Integrated report 2015

KAAP AGRI

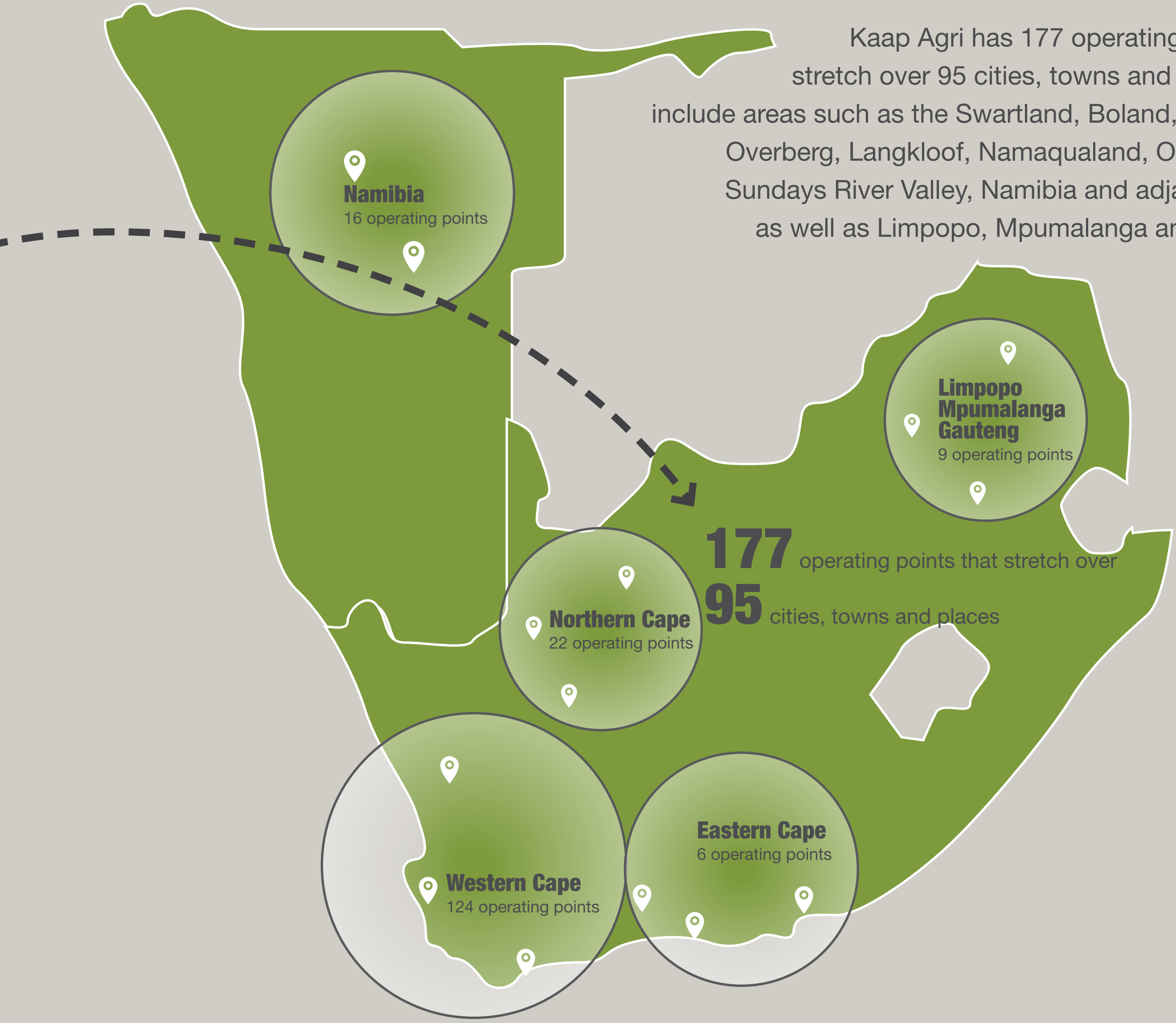
Sedert 1912 Since 1912

Kaap Agri will continue to create wealth for its stakeholders

Kaap Agri is a retail services group that supplies a **variety of products and services, mainly to the agricultural sector** but also to the general public.

Geographic footprint

Kaap Agri has 177 operating points that stretch over 95 cities, towns and places, and include areas such as the Swartland, Boland, Winelands, Overberg, Langkloof, Namaqualand, Orange River, Sundays River Valley, Namibia and adjacent areas, as well as Limpopo, Mpumalanga and Gauteng.



AGRIMARK LIQUOR MARK EXPRESSMARK agriplas

AGRILOG PAKMARK KAAP AGRI MECHANISATION WESGRAAN

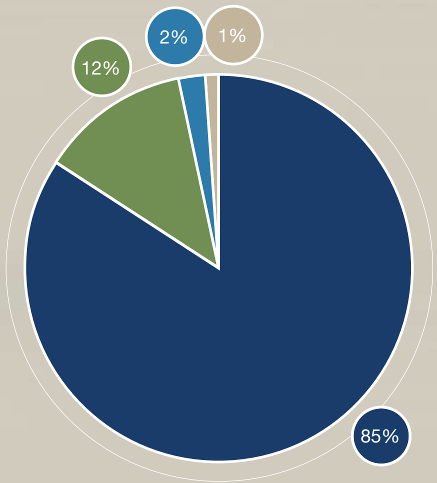
Business profile

	Trade	Wesgraan	Irrigation	Corporate
Services	Production inputs Packing material Hardware Fuel Outdoor life Tractors and combine harversters Tillage Parts Workshops Convenience stores	Grain receiving and grading Grain marketing Grain storage Seed processing Seed potatoes	Dripper pipe Pumps Irrigation equipment Filters Automation	Financing Finances Human Resources Communication Internal audit IT services
Purpose	Providing a complete range of production inputs, mechanisation equipment and services, and other goods to agricultural producers as well as the general public.	Providing a complete range of marketing and hedging options as well as handling and storage of grain products	Manufacturing of dripper pipe and other irrigation equipment, as well as distribution of franchise and other irrigation parts.	Providing support services for the Group's activities. Providing tailor-made financing for producers.
Operations	72 Agrimark shops 12 Pakmark shops 1 OK Value shop 8 Liquormark shops 23 Expressmark shops 3 Agrimark depots 15 Workshops 15 Parts outlets 4 Fuel depots	14 Silo complexes 350 000 ton capacity 3 Seed processing plants	1 Factory 6 Distribution points	Head office Malmesbury 13 Regional credit offices
	Western Cape Northern Cape Eastern Cape Limpopo Mpumalanga Namibia	Western Cape	Western Cape Gauteng Mpumalanga	Western Cape Northern Cape Mpumalanga Namibia

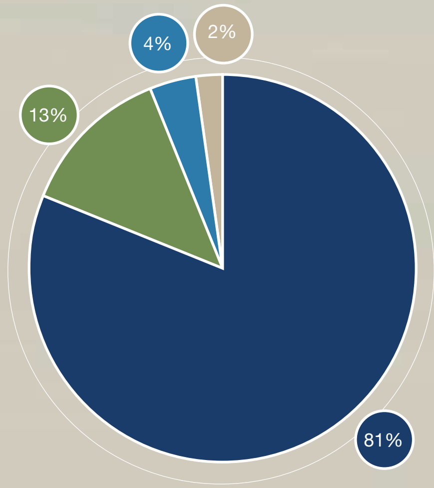
	Trade		Wesgraan		Irrigation		Corporate	
Financial	**2015 R'000**	2014 R'000	**2015 R'000**	2014 R'000	**2015 R'000**	2014 R'000	**2015 R'000**	2014 R'000
Income	**4 547 114**	4 186 224	**658 874**	570 751	**129 954**	113 592	**5 460**	4 012
Profit before tax	**207 556**	169 008	**33 497**	36 705	**10 889**	9 903	**4 824**	(1 053)
Gross assets	**1 169 794**	980 912	**75 400**	55 680	**52 518**	42 066	**1 387 966**	1 291 595
Net assets	**550 584**	405 073	**57 958**	41 405	**35 213**	26 063	**611 467**	642 827

As percentage of total

INCOME

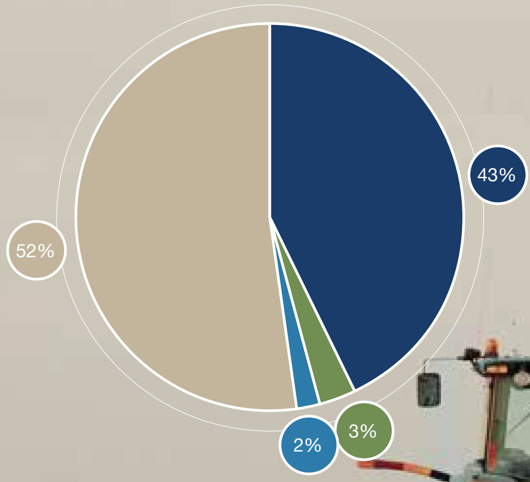


PROFIT BEFORE TAX

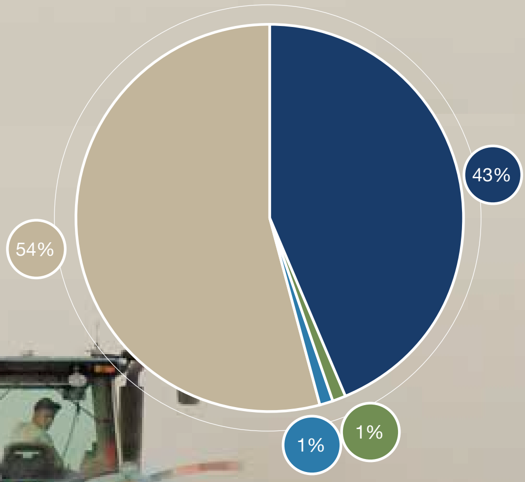


Trade Wesgraan Irrigation Corporate

GROSS ASSETS



LIABILITIES



BOARD OF DIRECTORS

Chairman

GM (George) Steyn ■*

Non-executive

BS (Bernhardt) du Toit ▲

JH (Johann) le Roux ▲

NC (Niko) Loubser ●

HS (Stanley) Louw ●

CA (Chris) Otto ■*

HM (Helgard) Smit ●

S (Samara) Totaram ▲#

JH (Kosie) van Niekerk ■●*

Executive

S (Sean) Walsh – Managing ■

GW (Graeme) Sim – Financial ● (Appointed: 1 August 2015)

JJ (James) Matthee – Business Development #

SJ (Johan) Liebenberg – Operations #

▲ *Audit Committee*

■ *Human Resources Committee*

Social and Ethics Committee

● *Finance Committee*

* *Nomination Committee*

EXECUTIVE MANAGEMENT

Wian Beukes	Agri Trade
Johan de Lange	Wesgraan
David Gempies	Human Resources
Charl Graham	Information Technology
Leopold Human	Financing Services
Reinhard Köstens	Secretary
Johan Liebenberg	Operations
Francois Loots	Trade North
James Matthee	Business Development
Ian Schooling	Agriplas
Graeme Sim	Finance
Hennie Smit	Procurement and Logistics
Werner van Zyl	Fuel and Convenience stores
Gerhard Victor	Finance
Sean Walsh	Managing

Business review

Kaap Agri exceeded its own 15% headline earnings growth target for the fourth consecutive year. Measured over the four-year period, the total increase in headline earnings of 133% translates into a compound annual growth rate of 23,5% p.a. The stability and sustainability of growth is reflected in the fact that the targets were also exceeded every year.

These results were driven by the contributions from established business units growing and expanding their traditional business, as well as the contributions from new businesses and activities. Kaap Agri created wealth for all through more business with more products, to more clients and in more places, sometimes even at lower margins.

Kaap Agri's core business is and remains the supply of production inputs to the agricultural value chain. Our branch network and footprint, infrastructure, market penetration, systems and level of expertise also enable us to explore new and alternative business opportunities. Proportionately, more growth is derived from new business opportunities due to the relative saturation levels in the agricultural industry, but without compromising the primary business.

Results

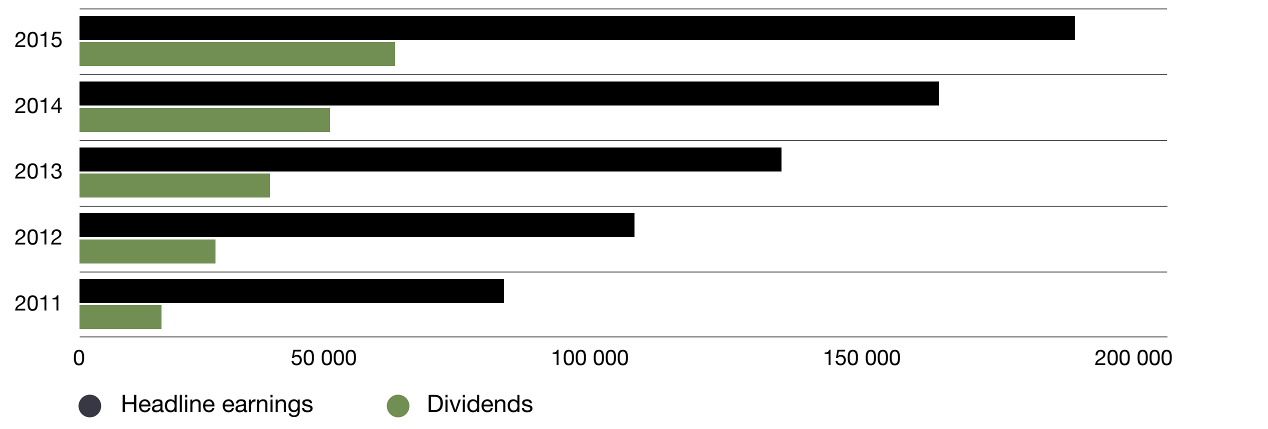
The value of business transacted, including the revenue from inventory sales and services as well as the value of direct business financed, increased by 8,5% to R7,082 billion. During the year, the lower prices of fuel, the biggest product group, had a negative impact of 13,8% on turnover. Combined with the calculated rate of inflation of 5,6% on the rest of the product basket, this meant total turnover had a deflation rate of 2,6%. Real growth for the year was therefore 11,1%.

