITO 2 is fully owned by Africum (Pty) Ltd (a fully owned indirect subsidiary of Senwes Ltd). The operations of the IT-division within Senwes Ltd is therefore disclosed as discontinued for the previous financial year. Refer to note 6.1 for further details.

	COMPANY	
	2023	2022
	R'm	R'm
Services rendered	-	14
<b>Revenue</b>	<b>-</b>	14
Cost of sales	-	-
<b>Gross profit</b>	<b>-</b>	14
Distribution, sales and administrative expenses	-	(10)
<b>Profit before tax from operations</b>	<b>-</b>	4
Tax	-	-
<b>Profit after tax</b>	<b>-</b>	4
<b>Summarised cash flows are as follows:</b>		
Generated from operating activities	-	4
Used in investing activities	-	-
Used in financing activities	-	(4)
<b>Net increase in cash flows</b>	<b>-</b>	-

**14. ISSUED CAPITAL**

	GROUP		COMPANY	
	2023	2022	2023	2022
	R'm	R'm	R'm	R'm
Authorised:				
581 116 758 (2023 and 2022) ordinary shares of 0,516 cents each	3	3	3	3
Issued:				
180 789 308 (2023 and 2022) ordinary shares of 0,516 cents each	1	1	1	1

Reconciliation of issued shares:	GROUP		COMPANY	
	2023	2022	2023	2022
	Number of shares		Number of shares	
Shares issued *	180 789 308	180 789 308	180 789 308	180 789 308
Treasury shares purchased **	(15 208 071)	(17 841 428)	-	-
Treasury shares vested ***	9 438 399	7 302 061	-	-
<b>Total issued shares</b>	<b>175 019 636</b>	<b>170 249 941</b>	<b>180 789 308</b>	<b>180 789 308</b>

\* During the year under review, no shares were issued or repurchased. (2022: no shares were issued or repurchased.)

\*\* Senwes Capital (Pty) Ltd ("Senwes Capital"), a subsidiary of Senwes Ltd, repurchased 710 861 of the company's shares during the year under review (2022: Senwes Capital repurchased 3 337 395 shares). Senwes Capital also sold 4 278 887 shares (2022: 2 564 144 shares) during the year. This included sales to the Senwes Share Incentive Scheme Trust of 783 606 shares (2022: 2 564 144 shares) and sales to AgriRewards members in terms of the AgriRewards conversion of 3 495 281 shares (2022: no shares). Senwes Capital therefore held 383 195 shares (2022: 3 951 221 shares) in Senwes Ltd as at 30 April 2023.

The Senwes Share Incentive Scheme Trust purchased 783 606 shares (2022: 2 564 144 shares) from Senwes Capital and sold 551 214 shares (2022: no shares) to Senwes Capital. 702 277 Shares (2022: 246 723 shares) were repurchased from scheme and market participants. The Senwes Share Incentive Scheme Trust held 5 386 477 shares (2022: 6 588 146 shares) as at 30 April 2023.

\*\*\* During the year 2 136 338 shares (2022: 1 808 689 shares) vested under the LTI-scheme.

**15. RESERVES****15.1 Share premium**

	GROUP		COMPANY	
	2023	2022	2023	2022
	R'm	R'm	R'm	R'm
<b>Balance at the end of the year</b>	<b>67</b>	<b>67</b>	<b>67</b>	<b>67</b>

**15.2 Treasury shares**

	GROUP	
	2023	2022
	R'm	R'm
Balance at the beginning of the year	(129)	(98)
Treasury shares vested *	23	21
Net treasury shares sold/(purchased) **	41	(52)
<b>Balance at the end of the year</b>	<b>(65)</b>	<b>(129)</b>

\* During the year 2 136 338 shares (2022: 1 808 689 shares) vested from Senwes Share Incentive Scheme Trust to the qualifying members of the LTI-scheme.

\*\* Refer to note 14 for a description of the treasury shares purchased and sold during the current financial year. Treasury shares movement include a non-cash flow component of R4 million relating to the disposal of shares by Senwes Capital (Pty) Ltd, the LTI share vesting of tranche 6 of R23 million and the conversion of AgriRewards to Senwes Shares of R49 million. (2022: Include a non-cash flow component of R3 million relating to disposal of shares by Senwes Capital (Pty) Ltd to the Senwes Share Incentive Scheme Trust and the LTI share vesting of tranche 5 of R21 million.)

**15.3 Other reserves**

	GROUP		COMPANY	
	2023	2022	2023	2022
	R'm	R'm	R'm	R'm
<b>Balance at the end of the year</b>	<b>11</b>	<b>(9)</b>	<b>7</b>	<b>(14)</b>

This reserve represents fair value changes on financial assets at fair value through other comprehensive income as indicated in note 7.1.1, and the cash flow hedge movement of a highly probable forecasted transaction.

**15.4 Change in ownership**

	GROUP	
	2023	2022
	R'm	R'm
Balance at the beginning of the year	(17)	(13)
Change in ownership of subsidiaries *	(12)	(4)
<b>Balance at the end of the year</b>	<b>(29)</b>	<b>(17)</b>

\* Relates to the PE-BEE Agri (Pty) Ltd ("Protek"), Staalmeester Agricultural Equipment (Pty) Ltd and Ramskop (Pty) Ltd change in ownership transactions during the year (2022: Relates to Agrinet (Pty) Ltd's repurchase of its own shares during the previous year for R10 million), refer to note 6.1.

## 16. EMPLOYEE BENEFITS

### 16.1 Short-term incentive bonuses

	GROUP		COMPANY	
	2023 R'm	2022 R'm	2023 R'm	2022 R'm
Balance at the beginning of the year	143	126	88	68
Increase in provision during the year	190	143	105	88
Over-provision previous year	(2)	(2)	(5)	(1)
Utilised during the year	(141)	(124)	(83)	(67)
<b>Balance at the end of the year</b>	<b>190</b>	<b>143</b>	<b>105</b>	<b>88</b>

The group has a short-term incentive scheme for employees and an equity-settled share-based payment scheme for senior management. It is aligned with the objectives and remuneration philosophy of the group in that a portion of the remuneration is subject to risk. Provisions are created in accordance with the rules of the schemes.

The short-term incentive scheme is paid each year to qualifying employees. The calculation is based on the performance of the group, the division/entity in which the employee is employed as well as an individual evaluation of the performance of the employee.

### 16.2 Long-term incentive scheme

Senwes grants shares to its senior management. These shares are acquired and held in a trust for the last three years of the vesting period. The scheme is a forfeitable share award scheme, where shares are forfeited if future service and performance conditions are not met.

The fair value of the shares granted are determined by using the market value of the shares on grant date adjusted with the present value of dividends not entitled to. The grant date is the date on which the entity and the participant agree to a share-based payment arrangement.

The total group expense recognised for the year amounts to R15 million (2022: R18 million). The accumulated group equity-settled reserve amounts to R32 million (2022: R37 million). Refer to the table below for more details:

	GROUP		COMPANY	
	2023 R'm	2022 R'm	2023 R'm	2022 R'm
Opening balance	37	36	37	36
Vested during the year	(20)	(17)	(20)	(17)
Expense (group and company) and contribution recognised (company)	15	18	15	18
Initial shares granted	17	14	17	14
Increase in shares granted/new participants	2	5	2	5
Under-provision previous year	-	1	-	1
Forfeited during the year	(4)	(2)	(4)	(2)
<b>Equity-settled share-based payment reserve</b>	<b>32</b>	<b>37</b>	<b>32</b>	<b>37</b>

Tranche	Number of shares per tranche granted	Fair value price per share on grant date	Vesting date
7	1 963 189	R 11.05	30 June 2023
8	2 810 867	R 11.65	30 June 2024
9	1 790 892	R 14.00	30 June 2025
<b>Total</b>	<b>6 564 948</b>		

4 524 526 of the granted shares above are allocated towards remaining participants of the equity-settled share-based payment scheme.

The first six tranches vested on 30 June 2017, 2018, 2019, 2020, 2021 and 2022. The performance conditions relating to vested tranches were not fully met. Respectively, 30%, 51%, 90%, 100%, 100% and 100% of these shares vested for employees still in service on date of vesting.

The next vesting will take place on 30 June 2023, subject to performance and other conditions being met.

## 17. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2023 R'm	2022 R'm	2023 R'm	2022 R'm
Trade payables	1 697	869	118	123
Members' funds	11	11	-	-
Audit fees	6	9	5	8
PAYE	10	9	3	4
Sundry payables	202	191	159	166
Leave and thirteenth cheque accrual	60	51	18	19
<b>Total trade and other payables</b>	<b>1 986</b>	<b>1 140</b>	<b>303</b>	<b>320</b>

Terms and conditions in respect of trade and other payables:

\* Trade payables are payable on different terms from 30 days after date of statement and are not interest-bearing.

\* Sundry amounts payable have varying short-term payment dates.

\* Leave and thirteenth cheques payable are accrued on a monthly basis.

\* Trade and other payables at amortised cost approximate the fair value.

## 18. INCOME TAX

### 18.1 Tax expense

	GROUP		COMPANY	
	2023	2022	2023	2022
	R'm	R'm	R'm	R'm
SA normal tax – current year	309	174	94	26
Decrease in deferred tax (liability)/asset	11	34	14	14
Change in tax rate	-	(6)	-	(3)
<b>Total tax expense</b>	<b>320</b>	<b>202</b>	<b>108</b>	<b>37</b>

### 18.2 Deferred tax asset/(liability)

	GROUP		COMPANY	
	2023	2022	2023	2022
	R'm	R'm	R'm	R'm
<b>The main temporary differences:</b>				
Property, plant and equipment	(259)	(255)	(73)	(73)
Inventory provisions	26	40	4	13
Trade and other receivables	10	13	6	9
Other provisions	120	65	48	45
AgriRewards	(77)	(95)	(57)	(81)
Share incentive	(9)	(6)	(9)	(6)
IFRS 16 adjustment	-	3	-	-
Operational losses carried forward *	31	44	-	-
CGT losses carried forward **	46	52	11	18
Other ***	(24)	5	(21)	5
Investment in subsidiaries ****	(34)	(27)	(33)	(33)
Investment in joint ventures and associates	-	17	-	-
<b>Deferred tax liability</b>	<b>(170)</b>	<b>(144)</b>	<b>(124)</b>	<b>(103)</b>

\* The operational losses carried forward relate mainly to Hinterland SA (Pty) Ltd's ("Hinterland SA") and Agri Credit Solutions (Pty) Ltd's ("ACS") assessed losses. The deferred tax asset of ACS was recognised in full while the recognition of Hinterland SA's asset is only a portion of the total. For IFRS purposes an asset can be recognised to the extent that it is probable that the asset will be able to be utilised through future profits. No time limit on utilisations exists for recognition. ACS realised a profit during the year under review and the forecast and budget of the company reflect a profit for the foreseeable future as well. Hinterland SA also realised a profit in the current year. The actual recognition was based on the budget and forecast of the following years. The situation will be monitored and if profits do not realise as expected in the following years, the asset will be reconsidered.

\*\* At group level, on 30 April 2023, R29 million relate to Africum (Pty) Ltd's CGT losses carried forward (2022: R29 million) and R11 million relate to Senwes Ltd's CGT losses carried forward (2022: R18 million).

\*\*\* Other items mainly consist of the deferred tax implication of the foreign loan revaluations (R20 million). The loans from Senwes Ltd and Senwes Capital (Pty) Ltd to the German subsidiaries are exchange items and the exchange gains are deferred until realisation of the loans. The remaining balance pertains to the tax on the cash flow hedge (R3 million) and prepaid expenses (R1 million). The deferred tax movement on the cash flow hedge is included in other comprehensive income.

\*\*\*\* Consists of deferred tax on the Hinterland Holdings (Pty) Ltd ("Hinterland") investment and provisions carried over to Hinterland as part of the merger transaction.

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

	GROUP		COMPANY	
	2023	2022	2023	2022
	R'm	R'm	R'm	R'm
Deferred tax asset	77	96	-	-
at normal tax rate	31	27	-	-
at capital gains tax rate	46	69	-	-
Deferred tax liability	(247)	(240)	(124)	(103)
at normal tax rate	12	16	(62)	(48)
at capital gains tax rate	(259)	(256)	(62)	(55)
<b>Deferred tax liability</b>	<b>(170)</b>	<b>(144)</b>	<b>(124)</b>	<b>(103)</b>
<b>Reconciliation of deferred tax asset/(liability) balance:</b>				
Balance at the beginning of the year	(144)	(112)	(103)	(95)
Temporary differences – change in capital gains tax rate	-	6	-	3
Temporary differences – movements during the year	(11)	(34)	(14)	(14)
Current year subsidiary acquisitions and PPA adjustments *	(7)	(9)	-	-
Exchange rate translation	(1)	-	-	-
Revaluations and other movements through equity	(7)	5	(7)	3
<b>Deferred tax liability</b>	<b>(170)</b>	<b>(144)</b>	<b>(124)</b>	<b>(103)</b>

\* This relates to the acquisition of the SFL Holdings Group during the current financial year.

**18.3 Reconciliation of the tax rate**

	GROUP		COMPANY	
	2023 %	2022 %	2023 %	2022 %
Standard tax rate	27.0	28.0	27.0	28.0
<b>Adjusted for:</b>				
Non-taxable income (dividends, accounting profits, impairment reversals)	-	(1.5)	(0.9)	(6.4)
Other incentive allowances	(0.1)	(0.2)	(0.2)	(0.4)
Non-deductible expenses (capital expenditure, donations, JV/associate profits or losses)	(0.3)	0.3	0.4	1.1
Utilisation of losses previously not recognised	(2.4)	(2.0)	-	-
Prior year adjustment	-	-	-	0.1
Take-on balances due to acquisition of subsidiaries	-	(0.6)	-	-
Change in tax rate	-	(0.7)	-	(1.4)
Other *	(0.1)	-	-	-
<b>Effective tax rate</b>	<b>24.1</b>	<b>23.3</b>	<b>26.3</b>	<b>21.0</b>

\* Other consists of various insignificant items including permanent asset differences.

