






Contents

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REVIEW OF OPERATIONS

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Profile

Senwes is an agri-business that focuses on:

- the development of access to markets for agricultural produce;
- the supply of input products to the agricultural producer; and
- adding value to role-players in this chain.

Founded 97 years ago, Sentraalwes played a leading role in the South African agricultural industry. The business has grown steadily and diversified, and on 10 April 1997 the old co-operative business form made way for a new public company, Senwes. Senwes conducts extensive activities in sectors such as the grain industry, supply of farming inputs, the mechanisation market and financing services focused on agriculture; with presence in the Free State, North West, Northern Cape and Gauteng Provinces.

The well-deployed silo infrastructure has a capacity of 4,6 million tons and constitutes more than 25% of the total South African commercial storage capacity. Senwes silos handle and store about 30% of the country's grain and oil-seeds in a normal agricultural production year. Senwes is a reliable supplier of clean, safe and healthy commodities with integrity and quality.

The trade and mechanisation side of the business is aimed at providing agricultural producers with exclusive and competitive value and service packages. Value is added for producers through relevant input cost financing packages. The sundry operations of the Group comprise the processing and packing of seed and production of wine as well as the rendering of financial services through an insurance brokerage.

A broad based black economic empowerment transaction has been entered into with the Bafokeng Consortium during 2006. It offers entry into new markets and unlocks other opportunities for Senwes as an empowered agri-business.

With integrity, accountability, innovation, business orientation, selfmotivation and loyalty to Senwes as core values, the business is focused on sustainable value creation and delivering a competitive package of products and services.

BREAKING NEW GROUND



Vision and **STRATEGY**

VISION

To be the most admired agri-business in South Africa.

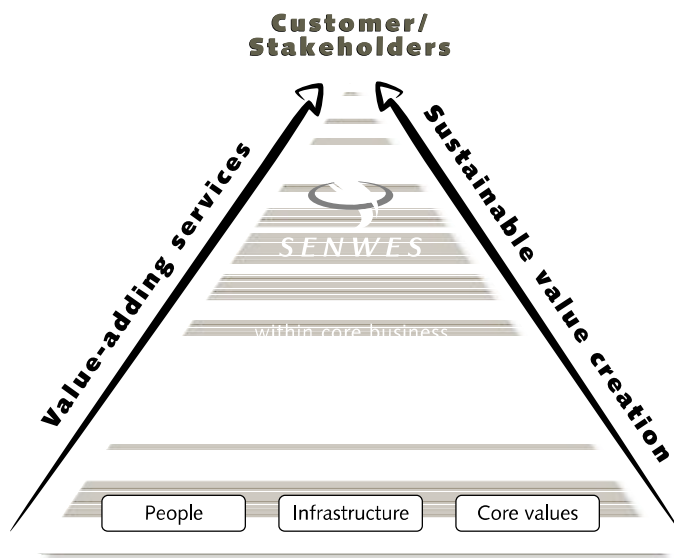
STRATEGY

- Diversification within core business
- Unlocking of value
- Black economic empowerment (BEE)
- Financial performance

MISSION

Senwes is a diversified agri-business that provides agricultural production inputs, market access to agricultural products and value-adding services to its customers.

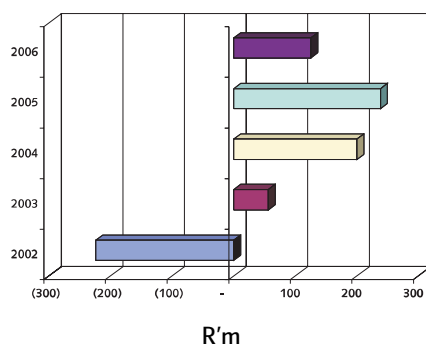
With its people, strong infrastructure and healthy core values as corner stones, Senwes focuses on sustainable value creation for all stakeholders.



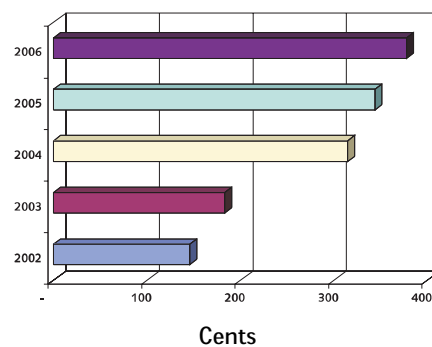
Financial HIGHLIGHTS

- **Headline earnings per share increased by 7%**
to 58,1 cents per share
- **Interest-bearing debt decreased by 27%**
to R585 m
- **Net asset value per share increased by 23%**
to 377,8 cents per share from the 306,9 cents published in the previous year

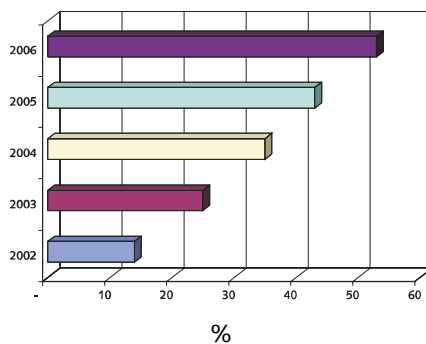
Net profit before tax



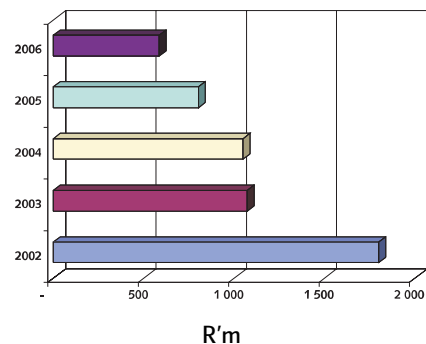
Net asset value per share (IFRS adjusted)



Own capital ratio



Interest-bearing debt



- Total dividend per share: **35 cents**

Final ordinary dividend proposed – 15 cents

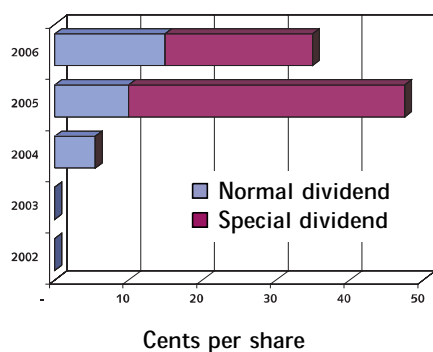
Special dividend paid – 20 cents

- Proceeds on average shareholders' interest: **16%**

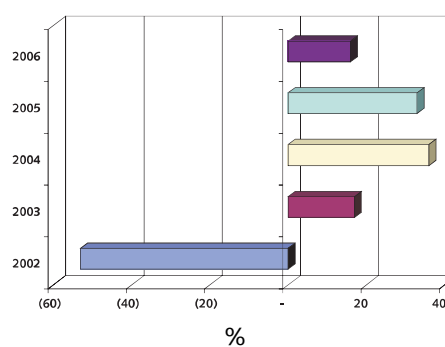
- Growth in market value of shares increased by **52%**
to 250 cents per share

- Cash flow **R215 m positive**

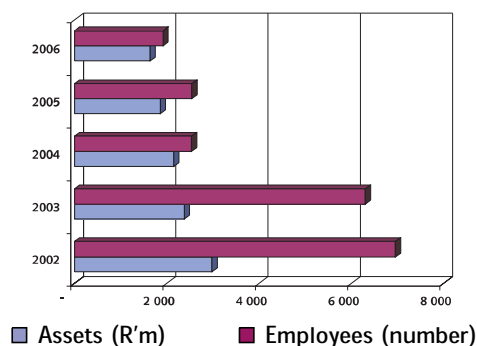
Dividends



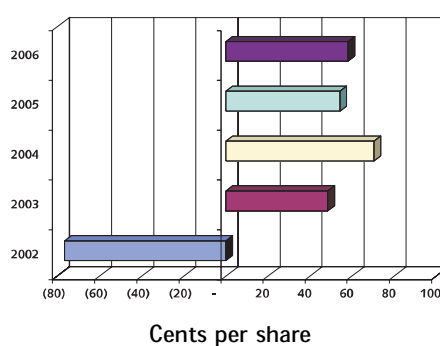
Return on average shareholders' interest



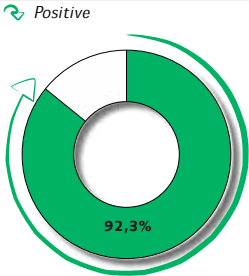
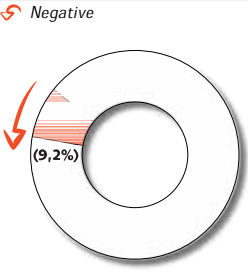
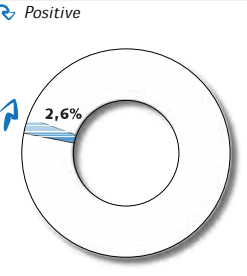
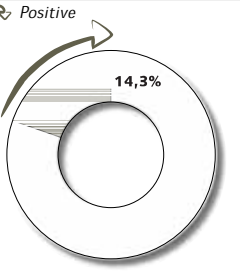