New operations established since the beginning of the previous financial year contributed 5,3% of current year turnover growth. During this period 190 jobs were added to the Group as a result of the expansions.

The Trading division is the biggest contributor to turnover, trading through a broad network of operating points, as a retail distributor of a wide range of products to end users, mainly in the agricultural sector, but also increasingly to the public at large. Cash sales, as a percentage of turnover, continued to increase at double the rate of credit turnover, as a result of growth and expansions in the more cash-oriented product offerings.

Headline earnings increased by 15,8%. Earnings increased by 19,6%, including the profit realised from the disposal of Kaap Agri's 20% interest in RSA Agri Makelaars (Pty) Ltd.

Results (R'000)



Expansions

Kaap Agri's strategic plan for the next five years does not only involve the retention and expansion of existing business, but also includes specific targets for new acquisitions and additions. A new internal division has been assigned to focus specifically on clearly measurable new projects.

Expansions include, but are not limited to, the fuel and convenience market throughout the RSA and Namibia, new branches and the addition of new product lines to existing branches, as well as the optimisation of Kaap Agri's property portfolios.

Good progress has been made but, as a result of regulatory and operational approvals, many new projects and acquisitions will only start contributing in the coming year. Kaap Agri also aims to include BEE within some of the projects in support of entrepreneurial development.

Segments

The Trading division, which includes the Agrimark, Pakmark, Expressmark and Liquormark stores and Mechanisation Parts, Workshops and Implements, increased revenue by 8,6% and profit by 22,8%. Excluding the impact of deflation on fuel, revenue increased by 16,6%. Gross margins increased marginally by 0,6%, rather as a result of the decline in fuel prices which has a fixed retail profit contribution, than increases in gross profit margins. The Trading division contributed 82,4% (2014: 78,4%) to total operating income.

The past grain harvest showed an average yield per hectare and quality while good prices were realised. Wheat growing in Kaap Agri's traditional production area has probably stabilised at current levels of cultivation of 120 000 to 130 000 hectares, of which Kaap Agri handles and stores about 75%. Wheat trading at lower margins in the past season was the biggest contributor to the 8,7% decline in profit. The Product division, which includes grain handling, storage, marketing and trading, as well as seed production, changed its brand and name to Wesgraan.

Agriplas Irrigation had a good year notwithstanding the switch to Metzerplas irrigation technology, which required a large capital investment and caused disruption to the product offering.

Financial overview

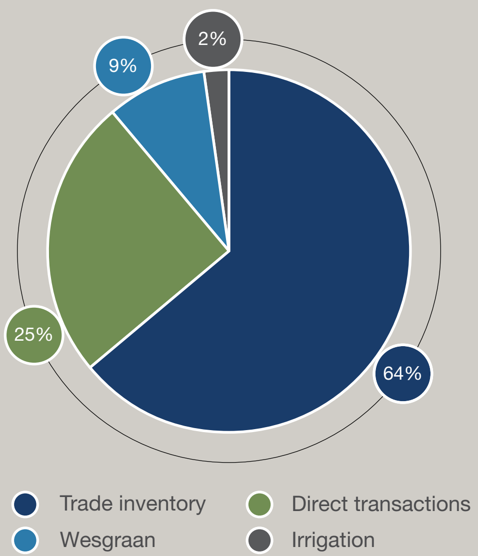
In the past year, R160,1 million was spent on expansions, acquisitions and upgrades already mentioned, as well as replacements. This capital expenditure was funded mainly from own funds as well as existing overdraft facilities.

Inventory increased by 10,5% in line with the increase in business. Inventory levels are seasonal in nature, not always following monthly turnover patterns.

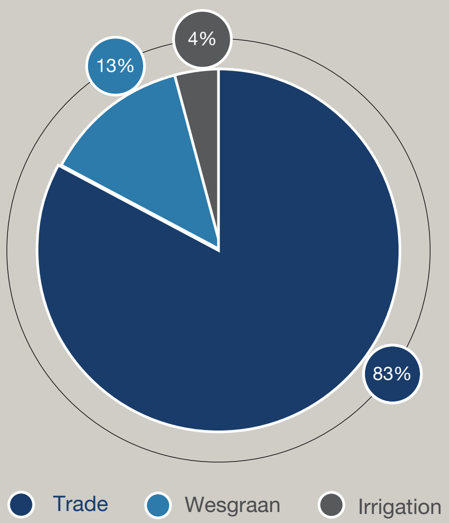
Debtors and production finance are 9,9% higher than the previous year, which is in line with the increase in credit sales. The quality of the debtors book in terms of total debtors as a percentage of credit sales, as well as debtors outside terms, remains sound and provisions for these are considered adequate. The Board adheres to the policy of financing purchases per production season only, and not getting involved in term financing.

Net interest-bearing debt increased by 24,3% to R647,3 million. The Statement of financial position is sound, with a 23,1% net interest-bearing debt to total assets ratio and interest cover at 8,7 times. Financing facilities are sufficient for current activities and organic growth according to current projections, and the company has access to adequate additional financing facilities if necessary.

Revenue



Operating income



Share value

Following a warning issued by the Financial Services Board (FSB) that some institutions might be violating the Financial Markets Act through their over-the-counter share trading activities, the Board temporarily suspended the trading desk at the beginning of the period under review. The trading system was amended to fall outside the ambit of the Act, whereafter trading resumed on the new system and methodology.

At present, trading levels are still low, but the 30-day weighted average of R28,03 for September 2015 was already 18% above the R23,76 average on suspension of the trading desk.

Dividend

A final dividend of 58 cents per share has been declared, bringing the total dividend for the year to 82 cents per share. This represents a 26,2% increase over the 65 cents per share of the previous year, which means that the dividend increased by 64,0% over the last two years and 134,3% over the last three years.

Outlook

Currently, agricultural conditions in the Swartland grain production area are under severe pressure, with only one third of the normal rainfall levels recorded so far. The current wheat crop is estimated at approximately 40% below average, which will have a direct impact on Kaap Agri's grain handling and storage revenue.

In the rest of the production areas where Kaap Agri is involved, agricultural conditions are also under pressure due to the country-wide drought.

New projects completed towards the end of the year have already started to show positive results. Kaap Agri will continue its growth strategy, even accelerating new growth opportunities, both geographically and through offerings to existing and new markets.

The value of business transacted, including the revenue from inventory sales and services as well as the value of direct business financed, increased by 8,5% to

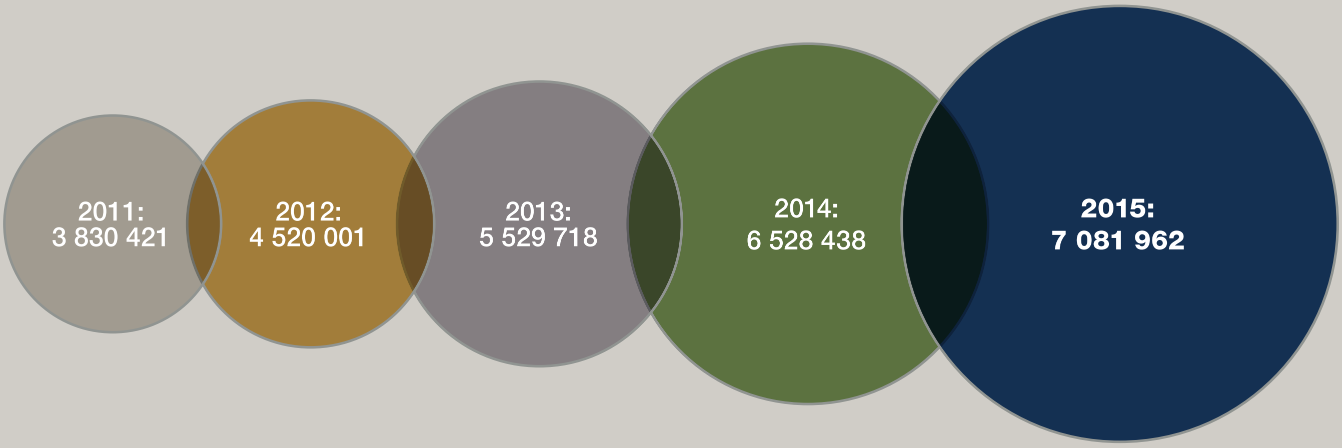
R7,082 billion

Five-year financial review

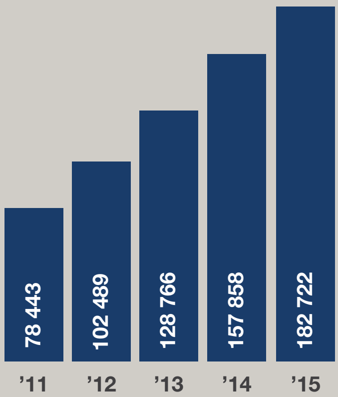
	GROUP				
	2015 R'000	2014 R'000	2013 R'000	2012 R'000	2011 R'000
Income statement					
Revenue	**5 341 402**	4 874 579	4 007 807	3 211 637	2 623 695
Direct business	**1 740 560**	1 653 859	1 521 911	1 308 364	1 206 726
Value of business transacted	**7 081 962**	6 528 438	5 529 718	4 520 001	3 830 421
Profit before tax	**256 766**	214 563	174 930	141 659	111 091
Income tax	**(67 572)**	(56 350)	(45 876)	(39 001)	(31 504)
Profit after tax	**189 194**	158 213	129 054	102 658	79 587
Headline earnings adjustment	**(6 472)**	(355)	(288)	(169)	(1 144)
Headline earnings	**182 722**	157 858	128 766	102 489	78 443
EBITDA	**310 843**	263 199	219 095	183 188	146 940
Dividend paid	**57 779**	45 800	35 231	24 661	14 686
Interim	**16 911**	13 388	9 865	6 341	4 895
Final (2015: declared)	**40 868**	32 412	25 366	18 320	9 791
Statement of financial position					
Non-current assets	**653 954**	529 658	454 567	408 381	365 887
Current assets	**2 031 724**	1 840 595	1 664 015	1 464 031	1 310 492
	2 685 678	2 370 253	2 118 582	1 872 412	1 676 379
Liabilities and loans	**(1 430 456)**	(1 254 885)	(1 122 694)	(977 469)	(900 458)
Total shareholders' equity	**1 255 222**	1 115 368	995 888	894 943	775 921
Net interest-bearing debt	**647 331**	520 928	497 360	425 736	429 480
Statement of cash flows					
Cash flow from operating activities	**106 708**	139 034	69 190	69 310	(19 591)
Cash profit after tax from operations	**241 138**	210 000	178 319	160 841	111 900
Working capital changes	**(134 430)**	(70 966)	(109 129)	(91 531)	(131 491)
Cash flow from investment activities	**(158 423)**	(102 516)	(90 443)	(45 830)	(33 925)
Cash flow from financing activities	**53 206**	(32 537)	25 226	(24 273)	52 629
Net cash flows	**1 491**	3 981	3 973	(793)	(887)
Ratios					
Total shareholders' equity : Total assets employed	**46,9%**	47,0%	47,4%	47,1%	47,0%
Net interest bearing debt : Total assets employed	**23,1%**	22,7%	23,1%	24,1%	24,3%
Headline earnings : Shareholders' interest	**15,4%**	14,9%	13,6%	12,3%	10,7%
EBITDA: Net assets	**23,2%**	22,1%	20,6%	19,4%	17,7%
Interest cover (times)	**8,7**	9,0	8,1	7,1	6,1
Per share					
Shares issued (number – '000)	**70 462**	70 462	70 462	70 462	66 753
Weighted average shares issued (number – '000)	**70 462**	70 462	70 462	69 226	66 753
Headline earnings per share (cents)	**259,32**	224,03	182,75	148,05	117,51
Dividend per share (cents)	**82,00**	65,00	50,00	35,00	22,00
Net asset value per share	**R17,81**	R15,83	R14,13	R12,70	R11,62

The five-year financial review is presented as if the unbundling took place on 1 October 2010.
The dividend for 2011 represents the calculated part of the dividend from operations included in the Group's dividend for the period before unbundling.
Ratios calculated on average balances.

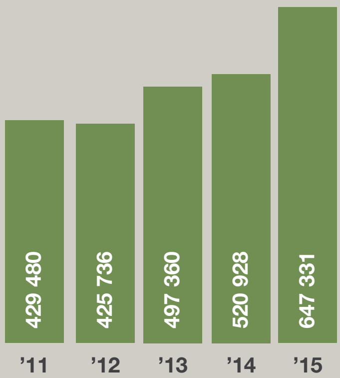
TURNOVER (VALUE OF TRANSACTIONS)
R'000



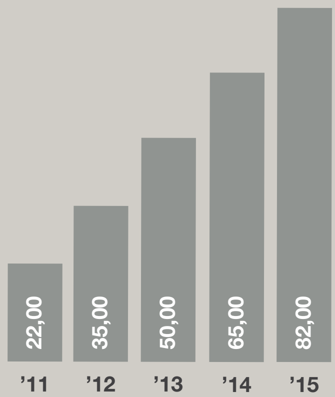
HEADLINE EARNINGS
R'000



INTEREST-BEARING DEBT
R'000



DIVIDEND
CENTS



Report of the Social and Ethics Committee

Composition and attendance of meetings

The composition of the committee and attendance of meetings are set out on page 19.

Key functions and responsibilities

The committee's role, function and responsibilities are prescribed by the Companies Act, 71 of 2008, and further detailed in a formal charter regularly reviewed by the Board. The committee has free access to the Chairman of the Board and is empowered to consult independent expertise at company cost. In the execution of its duties according to its mandate the committee is responsible for monitoring:

- Social and economic development;
- Good corporate citizenship;
- The environment, health and public safety;
- Consumer relations; and
- Labour and employment.