**19. PROVISIONS**

	Notes	GROUP	COMPANY
		R'm	R'm
Balance as at 30 April 2021		89	59
(Decrease)/increase in provisions during the year		(15)	6
<b>Balance as at 30 April 2022</b>		<b>74</b>	<b>65</b>
Additions through business combinations	6.1	7	-
Increase/(decrease) in provisions during the year		31	(52)
Exchange rate translation		2	-
<b>Balance as at 30 April 2023</b>	19.1, 19.2	<b>114</b>	<b>13</b>

The provisions balance as at 30 April 2023 includes the following:

**19.1 Grain risks**

The company and group are exposed to risks in the grain industry of R13 million, which include the physical risk of holding inventory. Estimates for these risks are based on potential shortfalls at current market prices.

**19.2 Legal risks**

A provision was recognised for a legal claim against Africum Commodities (Pty) Ltd.

**20. DERIVATIVE FINANCIAL INSTRUMENTS**

	Notes	GROUP		COMPANY	
		2023 R'm	2022 R'm	2023 R'm	2022 R'm
<b>20.1 Current assets</b>	24.1.1.2; 24.1.1.3	<b>72</b>	<b>595</b>	<b>68</b>	<b>594</b>
Forward purchase contracts *		17	594	17	594
Foreign exchange contracts		4	1	-	-
Safex futures *		51	-	51	-
<b>20.2 Current liabilities</b>	24.1.1.2; 24.1.1.3	<b>364</b>	<b>59</b>	<b>352</b>	<b>59</b>
Forward purchase contracts *		353	24	352	24
Foreign exchange contracts		11	9	-	9
Safex futures *		-	26	-	26

\* Fair value gains and losses recognised in profit or loss relating to all grain and oilseeds hedging derivative financial instruments amounted to a gain of R191 million during the year (2022: R139 million).

Forward purchase contracts consist mainly of pre-season contracts. Pre-season contracts are contracts between Senwes Ltd and producers or agricultural companies, which is used to buy or sell grain in the future, therefore the term forward. The net pre-season contracts at 30 April 2023 were priced higher than the closing Safex price, leading to a net liability recognised with no exposure for Senwes Ltd. The movement year-on-year is due to the volatility of Safex prices during the current season, with most contracts priced at higher than the current market price as at 30 April 2023. The tonnes contracted on a pre-season basis at 30 April 2023 amount to 348k tonnes (2022: 703k tonnes).

**21. CAPITAL OBLIGATIONS AND CONTINGENT LIABILITIES****21.1 Contingent liabilities and guarantees**

Senwes guarantees an amount of Rnil (2022: R100 million) relating to the facility of Hinterland Holdings (Pty) Ltd. The Hinterland Holdings (Pty) Ltd facility was included in Senwes Ltd's facility, with effect from 3 May 2022 and the guarantee was cancelled.

As at 30 April 2023, guarantees of R41 million (2022: R44 million) were held at Absa Bank in favour of John Deere, Eskom Holdings, SARS and Transnet.

A letter of comfort to the value of R80 million (2022: R80 million) was issued to Gavilon South Africa (Pty) Ltd and expired on 30 April 2023. A new letter of comfort was not issued.

A letter of comfort to the value of R10 million (2022: R10 million) was issued to Total South Africa (Pty) Ltd and expired on 31 October 2022. A new letter of comfort was not issued.

A letter of comfort to the value of R0,5 million (2022: Rnil) was issued to Unitrans (Pty) Ltd and shall endure until 30 June 2023.

**21.2 Commitments in respect of capital projects**

	GROUP		COMPANY	
	2023 R'm	2022 R'm	2023 R'm	2022 R'm
Already contracted	50	47	8	36
Authorised by the board but not yet contracted	64	88	10	63
<b>Total</b>	<b>114</b>	<b>135</b>	<b>18</b>	<b>99</b>

**22. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME****22.1 Distribution, sales and administrative expenses and disclosable items**

	Notes	GROUP		COMPANY	
		2023 R'm	2022 R'm	2023 R'm	2022 R'm
Profit from operations is stated after the following:					
Employee costs (including directors' costs)	22.4, 26.5	(1 390)	(1 230)	(420)	(430)
Decrease/(increase) in allowance for expected credit loss on financial assets		5	(18)	(10)	-
Bad debt written off		(4)	(19)	(1)	(14)
Vehicle and distribution costs		(84)	(55)	(22)	(18)
Water and electricity		(166)	(156)	(105)	(100)
Depreciation	2, 4	(187)	(157)	(80)	(81)
Maintenance costs		(127)	(108)	(64)	(72)
Travelling expenses		(37)	(23)	(8)	(6)
Advertising costs		(36)	(26)	(9)	(6)
Bank charges		(26)	(26)	(6)	(9)
Lease expenses (low value and short-term)		(28)	(24)	(23)	(30)
Property		(12)	(11)	(15)	(25)
Plant and equipment		(16)	(13)	(8)	(5)
Lease expenses (variable payments)		-	-	(7)	(37)
Foreign exchange loss		(10)	(8)	-	(8)
Decrease/(increase) in provision for grain risk		52	(6)	52	(6)
(Impairment)/impairment reversal of investment and loans to related parties	19.1	(13)	(4)	1	-
Cost of sales: Merchandise inventory provision part of cost of sales		(38)	(7)	-	-
Cost of sales: Purchases *		(9 488)	(7 602)	17	(115)

\* Included in Cost of sales: Purchases are commodity fair value movements of R384 million (credit) (2022: R212 million (credit)), the fair value movements of inextricably linked commodity derivatives of R193 million (debit) (2022: R72 million (debit)), as well as the movement in grade and quantity related provisions of R32 million (credit) (2022: R6 million (debit)). Commodities are measured at fair value less costs to sell. Derivative financial instruments are likewise measured at fair value. The gains or losses arising from changes in the fair value of agricultural commodities and commodity contracts are presented on a net basis.

**22.2 Finance costs**

	GROUP		COMPANY	
	2023 R'm	2022 R'm	2023 R'm	*** 2022 R'm
Loans from commercial banks	(66)	(35)	-	-
Commodity finance	(124)	(20)	(124)	(20)
AgriRewards *	(10)	(8)	(9)	(7)
Other **	(38)	(38)	(112)	(28)
<b>Total finance costs classified as operating costs</b>	<b>(238)</b>	<b>(101)</b>	<b>(245)</b>	<b>(55)</b>
Finance costs relating to the lending business	(194)	(133)	(260)	(164)
<b>Total finance costs classified as cost of sales</b>	<b>(194)</b>	<b>(133)</b>	<b>(260)</b>	<b>(164)</b>
<b>Total finance costs</b>	<b>(432)</b>	<b>(234)</b>	<b>(505)</b>	<b>(219)</b>

\* The AgriRewards interest is non-cash flow in nature, and relates to the discounting of the AgriRewards liability. Refer to note 7.2.5.

\*\* Other interest includes interest paid on loans payable to joint ventures and lease liability interest accrued.

\*\*\* Change in presentation of finance costs relating to the lending business. Refer to note 34.

**22.3 Finance income**

	GROUP		COMPANY	
	2023 R'm	2022 R'm	2023 R'm	2022 R'm
Loans and other receivables	164	140	2	3
Trade receivables	242	174	5	2
Other loans to related parties	-	-	278	222
AgriRewards allocation *	(1)	(2)	-	-
<b>Total finance income classified as revenue</b>	<b>405</b>	<b>312</b>	<b>285</b>	<b>227</b>
Finance income **	45	38	35	16
<b>Total finance income other than revenue</b>	<b>45</b>	<b>38</b>	<b>35</b>	<b>16</b>
<b>Total finance income</b>	<b>450</b>	<b>350</b>	<b>320</b>	<b>243</b>

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

\*\* Includes non-cash flow interest accrued of R14 million (2022: Rnil) (company).

**22.4 Employee costs (excluding directors' costs)**

Note	GROUP		COMPANY	
	2023	2022	2023	2022
	R'm	R'm	R'm	R'm
Total remuneration	1 215	1 065	357	368
Remuneration and benefits	1 094	955	284	286
Short-term incentive bonus	118	105	70	76
Equity-settled share-based bonus *	3	5	3	6
Pension costs – defined contribution plan	40	37	24	24
<b>Total</b>	<b>1 255</b>	<b>1 102</b>	<b>381</b>	<b>392</b>

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

The total key management personnel salaries included above and not included in total directors' remuneration in note 26.4 amounted to R4 million (2022: R11 million).

	Number	Number	Number	Number
Permanent employees	4 525	4 455	1 095	1 094
Temporary employees	554	531	234	150
<b>Employees at the end of the year *</b>	<b>5 079</b>	<b>4 986</b>	<b>1 329</b>	<b>1 244</b>

\* Includes employees of the company and its subsidiaries only.

**23 OTHER OPERATING INCOME**

	GROUP		COMPANY	
	2023	2022	2023	2022
	R'm	R'm	R'm	R'm
Dividends received	-	-	6	41
Profit on disposal of property, plant and equipment	35	1	-	-
Rental income	59	32	17	21
Insurance fund income	-	-	5	6
Bad debt recoveries	1	13	-	13
Gains on volume instrument	-	7	-	7
Gains on corporate speculation	-	4	-	4
AgriRewards conversion profit	24	-	21	-
Gain on valuation of financial derivatives (FEC)	8	-	8	-
Foreign exchange profit on loan remeasurements	74	-	70	-
Foreign exchange profit on other financial instrument remeasurements	11	-	-	-
Gain on remeasurement of financial asset	5	-	5	-
Other income *	105	71	22	12
<b>Total</b>	<b>322</b>	<b>128</b>	<b>154</b>	<b>104</b>

\* Other income include John Deere, Kramer and Kuhn bonuses, commission received, insurance claims, tax incentives, sponsorships received, management fees and sundry income.

**24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The group's overall risk management programme focuses on the unpredictability of financial markets, especially commodity derivative markets, and seeks to minimise potential adverse effects thereof on the group's financial performance.

The methods and assumptions used for the year are consistent with the previous year. Major risks have been identified and are managed as set out below.

**24.1 Financial risks****24.1.1 Market risks****24.1.1.1 Commodity price risk**

The value of the grain commodities and the fair value of pre-season forward purchase contracts on the statement of financial position are exposed to commodity price risk.

The group is engaged in economic hedging and 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 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 and option contracts. The net revaluation difference of the instruments used for hedging was taken into account against the value of the grain commodities and the fair value of pre-season contracts. The value of commodities on the statement of financial position reflects the market value thereof at year-end and the fair value of the futures contracts, option contracts and pre-season contracts is also included in the statement of financial position.

Positions that are not hedged on the Safex market leave Senwes with an exposure to price movements. This risk is exacerbated during low market liquidity and high market volatility. Senwes maintains a strict policy and limits are set at low levels with regard to open positions, whether speculative or operational in nature. The status of open positions are monitored daily and reported to appropriate senior management.

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

	Notes	GROUP	
		2023 R'm	2022 R'm
Grain commodities	10	183	175
Other commodities (raisins, livestock and fuel) *	10	371	412
Derivative financial instruments (assets)	20.1	68	594
Derivative financial instruments (liabilities)	20.2	(353)	(50)
<b>Total</b>		<b>269</b>	<b>1 131</b>

Certain prior year amounts have been restated in the table above. This constitutes a restatement of amounts to ensure accurate disclosure on commodity price risk exposure.

\* KLK Landbou Limited ("KLLK"), a subsidiary of the group, is primarily exposed to price risk of changes in commodities such as raisins, livestock and fuel prices. KLLK does not anticipate a sharp drop in trade, livestock and fuel prices in the near future. No cover was taken for the risk. KLLK reviews its trading, livestock and fuel prices on a regular basis for effective financial risk management.

The potential impact of changes in Safex prices on profit or loss before tax is illustrated below:

	GROUP	
	2023 R'm	2022 R'm
Increase of R400/t in Safex prices	4	(33)
Increase of R250/t in Safex prices	6	(28)
Increase of R100/t in Safex prices	8	(23)
Decrease of R100/t in Safex prices	11	(16)
Decrease of R250/t in Safex prices	13	(11)
Decrease of R400/t in Safex prices	16	(6)

#### 24.1.1.2 Trading risk

Market risk with regards to trading relates to the potential losses in the trading portfolio due to market fluctuations such as interest rates, spread between current and future prices of commodities, volatility of these markets and changes in market liquidity. Risk limits are set to govern trading within the risk appetite of the group via forward purchase and sales contracts.

Forward purchase contracts represent contracts with producers for the procurement of physical commodities in the future. The forward sales contracts represent contracts with clients for the sale of physical commodities in the future.

#### 24.1.1.3 Foreign exchange risk

The group has exposure to fluctuations in mainly the rand/US dollar and rand/euro exchange rate in respect of imports, exports and loans. Foreign currency transactions are mainly concluded for the purchasing and selling of merchandise, processed goods and other commodities (raisins). Foreign exchange contracts are concluded for specific transactions to hedge against fluctuations in exchange rates. The group's exposure to the risk of changes in foreign exchange rates further relates to the group's foreign operating activities in Germany.

At year-end the group had the following assets, liabilities and forward exchange contracts denominated in foreign currency in the following amounts:

	GROUP	
	2023 R'm	2022 R'm
Loan receivable denominated in euros	503	-
Trade receivables denominated in US dollars	195	72
Trade receivables denominated in euros	5	3
Trade receivables denominated in GBP	3	2
Forward exchange contracts denominated in US dollars	433	126
Forward exchange contracts denominated in euros	3	421
Trade and other payables denominated in US dollars	115	-
Trade and other payables denominated in euros	31	(1)
Trade and other payables denominated in NZ dollars	1	-
<b>Total</b>	<b>1 289</b>	<b>623</b>

Certain prior year amounts have been restated in the table above. This constitutes a restatement of amounts to ensure accurate disclosure on foreign exchange risk exposure.