Total assets versus number of employees



Headline earnings per share

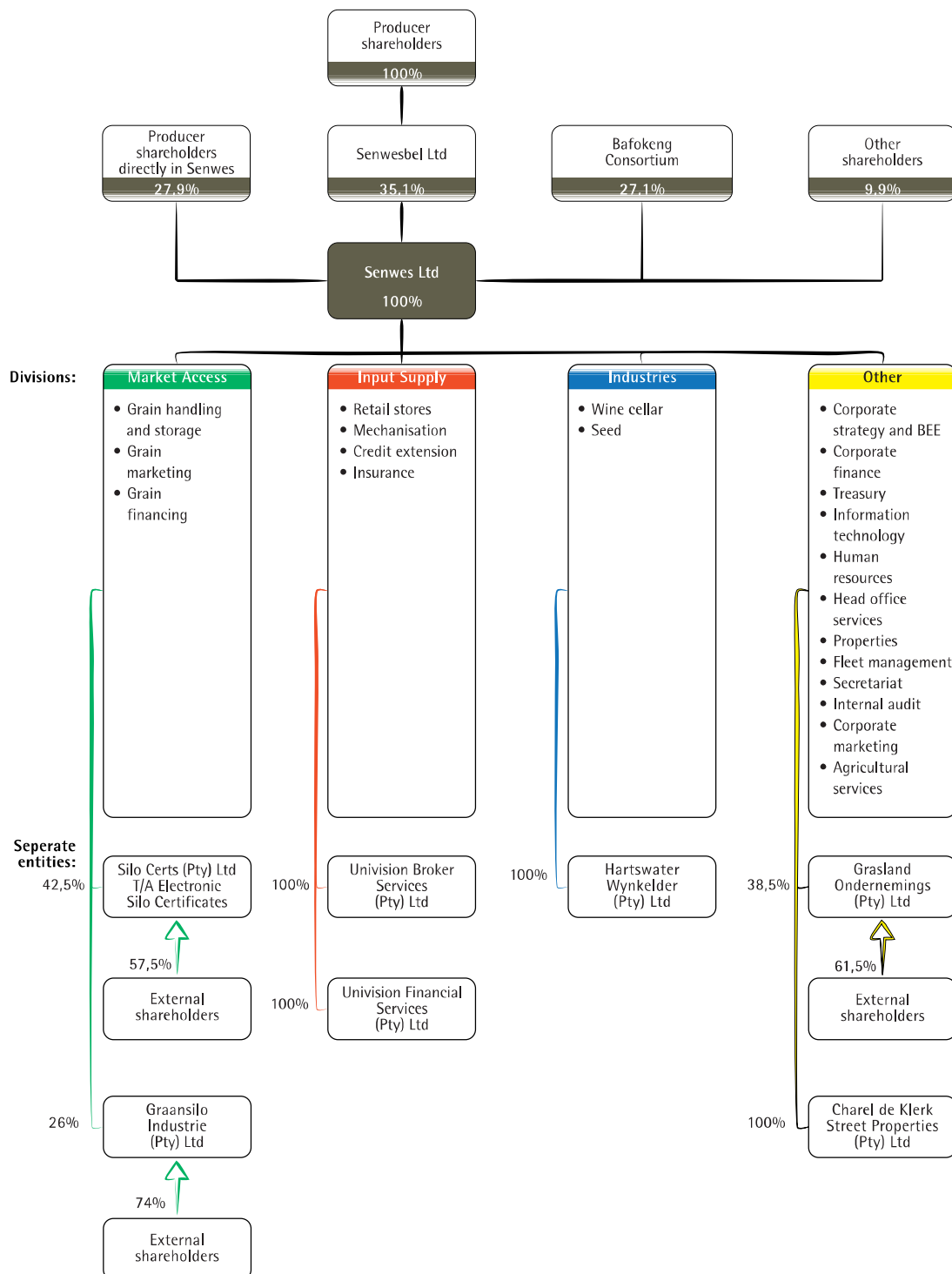


Operations AT A GLANCE

DIVISION	Market Access <ul style="list-style-type: none">• Grain industry• Logistical services• Grain marketing• Grain financing	Input Supply <ul style="list-style-type: none">• Retail shops• Mechanisation• Credit extension• Insurance	Industries <ul style="list-style-type: none">• Wine cellar• Seed	Discontinued operations <ul style="list-style-type: none">• Senwesko Voere• Groundnut industry• Non-profitable trading outlets																																																																								
NATURE OF BUSINESS	<i>It creates market access for grain producers. Markets grain products to the buyers of grain in South Africa and comprise:</i> <ul style="list-style-type: none">• Handling and storage of grain• Logistical services for the procurement and distribution of grain• Marketing of grain• Finance of grain marketed	<i>It supplies farming inputs to agricultural producers and comprise:</i> <ul style="list-style-type: none">• Distribution network of retail shops for the supply of agricultural farming input goods and farming needs in general• Network of operating points for selling and maintenance of agricultural equipment• Financing of all agricultural inputs• Tailor-made insurance products	<i>These are operations that extend the value chain and comprise:</i> <ul style="list-style-type: none">• Procurement of grapes from producers, processing of the grapes and the marketing of various wine products• The development and marketing of seed products, as part of the supply chain input goods	<i>These are operations that have been discontinued and comprise:</i> <ul style="list-style-type: none">• Manufacturing and distributing a range of animal feed products• Receiving, processing and distribution of groundnuts• Non-profitable trading outlets																																																																								
CONTRIBUTION TO PROFIT BEFORE TAX																																																																												
KEY FINANCIAL INDICATORS	<table><thead><tr><th></th><th>2006 Rm</th><th>2005 Rm</th></tr></thead><tbody><tr><td>Revenue</td><td>2 672</td><td>2 867</td></tr><tr><td>Operational income</td><td>483</td><td>525</td></tr><tr><td>Net profit before finance</td><td>213</td><td>230</td></tr><tr><td>Finance charges</td><td>(32)</td><td>(48)</td></tr><tr><td>Net profit before tax</td><td>181</td><td>182</td></tr></tbody></table>		2006 Rm	2005 Rm	Revenue	2 672	2 867	Operational income	483	525	Net profit before finance	213	230	Finance charges	(32)	(48)	Net profit before tax	181	182	<table><thead><tr><th></th><th>2006 Rm</th><th>2005 Rm</th></tr></thead><tbody><tr><td>Revenue</td><td>903</td><td>935</td></tr><tr><td>Operational income</td><td>161</td><td>182</td></tr><tr><td>Net profit before finance</td><td>7</td><td>18</td></tr><tr><td>Finance charges</td><td>(25)</td><td>(26)</td></tr><tr><td>Net profit before tax</td><td>(18)</td><td>(8)</td></tr></tbody></table>		2006 Rm	2005 Rm	Revenue	903	935	Operational income	161	182	Net profit before finance	7	18	Finance charges	(25)	(26)	Net profit before tax	(18)	(8)	<table><thead><tr><th></th><th>2006 Rm</th><th>2005 Rm</th></tr></thead><tbody><tr><td>Revenue</td><td>17</td><td>22</td></tr><tr><td>Operational income</td><td>11</td><td>10</td></tr><tr><td>Net profit before finance</td><td>6</td><td>9</td></tr><tr><td>Finance charges</td><td>(1)</td><td>(3)</td></tr><tr><td>Net profit before tax</td><td>5</td><td>6</td></tr></tbody></table>		2006 Rm	2005 Rm	Revenue	17	22	Operational income	11	10	Net profit before finance	6	9	Finance charges	(1)	(3)	Net profit before tax	5	6	<table><thead><tr><th></th><th>2006 Rm</th><th>2005 Rm</th></tr></thead><tbody><tr><td>Revenue</td><td>443</td><td>523</td></tr><tr><td>Operational income</td><td>51</td><td>25</td></tr><tr><td>Net profit before finance</td><td>28</td><td>(6)</td></tr><tr><td>Finance charges</td><td>-</td><td>-</td></tr><tr><td>Net profit before tax</td><td>28</td><td>(6)</td></tr></tbody></table>		2006 Rm	2005 Rm	Revenue	443	523	Operational income	51	25	Net profit before finance	28	(6)	Finance charges	-	-	Net profit before tax	28	(6)
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POINTS OF OPERATION	69 grain silo complexes 20 grain procurement offices	27 retail shops 12 mechanisation workshops 15 insurance points of operation Centralised producers finance	Hartswater Wynkelder Senwes Seed	Senwesko Voere - Viljoenskroon Groundnuts - Hartswater and Jan Kempdorp 11 trading outlets																																																																								
																																																																												

Structure

SENVES GROUP



Board of **DIRECTORS**



1 JAPIE GROBLER (54)

Chairman
B.Iuris, LLB
Ex officio access to all board committees
Member of the Standards Committee
Board member since April 1997

2 DANIE MINNAAR (41)

Vice Chairman
B.Com
Chairman of the Human Resources Committee
Member of the Audit Committee
Member of the Standards Committee
Board member since September 1999

3 JOHAN ALBERTS (63)

SSAF, B.Com(Econ), CTA, CA(SA)
Chairman of the Audit Committee
Board member since January 2001

4 JAN BOTMA (39)

Member of the Human Resources Committee
Board member since October 2000

5 JANNIE ELS (60)

Agricultural Diploma
Member of the Human Resources Committee
Board member since October 2000

6 DINAO LERUTLA (26) *

B.BusSci(Hons), CFA
Manager Strategic Investments for
Royal Bafokeng Finance
Member of the Human Resources Committee
Board member since February 2006

7 THYS LOURENS (58)

B.ScAgric
Member of the Risk Committee
Board member since November 2001

8 GEORGE (OUPA) MAGASHULA (44)

B.Sc(Chem), National Diploma (Analytical Chemistry),
Post Graduate degree (Business Management)
Member of the Human Resources Committee
(until 29/03/2006)
Board member since October 2003

*** Alternate director:**

LUCAS NDALA (31)

B.Com, PGDM and B.Com(Hons), CA(SA)
Alternate director for Dinao Lerutla since February 2006



9



10



11



12



13



14



15



16

9 JACOB MASHIKE (39) *
B.Sc(Eng) Chem, MBL
Director of Treacle Private Equity (Pty) Ltd
Member of the Risk Committee
Board member since February 2006

10 BERTUS MOSTERT (40)
B.Proc
Member of the Risk Committee
Member of the Audit Committee
Board member since October 2003

11 JIMMY SHAHIM (48)
B.Agric Farming Management
Member of the Audit Committee
Board member since October 2000

12 WH VAN ZYL (64)
Chairman of the Risk Committee
Member of the Standards Committee
Board member since October 2002

13 JOHAN DIQUE (50)
Managing Director
BCom(Hons), CA(SA)

14 STEVEN ALBERTS (40)
Director Finance
B.Acc, B.Compt(Hons), CA(SA)

15 FRANCOIS STRYDOM (46)
Director Operations
BScAgric(Hons)(Veterinary Science)

16 ELMARIE JOYNT (36)
Company Secretary
BCom(Law), LLB
Attorney of the High Court, Aff. CIBM

* **Alternate director:**
KONRAD FLEISCHHAUER (37)
Pr Eng(Ind)(Hons), MBA
Director of Treacle Private Equity (Pty) Ltd
Alternate director for Jacob Mashike since February 2006

CHAIRMAN'S REPORT

This year Senwes once again delivered on its commitment of value creation. Benefit occurred through good return on equity, positive cash flow and regular unlocking of value through a market-oriented dividend stream. This success is further supported by Senwes's full-fledged membership as a responsible corporate citizen and the utilisation of opportunities presented.

CREATION OF VALUE

Commitment to value creation was demonstrated by a 16% return on equity. Economic value is only created once return is higher than reasonable market expectation. This was achieved for the fourth consecutive year and it has become the cornerstone for the creation of value. The Senwes share showed its mettle this year by increasing from 165 cents, to 250 cents at year-end – an increase of 52%. This increase was caused by the healthy fundamentals of returns, dividends, BEE, investor trust and more liquid trading.

NET PROFIT AND CASH FLOW

Net profit after tax amounted to R107 million notwithstanding the loss of turnover of input goods due to down-scaling in plantings of about 50%. Positive cash flow was, however, much higher and amounted to R215 million for the year. This was made possible due to diligence created in the balance sheet over the past four years. Interest-bearing debt was further reduced by this amount.

DIVIDENDS

A special dividend of 20 cents per share was paid to shareholders during the last quarter of the year. This was made possible through positive cash flow in excess of normal operating requirements and a healthy gearing ratio. A final dividend of 15 cents per share was recommended in line with the policy of a market-oriented dividend yield on the latest share price. The Board is of the opinion that the dividend stream offers good support at a time where cash flow of shareholders is under exceptional pressure.

BLACK ECONOMIC EMPOWERMENT

A commitment was made that a BEE equity transaction would enjoy top priority. Senwes successfully facilitated the selling of a share block of 27,1% to a black consortium through its holding company, Senwesbel Ltd.

The consortium consists of two partners: the Royal Bafokeng Nation as main partner and Treacle Private Equity. This was a market-related cash transaction for which Senwes provided no financial assistance. The consortium was granted board representation and inputs and participation on board level have already identified new strategic opportunities. The objective of the partnership is to unlock new opportunities and markets for both parties.

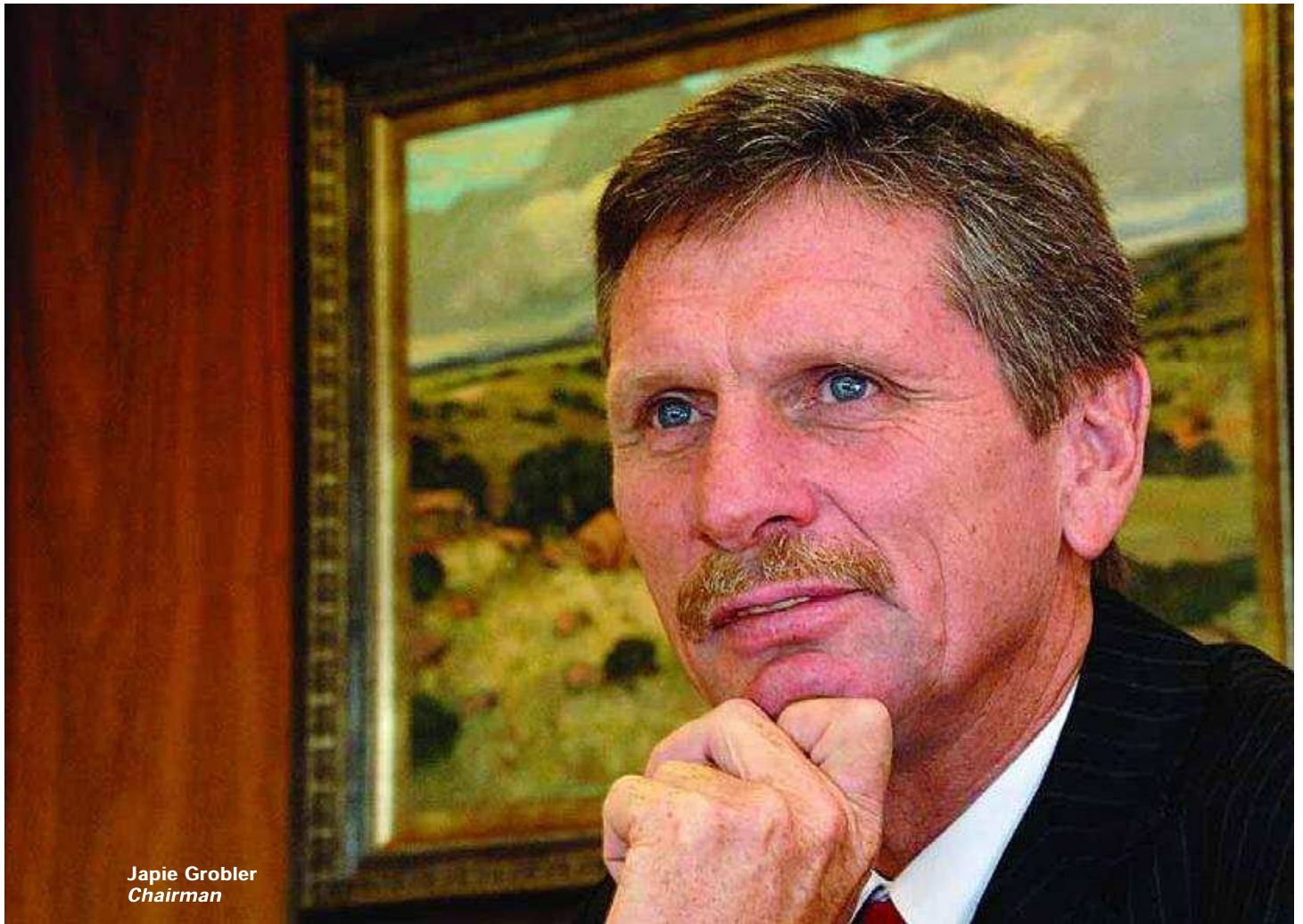
Senwes has accepted its own internal scorecard and policy in line with the Code of Good Conduct as issued by the Department of Trade and Industry. The BEE shares transaction qualifies completely and focused attention is made to ensure progress on all other elements of the scorecard. Senwes aims to upgrade its current BEE status further over the next two years.