The committee considered the Group's performance as responsible corporate and social role player regarding the Group's operations, specific legislation, legal requirements and best practice, as determined by its mandate, and refers the shareholders to the Social overview on page 15.

Opinion

The committee is of the opinion that the Group's compliance with social and ethical requirements conform to all legislation, as well as to society's expectations of a good corporate citizen.

S Totaram
Chairman: Social and Ethics Committee
27 November 2015

Social review

Stakeholders

Kaap Agri is part of a society of stakeholders that are affected by and are dependent on its survival and how it does business. These stakeholders are individuals, communities and entities, which include clients, employees, suppliers, financiers, shareholders and the broader society, as well as their stakeholders. Sustainable progress requires that Kaap Agri focuses not only on financial results, but also tends to environmental, social and staff welfare concerns to ensure that Kaap Agri will be able to conduct its business responsibly and successfully over the medium to long term. Only if all stakeholders do better over the long term as a result of Kaap Agri's existence, will Kaap Agri be successful.

Employment

Appointment programmes focus proactively on representing the demographic profile of the environment in which the Group operates, especially on all levels of management.

New appointments and promotions are not only effected in accordance with the guidelines of the Employment Equity Act, but the Group's policy determines that all appointments and promotions must first be measured against their compliance or, otherwise, against the internally set targets to accelerate representation.

The Group's progress towards its internal targets is good, although representation at senior management levels is still falling short. This is an ongoing priority.

There is no distinction in the workplace or in terms of policy or conditions of service, and all employees have equal access to all benefits or schemes offered.

The prescribed Labour Development Plan is revised and updated on a regular basis and Kaap Agri is currently comfortable within the set targets. Kaap Agri also meets regularly with representatives of the Department of Labour to explain the plans and to ensure that all legal requirements are met.

Training and development

Kaap Agri's policy is first to develop potential and talent from within before positions are made available externally. A proactive process of identifying talent is followed, whereupon appropriate training and development programmes are structured around specific requirements, both internally and externally, where necessary.

Training and development are conducted according to training plans that set out to realise the needs of the Group and the employee, as well as the full potential of the employee and support the Group's growth strategy. These training programmes are not just focused on the needs of the Group and the task, but also endeavour to develop the individual as a person.

Trainee managers are also appointed at junior level, with the specific aim of developing them into management material. Mentor programmes are in place to accelerate the training of employees who have management potential. Trainees and apprentices are also appointed to develop needed skills through a combination of in-service training and external courses.

The Group is an active participant in the AgriSETA, and has 90 assessors, 90 mentors and 15 moderators. Several learnerships are conducted on an ongoing basis under the SETA and more than 674 internal learnerships have already been completed. The company is an accredited training services provider for AgriSETA and also provides training to external people.

Self-development is also encouraged through financing of distance learning, with costs refunded on achievement of the qualification.

About 65% of the total training budget is spent on staff members from the designated category.

Remuneration practice

The objective of the remuneration policy is to establish and retain a talented and skilful workforce. Employees receive market-related remuneration on a Total Cost of Employment (TCOE) basis and may choose how their TCOE should be divided between benefits and schemes offered, within the parameters of the Income Tax Act.

Basic remuneration can be supplemented by incentive and profit-sharing schemes, which are applicable to all employees, in order to further promote performance. The remuneration philosophy makes provision for remunerating employees who have scarce skills, and high achievers appropriately.

Black economic empowerment (BEE)

The Group currently measures itself against the AgriBEE scorecard. According to this scorecard, it qualifies for Level 4, which allows for an 100% procurement recognition level. With the exception of employment equality, which must reach a certain threshold before it qualifies, Kaap Agri qualifies for acknowledgement in all elements. With regard to the business development and socio-economic development elements, Kaap Agri has already achieved full marks.

Direct black shareholding is currently more than 25%.

At present it is not clear how Kaap Agri would measure in terms of the newly proposed scorecard, as the targets change on a regular basis.

Kaap Agri Academy

Kaap Agri has an academy that provides training to developing farmers as well as farmworkers. Approximately 25 students are trained annually in the intensive Farming Development programme, which stretches over several months and includes theoretical and practical training. The aim of this course is to fully equip existing and prospective farmers with the practical and management knowledge to become successful commercial farmers.

More than 650 farmworkers were trained, attending short courses in practical subjects, such as welding, chemicals handling, maintenance of tractors and implements, pruning, identification of diseases and productivity management.

Since its inception in 2009, 165 emerging farmers and more than 2 000 farmworkers have completed programmes at the Academy. Graduates entering farming are also supported through mentoring programmes by Kaap Agri and producers and other service providers.

Kaap Agri was placed first in Media 24's skills development competition during the previous year.

Employee and Farmworker Trust

Five per cent of Kaap Agri's shares have been issued to the Kaap Agri Employee and Farmworker Trust. The income beneficiaries are farmworkers, their families and local communities. The Trust is managed by four trustees, two of whom are independent.

Income received in the form of dividends is utilised to redeem the Trust debt, but 10% of the amount is available to be used by the Trust.

Kaap Agri also provided finance to The Fruit Workers Development Trust to purchase shares in Kaap Agri with the purpose of using the dividend returns to promote the Trust's goals.

Health and safety

The safety, welfare and health of employees and stakeholders are non-negotiable. The management of health and safety is done in accordance with the Occupational Health and Safety Act at all operational points as part of the risk management programme. Compliance with the requirements of the legislation is monitored strictly in order to ensure that a safe working environment is created and maintained.

Social responsibility

Kaap Agri is involved in various community projects and farming projects in previously disadvantaged communities through financial contributions, job creation and indirect support. Kaap Agri is also involved in many other areas, on primary level, in agriculture and agricultural activities and societies, while individual branches have community projects that support local development.

Employees are encouraged to participate in local community actions in their personal capacity and as representatives of Kaap Agri. Over the last year, 85 community projects were embarked on at branch level. The Care and Grow programme's purpose is to make a difference in local communities through partnerships and support.

Kaap Agri also provides financial support to various learners and students in the fields of agriculture, retail, marketing and management. Twelve external students of the University of Stellenbosch and the Cape Peninsula University of Technology are currently supported by short and long-term bursaries. Twenty-nine pupils from the designated categories are currently fully supported in terms of school and boarding fees at various schools.

Donations, sponsorships and contributions are granted to deserving entities with the aim of supporting communities according to a predetermined policy.

Environment

The Group is mainly located in the rural areas, where its activities, as well as the activities of its clientele, are closely linked to nature. Consequently it is only natural that the Group will cherish the environment and conduct its business in such a manner that it has the minimum impact on the environment. The risk management programme is, therefore, not only set on the compliance of regulatory requirements, but follows a "green" approach to ensure a sustainable environment.

In many areas and towns the Group is the largest and only employer and provider of products and services, often outside its usual product and business parameters, thereby also fulfilling its community responsibility.

Social and Ethics Committee

Social and sustainability behaviour is the responsibility of all who work at and are involved in Kaap Agri. The Board monitors the compliance through the Social and Ethics Committee, which formally meets with management and also reports to the Board.

Corporate governance

Kaap Agri is committed to responsible and effective corporate governance and practices. In implementing them, the Board of directors commits itself to the principles of professionality, discipline, transparency, empowerment, fairness, integrity and accountability to all stakeholders.

The Board continually evaluates and considers all legislation, codes, practices and suggestions to ensure that its conduct, individually and collectively, complies with the recommendations of King III and other codes of conduct as far as practically possible. Where it deviates from specific guidelines, the Board makes sure that this deviation is warranted and in the best interest of Kaap Agri, and does not detract from the essence of the intentions contained in the codes.

Board of directors

Currently the Board consists of nine non-executive elected directors and four executive directors. The Chairman of the Board is a non-executive director. The terms of service of the executive directors are linked to their terms of service as employees, while the elected non-executive directors rotate on a three-yearly basis. No director or employee has a fixed-term contract with the Group.

The Board is responsible for the overall performance of the Group and compliance with good corporate governance. The Board fulfils its responsibility by giving strategic leadership, appointing competent management, delegating responsibilities in a structured manner, assessing business plans and budgets and monitoring their implementation and results, and overseeing the risk management programme. In the implementation of these duties, the Board also pays attention to the sustainability of the business within the framework of the broader community and environment.

In conducting its responsibilities, the Board meets regularly and also makes use of the committees to advise it on auditing, human resources, financing and investment matters. The committees function on the basis of clearly defined mandates that set out their duties, powers and responsibilities.

Details of directors' remuneration for the past year appear in the enclosed financial statements.

Details of the Board members and attendance at Board and committee meetings are provided on page 19.

Audit Committee

The Audit Committee consists of three non-executive directors of the Group. The committee is responsible for ensuring that a proper system of internal control and risk management exists and is applied, and that the management information, accounting policy and reporting to shareholders and other interested parties meet appropriate standards and comply with relevant legislation. The external auditors and internal auditors have unrestricted access to the chairman of the committee, which ensures that their independence is not impaired.

The Chairman of the Board, the Managing Director and the Financial Director attend meetings by invitation, and any other director may also attend the meetings if the director so requests.

The committee meets with internal and external auditors on a regular basis, without management and other directors being present, and considers its findings and recommendations, as well as other information that may be relevant in carrying out their mandate or specific tasks entrusted to it by the Board.

Human Resources Committee

The Human Resources Committee consists of three non-executive directors and the Managing Director. The committee meets periodically to consider matters such as remuneration policy, the remuneration of executive management, succession planning, directors' remuneration, incentive schemes and other human resource matters. The performance-linked remuneration philosophy of the Group makes provision for incentive schemes and is regularly rated against professional external remuneration surveys.

Nomination Committee

The Nomination Committee consists of three non-executive directors. The Committee assesses the effectiveness of the actions of the Board and its committees and also plays a leading role in recommendations on the composition of the Board in order to achieve the correct balance of expertise and distribution.

Finance Committee

The Finance Committee consists of four non-executive directors and the Financial Director and is supported by regional credit committees with local board representation, as well as outside experts, where necessary.

The committee meets regularly and sets guidelines and policies for the granting of credit and production finance and monitors the implementation of such guidelines and policy according to clear decision-making powers. The committee is also ultimately responsible for overseeing the evaluation of the recoverability of debts and write-offs and provision against debtors.

Social and Ethics Committee

The Social and Ethics Committee consists of three directors. The role, function and responsibilities of the committee are defined by the Companies Act, 71 of 2008. The committee considers the company's performance as responsible corporate and social role player in its social and physical environment and advises the Board accordingly.

Internal control

In order to accept responsibility for the correctness of the financial statements, the Board relies on systems of internal control and accounting and information systems with the objective to provide a reasonable assurance that assets are being safeguarded and that the risk of errors, fraud or losses are effectively being kept to the minimum, and that the financial reporting is relevant, up to date and correct. These control measures, which are contained in written policy documents and procedures, include the delegation of responsibilities and powers within a clearly defined framework, effective accounting procedures and a separation of duties, and monitoring by a qualified internal audit and risk management division. All material risks in the Group have been identified and documented in a comprehensive risk framework.

The Audit Committee monitors the appropriateness of and compliance with the internal control and advises the Board in this regard.

Information technology

The IT systems and environment are central to the way in which the company runs its business and to its internal control systems. The IT function is a centrally integrated system, with its main function being system development and programming, technology and maintenance, and data security and disaster recovery processes. Where necessary, certain functions are outsourced and also duplicated to limit the company's risk exposure. Investing in technology, both physical and in human resources, happens on a continuous basis in order to ensure best business and security solutions. External audit strongly relies on the integrity of the IT systems and environment and therefore executes annual audits on, and investigations into, the IT environment.

Risk management

The Group is involved in the trading of grain products, mainly wheat. This involvement entails various risks, including delivery risk, storage risk and price risk. It is the Group's policy to hedge these risks by way of legal contracts, good administration, insurance and price hedging.

By their very nature and extent, debtors entail certain risks. The Board makes use of a specialised Finance Committee to ensure that these risks are properly managed through the application of a structured credit policy and the acquisition of securities where this is considered appropriate.

The Financial Director acts as the Compliance Officer, together with the Group Secretary and other underlying disciplines and responsible persons in the Group, with the object to make sure that all acts, regulations and rules which may be applicable, are identified and complied with promptly. Staff are continually trained to be aware of relevant legislation and how to understand this legislation in practice and to comply with it.

Related party transactions

A number of non-executive directors are direct or indirect customers of the Group and do business with the Group on an ongoing basis. This business is in the ordinary course of events and takes place on an arm's length basis through the normal operating points. No director's business with the Group exceeds 1% of the total business.

Certain directors, directly or indirectly, also hold shares in the company. These shares were acquired from the historical nature of the company and afterwards on the open market on an arm's length basis. Shareholding of individual directors is shown on page 20 in the report.

The directors' conduct in relation to any dealings with the Group is prescribed by an agreed written charter.

Share trading

The Group's shares trade over an internal counter through use of a tested system which guarantees integrity. During the year the system was adjusted to comply with the rules as prescribed by the Financial Services Board.

Trading by directors and identified employees is subject to a written policy that prescribes certain closed periods as well as specific approval for every transaction. In addition to the written policy, the Board regularly considers whether there are any circumstances or information in their possession that is not generally known and that might have an impact on the share price, which would therefore prohibit trading.

Group company secretary

The secretary is an integral part of the Group's corporate governance process and sees to it that the affairs of the directorate and the Group of companies are administered in accordance with business ethics and relevant laws and regulations.

The secretary gives guidance to the directors in relation to compliance with their statutory responsibilities, and the directors have unrestricted access to the advice and services of the secretary in this regard.

Going concern

The annual financial statements are compiled in accordance with International Financial Reporting Standards (IFRS) and the policy is implemented consistently.

The Board considers these financial statements, as well as the forthcoming year's business plan, budgets and the liquidity position, in order to form its opinion on the Group's ability to trade as a going concern.