#### Foreign exchange sensitivity analysis

An assessment of the group's sensitivity to the exchange rate shows that should the rand strengthen by 10%, the group's profit before tax would decrease by R21 million (2022: R40 million decrease). A 10% weakening of the rand versus the exchange rate, would result in a profit (2022: profit) of the same amount.



**24.1.1.4 Interest rate risk****Funding**

The group is naturally hedged against fluctuating interest rates to a large extent since interest-bearing debt is mainly utilised for assets earning interest at fluctuating rates.

	Notes	2023 GROUP		
		Assets R'm	Non-interest- earning assets	Interest- earning assets R'm
<b>Interest rate risk</b>				
Property, plant and equipment	2, 13.1	2 763	2 763	-
Investment property	3	2	2	-
Right-of-use assets	4	30	30	-
Goodwill and intangible assets	5	255	255	-
Investment in joint ventures and associates	8	101	101	-
Other non-current assets	7.1.1, 18.2	95	95	-
Inventory	10	2 872	2 872	-
Trade and other receivables (current)	11	4 630	-	4 630
Loans and other receivables (non-current)	7.1.2, 9	1 103	-	1 103
Inventory held to satisfy firm sales	12	126	126	-
Cash and short-term deposits	7.1.4	361	-	361
Other current assets	7.1.2, 20.1, 29	73	-	73
<b>Total</b>		<b>12 411</b>	<b>6 244</b>	<b>6 167</b>
Interest-bearing liabilities	4, 7.2.1, 7.2.2, 7.2.3, 7.2.4			(4 765)
<b>Net exposure to interest rate risk (limited to Rnil)</b>				<b>-</b>

	Notes	2022 GROUP		
		Assets R'm	Non-interest- earning assets R'm	Interest- earning assets R'm
<b>Interest rate risk</b>				
Property, plant and equipment	2, 13.1	2 334	2 334	-
Investment property	3	2	2	-
Right-of-use assets	4	29	29	-
Goodwill and intangible assets	5	161	161	-
Investment in joint ventures and associates	8	110	110	-
Other non-current assets	7.1.1, 18.2	100	100	-
Inventory	10	1 941	1 941	-
Trade and other receivables (current)	11	4 401	-	4 401
Loans and other receivables (non-current)	7.1.2, 9	1 302	-	1 302
Inventory held to satisfy firm sales	12	47	47	-
Cash and short-term deposits	7.1.4	87	-	87
Other current assets	7.1.2, 20.1	597	-	597
<b>Total</b>		<b>11 111</b>	<b>4 724</b>	<b>6 387</b>
Interest-bearing liabilities	4, 7.2.1, 7.2.2, 7.2.3, 7.2.4			(5 572)
<b>Net exposure to interest rate risk (limited to Rnil)</b>				<b>-</b>

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			
	2023		2022	
	Increase/ (decrease) %	(Increase)/ decrease interest expenses before tax R'm	Increase/ (decrease) %	(Increase)/ decrease interest expenses before tax R'm
Commodity finance	2%	(2.7)	2%	(1.9)
	1%	(1.4)	1%	(0.9)
	(1)%	1.4	(1)%	0.9
	(2)%	2.7	(2)%	1.9
Short-term debt	2%	(55.6)	2%	(77.7)
	1%	(27.8)	1%	(38.9)
	(1)%	27.8	(1)%	38.9
	(2)%	55.6	(2)%	77.7
Long-term debt	2%	(28.8)	2%	(28.1)
	1%	(14.4)	1%	(14.1)
	(1)%	14.4	(1)%	14.1
	(2)%	28.8	(2)%	28.1

## 24.1.2 Credit risk

### Concentration risk

The potential credit concentration risk relates mainly to trade debtors. Trade debtors consist of a large number of clients, spread over different geographic areas and credit is extended in accordance with the credit policy of the group. Prudent credit evaluation processes are strictly adhered to.

The value at risk is calculated as follows:

Gross carry amount - Securities held = Gross exposure

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

- "Gross carry amount" is calculated by decreasing the total producer debtor balance by the security value held or ceded to Senwes as well as the appropriate allowance for expected credit losses.

"Gross exposure" is calculated by decreasing the total gross carry amount by the securities held.

"Net exposure" is calculated by decreasing the total gross exposure amount by the partial allocation of net asset value.

"Security" may, without limiting the generality thereof, amongst others, assume the form of a special hypothec, a special notarial bond, right of retention, a lessor's hypothec, pledge, cession, surety, option or any other form of security.

- Distribution (spread) is measured against best practices in the industry, given the concentration in respect of geography, stratification, categorisation and arrears. Sources for measurement of concentration risk are formulated by using various agricultural industry norms, market trends in large companies and own analyses. The spread will increase the value at risk should it be higher than the norm and will decrease the risk should it be lower than the norm.

The risk is measured in respect of concentration in the different areas, namely arrears, categorisation, stratification (individual extent of the balance of the debtor account) and geography and are discussed in detail below.

### Geography

Low concentration risk is applicable due to an extensively spread geographic area, mainly the Free State, Northwest and Northern Cape.

### Stratification and arrears

	GROUP			
	2023		2022	
	Exposure of book	Arrears	Exposure of book	Arrears
<b>Stratification of the client base to the extent of credit extended</b>				
R1 – R500 000	1.3%	7.8%	1.2%	9.5%
R500 000 – R1 250 000	1.9%	3.5%	2.0%	4.3%
R1 250 000 – R3 000 000	7.5%	0.6%	6.5%	0.8%
R3 000 000 – R5 000 000	13.6%	0.7%	13.1%	0.2%
R5 000 000 – R12 500 000	24.9%	0.4%	24.4%	0.3%
Above R12 500 000	48.9%	0.1%	52.8%	0.4%
Legal clients	1.9%	80.6%	0.0%	97.3%
<b>Total</b>	<b>100.0%</b>		<b>100.0%</b>	

The total arrears for 2023 amounted to 2,0% (2022: 1,9%).

A fair distribution of client size and arrears is applicable and the size of the current book is in line with the risk appetite per segment of Senwes.

### Stages of debt

	GROUP			
	2023			
	Trade debtors	Gross carrying amount	Gross exposure amount	Net exposure to credit risk after net asset value
	%	R'm	R'm	R'm
Stage 1	66%	3 004	924	584
Stage 2	32%	1 451	323	225
Stage 3	2%	89	67	67
<b>Total</b>	<b>100%</b>	<b>4 544</b>	<b>1 313</b>	<b>875</b>

### Stages of debt

	GROUP			
	2022			
	Trade debtors	Gross carrying amount	Gross exposure amount	Net exposure to credit risk after net asset value
	%	R'm	R'm	R'm
Stage 1	53%	2 582	860	225
Stage 2	45%	2 146	541	89
Stage 3	2%	88	61	61
<b>Total</b>	<b>100%</b>	<b>4 816</b>	<b>1 462</b>	<b>375</b>

Credit risk for company arises from intercompany loans receivable and has been assessed in note 7.1.2.

The different stages are defined as follows:

Although not required by IFRS 9 Financial Instruments, Senwes categorises trade and other receivables as well, in order to evaluate financing provided in a holistic manner. Trade and other receivables and loans (collectively referred to as debtors) with significant financing components are classified into the following categories, in accordance with IFRS 9 Financial Instruments, for impairment purposes, taking into account factors mentioned in note 11.5, that reflect changes in credit risk since initial recognition:

**Stage 1: the loss allowance measured at an amount equal to 12-month expected credit losses**

Debtors where there has not been a significant increase in credit risk since initial recognition:

Portfolio impairment (non-legal clients) – A group impairment assessment: debtors are not individually assessed but debtors with similar credit risks and characteristics are grouped. The group is then assessed for impairment.

**Stage 2: the loss allowance measured at an amount equal to lifetime expected credit losses**

Debtors whose credit risk has increased significantly since initial recognition:

Portfolio impairment (non-legal) clients:

A group impairment assessment, debtors are not individually considered, debtors with similar credit risks and characteristics are grouped together. The group is then assessed for impairment. These debtors have not been handed over to the legal department for collection as yet, but there is an indicator of impairment. The two most significant indicators of impairment in the current financial year are arrears (non-compliance with debtor terms) and consolidation of loans in arrears. During the year stage 2 trade debtors decreased to 32% for 2023, from 45% in 2022 see note 24.1.2. Allowances for life time expected losses were made specifically for loans.

**Stage 3: financial assets that are purchased or originated credit-impaired**

Debtors whose credit risk has increased significantly since initial recognition:

Specifically impaired (legal clients): This will typically be the case where the debtor is already handed over to the legal department for recovery. The impairment represents the actual risk (LGD) for possible bad debt determined by the legal department, taking into account all securities and the client's balance sheet. The factors that influence management's estimates and judgement include whether customers that have been handed over to the legal department for collection, are specifically provided for based on the exposure and the estimation of the quality and expected realisation of securities held for the specific customers.

**Counter-party risk**

Absa and Nedbank as key financiers are regarded as excellent counter-parties and therefore fall within acceptable levels of counter-party risk. Counter-party risk relating to credit extension to clients is managed actively and is considered to be within acceptable levels.

## 24.1.3 Liquidity risk

The group monitors its liquidity risk by means of a cash flow planning and security model.

The group takes into account the maturity dates of its various assets and funds its activities by obtaining a balance between the optimal financing mechanism and the different financing products, which include bank overdrafts, short-term loans, commodity finance and other creditors. These are the remaining undiscounted cash-flows. The different debt expiry dates are as follows:

	GROUP			
	Financial liabilities - 2023			
	Total	Due within	Due within	Due after
R'm	1 year	1-5 years	5 years	
	R'm	R'm	R'm	R'm
Other financial liabilities	397	-	-	397
JD Implemente (Pty) Ltd loans	4	-	2	2
KLK Landbou Ltd loans	5	4	1	-
PE-BEE Agri (Pty) Ltd loans	3	3	-	-
SFL Holdings GmbH loans	135	39	96	-
Commodity finance	135	135	-	-
Lease liabilities	38	15	23	-
Absa interest-bearing loans	2 838	2 838	-	-
Nedbank interest-bearing loans	1 898	189	1 709	-
Bank overdrafts	286	286	-	-
Trade and other payables and contract liabilities	2 013	2 013	-	-
Derivative financial instruments	364	364	-	-
Incentive bonuses	190	190	-	-
Provisions	114	114	-	-
Other loans payable	95	95	-	-
Financial guarantees	41	41	-	-
<b>Total liabilities, including interest payable</b>	<b>8 556</b>	<b>6 326</b>	<b>1 831</b>	<b>399</b>

	COMPANY			
	Financial liabilities - 2023			
	Total	Due within	Due within	Due after
R'm	1 year	1-5 years	5 years	
	R'm	R'm	R'm	R'm
Other financial liabilities	309	-	-	309
Commodity finance	135	135	-	-
Absa interest-bearing loans	2 838	2 838	-	-
Nedbank interest-bearing loans	1 898	189	1 709	-
Bank overdrafts	204	204	-	-
Trade and other payables and contract liabilities	329	329	-	-
Derivative financial instruments	352	352	-	-
Incentive bonuses	105	105	-	-
Provisions	13	13	-	-
Other loans payable	5	5	-	-
Financial guarantees	41	41	-	-
<b>Total liabilities, including interest payable</b>	<b>6 229</b>	<b>4 211</b>	<b>1 709</b>	<b>309</b>

	GROUP			
	Financial liabilities – 2022			
	Total R'm	Due within 1 year R'm	Due within 1-5 years R'm	Due after 5 years R'm
Other financial liabilities	490	-	-	490
JD Implemente (Pty) Ltd loans	3	-	1	2
KLK Landbou Ltd loans	8	3	5	-
PE-BEE Agri (Pty) Ltd loans	6	3	3	-
Commodity finance	93	93	-	-
Lease liabilities	34	12	22	-
Absa interest-bearing loans	3 628	3 628	-	-
Nedbank interest-bearing loans	1 857	142	631	1 084
Hinterland Holdings (Pty) Ltd loan	325	325	-	-
Bank overdrafts	89	89	-	-
Trade and other payables and contract liabilities	1 160	1 160	-	-
Derivative financial instruments	59	59	-	-
Incentive bonuses	143	143	-	-
Provisions	74	74	-	-
Other loans payable	69	69	-	-
Financial guarantees *	44	44	-	-
<b>Total liabilities, including interest payable</b>	<b>8 082</b>	<b>5 844</b>	<b>662</b>	<b>1 576</b>

The prior year amounts have been restated to include the maturity dates of financial guarantees, and to disaggregate certain line items for comparability.

	COMPANY			
	Financial liabilities – 2022			
	Total R'm	Due within 1 year R'm	Due within 1-5 years R'm	Due after 5 years R'm
Other financial liabilities	423	-	-	423
Commodity finance	93	93	-	-
Lease liabilities	1	1	-	-
Absa interest-bearing loans	3 628	3 628	-	-
Nedbank interest-bearing loans	1 857	142	631	1 084
Bank overdrafts	10	10	-	-
Trade and other payables and contract liabilities	339	339	-	-
Derivative financial instruments	59	59	-	-
Incentive bonuses	88	88	-	-
Provisions	65	65	-	-
Other loans payable	26	26	-	-
Financial guarantees *	44	44	-	-
<b>Total liabilities, including interest payable</b>	<b>6 633</b>	<b>4 495</b>	<b>631</b>	<b>1 507</b>

The prior year amounts have been restated to include the maturity dates of financial guarantees, and to disaggregate certain line items for comparability.

#### 24.1.4 Capital maintenance guidelines

Capital includes equity attributable to the equity holders of the parent. The group maintains its own capital ratio within the following guidelines:

	GROUP	
	2023 Own capital ratio	2022 Own capital ratio
<b>Capital maintenance</b>		
<b>Total assets</b>	<b>12 411</b>	11 111
Equity	<b>4 610</b>	3 740
Liabilities	<b>7 801</b>	7 371
<b>Total equity and liabilities</b>	<b>12 411</b>	11 111
Calculated rate (%)	<b>37%</b>	34%
Set target band (%)	<b>35%-45%</b>	35%-45%

The own capital ratio of 37% is within the set target of 35% - 45%.