ACHIEVEMENT OF VISION

In line with our vision of becoming the most admired agri-business in South Africa, Senwes acknowledges that such appreciation will only be realised through delivering effective and sustainable value to all its stakeholders. This is a holistic approach supported by a business philosophy of sustainability.

The challenges that the macro environment and the markets present to Senwes are not unique. In terms of world markets, South Africa's agricultural industry is fully liberalised, whilst on home-ground serious problems with competitiveness are experienced. The exceptional manner in which these challenges and opportunities are approached, and the skill with which solutions will be applied to the benefit of all stakeholders, must become a differentiating factor.

For the producer it has become strategically more important to obtain market access for agricultural products,



Japie Grobler
Chairman

than it is to obtain inputs. On farm level the producer is constantly approached as the customer of input suppliers in a fragmented and highly competitive supply channel. However, the greatest value-adding and exposure remains in the marketing of his products and the management of price risk. The long-term value that a customer of Senwes as business partner can obtain lies in the unlocking of markets in order to ensure the profitable sales of commodities. Senwes accepted this challenge and significant investments in intellectual capital, market intelligence and other resources are employed to ensure future innovative market access solutions for customers.

Indicators for the fulfilment of the vision point to sustainable profitability, development of a growth strategy, constant unlocking of value and capitalising on opportunities provided by black economic empowerment. Progress with this is satisfactory.

BUSINESS REVIEW

The financial year ended 30 April 2006 was marked by a late season, low grain prices at unprofitable levels and consequently lower plantings. These factors subjected Senwes, and every grain producer, to a very unusual agricultural year not caused by climatic circumstances, but rather by a decision of will, made by the industry as a whole.

Over-stocking of maize that negatively influenced prices was successfully reduced by less plantings resulting in restored balance. In turn, Senwes, as a responsible business partner, supported producers by pro-actively compiling a financial strategy. Producers were assisted by taking their downscaled businesses into the next season, by servicing cash flow needs and sharing in the upward potential of the grain market.

As predicted, Senwes consequently experienced a significant decrease in sales of basic farming inputs. The business unit of input supply underperformed substantially. Timeous actions were taken by further restructuring trading outlets and cost structures. This not only relieved the impact of the downscaled plantings, but also provided a better basis for a profitable future. Expectations are that the situation in the trade business will normalise in the coming year.

During the year market access delivered good results. The effect of the lower plantings means lower grain volumes available in the coming year, putting results under further pressure. Nonetheless, this is still considered normal, taking into account the total risk profile of agriculture. Senwes has developed the ability to weather challenges within agriculture and still deliver good results in the longer term.

CONTINUED ON P. 10

Chairman's report

CONTINUED FROM P. 9

FINANCIAL RESULTS

In short, the results reflect a net profit of R107 million after tax, positive cash flow of R215 million and a 23% increase in the net asset value per share. The special dividend of 20 cents per share, together with the recommended final dividend of 15 cents per share, brings the total dividends for the year to 35 cents per share.

GROWTH STRATEGY

Business strategy for the future involves the growth of Senwes's core business, further improvement thereof and appropriate diversification adjacent to this by retaining and utilising existing core skills.

The core business focuses on integrated solutions for agricultural producers with regard to input supplies and market access. Future investment will instead focus on creation and retention of new markets and opportunities. As part of this, generic and geographical expansions are constantly investigated and applied. Co-operation and the establishment of relationships with other role-players in the industry form part of this. Innovation in alliance with grain buyers is an established practice, with relevance, value-adding and mutual benefit as its objectives.

APPRECIATION

The situation in which the grain industry found itself over the past year and its destabilising effect on the entire value chain placed pressure on all role-players. In times of crises, innovative thinking and problem solving are often stimulated. Senwes retained its focus and relevance as a key role-player.

This mindset was evident from the boardroom to grass root levels. This year I find it appropriate not to single out co-directors, the management or any personnel member, but to express my appreciation to the team as a whole, and to everyone in particular. Continued innovation with a positive attitude ensured exceptional success. A special thanks to our customers for their continued support during difficult circumstances and to our suppliers for continuing partnerships experienced.

It is with gratitude, acknowledgement and complete reliance on our Heavenly Father that we could successfully apply, with His blessing, the talent that Senwes enjoys.



Japie Grobler

Chairman of the Board



"It makes strategic sense to our farming enterprise to primarily focus on market access for commodities. The most important contribution that Senwes makes towards the producer's success is to ensure market access on a competitive basis."

– Henry and Jan Potgieter, farm Ruspan, discussing maize matters with Arnold Wessels, Grain Procurer.

Market access for **PRIMARY AGRICULTURAL CROPS**



Dr Anton Lubbe, General Manager: Grain, strategising with his management team (from left): Jaco Botha (Grain Industry), Christo Booyens (Grain Marketing) and Wikus Grobler (Grain Finance and Administration).

The division's one-stop service consists of the handling and safe storing of commodities, as well as offering value-adding services to customers, buyers and processors of grain in Southern Africa.

With a capacity of 4,6 million ton approximately 19% of South Africa's grain and oil seeds were stored and handled in Senwes's network of 69 centrally located silos, during the current year.



RESULTS AND STRATEGY

The past year

Lower than initially anticipated crop estimates led to an 18% lower maize crop than budgeted. Despite this, an attractive operational profit was still achieved and the capacity utilisation of facilities amounted to 60,43%.

The division focused inwardly on effectiveness and the strengthening of the current business model during the past year. Business units that did not perform as desired were rationalised. In this way the deteriorating groundnut industry and Senwes's investment therein was re-evaluated and after various extensive corrective measures, it was decided to close the business unit.

The strategy to expand procurement activities to other regions outside the Senwes service area is going according to plan. Procurement offices in Mpumalanga and the Western Cape have been established and show growth while a grain procurement office was recently opened in the Eastern Free State.

Participation in the broad implementation of food safety and food hygiene legislation creates the opportunity for Senwes as a reliable supplier of clean, safe and healthy commodities with integrity and quality. There is active participation in exports to other African countries, as well as participation in the World Food Programme. Senwes is a registered food business operator that performed well in the audit done by the National Department of Agriculture and, therefore, received the go-ahead for exporting first-grade GM-free grain commodities.

Future strategy and expectations

The significant lower volumes of grain expected for the 2006/2007 crop will have a definite negative influence on Senwes's short-term objectives regarding growth possibilities. However, there is constant focus on product development and the additional establishment of capacity in order to soften the impact.

The focus is also constantly placed on acquiring additional grain, storing on a continuous basis over the longest possible period and having grain available for the market. In order to comply with this, the resources and established infrastructure will have to be maintained at all times.

In order to stay competitive and to comply with the expectations of our customers, the repositioning of the business will occur constantly. The development of an administrative and industry protocol for all legislative requirements and specialist commodities will also enjoy specific attention this year.

INPUT SUPPLY



The management team heading the Trade division is (from left): Jaco Kriel (Trade Finance), Frans du Plessis, General Manager: Trade, Jan Coetzee (Retail) and Sarel Greyling (Mechanisation).

The provision of inputs to agricultural producers is one of the core pillars of Senwes's business focus. The division specialises in the supply of input goods, general farming requisites, mechanisation equipment, spares and services through a well established network of 27 shops and trading outlets.



RESULTS AND STRATEGY

The past year

A combination of low grain prices in the first part of the financial year and a significant downscaling in plantings set the scene for an unusual agricultural year that the Trade division had to face. These elements had a considerable negative impact on the results of the mechanisation and direct marketing units. Despite this, Trade still performed above expectations.

However, the division still does not deliver an acceptable return on investment, in particular with the Mechanisation business unit that performs poorly. This poor performance can be attributed to the 50% downscaling in grain plantings and the tumbling of the tractor market in the dry land production areas of South Africa.

Trade's network of retail shops performed well above expectations and delivered a positive result. Efficient stock and margin management, together with the rationalisation of certain trading outlets, brought about a good performance by the business unit.

The rationalisation programme made good progress and was completed during the first half of the period under review. These actions aimed at optimisation enabled the Input Supply division to adjust to the macro agriculture environment and the division is better positioned to cope with the changing circumstances. Although the expansion outside Senwes's traditional service area is going according to plan, the primary objective is still to keep momentum with the recovering of market share in the traditional Senwes region.

This year the division also succeeded in successfully implementing an expansion of product ranges aimed at alternative buying power – which target the outdoors, irrigation, the city market and general public. The necessary infrastructure was created in order to aggressively participate in the tender market of the public sector.

The division's remuneration structure was revised to ensure that ownership is better established, product knowledge increased and customer service enhanced.

Future strategy and expectations

The expected return to normal plantings and acceptable commodity price levels in the coming year will enable the division to reach its budgeted objectives.

The development of related business opportunities should gain further momentum after the final implementation of the business model (rolled-out during the past two years) has been completed. The business philosophy is based on value creation, establishing ownership,

promoting individual and group performance, and most importantly, customer satisfaction. Based on this philosophy, the strategy involves the effective application of the revised trade infrastructure as the first step.

Certain adjustments, aimed at repairing the balance in the national mechanisation market, are unavoidable. As a significant role-player Senwes is planning to assist with the facilitation of this process in order to normalise the situation.

PRODUCERS FINANCE



Is it six of one or half a dozen of the other? Gerrit van Zyl, Assistant General Manager: Producers Finance (second from left), assessing risks together with his management team: Johan Meiring (far left), Herman Harmzen (standing at the back) and Lukas Meyer.

With the basis of a market-oriented service and credit approval processes, as well as marketing support through personal contact with customers, Producers Finance supports the Market Access and Input Supply divisions with the following types of finance products:

- production accounts;
- contract growing packages;
- hire-purchase agreements;
- monthly accounts;
- grain finance accounts;
- term loans; and
- financing the costs of derivative instruments.

RESULTS AND STRATEGY

The past year

Regardless of a stiff agricultural year in which the need for production credit declined due to the drastic reduction in hectares planted, the Producers Finance division still exceeded expectations.

This was achieved mainly due to the significant cost savings accomplished as part of the optimisation programme, as well as the good risk management practices. Consequently, the composition of the debtors' book was normalised and outstanding debts are all within expectations.

The division was instrumental in the compilation, marketing and execution of a strategy to enable customers to position their farming enterprises better with regard to the management of risks due to low commodity prices

during the past season. Strategies to plant less maize, stockpile maize for deferred marketing, or to buy so-called paper maize, rather than producing maize, were well supported by producers in the Senwes area. This helped to prevent extensive excursions.

Future strategies and expectations

Producers Finance should operate on a very high level of efficiency due to the optimisation of processes in the previous financial period.

Expectations are that the businesses will not only recover to levels of previous years, but will in all probability show signs of growth. In the coming season levels of planting should be higher but are not expected to be quite on the same level of the 2004/2005 season. It is anticipated that the average producer will generally use more foreign capital on input costs per hectare due to the additional pressure on cash reserves following the past season.

Senwes's Finance division book is now well structured and geared for healthy growth to be achieved by launching an aggressive campaign to broaden the market share through its own range of competitive finance products and healthy relationships with customers.

SUNDRY OPERATIONS



Spearheading the Group's sundry operations: Roelof Maree (Hartswater Wine Cellar), Dawie Barnard (Univision Financial Services) and Piet Kleyn (Senwes Seed).

The Sundry operations portfolio consists of Senwes Seed and Hartswater Wine Cellar. A recent addition to the Group's sundry operations is Univision Financial Services (Pty) Ltd and Univision Broker Services (Pty) Ltd.

INDUSTRIES

During the year, Senwes disposed of its industry interests in the Senwesko Group to two broiler companies for whom it makes sense from a synergy point of view.

Senwes Seed and Hartswater Wine Cellar once again generated attractive profits.

The past year

Despite a relatively small harvest, Hartswater Wine Cellar exceeded its targets which can be attributed to cost savings and better price realisation due to the higher margins that smaller packaged products offer.

However, the market shift to smaller packaging – enforced by legislation – caused a lower volume to be sold as budgeted.

Senwes Seed once again performed admirably despite the severe decline in maize seed processing due to the drastic downscaling in plantings.

Future strategy and expectations

Due to the excessive rain during the harvesting season, the wine cellar had a smaller harvest which could have a negative influence on its financial results. To alleviate this impact, a larger percentage of bottled wine will be marketed.

Reduced seed sales the past season caused the situation where transfer stock will impact on the market requirement of processed seed for the coming season.

The division's business focus in the coming year is expected to shift more towards the processing of the seed of winter crops such as wheat, barley and oats. Negotiations with customers in order to ensure increased market share have already been finalised.