The Board's opinion pertaining to the appropriateness, validity and disclosure of the annual financial statements and explanations are set out in the Declaration of directors' responsibility and approval.

Attendance of Board and committee meetings

	Board	Committee				
		Audit Committee	Social and Ethics Committee	Human Resources Committee	Finance Committee	Nomination Committee
Number of meetings scheduled	**4**	**2**	**1**	**4**	**3**	**1**
BS (Bernhardt) du Toit	4	2				
JH (Johann) le Roux+	4	1				
SJ (Johan) Liebenberg* *(Director: Operations)*	4		1			
NC (Niko) Loubser	4				3	
HS (Stanley) Louw	4				3	
JJ (James) Matthee* *(Director: Business Development)*	4		1		3	
CA (Chris) Otto+ *(Chairman: HR Committee)*	4	1		4		1
GW (Graeme) Sim*@ *(Financial Director)*	1				1	
HM (Helgard) Smit	3				3	
GM (George) Steyn *(Chairman: Board, Chairman: Nomination Committee)*	4			3		1
S (Samara) Totaram *(Chairman: Audit Committee, Chairman: Social and Ethics Committee)*	4	2	1			
JH (Kosie) van Niekerk *(Chairman: Finance Committee)*	4			4	3	1
S (Sean) Walsh* *(Managing Director)*	4			4		

* *Executive*
\+ *Not a member of the Audit Committee for the full year.*
@ *Not a member of the Board for the full year.*
In all instances of absence, apologies were offered in advance.

Share statistics

Shareholders' profile

Shares	Number of shareholders	Number of shares	%
1 to 5 000	2 820	3 825 131	5,1
5 001 to 50 000	750	10 367 844	14,0
50 001 to 100 000	47	3 498 005	4,7
100 001 to 500 000	16	3 308 557	4,5
500 001 to 5 000 000	2	5 421 884	7,3
Above 5 000 000	2	44 040 342	59,4
	3 637	70 461 763	95,0
Kaap Agri Bedryf Farm Worker and Employee BEE (Pty) Ltd	1	3 708 514	5,0
Total	3 638	74 170 277	100,0

Shareholders with a 10% share or more

Zeder Investments Limited	39,4%
Plurispace (Pty) Ltd	20,0%

Share transfers (over-the-counter)

Average price with reopening of trade December 2014	R26,20
Average price September 2015	R28,03

Shareholding of directors (direct and indirect)

	2015	2014
BS du Toit	**29 729**	29 729
SJ Liebenberg	**20 000**	20 000
NC Loubser	**4 331**	4 331
HS Louw	**7 678**	7 678
JJ Matthee	**62 190**	62 190
CA Otto	**2 415**	2 415
HM Smit	**2 000**	3 461
GM Steyn	**2 896 720**	2 896 720
S Totaram	**9 129**	9 129
JH van Niekerk	**249 674**	249 674
S Walsh	**40 000**	40 000
Total	**3 323 866**	3 325 327
Percentage of issued shares	**4,5%**	4,5%

Declaration of directors' responsibility and approval

The directors are responsible for the reasonable presentation of the annual financial statements and annual Group financial statements of Kaap Agri Limited. In conducting this responsibility they rely on the information, assessments and estimates of management. The fair presentation and integrity of the financial statements are also evaluated on the basis of accounting systems and internal financial control measures which are monitored on an ongoing basis during the financial period.

The financial statements have been compiled in accordance with International Financial Reporting Standards (IFRS) and fairly present the position of the company and Group on 30 September 2015, as well as the results of activities and cash flows over the accounting period.

Based on the financial statements, the present position of the Group, budgets for the coming year and available financing facilities, the directors have no reason to believe that the company and Group will not be a going concern. The going concern principle is therefore accepted and applied in the preparation of the financial statements.

The independent auditing firm PricewaterhouseCoopers Inc. audited the financial statements to comply with the relevant requirements of the Companies Act. The auditors had unrestricted access to all financial records and related information, minutes of shareholders, Board and Board committee meetings. The directors are of the opinion that all submissions and management declarations presented to the auditors were correct, valid and relevant.

The unqualified report of the auditors appears on page 23.

The annual financial statements and Group annual financial statements on pages 24 to 60 were compiled by GC Victor CA(SA) and approved by the Board of directors on 27 November 2015 and signed on their behalf by:

GM Steyn
Chairman

S Walsh
Managing director

Declaration by the company secretary

In terms of section 88(2)(e) of the Companies Act 2008, the Company Secretary hereby certifies that all returns of the company and its subsidiaries, as prescribed by the said Act, have been submitted to the Companies and Intellectual Property Commission (CIPC) and that the said returns are true, correct and up to date.

RH Köstens
Company secretary
27 November 2015

Report of the Audit Committee to the shareholders of Kaap Agri Limited

Composition and attendance of meetings

The composition of the Audit Committee and attendance of meetings are set out on pages 7 and 19 of this annual report.

Key functions and responsibilities

The responsibilities of the Audit Committee are set out in a formal charter, which is revised annually by the Board. The committee has free access to the Chairman of the Board of directors and is empowered to consult independent experts, unlimited at company cost. In the execution of its duties according to its mandate and requirements of the Companies Act, the committee is responsible for the discussion and assessment of:

- the effectiveness of internal control systems and risk management as well as of management information;
- the internal auditors' audit plan, reports and recommendations;
- the independence, conditions of appointment, audit plan and remuneration of the external auditors;
- the effectiveness and reports of the external auditors;
- the Group's conformance to corporate management rules, risk management and statutory requirements;
- the appropriateness of accounting policy and any matters related to financial reporting;
- the separate and consolidated annual financial statements, before these annual financial statements are approved by the Board for release;
- any other prescribed functions the committee is required to perform.

Internal audit

The internal audit function fulfils an important role to give assurance to the Audit Committee that sufficient control measures are in place and are functioning correctly so that the committee can form an opinion on key functions and key responsibilities. Therefore, the internal auditors have direct access to the Chairman of the Audit Committee, and the Audit Committee is also responsible to ensure that the internal audit function is independent and that it has the necessary resources, status and authority to perform its duties. The internal and external auditors attend Audit Committee meetings. The committee conducts regularly meetings separately and independently with the internal and external auditors to create the opportunity to exchange confidential information. The Audit Committee also oversees the co-operation between internal and external auditors and serves as a link between the Board and these functions.

Opinion

Given the functions and responsibilities of the committee, as well as the procedures referred to above, the Audit Committee is of the opinion that:

- the Group's internal control measures and risk management are sufficient;
- the audit was performed with the necessary independence and competence;
- the annual financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and comply with these standards;
- there are no other matters that should be revealed to shareholders which have not been disclosed in the annual financial statements.

S Totaram
Chairman: Audit Committee

27 November 2015

Independent auditor's report to the shareholders of Kaap Agri Limited

We have audited the consolidated financial statements and separate financial statements of Kaap Agri Limited set out on pages 25 to 60, which comprise the consolidated and separate statements of financial position as at 30 September 2015, and the consolidated and separate statements of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Kaap Agri Limited as at 30 September 2015, and the company's consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

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

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: H Zeelie
Registered auditor
PO Box 215
Paarl, 7620

27 November 2015

Directors' report for the year ended 30 September

Nature of activities

Kaap Agri is a retail services group that supplies a variety of products and services mainly to the agricultural sector, but also to the general public. The various operating activities are further highlighted in the Business review on pages 8 to 10.

Financial results

The profit after tax of the Group amounted to R189,2 million (2014: R158,2 million) while the gross assets increased to R2,686 billion (2014: R2,370 billion). The results of the Group are presented in detail in the financial statements and further information is provided in the Business review on pages 8 to 10.

Share capital

The authorised share capital consists of 100 001 000 ordinary shares with no par value, of which 74 170 277 are currently issued.

Dividends

A final dividend of R40,9 million (2014: R32,4 million) has been declared, representing 58 cents (2014: 46 cents) per share. The dividend is payable on 19 February 2016 to shareholders registered on 29 January 2016 (the record date) as shareholders of the company. The last date of trade cum dividend will be 22 January 2016.

The total dividend for the year amounts to R57,8 million (2014 : R45,8 million), representing 82 cents (2014: 65 cents) per share.

Subsidiaries

The interests in subsidiaries are presented on page 46 of the financial statements.

Directors

Full details of the directors appear on page 7.

Directors' interests

The directors' interest in shares of the company appear on page 20.

Events after reporting date

The directors are not aware of any further matters or circumstances that occurred between the end of the financial year and the date on which the financial statements were approved, that have not been dealt with in the report or Group financial statements and which may have a significant impact on the activities of the Group or results of those activities.

Statement of financial position at 30 September

	Note	GROUP 2015 R'000	GROUP 2014 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	3	**607 756**	473 822
Intangible assets	4	**14 061**	15 293
Investment in associated company	5	**–**	443
Loans	6	**26 205**	36 192
Deferred taxation	7	**5 932**	3 908
		653 954	529 658
Current assets			
Inventory	8	**711 752**	644 096
Trade and other receivables	9	**1 280 416**	1 165 551
Financial instruments for hedging	10	**5 927**	1 900
Short-term portion of loans	6	**10 127**	7 037
Cash and cash equivalents	11	**23 502**	22 011
		2 031 724	1 840 595
Total assets		**2 685 678**	2 370 253
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital	12	**456 643**	456 643
Other reserves	13	**150**	167
Retained profit		**798 429**	658 558
Total equity		**1 255 222**	1 115 368
Non-current liabilities			
Deferred taxation	7	**4 138**	6 021
Provisions for other liabilities and charges	14	**27 055**	24 854
		31 193	30 875
Current liabilities			
Trade and other payables	15	**712 331**	674 153
Financial instruments for hedging	10	**5 927**	1 900
Short-term portion of Provisions for other liabilities and charges	14	**6 895**	4 583
Short-term borrowings	16	**669 980**	542 199
Income tax		**4 130**	1 175
		1 399 263	1 224 010
Total liabilities		**1 430 456**	1 254 885
Total equity and liabilities		**2 685 678**	2 370 253

Income statement
for the year ended 30 September

	Note	GROUP 2015 R'000	GROUP 2014 R'000
Revenue	21	**5 341 402**	4 874 579
Cost of sales		**(4 517 977)**	(4 153 601)
Gross profit		**823 425**	720 978
Other operating income	22	**150 524**	137 809
Distribution costs		**(99 422)**	(95 900)
Administrative expenses		**(403 408)**	(363 749)
Other operating expenses		**(179 843)**	(156 023)
Operating profit		**291 276**	243 115
Finance costs	25	**(35 635)**	(29 443)
Share in profit of associated company	5	**1 125**	891
Profit before tax		**256 766**	214 563
Income tax	26	**(67 572)**	(56 350)
Profit attributable to shareholders of the holding company		**189 194**	158 213
Earnings per share – basic and diluted (cents)	27	**268,51**	224,54
Dividend per share (cents)	28	**82,00**	65,00

Statement of comprehensive income
for the year ended 30 September

	GROUP 2015 R'000	GROUP 2014 R'000
Profit for the year	**189 194**	158 213
Other comprehensive income:		
Cost with issuing of shares by subsidiary	**–**	(94)
Cash flow hedges	**(17)**	115
Gross	**(24)**	160
Tax	**7**	(45)
Total comprehensive income attributable to shareholders of the holding company	**189 177**	158 234

Statement of changes in equity for the year ended 30 September

	GROUP		
	Share capital R'000	Fair value reserve R'000	Retained profit R'000
Balance 1 October 2013	456 643	52	539 193
Total comprehensive income	–	115	158 119
Dividends paid	–	–	(38 754)
Balance 30 September 2014	456 643	167	658 558
Total comprehensive income	**–**	**(17)**	**189 194**
Dividends paid	**–**	**–**	**(49 323)**
Balance 30 September 2015	**456 643**	**150**	**798 429**

Statement of cash flows for the year ended 30 September

	Note	GROUP 2015 R'000	GROUP 2014 R'000
Cash flow from operating activities		**106 708**	139 034
Net cash profit from operating activities	29	**309 811**	265 762
Working capital changes	30	**(134 430)**	(70 966)
Income tax paid	31	**(68 673)**	(55 762)
Cash flow from investment activities		**(158 423)**	(102 516)
Purchase of property, plant and equipment		**(160 078)**	(85 593)
Proceeds on disposal of property, plant and equipment		**789**	566
Acquisition of operations	32	**–**	(18 276)
Dividends received		**866**	787
Cash flow from financing activities		**53 206**	(32 537)
Increase in short-term loans		**127 781**	27 455
Decrease in loans		**–**	46
Interest paid		**(35 635)**	(29 443)
Dividends paid		**(38 940)**	(30 595)
Net increase in cash and cash equivalents		**1 491**	3 981
Cash and cash equivalents at the beginning of the year		**22 011**	18 030
Cash and cash equivalents at the end of the year		**23 502**	22 011
Comprising:			
– Bank and cash on hand	11	**23 502**	22 011

Notes to the annual financial statements for the year ended 30 September

1. ACCOUNTING POLICIES

The principal accounting policies incorporated in the preparation of these financial statements are set out on pages 52 to 60. These policies have been consistently applied to all the years presented, unless stated otherwise.

2. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom precisely reflect the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Recognition of deferred tax assets

Deferred tax assets on calculated tax losses are recognised to the extent that future projections show that there will be future taxable profits.

Property, plant and equipment

Property, plant and equipment are depreciated over their useful lives, taking into account their residual values at the end of their useful lives. The residual values and useful lives are based on industry knowledge and past experience with similar assets. Refer to note 6 of the Group's accounting policy on page 56.

Provision for impairment of trade receivables

In estimating the provision for impairment of trade receivables, management makes certain estimates and judgements relating to the estimated recovery rate of debtors who are deemed to be impaired, and historical impairment rates based on risk factors specific to the industry, such as price volatility of products, exchange rates, labour intensity of products and commodity prices.