	GROUP	
	2023 R'm	2022 R'm
Earnings before interest, tax, depreciation and amortisation (EBITDA)	<b>1 725</b>	1 098
Finance costs	<b>238</b>	101
Calculated interest cover (times)	<b>7.2</b>	10.9
Set target (times)	<b>&gt;2,5</b>	>2,5

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

## 24.2 Fair value

The following table summarises fair value measurements recognised in the statement of financial position or disclosed in the group's financial statements by class of asset or liability and categorised by level according to the significance of inputs used in making the measurements.

		Fair value as at 30 April 2023			
		Carrying amount as at 30 April 2023	Quoted prices in active markets for identical instruments Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
		R'm	R'm	R'm	R'm
<b>Recurring measurements</b>	<b>Notes</b>				
<i>Assets</i>					
Grain commodities	10	183	183	-	-
Inventory held to satisfy firm sales	12	126	-	126	-
Investment in financial assets at fair value through other comprehensive income	7.1.1	5	-	-	5
Investment in RealFin Collective Investment Scheme	8	25	-	25	-
Investment in financial assets at fair value through profit or loss	7.1.1	12	-	12	-
Forward purchase contracts	20.1	17	17	-	-
Foreign exchange contracts	20.1	4	4	-	-
Safex futures	20.1	51	51	-	-
<b>Total assets</b>		<b>423</b>	<b>255</b>	<b>163</b>	<b>5</b>
<i>Liabilities</i>					
Commodity finance	7.2.2	135	135	-	-
Forward purchase contracts	20.2	353	353	-	-
Foreign exchange contracts	20.2	11	11	-	-
Safex futures	20.2	-	-	-	-
<b>Total liabilities</b>		<b>499</b>	<b>499</b>	<b>-</b>	<b>-</b>

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

		Fair value as at 30 April 2022			
		Carrying amount as at 30 April 2022	Quoted prices in active markets for identical instruments Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
		R'm	R'm	R'm	R'm
<b>Recurring measurements</b>	<b>Notes</b>				
<i>Assets</i>					
Grain commodities	10	175	175	-	-
Inventory held to satisfy firm sales	12	47	-	47	-
Investment in financial assets at fair value through other comprehensive income	7.1.1	4	-	-	4
Investment in RealFin Collective Investment Scheme	8	24	-	24	-
Forward purchase contracts	20.1	594	594	-	-
Foreign exchange contracts	20.1	1	1	-	-
<b>Total assets</b>		<b>845</b>	<b>770</b>	<b>71</b>	<b>4</b>
<i>Liabilities</i>					
Commodity finance	7.2.2	93	93	-	-
Forward purchase contracts	20.2	24	24	-	-
Foreign exchange contracts	20.2	9	9	-	-
Safex futures	20.2	26	26	-	-
<b>Total liabilities</b>		<b>152</b>	<b>152</b>	<b>-</b>	<b>-</b>

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

### Techniques used to determine fair value measurements categorised in level 1:

All items categorised in level 1 are revalued by applying the market value as determined by Safex (South African Futures Exchange) and the foreign exchange markets.

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

RealFin Collective Investment Scheme's inputs can indirectly be observed through the cash balances and financial position of the fund. The investment in the Cell Captive, measured at fair value through profit or loss, was revalued at year-end based on the financial information (equity value) received from Guardrisk.

### Techniques used to determine fair value measurements categorised in level 3:

#### Investment held by Thobo Trust

This is shares held by Thobo Trust in Oos-Transvaal Kalkverskaffers (Pty) Ltd ("OTKV"). OTKV is a private company and a discounted cash flow calculation was used to determine the fair value.

## 25. EARNINGS PER SHARE AND DIVIDENDS

### 25.1 Earnings per share

The following calculations are based on a weighted average number of 172 410 968 shares (2022: 172 688 600 shares). The earnings were calculated on profit attributable to shareholders.

25.1.1 Earnings per share is based on a profit of R907 million (2022: R601 million) attributable to ordinary shares.

25.1.2 Normalised headline earnings per share is based on a profit of R962 million (2022: R689 million). Normalised headline earnings is headline earnings according to Circular 1/2021 issued by the South African Institute of Chartered Accountants, adjusted with the following:

- 1 Impairments/(reversals) of investments/loans of a capital nature;
- 2 Restructuring costs;
- 3 (Profit)/loss on foreign exchange on capital loans;
- 4 Expenses and cost impact not related to operational activities and which in nature are abnormal; and
- 5 Legal/consulting fees relating to business transactions (i.e. business combinations, disposals and major reorganisations).

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

	GROUP	
	2023 R'm	2022 R'm
Earnings per statement of comprehensive income	907	601
Adjustments:		
Profit from sale of property, plant and equipment	(35)	(1)
Impairment of property, plant and equipment and intangible assets	27	55
(Gain)/loss on disposal of investment in joint venture	(2)	10
Impairment of goodwill	2	8
Tax and NCI effect of adjustments	9	(13)
<b>Headline earnings</b>	<b>908</b>	<b>660</b>
Abnormal/once-off items:		
Impairment of investments	10	4
Legal/consultation fees *	17	16
Other once-off items	47	12
Tax effect of adjustments	(20)	(3)
<b>Normalised headline earnings</b>	<b>962</b>	<b>689</b>
Earnings per share (cents)	525.8	347.6
Headline earnings per share (cents)	526.1	381.3
Normalised headline earnings per share (cents)	558.1	398.2
Earnings per share from continued operations (cents)	525.8	347.6

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

25.1.4 Diluted headline earnings per share is based on the diluted number of 178 052 814 shares (2022: 178 733 870 shares). The reconciliation between weighted average number of shares and diluted number of shares is:

	GROUP	
	2023 R'm	2022 R'm
Earnings per statement of comprehensive income	907	601
<b>Diluted earnings</b>	<b>907</b>	<b>601</b>
Weighted average number of shares	172 410 968	172 688 600
Weighted average equity-settled share-based scheme	5 641 846	6 085 270
<b>Diluted shares</b>	<b>178 052 814</b>	<b>178 773 870</b>
Diluted earnings per share (cents)	509.1	335.9
Diluted normalised headline earnings per share (cents)	540.4	384.8

### 25.2 Dividends paid and declared

	GROUP	
	2023 R'm	2022 R'm
<b>Declared and paid during the year:</b>		
Dividends on ordinary shares:		
Final dividend 2022: 34 cents (2021: 32 cents)	62	58
Special final dividend 2022 – 56 cents (2021 – 26 cents)	101	47
Interim dividend 2023: 36 cents (2022: 34 cents)	65	62
<b>Total dividends paid (company)</b>	<b>228</b>	<b>167</b>
Elimination of dividends paid to Senwes Capital and Senwes Share Incentive Scheme Trust	(3)	(1)
PE-BEE Agri (Pty) Ltd (Protek) dividends paid to non-controlling shareholders	6	6
SA Dorper (Pty) Ltd dividends paid to non-controlling shareholders	2	-
Carpe Diem Raisins (Pty) Ltd dividends paid to non-controlling shareholders	-	4
JD Implemente (Pty) Ltd dividends paid to non-controlling shareholders	3	2
<b>Total dividends paid (group)</b>	<b>236</b>	<b>178</b>

Dividends paid by the group exclude the dividend paid to Senwes Capital (Pty) Ltd and Share Incentive Scheme Trust of R3 million (2022: R1 million).

Proposed for approval at the annual general meeting (not recognised as a liability as at 30 April):

Dividends on ordinary shares:

**Final dividend 2023: 40 cents (2022: 34 cents)**

**Special dividend 2023: 56 cents (2022: 56 cents)**

72	61
101	101

**26. RELATED PARTY TRANSACTIONS****26.1 Subsidiaries**

The financial statements include the financial results of the subsidiaries listed below. The table below reflects the total of related party transactions and balances per subsidiary. Transactions include interest income, interest expense, sales, purchases and other services rendered. Balances owed (to)/by subsidiaries include trade and loan accounts.

	2023 COMPANY			
	Transactions include	% interest	Income received/ (expenses incurred) R'm	Amounts owed (to)/by subsidiaries R'm
JD Implemente (Pty) Ltd	Accounts receivable and service level agreement income	50%	1	-
Senwes Capital (Pty) Ltd	Accounts receivable and rent paid	100%	(10)	13
Senwes Equipment (Pty) Ltd / Agrifriend Equipment (Pty) Ltd	Accounts receivable and service level agreement income	100%	21	3
KLK Landbou Ltd	Recoupment of expenses	58%	1	-
Falcon Agricultural Equipment (Pty) Ltd	Accounts receivable and service level agreement income	100%	2	-
Grainovation (Pty) Ltd	Accounts receivable, service level agreement income and logistics services paid	100%	(5)	-
Suidwes Investments (Pty) Ltd	Accounts receivable and loans receivable	100%	-	348
Africum Ltd	Accounts receivable, loans receivable, finance income and finance costs	100%	162	4 550
Agrinet (Pty) Ltd	Accounts receivable and service level agreement income	100%	2	4
Hinterland Holdings (Pty) Ltd	Accounts receivable, finance costs, rental income, service level agreement income and purchase of general merchandise	100%	39	5
Hinterland SA (Pty) Ltd	Accounts receivable, purchase of general merchandise and service level agreement income	100%	5	1
Agri Credit Solutions (Pty) Ltd	Accounts payable, service level agreement income and rent paid	100%	-	(38)
Senwes Equip Holdings (Pty) Ltd	Loans receivable	100%	-	48
Certisure (Pty) Ltd	Loans receivable and service level agreement income	100%	4	-
SS Silo Co (Pty) Ltd	Accounts receivable, loans receivable, services paid and service level agreement income	100%	24	39
Suidwes IT Solutions 2 (Pty) Ltd	Accounts payable, services paid and rental income	100%	(27)	(11)
SFL Holdings GmbH	Accounts receivable, loans receivable, finance income and service level agreement income	100%	15	480
NviroTek Laboratories (Pty) Ltd	Accounts receivable, services paid and service level agreement income	82%	4	-
Agribel Holdings Ltd	Accounts receivable and service level agreement income	Parent	1	-
<b>Total</b>			<b>239</b>	<b>5 442</b>

2022 COMPANY				
			Income received/ (expenses incurred)	Amounts owed (to)/by subsidiaries
	Transactions include	% interest	R'm	R'm
JD Implemente (Pty) Ltd	Revenue from and purchase of mechanisation whole goods, service level agreement income and interest received	50%	2	-
Senwes Capital (Pty) Ltd	Interest and rent paid	100%	(26)	-
Senwes Equipment (Pty) Ltd / Agrifriend Equipment (Pty) Ltd	Revenue from and purchase of mechanisation whole goods, service level agreement income and interest received	100%	3	38
Staalmeester Agricultural Equipment (Pty) Ltd	Interest received and interest paid	75%	1	-
KLK Landbou Ltd	Recoupment of expenses	58%	(1)	-
Falcon Agricultural Equipment (Pty) Ltd	Interest received and service level agreement income	100%	1	-
Grainovation (Pty) Ltd	Interest received, rent received, service level agreement income and logistics services paid	100%	(9)	3
Suidwes Investments (Pty) Ltd	Interest received	100%	-	-
Africum (Pty) Ltd	Interest received	100%	(8)	5 079
Africum Commodities (Pty) Ltd	Income from sale of grain	100%	-	-
AgriNet (Pty) Ltd	Interest received	100%	3	-
Hinterland Holdings (Pty) Ltd	Interest received, rent paid, service level agreement income and sale of general merchandise	100%	6	7
Hinterland SA (Pty) Ltd	Revenue from sale of general merchandise	100%	8	1
Agri Credit Solutions (Pty) Ltd	Interest received, service level agreement income and rental income	100%	174	(51)
Senwes Equip Holdings (Pty) Ltd	Loan receivable, interest paid and operating expenses	100%	-	47
Certisure (Pty) Ltd	Accounts receivable, loans payable, finance cost and finance income	100%	-	1
SS Silo Co (Pty) Ltd	Accounts payable, loans payable and revenue from services rendered	100%	5	14
Suidwes IT Solutions 2 (Pty) Ltd	Accounts payable, accounts receivable, revenue from services rendered, finance costs and finance income	100%	4	(6)
Univision (Pty) Ltd	Loans payable, finance costs	100%	(1)	-
Suidwes IT Solutions 1 (Pty) Ltd	Accounts payable and revenue from sale of goods	100%	1	-
Agribel Holdings Ltd	Accounts payable, finance costs, other income and other expense	Parent	1	-
<b>Total</b>			<b>164</b>	<b>5 133</b>

## 26.2 Joint ventures

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

Bastion Lime (Pty) Ltd	Service level agreement income and interest received
Molemi Sele Management (Pty) Ltd	Service level agreement income and interest paid
Silocerts (Pty) Ltd	Costs relating to silo certificates

	GROUP					
	2023	2022	2023	2022	2023	2022
	% interest		R'm	R'm	R'm	R'm
<b>Joint Ventures</b>						
Bastion Lime (Pty) Ltd	50%	50%	2	(2)	*	*
Molemi Sele Management (Pty) Ltd	0%	35.7%	-	*	-	*
Silocerts (Pty) Ltd	50%	50%	(1)	1	*	*

\* Amount is less than R0,5 million.

For the interest rates and loan repayment terms, refer to note 7.



## 26.3 Significant shareholders

### 26.3.1 Parent company

Agribel Holdings Ltd's shareholding in Senwes was 73,5% (2022: 73,5%) during the 2023 financial year.

	PARENT COMPANY			
	2023	2022	2023	2022
	R'm	R'm	R'm	R'm
<b>Agribel Holdings Ltd</b>				
	Management fees received		Interest paid	
	1	1	1	-

Dividends paid to Agribel Holdings Ltd amounted to R167 million (2022: R124 million).