INSURANCE

The establishment of Univision Financial Services and Univision Broker Services will ensure that Senwes's extensive insurance and financial services range will be marketed and administered by Univision in the next financial year.

The past year

Senwes Insurance did not succeed in realising its budgeted objectives as the division was affected negatively by both the agriculture cycle and the current downturn in the insurance cycle.

Future strategy and expectations

The Board accepted a new business model in which Senwes's insurance and financial services business will be incorporated in Univision Financial Services – an insurance brokerage coming about due to the foreseeable consolidation in the agricultural sector broker industry.

This should contribute to reducing the insurance business' exposure to the volatility of the agricultural market over the medium term.

CORPORATE MATTERS



The management team in charge of corporate matters is (seated, far left): Henco de Jager (Human Resources), Corné Kruger (Finance), Elmarie Joynt (Secretariat), Martin van Zyl (Information Technology), Joe Maswanganyi (Corporate Services), André Erasmus (Internal Audit) and Johan Grobler (Corporate Marketing) is standing at the back.

Certain administrative functions in Senwes are treated as corporate services and are managed centrally. This creates good corporate governance and supports the core operations of the Group.

These divisions comprise Board Expenses, Strategic Development, Human Resources, Agricultural Services, Treasury, Corporate Finance, Secretariat, Internal Audit, Corporate Marketing, Information Technology and Head Office Services.

RESULTS AND STRATEGY

The past year

Corporate cost-saving initiatives were successfully launched the past year, in particular with regard to IT expenses, without sacrificing operational efficiency. The further realising of under-utilised assets also delivered positive results.

The 27% interest investment in Sentra Beleggings Ltd (formerly Sentraoes Ltd) was wrapped up this year and a final dividend was received a part of the preliminary liquidation thereof. The post-retirement medical provision was amended due to an increase in the benefits awarded to pensioners, as well as amendments made to certain assumptions on which the valuation was based.

Future strategy

During the past five years, Senwes outsourced its Information Technology – this function will again be established internally in the next financial year.

This followed after an extensive investigation that indicated a model for partial out-sourcing of these services offers a better solution. It also provides better flexibility and ensures significant cost savings.

Legal costs regarding the legal proceedings instituted by Senwes against PricewaterhouseCoopers (previous auditors) and former members of Management is expected to be a sizeable expense. Other legal proceedings that will be pursued are Senwes's claim against Premier Foods, as well as the appeal against a previous finding in the court case instituted by former members of the Vaalharts Co-op against Senwes. All these cases are in legal process.

JJ Dique
Managing Director



"As a young farmer it is heartening to know that Senwes supports us through the supply of farming inputs, coupled with a package of products and services which adds more value."

– Sakkie Joubert, Farming Inputs Marketer, discusses production options with Johan Venter (left) of the farm Onserust near Viljoenskroon.

FINANCIAL REVIEW

It is with pleasure that the Group can announce the excellent results achieved for this year despite the negative prevailing market circumstances. The focus on core industries and specifically the performance of the Market Access division contributed to this.

Although the Input Supply division still reported a negative result, the relative performance was good when evaluated against producers' 50% lower plantings. Management's timely action by implementing rationalisation and optimisation processes prevented losses from being more substantial. These actions brought about significant cost savings. The Mechanisation industry in particular was under pressure because it is the input where the producer is most likely to cut back on during difficult times.

The creation of value for the shareholder is progressing well through efforts that continue to make each business unit viable in its own right. Shareholders are once again enjoying a good return on investment this year. Unlocking of value has taken place through both special and normal dividends.

GROUP RESULTS

The Group's net profit after tax this year amounts to R107 million. If the previous year's profit (R195 million) is adjusted with the non-recurring profit realised with the disposal of the Pioneer investment (R100 million), the R107 million compares well to the adjusted figure of R95 million. On this basis profitability has grown with 13%. Earnings per share this year amounts to 59,2 cents which is lower than the previous year's 107,9 cents due to the aforementioned inclusion of the Pioneer transaction in the previous year.

The headline earnings that eliminates this type of transaction increased by 7,2% from 54,2 cents per share the previous year, to 58,1 cents per share. Part of the answer to this performance lies in the reduction in the cost structure which can clearly be seen in the decrease of about 8% (R51 million) on the distribution, sales and administrative expenses line on the income statement. Return on average shareholders' interest is again higher than the normal expected return, and amounts to 16%.

In line with the current agricultural situation the continued business revenue decreased from R3 727 million to

R3 536 million. Expectations are that the Input Supply division will recover in the next year due to normalised plantings, whilst the pressure will be shifted to the Market Access division due to the lower volumes of grain available.

BALANCE SHEET

The capital and reserves increased from R622 million to R683 million. The own capital ratio also improved by 10% from 43% in the previous year to 53%.

Positive and active balance sheet management and the continued profitability of the past few years contributed to this situation. What is also remarkable is the fact that this improvement was accomplished despite the excellent value unlocking through dividends that the shareholder received with the dividend distributions amounting to R170 million (88 cents per share) over the past three years.

Due to producers' downscaling of production, Senwes aligned its balance sheet with the trend in the industry and cut back on stockholding in the Input Supply division. Senwes increased its investment in certain types of debtors, primarily to assist producers with bridging arrangements, as well as grain cash advance transactions to assist producers in servicing cash flow needs, but also to facilitate in sharing in the expected positive price movements with regard to grain prices. However, debtors decreased in total due to the lower turnover.

The aforementioned strategy contributed substantially to improve the risk profile, and to ensure viability of producers and thus bring about stability. Senwes also made a more substantial investment in grain stock in order to capitalise on expected positive movements in the market due to lower plantings. However, the net operating capital movement is on the same level as the previous year.

The net asset value per share improved from R3,07 reported the previous year (prior to the adoption of

the new reporting standards) to R3,77 per share. This means a growth of 22,8% in value. Part of this 70 cents growth in net asset value was the value creation through the dissolution of the dormant personnel share trust which owned 20,6 million shares.

CASH FLOW

This year the Group once again achieved a good cash flow generated from operations of R232 million, which is on par with the previous year. The net positive cash flow of R215 million (2005 – R246 million) takes into account the positive cash flow from investment activities of R56 million, mainly due to the disposal of Senwesko Voere, and positive cash flow from long-term finance activities of R9 million. Consequently the net external short-term interest-bearing debt of Senwes was reduced from R800 million the previous year, to R585 million at year-end.

DIVIDENDS

During the year, just after the interim results, Senwes declared and paid a special dividend of 20 cents per share. A final dividend of 15 cents per share is now proposed (2005 – 5,5 cents). This brings the total dividend for the year to 35 cents per share. In the previous year 47,5 cents was paid comprising normal dividends of 10 cents, and the remainder being a special dividend.

The normal dividend yield on trading value amounts to 6% (2005 – 6,1%) whilst in total, including special dividends, it amounts to 14% (2005 – 29%).



Steven Alberts
Director Finance

SUSTAINABILITY REPORT



SUSTAINABILITY HIGHLIGHTS

- The finalising of the BEE transaction with the Bafokeng Consortium in which a 27,1% stake in Senwes Ltd was sold to the consortium.
- The appointment of two additional black board members of which one is the first female on the Senwes Board.
- The establishment of the North West Cricket Development Programme in association with the North West Cricket Association.

INTRODUCTION

In line with Senwes's vision to become the most admired agri-business in South Africa, Senwes acknowledges that such aspirations will only be realised through delivering effective and sustainable value to all its stakeholders. In order to create such value and sustain it, the Company accepted a sustainability strategy as one of the cornerstones on which the Company's business philosophy is built.

A mindset of sustainability is captured in the management practices and environmental and social management aspects has become an integral part of the business. The Company now increasingly focuses on efforts to keep all the stakeholders informed about economical, environmental and social performance and in order to succeed, the capacity for the effective management, measurement and reporting of social and environmental performance is strengthened. The tendency for greater accountability towards all the stakeholders is also gaining momentum in the organisation.

SOCIAL PERFORMANCE

Employee relationships

Senwes's strategic focus with regard to employees is to ensure that the Company attracts, develops, motivates and retains the best talent. This involves the creation of an empowered environment, a sustainable and productive workforce, organisational skills for delivering effective service to stakeholders, acknowledging and rewarding achievers and improving liaison and communication with our employees.

Senwes is committed to good employee relations and creates room for freedom of association in the workplace and ensures that no unfair discrimination takes place. The Company also participates in the Bargaining Council of the Grain industry. Trade unions represent the employees on lower job grades and negotiations pertaining to remuneration. Service agreements for this negotiation unit take place at this forum.

No industrial action occurred this year and the effect of national stay-away actions was very limited. There has been no serious mass industrial action for the past 14 years, which serves as proof that the company strongly focuses on healthy employee relationships.

Mechanisms and procedures are in place to handle grievances and disciplinary measures and the Company has a zero tolerance approach towards criminal activities in the workplace. Policies on business ethics, general service agreements and benefits are communicated to personnel.

Senwes is committed to complying with all relevant legislation which impacts on its Human Resources. Relevant

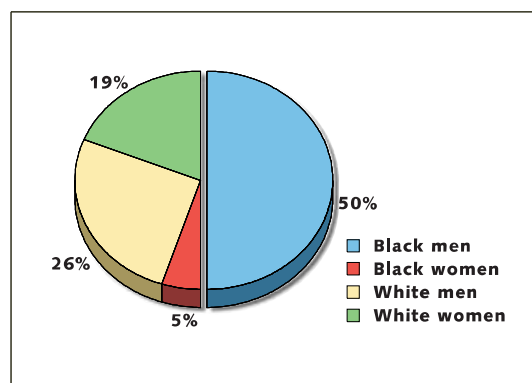
aspects are also addressed in the Company's personnel policy. The Department of Labour regularly inspects different service points and concluded that Senwes complied with the relevant legislation.

Equal appointments

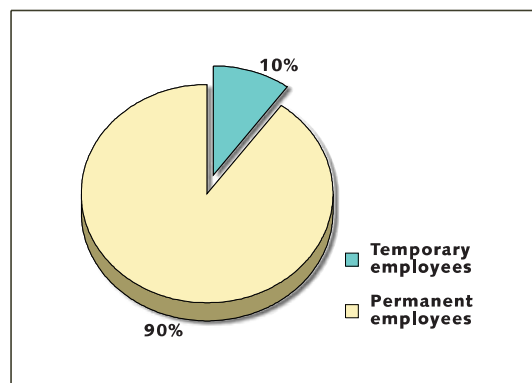
As part of the vision to diversify the workforce and to contribute to the national transformation initiative, Senwes set strategic goals regarding equal appointments, which incorporates black empowerment objectives.

An Equal Opportunity Forum was established to involve employees in this regard and to address skills development aspects.

Distribution of workforce



Total workforce per race and gender



Total workforce

Employment planning and recruitment

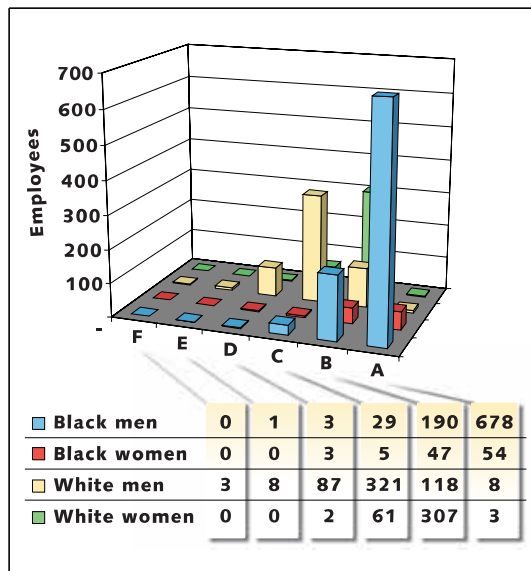
Senwes is aware of the increasing competition in the workplace for qualified and talented people. Senwes strives to attract and retain competent people in order to add value to and the success of the company. Focus is placed on innovative ways to develop our human resources. Keeping employees' aspirations of career growth and opportunities in mind, Senwes invites and

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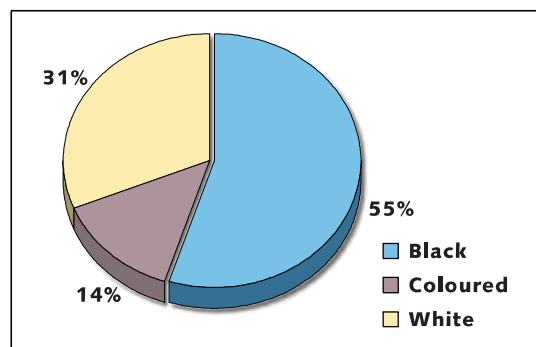
Workforce distribution on basis of race, gender and Patterson grading



develops people, not only for specific positions, but also for various career opportunities and required skills. These candidates are recruited nationally, but also in particular from rural areas.

