

Notice of annual general meeting

for the year ended 30 September 2018



KAAP  **AGRI**

Sedert 1912

Since 1912

Salient features

8 786 451

**Value of transactions
(R'000)**

+ 7,1%

354,1

**Recurring headline earnings
per share (cents)**

+ 0,7%

84,7

(2017: 82,6)

**Final dividend
per share (cents)**

+ 2,5%

116,7

(2017: 112,0)

**Total dividend
per share (cents)**

+ 4,2%

Contents

Letter to shareholders	2
Notice of annual general meeting for the year ended 30 September 2018	3
Annexure A: Kaap Agri Limited summarised consolidated financial statements for the year ended 30 September 2018	11
Annexure B: Shareholder information	28
Annexure C: Remuneration report	30
Corporate information	36
Form of proxy	Inserted

Letter to shareholders

14 December 2018

Dear Shareholder

Notice of annual general meeting and proxy form

We are pleased to enclose herewith a detailed notice of Kaap Agri Limited's ("Kaap Agri") annual general meeting to be held at 12:30 on Thursday, 14 February 2019 in the Kaap Agri Member Hall, 65 Voortrekker Road, Malmesbury.

The enclosed notice is accompanied by various annexures, including:

- summarised consolidated financial statements with explanatory notes and commentary, and
- a proxy form.

In an effort to support environmental initiatives, Kaap Agri's full integrated annual report will not be printed, but will instead be made available on Kaap Agri's website, www.kaapagri.co.za, on or before Thursday, 24 January 2019. Should you require a printed copy, please contact Reinhard Köstens at rkostens@kaapagri.co.za.

Yours faithfully



RH KÖSTENS
Company Secretary

Notice of annual general meeting



Sedert 1912

Since 1912

KAAP AGRI LIMITED

Incorporated in the Republic of South Africa

(Registration number: 2011/113185/06)

JSE Share code: KAL

ISIN: ZAE000244711

("Kaap Agri" or "the company")

To the shareholders of Kaap Agri

Notice is hereby given of the annual general meeting of shareholders of Kaap Agri to be held at the Kaap Agri Member Hall, 65 Voortrekker Road, Malmesbury, on Thursday, 14 February 2019, at 12:30 ("the AGM").

PURPOSE

The purpose of the AGM is to transact the business as set out in the agenda below.

AGENDA

- **Presentation of the audited annual financial statements of the company, including the reports of the directors and the audit and risk committee for the year ended 30 September 2018.**

This notice is accompanied by the summarised consolidated financial statements (Annexure A) of the company for its 2018 financial year, while the audited consolidated annual financial statements, including the unmodified audit opinion, are available or may be requested and obtained in person, at no charge, at the registered office of the company during office hours.

The company's integrated report will, on or before Thursday, 24 January 2019, be made available on Kaap Agri's website at www.kaapagri.co.za and may thereafter be requested and obtained in person, at no charge, at the registered office of the company during office hours.

- **To consider and, if deemed fit, approve, with or without modification, the following ordinary resolutions:**

Note: For any of the ordinary resolutions number 1 to 10 (inclusive) to be adopted, more than 50% of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof. For ordinary resolution number 11 to be adopted, at least 75% of the voting rights exercised on such ordinary resolution must be exercised in favour thereof.

1. REAPPOINTMENT OF AUDITOR

Ordinary resolution number 1

"Resolved that PricewaterhouseCoopers Inc. be and is hereby reappointed as auditor of the company for the ensuing year on the recommendation of the audit and risk committee of the company, with the designated audit partner being H Zeelie."

The reason for ordinary resolution number 1 is that the company, being a public listed company, is required to have its financial statements audited annually and the auditors have to be appointed or reappointed, as the case may be, at each annual meeting of the company as required by the Companies Act.

2. RETIREMENT AND RE-ELECTION OF DIRECTORS

2.1 Ordinary resolution number 2

"Resolved that Mr GM Steyn, who retires by rotation in terms of the memorandum of incorporation of the company and, being eligible, offers himself for re-election, be and is hereby re-elected as director."

Summary curriculum vitae of Mr GM (George) Steyn

Mr Steyn holds a BA (Law) and LLB degree. He has been the Chairman of Kaap Agri Limited since February 2012. He has extensive experience in the retail sector, having joined the Pepkor Group in 1986 and has served as an executive director of Pep Retail Limited and Pepkor Retail Limited from 1991 to 2005 and as Managing Director from 2005 to 2011. He currently also serves as chairman of the Du Toit Group.

He farms in the Karoo and is actively involved in the broader community and serves as Chairman of the Stellenbosch University Council.

2.2 Ordinary resolution number 3

"Resolved that Mr CA Otto, who retires by rotation in terms of the memorandum of incorporation of the company and, being eligible, offers himself for re-election, be and is hereby re-elected as director."

Summary curriculum vitae of Mr CA (Chris) Otto

Mr Otto holds BComm and LLB degrees from the University of Stellenbosch. He is a founding director of PSG Group Limited, Capitec Bank Holdings Limited and Zeder Investments Limited. He served at PSG Group for 14 years and is now retired, but remains on the board as an independent non-executive director. He currently also serves as a non-executive director to various other companies, including, Distell Group Limited. He is currently chairman of both the audit and risk committee and the remuneration committee.

2.3 Ordinary resolution number 4

"Resolved that Mr BS du Toit, who retires by rotation in terms of the memorandum of incorporation of the company and, being eligible, offers himself for re-election, be and is hereby re-elected as director."

Summary curriculum vitae of Mr BS (Bernhardt) du Toit

Mr Du Toit, who holds a BAgri (Management) degree from the University of Stellenbosch, served as a director on the board of Boland Agri Limited, one of Kaap Agri's predecessors, since 2001.

Mr Du Toit farms in the Koue Bokkeveld region near Ceres and is an export farmer involved in the production of, inter alia, fruit and vegetables, wheat and potatoes, exporting to Canada, various European countries, Russia and the far East. He was named National Farmer of the year in 2009. Mr Du Toit has served on the audit and risk committee of Kaap Agri Limited for many years and also serves as a director on the boards of various other companies in the agricultural sector.

Note: The reason for ordinary resolutions numbers 2 to 4 (inclusive) is that the memorandum of incorporation of the company, the Listings Requirements of the JSE Limited ("JSE Listings Requirements") and, to the extent applicable, the Companies Act, 71 of 2008, as amended ("Companies Act") require that a component of the non-executive directors rotate at every annual general meeting of the company and, being eligible, may offer themselves for re-election as directors.

3. CONFIRMATION OF APPOINTMENT AS DIRECTOR

3.1 Ordinary resolution number 5

"Resolved that Mr I Chalumbira's appointment as director, in terms of the memorandum of incorporation of the company, be and is hereby confirmed.

Summary curriculum vitae of Mr I (Ike) Chalumbira

Mr Chalumbira holds a BSc (Industrial Psychology) degree from the University of Cape Town as well as an MBA (Strategy) from the Milpark (Thames Valley) Business School. His corporate career includes the multinationals Procter & Gamble (P&G) and The Coca-Cola Company (TCCC) where he held various senior management positions over a period of 10 years. In 2005 he started an entrepreneurial venture, Lionshare Holdings (Pty) Ltd, investing in several sectors- mainly fuel energy, real estate, hospitality, consumer goods and logistics. He is an active member of the largest global CEO organisation, Young Presidents Organisation (YPO), in various leadership roles.

Note: The reason for ordinary resolution number 5 is that the memorandum of incorporation of the company and the JSE Listings Requirements require that non-executive directors appointed by the board of the company be confirmed by shareholders at the next annual general meeting of the company.

4. REAPPOINTMENT OF MEMBERS OF THE AUDIT AND RISK COMMITTEE OF THE COMPANY

Note: For avoidance of doubt, all references to the audit and risk committee of the company is a reference to the audit committee as contemplated in the Companies Act.

4.1 Ordinary resolution number 6

"Resolved that Mr CA Otto, subject to the approval of ordinary resolution number 3, being eligible, be and is hereby reappointed as a member of the audit and risk committee of the company, as recommended by the board of directors of the company, until the next annual general meeting of the company."

A summary of Mr Otto's curriculum vitae is included in paragraph 2.2 above.

4.2 Ordinary resolution number 7

"Resolved that Mrs D du Toit, being eligible, be and is hereby reappointed as a member of the audit and risk committee of the company, as recommended by the board of directors of the company, until the next annual general meeting of the company."

Summary curriculum vitae of Mrs Du Toit

Mrs Du Toit holds a BComm (Hons) degree from the University of Stellenbosch. Mrs Du Toit is currently the Managing Director of the De Keur Group. She serves on a number of boards, including De Keur Agri (Pty) Ltd, De Keur Landgoed (Pty) Ltd, Tipmar (Pty) Ltd and De Keur Marketing (Pty) Ltd. Mrs Du Toit is also involved in the Breyton Paulse Foundation.

4.3 Ordinary resolution number 8

"Resolved that Mr BS Du Toit, subject to the approval of ordinary resolution number 4, being eligible, be and is hereby reappointed as a member of the audit and risk committee of the company, as recommended by the board of directors of the company, until the next annual general meeting of the company."

A summary of Mr Du Toit's curriculum vitae is included in paragraph 2.3 above.

Note: The reason for ordinary resolution numbers 6 to 8 (inclusive) is that the company, being a public listed company, must appoint an audit committee, and the Companies Act requires that the members of such committee be appointed, or reappointed, as the case may be, at each annual general meeting of the company.

5. NON-BINDING ADVISORY VOTE ON THE REMUNERATION POLICY OF THE COMPANY

Ordinary resolution number 9

"Resolved that the company's remuneration policy, as set out in the remuneration report in Annexure C to this notice, be and is hereby endorsed by way of a non-binding advisory vote."