## 26.4 Trade with directors

### Balances with directors

These comprise of production credit, mortgages and other accounts for which customers of the company qualify. Credit extension terms and interest rates in respect of loans are aligned with the company's credit policy. These amounts are included in trade and other receivables according to normal credit terms and conditions.

	GROUP		COMPANY	
	2023	2022	2023	2022
	R'm	R'm	R'm	R'm
<b>Related parties – trade and other accounts receivable</b>	<b>46</b>	87	-	-

### Transactions with directors

Due to the nature of the business, the directors form part of the normal client base of the group.

The transactions with directors comprise revenue from the sale of mechanisation whole goods and spares, handling, storage, sales and purchases of grain, interest and financing transactions.

	GROUP		COMPANY	
	2023	2022	2023	2022
	R'm	R'm	R'm	R'm
Income	810	311	653	165
Purchases	323	323	323	323

## 26.5 Directors' remuneration (executive and non-executive)

	Note	GROUP and COMPANY	
		2023	2022
		R'm	R'm
Salaries *		11	11
Short-term incentive		13	12
Long-term incentive	16.2	7	7
Executive directors		31	30
Non-executive directors		8	8
Directors' remuneration: company		39	38
Directors' remuneration: subsidiaries **		96	90
<b>Directors' remuneration: group</b>		<b>135</b>	128

\* Pension costs are included in salaries. These amounts will be less than R1 million when rounded and are therefore not disclosed in a separate line.

\*\* Relates to directors of subsidiary companies even if employed by the company.

## Non-executive directors' remuneration (company):

2023								
Non-executive	Status	Date	Total directors' remuneration	Remuneration from Agribel Holdings Ltd *	Total directors' remuneration from Senwes company	Remuneration from Senwes	Travelling and accommodation expenses	Remuneration from subsidiaries
SF Booysen	In Office	Full Year	1 052 880	-	1 052 880	1 033 261	19 619	-
VJ Klein	In Office	Full Year	771 594	-	508 001	496 754	11 247	263 593
AJ Kruger	Resigned	24/08/2022	302 921	77 368	225 553	218 492	7 061	-
NDP Liebenberg	In Office	Full Year	1 151 150	489 859	661 291	655 832	5 459	-
JS Marais	In Office	Full Year	1 050 678	-	483 524	462 608	20 916	567 154
JDM Minnaar	In Office	Full Year	1 889 920	206 835	1 448 948	1 411 751	37 197	234 137
JJ Minnaar	In Office	Full Year	1 073 232	294 344	778 888	760 817	18 071	-
JPN Stander	In Office	Full Year	963 787	-	535 326	474 665	60 661	428 461
WH van Zyl	In Office	Full Year	737 064	199 734	537 330	527 174	10 156	-
AG Waller	In Office	Full Year	579 001	-	579 001	540 898	38 103	-
GL Malherbe	In Office	Full Year	712 001	199 734	512 267	496 754	15 513	-
JJ Viljoen	In Office	Full Year	693 629	196 875	496 754	496 754	-	-
<b>Total</b>			<b>10 977 857</b>	<b>1 664 749</b>	<b>7 819 763</b>	<b>7 575 760</b>	<b>244 003</b>	<b>1 493 345</b>

\* Remuneration received from Agribel Holdings Ltd includes VAT where a director is registered for VAT. Agribel Holdings Ltd is not a registered VAT vendor.

## Executive directors' remuneration (company):

2023				
Executive	Remuneration	Short-term incentive bonus	Long-term incentive *	Travelling and accommodation expenses
F Strydom	6 731 123	11 366 130	5 227 746	66 049
CF Kruger	2 790 851	-	947 914	24 196
D Bestler **	1 151 570	1 175 471	341 982	4 093
CR Klingenberg	706 749	-	-	-
<b>Total</b>	<b>11 380 293</b>	<b>12 541 601</b>	<b>6 517 642</b>	<b>94 338</b>

\* The long-term incentive has not vested as yet and is subject to vesting conditions. The total share-based payment expense recognised for the 2023 financial year relates to three tranches which will vest, depending on vesting conditions being met, on a yearly basis from June 2023 to June 2025.

\*\* Remuneration disclosed for the period served as acting Group Chief Financial Officer. Refer to note 26.6.

## Equity-settled share-based payments (company):

	Shares not vested *	
	2023	2022
	Number	Number
F Strydom	1 494 607	1 629 071
CF Kruger	-	904 002
CR Klingenberg	-	-
<b>Total</b>	<b>1 494 607</b>	<b>2 533 073</b>

\* Included with the number of shares are grants which have not vested at year-end.

The total share-based payment expense recognised for the 2023 financial year, relating to executive directors, amounted to R6,5 million (2022: R6,7 million) and relates to three tranches (2022: three tranches) which will vest, depending on vesting conditions being met, on a yearly basis from June 2023 to June 2025.

## Non-executive directors' remuneration (company):

2022								
Non-executive	Status	Date	Total directors' remuneration	Remuneration from Agribel Holdings Ltd	Total directors' remuneration from Senwes company	Remuneration from Senwes	Travelling and accommodation expenses	Remuneration from subsidiaries
SF Booysen	In Office	Full Year	983 557	-	983 557	978 082	5 475	-
VJ Klein	In Office	Full Year	685 517	-	473 067	470 226	2 841	212 450
AJ Kruger	In Office	Full Year	814 845	275 638	539 207	537 252	1 955	-
NDP Liebenberg	In Office	Full Year	1 057 402	394 011	663 391	660 817	2 574	-
JS Marais	In Office	Full Year	926 769	-	452 557	437 904	14 653	474 212
JDM Minnaar	In Office	Full Year	1 737 300	192 430	1 356 484	1 336 454	20 030	188 386
JJ Minnaar	In Office	Full Year	904 736	229 499	675 237	666 533	8 704	-
SM Mohapi	Resigned	26/08/2021	206 124	-	206 124	206 124	-	-
JPN Stander	In Office	Full Year	816 694	-	465 815	449 317	16 498	350 879
WH van Zyl	In Office	Full Year	688 406	185 731	502 675	499 021	3 654	-
AG Waller	In Office	Full Year	464 344	-	464 344	458 358	5 986	-
FE Marx	Resigned	26/08/2021	152 470	-	152 470	152 470	-	-
GL Malherbe	In Office	Full Year	637 972	188 428	449 544	444 986	4 558	-
JJ Viljoen	In Office	Full Year	626 715	181 729	444 986	444 986	-	-
<b>Total</b>			<b>10 702 851</b>	<b>1 647 466</b>	<b>7 829 458</b>	<b>7 742 530</b>	<b>86 928</b>	<b>1 225 927</b>

## Executive directors' remuneration (company):

Executive	2022			
	Remuneration	Short-term incentive bonus	Long-term incentive *	Travelling and accommodation expenses
F Strydom	6 757 628	7 726 075	4 384 549	57 852
CF Kruger	3 782 425	4 632 847	2 292 868	48 170
<b>Total</b>	<b>10 540 053</b>	<b>12 358 922</b>	<b>6 677 417</b>	<b>106 022</b>

\* The long-term incentive has not vested as yet and is subject to vesting conditions. The total share-based payment expense recognised for the 2022 financial year relates to three tranches which will vest, depending on vesting conditions being met, on a yearly basis from June 2022 to June 2024.

## 26.6 Information on directors' terms of office

For information regarding the non-executive directors, refer to the statutory directors' report (page 10).

## Executive directors

Director	Service contract expiry date	Position held
F Strydom	31 July 2025	Chief Executive Officer
CF Kruger	31 October 2022	Chief Financial Officer
D Bester	31 January 2023	Interim Chief Financial Officer
CR Klingenberg	Permanent	Chief Financial Officer

During the current year, CF Kruger (former CFO) resigned from the company effective 31 October 2022. D Bester was appointed as the interim CFO for the period ended 31 January 2023, whereafter CR Klingenberg was appointed as the permanent CFO effective from 1 February 2023.

Directors' direct and indirect interests in the company:

	COMPANY			
	2023		2022	
	Number of shares	% of total shares	Number of shares	% of total shares
<b>Direct</b>				
Non-executive directors	137 182	0.08%	188 405	0.10%
Executive directors	2 383 758	1.32%	1 968 026	1.09%
<b>Indirect</b>				
Non-executive directors	102 180	0.06%	61 038	0.03%
Executive directors	-	0.00%	180 000	0.10%
<b>Total direct and indirect interest</b>	<b>2 623 120</b>	<b>1.45%</b>	<b>2 397 469</b>	<b>1.33%</b>

## 26.7 Directors' direct and indirect interests in the company:

Name	2023		2022	
	Direct and indirect		Direct and indirect	
	Shares	%	Shares	%
<b>Non-executive</b>				
AJ Kruger and related parties:	-	0.00%	142 386	0.08%
AJ Kruger	-	0.00%	132 386	0.07%
Kingston Boerdery CC *	-	0.00%	10 000	0.01%
JS Marais	22 500	0.01%	22 500	0.01%
JDM Minnaar and related parties:	55 056	0.03%	20 129	0.01%
JDM Minnaar	7 019	0.00%	7 019	0.00%
Robyn Trust *	823	0.00%	823	0.00%
Lerna Boerdery CC *	1 140	0.00%	1 140	0.00%
JDM Boerdery (Pty) Ltd *	46 074	0.03%	11 147	0.01%
JJ Minnaar and related parties:	42 215	0.02%	15 198	0.01%
Uitsny Boerdery 999 (Pty) Ltd	42 215	0.02%	15 198	0.01%
WH van Zyl and related parties:	54 143	0.03%	37 928	0.02%
Thuso Grain (Pty) Ltd *	54 143	0.03%	37 928	0.02%
GL Malherbe and related parties:	30 671	0.02%	11 302	0.01%
GL Malherbe	10 911	0.01%	9 594	0.01%
Gert Malherbe Boerdery Trust *	19 760	0.01%	1 708	0.00%
NDP Liebenberg & related parties	10 421	0.01%	-	0.00%
Greenpak (Pty) Ltd *	10 421	0.01%	-	0.00%
JJ Viljoen and related parties	24 356	0.01%	-	0.00%
Boetie Viljoen (Edms) Bpk *	24 356	0.01%	-	0.00%
<b>Executive</b>				
F Strydom #	2 383 758	1.32%	1 855 358	1.03%
CF Kruger and related parties:	-	0.00%	292 668	0.16%
CF Kruger ^	-	0.00%	112 668	0.06%
Family members within defined consanguinity	-	0.00%	180 000	0.10%
Subtotal of directors	2 623 120	1.45%	2 397 469	1.33%
Other shareholders	178 166 188	98.55%	178 391 839	98.67%
<b>Total</b>	<b>180 789 308</b>	<b>100.00%</b>	<b>180 789 308</b>	<b>100.00%</b>

\* The directors do not necessarily have a controlling interest in the trusts, CCs and/or companies related to them.

# Shares held in Senwes do not include the 1 494 607 shares granted in terms of the LTI-scheme which have not yet vested. 528 400 shares vested during the year in terms of the LTI-scheme.

^ 697 700 shares vested during the year in terms of the LTI-scheme. The director resigned from the company effective 31 October 2022.

**27. RECONCILIATION OF PROFIT BEFORE TAX TO CASH FROM OPERATING ACTIVITIES**

	GROUP		COMPANY	
	2023 R'm	2022 R'm	2023 R'm	2022 R'm
Profit before tax	1 327	870	410	190
Non-cash adjustments to reconcile profit before tax to net cash flows:	521	432	170	235
Foreign exchange (profit)/loss	(84)	8	(78)	8
Depreciation and amortisation	205	165	81	82
Non-cash movement in provisions	241	131	(11)	99
Finance costs	238	101	245	55
Finance income	(45)	(38)	(35)	(16)
Impairment/(reversal of impairment) of investments and loans	13	4	(1)	-
Profit from joint ventures and associates	(26)	(25)	-	-
(Profit)/loss on disposal of property, plant and equipment	(35)	(1)	4	3
Impairment of property, plant and equipment and goodwill	28	62	4	32
Gain on AgriRewards conversion	(24)	-	(21)	-
Other operating income: dividends received	-	-	(6)	(41)
(Gain)/loss on disposal of investment in joint venture	(2)	10	(22)	-
Deferred government grant movement through profit or loss	(3)	(3)	-	-
Equity-settled share-based payment expense	15	18	10	13
<b>Cash from operating activities</b>	<b>1 848</b>	<b>1 302</b>	<b>580</b>	<b>425</b>

**28. CHANGES IN WORKING CAPITAL**

	GROUP		COMPANY	
	2023 R'm	2022 R'm	2023 R'm	2022 R'm
(Increase)/decrease in inventory	(663)	(170)	(3)	(55)
(Increase)/decrease in trade and other receivables	39	(147)	231	(74)
(Increase)/decrease in inventory held to satisfy firm sales	(79)	(37)	(79)	(36)
Increase/(decrease) in trade and other payables	1 373	(1 204)	799	(760)
Increase/(decrease) in contract liabilities	7	(10)	7	(11)
(Decrease)/increase in interest-bearing current loans	(1 099)	717	(776)	584
<b>Changes in working capital</b>	<b>(422)</b>	<b>(851)</b>	<b>179</b>	<b>(352)</b>

**29. TAX PAID**

	GROUP		COMPANY	
	2023 R'm	2022 R'm	2023 R'm	2022 R'm
Tax receivable/(payable) at the beginning of the period	1	(6)	21	8
Amounts debited in profit or loss	(309)	(174)	(94)	(27)
Tax movement not through profit or loss due to business combinations	(6)	(1)	-	-
Exchange rate translation	(2)	-	-	-
Tax payable/(receivable) at the end of the period	18	(1)	(8)	(21)
<b>Tax paid</b>	<b>(298)</b>	<b>(182)</b>	<b>(81)</b>	<b>(40)</b>

**30. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT**

	GROUP		COMPANY	
	2023 R'm	2022 R'm	2023 R'm	2022 R'm
Land	(14)	(12)	-	(12)
Silos	(1)	-	(1)	-
Buildings and improvements	(57)	(53)	(5)	(4)
Machinery and equipment	(223)	(175)	(60)	(83)
Vehicles	(32)	(38)	(16)	(18)
Heavy vehicles	(6)	(11)	-	-
<b>Total acquisition of property, plant and equipment</b>	<b>(333)</b>	<b>(289)</b>	<b>(82)</b>	<b>(117)</b>
Represented by:	(333)	(289)	(82)	(117)
Acquisition to increase operating capacity	(118)	(96)	(30)	(48)
Acquisition to maintain operating capacity	(127)	(131)	(52)	(69)
Net transfer (from)/to inventory	(88)	(51)	-	-
Transfer from investment property	-	(11)	-	-

2023: Net inventory transferred to/(from) property, plant and equipment (R88 million) during the year are not included in the acquisition of property, plant and equipment for cash flow purposes.