Inventory provisions

The Group makes certain judgements relating to the recoverability of inventory, based on the frequency of movement in different inventory types. These judgements are used to determine the extent of inventory provisions.

Post-retirement medical benefits

Refer to note 17 of the Group's accounting policies on page 58, as well as note 14 on page 35.

Share-based remuneration

Refer to note 17 of the Group's accounting policies on page 58, as well as note 14 on page 35.

	GROUP 2015 R'000	GROUP 2014 R'000
3. PROPERTY, PLANT AND EQUIPMENT		
Cost/deemed cost		
Land and buildings	**440 670**	346 045
Grain silos	**50 155**	44 575
Machinery and equipment	**111 917**	80 014
Vehicles	**18 372**	17 041
Office furniture and equipment	**104 279**	87 395
Improvements to leasehold property	**11 758**	12 559
Assets under construction	**30 903**	26 266
	768 054	613 895
Accumulated depreciation		
Land and buildings	**(14 406)**	(13 071)
Grain silos	**(30 091)**	(28 522)
Machinery and equipment	**(44 711)**	(36 403)
Vehicles	**(11 268)**	(10 632)
Office furniture and equipment	**(55 009)**	(47 116)
Improvements to leasehold property	**(4 813)**	(4 329)
	(160 298)	(140 073)
Total carrying value	**607 756**	473 822
Depreciation has been allocated as follows in the income statement:		
Cost of sales	**(2 329)**	(880)
Other operating expenses	**(20 797)**	(17 009)
	(23 126)	(17 889)

Reconciliation of movements in carrying value

	Total R'000	Land and buildings R'000	Grain silos R'000	Machinery and equipment R'000	Vehicles R'000	Office furniture and equipment R'000	Improvements to leasehold property R'000	Assets under construction R'000
30 September 2015								
Carrying value 1 October 2014	**473 822**	**332 974**	**16 053**	**43 611**	**6 409**	**40 279**	**8 230**	**26 266**
Additions	**159 678**	**94 784**	**5 580**	**32 140**	**2 193**	**19 507**	**837**	**4 637**
Disposals	**(496)**	**(255)**	**–**	**(18)**	**(127)**	**(96)**	**–**	**–**
Improvements to leased premises written off	**(2 122)**	**–**	**–**	**–**	**–**	**–**	**(2 122)**	**–**
Depreciation	**(23 126)**	**(1 239)**	**(1 569)**	**(8 527)**	**(1 371)**	**(10 420)**	**–**	**–**
Carrying value 30 September 2015	**607 756**	**426 264**	**20 064**	**67 206**	**7 104**	**49 270**	**6 945**	**30 903**
30 September 2014								
Carrying value 1 October 2013	399 865	303 687	12 971	29 702	5 679	34 205	1 725	11 896
Additions	93 608	30 572	4 312	19 571	1 987	14 602	8 194	14 370
Disposals	(73)	–	–	(31)	(34)	(8)	–	–
Improvements to leased premises written off	(1 689)	–	–	–	–	–	(1 689)	–
Depreciation	(17 889)	(1 285)	(1 230)	(5 631)	(1 223)	(8 520)	–	–
Carrying value 30 September 2014	473 822	332 974	16 053	43 611	6 409	40 279	8 230	26 266

		GROUP	
		2015 R'000	2014 R'000
4.	**INTANGIBLE ASSETS**		
	Goodwill	**8 872**	8 872
	Customer relations	**5 189**	6 421
	Cost	**9 144**	9 421
	Accumulated amortisation	**(3 955)**	(3 000)
		14 061	15 293
	Reconciliation of movements in carrying value :		
	Carrying value at beginning of year	**15 293**	7 459
	Carrying value on acquisition of operations	**556**	9 493
	Amortisation	**(1 788)**	(1 659)
		14 061	15 293
5.	**INVESTMENT IN ASSOCIATED COMPANY**		
	Beginning of the year	**443**	339
	Share in total comprehensive income	**1 125**	891
	Dividends received	**(866)**	(787)
	Disposals	**(702)**	–
	End of the year	**–**	443
	RSA Agri Makelaars (Pty) Ltd		
	Number of issued shares: 500 (2014: 500)		
	Shareholding: 0% (2014: 20%)		
	None (2014: 100) Shares at fair value at date of acquisition	**–**	23
	Share in post-acquisition retained profit	**–**	420
		–	443
	The Group's proportionate interest in assets and liabilities of the associated company are as follows:		
	Non-current assets	**–**	121
	Current assets	**–**	1 151
	Total assets	**–**	1 272
	Total liabilities	**–**	681
	The Group's proportionate interest in the cash flows of the associated company are as follows:		
	Cash flow from operating activities	**–**	931
	Cash flow from investment activities	**–**	158
	Cash flow from financing activities	**–**	(787)
	Net increase in cash and cash equivalents	**–**	302
	The Group's proportionate interest in the revenue and expenses of the associated company are as follows:		
	Revenue	**5 971**	5 006
	Profit before taxation	**1 565**	1 237
	Income tax	**(440)**	(346)
	Profit attributable to ordinary shareholders	**1 125**	891
6.	**LOANS**		
	Plurispace (Pty) Ltd	**36 332**	43 229
	Preference shares	**35 331**	42 118
	Accumulated preference dividend	**1 001**	1 111
	Short-term portion carried over to current assets	**(10 127)**	(7 037)
		26 205	36 192

	GROUP	
	2015 R'000	2014 R'000
6. LOANS continued		
The carrying value of the loans approximates its fair value at the reporting date.		
The preference dividend rate for Plurispace (Pty) Ltd, a wholly-owned subsidiary of Dipeo Capital (RF) (Pty) Ltd, is calculated at prime less 0,5%. As soon as Kaap Agri Limited declares a dividend, Plurispace must declare and pay a preference dividend to Kaap Agri Limited for the same value to reduce the liability. The preference shares and accumulated dividends must be repaid in full not later than 30 September 2017. The shares that Plurispace holds in Kaap Agri Limited serve as security for the loan.		
7. DEFERRED TAXATION		
Movement of deferred taxation		
Balance at the beginning of the year	**(2 113)**	(1 539)
Balance on acquisition of operations	**(156)**	(858)
Income statement credit	**4 056**	329
Credit/(debit) against reserves	**7**	(45)
Balance at the end of the year	**1 794**	(2 113)
Due to the following timing differences:		
Property, plant and equipment	**(27 096)**	(22 553)
Intangible assets	**(1 453)**	(1 798)
Currency translation differences	**388**	(65)
Tax loss	**4 949**	2 758
Provisions and accrued expenses	**25 006**	19 545
	1 794	(2 113)
For the purposes of the statement of financial position deferred taxation is presented as follows:		
Non-current assets	**5 932**	3 908
Non-current liabilities	**(4 138)**	(6 021)
	1 794	(2 113)
8. INVENTORY		
Merchandise	**704 293**	636 954
Raw materials	**4 970**	4 643
Consumable goods	**2 489**	2 499
	711 752	644 096
Inventory carried at net realisable value	**24 187**	14 754
Included in the inventory is a provision for slow-moving and obsolete stock of R12,6 million (2014: R10,0 million)		
Inventory to the value of R4,6 million (2014: R4,9 million) was written off during the year.		
The inventory is encumbered as security as set out in note 16.		
9. TRADE AND OTHER RECEIVABLES		
Trade debtors	**1 240 751**	1 135 028
Provision for impairment	**(34 487)**	(30 023)
	1 206 264	1 105 005
Sundry debtors	**74 152**	60 546
	1 280 416	1 165 551

The carrying value of trade and other receivables approximates its fair value at the reporting date.

The trade debtors are encumbered as security as set out in note 16.

	GROUP 2015 R'000	GROUP 2014 R'000
10. FINANCIAL INSTRUMENTS FOR HEDGING		
The fair values of financial instruments at fair value through profit or loss and derivative financial instruments on reporting date are:		
Financial instruments at fair value through profit or loss		
Firm commitment – grain purchases		
Assets/(liabilities)		
– Forward purchase contracts	**5 816**	(1 855)
– Options	**111**	(45)
	5 927	(1 900)
Forward purchase contracts and options		
The forward purchase contracts and options represent contracts with producers for the acquisition of physical commodities in the future, which will be delivered within the next twelve months after year-end.		
Derivative financial instruments		
Hedging instruments		
Assets/(liabilities)		
– Forward sale contracts	**(5 816)**	1 855
– Options	**(111)**	45
	(5 927)	1 900
Forward sale contracts		
The forward sale contracts represent contracts with millers and SAFEX for the future sale of physical commodities.		
Options		
Options represent derivative financial instruments originating from producers which will be recouped with the physical delivery of the commodities.		
11. CASH AND CASH EQUIVALENTS		
Cash on hand	**853**	740
Bank balances	**22 649**	21 271
	23 502	22 011
12. ORDINARY SHARE CAPITAL		
Authorised		
100 001 000 (2014: 100 001 000) ordinary shares with no par value		
Issued		
74 170 277 (2014: 74 170 277) ordinary shares with no par value	**456 643**	456 643
13. OTHER RESERVES		
Fair value reserve	**150**	167

Derivative financial instruments that are designated and qualify as cash flow hedges are shown in the statement of financial position at fair value. The effective portion of changes in the fair value are recognised directly in other comprehensive income on the Fair value reserve.

14. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	GROUP 2015 R'000	GROUP 2014 R'000
Post-retirement medical benefits	**19 222**	18 451
Balance at the beginning of the year	**18 451**	18 016
Interest costs recognised in the income statement	**1 504**	1 400
Actuarial loss recognised in the income statement	**896**	596
Contributions	**(1 629)**	(1 561)
Long-term incentive scheme	**14 728**	10 986
Balance at the beginning of the year	**10 986**	6 957
Payment	**(3 021)**	(2 264)
Interest costs recognised in the income statement	**741**	418
Actuarial loss recognised in the income statement	**1 641**	1 638
Current service cost	**4 381**	4 237
	33 950	29 437
Short-term portion carried over to current liabilities	**(6 895)**	(4 583)
Post-retirement medical benefits	**(1 644)**	(1 564)
Long-term incentive scheme	**(5 251)**	(3 019)
	27 055	24 854

Amounts recognised in the income statement are shown under other operating expenses.

Existing provisions are based on the following important assumptions:

	2015	2014
Post-retirement medical benefits		
Cost of medical inflation (%)	**8,25**	7,75
Discount rate (%)	**8,50**	8,50
Average retirement age (years)	**65**	65
Expected membership continuance at retirement (%)	**100**	100
Average weighted duration of obligations (years)	**9**	9
Total expected contributions for forthcoming year (R'000)	**1 764**	1 630

	R'000	**R'000**
Effect of a 1% movement in the assumed cost of medical inflation and discount rate:	**+ 1%**	**- 1%**
Cost of medical inflation		
Aggregate of current service cost and interest cost	**131**	**(116)**
Liability	**1 533**	**(1 351)**
Discount rate		
Liability	**(1 387)**	**1 608**
Effect of a 1-year movement in the assumed average retirement age:	**+ 1**	**- 1**
Average retirement age		
Liability	**(11)**	**15**

14. PROVISIONS FOR OTHER LIABILITIES AND CHARGES continued

	2015 R'000	2014 R'000	2013 R'000	2012 R'000	2011 R'000
Trend information:					
Present value of liabilities	**19 222**	18 451	18 016	17 804	15 926
Present value of plan assets	**–**	–	–	–	–
Present value of obligations above plan assets	**19 222**	18 451	18 016	17 804	15 926
Experience adjustments:					
Present value of liabilities	**(896)**	(568)	(1 391)	–	449
Present value of plan assets	**–**	–	–	–	–
Actuarial profit/(loss) before changes in assumptions	**(896)**	(568)	(1 391)	–	449

	GROUP 2015	2014
Long-term incentive scheme		
Discount rate (%)	**8,75**	8,25
Growth rate of phantom-share value – per year (%)	**9,00**	11,00
Forfeited phantom shares in future periods (number)	**0**	0

The Group operates an incentive scheme based on phantom shares and growth. In terms of the scheme, amounts and phantom shares are allocated to senior management and executive directors at a value based on the Group's growth and a price/earnings ratio. The calculated increase in the value is paid as a bonus over three, four, five and six years, a quarter in each year, from the date on which the phantom shares were allocated. Participants in this scheme must be employed by the Group at the date of payment. The accrued liabilities in terms of the scheme are provided for on a time basis against income. At year-end 1 737 051 (2014: 1 528 365) phantom shares were allocated at calculated values of between R8,45 and R17,51 per share.

15. TRADE AND OTHER PAYABLES

	R'000	R'000
Trade creditors	**637 766**	593 225
Other creditors	**74 565**	80 928
	712 331	674 153

The carrying value of trade and other payables approximates its fair value at the reporting date.

16. SHORT-TERM BORROWINGS

	R'000	R'000
Bank overdrafts	**669 496**	541 913
RSA Agri Makelaars (Pty) Ltd	**484**	286
	669 980	542 199

The carrying value of short-term loans approximates its fair value at the reporting date.

The bank overdraft facility is renewed annually and the current facility bears interest from prime less 1% to prime less 2%.

The loan from RSA Agri Makelaars (Pty) Ltd is unsecured and bears interest at rates agreed on from time to time. There are no specific repayment terms.

The bank overdraft facilities of R794,3 million is secured by:

- A general notarial bond over the stock of Kaap Agri Bedryf Limited to the value of R100 million.
- A cession of trade debtors and stock of Kaap Agri Bedryf Limited for the facility of Kaap Agri Bedryf Limited.
- A cession of trade debtors of Agriplas (Pty) Ltd as well as a limited guarantee by Kaap Agri Bedryf Limited (limited to R6 million) for the facilities of Agriplas (Pty) Ltd.
- A cession of trade debtors of Kaap Agri (Namibia) (Pty) Ltd as well as an unlimited guarantee by Kaap Agri Bedryf Limited for the R70 million facility of Kaap Agri (Namibia) (Pty) Ltd.