The reason for and effect of ordinary resolution number 9 is that the King IV Report on Corporate Governance™ for South Africa, 2016 ("King IV™") recommends, and the JSE Listings Requirements require, that the remuneration policy of a company be tabled for a non-binding advisory vote by shareholders at each annual general meeting. This enables shareholders to express their views on the remuneration policy adopted. Ordinary resolution 9 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the board will take the outcome of the vote into consideration when considering amendments to the company's remuneration policy.

6. NON-BINDING ADVISORY VOTE ON THE IMPLEMENTATION REPORT OF THE REMUNERATION POLICY OF THE COMPANY

Ordinary resolution 10

"Resolved that the company's implementation report in respect of the remuneration policy, as set out in the remuneration report in Annexure C to this notice, be and is hereby endorsed by way of a non-binding vote."

The reason for and effect of ordinary resolution number 10 is that King IV™ recommends that the implementation report on the company's remuneration policy be tabled for a non-binding advisory vote by shareholders at each annual general meeting. This enables shareholders to express their views on the implementation of the company's remuneration policy. Ordinary resolution 10 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the board will take the outcome of the vote into consideration when considering amendments to the company's remuneration policy.

Should 25% or more of the votes exercised in respect of ordinary resolution number 9 or ordinary resolution number 10 be against either resolution, the company will issue an invitation to those shareholders who voted against the applicable resolution to engage with the company.

7. GENERAL AUTHORITY TO ISSUE ORDINARY SHARES FOR CASH

Ordinary resolution number 11

"Resolved that the directors of the company be and are hereby authorised, by way of a general authority, to allot and issue any of the company's unissued shares for cash as they in their discretion may deem fit, without restriction, subject to the provisions of the company's memorandum of incorporation, the Companies Act and the JSE Listings Requirements, provided that:

- the approval shall be valid until the date of the next annual general meeting of the company, provided it shall not extend beyond fifteen months from the date of this resolution;
- the general issues of shares for cash under this authority may not exceed, in the aggregate, 12% of the company's issued share capital (number of securities) of that class as at the date of this notice of AGM, it being recorded that ordinary shares issued pursuant to a rights offer to shareholders, in respect of the Kaap Agri Equity Settled Management Share Incentive Scheme in accordance with the JSE Listings Requirements and in terms of an acquisition issue or vendor consideration placement shall not diminish the number of ordinary shares that comprise the 12% of the ordinary shares that can be issued in terms of this ordinary resolution. As at the date of this notice of AGM, 12% of the issued ordinary shares of the company, excluding treasury shares, amounts to 8 419 339 ordinary shares;
- in determining the price at which an issue of shares will be made in terms of this authority the maximum discount permitted will be 10% of the weighted average traded price of such shares, as measured over the 30 business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the securities. The JSE will be consulted for a ruling if the securities have not traded in such business 30 day period;
- any such issue will only be made to public shareholders as defined in paragraphs 4.25 to 4.27 of the JSE Listings Requirements and not to related parties;
- any such issue will only be comprised of securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue; and
- in the event that the shares issued under this authority represent, on a cumulative basis, 5% or more of the number of shares in issue prior to that issue, an announcement containing the full details of such issue shall be published on SENS."

Note: For listed entities wishing to issue shares for cash (other than issues by way of rights offers, in consideration for acquisitions and/or duly approved share incentive schemes), it is necessary for the board of the company to obtain the prior authority of the shareholders in accordance with the JSE Listings Requirements and the memorandum of incorporation of the company. Accordingly, the reason for ordinary resolution number 11 is to obtain a general authority from shareholders to issue shares for cash in compliance with the JSE Listings Requirements and the memorandum of incorporation of the company.

For this resolution to be adopted, at least 75% of the votes exercised on this resolution must be exercised in favour thereof.

- **To consider and, if deemed fit, pass, with or without modification, the following special resolutions:**

Note: For any of the following special resolutions to be adopted, at least 75% of the voting rights exercised on each special resolution must be exercised in favour thereof.

8. APPROVAL OF NON-EXECUTIVE DIRECTORS' REMUNERATION

Special resolution number 1

Resolved, in terms of section 66(9) of the Companies Act, that the company be and is hereby authorised to remunerate its directors for their services as directors, on the basis set out in the table below, from 1 October 2018, provided that the authority will be valid until the next annual general meeting of the company:

	Proposed annual remuneration	
Director – basic fee		R170 000
Board Chairman		+R371 000
Committee	Member	Chairman
Audit and risk committee	+R127 000	+R254 000
Finance Committee	+R53 000	+R127 000
Remuneration Committee	+R106 000	+R212 000
Social and Ethics Committee	+R27 000	+R80 000

Notes:

The reason for special resolution number 1 is to obtain shareholders' approval for the payment of remuneration to the company's non-executive directors in terms of the provisions of section 66 of the Companies Act.

The effect of the special resolution is that the company will be able to remunerate its non-executive directors for their services as directors until the next annual general meeting.

Shareholders are requested to approve these fees with effect from 1 October 2018, in order to align the remuneration with the company's financial year.

9. SHARE REPURCHASES BY THE COMPANY AND ITS SUBSIDIARIES

Special resolution number 2

"Resolved, as a special resolution, that the company and the subsidiaries of the company be and are hereby authorised, as a general approval, to repurchase any of the shares issued by the company, upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the provisions of sections 46 and 48 of the Companies Act, the memorandum of incorporation of the company and the JSE Listings Requirements, including, *inter alia*, that:

- the general repurchase of the shares may only be implemented through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;
- this general authority shall only be valid until the next annual general meeting of the company, provided that it shall not extend beyond fifteen months from the date of this resolution;
- an announcement must be published as soon as the company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue at the time of the granting of this authority, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares acquired thereafter;
- the general authority is limited to a maximum of 20%, in the aggregate, in any one financial year of the company's issued share capital at the time the authority is granted;
- a resolution has been passed by the board of directors approving the repurchase, that the company has satisfied the solvency and liquidity test as defined in the Companies Act, and that since the solvency and liquidity test has been performed there have been no material changes to the financial position of the company and its subsidiaries ("the Group");
- the general repurchase is authorised by the company's memorandum of incorporation;
- repurchases may not be made at a price more than 10% above the weighted average of the market value of the shares for the five business days immediately preceding the date that the transaction is effected. The JSE will be consulted for a ruling if the company's securities have not traded in such five business days period;
- the company may at any point in time only appoint one agent to effect any repurchase(s) on the company's behalf; and
- the company may not effect any repurchase during any prohibited period as defined in terms of the JSE Listings Requirements unless there is a repurchase programme in place, which programme has been submitted to the JSE in writing prior to the commencement of the prohibited period and executed by an independent third party, as contemplated in terms of paragraph 5.72(h) of the JSE Listings Requirements."

The reason for and effect of special resolution number 2 is to grant the directors a general authority for the acquisition by the company or by a subsidiary of the company of shares issued by the company on the basis detailed above. The company has no immediate plans to use this authority and is simply obtaining same in the interest of prudence and good corporate governance should the unforeseen need arise to use the authority.

In terms of section 48(2)(b)(i) of the Companies Act, subsidiaries may not hold more than 10%, in aggregate, of the number of the issued shares of a company. For the avoidance of doubt, a *pro rata* repurchase by the company from all its shareholders will not require shareholder approval, save to the extent as may be required by the Companies Act.

10. INTER-COMPANY FINANCIAL ASSISTANCE

10.1 **Special resolution number 3: Intercompany financial assistance**

"Resolved that, in terms of the provisions of section 45(3)(a)(iii) of the Companies Act, as a general approval, that the board of directors of the company be and is hereby authorised, to approve that the company provides any direct or indirect financial assistance (financial assistance will have the meaning attributed to it in section 45(1) of the Companies Act) that the board may deem fit to any company or corporation that is related or interrelated to the company ("related" or "inter-related" will herein have the meaning attributed to it in section 2 of the Companies Act) on terms and conditions and for amounts that the board may determine, provided that the aforementioned approval shall be valid until the next annual general meeting of the company."

The reason for and effect of special resolution number 3 is to grant the board the authority, until the next annual general meeting of the company, to provide direct or indirect financial assistance to any one or more related or interrelated companies or corporations of the company. This means that the company is, *inter alia*, authorised to grant loans to its subsidiaries and to guarantee the debt of its subsidiaries.

Notice to shareholders of the company, in terms of section 45(5) of the Companies Act, of a resolution adopted by the Board that authorises the company to provide direct or indirect financial assistance

- By the time this notice of the annual general meeting is delivered to shareholders, the board will have adopted a resolution ("section 45 board resolution") to authorize the company at any time and from time to time during the period starting on the date of adopting this special resolution number 3 up to and including the date of the next annual general meeting of the company, to provide any direct or indirect financial assistance as contemplated in section 45 of the Companies Act, to any one or more related or interrelated companies or corporations of the company.
- The section 45 board resolution will only take effect when and to the extent that special resolution number 3 has been adopted by the shareholders, and the provision of any such direct or indirect financial assistance by the company, following such resolution, will always be subject to the board being satisfied that: (i) immediately after providing such financial assistance the company would satisfy a solvency and liquidity test in terms of section 45(3)(b)(i) of the Companies Act; and (ii) the terms under which such financial assistance is provided will be fair and reasonable to the company as contemplated in section 45(3)(b)(ii) of the Companies Act.
- Inasmuch as the section 45 board resolution contemplates that in total such financial assistance will exceed one tenth of one percent of the company's net value as at the date of adopting the resolution, the board hereby notifies the shareholders of the section 45 board resolution. Such notice will also be given to any trade union representing the employees of the company.