2022: Investment property of Suidwes Holdings (Pty) Ltd (R11 million) and net inventory (R51 million) transferred to/(from) property, plant and equipment during the previous year and are not included in the acquisition of property, plant and equipment for cash flow purposes.

**31. PROCEEDS FROM DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT**

	Notes	GROUP		COMPANY	
		2023 R'm	2022 R'm	2023 R'm	2022 R'm
Carrying value of assets sold	2; 13.1	43	56	21	29
Assets transferred to non-current assets held for sale	13.1	-	(19)	-	(19)
Profit/(loss) from disposals		35	1	(4)	(3)
<b>Proceeds from disposals</b>		<b>78</b>	<b>38</b>	<b>17</b>	<b>7</b>

**32. OTHER LOANS RECEIVABLE/PAYABLE**

	Notes	GROUP		COMPANY	
		2023 R'm	2022 R'm	2023 R'm	2022 R'm
<b>Loans from related parties</b>					
Additional loans received from related parties	7.2.1	33	-	-	-
Repayment of loans from related parties	7.2.1	(7)	(32)	(21)	(239)
<b>Movement in loans from related parties</b>		<b>26</b>	<b>(32)</b>	<b>(21)</b>	<b>(239)</b>
<b>Loans to related and third parties</b>					
Additional loans advanced to related and third parties		(1)	-	(394)	-
Repayment of loans to related and third parties	7.1.2	-	19	237	257
<b>Movement in loans to related and third parties</b>		<b>(1)</b>	<b>19</b>	<b>(157)</b>	<b>257</b>

**33. UNUTILISED FUNDING FACILITIES**

An unutilised short-term facility of R1,8 billion (2022: R1,2 billion) is available for growth opportunities and unexpected events.

At year-end, Senwes had unpledged commodities and unencumbered assets of R72 million (2022: R112 million) and R7,2 billion (2022: R5,0 billion) respectively.

**34. CHANGE IN PRESENTATION OF FINANCE COSTS RELATING TO THE LENDING BUSINESS (COMPANY)**

During the year, the company adjusted its presentation of finance costs relating to the lending business. The change results in finance costs, relating to the lending business, presented above the gross profit line on the face of the statement of comprehensive income due to the finance income of the lending business presented as revenue on the face of the statement of comprehensive income. Prior to this change in presentation, the company recognised the finance costs relating to the lending business as finance costs in the respective line on the face of the statement of comprehensive income as indicated below.

The company believes this presentation is preferable as it aligns the nature of transactions and will aid financial analysis. This constitutes a reclassification of amounts to ensure improved presentation and comparability.

The impact of this voluntary change in presentation on the company financial statements is limited to the statement of comprehensive income and the statement of cash flows. The impact on each line item of the company financial statements is as follows:

	COMPANY	
	2023 R'm	2022 R'm
<b>Statement of comprehensive income</b>		
Increase in finance costs relating to the lending business	(260)	(164)
<b>Decrease in gross profit</b>	<b>(260)</b>	<b>(164)</b>
Decrease in finance costs	260	164
<b>Net adjustment in profit before tax from operations</b>	<b>-</b>	<b>-</b>
<b>Statement of cash flows</b>		
Decrease in cash from operating activities (outflow)	(260)	(164)
Decrease in finance costs paid on the non-lending business (inflow)	260	164
<b>Net adjustment in net cash flows from operating activities</b>	<b>-</b>	<b>-</b>

**35. STANDARDS ISSUED BUT NOT YET EFFECTIVE**

As at the reporting date, there were no standards issued but not yet effective which were deemed to have a material impact on the group in future periods.

**36. EVENTS AFTER THE REPORTING PERIOD****36.1 The acquisition of a fourth John Deere dealership in Germany**

Senwes Ltd is in the formal contracting stage relating to the acquisition of a fourth John Deere dealer located in East Germany. The dealer was included in the initial investigation of the Germany businesses. Key open items are negotiated regarding the acquisition of properties, movable assets, certain stock, and the transfer of employees. S&L Connect GmbH has already been granted the area of responsibility ("AOR") of the fourth dealer, effective 1 July 2023. Concluding the transaction will enable a more effective and successful takeover of the AOR as there is value encapsulated in the know-how of the transferring employees and the location of the properties. The investment committee approved the acquisition on 8 June 2023.

**36.2 Carpe Diem Raisins (Pty) Ltd share transaction**

The KLK Landbou Ltd acquisition of the remaining 20% non-controlling interest of Carpe Diem Raisins (Pty) Ltd was subject to the transfer of the manufacturing property. The property- and share transfer was concluded on 29 May 2023.

Except for the above, management is not aware of any events that have occurred from the statement of financial position date up to the date of this report that require adjustment or disclosure in these annual financial statements.

# ACCOUNTING POLICY

## 1. BASIS OF PRESENTATION

The financial statements are prepared on the historical cost basis, except for derivative financial instruments, financial assets and commodity inventory measured at fair value. The carrying values of designated hedged assets and liabilities are adjusted to reflect changes in the fair values resulting from the hedged risks. The financial statements are presented in South African rand terms and all values are rounded to the nearest million (R'm), except where stated otherwise.

### 1.1 Statement of compliance

The financial statements of Senwes 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. No new standards were adopted during the current financial year.

### 1.3 New standards, interpretations and amendments

New interpretations and amendments to standards adopted during the current financial year:

#### • Amendments IFRS 3

Reference to the Conceptual Framework:

Reference to the Framework updated in the recognition criteria in IFRS 3 with two consequent amendments. Firstly, the amendments indicate that contingent assets acquired in a business combination are not recognised. Secondly, the amendments indicate that an entity should apply the requirement of IAS 37 (and IFRIC 21), as opposed to the Framework, to determine whether liabilities within the scope of that standard are recognised in a business combination.

Amendments were applied by Senwes with the German business combination accounting. There were no contingent assets acquired in the German business combination. The requirements of IAS 37 were applied in recognising provisions as part of the PPA (purchase price allocation).

#### • IAS 12: Changes to the income tax rate applicable to companies

A corporate tax rate change was announced during February 2021. This change from 28% to 27% applies to all companies with year-ends commencing after 1 April 2022.

The following considers the impact of these announcements on financial reporting in terms of IAS 12 – Income Taxes:

\* IAS 12.46 requires current tax liabilities and assets for the current and prior periods to be measured at an amount expected to be paid to or recovered from the taxation authorities, using the tax rates (and laws that have been enacted or substantively enacted by the end of the reporting period).

\* IAS 12.47 states that deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Accordingly, the current tax rate changed to 27% for the 2023 financial year, and the deferred tax assets and liabilities were remeasured at 27% during the prior financial year.

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 1 (Amendments)

Classification of Liabilities as current or non-current:

Previously, IAS 1 required that an entity must have an unconditional right to defer payment, but also required expectation of refinancing/roll-over of obligations to be taken into account in classifying a liability as current or non-current. These requirements were potentially contradictory. The standard is amended to now require that a liability must be classified based on an entity's right to defer payment that exists at the reporting date, irrespective of whether the entity expects to exercise that right or not. If the right to defer payment is conditional, the entity must meet the conditions at the reporting date (even if a lender will not test compliance on this date) to take such a right into account. Effective from 1 January 2023.

The amendment will be considered in terms of future classification between current and non-current liabilities. The amendment is not expected to have a significant impact as current classifications are based on these principles.

- **IAS 1 and IFRS Practice Statement 2 (Amendments)**

Disclosure of Accounting Policies:

Requirement to disclose significant accounting policies to disclosure of material accounting policy information. The amendments provide detailed guidance as to when accounting policy information would be material. The amendments also make it clear that accounting policy information must be entity-specific. Effective from 1 January 2023 with early adoption available.

These amendments will impact Senwes Group in terms of accounting policy disclosure. A review of accounting policies will be performed.

- **IFRS 17 (Amendments)**

Scope of IFRS 17 narrowed to exclude certain credit card contracts. Additional clarification on separation/aggregation of components of insurance contracts, accounting for contractual service margins, accounting for reinsurance contracts, onerous insurance contracts and presentation/disclosure in respect of insurance contracts. Introduction of accounting for insurance acquisition cash flows.

- **IAS 8 (Amendments)**

Definition of accounting estimate inserted into the standard (monetary amounts in financial statements that are subject to measurement uncertainty). The amendment is intended to clarify the distinction between accounting estimates and accounting policies. Effective from 1 January 2023 with early adoption available.

Amendment will impact Senwes Group in terms of future changes in accounting estimates and accounting policies.

- **IFRS 17 Insurance Contracts**

Revised standard that prescribes the recognition, measurement, presentation and disclosure of insurance contracts to replace IFRS 4, which was always intended to be an interim standard. IFRS 4 allowed national practice to be followed to account for insurance contracts, while IFRS 17 prescribes a common global standard. Effective from 1 January 2023 with early adoption available.

- **Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4) & Extension of the Temporary Exemption from Applying IFRS 9**

Temporary exemption to certain insurers not to apply IFRS 9 but rather IAS 39.

The amendment could impact insurance contracts issued by Senwes Group.

- **IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)**

The initial recognition exemption is expanded to only apply when the transaction that gives rise to temporary differences at initial recognition does not give rise to equal taxable and deductible temporary differences.

In the case of leases recognised under IFRS 16, the right of use asset and lease liability each gave rise to such a temporary difference. However, when viewed together, they did not. The initial recognition exemption was therefore amended also to state that it does not apply when, at the time of the transaction, equal taxable and deductible temporary differences arose. This means that deferred tax must be recognised in respect of leases accounted for under IFRS 16, and will impact Senwes Group in this manner.

**IAS 1 (Amendments)**

Non-current liabilities with covenants

This amendment specifies which loan covenants an entity must consider to classify a liability as non-current at reporting date. (It amends the amendment to IAS 1 above). Unlike the earlier amendment, the amendment now requires an entity to disclose covenants that must be complied with after year-end rather than to treat year-end as if it was the covenant date. Classification of the liability as current or non-current therefore only depends on compliance with covenants that must be complied with on or before the reporting date.

Amendment is likely to affect Senwes Group in terms of future covenant disclosure.

**IFRS 16 (Amendments)****Lease Liability in a Sale and Leaseback**

The amendment applies to a seller/lessee in a sale and leaseback where the sale must be accounted for in terms of IFRS 15 (as revenue). The amendments require the seller/lessee to measure the lease liability in a manner that does not result in it recognising any gains or losses to the extent that they relate to the right of use of the asset that it retains (it is not appropriate to recognise gains or losses in respect of an asset not disposed of).

The amendment will impact Senwes Group in the case of a sale and leaseback transaction and only if the sale represents a revenue transaction. This is evaluated as unlikely.

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

- IFRS 17 (Amendments) – Initial application of IFRS 17 and IFRS 9 – Comparative Information.

**2. SIGNIFICANT ACCOUNTING POLICIES****2.1 Basis of consolidation**

The consolidated financial statements comprise the financial statements of Senwes Limited, its subsidiaries, joint ventures and associates as at 30 April 2023.

Control is achieved when the group is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the group controls an investee if and only if the group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the group has less than a majority of the voting or similar rights of an investee, the group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The group's voting rights and potential voting rights.

The group reassesses whether or not it controls an investee if the 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.

The share of total comprehensive income of non-controlling interest 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; and
- 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.



**Accounting for a cell captive arrangement:**

The cell arrangement is not deemed to be a separate entity in terms of IFRS 10 and will not be consolidated by Senwes due to the lack of legal enforceability of the ring-fenced nature of the assets and liabilities of each cell upon liquidation.

The investment in the cell will therefore be accounted for according to IFRS 9, at fair value through profit and loss. The company will be exposed to insurance risk by agreeing to pay compensation if the reserve is not sufficient to fund the claims as well as the liability for unreported claims.

**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 indicators that the investments in joint ventures are impaired. If this is the case the group calculates the amount of impairment as the difference between the recoverable amount of joint ventures and its carrying value and recognises the amount in profit or loss.

Upon loss of joint control over the joint venture, the group measures and recognises any remaining investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal, is recognised in profit or loss.

The company's investments in joint ventures are accounted for at cost.

### 2.1.2 Associates

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

Acquisition of shares in investments is reflected as financial assets at fair value through other comprehensive income until significant influence is obtained in that investment, thereafter that investment is recognised as an associate.

Under the equity method, the investment in the associate is initially recognised in the statement of financial position at cost. Subsequent to acquisition date the carrying amount of the investment is adjusted with the post-acquisition changes in the group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised or separately tested for impairment. The share of the results of operations of associates is reflected in profit or loss. This is the profit or loss attributable to equity holders of associates and is therefore profit after tax and non-controlling interests in the subsidiaries of the associates. Adjustments are made where the accounting period and accounting policies of associates are not in line with those of the group. Where a change in other comprehensive income of associates was recognised, the group recognises its share of any changes and discloses this, where applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the group and associates are eliminated to the extent of the interest in associates.

After application of the equity method, the group determines whether it is necessary to recognise an impairment loss on the group's investment in its associates. The group determines at each reporting date whether there is any objective evidence that the investments in associates are impaired. If this is the case the group calculates the amount of impairment as the difference between the recoverable amount of associates and its carrying value and then recognises the amount in profit or loss.