Appointments

Senwes is committed to transformation through the appointment of people from the designated groups. 69% of all external appointments made this year were from the designated groups. The Company will continue to improve on this during the following financial years.



Appointments for the period May 2005 to April 2006

Human Resources development

There is a bigger awareness in Senwes of the fact that the level of skills of personnel is one of the most

decisive factors for the long-term success to realise our vision, mission and strategic objectives. Skills development plans are in place and are based on the short, medium and long-term business objectives of the company, as well as the future aspiration for the development of every employee. Emphasis is also placed on the development of candidates from previously disadvantaged groups.

Skills development expenditure increased to 0,83% of the total payroll, and the objective for the coming financial year is 1,5% of the payroll. Training costs for the respective designated groups as well as the training man-days for the past year are shown in the graph on p. 25.

Leadership development

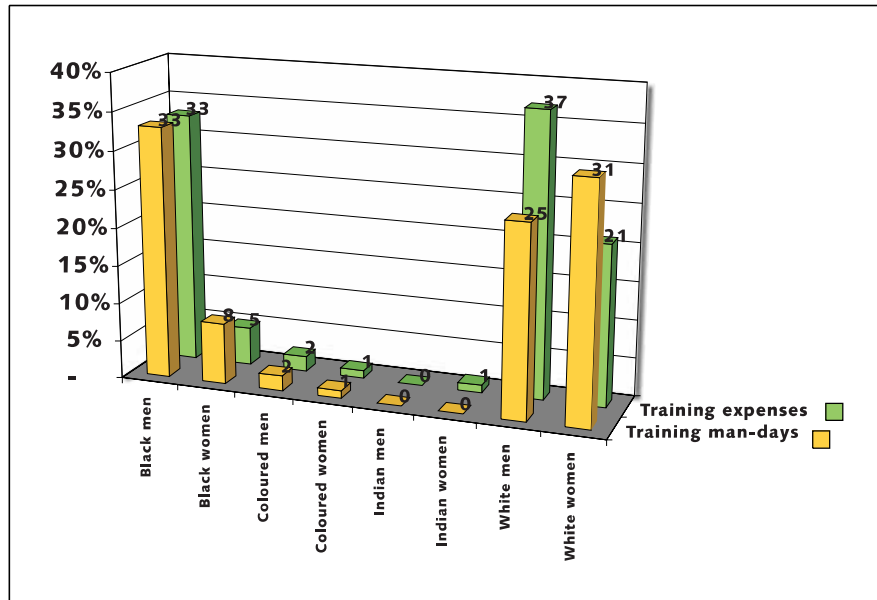
During the past year, Senwes implemented a leadership development programme aimed at the development of generic leadership and people management skills on the different levels of the organisation. This programme offers a unique opportunity for personal growth and development on different levels. It entails a 360° evaluation by colleagues and supervisors to determine possible development areas for candidates which are then included in a personal development plan for each candidate. These aspects were addressed within the context of the organisation's culture and climate by means of a structured learning process scheduled over a period of twelve months.

An executive leadership development programme was formulated for the next financial year. This programme will specifically focus on strategic leadership, change management and people management skills for the organisation's senior management and will be linked to a management development programme aimed at strengthening the functional management skills of middle management.

Learnerships

Senwes kicked off with its involvement in learnership programmes in one of the company's core business fields with the registration of 37 apprentices who were already in Senwes's service. After the intense training of these learnerships with regard to the technical aspects of the handling of grain, the focus now shifts to the training and evaluation of this group in the fundamental modules. 18 new learnerships were recently identified for registration in the relevant learnerships within the Trade division and have already been introduced to the process and its requirements by means of an implementation workshop. The learnership project will also be extended

Training man-days and cost of training



to registered learnerships in other sectors, such as the financial and insurance sector, as well as the inclusion of unemployed learners.

Employment turnover

The employment turnover for the Group in the past year was 11,1% and 11,35% for Senwes. The comparative figure according to the National Remuneration Survey was 12,07%. It is a goal to reduce this number to a level below 9% for the coming financial year.

Employer of choice

It is part of Senwes's vision to become an employer of choice. The Company strives to always ensure that it offers an exciting, empowered and safe work environment, career and development opportunities, leadership, as well as excellent remuneration for outstanding performance. In this regard, a multi-phased business alignment project was launched in order to align the business environment and employees with the vision, mission, strategies, values and corporate culture, and

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to improve the employees' involvement. A group of facilitators, representatives from the various business units, levels and cultures, was trained as trademark advocates involving all employees on all levels with the discussion and identifying of critical aspects which concern the employees.

The Company participates in independent external surveys relevant to become an employer of choice.

Bursary scheme and study loans

An excellent bursary scheme is available for candidates from previously disadvantaged groups to enable them to improve their qualifications. After successful completion of their studies, the students will be offered employment instead of repaying the study costs. A study loan scheme is also available for current employees to better their qualifications and further their studies.

Remuneration philosophy

The purpose of remuneration is to attract, retain, motivate and reward excellent performing personnel in order to achieve the Group's strategic objectives. Senwes's philosophy is to encourage sustainable long-term performance which is constantly in line with the strategic direction and objectives of the company.

Guidelines

- To ensure sensitivity and objectivity in the determination, evaluation, monitoring and approval of remuneration levels; by ensuring that the remuneration of personnel is fair, market-related and competitive,

based on relevant measurement norms and at the same time to ensure that the upward movement of remuneration levels is aligned with the corresponding improvement in performance;

- to ensure that a considerable percentage of the potential maximum remuneration is based on both short and long-term performance;
- to create the opportunity that total remuneration lies in the top quartile of the market and comparative groups if excellent performance is delivered, whilst the guaranteed elements are constantly measured against the relevant median levels;
- to ensure that incentives are paid from growth in shareholder value and that there are consequently no incentive if no value was generated; and
- to mainly make use of measured and set goals to determine the performance-related remuneration in order to focus the attention on the most important drivers of shareholder value.

Remuneration strategy and objectives

- To attract and retain the right talent;
- to create a culture of excellent performance;
- to encourage an outcome-based behaviour;
- to promote long-term focus which will ensure sustainable performance; and
- to reward individual, team and corporate performance.

Remuneration policy and structures

The group's remuneration policy and structure has three components designed to balance short-term and long-term objectives. The remuneration portfolio consists of a guaranteed section, short-term incentives and long-term incentive for the Executive Management. These last two elements aim to align the interests of Management and the Executive Management with the interests of the shareholders. The remuneration policy is fully integrated with other management processes such as performance management, talent management, succession planning and the Group's overall human resources policies.

Health, safety and well-being

Senwes believes that its personnel's well-being is one of the key elements for a productive and sustainable workforce. Senwes strives to maintain a comprehensive employee wellness programme that addresses various aspects of health by means of awareness programmes. Employees are also informed about the risks of HIV/AIDS and other illnesses such as diabetes, hypertension, heat-related illnesses and overweight. Although the focus is on awareness and the provision of information, successful diagnostic campaigns have been launched to identify indicators of health risks such as hypertension and blood



sugar levels. One of the main objectives of the wellness programme is to encourage a sense of personal responsibility for health and to ensure that employees have a proactive and responsible view of their health.

The Group's safety strategy and safety measures were reviewed the past year in order to ensure that the highest safety standards are applied in accordance with the various safety protocols and best practices. The first phase involved the fire risk evaluation, as well as emergency evacuation measures. This process encourages the development of a more effective health and safety management strategy.

Training programmes pertaining to the revised emergency and evacuation procedures were presented to safety representatives. Compliance audits were also performed during the year.

During the year under review 46 disability injuries occurred compared to the 53 in 2005. These injuries led to a loss of 486 man-days compared to 629 in 2005. Constant efforts are made to prevent and reduce the occurrence of injuries on duty and reduce the loss of man-days.

Provision of pension benefits

All permanent employees have the option to contribute to a provident or pension fund. Members of the pension fund (Senwes Pension Fund) decided to change to the Wizard Universal Umbrella Fund as from 1 May 2005. The Trustees of the Senwes Pension Fund are responsible for the finalisation of the distribution of the surplus in terms of the relevant legislation regarding the Senwes Pension Fund.

Performance management

As part of the comprehensive corporate performance management programme which intends to align individual performance with total corporate performance objectives, individual performance management is applied, directing the evaluation of employee performance against pre-determined performance standards and job requirements, as well as the identification of development needs of individuals.

Acknowledgment to employees

As part of Senwes's strategy to acknowledge and reward employees for excellent performance, the annual employee performance awards became a highlight on the Senwes corporate calendar. At this glamorous event the winners of the various categories are announced where they also receive their awards. Top performers are selected from 15 categories where specific and measurable performance criteria are used to evaluate the nominees.



CORPORATE SOCIAL INVESTMENT

Because the Company mainly conducts its business in rural areas, Senwes's social development initiatives mainly focus on the socio-economical upliftment of rural communities. Support is given to the successful establishment and development of emerging black producers. In the process the focus is on communicating with all relevant role-players, farm planning and the supply of inputs, finance, market access and facilitation of relevant training. The Agriculture Services division already made an impact on capacity by giving technical advice to 230 developing farmers. Information sessions and farmer days where information is provided on live-stock and the production of grain are regularly held throughout the Senwes service area. Senwes also provides information and advice to commercial producers who want to empower their employees through black empowerment projects. Co-operation with the Department of Agriculture and the Department of Social Development ensures that technical support regarding vegetable production is available to community projects and local schools.

Sponsorships

Senwes's objective in terms of sponsorships is to strengthen the Company's image and thereby contribute to the profit line. During the year under review the focus was to sponsor some of the most important agricultural conferences, young farmer conferences and farmers' unions within the Senwes service area.

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Donations support the spirit of social investment and include the following:

- welfare organisations;
- fund raising for the Stilfontein DRD earthquake tragedy;
- SPCA – for animals in need/distress; and
- fodder donations for customers who lost all their grazing land due to veld fires.

The concept of positive transformation and the building of a nation remains at the centre of all our Corporate Social Investment activities.

BLACK ECONOMIC EMPOWERMENT

Senwes conducts business in the agriculture sector and is, therefore, part of the Agri-BEE charter. The charter has not been finalised yet. As soon as the charter is finalised and promulgated by the Minister, the necessary amendments and alignment with the Agri-BEE charter will be done.

The table below represents Senwes's BEE scorecard according to the latest objectives of the Code of Good

Business Practices issued by the Department of Trade and Industry. The Code increased the objectives and additional criteria which compelled Senwes to amend its set objectives in order to comply with the Code. In terms of the scorecard Senwes is a Level 7 contributor to BEE.

The implementation of the BEE transformation plans will be continued and the goal is to move to a higher level during the next financial year. The scorecard was verified by a well-known verification company.

BEE Scorecard

Aspect	Weight	Score
Equity Ownership	20%	20,78
Management Control	10%	2,77
Equal Employment	10%	0,83
Skills Development	20%	8,68
Preferential Procurement	20%	5,76
Business Development	10%	1,85
Social Development	10%	2,06
Total	100%	42,73

BEE Scorecard Performance and Future Strategy

BEE ASPECT	OBJECTIVE	PERFORMANCE
Equity Ownership	To conclude an equity transaction with a BEE partner.	The selling of 27,1% of the equity ownership of Senwes to the Bafokeng Consortium.
Management Control	To increase the number of black board members in relation to the equity transaction.	The representation of black people has increased from 8% to 20%, and the first black female was appointed on the board.
Equal Employment	To increase the number of black employees on all levels of the organisation.	The number of black people on management level has increased from 2% to 6%.
Skills Development	To expand the scope of the Silo Academy to other business units in the Group.	The establishment of the leadership development programme as part of the expansion of the Silo Academy.
Preferential Procurement	To increase the level of procurement from black businesses or black empowered businesses.	Senwes increased its BEE procurement to 20,5% of the total procurement for the past financial year.
Business Development	To establish programmes to promote the development of black Small/Medium Enterprises (SME's).	Supply of technical service to 230 emerging farmers.
Social Development	To establish partnerships with local development organisations with regard to health, sport, business development and training sectors.	Senwes is sponsoring a cricket development programme in association with North West Cricket. The programme is aimed at rural primary and farm schools in the North West and the Free State.

ENVIRONMENTAL SUSTAINABILITY

Senwes as an agri-business company, understands that sustainable growth is also dependable on the environment's sustainability. In this regard the impact of the business activities on the environment are continuously monitored.

Energy and Water consumption

	Consumption
Water	238 097 kl
Electricity	25 229 145 kW/h
Steam	57 601 tonnes
Coal	3 514 tonnes
Sunflower shells	10 591 tonnes

Management of effluent water

Senwes monitors the purity of effluent water at all silos in order to reduce risks for people and animals. Senwes also monitors their filling stations and diesel distribution facilities regularly. Waste paper used and recycled came to about 39 669 kg.

Agricultural environment

Sustainable agriculture production is closely linked with the responsible and optimal use of natural resources. Consequently Senwes is involved with various activities pertaining to crop estimates, land potential determination and chemical analyses. During the year under review

about 25 000 hectares of farm land have already been mapped, classified and samples taken.