10.2 **Special resolution number 4: Financial assistance for the subscription and/or purchase of shares in the company or a related or inter-related company**

"Resolved, in terms of section 44(3)(a)(ii) of the Companies Act, as a general approval, that the board of directors of the company be and is hereby authorised to approve that the company provides any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to it in sections 44(1) and 44(2) of the Companies Act) that the board of the company may deem fit to any company or corporation that is related or inter-related to the company (related or inter-related will herein have the meaning attributed to it in section 2 of the Companies Act) and/or to any financier who provides funding by subscribing for preference shares or other securities in the company or any company or corporation that is related or inter-related to the company, on the terms and conditions and for amounts that the board of the company may determine for the purpose of, or in connection with the subscription for any option, or any shares or other securities, issued or to be issued by the company or a related or inter-related company or corporation, or for the purchase of any shares or securities of the company or inter-related company or corporation, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the company".

The reason for and effect of special resolution number 4 is to grant the directors the authority, until the next annual general meeting of the company, to provide financial assistance to any company or corporation which is related or inter-related to the company and/or any financier for the purpose of or in connection with the subscription or purchase of options, shares or other securities in the company or any related or inter-related company or corporation. This means that the company is authorised, *inter alia*, to grant loans to its subsidiaries and to guarantee and furnish security for the debt of its subsidiaries where any such financial assistance is directly or indirectly to a party subscribing or options, shares or securities in the company or its subsidiaries. A typical example of where the company may rely on this authority is where a subsidiary raised funds by way of issuing preference shares and the third-party funder requires the company to furnish security, by way of a guarantee or otherwise, for the obligations of its subsidiary to the third-party funder arising from the issue of the preference shares. The company has no immediate plan to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

In terms of and pursuant to the provisions of section 44 of the Companies Act, the directors of the company confirm that the board will satisfy itself, after considering all reasonably foreseeable financial circumstances of the company, that immediately after providing financial assistance as contemplated in special resolution numbers 3 and 4 above:

- the assets of the company, fairly valued, will equal or exceed the liabilities of the company, fairly valued (taking into consideration the reasonably foreseeable contingent assets and liabilities of the company);
- the company will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months;
- the terms under which any financial assistance is proposed to be provided, will be fair and reasonable to the company; and
- all relevant conditions and restrictions (if any) relating to the granting of financial assistance by the company as contained in the company's memorandum of incorporation have been met.

11. REPORT OF THE SOCIAL AND ETHICS COMMITTEE

The report of the company's social and ethics committee is included in the integrated report and will serve as the social and ethics committee report to the company's shareholders at the AGM.

12. TO TRANSACT ANY OTHER BUSINESS AS MAY BE TRANSACTED AT AN ANNUAL GENERAL MEETING

INFORMATION RELATING TO THE SPECIAL RESOLUTIONS

The directors of the company or its subsidiaries will only utilise the general authority to repurchase shares of the company as set out in special resolution number 2 to the extent that the directors, after considering the maximum number of shares to be purchased, are of the opinion that the position of the Group would not be compromised as to the following:

- the Group's ability in the ordinary course of business to pay its debts for a period of 12 months after the date of the AGM and for the period of 12 months after the repurchase;
- the consolidated assets of the Group will, at the time of the AGM and at the time of making such determination, be in excess of the consolidated liabilities of the Group. The assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements of the Group;
- the ordinary capital and reserves of the Group after the repurchase will remain adequate for the purpose of the business of the Group for the period of 12 months after the AGM and after the date of the share repurchase; and
- the working capital available to the Group after the repurchase will be sufficient for the Group's requirements for a period of 12 months after the date of the notice of the AGM.

General information in respect of major shareholders, material changes and the share capital of the company is contained in Annexure B to this notice of AGM.

The directors of the company collectively and individually accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made, and that this notice of AGM contains all information required by the JSE Listings Requirements.

RECORD DATE

The record date in terms of section 59 of the Companies Act for shareholders to be registered in the securities register of the company in order to receive notice of the annual general meeting is Friday, 7 December 2018.

The record date for shareholders to be recorded in the securities register of the company in order to be able to attend, participate and vote at the AGM is Friday 8 February 2019, and the last day to trade in the company's shares in order to be recorded in the company's securities register in order to be able to attend, participate and vote at the AGM on Tuesday 5 February 2019.

ATTENDANCE AND VOTING BY SHAREHOLDERS AND PROXIES

Shareholders entitled to attend and vote at the AGM may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy needs to be a shareholder of the company. A form of proxy, which sets out the relevant instructions for its completion, is enclosed for use by a certificated shareholder or own-name registered dematerialised shareholder who wishes to be represented at the AGM. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the AGM.

The instrument appointing a proxy and the authority (if any) under which it is signed must be completed and returned to the company's transfer secretaries, Computershare Investors Services (Pty) Ltd, at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, or posted to the transfer secretaries at PO Box 61051, Marshalltown, 2107, South Africa, or e-mailed to proxy@computershare.co.za, so as to be received by them no later than 12:30 on Tuesday, 12 February 2019, provided that any form of proxy not delivered to the transfer secretary by this time may be handed to the Chairman of the AGM at any time before the appointed proxy exercise any shareholder rights at the AGM.

Dematerialised shareholders, other than own-name registered dematerialised shareholders, who wish to attend the AGM in person, will need to request their central securities depository participant ("CSDP") or broker to provide them with the necessary authority (i.e. letter of representation) in terms of the custody agreement entered into between such shareholders and the CSDP or broker.

Dematerialised shareholders, other than own-name registered dematerialised shareholders, who are unable to attend the AGM and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or broker in the manner and time stipulated therein.

Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, will have one vote in respect of each share held.

PROOF OF IDENTIFICATION REQUIRED

In terms of the Companies Act, any person who intends to attend a shareholders' meeting and participate in it is required to present reasonably satisfactory identification at the meeting. Persons attending the meeting have to furnish proof of identification to the reasonable satisfaction of the chairperson of the meeting and should therefore present an identity document, passport or driver's license at the meeting.

By order of the board.



RH KÖSTENS
Company Secretary

Annexure A

Kaap Agri Limited **Summarised consolidated financial statements** for the year ended 30 September 2018

COMMENTARY

Financial review

The Kaap Agri summary report provides an overview of the activities, results and financial position of the Group for the year ended 30 September 2018.

The Group specialises in trading in agricultural, fuel and related retail markets in Southern Africa. With its strategic footprint, infrastructure, facilities and client network, it follows a differentiated market approach. In support of the core retail business, the Group also offers financial, grain handling and agency services. Kaap Agri has over 200 operating points located in eight of the nine South African provinces as well as in Namibia.

Operating environment

The agricultural environment remains heavily impacted by climatic conditions in the various areas in which we operate as well as foreign exchange volatility. Policy uncertainty, especially with regard to expropriation without compensation, has negatively impacted capital investment and expansions in the agricultural sector. On the retail side, the consumer environment further deteriorated during the latter part of the financial year, driven by severe fuel price increases, the VAT increase and rising inflation. The ongoing diversification of Kaap Agri has mitigated these impacts to a degree, with strong real revenue growth experienced across all income streams.

Financial results

Kaap Agri increased revenue by 2.1% to approximately R6,55 billion, up from R6,42 billion in the previous financial year on a statutory basis. However, as shown in Annexure A1 on page 27, on a pro forma basis, revenue increased by 8.1% with like-for-like comparable growth of 6.9%. This growth in revenue was driven mainly by a 12.1% increase in the number of transactions. Product inflation is estimated at 5.1% but excluding the large inflationary impact of fuel in the revenue basket, inflation was -0.1%. The strong revenue growth during exceptionally tough trading conditions is reflective of our ongoing diversification and resilience. Retail sales growth continues to outperform agricultural sales growth, albeit from a lower base; and for the first time the retail income channel generated trading profits in excess of the agriculture income channel.

During the period five new and managed retail fuel sites were opened with total Group fuel volumes increasing by 18.4% in the year. The Fuel Company ("TFC") grew fuel volumes by 15.8% on owned sites and by 38.5% when including managed sites awaiting regulatory approval. Further TFC site acquisitions are at various stages of conclusion. Additional sit-down as well as on-the-go food offerings were added to further complement existing retail fuel site offerings. Our upgraded retail format was rolled out to four Agrimark stores and a number of smaller upgrades and expansions were completed within the Agrimark and Pakmark environments. This continuing investment in the business is essential to deliver sustained revenue growth going forward. New Agrimark footprint expansion opportunities are being investigated.

Gross profit has increased by 0.9% on a statutory basis. However, as shown in Annexure A1 on page 27, on a pro forma basis, gross profit increased by 5.0% but at a rate lower than revenue growth. The impact of higher margin retail sales has been offset by the increased contribution of fuel sales at lower margins. Fuel prices have increased by between 17.2% (petrol) and 23.1% (diesel) compared to last year with lower regulated margin growth, thus significantly reducing the margin % on fuel revenue as well as the overall Group margin %.

Expenditure increased by 0.7% on a statutory basis. However, as shown in Annexure A1 on page 27, on a pro forma basis, expenditure increased by 6.7% above gross profit growth and with the largest spend being on people and variable sales related costs. Further cost has been incurred in improving our supply chain capabilities in support of our strategic drive to increase and improve our retail offerings. Cost management remains a focus area within the business.

The Kaap Agri (Namibia) ("KAN") business has benefited from the combined strength and offering of the two joint venture parties and is steadily contributing to an enhanced customer experience through improved execution and product ranging. The performance of this business is expected to improve over the medium term.

Interest received grew by 2.7%, a result of a higher average debtors book driven by increased credit sales. Interest paid increased by 19.1% due to additional gearing of R230.9 million to finance capital expansion and the acquisition of operations.