Upon loss of significant influence over associates, the group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of associates upon loss of significant influence and the fair value of the retained investments and proceeds from disposal, is recognised in profit or loss.

The company's investments in associates are accounted for at cost.

### 2.1.3 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of IFRS 9 Financial Instruments, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

**Transactions under common control**

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

Where a business is obtained through common control, the assets and liabilities will be reflected at their carrying amount on acquisition date and not at fair value. No 'new' goodwill is recognised as a result of the common control transaction, except for existing goodwill relating to either of the combining entities. Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within equity.

**2.1.4 Fair value measurements**

The group measures financial instruments, such as derivatives and certain inventory, such as grain commodity at fair value at each statement of financial position date. Also, fair values of financial instruments measured at amortised cost are disclosed in note 7.1.2, 7.2.1, 7.2.2, 7.2.3 and 7.2.5.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant who would use the asset in its highest and best use.

The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**2.2 Foreign currencies****2.2.1 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the business operates (functional currency). The financial statements are presented in South African rand, which is the company's and group's functional and presentation currency.

**2.2.2 Foreign 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 group's presentation currency, are translated into the presentation currency as follows:

- Assets and liabilities at the closing exchange rate at the reporting date;
- Income and expense items are translated at the average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

On disposal of foreign operations, the component of other comprehensive income relating to that particular foreign operation is reclassified out of other comprehensive income. Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate at the reporting date.

## 2.3 Property, plant and equipment

Property, plant and equipment are held with a view to generate economic benefit from it for more than one period of use in the production or supply of goods or services or for administrative purposes and are not acquired for resale purposes.

All property, plant and equipment items are initially recognised at cost. Thereafter it is measured with reference to the cost of the asset less accumulated depreciation and accumulated impairments.

- The cost of property, plant and equipment includes the following: purchase price including import duties, non-refundable purchase taxes and costs directly attributable to bringing an asset to the location and condition necessary to operate as intended by management, less trade discounts and rebates.
- Property, plant and equipment with a cost of more than R7 000 are capitalised, while assets with a cost of less than R7 000 are written off against operating profit.
- Profits and losses on sale of property, plant and equipment are calculated on the basis of their carrying values and are accounted for in operating profit.
- With the replacement of 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 - 10
Plant and equipment	7,5-33,3
Vehicles	20 - 33,3
Heavy vehicles	20 - 33,3

Depreciation begins when an asset is available for use, even if it is not yet brought into use. Each part of an item of property, plant and equipment with a cost which is significant in relation to the total cost of the item, is depreciated separately. Land is not depreciated as it is deemed to have an unlimited life.

The useful life method of depreciation and residual value of property, plant and equipment are reviewed at each reporting date and adjusted prospectively, if appropriate. The evaluations in respect of the useful life and residual value of assets can only be determined accurately when items of property, plant and equipment approach the end of their lives. Useful life and residual value evaluations can result in an increased or decreased depreciation expense. If the residual value of an asset equals its carrying amount, the asset's depreciation charge is nil, unless and until its residual value subsequently decreases to an amount below the asset's carrying amount.

## 2.4 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

An intangible asset is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

### *Intellectual property*

The group acquired intellectual property (IP) relating to an invention of laser-based volume measuring devices which the seller has developed on behalf of, and with the assistance of Senwes.

### *Brandnames, patents, trademarks and other rights*

The group acquired and recognised brandnames, patents, trademarks and other rights in the business combinations of the Suidwes Group.

### *Customer relationships*

The group acquired and recognised customer relationships in the business combinations of the Hinterland and Suidwes Groups.

### *Supplier agreements*

The group acquired and recognised supplier agreements in the business combinations of the Suidwes Group and the SFL Holdings Group.

### *Accreditation*

The group recognised a SANAS accreditation in the business combinations of the Suidwes Group.

A summary of the policies applied to the group's intangible assets, is as follows:

### *Intellectual property*

Useful life	Finite (10 years)
Amortisation method used	Amortised on a straight-line basis over the period of the patent
Internally generated or acquired	Acquired

### *Brandnames, patents, trademarks and other rights*

Useful life	Indefinite (certain trademarks) and Finite (10 years)
Amortisation method used	Amortised on a straight-line basis over the useful life
Internally generated or acquired	Acquired

### *Customer relationships*

Useful life	Finite (10 years)
Amortisation method used	Amortised on a straight-line basis over the useful life
Internally generated or acquired	Acquired

### *Supplier agreements*

Useful life	Indefinite and Finite (10 years)
Amortisation method used	Amortised on a straight-line basis over the useful life
Internally generated or acquired	Acquired

### *Accreditation*

Useful life	Finite (5 years)
Amortisation method used	Amortised on a straight-line basis over the useful life
Internally generated or acquired	Acquired

## 2.5 Investment property

Investment property is land and buildings held to earn rentals or for capital appreciation or both. Investment property is recognised as an asset when and only when it is probable that the future economic benefit associated with the investment property will be the business and the investment property cost can be measured reliably.

Investment properties are initially recognised at cost, including transaction costs. Depreciation is calculated using the straight-line method to reduce their cost to their residual values over their estimated useful life. Land is not depreciated. Investment properties depreciation methods, residual values and useful life are reviewed and adjusted if appropriate, at the end of each reporting period.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of comprehensive income in the period of derecognition.

Transfers are made to/(from) investment property only when there is a change in use. If owner-occupied property becomes an investment property, the company accounts for it in accordance with property, plant and equipment up to the date of change.

Under certain circumstances, it is difficult to distinguish between investment property and property occupied by the owner. In such circumstances, the criteria are to distinguish, based on the existing occupation and purpose of the property.

## 2.6 Leases

The group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### *Group as a lessee*

The group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### *i) Right-of-use assets*

The group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Buildings and improvements 3 to 15 years
- Plant and machinery 3 to 15 years
- Motor vehicles and other equipment 3 to 5 years

If ownership of the leased asset transfers to the group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to accounting policy note 3.8 for the impairment of non-financial assets.

#### *ii) Lease liabilities*

At the commencement date of the lease, the group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the group and payments of penalties for terminating the lease, if the lease term reflects the group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment, occurs.

In calculating the present value of lease payments, the group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### *iii) Short-term leases and leases of low-value assets*

The group applies the short-term lease recognition exemption to its short-term leases of land and buildings and plant and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of land and buildings and plant and equipment that are considered to be low-value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

## 2.7 Inventory

Inventory represents assets held for resale in the normal course of business, to produce assets for sale, or for use in production processes, or the rendering of services. Included in cost of inventory are the cost price, production costs and any costs incurred in bringing the inventory to its current position and condition, ready for the intended purpose. Cost of inventory does not include interest, which is accounted for as an expense in the period when incurred.

Included in cost of production are costs directly attributable to units produced, direct costs such as direct wages and salaries, variable overheads, as well as the systematic allocation of fixed production overheads based on the normal capacity of the production facility.

Cost of inventory items is determined in accordance with the weighted average cost method, unless it is more appropriate to apply another basis on account of the characteristics, nature and use of the inventory. Cost of inventory is determined as follows:

Merchandise, processed goods, consumables and other commodities	- Weighted average cost price
Mechanisation whole goods and vehicles	- Purchases price
Grain commodities	- At fair value

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

## 2.8 Inventory held to satisfy firm sales

Inventory held to satisfy firm sales represent inventory purchases on behalf of third parties in respect of agricultural produce received from producers, which are payable by the third party on delivery of such agricultural produce to them. This includes sales in terms of sales contracts secured by inventory. Refer to note 12 for measurement.

## 2.9 Taxes

### Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the group operates and generates taxable income.

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

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establish provisions where appropriate.

Tax receivables and tax payables are offset if a legally enforceable right exists to set off the recognised amounts and if there is an intention to settle on a net basis.

### Deferred tax

Provision is made for deferred tax using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying values for purposes of financial reporting, at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, applying the tax rate enacted at the reporting date. The liability for deferred tax or deferred tax assets is adjusted for any changes in the income tax rate.

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

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

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

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

**Value added tax**

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

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

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

**2.10 Post-employment benefits****2.10.1 Retirement 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.

**2.11 Employee benefits****Short-term**

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services.

These include normal benefits such as salaries, wages, paid leave, paid sick leave, profit-sharing and other bonuses as well as fringe benefits in respect of existing employees, and are charged to profit and loss in the period in which they occurred.

An accrual 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.

An accrual 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.

An accrual is raised for normal thirteenth cheque bonuses accrued, as a pro rata-payout is made where resignation occurs prior to the employee's normal elected date of payout.

**Long-term**

The distinction between short-term and other long-term employee benefits is based on the expected timing of settlement rather than the employee's entitlement to the benefits.

These include a leave accrual in respect of existing employees where leave is not expected to be settled wholly within 12 months. Long-term leave is based on historical leave taken.

**Termination benefits**

An entity shall recognise a liability and expense for termination benefits at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognises the costs for a restructuring that involves the payment of termination benefits.

**Share-based payments****Equity-settled share-based payments**

The scheme will be a forfeitable share award scheme, where shares will be forfeited where future service and performance conditions are not met. The fair value of the shares granted are determined by using the market value of the shares on grant date adjusted with the present value of dividends not entitled to. The grant date is the date at which the entity and the participant agree to a share-based payment arrangement. The share-based payment expense will be recognised over the vesting period. The vesting period includes the service requirement attached to an award. The above expense will therefore be recognised and spread over the period from the grant date to the vesting date. The length of this period will vary from tranche to tranche.

Where the employees are employed by a subsidiary of the Senwes Group, this company would be the entity receiving the services, and would have to account for the transaction as an equity-settled share-based payment, with a corresponding increase in capital contributed by Senwes. Senwes would be the settling entity that needs to account for the transaction as equity-settled, as it settles the transaction in its own shares with an increase in its investment in the subsidiary. As the shares vest, the investment will be converted to an interest-bearing loan, interest will be charged at a market related rate.



## 2.12 Revenue recognition

Revenue includes income earned from the sale of goods, income from commodity trading, income from services rendered, commission income, interest and dividend income. Interest received as a result of credit extension is also stated as revenue but only to the extent that collection is reasonably assured. Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, net of any discounts, rebates and related taxes. The group assesses its revenue agreements in order to determine if it is acting as a principal or agent. Intragroup sales are eliminated on consolidation.

### Revenue from contracts with customers

#### Services rendered

##### *Storage and handling of grain*

As a customer cannot benefit separately from either handling or storage on its own or together with other readily available resources, handling and storage constitute a single performance obligation.

This performance obligation is satisfied by Senwes over a period of time as the customer receives and consumes the benefit of being able to store the product at the silo.

As the customer pays for specific activities to be performed, an output-based method to measure the completion of the service is appropriate. This entails that revenue is recognised on the basis of the value of services transferred to date relative to the total service promised.

Revenue from handling is currently recognised on a fixed ratio-basis, which is derived from the costs and efforts of loading the product compared to withdrawing it from the silo.

Revenue from storage is recognised as the grain is stored over time.

##### *Processing of grain*

Senwes processes grain on behalf of a counter party. This process includes various actions, i.e.:

- Quality control of grain;
- Fumigation of seed;
- Processing to predetermined condition (including cleaning);
- Packing of processed seed;
- Protection of seed; and
- Storage of seed.

The primary performance obligation (cleaning) is performed at a point in time once the cleaning process has been completed, based on the following indicators:

- The client only benefits from the processing upon completion.
- Senwes only has a right to be paid once processing has been completed.
- Senwes only transfers physical possession of the product which value has been enhanced, back to the client once processing is completed.

Thus, the full revenue from the transaction price is recognised upon completion of the processing activity by Senwes.

##### *Commission received*

Commission is received on the procurement and sale of grain.

Revenue is recognised at the point in time when grain is delivered.

##### *Servicing of equipment*

The customer is charged for time spent, parts and consumables. If it is not possible to complete the service due to work beyond the initial scope, the client is liable for the charges for additional time spent and materials used to the point when the service ceases.

If the service does not take a significant period of time to perform, the revenue will be recognised when the service is completed. If the service does, however, take a significant amount of time, revenue will be recognised as the customer's asset is enhanced and Senwes obtains a right to receive payment.

##### *Credit initiation fees*

The client pays Senwes the initial fee to perform certain necessary work and to prepare loan documentation.

The performance obligation is fulfilled at a specific point in time, as opposed to over a period of time. This point in time is when all the procedures to put the loan agreement in place, have been completed.

#### *Management fees*

Senwes will enter into instalment agreements with clients and conclude the related security in respect of such agreements. Following the conclusion of this agreement Senwes may, subject to the approval of the counterparty, sell its rights and obligations from this transaction to the counterparty by assignment.

Senwes is appointed by the counterparty to administer the accounts and collect the amounts due to the counterparty, in the capacity as an agent, in respect of the transaction assigned.

This performance obligation is satisfied by Senwes over a period of time as the counterparty receives and consumes the benefit from the service as it is being performed.

The counterparty pays Senwes a monthly management fee based on a percentage of the average account balances administered for the duration of the month. The management fee constitutes the revenue stream.

Revenue is recognised on a monthly-basis, which is derived from the agreement between the parties.

#### *Service level agreement income ("SLA")*

Senwes performs certain administrative duties to its subsidiaries, joint ventures and associates.

The performance obligation is satisfied by Senwes over a period of time as the customer receives and consumes the benefit from the service as it is being performed.

As the customer pays for specific activities to be performed, an output-based method to measure the completion of the service is appropriate. This entails that revenue is recognised on the basis of the value of services transferred to date relative to the total service promised.

Revenue from SLA is currently recognised on a fixed monthly basis, which is derived from the SLA-agreement between the parties.

#### *Precision farming income*

Senwes make GPS signals available to customers for a specified period.

Revenue is recognised over the period of the agreement, which may be terminated by either party at one month's notice.

The customer simultaneously receives and consumes the benefit as the service obligation is performed by Senwes.

#### *Laboratory services*

Revenue is received on the supply of laboratory services to customers.

The performance obligation is fulfilled at a specific point in time, as opposed to over a period of time. This point in time is when all the procedures to render the service, have been completed.