17. RELATED PARTY TRANSACTIONS

The companies in the Group sell products in the normal course of business to directors on terms and conditions applicable to all clients.

	GROUP 2015 R'000	GROUP 2014 R'000
Transactions with directors and outstanding balances		
Sales	**41 874**	47 793
Purchases	**1 526**	1 872
Trade receivables	**4 471**	4 334
Transactions with associated companies and outstanding balances		
Also refer to note 5.		
Sales	**1 984**	2 026
Interest paid	**39**	36
Loan	**484**	286

The relationships between the various companies in the Group are disclosed in note 34.

Refer to note 16 for loans with related parties.

Refer to executive directors' remuneration as disclosed in note 24 for key management compensation.

18. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, such as market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The accounting policy for financial instruments are applied to the following line items according to the statement of financial position: available-for-sale investments, trade and other debtors, financial instruments through profit or loss, derivative financial instruments, cash and cash equivalents, trade and other creditors and borrowings.

The carrying value according to the statement of financial position differs from the values disclosed in this note because of items included in the carrying value according to the statement of financial position which do not meet the definition of a financial instrument, or which are excluded from the scope of IFRS 7: Financial instruments: Disclosures. These items include prepaid expenses of R7,963 (2014: RNil), statutory receivable amounts of R37,7 million (2014: R34,9 million), statutory liabilities of R5,9 million (2014: R7,0 million) and liabilities in respect of employee benefits of R24,2 million (2014: R33,2 million).

Market risk

Foreign currency risk

The Group operates internationally and is exposed to limited foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the euro. Foreign exchange risk primarily arises from inventory and asset purchases in other countries. Forward exchange contracts are used to manage the foreign exchange risk.

There is also a conversion risk arising from the consolidation of the results of foreign subsidiaries in South African rand, the Group's reporting currency.

Kaap Agri (Namibia) (Pty) Ltd is currently the only foreign subsidiary within the Group. The functional currency of Kaap Agri (Namibia) (Pty) Ltd is the Namibian dollar. The exchange rate between the Namibian dollar and South African rand is fixed at 1 Namibian dollar for 1 South African rand. Consequently, no foreign exchange rate differences arise due to the translation of this foreign subsidiary.

18. FINANCIAL RISK MANAGEMENT continued

Cash flow and fair value interest rate risk:

The Group finances its operations through a combination of shareholders' funds and bank borrowings. The Group's interest rate exposure and the effective interest rates can be summarised as follows:

	At floating rates			
	Rate 2015 %	**Amount 2015 R'000**	Rate 2014 %	Amount 2014 R'000
Assets:				
Trade receivables	**9,50 – 14,50**	**1 206 264**	8,25 – 14,25	1 105 005
Other receivables	**–**	**36 446**	–	25 638
Loans	**9,00**	**36 332**	8,75	43 229
Cash and cash equivalents	**5,00**	**23 502**	4,75	22 011
Liabilities:				
Bank overdraft	**7,50 – 9,25**	**669 496**	7,25 – 9,50	541 913
Loan RSA Agri Makelaars (Pty) Ltd	**7,50**	**484**	7,25	286
Trade and other payables	**–**	**682 218**	–	634 042

	GROUP	
	2015 R'000	2014 R'000
To illustrate the Group's exposure to interest rate changes, the influence of interest rate changes on the carrying values of interest-bearing financial assets and financial liabilities and resulting profit after taxation, are illustrated as follows:		
Interest-bearing assets	**1 266 098**	1 170 245
Interest-bearing liabilities	**(669 980)**	(542 199)
Net interest-bearing assets	**596 118**	628 046
Half a percentage point increase in interest rates	**2 146**	2 261
Half a percentage point decrease in interest rates	**(2 146)**	(2 261)

Price risk

The Group is involved in the trading of grain commodities in order to optimise the utilisation of its silo infrastructure. It is the Group's intent to hedge any price risk arising from fluctuations in commodity prices during the trading of grain commodities. The Group uses commodity contracts, option contracts or other derivative financial instruments to hedge the commodity price risk. Commodities are hedged within the limits approved by the Board of directors. The hedging policy is sufficiently flexible to allow management to rapidly adjust hedges following possible changes in the commodity market.

To illustrate the Group's exposure to commodity price risks, the influence of fluctuations in price on the carrying values of financial assets and financial liabilities and resulting profit after taxation, are illustrated as follows:

	2015 R'000	2014 R'000
Influence of an increase of R100 per ton in commodity prices on financial assets at fair value through profit or loss	**2 927**	3 420
Influence of an increase of R100 per ton in commodity prices on derivative financial instruments	**(2 927)**	(3 420)
	–	–
Influence of a decrease of R100 per ton in commodity prices on financial assets at fair value through profit or loss	**(2 927)**	(3 420)
Influence of a decrease of R100 per ton in commodity prices on derivative financial instruments	**2 927**	3 420
	–	–

18. FINANCIAL RISK MANAGEMENT continued

Credit risk

Potential concentrations of credit risk consist mainly within cash equivalent investments and trade debtors.

The Group limits its counterparty exposures arising from current accounts by only dealing with well-established financial institutions of high-quality credit standing.

Trade debtors consist of a large number of clients. As a result of a strict credit policy, which includes the ongoing revision of credit limits, securities and credit evaluations of the financial position of these clients, the Group is of the opinion that the credit risks associated with these financial assets are relatively small under normal circumstances. Considering that the vast majority of the trade debtors are associated with the agricultural sector, the recoverability of these financial assets can be negatively influenced by natural disasters, consecutive poor production seasons and lower than expected commodity prices. The credit risks related with trade debtors are limited by taking up securities, like mortgage bonds over property, notarial bonds over movable property and cessions over expected crops. Trade debtors are presented net of the provision for impairment. Interest on trade debtors is calculated on a base rate plus a factor for the risk associated with each client. The Group is of the opinion that no significant concentration of risk existed at year-end, which had not been secured or adequately provided for.

Trade debtors are divided into the following categories: debtors within terms, debtors outside terms but not impaired and debtors which are impaired.

	Grain R'000	Fruit R'000	Vegetables R'000	Other R'000	Total R'000
Debtors within terms (settlement date is not exceeded)					
30 September 2015					
Balance	**303 217**	**442 424**	**112 351**	**185 926**	**1 043 918**
Securities at fair value	**(174 894)**	**(168 744)**	**(69 863)**	**(17 879)**	**(431 380)**
Exposure to credit risk	**128 323**	**273 680**	**42 488**	**168 047**	**612 538**
30 September 2014					
Balance	313 796	408 636	99 381	166 923	988 736
Securities at fair value	(157 375)	(171 949)	(66 215)	(17 454)	(412 993)
Exposure to credit risk	156 421	236 687	33 166	149 469	575 743

Based on the payment history of debtors within terms at year-end, management is of the opinion that the credit quality of this category of debtors is good.

	Grain R'000	Fruit R'000	Vegetables R'000	Other R'000	Total R'000
Debtors outside terms (settlement dates are exceeded) but not impaired					
30 September 2015					
Balance	**49 038**	**67 403**	**15 167**	**23 478**	**155 086**
Portion within terms	**36 396**	**28 013**	**5 172**	**7 759**	**77 340**
60 days outside terms	**849**	**261**	**73**	**–**	**1 183**
90 days outside terms	**358**	**1 751**	**60**	**999**	**3 168**
120 days and more outside terms	**11 435**	**37 378**	**9 862**	**14 720**	**73 395**
Securities at fair value	**(48 267)**	**(31 570)**	**(12 297)**	**(19 270)**	**(111 404)**
Exposure to credit risk	**771**	**35 833**	**2 870**	**4 208**	**43 682**
30 September 2014					
Balance	36 534	32 826	24 624	14 856	108 840
Portion within terms	32 329	16 899	5 378	5 142	59 748
60 days outside terms	51	333	24	3	411
90 days outside terms	215	1 505	131	499	2 350
120 days and more outside terms	3 939	14 089	19 091	9 212	46 331
Securities at fair value	(35 219)	(23 108)	(20 632)	(9 290)	(88 249)
Exposure to credit risk	1 315	9 718	3 992	5 566	20 591

18. FINANCIAL RISK MANAGEMENT continued

Credit risk continued

	Grain R'000	Fruit R'000	Vegetables R'000	Other R'000	Total R'000
Debtors which are impaired					
30 September 2015					
Balance	**6 269**	**17 316**	**6 021**	**12 141**	**41 747**
Provision for impairment	**(2 505)**	**(15 032)**	**(5 362)**	**(11 588)**	**(34 487)**
Balance at the beginning of the year	**(2 216)**	**(11 303)**	**(5 755)**	**(10 749)**	**(30 023)**
Provision utilised	**–**	**967**	**62**	**1 184**	**2 213**
Provision written back/(created)	**(289)**	**(4 696)**	**331**	**(2 023)**	**(6 677)**
Securities at fair value	**(2 680)**	**(250)**	**(200)**	**–**	**(3 130)**
Exposure to credit risk	**1 084**	**2 034**	**459**	**553**	**4 130**
30 September 2014					
Balance	2 392	15 276	7 478	12 306	37 452
Provision for impairment	(2 216)	(11 303)	(5 755)	(10 749)	(30 023)
Balance at the beginning of the year	(1 747)	(11 240)	(5 431)	(9 733)	(28 151)
Provision utilised	52	1 248	2 065	3 479	6 844
Provision created	(521)	(1 311)	(2 389)	(4 495)	(8 716)
Securities at fair value	–	(354)	(200)	–	(554)
Exposure to credit risk	176	3 619	1 523	1 557	6 875

Liquidity risk

In order to mitigate any liquidity risk that the Group may face, the Group's policy has been to maintain substantial unutilised banking facilities and reserve borrowing capacity. The Group tends to have significant fluctuations in short-term borrowings due to seasonal factors. Consequently, the Group policy requires that sufficient borrowing facilities are available to exceed projected peak borrowings.

	GROUP	
	2015 R'000	2014 R'000
The Group's unutilised borrowing facilities are as follows:		
Total borrowing facilities	**794 300**	674 300
Net interest-bearing debt	**(647 331)**	(520 928)
	146 969	153 372

18. FINANCIAL RISK MANAGEMENT continued

Liquidity risk continued

The contractual periods of the Group's liabilities on reporting date are as follows:

	1 to 6 months R'000	7 to 12 months R'000	12 months and longer R'000	Total R'000
30 September 2015				
Trade and other payables	**666 668**	**15 550**	**–**	**682 218**
Financial instruments – Liabilities	**5 927**	**–**	**–**	**5 927**
Financial instruments – Assets	**(5 927)**	**–**	**–**	**(5 927)**
Short-term borrowings	**–**	**701 652**	**–**	**701 652**
	666 668	**717 202**	**–**	**1 383 870**
30 September 2014				
Trade and other payables	619 113	14 929	–	634 042
Financial instruments – Liabilities	1 900	–	–	1 900
Financial instruments – Assets	(1 900)	–	–	(1 900)
Short-term borrowings	–	571 115	–	571 115
	619 113	586 044	–	1 205 157

Fair value estimation

Investments and derivative financial instruments

The fair value of financial instruments which trade in active markets, is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

	GROUP	
	2015 R'000	2014 R'000
Level 1 – Financial instruments for hedging:		
Financial instruments at fair value through profit or loss	**5 927**	(1 900)
Derivative financial instruments	**(5 927)**	1 900

Trade debtors and trade creditors

The nominal value of trade receivables, less impairment provision, and trade payables are assumed to approximate their fair values.

Financial liabilities

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to companies with similar financial instruments.

Capital maintenance

The company considers total equity, which includes share capital, reserves and treasury shares, as capital. The ratio between capital and debt is the capital ratio. The Group's objective with the management of the capital ratio is to ensure that the Group continues to trade as a going concern and to create wealth for its shareholders and other stakeholders. The influence on the capital ratio is considered with decisions on the declaration of dividends, repurchase of shares, issue of shares, purchase and disposal of assets and investments and the acquiring or repayment of debt. The movement in capital is presented in the Statement of changes in equity on page 27 and the capital ratios on page 12.

	GROUP	
	2015 R'000	2014 R'000
19. CONTINGENT LIABILITIES		
Operating lease payments:		
Payable within one year	**29 312**	27 984
Payable between one and five years	**45 637**	48 924
Payable after five years	**1 562**	2 180
	76 511	79 088
20. CAPITAL COMMITMENTS		
Contracted	**58 758**	52 537
Not yet contracted	**43 200**	35 000
	101 958	87 537

These commitments have been approved by the Board of directors. The commitments will be financed by own and borrowed funds.