EBITDA grew by 6,9%, outperforming the growth in recurring headline earnings ("RHE"), due to the impact of depreciation and interest paid resulting from ongoing expansion and acquisition activities.

The Group's effective tax rate of 27,8% is in line with expectations (2017: 27,5%).

RHE grew by 1,7%. We estimate the drought impact on Wesgraan and agri-retail to be 11,3% of the targeted 15% growth with a further 6,5% impact due to regulatory delays in the retail fuel environment. The remainder of the business grew by 4,5%.

RHE per share of 354,10 cents have grown by 0,7% on last year, resulting in a five year compound annual growth rate of 14,1% until 30 September 2018. Once-off items, predominantly costs associated with new business development, are excluded from headline earnings to calculate RHE. Return on revenue has reduced to 3,8% from 4,1% last year, largely impacted by fuel price increases and the increased mix contribution of lower margin fuel.

Operating results

Income growth from the Trading division, which includes the Agrimark retail branches, Pakmark packaging material distribution centres, mechanisation services and spare parts was down 0,3% year on year with operating profit before tax increasing by 9,4%. The impact of equity accounting KAN negatively impacted income growth by 9,5%. Improved agri and retail margins have been partially offset by agricultural related fuel sales at reduced margins.

Significant growth was realised in TFC with income growing 30,1% and operating profit before tax increasing by 34,5%. This division is expected to continue reflecting ongoing strong growth.

Wesgraan, which includes grain handling and storage of grain and related products, seed processing and potato seed marketing, was heavily impacted by the drought and lower wheat volumes and income dropped by 38,2%, resulting in a decrease in operating profit before tax of 54,5%. This performance is expected to recover to normalised levels in the new year off significantly improved wheat harvests.

Irrigation manufacturing, also impacted by drought conditions in the Western Cape but partly offset by positive agricultural conditions in the northern parts of the country, grew income by 3,2% and operating profit before tax by 2,8%.

The Corporate division, which includes the cost of support services as well as other costs not allocated to specific segments, represents 1,4% of turnover (2017: 1,7%).

Treasury income, which represents the net internal interest received less interest paid, decreased by 18,5% due to increased gearing used for expansion and growth purposes.

Financial position

Capital expenditure of R245,1 million was incurred during the year. Of this, R126,8 million was directed to capacity expansion while a further R3,8 million was spent on replacement assets. An additional R114,5 million was spent on the acquisition of business operations.

Working capital has been well controlled. Although debtors have grown slightly above the increase in credit sales, this has been due to select payment extensions granted to a small number of producers who have been severely impacted by the drought. The financial strength of these producers, assisted by an improved current year yield, is expected to allow for a full repayment within the first six months of the new financial year. Adequate securities are held on these producers.

Stock days have remained relatively constant year on year, supported by higher retail and fuel sales contributions and the increased participation of our centralised distribution centre. Creditors' payment terms have increased marginally. Return on net assets has decreased to 9,7% from 10,6% last year, the result of lower current year earnings growth and continued investment in the business. This is expected to improve going forward as earnings recover and grow in line with our strategic plans.

Net interest-bearing borrowings increased by 31,6% to R961,6 million, largely due to the impact of capital expenditure to support growth and the increased debtors book as well as timing of cash flows at the 2017 year-end. Average borrowings increased by R82,2 million year on year. The Group's debt-to-equity ratio, calculated on average balances, decreased to 50,9% (2017: 51,1%) with net debt to EBITDA of 2,0 times (2017: 1,6 times) and interest cover of 5,5 times (2017: 6,9 times). Gearing is within appropriate levels, with sufficient facilities available to enable medium-term growth and access to adequate additional financing facilities, if required. Return on equity decreased to 15,2% (2017: 16,6%), but remains above the targeted minimum level of 15%.

The Group continues to generate strong cash flows from operations and significant investment has been made back into the business to support growth, in terms of increased capital expenditure and acquisitions.

Dividend

A gross final dividend of 84,70 cents per share (2017: 82,60 cents) has been approved and declared by the Board from income reserves, representing a 2,5% increase on the previous year. The final dividend amount, net of South African dividends tax of 20%, is 67,76 cents per share for those shareholders not exempt from dividends tax. Including the interim dividend, the total dividend for the year ended 30 September 2018 of 116,70 cents per share (2017: 112,00 cents) increased by 4,2% over the prior year and has grown at a compound annual growth rate ("CAGR") of 18,5% over the past five years. The total dividend per share represents a dividend cover of 2,9 times (2017: 3,0 times).

The salient dates for the distribution are:

Declaration date	Thursday, 29 November 2018
Last day to trade cum dividend	Tuesday, 12 February 2019
Trading ex dividend commences	Wednesday, 13 February 2019
Record date to qualify for dividend	Friday, 15 February 2019
Date of payment	Monday, 18 February 2019

Share certificates may not be dematerialised or rematerialised between Wednesday, 13 February 2019 and Friday, 15 February 2019, both days inclusive.

Outlook

Agricultural conditions in the Western Cape have largely improved year on year and farm dam levels are in a good position. Currently the outlook for a vastly improved wheat harvest and a normalised year in the fruit and vegetable environments is positive. The wheat harvest commenced in late October and indications are positive regarding total yield and quality. Conditions in the northern regions of the country are encouraging. The issue of expropriation without compensation is having an impact on confidence as well as expansions in the agricultural space.

Retail sales and general retail performance remain under pressure with glimpses of improvement starting to emerge. The November and December trading performance, being strong retail months, will give a better indication as to whether a sustained retail recovery is underway. Weakening exchange rates will negatively impact product and raw material imports.

The past year has been a challenging one, but our various growth strategies have partially mitigated the impact of the drought. We have continued on our path of selective strategic revenue generating expansion and acquisition and immersed ourselves in the customer experience to ensure that sustained and mutually beneficial engagements and relationships will continue. We believe that the continued focus on our strategic goals will contribute to the business recovering from the subdued 2018 performance and we remain on track to achieve our strategic medium-term plan growth targets of a minimum 15% CAGR in RHE at a minimum ROE of 15%.

Events after the reporting date

Subsequent to year-end, Kaap Agri acquired the majority shareholding in Partridge Building Supplies (Pty) Ltd ("PBS") which trades as Underberg Forge in Southern KwaZulu-Natal ("KZN") Midlands. PBS trades under three divisions: Forge Agri, Forge Build and Forge Trans. This acquisition provides Kaap Agri with an entry point into a new geographical region, KZN, as well as an additional business stream in the pasture-based dairy sector. This is fully aligned with our strategic intent to do more business, in more places, with more customers and with more products generating increased revenue.

The Group also obtained control of three retail fuel stations, two purchased from C-Max Investments 71 (Pty) Ltd and one from Edopax CC. The acquisition dates for the businesses were during October and November 2018.

There have been no other events that may have a material effect on the Group that occurred after the end of the reporting period and up to the date of approval of the summary consolidated financial results by the Board.

Appreciation

The Board of directors records its appreciation for the continued support and loyalty of the Group's employees, shareholders, customers and suppliers.

On behalf of the Board



GM Steyn
Chairman

29 November 2018



S Walsh
Chief Executive Officer

Statement of financial position

at 30 September

Notes	2018 R'000	Restated 2017 R'000	Restated 2016 R'000	
ASSETS				
Non-current assets				
Property, plant and equipment	5	1 097 159	947 617	769 208
Intangible assets	6	168 165	99 482	48 094
Investment in joint venture	7	11 941	15 357	–
Loans		26 397	13 533	–
Deferred taxation		1 234	823	6 008
		1 304 896	1 076 812	823 310
Current assets				
Inventory		911 151	774 244	829 210
Trade and other receivables	8	1 664 483	1 499 420	1 444 292
Derivative financial instruments		6 487	348	10 335
Short-term portion of loans		–	23 925	26 821
Cash and cash equivalents		40 214	35 088	16 983
		2 622 335	2 333 025	2 327 641
Total assets		3 927 231	3 409 837	3 150 951
EQUITY AND LIABILITIES				
Capital and reserves				
		1 742 746	1 581 981	1 405 316
Non-current liabilities				
Deferred taxation		41 905	16 562	5 718
Finance lease liabilities		17 402	18 420	14 920
Employee benefit obligations		16 367	17 621	24 003
		75 674	52 603	44 641
Current liabilities				
Trade and other payables	9	1 095 812	987 819	805 329
Derivative financial instruments		–	348	10 335
Short-term portion of finance lease liabilities		8 542	6 192	3 657
Short-term portion of employee benefit obligations		1 914	13 478	7 569
Short-term borrowings		1 000 907	764 892	871 058
Income tax		1 636	2 524	3 046
		2 108 811	1 775 253	1 700 994
Total liabilities		2 184 485	1 827 856	1 745 635
Total equity and liabilities		3 927 231	3 409 837	3 150 951
Total shareholders' equity to total assets employed* (%)		45,3%	46,4%	47,1%
Net interest-bearing debt to total assets employed* (%)		23,1%	23,7%	25,3%
Net asset value per share (rand)		R24,84	R22,45	R19,94
Shares in issue (number – '000)		70 162	70 462	70 462
Total number of ordinary shares in issue**		74 170	74 170	74 170
Treasury shares		(4 008)	(3 708)	(3 708)

* Ratios calculated on average balances.

** There was no change in the issued share capital between 30 September 2018 and the dividend declaration date, being 74 170 277 shares.