Senwes made a valuable contribution to the agriculture community by providing all our stakeholders with specialised agricultural advice in order to reduce their business risks and optimise their outputs.

Through direct intervention (presentations, visits to farms and to offices) about 5 200 commercial and emerging farmers were supplied with information and advice during the past financial year.

Food security

Senwes continues with the creation of first-class quality measures in order to ensure food security, as well as complying with the HACCP – a programme that identifies food risks and dangers. Senwes is a registered food business operator that constantly complies with the relevant standards for the safe export of first-grade, GM-free grain commodities from its silos.

Corporate Governance REPORT

Corporate governance in South Africa is regulated by the King Report on corporate governance (King II) and makes provision for matters regarding the Board, recommendations on the composition of a board, financial reporting, internal audit, non-financial matters, compliance and risk management.

King II makes provision for best practices in managing the Company and the way in which a company conducts its business and requires from listed companies to report or explain compliance. Despite the fact that Senwes is not listed, the Company, as a responsible corporate citizen, subscribes to the principles of King II and explains its own compliance below:

COMPOSITION OF THE BOARD

The Senwes Board comprises executive and non-executive directors, as well as independent non-executive directors. Although the recommended guideline is that at least half the board should consist of independent non-executive directors, ten non-executive directors, three executive directors and two independent non-executive directors currently serve on the Board.

During the year under review, the Bafokeng Consortium nominated two non-executive directors. Together with their alternate directors, Dinao Lerutla (alternate Lucas Ndala) and Jacob Mashike (alternate Konrad Fleischhauer) were appointed as from 16 February 2006. Full particulars of the directors are set out on page 6 and 7.

Procedures for the appointment of board members are formal and transparent and are set out in the Company's articles of association. The Standards Committee, similar to a nominations committee, was constituted in 2003 and comprises three non-executive directors.

The directors' term extends over three years. The re-election of directors takes place on a rotation basis to ensure continuity on the Board – only a third of directors have to retire. Retiring directors are re-electable.

BOARD MEETINGS

The Board meets at least six times a year in order to consider operating aspects of the Group, strategic issues, business plans, budgets and other significant aspects.

The Board is provided with relevant information beforehand so that the directors can be fully prepared and make informed decisions. Board documents are distributed to directors at least seven days prior to a meeting. Directors are also provided with monthly operational reports in order to keep them informed on all relevant Group matters.

Through the Audit and Risk Committees, the Board regularly considers the Group's processes and procedures and do the necessary reviews in order to ensure the effectiveness of the internal control systems. The accuracy of reporting is constantly maintained.

Eleven board meetings, including strategic planning sessions, were held during the year. The number of meetings held and details of attendance are set out in the table on page 31.

EXPERTISE AND TASK

It is expected of the Board to be well informed constantly on company and related matters and therefore, an annual training and orientation programme is presented. Themes for such sessions are predetermined and the past year, four sessions were held which focused, inter alia, on black economic empowerment; shares trading where price sensitive information is available; competition issues as well as on International Financial Reporting Standards.

Board meetings

Name of director	24/05/2005	23/06/2005	22/07/2005	25/08/2005	31/08/2005	27/10/2005	15/11/2005	01/12/2005	16/02/2006	15/03/2006	27/03/2006
Non-executive:											
JE Grobler	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	✓
JDM Minnaar	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
JPL Alberts	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
JP Botma	✓	✓	✓	-	✓	✓	✓	✓	✓	✓	✓
JA E Els	✓	✓	✓	✓	✓	✓	✓	-	✓	✓	✓
DM Lerutla (member since 16/02/2006)	-	-	-	-	-	-	-	-	✓	✓	-
MJ Lourens	✓	✓	✓	-	✓	✓	✓	✓	✓	✓	-
GNV Magashula	✓	✓	-	✓	✓	✓	-	✓	-	✓	-
J Mashike (member since 16/02/2006)	-	-	-	-	-	-	-	-	✓	✓	✓
JA Mostert	✓	✓	✓	✓	✓	-	✓	✓	✓	✓	✓
JD Shahim	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
WH van Zyl	-	✓	-	✓	✓	✓	✓	✓	✓	✓	✓
Executive:											
JJ Dique	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
SH Alberts	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
F Strydom	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

The Senwes Board provides strategic leadership and determines the strategy after which performance is constantly monitored at board meetings. The Board also has constant and unlimited access to information and to Management. Detailed operational management accounts are also provided on a monthly basis.

Furthermore, the Board ensures that the Company complies with all relevant legislation, regulations and set policies and as part of the risk management process, compliance is regularly reported. No significant deficiencies were identified.

The Board also accepted a formal charter which stipulates the roles of the Board and Management. As part of the control over the Group, the Board identifies clear levels of materiality and reserves certain powers for itself whilst others are delegated to Management. A document on the formal delegation of authority was also accepted and approved.

As part of the Board's charter, directors have access via the Company Secretary to independent professional advice (relating to Company matters) at the Company's expense.

The Board is responsible for the total process of risk management and to ensure that such a process is conducted efficiently. See page 36.

As part of the Board's task to also identify and monitor non-financial aspects, corporate social investment and aspects around black economic empowerment are constantly managed and disclosed as part of the Company's strategy and business plans. Safety, health and environmental factors are managed as part of the risk management process and are reported on monthly to Management and the Board.

The Board has constantly considered whether the Company will continue as a going concern within the foreseeable future. The assumptions on which the aforementioned rest are placed on record and have been noted.

As part of the communication and continuous discussion with shareholders, special resolutions that are presented to shareholders at the annual general meeting are accompanied with an explanation of the reasons and the effect of such decisions. All directors, including chairpersons of the board committees, attend the annual general meeting.

PERFORMANCE OF THE BOARD

The Chairman of the Company is a non-executive director. The roles of the Chairman and the Managing Director are separated.

The Board evaluates the performance of the Chairman and the Board as a whole annually, by means of the assessment of the Standards Committee.

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The Board's Human Resources Committee annually evaluates the performance of the Managing Director against predetermined objectives.

In terms of the board charter, directors are encouraged to retain other directorships.

REMUNERATION

The Human Resources Committee, which consists of a majority of non-executive directors and of which the chairman is also a non-executive director, operates within a written mandate. See page 35.

The Company's remuneration philosophy and policy is disclosed on page 26.

Executive directors currently have three-year fixed term contracts and performance-based remuneration comprises the larger part of executive directors' total remuneration packages.

The remuneration of non-executive directors is presented annually to the shareholders meeting for approval, but is

recommended by the Human Resources Committee in October of each year, after which the Board takes a resolution regarding it. In order to reward the Board for the responsible task they have to fulfil as trustees to constantly guard over the best interest of the Company, the remuneration, as set out in the table below, was paid to individual directors during the year under review.

BOARD COMMITTEES

Board Committees assist the Board in the execution of its duties. The Board already has four committees in place: the Audit Committee, Human Resources Committee, Risk Committee and the Standards Committee.

Detail on the working of these committees is stated further on in this report. All these committees have a clear mandate and the chairmen of such committees are non-executive directors. Committees report to the Board at board meetings and in accordance with their mandates, they are entitled to obtain professional and independent advice if such need arises.

Remuneration of directors

Name of director	Months in service during the year	As director R'000	Committees R'000	Management services R'000	Bonuses R'000	Other allowances R'000
Non-executive:						
JE Grobler	12	246	26	-	-	26
JDM Minnaar	12	173	37	-	-	33
JPL Alberts	12	112	28	-	-	36
JP Botma	12	99	8	-	-	11
JA EIs	12	99	4	-	-	28
DM Lerutla	2	8	6	-	-	2
MJ Lourens	12	99	14	-	-	11
GNV Magashula	12	112	4	-	-	16
J Mashike	2	10	-	-	-	10
JA Mostert	12	99	28	-	-	17
JD Shahim	12	99	14	-	-	20
WH van Zyl	12	99	30	-	-	30
Executive:						
JJ Dique	12	173	48	2 443	3 461	34
SH Alberts	12	99	40	1 377	1 618	19
F Strydom	12	99	28	1 526	2 082	52

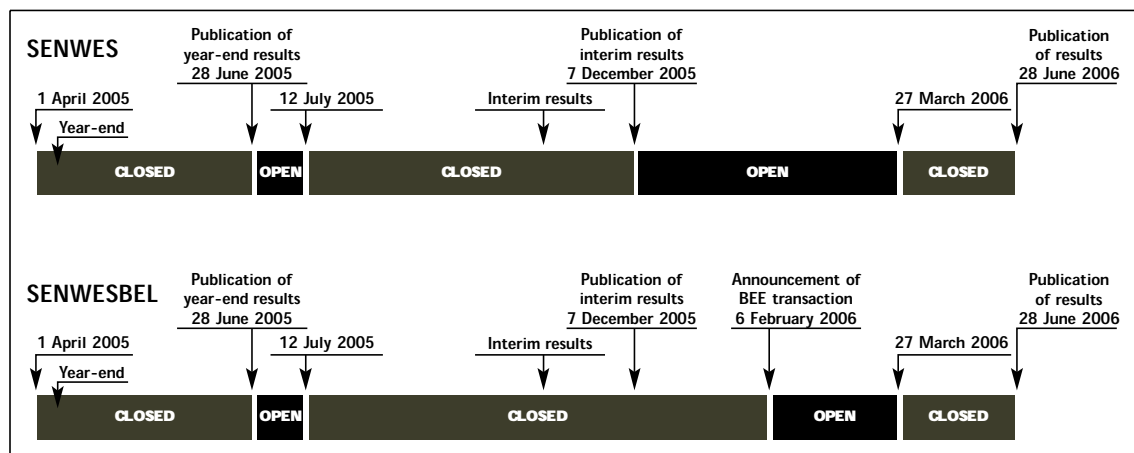
SHARE TRADING AND OTHER BUSINESS INTERESTS

The Company established a policy for trading in the shares of the Company or its holding company at certain times. Directors are excluded from trading during certain periods within a year and normal closed periods last from one month before year-end or half-year until the publication of such relevant financial results. This policy was reviewed and amended in light of new legislation in this regard.

The Company Secretary keeps a register of directors' interests in accordance with the Companies Act.

Apart from loans to some directors, who are also bona fide customers, with arms length transactions in the normal running of the business of Senwes's Producers Finance division, some of the directors also have other interests. These interests include the shareholding in the Company as set out below:

The closed trading periods were as follows:



Shareholding of directors in the Group

Name of director	2006				2005			
	Senwes		Senwesbel		Senwes		Senwesbel	
	Number	%	Number	%	Number	%	Number	%
Non-executive:								
JPL Alberts	-	0,00%	48 681	0,06%	-	0,00%	48 681	0,05%
JE Grobler	239 722	0,13%	2 023 667	2,42%	114 694	0,06%	1 922 738	2,17%
JP Botma	136 429	0,08%	454 094	0,54%	136 429	0,07%	454 094	0,51%
JP Botma (Indirect)	17 969	0,01%	27 557	0,03%	17 969	0,01%	27 557	0,03%
JAE Els	25 045	0,01%	500 000	0,60%	1 245	0,00%	807 864	0,91%
MJ Lourens	43 848	0,02%	128 118	0,15%	43 848	0,02%	128 118	0,14%
JDM Minnaar	7 143	0,00%	1 000 002	1,20%	6 812	0,00%	2 000 000	2,26%
JDM Minnaar (Indirect)	145 011	0,08%	1 230 000	1,48%	145 011	0,07%	1 730 000	1,95%
JA Mostert	5 907	0,00%	21 110	0,03%	5 907	0,00%	21 110	0,02%
JD Shahim (Indirect)	164 952	0,09%	200 579	0,24%	164 952	0,08%	200 579	0,23%
WH van Zyl	600 000	0,33%	2 390 000	2,86%	400 733	0,20%	1 807 094	2,04%
Executive:								
JJ Dique	1 000 000	0,55%	-	0,00%	1 000 000	0,50%	-	0,00%
F Strydom	295 731	0,16%	-	0,00%	295 731	0,15%	-	0,00%
SH Alberts	99 541	0,06%	-	0,00%	31 487	0,02%	-	0,00%
Subtotal of directors *	2 781 298	1,54%	8 023 808	9,60%	2 364 818	1,17%	9 147 835	10,32%
Other shareholders	178 008 010	98,46%	75 552 693	90,40%	198 983 014	98,83%	79 526 647	89,68%
TOTAL	180 789 308	100,00%	83 576 501	100,00%	201 347 832	100,00%	88 674 482	100,00%

* Directors whose names are not contained in the table, do not own any shares.

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COMPANY SECRETARY

The directors have unrestricted access to the Company Secretary to provide them with advice and guidance with regard to their powers and duties in order that they can execute their fiduciary responsibilities to the Company.

INTERNAL AUDIT

An independent objective internal audit function, with an internal audit charter, was established within the Company and it regularly reports to the Audit and Risk Committees. The head of internal audit also has unrestricted access to the chairman of the Audit Committee.