	GROUP	
	2015 R'000	2014 R'000
21. REVENUE		
Supplying of requisites and services	**5 264 304**	4 803 968
Finance margin on direct transactions	**77 098**	70 611
	5 341 402	4 874 579
22. OTHER OPERATING INCOME		
Interest received	**81 633**	74 410
– Trade debtors that are not impaired	**73 124**	65 422
– Trade debtors that are impaired	**2 361**	2 541
– Other	**6 148**	6 447
Profit on sale of property, plant and equipment	**293**	493
Profit on sale of investment	**7 296**	–
Foreign exchange differences	**6**	18
Transport cost recovered	**30 840**	30 507
Rent received	**10 020**	7 759
Bad debts recovered	**28**	2 040
Other income	**20 408**	22 582
	150 524	137 809

	GROUP	
	2015	2014
	R'000	R'000
23. EXPENSES BY NATURE		
Cost of products sold	**4 495 896**	4 136 318
– Cost of sales	**4 499 818**	4 130 780
– Net realised cost/(surplus) of derivative financial instruments	**(3 922)**	5 538
Depreciation	**23 126**	17 889
Improvements on leased premises written off	**2 122**	1 689
Amortisation of intangible assets	**1 788**	1 659
Directors' emoluments	**16 803**	17 916
Staff costs	**377 959**	337 312
– Salaries, wages and bonuses	**340 570**	301 827
– Provision for long-term incentive scheme	**1 942**	1 459
– Employer's contribution to pension fund (defined contribution plan)	**24 095**	24 576
– Employer's contribution to medical benefits	**1 629**	1 561
– Increase in provision for post-retirement medical benefits	**771**	435
– Training expenses	**8 952**	7 454
Auditor's remuneration	**3 177**	2 958
– For audit	**3 038**	2 845
– Other services	**52**	113
– Underprovision previous year	**87**	–
Rent paid	**41 087**	34 163
– Buildings	**28 830**	25 100
– Vehicles	**9 772**	7 213
– Machinery and equipment	**2 485**	1 850
Other occupancy costs	**55 773**	49 423
Computer expenses	**23 646**	19 801
Marketing costs	**29 026**	27 280
Transport/distribution	**76 942**	74 710
Bad debts written off	**2 213**	6 844
Increase in provision for impairment of trade debtors	**4 465**	1 871
Other expenses	**46 627**	39 440
	5 200 650	4 769 273

	Number	Number
Number of employees in service at year-end	**2 386**	2 196

24. REMUNERATION PAID TO DIRECTORS

	Incentive schemes Vested R'000	Incentive schemes Provided R'000	Salaries, fees and contributions R'000	Expense allowance R'000	Total R'000
2015					
Executive directors					
SJ Liebenberg	986	96	2 222	12	3 316
JJ Matthee	1 533	155	2 876	5	4 569
GW Sim+	–	–	383	–	383
S Walsh	2 496	335	3 870	48	6 749
	5 015	586	9 351	65	15 017
Non-executive directors					
BS du Toit			191	6	197
JH le Roux			166	2	168
NC Loubser			160	9	169
HS Louw			160	5	165
CA Otto			216	1	217
HM Smit			160	7	167
GM Steyn			319	2	321
S Totaram			256	1	257
JH van Niekerk			223	5	228
			1 851	38	1 889
Total					16 906
2014					
Executive directors					
SJ Liebenberg	1 326	324	2 104	20	3 774
JJ Matthee	1 905	526	2 723	8	5 162
S Walsh	2 758	967	3 625	51	7 401
	5 989	1 817	8 452	79	16 337
Non-executive directors					
BS du Toit			179	5	184
JH le Roux+			41	–	41
NC Loubser			149	11	160
HS Louw			149	7	156
CA Otto			235	1	236
HM Smit			149	7	156
GM Steyn			310	2	312
S Totaram			238	2	240
JH van Niekerk			208	7	215
			1 658	42	1 700
Total					18 037

The terms of service of the executive directors are coupled to their terms of service as employees, whilst the non-executive directors rotate on a three-year basis. No director or employee has a fixed-term contract with the Group. The remuneration of the non-executive directors consists of a fixed annual remuneration for services as a director, an additional fixed remuneration for duties on committees and reimbursement for travelling and other costs. The remuneration of executive directors consists of remuneration as employees, and they receive no additional remuneration as directors. Amounts included under incentive schemes include all amounts that relate to incentive schemes which are recognised as expenses in the current year. Amounts vested are payable during December of the year following the financial year ending 30 September, during which such amounts vested. Amounts provided for are the current year's adjustment for future liabilities according to the scheme rules, which will only vest in the future.

There are no further prescribed officers in the view of the Board.

+ Not a member of the Board for a full year.

	GROUP	
	2015 R'000	2014 R'000
25. FINANCE COSTS		
Banks and other	**35 635**	29 443
26. INCOME TAX		
Tax expenditure:		
Current taxation – current year	**71 628**	56 679
Deferred taxation – current year	**(4 056)**	(329)
Taxation for the year	**67 572**	56 350
	%	%
The tax on the Group's profit before tax differs from the theoretical amount that would arise using the statutory rate, as follows:		
Statutory tax rate	**28,00**	28,00
Adjusted for:		
Non-deductable expenses/(non-taxable income)	**(1,93)**	(1,69)
Capital gain	**0,41**	–
Difference in tax rate of foreign subsidiary	**(0,16)**	(0,05)
Effective rate	**26,32**	26,26

27. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares.

	R'000	R'000
Reconciliation between earnings and headline earnings:		
Net profit attributable to ordinary shareholders	**189 194**	158 213
Net profit on disposal of assets	**(178)**	(355)
Gross	**(247)**	(493)
Tax effect	**69**	138
Net profit on disposal of investment	**(6 294)**	–
Gross	**(7 342)**	–
Tax effect	**1 048**	–
Headline earnings	**182 722**	157 858
	Number	Number
Weighted average number of ordinary shares ('000)	**70 462**	70 462
	Cents	Cents
Earnings per share	**268,51**	224,54
Headline earnings per share	**259,32**	224,03

Headline earnings is calculated based on Circular 2/2013 issued by the South African Institute of Chartered Accountants.

Diluted earnings per share is not disclosed, as there are no potential dilutive instruments at reporting date.

	GROUP 2015 R'000	GROUP 2014 R'000
28. DIVIDEND PER SHARE		
Interim		
24,00 cents per share (2014: 19,00 cents per share)	**16 911**	13 388
Final		
58,00 cents per share (2014: 46,00 cents per share)	**40 868**	32 412
	57 779	45 800

Dividends payable are not accounted for until they have been declared by the Board of directors. The statement of changes in equity does not reflect the final dividend payable. The final dividend for the year ended 30 September 2015 will be accounted for as an appropriation of retained profit in the year ending 30 September 2016.

	GROUP 2015 R'000	GROUP 2014 R'000
29. NET CASH PROFIT FROM OPERATING ACTIVITIES		
Operating profit per income statement	**291 276**	243 115
Adjusted for:		
– Depreciation	**23 126**	17 889
– Amortisation of intangible assets	**1 788**	1 659
– Profit on disposal of property, plant and equipment	**(293)**	(493)
– Profit on disposal of investment	**(7 296)**	–
– Cost with issuing of shares by subsidiary	**–**	(94)
– Increase in provisions	**2 574**	5 788
– Interest on loan	**(3 486)**	(3 791)
– Improvements on leased premises written off	**2 122**	1 689
	309 811	265 762
30. WORKING CAPITAL CHANGES		
Increase in inventory	**(70 223)**	(81 710)
Increase in trade and other debtors	**(111 662)**	(85 815)
Increase in trade and other creditors	**47 455**	96 559
	(134 430)	(70 966)
31. INCOME TAX PAID		
Balance owing at the beginning of the year	**1 175**	258
Income tax expense in income statement	**71 628**	56 679
Balance owing at the end of the year	**(4 130)**	(1 175)
	68 673	55 762
32. ACQUISITION OF OPERATIONS		
Non-current assets	**–**	16 650
Current assets	**–**	1 626
Purchase consideration settled in cash	**–**	18 276

Refer to note 33 for more information.

	GROUP 2015 R'000	2014 R'000

33. BUSINESS COMBINATIONS

The Group acquired the assets and businesses of the following entities:
Faber Motors Danielskuil CC on 1 March 2014
Kareedouw Motors and Farmer Services CC on 1 April 2014
Erf 1005 Vredenburg (Pty) Ltd on 1 May 2014

The assets and liabilities at the date of acquisition can be summarised as follows:

Carrying value

As the Group acquired the assets of these businesses rather than the shares of the legal entities that previously owned such assets, it is impractical to disclose the carrying amounts in the books of the previous owners prior to the acquisition. In these circumstances the Group does not have access to such carrying values.

	GROUP 2015 R'000	GROUP 2014 R'000
Fair value		
Assets		
Property, plant and equipment	–	8 015
Customer relations	–	3 064
Deferred taxation	–	(858)
Goodwill	–	6 429
Inventory	–	1 626
Purchase consideration	–	18 276
Faber Motors Danielskuil CC	–	10 697
Kareedouw Motors and Farmer Services CC	–	4 151
Erf 1005 Vredenburg (Pty) Ltd	–	3 428

A purchase price allocation as required by IFRS 3 "Business Combinations" was performed and no further material intangible assets were identified.

34. INTERESTS IN SUBSIDIARIES

Name of subsidiary	Number of issued shares 2015	Number of issued shares 2014	Shareholding (%) 2015	Shareholding (%) 2014
Kaap Agri Bedryf Limited	**74 170 277**	74 170 277	**100,00**	100,00
Kaap Agri (Namibia) (Pty) Ltd	**401**	401	**100,00**	100,00
Agriplas (Pty) Ltd	**7 000**	7 000	**100,00**	100,00

35. INFORMATION ABOUT OPERATING SEGMENTS

Management has determined the operating segments based on the reports reviewed by the managing director that are used to make strategic decisions. The managing director considers the business from a divisional perspective. The performance of the following divisions is separately considered: Trade and mechanisation, Wesgraan as well as Irrigation: manufacturing and retail. The performance of the operating segments is assessed based on a measure of revenue and net profit before taxation.

Segment income and results	Segment income		Segment results	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Trade and mechanisation	4 547 114	4 186 224	207 556	169 008
Wesgraan	658 874	570 751	33 497	36 705
Irrigation: manufacturing and retail	129 954	113 592	10 889	9 903
Total for reportable segments	5 335 942	4 870 567	251 942	215 616
Corporate	5 460	4 012	(68 761)	(69 472)
Treasury	–	–	73 585	68 419
Total external income	5 341 402	4 874 579		
Profit before tax			256 766	214 563
Income tax			(67 572)	(56 350)
Profit after tax			189 194	158 213

Segment assets and liabilities	Segment assets		Segment liabilities	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Trade and mechanisation	1 169 794	980 912	619 210	575 839
Wesgraan	75 400	55 680	17 442	14 275
Irrigation: manufacturing and retail	52 518	42 066	17 305	16 003
Total for reportable segments	1 297 712	1 078 658	653 957	606 117
Corporate	175 770	182 239	102 381	100 548
Trade debtors	1 206 264	1 105 005	–	–
Short-term borrowings	–	–	669 980	542 199
Investment in associated company	–	443	–	–
Deferred taxation	5 932	3 908	4 138	6 021
	2 685 678	2 370 253	1 430 456	1 254 885

Other segment information	Capital expenses		Depreciation	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Trade and mechanisation	133 351	70 833	10 962	8 763
Wesgraan	8 647	9 491	3 045	2 559
Irrigation: manufacturing and retail	9 684	7 385	2 496	1 051
Total for reportable segments	151 682	87 709	16 503	12 373
Corporate	7 996	5 899	6 623	5 516
	159 678	93 608	23 126	17 889

Geographical revenue for the Group is attributed to countries on the basis of the customers' location. No single customer contributes to more than 10% of the group's revenue.

Geographical revenue for the Group is as follows:	2015 R'000	2014 R'000
South Africa	4 776 626	4 346 214
Namibia	564 776	528 365
Total	5 341 402	4 874 579
Non-current assets (excluding deferred taxation) are located in the following countries:		
South Africa	625 727	516 271
Namibia	22 295	9 479
Total	648 022	525 750

Kaap Agri Limited

STATEMENT OF FINANCIAL POSITION
at 30 September

	Note	COMPANY 2015 R'000	COMPANY 2014 R'000
ASSETS			
Non-current assets			
Investment in subsidiary company	2	**634 709**	634 709
Loans	3	**50 580**	61 551
		685 289	696 260
Current assets			
Short-term portion of loans	3	**11 420**	8 040
Total assets		**696 709**	704 300
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital	4	**480 346**	480 346
Retained profit		**216 360**	223 953
Total equity		**696 706**	704 299
Current liabilities			
Loan subsidiary company	5	**3**	1
Total equity and liabilities		**696 709**	704 300

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 September

	COMPANY 2015 R'000	COMPANY 2014 R'000
Investment income		
Plurispace (Pty) Ltd	**3 486**	3 791
Kaap Agri Bedryf Farm Worker and Employee BEE (Pty) Ltd	**1 643**	1 594
Kaap Agri Bedryf Limited	**39 200**	14 386
Other operating expenses	**(3)**	(1)
Profit before taxation	**44 326**	19 770
Income tax	**–**	–
Net profit for the year	**44 326**	19 770

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September

	COMPANY Share capital R'000	COMPANY Retained profit R'000
Balance 1 October 2013	480 346	244 977
Net profit for the year	–	19 770
Dividends paid	–	(40 794)
Balance 30 September 2014	480 346	223 953
Net profit for the year	**–**	**44 326**
Dividends paid	**–**	**(51 919)**
Balance 30 September 2015	**480 346**	**216 360**

STATEMENT OF CASH FLOWS
for the year ended 30 September

	COMPANY	
	2015 R'000	2014 R'000
Cash flow from operating activities		
Net cash profit from operating activities		
Operating profit per income statement	**44 326**	19 770
Adjusted for:		
Investment income not received in cash	**(44 329)**	(19 771)
	(3)	(1)
Cash flow from investment activities		
Decrease in loans	**–**	46
Cash flow from financing activities		
Decrease in subsidiary loan	**39 202**	30 754
Dividend paid	**(39 199)**	(30 799)
	3	(45)
Net increase in cash and cash equivalents	**–**	–

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September

1. ACCOUNTING POLICIES

The principal accounting policies incorporated in the preparation of these financial statements are set out on pages 52 to 60.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

	COMPANY	
	2015 R'000	2014 R'000
2. INVESTMENT IN SUBSIDIARY COMPANY		
Unlisted		
Kaap Agri Bedryf Limited		
Number of issued shares		
74 170 277 (2014: 74 170 277)		
Shareholding: 100% (2014: 100%)		
Shares at cost	**634 709**	634 709
3. LOANS		
Plurispace (Pty) Ltd	**36 332**	43 229
Preference shares	**35 331**	42 118
Accumulated preference dividend	**1 001**	1 111
Kaap Agri Bedryf Farm Worker and Employee BEE (Pty) Ltd	**25 668**	26 362
Preference shares	**25 470**	25 470
Accumulated preference dividend	**198**	892
	62 000	69 591
Short-term portion carried over to current assets	**(11 420)**	(8 040)
	50 580	61 551

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September

3. LOANS continued

The carrying value of the loans approximates its fair value at the reporting date.