Income statement

for the year ended 30 September

	2018 R'000	Restated 2017 R'000
Revenue	6 548 793	6 415 697
Cost of sales	(5 446 480)	(5 323 055)
Gross profit	1 102 313	1 092 642
Operating expenses	(787 094)	(803 520)
Operating profit before interest received	315 219	289 122
Interest received	115 840	112 780
Operating profit	431 059	401 902
Finance costs	(82 739)	(69 481)
Share in profit/(loss) of joint venture	(3 416)	201
Profit before tax	344 904	332 622
Income tax	(95 947)	(91 497)
Profit for the period	248 957	241 125
Attributable to equity holders of the holding company	246 247	241 125
Non-controlling interest	2 710	–
Earnings per share – basic (cents)	349,80	342,21
Earnings per share – diluted (cents)	346,90	339,35
Dividend per share (cents)	116,70	112,00

Headline earnings reconciliation

for the year ended 30 September

	2018 R'000	Restated 2017 R'000
Profit for the period	248 957	241 125
Attributable to equity holders of the holding company	246 247	241 125
Non-controlling interest	2 710	–
Net profit on disposal of assets	(578)	(137)
Gross	(803)	(190)
Tax effect	225	53
Net loss on disposal of share in subsidiary and impairment of joint venture	–	2 211
Loss on disposal of share in subsidiary	–	1 088
Fair value adjustment on loss of control	–	1 123
Tax effect	–	–
Headline earnings	248 379	243 199
Attributable to equity holders of the holding company	245 669	243 199
Non-controlling interest	2 710	–
Non-recurring expenses*	3 604	4 470
Recurring headline earnings	251 983	247 669
Attributable to equity holders of the holding company	249 273	247 669
Non-controlling interest	2 710	–
Headline earnings per share – basic (cents)	348,98	345,15
Headline earnings per share – diluted (cents)	346,09	342,26
Recurring headline earnings per share (cents)	354,10	351,49
Weighted average number of shares (number – '000)	70 396	70 462
Weighted average number of diluted shares (number – '000)	70 984	71 056

* Non-recurring expenses consist predominantly of once-off costs associated with acquisitions of new businesses and other restructuring costs in the current year and the JSE listing in the previous year.

Statement of comprehensive income

for the year ended 30 September

	2018 R'000	Restated 2017 R'000
Profit for the period	248 957	241 125
Other comprehensive income:		
Cash flow hedges	(394)	384
Gross	(547)	533
Tax	153	(149)
Total comprehensive income for the period	248 563	241 509
Attributable to equity holders of the holding company	245 853	241 509
Non-controlling interest	2 710	–

Statement of changes in equity

for the year ended 30 September

	2018 R'000	Restated 2017 R'000
Share capital	443 921	456 643
Gross shares issued	480 347	480 347
Treasury shares	(36 426)	(23 704)
Other reserves	9 172	3 893
Opening balance	3 893	(277)
Share-based payments	5 673	3 786
Other comprehensive income	(394)	384
Retained profit	1 286 943	1 121 445
Opening balance – restated	1 121 445	948 950
Profit for the period	246 247	241 125
Dividends paid	(80 749)	(68 630)
Non-controlling interest		
Profit for the period	2 710	–
Capital and reserves	1 742 746	1 581 981

Statement of cash flows

for the year ended 30 September

	2018 R'000	Restated 2017 R'000
Cash flow from operating activities	237 025	489 704
Net cash profit from operating activities	451 431	481 053
Working capital changes	(127 150)	103 162
Income tax paid	(87 256)	(94 511)
Cash flow from investment activities	(283 503)	(272 985)
Purchase of property, plant and equipment	(130 615)	(201 616)
Proceeds on disposal of property, plant and equipment	2 736	775
Prepayments made during the year	(52 900)	-
Decrease in loans	11 776	18 555
Acquisition of operations	(114 500)	(90 699)
Cash flow from financing activities	51 604	(198 614)
Increase/(decrease) in short-term loans	236 015	(56 045)
Increase in finance lease liabilities	(8 201)	(4 458)
Interest paid	(82 739)	(69 481)
Treasury shares acquired	(12 722)	-
Dividends paid	(80 749)	(68 630)
Net increase in cash and cash equivalents	5 126	18 105
Cash and cash equivalents at the beginning of the year	35 088	16 983
Cash and cash equivalents at the end of the year	40 214	35 088

Notes to the summarised consolidated financial statements

for the year ended 30 September

1. Basis of presentation and accounting policies

The Group's summarised consolidated financial statements for the year ended 30 September 2018 have been prepared in accordance with the requirements of the JSE Limited ("JSE") for summary financial statements, and the requirements of the Companies Act of South Africa, Act 71 of 2008, as amended, applicable to summary financial statements. The Listings Requirements of the JSE require summary financial statements to be prepared in accordance with the framework concepts and the measurement and recognition of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council and also, as a minimum, to contain the information required by IAS 34 "Interim Financial Reporting".

The Group's summarised consolidated financial statements is an extract from the audited information, but this summary report has not been audited. The Group annual financial statements for the year were audited by PricewaterhouseCoopers Inc., and their unmodified audit report on this set of information, is available for inspection at the company's registered office. The Group's auditors have not reviewed nor reported on any comments relating to prospects.

The directors take full responsibility for the preparation of the summarised Group financial statements and that the financial information has been correctly extracted from the underlying financial records.

The Group's summarised consolidated financial statements for the year ended 30 September 2018 were prepared by GC Victor CA(SA), the Group's financial manager under supervision of GW Sim CA(SA) the Group's financial director.

2. Accounting policies

The accounting policies applied in the preparation of the Group financial statements from which the Group's summarised consolidated financial statements were derived, are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous Group financial statements.

3. Critical accounting estimates and assumptions

In preparing the Group's summarised financial statements, the significant judgements made by management in applying the Group's accounting policies of estimation uncertainty were the same as those that applied to the Group annual financial statements for the year ended 30 September 2018. 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.

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. This includes an assessment of current and expected future payment profiles and customer specific risk factors such as economic circumstances, geographical location and the value of security held.

4. Fair value estimation

Financial instruments measured at fair value, are disclosed by level of the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The only financial instruments that are carried at fair value are derivative financial instruments held for hedging.

The fair value 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 (Level 2).

Level 2 hedging derivatives comprise forward purchase and sale contracts and options. The effects of discounting are generally insignificant for Level 2 derivatives.

The fair value of the following financial instruments approximate their carrying amount at the reporting date:

- Trade and other receivables
- Loans
- Trade and other payables
- Short-term borrowings
- Finance lease liabilities

Notes to the summarised consolidated financial statements

for the year ended 30 September

	2018 R'000	Restated 2017 R'000
5. Property, plant and equipment		
Reconciliation of movements in carrying value:		
Carrying value beginning of period	947 617	769 208
Additions	140 148	212 109
Land and buildings	31 275	32 521
Grain silos	4 122	–
Machinery and equipment	13 027	23 015
Vehicles	10 397	14 144
Office furniture and equipment	11 198	13 000
Leasehold properties	433	816
Assets under construction	69 696	128 613
Additions through business combinations	61 017	43 067
Sale of share in subsidiary	–	(35 393)
Disposals	(1 933)	(584)
Depreciation	(49 690)	(40 790)
Carrying value end of period	1 097 159	947 617
Land and buildings	807 595	651 842
Grain silos	21 636	16 782
Machinery and equipment	95 877	90 362
Vehicles	28 915	27 927
Office furniture and equipment	87 116	54 083
Leasehold properties	22 568	14 708
Assets under construction	33 452	91 913
Vehicles include the following amounts where the Group is a lessee under a finance lease:		
Cost	39 451	29 918
Accumulated depreciation	(16 826)	(9 299)
Carrying value	22 625	20 619
6. Intangible assets		
Reconciliation of movements in carrying value:		
Carrying value beginning of period	99 482	48 094
Additions through business combinations	69 744	53 217
Amortisation	(1 061)	(1 829)
Carrying value end of period	168 165	99 482
Goodwill	167 695	97 951
Customer relations	470	1 531

To assess for impairment of goodwill, a value in use calculation was done per CGU. Income and expenses were increased at the expected inflation rate and a discount rate of 11% to 15% was used depending on the CGU's specific risk profile. No impairment was recognised, with no indicators that the calculation is sensitive to reasonable change in assumptions. The most significant CGU being Total Clayville (carrying value: R37,8 million), Engen Clayville (carrying value: R31,9 million) and MBT Brits (carrying value: R35,9 million) calculated with discount rates of between 11% – 15% and terminal growth rates of between 7% – 10%.

Notes to the summarised consolidated financial statements

for the year ended 30 September

	2018 R'000	Restated 2017 R'000
7. Investment in joint venture		
<i>Kaap Agri (Namibia) (Pty) Ltd</i>		
Beginning of year	15 357	–
Carrying value at date of acquisition	–	16 279
Fair value adjustment on loss of control	–	(1 123)
Share in total comprehensive income	(3 416)	201
	11 941	15 357
8. Trade and other receivables		
Trade debtors	1 549 498	1 438 292
Provision for impairment	(39 909)	(45 313)
	1 509 589	1 392 979
VAT	45 932	44 842
Prepayments	52 900	–
Pupkewitz Holdings	–	16 550
Other debtors	56 062	45 049
	1 664 483	1 499 420
9. Trade and other payables		
Trade creditors	1 000 982	871 343
Employee accruals	42 177	50 179
Other creditors	52 653	66 297
	1 095 812	987 819

Notes to the summarised consolidated financial statements

for the year ended 30 September

10. Information about operating segments

Management has determined the operating segments based on the reports reviewed by the Executive Committee that are used to make strategic decisions. The Executive Committee considers the business from a divisional perspective. The performance of the following divisions are separately considered: Trade, The Fuel Company ("TFC"), Wesgraan as well as Irrigation manufacturing. The performance of the operating segments are assessed based on a measure of revenue and net profit before taxation.

Trade provides a complete range of production inputs, mechanisation equipment and services, and other goods to agricultural producers as well as the general public.

TFC provides a full retail fuel offering to a diverse range of customers, including convenience store and quick service restaurant outlets.