SOCIAL RESPONSIBILITY

Senwes annually reports on the extent and nature of the Company's social, transformation, ethical, safety, health and environmental management practices and policies. See page 22 - 29.

ETHICAL CODE

Senwes and its personnel are committed to ethical business practices and a company code of ethics is included in the personnel guide. The Board is committed to ethical conduct as stipulated in the board charter.

ACCOUNTING REPORTING AND DISCLOSURE

The Audit Committee is responsible to ensure transparent and accurate accounting reporting and disclosure. The Audit Committee is also responsible for the recommendations pertaining to the appointment of auditors, and the audit budget. There are at least three Audit Committee meetings during which both the external and internal auditors provide the necessary input.

REPORTING ON FINANCIAL AND NON-FINANCIAL MATTERS

The Company's stakeholders, such as the shareholders, financiers, personnel and customers, are constantly and openly informed of strategic issues regarding the Company.

In the year under review, the communication with shareholders focused on the strategy for the unlocking of value. Shareholders were informed of this strategy and its progress by means of 16 information sessions and notices. The information was also published on its website. The conclusion of the black economic empowerment deal with the Bafokeng Consortium is specifically relevant in this regard.

As part of the Company's decision of unlocking value, dividends were paid during the year under review. A dividend policy that aims to bring about constant and market related dividend streams was accepted. This information was constantly shared with shareholders.

Shareholders regularly contact the Company Secretary regarding share administration, transfers, as well as share trading via the over-the-counter (OTC)-market through Barnard Jacobs Mellet. The Company's financial results, company share trading and recent newsworthy issues are regularly reported and published on the Company's website and in its relevant publications. Shareholders are also encouraged to attend the annual general meeting of the Company and to use the opportunity to communicate with the Board and to discuss relevant strategic aspects.

AUDIT COMMITTEE

The Audit Committee comprises a majority of non-executive directors and the chairman is an independent non-executive director. The chairman and the majority of members are well qualified in financial reporting. This committee provides comfort to the Board that:

- the financial statements contain the necessary integrity and that accurate reporting of financial figures is taking place;
- reporting on the non-financial aspects is taking place;
- sufficient communication between the external auditors and the Board occurs and that auditors can report independently and objectively on the Group's financial results;
- the internal financial control systems and risk management process to protect the Group's assets and the shareholders' interests are in place and function effectively;
- the internal audit functions are conducted and regular reporting pertaining to this takes place;
- the appointment of external auditors and the basis of appointment and fees are reviewed and that the necessary independence and objectivity applies; and
- compliance with legal requirements is adhered to.

During the year under review, Mr Francois Strydom was appointed as a member of the committee. The Audit Committee had three meetings and attendance was as follows:

Name of director	09/06/ 2005	24/11/ 2005	09/02/ 2006
JPL Alberts (Chairman)	✓	✓	✓
JDM Minnaar	✓	✓	✓
JD Shahim	✓	✓	✓
JA Mostert	✓	✓	✓
JJ Dique	✓	✓	✓
SH Alberts	✓	✓	✓
F Strydom (member since 29/03/2006)	-	-	-

HUMAN RESOURCES COMMITTEE

The Human Resources Committee consists of five members of which four members are non-executive directors. The management of the Human Resources division attends every meeting. No executive director or senior manager is involved with determining his own remuneration. The focus of the Human Resources Committee is the following:

- recommendations pertaining to the guaranteed remuneration of the executive and senior management;
- compliance with employment equity requirements;
- remuneration aspects and incentive schemes to encourage performance of executive management over the short and long-term and to measure it against shareholders' expectations of economic wealth-creation;
- succession planning of executive management and personnel;
- recommendations pertaining to other incentive schemes; and
- recommendations to the Board regarding the remuneration for non-executive directors.

Executive Committee and Senior Management structure

Name	Portfolio	Months in service during the year	White (W)/ Black (B)	Male (M)/ Female (F)
JJ Dique	Managing Director	12	W	M
F Strydom	Director Operations	12	W	M
SH Alberts	Director Finance	12	W	M
JNB Maswanganyi	General Manager Corporate Services	12	B	M
AM Lubbe	General Manager Grain	12	W	M
FJ du Plessis	General Manager Trade	12	W	M
EM Joynt	Company Secretary	12	W	F
AJ Erasmus	Group Internal Auditor	12	W	M
CF Kruger	Assistant General Manager Finance	12	W	M
GP van Zyl	Assistant General Manager Producers Finance	12	W	M
HJ de Jager	Assistant General Manager Human Resources	12	W	M
J Grobler	Assistant General Manager Corporate Marketing	12	W	M

During the year four meetings were held. Mr JAE Els was appointed (25 August 2005) as committee member in the place of Mr WH van Zyl. Ms DM Lerutla was appointed (29 March 2006) as committee member in the place of Mr GNV Magashula. Attendance of the Human Resources Committee during the year under review was as follows:

Name of director	10/06/ 2005	28/09/ 2005	20/01/ 2006	25/04/ 2006
JDM Minnaar (Chairman)	✓	✓	✓	✓
JP Botma	✓	✓	-	✓
WH van Zyl (member until 25/08/2005)	✓	-	-	-
JAE Els (member since 25/08/2005)	-	✓	✓	✓
GNV Magashula (member until 29/03/2006)	✓	✓	-	-
DM Lerutla (member since 29/03/2006)	-	-	-	✓
JJ Dique	✓	✓	✓	✓

STANDARDS COMMITTEE

The Standards Committee consists of four members of which three are non-executive directors. The Chairman of the Board is also the chairman of this committee. The committee reconsiders the structure, size, efficiency and the composition of the Board annually. Evaluations are also done to determine which skills are required on board level, as well as on board committee level. The chairman of the committee undertakes individual evaluation discussions with every director. During the year under review, there were two meetings of this committee and all members attended both meetings.

EXECUTIVE COMMITTEE

This committee consists of the Managing Director, Director Finance, Director Operations, as well as the

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General Manager Corporate Services. The Company Secretary and other senior management members also attend the Executive Committee meetings.

The day-to-day management of the Company is the task of the Managing Director and his Executive Management team. The Committee meets at least once a month and at the meetings reports on the implementation of the Company's strategy, the financial results and critical risk and other operational aspects.

RISK COMMITTEE

The Risk Committee consists of three non-executive directors and three executive directors and constantly reviews the risk management processes and the most significant risks that the Company experiences. Although the Board is responsible for the whole process of risk management and the effectiveness thereof, the committee is specifically tasked with considering the detail with senior management. The committee operates within an approved mandate.

During the year under review both Messrs WH van Zyl (25 August 2005) and J Mashike (29 March 2006) joined the committee. The number of meetings and the attendance record was as follows:

Name of director	03/06/ 2005	10/11/ 2005	08/02/ 2006
WH van Zyl (Chairman) (member since 25/08/2005)	-	✓	✓
JA Mostert	✓	✓	✓
J Mashike (member since 29/03/2006)	-	-	-
JJ Dique	✓	✓	✓
SH Alberts	✓	-	✓
F Strydom	-	✓	✓

The continuous day-to-day risk management, identification and control of risks are the tasks of senior management. These receive incisive and urgent attention by the internal Management Risk Committee by focussing on the effective action steps and mitigating internal controls of risks.

Reassurance is given to the Board that:

- business operations operate effectively;
- the Company's assets and information are safeguarded;
- legislation and regulatory requirements are complied with;
- business will be able to continue under normal and extra-ordinary circumstances; and
- responsible behaviour towards stakeholders occurs.

Details of material relevant risks are set out on page 37.

ACCESS TO INFORMATION

The Company complies with the requirements of the Public Access to Information Act of 2000 and a relevant guide to this is published on the Company's website and can also be obtained from the Company Secretary.

Shareholders have access to the Company's registers and minutes of shareholder meetings.

RISK MANAGEMENT

Senwes uses an extended risk management programme that has been operational for some time. The following were material risks and required consistent management attention.

DOWNSCALING IN GRAIN PLANTINGS

Due to low price levels, producers planted about 50% less during the past financial year compared to previous years. This impacts on two financial years. The Input Supply division has been influenced negatively this year due to reduced inputs sales, whilst the next year's results will be affected in the Market Access division due to less grain available for managing, storage and marketing. The resulting impact on the producer's lower cash flow also affects creditworthiness and consequently that impacts the credit supply division.

Management addressed risks to a large extent by the following action:

- levels of inventory in the Input Supply division were reduced and structures were rationalised;
- Safex instruments and financial instrument strategies, as well as bridging finance packages were provided to manage producers' risks and to enable them to share in expected grain price increases;
- applicable changes to credit policies; and
- grain inventory were kept in storage for longer by utilising the opportunities that the Safex grain market offers.

ALTERNATIVE STORAGE CAPACITY

The arrival of alternative storage capacity such as grain bags offer new challenges but also opportunities. The risk of fragmenting the grain industry due to these options is not underestimated. For now it is addressed by innovative marketing transactions and the protection of the close relationship that the organisation has with the producers.

NON-FULFILMENT OF CONTRACTS

Some contracts, for example cash advance transactions present risks if concluded in certain circumstances. Sharp movement in grain prices is relevant to this. Risks are addressed by strictly monitoring circumstances and only concluding transactions in certain price ranges. Proper counter-party evaluation also plays an important role in addressing credit risks.

NON-COMPLIANCE OF LEGISLATION

Complying with the numerous laws applicable to the corporate environment has become a significant risk which compels organisations to spend substantial amounts to ensure compliance. The compliance division, under leadership of the Company Secretary and the Compliance Officer, together with effective procedures, policies and appropriate instructions applicable to legislation, address this risk.

PRICE RISK WITH REGARD TO GRAIN COMMODITIES

The impact of price movements with regard to grain that are not hedged, exist in market circumstances of low market liquidity. Senwes applies a very cautious policy with regard to speculation and the status of open positions is consistently monitored and reported daily to the appropriate senior management. The more considerable risk pertaining to commodity prices affects agriculture and the competitiveness of the sector as a whole. Consequently, it also affects the creditworthiness and viability of producers. This risk is addressed by training producers and advising them about risk management practices and applicable hedging instruments, as well as crop rotation and diversification of their farming activities.

POST-RETIREMENT MEDICAL BENEFITS

The past conflict between Senwes and retired employees about the changed provision of medical benefits after retirement, is known. Senwes lost an application for an interdict with regard to the proposed changes to the scheme benefits. Changes were initially suggested because the extent of the scheme was so significant that it threatened the survival of the company during the difficult cycle Senwes endured in the past. In the mean time, appropriate discussions and an agreement that is reasonable towards all stakeholders have been reached. Discussions will continue to ensure fairness.

Apart from the aforementioned significant specific risk areas, there are various other normal business risks that exist but these are monitored and managed sufficiently. The Board is satisfied that adequate processes and management practices are established to identify and address material risks.

Senwes Group

FIVE-YEAR REVIEW

	2006 R'm	2005 R'm	2004 R'm	2003 R'm	2002 R'm
BALANCE SHEET					
Assets					
Non-current assets	254	269	381	437	477
Current assets	1 381	1 595	1 771	1 944	2 508
Assets of discontinued operations – held for sale	3	-	-	-	-
Total	1 638	1 864	2 152	2 381	2 985
Equity and liabilities					
Capital and reserves	683	622	569	372	302
Non-current liabilities	89	80	60	113	84
Current liabilities	865	1 162	1 523	1 896	2 599
Liabilities associated with assets – held for sale	1	-	-	-	-
Total	1 638	1 864	2 152	2 381	2 985
Interest-bearing liabilities	585	803	1 050	1 074	1 800
INCOME STATEMENT *					
Revenue					
Input Supply	903	935	1 074	1 394	1 289
Market Access	2 672	2 867	2 328	3 848	2 448
Industries	17	22	36	31	40
Normal operating activities	3 592	3 824	3 438	5 273	3 777
Corporate and non-apportionable	30	10	12	19	7
Discontinued operations	443	523	1 114	2 453	2 370
Inter-segmental sales	(86)	(107)	(85)	(82)	-
	3 979	4 250	4 479	7 663	6 154
Hedging and direct delivery transactions	5 559	5 266	5 176	4 668	3 272
Value of business transacted	9 538	9 516	9 655	12 331	9 426
Profit/(loss) *					
Input Supply	(18)	(8)	(37)	6	11
Market Access	181	182	195	169	99
Industries	5	6	4	1	(24)
Normal operating activities	168	180	162	176	86
Corporate cost	(32)	(31)	(32)	(28)	(21)
Other non-apportionable cost	(12)	(4)	(8)	(1)	-
Investment income	5	14	14	13	5
Continuing operations	129	159	136	160	70
Discontinued operations/Held for sale	28	(6)	36	(61)	-
Profit before abnormal items	157	153	172	99	70
Disposal of unlisted shares	-	104	-	-	-
Abnormal items	(32)	(19)	28	(43)	(294)
Profit/(loss) before tax	125	238	200	56	(224)
Tax	(18)	(43)	(32)	-	13
Net profit/(loss) after tax	107	195	168	56	(211)
Minority interests	-	-	-	-	(3)
Net profit/(loss)	107	195	168	56	(214)
Finance charges included above	(62)	(84)	(135)	(216)	(262)
CASH FLOW					
Net cash from operating activities					
Cash profit	159	192	227	174	194
Dividends paid	(29)	(12)	-	-	-
Movement in operating capital	20	(25)	(434)	554	198
Net cash from investment activities	56	92	231	(10)	74
Cash generated	206	247	24	718	466
Buyback of own shares	(38)	-	(2)	(2)	-
Dissolution of Personnel Share Trust	49	-	-	-	-
Decrease in long-term loans	(2)	(1)	-	(3)	(27)
Net cash flow	215	246	22	713	439

* For comparative purposes the segmental revenue and results of previous periods have been restated for discontinued operations.