The preference dividend rate for Plurispace (Pty) Ltd, a wholly-owned subsidiary of Dipeo Capital (RF) (Pty) Ltd, is calculated at prime less 0,5%. As soon as Kaap Agri Limited declares a dividend, Plurispace must declare and pay a preference dividend to Kaap Agri Limited for the same value to reduce the liability. The preference shares and accumulated dividends must be repaid in full not later than 30 September 2017.

The preference dividend rate for Kaap Agri Bedryf Farm Worker and Employee BEE (Pty) Ltd, is calculated at prime less 0,5%. As soon as Kaap Agri Limited declares a dividend, Kaap Agri Bedryf Farm Worker and Employee BEE (Pty) Ltd must declare and pay a preference dividend to Kaap Agri Limited for 90% of the dividend to reduce the liability. The preference shares and accumulated dividends must be repaid in full not later than 30 September 2020.

The shares that the companies hold in Kaap Agri Limited serve as security for the finance.

	COMPANY	
	2015 R'000	2014 R'000
4. ORDINARY SHARE CAPITAL		
Authorised		
100 001 000 (2014: 100 001 000) ordinary shares with no par value		
Issued		
74 170 277 (2014: 74 170 277) ordinary shares with no par value	**480 346**	480 346
5. LOAN SUBSIDIARY COMPANY		
Kaap Agri Bedryf Limited	**3**	1

The carrying value of the loan approximates its fair value at the reporting date.

The loan is unsecured, interest free and there are no specific repayment terms.

6. RELATED PARTY TRANSACTIONS

Refer to notes 2, 3 and 5.

Accounting policy to the financial statements for the year ended 30 September

1. BASIS OF PREPARATION

The annual financial statements have been compiled in accordance with International Financial Reporting Standards (IFRS). The annual financial statements have been compiled on the historical cost basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the notes to the annual financial statements.

2. NEW, AMENDED AND IMPROVED ACCOUNTING STANDARDS AND INTERPRETATIONS EFFECTIVE DURING THE CURRENT FINANCIAL YEAR

The following standards, amendments and interpretations have been adopted by the Group and became effective for the current reporting period beginning on 1 October 2014:

New standards

- IFRIC 21 – Levies
  IFRIC 21 sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation could result in recognition of a liability later than today, particularly in connection with levies that are triggered by circumstances on a specific date.

Amendments to standards

- Amendments to IAS 32 – Offsetting financial assets and financial liabilities
  The amendments do not change the current offsetting model in IAS 32, which requires an entity to offset a financial asset and financial liability in the statement of financial position only when the entity currently has a legally enforceable right of set-off and intends either to settle the asset and liability on a net basis or to realise the asset and settle the liability simultaneously. The amendments clarify that the right of set-off must be available today – that is, it is not contingent on a future event. It also must be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy.

- Amendments to IAS 36 – Recoverable amount disclosure for non-financial assets
  This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

- Amendments to IAS 39 – Novation of derivatives and continuation of hedge accounting
  This amendment will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

- Amendments to IAS 19 – Employee Benefits – Simplifying the accounting for contributions that are independent of the number of years of employee service
  The current amendment further distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided.

Annual improvements to standards

- IFRS 8 – Operating segments
  The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.

- IFRS 13 – Fair value measurement
  The IASB has amended the basis for conclusions of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases.

- IAS 16 – Property, plant and equipment, and IAS 38 – Intangible assets
  Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

- IAS 24 – Related party disclosures
  The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ("the management entity").
- IFRS 3 – Business combinations
  The standard is amended to clarify that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself.
- IFRS 13 – Fair value measurement
  The amendment clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9. The amendment is effective for annual periods beginning on or after 1 July 2014. An entity shall apply the amendment prospectively from the beginning of the first annual period in which IFRS 13 is applied.
- IAS 40 – Investment property
  The standard is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination.

None of the new standards, amendments, improvements and interpretations of existing standards mentioned above, that have been published, have any material effect on the financial statements of the Group.

3. NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations are not yet effective and have not been early adopted by the Group (the effective dates stated below refer to financial reporting periods beginning on or after the stated dates):

- IFRS 9 – Financial Instruments (effective from 1 January 2018)
- IFRS 14 – Regulatory deferral accounts (effective from 1 January 2016)
- IFRS 15 – Revenue from contracts with customers (effective from 1 January 2018)
- Amendments to IFRS 11 – Acquisition of joint operations (Effective from 1 January 2016)
- Amendments to IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortisation (Effective from 1 January 2016)
- Amendments to IAS 16 and IAS 41 – Agriculture: Bearer plants (Effective from 1 January 2016)
- Amendments to IAS 27 – Separate financial statements – Equity method in separate financial statements (Effective from 1 January 2016)
- Amendments to IFRS 10 and IAS 28 – Sale or contribution of an asset between an investor and its associate or joint venture (Effective from 1 January 2016)
- Improvements to various IFRS standards – Annual improvements to IFRS standards 2012 – 2014 cycle (Effective from 1 January 2016)
- Amendments to IAS 1 – Disclosure initiative (Effective from 1 January 2016)
- Amendments to IFRS 10 – Consolidation financial statements and IAS 28 (2011) – Investments in associates and joint ventures – applying the consolidation exception (Effective from 1 January 2016)

Management is in the process of assessing the impact of the above standards and interpretations on the Group's financial statements.

4. BASIS OF CONSOLIDATION

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvements with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred.

Transactions which result in changes in ownership levels, where the Group has control of the subsidiary both before and after the transaction are regarded as equity transactions and are recognised directly in the statement of changes in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 – Financial instruments: Recognition and measurement either in profit or loss or as a charge to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the stand-alone financial statements of the holding company, the investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investments.

Interest-free loans to subsidiaries, with no specific terms of repayment and with a definite intent not to demand repayment, are considered to be capital distributions to the subsidiary and are included in the carrying amount of the investment.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in equity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

All resulting exchange differences are recognised as a separate component of other comprehensive income.

In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Treasury shares

The cost of treasury shares is presented as a deduction from equity. Shares under option already allocated to staff and unallocated shares are considered as treasury shares and are consolidated as such as part of the Group's results.

Associates

Associates are all entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

If the ownership interest in an associate is reduced, but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount as part of the "share of profit/(loss) of an associate" in profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only to the extent of unrelated investor's interest in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses arising in investments in associates are recognised in profit or loss. Accounting policies of associates have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

Joint arrangements

Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures, depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits and losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests, that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Consolidation of special purpose entities

The special purpose entities established in terms of the BEE equity transaction implemented in 2011 have been consolidated in the Group results. The substance of the relationship between the company and these entities has been assessed and the conclusion was made that they are controlled entities, mainly due to the fact that the Group retains residual or ownership risks relating to the special purpose entities.

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.

During a transaction under common control, the result of operations for the period is presented as though the acquisition of its controlling interest through a transaction under common control had occurred in the earliest period presented. The effects of the inter-company transactions are eliminated in determining the results of operations for the period prior to the acquisition of the controlling interest, meaning that those results are on substantially the same basis as the results of operations for the period after the acquisition of the controlling interest. Similarly, the consolidated statement of financial position with related notes have been presented as though the assets and liabilities of the combining entities had been transferred at the earliest reporting period.

During a transaction under common control the excess of the purchase price consideration over the net asset value of the acquiree is recognised in equity.

Goodwill

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investment in associated companies. Separately recognised goodwill is reviewed annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Group allocates goodwill based on the operating segments in which it operates.

Customer relations

Customer relations consist of non-contractual customer relationships. Customer relations acquired in a business combination are recognised at fair value at the acquisition date. The customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated on the straight-line method to allocate the cost of customer relations over the estimated useful life of five years.

5. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the managing director.

6. PROPERTY, PLANT AND EQUIPMENT

Land and buildings mainly comprise retail outlets, offices and silos. Land and buildings were revalued during 2006 to fair value, when the Group made the choice to apply the fair value as deemed cost-exemption, in terms of IFRS 1: First-time adoption of International Financial Reporting Standards. Property, plant and equipment, including investment property, is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to write off the cost or revalued amounts to a value equal to the residual values over their estimated useful lives, as follows:

Buildings	50 years
Grain silos and buildings	10 – 50 years
Machinery and equipment	4 – 10 years
Vehicles	4 – 5 years
Office furniture and equipment	2 – 10 years
Leasehold improvements	Period of lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals of fixed assets are determined by comparing proceeds with the carrying amounts and are included in the income statement as other operating income or other operating expenses.

7. FINANCE LEASED ASSETS

Where assets are acquired under finance lease agreements that substantially transfer all the risks and rewards of ownership to the lessee, the finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

8. IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

9. FINANCIAL ASSETS

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

This category is divided into two sub-categories: financial assets held for trading and those designated as at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables as well as cash and cash equivalents in the statement of financial position.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that either meet the recognition criteria for this category or were designated to this category or are not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

Regular purchases and sales of investments are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. The fair value adjustments to available-for-sale financial assets are recognised directly in other comprehensive income.

Loans and receivables are carried at amortised cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss, including interest and dividend income, are presented in the income statement in the period in which they arise.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in the income statement as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest rate method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the Group's right to receive payments is established.

The fair values of listed investments are based on current bid prices. If the market for a financial asset is not active, including unlisted securities, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analyses, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

10. DEFERRED TAXATION

Deferred taxation is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets relating to unused tax losses are recognised to the extent that it is probable that future taxable profits will be available against which the unused losses can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

11. INVENTORY

Workshop stock, merchandise, farming requisites and raw materials are valued at the lower of cost, calculated on the average cost basis, or net realisable value, taking into account obsolescence and saleability. Implement stock is valued at the specific cost price or net realisable value, whichever is the lower. Finished goods are valued at the lower of cost, including cost of raw materials, direct costs and related production overheads, but excluding finance costs, determined on the average cost basis, or net realisable value. Net realisable value is the estimate of the selling price in the ordinary course of business, less the cost of completion and selling expenses.

12. TRADE ACCOUNTS RECEIVABLE

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

Trade receivables against which a provision for impairment were made will be written off as soon as no further collections are possible. Trade receivables against which there were no previous provision for impairment, are written off directly to the income statement as soon as there are no further collections.

13. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivatives are designated as hedging instruments, and if so, the nature of the item being hedged. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities (fair value hedge) or hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest rate method is used, is amortised to profit or loss over the period to maturity.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at the time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Derivatives at fair value through profit or loss and accounted for at fair value through profit or loss

Certain derivatives do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

14. CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash includes cash on hand and bank balances. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

15. BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

16. SHARE CAPITAL

Ordinary shares are classified as equity. Additional costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any company in the Group purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable additional costs (net of income taxes) is deducted from equity attributable to the Group's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable additional transaction costs and the related income tax effects, is included in equity attributable to the Group's shareholders.

17. EMPLOYEE BENEFITS

Pension scheme arrangements

The Group operates a pension fund consisting of a defined contribution plan 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 participating subsidiaries in the Group as well as employees. The Group has no further obligations to the fund once the contributions have been paid. Contributions are recognised in the income statement when they are due.

Post-retirement medical benefits
Certain in-service members and retired staff are members of the post-retirement medical subsidy scheme of the Group. The Group pays the monthly contributions in respect of the retired members over to the medical fund. The valuation method used to value the liability is the projected unit method. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans. Valuations of these obligations are carried out by independent qualified actuaries. Any actuarially determined profits or losses are recognised in the income statement.

In terms of the Group's present policy the benefits are only available to certain in-service members and retired staff and not to future employees.

Profit sharing and bonus plans
A liability for employee benefits in the form of profit sharing and bonus plans is recognised under accounts payable when there is no realistic alternative but to settle the liability, and at least one of the following conditions is met:

- there is a formal plan; or
- past practice has created a valid expectation by employees that they will receive a bonus or profit share.

It is expected that the liability will be paid within twelve months.

The Group also operates an incentive scheme based on phantom shares. The fair value of the liability incurred for employee services received is recognised as an expense. Until the liability is settled, the Group remeasures the fair value of the liability at each reporting date and at the date of settlement, with any changes in value recognised in profit or loss for the period.

18. TRADE PAYABLES

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value. Trade payables are subsequently stated at amortised cost using the effective interest rate method.

Trade payables are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

19. OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

20. REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. The Group recognises revenue when the amount of revenue can be reliably measured and reasonable assurance exists that the economic benefits of the transaction will flow to the business. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. Revenue is shown, net of value-added tax, estimated returns, rebates and discounts and after elimination of sales within the Group. Revenue is recognised as follows:

Sales of goods and services
Sales of goods and services comprise the fair value of sales in respect of manufacturing, trading operations and other services, excluding value-added taxation, and are recognised upon delivery of goods and on the stage of completion of services. Only the finance margin earned on direct sales is recognised as income. The finance margin is recognised on delivery of products by the supplier to the customer.

Interest income
Interest income is recognised on a time-proportion basis using the effective interest rate method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the debtor. Interest on impaired debtors is recognised using the original effective interest rate.

Dividend income
Dividend income is recognised when the right to receive payment is established.

21. FOREIGN CURRENCY TRANSACTIONS

Functional and presentation currency
Items included in the financial statements of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in rand, which is the holding company's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

22. LEASES

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

23. DIVIDEND DISTRIBUTIONS

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved.

24. PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources which entail economic benefits will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

25. FINANCIAL GUARANTEES

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurred because a specified debtor fails to make payment when due. Financial guarantees are initially measured at fair value. Subsequently it is measured at the higher of the amount determined in accordance with IAS 37 – Provisions, contingent liabilities and contingent assets and the amount initially recognised less cumulative amortisation recognised in accordance with IAS 18: Revenue.

26. BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs are recognised as an expense in the period in which they are incurred.

27. CURRENT INCOME TAX

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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