Wesgraan provides a complete range of marketing and hedging options as well as handling grain products between producer and buyer.

Irrigation manufacturing, manufactures dripper pipe and other irrigation equipment and distributes franchise and other irrigation parts.

Segment revenue and results

	SEGMENT REVENUE		SEGMENT RESULTS	
	2018 R'000	Restated 2017 R'000	2018 R'000	Restated 2017 R'000
Trade	4 120 868	4 134 625	241 947	221 257
TFC	1 802 049	1 385 271	85 809	63 782
Wesgraan	439 121	710 239	23 611	51 922
Irrigation manufacturing	186 755	180 976	25 952	25 248
Total for reportable segments	6 548 793	6 411 111	377 319	362 209
Corporate	–	4 586	(94 237)	(109 851)
Treasury	–	–	65 238	80 063
Share in profit/(loss) of joint venture	–	–	(3 416)	201
Total external revenue	6 548 793	6 415 697		
Profit before tax			344 904	332 622
Income tax			(95 947)	(91 497)
Profit after tax			248 957	241 125

Segment assets and liabilities

	SEGMENT ASSETS		SEGMENT LIABILITIES	
	2018 R'000	Restated 2017 R'000	2018 R'000	Restated 2017 R'000
Trade	1 430 303	1 251 648	888 404	840 833
TFC	546 449	340 921	121 215	24 420
Wesgraan	97 440	68 980	12 638	25 704
Irrigation manufacturing	71 740	64 016	25 925	29 822
Total for reportable segments	2 145 932	1 725 565	1 048 182	920 779
Corporate	258 535	275 113	93 491	125 623
Trade debtors	1 509 589	1 392 979	–	–
Investment in joint venture	11 941	15 357	–	–
Short-term borrowings	–	–	1 000 907	764 892
Deferred taxation	1 234	823	41 905	16 562
	3 927 231	3 409 837	2 184 485	1 827 856

Notes to the summarised consolidated financial statements

for the year ended 30 September

	2018 R'000	2017 R'000
11. Capital commitments		
Contracted	71 956	74 250

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

12. Business combinations

In line with the Group's growth strategy to acquire businesses in the fuel sector, certain retail fuel operations and accompanying retail fuel properties were acquired. Goodwill on acquisition was paid on these businesses as the price is competitive in the context of other retail fuel operations and the business combination presents synergies within the Group and have further earnings potential.

A purchase price allocation as required by IFRS 3 – Business combinations was provisionally performed and no material intangible assets were identified, other than fuel site operating licenses, which are recognised with the property that it relates to as one asset as these assets have similar useful lives.

The Group does not disclose revenue and profit of the combined entities as if the acquisitions occurred at the beginning of the reporting period, because the Group does not have access to the relevant information before the Group obtained control over the businesses.

The Group acquired the following assets through business combinations:

Total Clayville service station on 1 July 2018

Engen Clayville service station on 1 August 2018

	Total R	Engen Clayville R	Total Clayville R
<i>Carrying value</i>			
<i>Assets</i>			
Property, plant and equipment	71 100	32 200	38 900
Inventory	824	157	667
	71 924	32 357	39 567
<i>Fair value</i>			
<i>Assets</i>			
Property, plant and equipment	61 016	25 108	35 908
Inventory	824	157	667
Deferred taxation	(17 084)	(7 030)	(10 054)
Goodwill	69 744	31 965	37 779
Purchase consideration paid in cash	114 500	50 200	64 300
The acquired businesses contributed as follows since acquisition to the Group's results:			
Revenue	65 680	23 173	42 507
Net profit	3 454	1 801	1 653

Notes to the summarised consolidated financial statements

for the year ended 30 September

13. Events after reporting date

In line with the Group's growth strategy to acquire businesses in the fuel sector, certain retail fuel operations and accompanying retail fuel properties were acquired after year-end.

Two service stations were purchased from C-Max Investments 71 (Pty) Ltd. The acquisition dates for the two businesses were during October and November 2018 respectively. Goodwill is recognised based on the expected synergies from combining operations with the acquiree. The purchase consideration of R84,9 million will be paid through issuance of shares in a subsidiary company.

A service station (Total Summit Road) was purchased from Edopax CC. The purchase consideration of R52,9 million was paid and treated as a prepayment in the current year.

In terms of IFRS 3 Business Combinations the purchase price of the transaction will be allocated to tangible assets (mainly property, plant and equipment and other net assets) and the balance will be allocated to goodwill. At the date of the publication of the audited consolidated results, the acquisition date fair values of acquired net assets have not yet been determined.

The Group also acquired a 60% shareholding in Partridge Building Supplies (Pty) Ltd in exchange for cash consideration of R48 million.

In terms of IFRS 3 Business Combinations the purchase price of the Partridge Building Supplies (Pty) Ltd business will be allocated to tangible assets (mainly property, plant and equipment and other net assets) and intangible assets (mainly trade names and customer relationships) and the balance will be allocated to goodwill. At the date of the publication of the audited consolidated results, the acquisition date fair values of acquired net assets have not yet been determined.

14. Restatement of comparative amounts

Other income

In the prior year the internal delivery costs recovered were disclosed under other income and should have been set off against the internal expense.

The 2017 income statement of the Group was restated. The effect on the financial statements of the Group is as follows:

	2017		
	Original balance R'000	Restatement R'000	Restated balance R'000
<i>Effect on statement of comprehensive income</i>			
Other operating income	181 705	(29 337)	152 368
Selling and distribution costs	(123 311)	29 337	(93 974)
Profit before tax	332 622	–	332 622

Notes to the summarised consolidated financial statements

for the year ended 30 September

14. Restatement of comparative amounts (continued)

Classification of leases

During the year, the Group reassessed the classification of leases relating to their vehicle fleet and identified that a number of leases previously classified as operating leases should be classified as finance leases.

The correction of the classification has been applied retrospectively. This has resulted in restatement of the comparative consolidated financial statements for the year ended 30 September 2017, with the impact on the respective financial statement line items as follows:

	2017		
	Original balance R'000	Restatement R'000	Restated balance R'000
<i>Effect on statement of financial position</i>			
Non-current assets			
Property, plant and equipment	926 998	20 619	947 617
Current assets			
Trade and other receivables	1 496 333	3 087	1 499 420
Non-current liabilities			
Finance lease liabilities	–	(18 420)	(18 420)
Deferred taxation	(16 815)	253	(16 562)
Current liabilities			
Short-term portion finance lease liabilities	–	(6 192)	(6 192)
Capital and reserves			
Retained profit	(1 122 098)	653	(1 121 445)

2016		
Original balance R'000	Restatement R'000	Restated balance R'000
753 593	15 615	769 208
1 441 831	2 461	1 444 292
–	(14 920)	(14 920)
(5 858)	140	(5 718)
–	(3 657)	(3 657)
(949 311)	361	(948 950)

Notes to the summarised consolidated financial statements

for the year ended 30 September

14. Restatement of comparative amounts (continued)

	2017		
	Original balance R'000	Restatement R'000	Restated balance R'000
<i>Effect on statement of comprehensive income</i>			
Administrative expenses	(514 110)	(4)	(514 114)
Other operating expenses	(234 888)	2 079	(232 809)
Finance costs	(67 001)	(2 480)	(69 481)
Profit before tax	333 027	(405)	332 622
Profit attributable to shareholders of the holding company	241 417	(292)	241 125
 <i>Effect on statement of cash flows</i>			
<i>Cash flow from operating activities</i>			
Net cash profit from operating activities	473 489	7 564	481 053
Working capital changes	103 788	(626)	103 162
 <i>Cash flow from investment activities</i>			
Increase in finance lease liabilities	–	(4 458)	(4 458)
Interest paid	(67 001)	(2 480)	(69 481)
Basic earnings per share (cents)	342,62	(0,41)	342,21
Diluted earnings per share (cents)	339,76	(0,41)	339,35
Basic headline earnings per share (cents)	345,56	(0,41)	345,15
Diluted headline earnings per share (cents)	342,67	(0,41)	342,26

ANNEXURE A1

Pro forma financial information: Partial disposal of Kaap Agri (Namibia)

As announced on SENS on 3 August 2017, the company disposed of 50% of its interest in KAN, which was previously a wholly-owned subsidiary of the company. In terms of International Financial Reporting Standards, Kaap Agri's remaining non-controlling interest in KAN is equity accounted from 1 August 2017, while it was consolidated prior to this date. To allow for a meaningful comparison, the commentary and pro forma adjustments regarding revenue, gross profit and expenditure have been prepared for illustrative purposes only and on the basis of the consistent treatment of KAN as an equity investment for both the years ending 30 September 2017 and 30 September 2018.

The pro forma financial effects are presented in accordance with the JSE Listings Requirements, the Guide on Pro Forma Financial Information issued by SAICA and the measurement and recognition requirements of International Financial Reporting Standards. The accounting policies applied in quantifying pro forma adjustments are consistent with Kaap Agri's accounting policies at 30 September 2018. The pro forma financial information is the responsibility of the directors and has not been reviewed or reported on by the company's external auditors.

An assurance report (in terms of ISAE 3420: Assurance Engagements to Report on the Compilation of Pro Forma Financial Information) has been issued by the Group's auditors in respect of the pro forma financial information included in this announcement. The assurance report is available for inspection at the registered office of the company.

	Statutory 12 months⁽¹⁾ R'000	KAN 10 months⁽²⁾ R'000	Pro forma 12 months⁽³⁾ R'000
Revenue	6 415 697	(359 976)	6 055 721
Gross profit	1 092 642	(42 399)	1 050 243
Expenditure	(843 108)	47 899	(795 209)

⁽¹⁾ The column titled "Statutory 12 months" has been extracted without adjustment from the Kaap Agri audited results for the period ended 30 September 2017.