#### *Brokerage services*

Revenue includes insurance commissions and fees for services rendered.

Revenues will generally be recognised at a point in time upon the effective date of the underlying policy (or policies), to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

### **Income from sale of goods**

#### *Sale of whole goods/parts without warranty*

Senwes supplies specified equipment or parts to the customer. No warranty or guarantee is provided.

Revenue is recognised at a point in time when control of the asset is transferred to the customer.

The timing of revenue recognition depends on when the ability to direct the use and obtain the benefits from the asset transfers to the customer. This in turn depends on the terms of the sale (delivery terms, timing of the transfer of risk, etc.).

This may be demonstrated by and will depend on the circumstances as evidenced by a combination of the following:

- When the customer becomes liable to make payment for the equipment;
- When legal title to the equipment passes to the customer;
- When physical possession passes to the customer;
- When the significant risks and rewards of ownership pass to the customer; and
- When the customer has accepted the asset.

#### *Sale of whole goods/parts with John Deere warranty*

Revenue terms, conditions and recognition criteria are the same as above except for the warranty provided.

The warranty is provided by John Deere and administered by Senwes.

As the warranty obligation is on John Deere, Senwes does not recognise any provision for the costs involved with this liability.

*Trade in fuel, meat, vehicles, raisins, cattle hides and sheep skins*

Revenue relating to the sale of these products is measured at the transaction price, which is the amount of consideration that the group expects to be entitled to, in exchange for the products provided. Revenue from the sale of these goods is recognised when the goods are delivered and have been accepted by customers.

*Sale of pesticides and fertiliser*

Revenue relating to the sale of these products is measured at the transaction price, which is the amount of consideration that the group expects to be entitled to in exchange for the products provided. Revenue from the sale of these goods is recognised when the goods are delivered and have been accepted by customers.

**Revenue from other sources**

**Interest income**

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

As finance is provided continuously, the service obligation is performed over a period of time and as the client receives the benefit from the services as it is being performed.

Interest accrues daily and is recognised on a monthly-basis.

**Investment income**

*Dividends received*

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

*Interest income other than revenue*

Refer to the "Interest income" accounting policy above. Interest income other than revenue relates to interest income earned by the group which does not arise in the course of the group's ordinary activities.

**Income from commodity trading**

*Agency agreement sales*

The customer has the ability to direct the use of, and obtain substantially all the remaining benefits from the commodity from the date of delivery at the premises specified by the purchaser. At this stage the purchaser can determine whether and when to sell or store the commodities. This service condition includes the delivery of the grain and does not constitute a separate revenue stream.

Income is recognised at the time of delivery.

*Ex-silo commodity sales*

The purchaser has the ability to direct the use of, and obtain substantially all the remaining benefits from the commodity from the date of withdrawal. At this stage the purchaser can determine whether and when to sell or store the commodities.

Income is recognised at the time of withdrawal.

## 2.13 Financial instruments

### 2.13.1 Financial assets:

#### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the group has applied the practical expedient, the group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the group has applied the practical expedient, are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the group commits to purchase or sell the asset.

#### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

#### 2.13.1.1 Loans and receivables

The group measures loans and receivables at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

#### 2.13.1.2 Financial assets at fair value through other comprehensive income

Upon initial recognition, the group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss upon derecognition. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The group elected to classify irrevocably its non-listed equity investments under this category.

**Derecognition**

Financial assets are derecognised when:

- The right to receive cash flow from investments expires; or
- The group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - (a) the group has transferred substantially all the risks and rewards of the asset, or
  - (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, it continues to recognise the transferred asset to the extent of the group's continuing involvement. In that case, the group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the group has retained.

**2.13.2 Financial liabilities****Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

**2.13.2.1 Interest-bearing loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

**2.13.2.2 Commodity finance loans**

Finance is obtained from banks where inventory serves as security. Senwes can enter into two types of commodity finance transactions:

- Non-executory contracts

A commodity finance loan is obtained on inventory where the delivery month on Safex is in the current month.

Commodity finance loans are initially recognised at the fair value of the inventory less location differential, including directly attributable transaction costs. After initial recognition, commodity finance loans are subsequently measured at amortised cost using the effective interest rate method. Interest expense is included in finance cost in profit or loss.

- Executory contracts

Commodity finance loan is obtained on inventory where the delivery month on Safex is in future months.

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

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**Offsetting**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## 2.14 Derivative financial instruments

Financial instruments to which the group is a party are disclosed in note 24.

### Hedge accounting

Derivative instruments (assets and/or liabilities) are used by the group in the management of business risks. They are initially recognised in the statement of financial position at cost (which is the fair value on that date) and are thereafter remeasured to fair value. The method of recognising the resultant profit or loss depends on the type of item being hedged. The group allocates certain financial instruments as:

- A hedge of the exposure to changes in fair value of a recognised asset or liability or, an unrecognised firm commitment (fair value hedge); or
- A hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

Changes in the fair value of derivative instruments which have been allocated, and which qualify as fair value hedges, that are highly effective, are accounted for in profit or loss together with any change in the fair value of the hedged asset or liability that is attributable to the hedged risk, and are therefore effectively set off against one another. Changes in the fair value of derivative instruments which have been allocated and qualify as cash flow hedges, that are also highly effective, are accounted in other comprehensive income. The ineffective portion of a cash flow hedge is recognised immediately in profit and loss. If the forward transaction results in the recognition of an asset or liability, the profit or loss that was deferred earlier to other comprehensive income, is transferred from other comprehensive income and included in the initial determination of the cost of the asset or liability. Otherwise, amounts deferred to other comprehensive income are transferred to profit or loss and classified as revenue or expenditure during the same period when the hedged fixed commitment or forward transaction has an influence on profit or loss.

Changes in the fair value of any derivative instrument that do not qualify for hedge accounting with reference to IFRS 9, are immediately recognised in profit or loss. If the hedging instrument lapses or is sold, or if the hedge no longer meets the criteria for hedge accounting, any cumulative profit or loss that exists at that point in other comprehensive income, is retained in other comprehensive income and recognised when the forward transaction is finally recognised in profit or loss. If it is expected that the forward transaction will no longer realise, the reported cumulative profit or loss is immediately transferred to profit or loss.

From the inception of the transaction, the group documents the relationship between the hedging instrument and the hedged item, as well as the risk management aim and strategy for entering into the hedging transaction. As part of this process, all derivative instruments are allocated as hedges to specific assets and liabilities or to specific fixed commitments or forward transactions. The group also documents valuations, both at the outset and continuously, in order to determine whether the derivative instrument being used in hedging transactions, is indeed highly effective to set off the changes in fair value or cash flows of the hedged items.

### Commodity term contracts (futures)

The group participates in various future buying and selling contracts for the buying and selling of commodities. Although certain contracts are covered by the physical provision or delivery during normal business activities, future contracts are regarded as a financial instrument. In terms of IFRS 9, it is recorded at fair value through profit and loss, where the group has a long history of net finalisation (either with the other party or to participate in other off-setting contracts).

Refer to note 20. Derivative and financial instruments where these instruments are disclosed.

## 2.15 Cash and short-term deposits

Included in cash and short-term deposits, which form an integral part of cash management, are cash on hand and bank overdraft balances. Bank overdraft balances are stated as current liabilities. For the purposes of the statement of cash flows, cash and cash equivalents comprise of cash and short-term deposits as defined above, net of outstanding overdrafts.

## 2.16 Impairment of assets

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

### 2.16.1 Financial assets

The group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Refer to note 11.5 for the detailed framework regarding impairment of financial assets.

### 2.16.2 Non-financial assets

On each reporting date the group considers whether there are any indications of impairment of an asset. If such an indication exists, the group prepares an estimate of the recoverable amount of the asset. The recoverable amount of an asset or the cash generating unit, within which it and other assets operate, is the greater of the fair value less the cost of selling and the value in use of the asset. Where the carrying amount of an asset exceeds the recoverable amount, the impairment is determined and the carrying amount written off to the recoverable amount. Where the value in use is determined, the expected future cash flow is discounted at their present value by using a pre-tax discounting rate reflecting the current market assessments of the time value of money and specific risks associated with the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. Impairment losses of continuing operations are recognised in profit or loss.

If there is an indication that previously recognised impairment losses no longer exist or that they have decreased, an estimate is once again made of the recoverable amount of the asset in question excluding goodwill and if necessary, the impairment is written back to the statement of profit or loss. The write-back may not cause the carrying value to exceed the recoverable amount or the value it would have been if it was not previously impaired. After such a write-back, the depreciation expense in future periods is adjusted to apportion the adjusted carrying amount of the asset, less its residual value, systematically over the remaining useful life.

### 2.17 Deferred government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

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

### 2.18 Provisions and contingent liabilities

#### Provisions

Provisions are liabilities of which the timing or amount is uncertain and can be distinguished from other creditors. Provisions are only recognised if:

- A currently constructive or legal obligation exists due to a past event;
- An outflow of economic benefits is probable in order to meet the commitment; and
- A reliable estimate of the amount can be made.

Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the reporting date. Provisions are disclosed in note 19.

Liabilities are current obligations arising from past events, which are expected to result in economic benefits flowing from the business, when met, and are accounted for directly after the occurrence of the event giving rise to the obligation. Liabilities form part of creditors in the statement of financial position.

#### Contingent liabilities

Contingent liabilities are potential obligations arising from past events, the existence of which will only be confirmed upon the occurrence or non-occurrence of one or more uncertain future events beyond the control of the business.

Contingent liabilities may also arise from a current obligation arising from past events but are not recognised because:

- It is improbable that an outflow of economic resources will occur; and/or
- The amount cannot be measured or estimated reliably.

Contingent liabilities are not recognised but are merely disclosed by way of a note in the financial statements (see note 21).

### 2.19 Non-current assets held-for-sale and discontinued operations

A discontinued operation is a component of an entity which has been sold or classified as held-for-sale and:

- Represents a separate important business component or geographical area of activities;
- Forms part of a single co-ordinated plan to sell a separate important business segment or geographical area of activities;
- Is a subsidiary acquired with the sole purpose of selling it.

An item is classified as held-for-sale if the carrying amount of such item will largely be recovered through a transaction of sale rather than through continued use. Non-current assets and disposal groups classified as held-for-sale are measured at the lower of their carrying value and fair value less cost to sell. In the statement of comprehensive income, the after tax profit or loss is reported separately from profit or loss from continuing operations. Property, plant and equipment, once classified as held-for-sale, are not depreciated.

### 2.20 Treasury shares

Own equity instruments that are reacquired are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in equity.

**2.21 Operating leases**

Leases in respect of property, plant and equipment, where substantially all the risks and rewards attached to property rights to an asset are retained by the lessor, are classified as operating leases. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Future escalations in terms of the lease agreement are calculated and the average lease expenditure is recognised over the lease period in equal amounts, only if a fixed escalation rate has been agreed to contractually.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reporting amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of income and expenses, assets and liabilities within the next financial year, are discussed below.

**3.1 Equity-settled share-based payments**

The expense is determined by using the market value, as traded on the OTC-market, of the shares on grant date, adjusted with the present value of dividends not entitled to. The share-based payment expense will be recognised over the vesting period. The vesting period includes the employment conditions and performance conditions (not market related) attached to an award. The expense will therefore be recognised, with corresponding increase in capital reserves in equity, and spread over the period from the grant date to the vesting date. The length of this period will vary from tranche to tranche. The accumulated expense recognised is the group's best estimate of the number of shares which will ultimately vest.

**3.2 Fair value of financial instruments**

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The key assumptions used for estimating the fair value of financial instruments are disclosed in note 24.5, Fair value measurements.

**3.3 Impairment of financial assets**

Refer to note 11.5 for the detailed framework regarding impairment of financial assets.

For decision framework on loans receivable, refer to note 7.1.2.

**3.4 Inventory impairment provision**

Inventory is valued at the lower of cost and net realisable values. A provision is raised against inventory according to the nature, condition and age and net realisable value of inventory. For the carrying value of provision for slow moving inventory refer to note 10.

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

- Strengthening of the rand against the US dollar;
- Competitor prices;
- Market share; and
- Large volumes of inventory on hand.

**3.5 Taxes**

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the loss can be utilised. Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of taxable future profits together with future tax planning strategies. For the carrying value of deferred tax refer to note 18.2.

**3.6 Provision for non-compliance with pre-season grain contracts**

The calculations are based on the following key assumptions:

- Default rate on current deliveries extrapolated to the total extrapolated;
- A fixed recovery rate on defaults; and
- Compensating financial instruments.



### 3.7 Useful life and residual value of property, plant and equipment

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each reporting date and adjusted prospectively, if appropriate. This review takes into account the location, condition and nature of the asset.

### 3.8 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less cost to sell and its value in use. The fair value less cost to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the assets. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the group is not yet committed to, or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

### 3.9 Leases

#### Determining the lease term of contracts with renewal and termination options – group as lessee

The group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The group has several lease contracts that include extension and termination options. The group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Refer to note 4 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.



# Corporate Information

## Enquiries regarding this report

Carl Klingenberg, Group Chief Financial Officer  
Telephone: 018 464 7476

## Senwes Ltd

Registration number: 1997/005336/06

## Postal address

PO Box 31  
Klerksdorp  
2570

## Registered office

1 Charel de Klerk Street  
Klerksdorp  
2570  
Telephone: 018 464 7800  
Email: [info@senwes.co.za](mailto:info@senwes.co.za)

## Ethics hotline

080 464 7800

## Investor relations

Attention: The Company Secretary  
PO Box 31  
Klerksdorp  
2570  
Telephone: 018 464 7104  
Fax: 086 673 3041  
Website: [www.senwes.com](http://www.senwes.com)

## Trading of shares

Over-the-counter trading desk:  
Attention: The Company Secretary  
PO Box 31  
Klerksdorp  
2570  
Telephone: 018 464 7104/018 464 7105  
Fax: 086 673 3041

## Auditor

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

## Financing partners

Absa Bank  
Nedbank  
Rand Merchant Bank  
First National Bank  
Investec Bank  
Grindrod Bank