⁽²⁾ The column titled "KAN 10 months" represents the unaudited revenue, gross profit and expenditure of KAN for the period ended 31 July 2017.

⁽³⁾ The column titled "Pro forma 12 months" represents the Kaap Agri pro forma revenue, gross profit and expenditure after adjustment for the KAN disposal.

All pro forma adjustments will have a continuing effect on the financial results of Kaap Agri.

Annexure B

Shareholder information

1. SHAREHOLDERS' PROFILE

Spread

1 to 1 000 shares	1 628	661 716	0,9%
1 001 to 10 000 shares	1 505	5 283 186	7,1%
10 001 to 100 000 shares	397	11 057 718	14,9%
100 001 to 1 000 000 shares	23	5 406 034	7,3%
More than 1 000 000 shares	4	51 761 623	69,8%
Total	3 557	74 170 277	100,0%

Type of shareholder

Public	3 546	24 688 046	33,3%
Non-public	11	49 482 231	66,7%
Directors and associates of the company	7	515 710	0,7%
Zeder Financial Services (Pty) Ltd	1	30 322 333	40,9%
Plurispace (Pty) Ltd	1	14 834 056	20,0%
Empowerment and Transformation Investments (Pty) Ltd	1	3 708 514	5,0%
The Fruit Workers Development Trust	1	101 618	0,1%
Total	3 557	74 170 277	100,0%

Major beneficial shareholders

The following shareholders have a holding equal to or greater than 5% of the issued shares of the company.

Zeder Financial Services (Pty) Ltd	30 322 333	40,9%
Plurispace (Pty) Ltd	14 834 056	20,0%
Empowerment and Transformation Investments (Pty) Ltd	3 708 514	5,0%
Total	48 864 903	65,9%

2. SHAREHOLDING OF DIRECTORS (DIRECT AND INDIRECT)

BS Du Toit	29 729	29 729
WC Michaels	1 250	–
CA Otto	154 546	33 597
GW Sim	7 500	–
HM Smit	3 461	3 461
GM Steyn	–	2 896 720
JH Van Niekerk	249 674	249 674
S Walsh	69 550	40 000
Total	515 710	3 253 181
Percentage of issued shares	0,7%	4,4%

There has been no change in the directors' interest from the financial year-end of the Company on 30 September 2018 up until the approval of the financial statements.

3. SHARE CAPITAL OF THE COMPANY AT 30 SEPTEMBER 2018

Authorised:

Ordinary shares with no par value

NUMBER	
2018	2017
29 729	29 729
1 250	–
154 546	33 597
7 500	–
3 461	3 461
–	2 896 720
249 674	249 674
69 550	40 000
515 710	3 253 181
0,7%	4,4%

1 000 000 000	1 000 000 000
---------------	---------------

Issued:

Ordinary shares with no par value

Total number of ordinary shares

Treasury shares

74 170 277	74 170 277
(4 008 514)	(3 708 514)
70 161 163	70 461 763

70 161 163	70 461 763
------------	------------

Stated capital:

Total value of ordinary shares

Treasury share value

Total stated capital

VALUE

2018	2017
480 346 566	480 346 566
(36 426 440)	(23 703 523)
443 920 126	456 643 043

480 346 566	480 346 566
(36 426 440)	(23 703 523)
443 920 126	456 643 043

(36 426 440)	(23 703 523)
--------------	--------------

443 920 126	456 643 043
-------------	-------------

4. MATERIAL CHANGES

There has been no material change in the financial or trading position of the company and its subsidiaries subsequent to the company's financial year-end, being 30 September 2018.

Annexure C

Remuneration report

Remuneration policy

Remuneration philosophy

Our reward philosophy is focused on entrenching a high-performance culture where excellence is rewarded and mediocrity is not acceptable. At all levels of the organisation, this is evident in the design of our incentive schemes and in the management of total guaranteed pay (TGP).

We ensure that remuneration is appropriately set against a variety of factors, such as the complexity of functions, the scope of accountability, market practice and competitiveness, the alignment of risks and rewards, and the long-term objectives of the Group and its shareholders. We are committed to the principle of equitable remuneration, while acknowledging there will be occasions when jobs with the same grade earn different amounts determined by market factors and justified by a reason such as a shortage of skills.

Our philosophy underpins a remuneration framework that fulfils the following requirements:

- enables the long-term sustainable success of Kaap Agri by linking reward to the achievement of Group strategy and the creation of shareholder value;
- attracts and retains the required skills base;
- links remuneration to performance measures;
- achieves a balance between individual, team and business performance; and
- offers employees a competitive and market-aligned remuneration package with fixed salaries representing a significant remuneration component.

Organisation-wide remuneration approach and the wage gap

Kaap Agri is committed to ensure that remuneration is responsible, fair and reasonable to both the company and the employee. During the financial year, the Remuneration committee (RemCo) has received regular updates from the executive director: Human Resources on the remuneration arrangements for all employees, in particular the level of annual increases provided.

To ensure a fair and responsible remuneration strategy, the RemCo will focus on ensuring that:

- the remuneration policy is competitive, best suited to Kaap Agri's business model, guided by best practice and compliant with regulatory requirements;
- good governance principles are applied with regard to remuneration and there are no income disparities based on gender, race, or any other unacceptable grounds of discrimination;
- on an annual basis, employee remuneration, including that of non-permanent employees within the various bargaining councils, meets the prescribed minimum pay rate;
- there is no unfair discrimination, the fairness of total reward practices is continually monitored and appropriate corrective action is taken where deemed necessary; and
- remuneration practices respect the "equal pay for equal work" principle.

Components of remuneration for all employees

The remuneration framework in respect of all employees is as follows:

REMUNERATION FRAMEWORK			
Guaranteed pay		Variable pay	
Basic pay	Benefits	Incentives	Allowances
Cash salary including the 13th cheque (annual bonus)	Benefits that include vehicle benefit, medical aid and retirement scheme	Profit share, short-term incentives (STI), marketer's commission and long-term incentive (LTI) schemes based on individual and company performance	Monthly allowances not limited only to those prescribed by the bargaining council and sectoral determination agreements

Basic pay and condition of service

On an annual basis, the company will compare the annual increases proposed by the bargaining councils and/or sectoral determination agreements to that proposed by the Board and award the higher of these increases to eligible employees. The company ensures that employees receive the most favourable conditions of service.

Profit share

This profit share scheme applies to all permanent employees based on the level of performance in their business area, excluding the executive directors. Also excluded is any employee earning commission, for example marketers. This amount is payable in December of each year in line with the scheme guidelines.

Profit share is designed to:

- motivate employees to deliver branch performance targets that contribute to the Group performance targets; and
- recognise performance on a short-term basis, based on full-year targets.

The detail of the profit share scheme is described in the profit share scheme guidelines, and reviewed annually.

Components of remuneration for executive directors and Group managers

The table below sets out an overview of the components of remuneration that apply to executive directors and Group managers:

Element	Purpose	Performance period and measures	Operation and delivery
Total guaranteed pay (TGP) <i>Includes fixed salary and benefits (e.g. vehicle benefit, medical aid and retirement scheme)</i>	To compensate the employee for time and competence at a market-related rate, taking into account individual performance and contribution	TGP is reviewed annually based on individual performance.	TGP is delivered to the employee as a cash salary and a mix of compulsory and/or discretionary benefits, such as retirement fund, medical aid and vehicle allowance benefit (all benefits are funded from TGP).
STI	To create a high-performance culture through a cash bonus linked to performance against contracted deliverables with due regard to preventing excessive risk-taking; and to retain and motivate key talent	Performance is evaluated annually against growth in profit before tax.	Payable in cash in December based on guidelines each year in respect of the previous financial year. All bonuses are self-funded, based on financial targets.
LTI	To increase employee motivation and thereby create alignment between employees' interests and shareholder interests; and to retain the services of valuable and highly skilled individuals who are performing exceptionally	The performance conditions are inherent in the award in that there must be an increase in the Group share price before any value is received by a participant.	Annual award of options is made entitling an individual to shares calculated with reference to the increase in share price between grant date and vesting date. Vesting occurs in equal tranches in the 2nd, 3rd, 4th and 5th year following the grant date.

Short-term incentive scheme (STI)

The STI is designed to motivate employees to deliver Group performance improvements over the financial year. Executive directors and executive managers participate in the STI with an entitlement equivalent to a proportion of TGP. The maximum amount that can be earned under the STI by the CEO/executive directors is 100% of TGP. Any amount is payable in cash following the end of the financial year.

For 2019, the following performance conditions apply:

Profit before tax	Payment as percentage of TGP
< 5% growth	No payment
5% growth	1,4%
40% growth	100%

Long-term incentive scheme (LTI)

The LTI is an equity-settled management share incentive scheme (the scheme) that was implemented from 1 October 2016. Executive directors and Group managers participate in the LTI scheme.

The scheme is designed to:

- motivate and recognise the contribution of senior managers at top management level;
- provide employees with the opportunity to acquire shares in the Group through the grant of rights to future delivery of shares, subject to certain performance criteria;
- promote and enable the retention and attraction of exceptional talent; and
- align the interests of the management of the Group with shareholders.

Operation

On an annual basis, participants are awarded a number of rights in the scheme. The rights awarded are based on 200% of TGP for the CEO and 150% of TGP for the Financial Director. The rights vest in equal tranches on the first day of the 2nd, 3rd, 4th and 5th financial year following the grant date.

On the vesting date, shares will be awarded to a participant calculated with reference to the value of the growth in the share price between the grant date and vesting date. As such, participants only benefit from the scheme if the share price has increased. Should the share price not increase, the rights will be worth nil and will lapse.

Cessation of employment and effect on unvested LTI

In the case of cessation of employment, the treatment of unvested rights will depend on the reason for cessation as set out below:

Reason for cessation	Treatment of unvested options
Just cause dismissal or resignation	Unvested options will lapse.
Death, ill health, permanent disability, retirement, early retirement and retrenchment	Following cessation, participants will be entitled to vest the rights due on the next vesting date. Any remaining rights following this vesting event will lapse.

Executive director and key management contracts

Executive directors and other key management of the Group do not have fixed-term or bespoke key management contracts, but are employed in terms of the Group's standard contract of employment. The notice period for termination of service is three (3) calendar months.

No additional payments are made to key management upon termination of employment (apart from those required in terms of labour legislation), and they do not receive sign-on bonuses.

Upon cessation of employment, all STI will be forfeited, and unvested LTI will be treated in accordance with the LTI policy (refer to "Cessation of employment and effect on unvested LTI" above).

Non-executive director (NED) fees

The fees of the NEDs consist of a fixed annual fee for services as a director and an additional fixed fee for duties on committees. NEDs are reimbursed for travelling and other costs in relation to their duties. Alternatively, the Group carries these costs directly.

NEDs do not qualify for any STI or LTI.

The Group reviews market best practice and leadership publications by reputable remuneration consulting firms to assess the reasonability and level of NED fees. Comparison analyses are done with regard to other similar companies and committees with similar responsibilities.

Proposed 2019 financial year NED fees

Fees for the 2019 financial year will be submitted for approval by the shareholders in accordance with the Companies Act, 71 of 2008, at the Group's AGM to be held on 14 February 2019. Refer to special resolution number 1, in this notice of AGM on page 7.

The proposed fees are as follows:

Directors' fees (R'000)	2019	
Director – base fee		R170 000
Board Chairman		+R371 000
Committee	Member	Chairman
Audit and Risk	+R127 000	+R254 000
Remuneration	+R106 000	+R212 000
Finance	+R53 000	+R127 000
Social and Ethics	+R27 000	+R80 000

These proposed fees are VAT exclusive.

Remuneration governance

The RemCo is a Board committee, which is primarily responsible for overseeing the remuneration and incentives of executive directors and key management (collectively "executives"). The members of the committee are appointed annually by the Board and consist of at least three non-executive directors, of whom the majority are independent. The chairman is appointed annually by the Board and will be an independent, non-executive director.

There are currently three members of the RemCo, all of whom are independent non-executive directors:

- CA Otto (chairman);
- GM Steyn; and
- JH van Niekerk.

The level of accountability for governance of the remuneration policy and implementation thereof is illustrated in the table below:

GOVERNANCE FRAMEWORK	
Board of directors	The Kaap Agri Board of directors has ultimate responsibility to ensure compliance with remuneration principles and limiting risk.
RemCo	The Remuneration committee determines appropriate remuneration policies and guidelines for different groups (subject to Board approval) and monitors performance, in line with the committee's role and responsibilities.
Operational level functions	
Executive team	The executive team is responsible for compliance with their respective areas of responsibility and for the evaluation of recommendations to change policies and practices.
Director HR (subsidiary – Kaap Agri Bedryf Limited)	The executive director HR is responsible for managing the day-to-day application of the remuneration policy and for recommending changes to policies and practices to the Executive committee.

The RemCo has the following functions and responsibilities:

- To determine the remuneration of the Chief Executive Officer
- To determine the remuneration of the executive directors as recommended by the Chief Executive Officer
- To determine the remuneration of the non-executive directors
- To consider the remuneration of all senior managers
- To ensure that the remuneration philosophy and principles are in line with the business strategy of the Group
- To ensure a performance-based incentive scheme and performance criteria are developed and implemented
- To determine the annual average increase for staff remuneration

Implementation report with regard to the remuneration policy in the 2018 financial year

The RemCo is satisfied that Kaap Agri complied with the remuneration policy in the 2018 financial year.

TGP

The following table sets out the TGP increases for the executive directors:

Executive directors	2018 R'000	2017 R'000	Change %
S Walsh	4 830	4 583	5,38
GW Sim	3 160	3 000	5,35

The annual salary increase mandate is based on various factors, ranging from but not limited to the company's profit, average CPI, market salary increase indicators, etc. Performance-based pay is the cornerstone of the remuneration practices and there is a clear differentiation between performers and non-performers. The annual salary increase percentage implemented during this year is illustrated in the table below.

Broadbanding	Employee group	2018 % increase
P1-4	Senior and top management	5,21
P5-9	Middle and junior management	5,41
P10-14	Admin and senior store staff	6,05
P15-18	General workers	6,67
		5,91

STI performance outcomes

Historically, the Group has operated an STI scheme based on a bonus pool arrangement with the pool divided between participants based on their TGP as a proportion of all participants' TGP. During the year, this scheme was phased out, and has been replaced with a scheme under which the STI is calculated based on a fixed percentage of a participant's TGP and the achievement against specific performance conditions as defined below:

Performance condition	Weighting	Threshold performance level	Stretch performance level	Actual performance level	Achievement % maximum
Growth in recurring profitability	100%	+5%	+40%	+1,7%	0%

LTI performance outcomes

Historically, the Group has operated an incentive scheme based on phantom shares and growth. This scheme was phased out and replaced by the Equity Settled Management Share Incentive Scheme (the scheme).

Single-figure remuneration

The following table sets out the remuneration paid to executive directors in the 2018 financial year:

30 September 2018	Basic salary R'000	Travel allowances R'000	Retirement fund contri- butions R'000	Bonuses and incentives R'000	Total R'000
Executive directors					
S Walsh	4 115	131	325	-	4 571
GW Sim	2 526	132	298	-	2 956

For comparison, the following table sets out the remuneration paid to executive directors in the 2017 financial year:

Voting at upcoming AGM

Both Kaap Agri's remuneration policy and its implementation report will be presented to shareholders for separate non-binding advisory votes thereon at the company's upcoming AGM to be held on Thursday, 14 February 2019.

Should 25% or more of the votes exercised in respect of either resolution be against such resolution, the company will issue an invitation to those shareholders who voted against the applicable resolution to engage with the company.

30 September 2017	Basic salary R'000	Travel allowances R'000	Retirement fund contributions R'000	Bonuses and incentives R'000	LTI ^f R'000	Total R'000
Executive directors						
S Walsh	3 595	144	437	811	2 066	7 053
GW Sim	2 096	144	197	1 500	–	3 937

* The value in the LTI column is based on the cash value of the phantom awards vesting during the 2017 financial year.

LTI awards in the 2018 financial year

The following section sets out the options which were granted to executive directors under the scheme during the 2018 financial year:

Executive director	Date awarded	Number of options awarded	Face value of options at grant* R'000	Fair value of options at grant** R'000	Final vesting date
S Walsh	20.03.2018	3 360	162 187	32 088	1.10.2019
	20.03.2018	3 360	162 187	41 294	1.10.2020
	20.03.2018	3 360	162 187	48 485	1.10.2021
	20.03.2018	3 360	162 187	54 365	1.10.2022
GW Sim	20.03.2018	5 465	263 796	52 191	1.10.2019
	20.03.2018	5 465	263 796	67 165	1.10.2020
	20.03.2018	5 465	263 796	78 860	1.10.2021
	20.03.2018	5 465	263 796	88 424	1.10.2022

* Number of options multiplied by the share price on the grant date.

** Number of options multiplied by the fair value on the grant date.

There are no prospective financial performance conditions attached to the options for vesting. However, the options only have value if the grant share price is outgrown.

Termination/hiring

NEDs

The table below sets out the NED fees that have been paid to each NED in the 2018 financial year. NEDs receive no other remuneration or benefits beside directors' fees. The table also indicates directors who resigned or were appointed during this period:

Name of NED	Appointed to the Board	Resigned from the Board	Directors' fees R'000
BS du Toit	November 2011	–	280
JH le Roux	April 2014	–	210
CA Otto	November 2011	–	600
HM Smit	November 2011	–	210
GM Steyn	May 2012	–	510
JH van Niekerk	November 2011	–	380
D du Toit	March 2017	–	280
EA Messina	March 2017	–	235
WC Michaels	August 2017	–	185
I Chalumbira*	September 2018	–	–

* Appointed to the Board.

Corporate information

Kaap Agri Limited (“Kaap Agri” or “the Group”)

Incorporated in the Republic of South Africa

Registration number: 2011/113185/06

Income tax number: 9312717177

JSE Share code: KAL

ISIN: ZAE000244711

Directors

GM Steyn (Chairman)**

S Walsh (Chief Executive Officer)

GW Sim (Financial Director)

BS du Toit**

D du Toit**

JH le Roux*

EA Messina**

WC Michaels**

CA Otto**

HM Smit**

JH van Niekerk**

I Chalumbira* (Appointed 19 September 2018)

* Non-executive

Independent

Transfer secretaries

Computershare Investor Services (Pty) Ltd

Registration number: 2004/003647/07

Rosebank Towers, 15 Biermann Avenue, Rosebank,

Johannesburg, 2196

PO Box 61051, Marshalltown, 2107

Fax number: 086 636 7200

Company Secretary

RH Köstens

Registered address

1 Westhoven Street, Paarl, 7646

Suite 110, Private bag X3041, Paarl, 7620

Telephone number: 021 860 3750

Fax number: 021 860 3314

Web address: www.kaapagri.co.za

Auditors

PricewaterhouseCoopers Inc.

Sponsor

PSG Capital (Pty) Ltd

Registration number: 2006/015817/07

1st Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600

PO Box 7403, Stellenbosch, 7599

and

2nd Floor, 11 Alice Lane, Sandhurst, Sandton, 2196

PO Box 987, Parklands, 2121

www.kaapagri.co.za