	Definition	2006	2005	2004	2003	2002
NUMBER OF ORDINARY SHARES ('m)						
Weighted average number in issue *		181	181	182	204	206
Number in issue at year-end *		181	181	181	203	206
PERFORMANCE OF ORDINARY SHARES CENTS PER SHARE						
Earnings/(loss)	1	59,2	107,9	92,4	27,4	(103,9)
Headline earnings/(loss)	2	58,1	54,2	70,4	48,4	(76,7)
Headline earnings excluding abnormal items	3	57,0	65,8	55	69,4	39,6
Cash flow	4	113,9	136,6	13,2	351,2	226,7
Net asset value	5	377,8	344	314,7	183,3	145,9
Market price	6	250	165	80	-	-
Total dividends for the year	7	35	47,5	5,5	-	-
Final dividend declared	8	15	5,5	5,5	-	-
Interim dividend paid	9	-	4,5	-	-	-
Special dividend paid	10	20	37,5	-	-	-
%						
Prime lending rate after tax	11	6,3	6,3	6,9	10,2	9,0
Return on fixed investment after tax	12	4,0	4,0	4,5	7,2	6,0
Dividend yield on market price (normal dividends) #	13	6,0	6,1	6,9	-	-
Dividend yield on market price, including special dividends #	14	14,0	28,8	6,9	-	-
TIMES						
Dividend cover from normal dividends	15	3,9	10,8	16,8	-	-
Dividend cover, including special dividends	16	1,7	2,3	-	-	-
RETURN						
Movement in equity (R'm)	17	61	53	197	70	(212)
Return of average shareholders' interest (%)	18	16	33	36	17	(53)
Operating profit/loss from continuing operations as % of income	19	3	7	5	2	(4)
Effective tax rate (%)	20	15	18	16	-	6
PRODUCTIVITY						
Revenue/equity (times)	21	6	7	8	21	20
Revenue per employee (R'000)	22	2 070	1 668	1 763	1 215	885
SOLVENCY AND LIQUIDITY						
Equity as % of net assets - Group	23	53	43	35	25	14
Interest cover by cash profits (times)	24	3,8	3,3	2,7	1,8	1,8
Gearing ratio %	25	86	129	185	289	596
Non-interest-bearing liabilities as % of equity	26	51	69	90	239	292
Current ratio	27	1,6	1,4	1,2	1	1
Quick asset ratio	28	0,9	1,1	0,7	0,7	0,7

Share trading actively started in April 2003. Prior to this date the market value of shares is regarded not to have reflected its fair value.

* Senwes has dissolved its Personnel Share Trust in the period under review. According to IFRS this figure has to be adjusted from 2004 against equity as if the Trust was previously consolidated.

DEFINITIONS

- 1. EARNINGS PER SHARE**
Earnings attributable to shareholders divided by the weighted average number of shares in issue during the year.
- 2. HEADLINE EARNINGS PER SHARE**
Earnings per share attributable to shareholders, excluding:
 - profit/(loss) on disposal of fixed assets,
 - profit/(loss) on disposal and/or discontinued operations,
 - restructuring costs,
 - profit/(loss) on disposal of investments,
 - profit/(loss) on disposal of subsidiaries,
 - provision for impairment of assets,
 - amortisation of goodwill,divided by the weighted average number of shares in issue during the year.
- 3. HEADLINE EARNINGS PER SHARE EXCLUDING ABNORMAL ITEMS**
Identical to headline earnings per share, except for further exclusion of abnormal items.
- 4. CASH FLOW PER SHARE**
Attributable cash flow from operations divided by the weighted average number of shares in issue during the year.
- 5. NET ASSET VALUE PER SHARE**
Capital and reserves, reduced by intangible assets, divided by the number of shares in issue at year-end.
- 6. MARKET PRICE PER SHARE**
Trading price of the last transaction in the financial year.
- 7. FINAL DIVIDEND FOR THE YEAR**
Self-explanatory.
- 8. FINAL DIVIDEND**
Final dividend declared divided by the total number of shares in issue at year-end.
- 9. INTERIM DIVIDEND**
Interim dividend paid divided by the total number of shares in issue at six months.
- 10. SPECIAL DIVIDEND**
Self-explanatory.
- 11. PRIME LENDING RATE AFTER TAX**
Absa year-end rate as applicable on individuals and taxed at the maximum tax rate which applies to individuals.
- 12. RETURN ON FIXED INVESTMENTS AFTER TAX**
Absa year-end rate as applicable on individuals and taxed at the maximum tax rate which applies to individuals.
- 13. DIVIDEND YIELD ON MARKET PRICE**
Dividend per share divided by market price per share (definition 6).
- 14. DIVIDEND YIELD ON MARKET PRICE, INCLUDING SPECIAL DIVIDEND**
Dividend per share, including the special dividend, divided by market price per share (definition 6).
- 15. DIVIDEND COVER**
Attributable profit for the year divided by the total normal dividend declared.
- 16. DIVIDEND COVER, INCLUDING SPECIAL DIVIDEND**
Attributable profit for the year divided by the normal and special dividends declared.
- 17. MOVEMENT IN EQUITY**
Difference between capital and reserves in the current and previous year.
- 18. RETURN ON AVERAGE SHAREHOLDERS' INTEREST**
Earnings attributable to shareholders expressed as a % of average capital and reserves.
- 19. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS AS A % OF INCOME**
Net profit before taxation (adjusted with discontinued operations) divided by revenue (adjusted with discontinued operations).
- 20. EFFECTIVE TAX RATE**
Actual income tax expense as a % of net profit before tax.
- 21. REVENUE/EQUITY (times)**
Revenue divided by equity.
- 22. REVENUE (PREVIOUSLY TURNOVER) PER EMPLOYEE**
Revenue divided by the total number of permanent employees at year-end.
- 23. EQUITY AS A % OF NET ASSETS – GROUP**
Capital and reserves expressed as a % of total assets less non-interest-bearing debt.
- 24. INTEREST COVER BY CASH PROFITS**
Cash profits before finance charges, divided by finance charges.
- 25. GEARING RATIO**
Interest-bearing debt, reduced by cash, divided by capital and reserves.
- 26. NON-INTEREST-BEARING LIABILITIES AS % OF EQUITY**
Non-interest-bearing liabilities and provisions divided by equity.
- 27. CURRENT RATIO**
Current assets divided by current liabilities.
- 28. QUICK ASSET RATIO**
Current assets less inventory divided by current liabilities.

Value added STATEMENT

	GROUP					
	2006		2005 pro forma *		2005	
CREATION OF WEALTH	R'm	%	R'm	%	R'm	%
Revenue _ _ _ _ _	3 979		4 250		4 250	
Investment activities _ _ _ _ _	5		18		118	
Paid to suppliers of goods and services _ _ _ _ _	(3 403)		(3 632)		(3 632)	
	581		636		736	
DISTRIBUTION OF WEALTH						
Employees and directors _ _ _ _ _	279	48	269	42	269	37
Authorities _ _ _ _ _	57	10	49	8	49	7
External providers of capital _ _ _ _ _	62	11	84	13	84	11
Available to owners _ _ _ _ _	182	31	223	35	323	43
Retained for expansion and growth _ _ _ _ _	107	18	95	15	195	26
Dividends paid _ _ _ _ _	47	8	95	15	95	13
Provision for replacement of assets _ _ _ _ _	28	5	33	5	33	4
Impairment of assets _ _ _ _ _	1	0	11	2	11	2
	581	100	636	100	736	100

* The 2005 pro forma figures are the adjusted 2005 figures after the effect of the disposal of the Pioneer investment has been eliminated.

Statement of responsibility by the **BOARD OF DIRECTORS**

The directors are responsible for the preparation, integrity and reasonableness of presentation of the financial statements of Senwes Ltd and its subsidiaries. The financial statements set out on page 45 to 83 have been prepared in accordance with International Financial Reporting Standards (IFRS). The Board also prepared all other information included in this annual report and is responsible for both the accuracy and the consistency of the financial statements.

The Board is also responsible for the Company's internal financial control system and risk management, which are both reviewed regularly. These controls are designed to provide reasonable but not absolute assurance with regard to the reliability of the financial statements, to provide adequate safeguarding and control of assets and to prevent and identify misrepresentations and losses. Nothing has come to the attention of the Board which could indicate a material deficiency in the functioning of these controls, procedures and systems during the year under review.

The financial statements were prepared on a going concern basis. The directors have no reason to believe that the Group or any company in the Group will not be a going concern in the foreseeable future, based on results, operational tendencies, market tendencies, estimates and forecasts, risks, capital structure and available cash and finance resources.

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

The annual financial statements of the Company and the Group annual financial statements for the year ended 30 April 2006, set out on page 45 to 83, were approved by the Board.



JE Grobler
Chairman



JJ Dique
Managing Director



SH Alberts
Director Finance

23 June 2006

Statement by **THE COMPANY SECRETARY**

In terms of section 268G(d) of the Companies Act, as amended, the Company Secretary hereby certifies that all returns, as prescribed by the said Act, have been submitted to the Registrar of Companies and that the said returns are true, correct and up to date.



EM Joynt
Company Secretary

23 June 2006

Senwes

FINANCIAL RESULTS



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Report of the **INDEPENDENT AUDITORS**

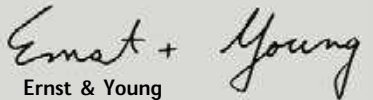
To the members of

SENWES LIMITED

We have audited annual financial statements of Senwes Limited and Group as set out on page 45 to 83 for the year ended 30 April 2006. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects the financial position of the Company and Group as at 30 April 2006, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act in South Africa.


Ernst & Young
Registered Accountants and Auditors

23 June 2006
Johannesburg

Statutory DIRECTORS' REPORT

1. MAIN OBJECTIVES

The main objectives of the Company are as follows:

- 1.1 To supply primary agricultural inputs.
- 1.2 To provide market access for agricultural produce.

2. CHANGE IN NATURE OF ACTIVITIES

There were no material changes during the year in the nature of property, plant and equipment.

3. SUBSIDIARIES AND OTHER FINANCIAL ASSETS

Details of the holding company's interest in subsidiaries and other financial assets are set out in notes 3, 4 and 5 to the financial statements.

4. RESULTS

The net profit after tax of the Group for the year under review amounted to R107 million (2005 - R195 million).

The summarised results are as follows:

	GROUP		COMPANY	
	2006 R'm	2005 R'm	2006 R'm	2005 R'm
Revenue _____	3 979	4 250	3 673	3 949
Continuing operations _____	3 536	3 727	3 603	3 829
Discontinued operations _____	443	523	70	120
Value of business transacted _____	9 538	9 516	9 232	9 215
Operating profit _____	160	216	155	206
Net profit after tax _____	107	195	107	195

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

Included in value of business transacted are hedging and direct transactions amounting to R5 559 million (2005 - R5 266 million). The revenue of continuing operations decreased by 5% to R3 536 million due to the lower turnover generated by the Input Supply division. Due to lower direct input and mechanisation sales caused by a deflated grain price cycle and the subsequent downscaling in plantings in the area, the turnover of the Input Supply was 4% lower.

A decrease of R56 million (26%) in operating profit occurred. The reduction of R43 million in profit before tax is primarily due to the drastic decrease in the Input Supply division's revenue caused by the 50% downscaling in plantings in Senwes's traditional area.

The Industries division, Hartswater Wynkelder and Senwes Seed, showed positive results. Senwesko Voere was also profitable up to the date of disposal.

The summarised balance sheet is as follows:

Total assets _____	1 638	1 864	1 632	1 823
Total net interest-bearing debt _____	585	803	585	802

The decrease in the balance sheet is the result of the lower investment in financing debtors and agency grain debtors while the investment into specific grain inventories was significantly higher. A review of the results for the year is set out in the financial review on page 20.

5. DIVIDENDS

The directors propose that a final dividend of 15 cents per share (2005 - 5,5 cents) be declared. No interim dividend

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Statutory directors' report

CONTINUED FROM P. 45

(2005 – 4,5 cents) and a special dividend of 20 cents (2005 – 37,5 cents) were paid during the year. All shareholders registered as such in the share register on 7 August 2006 will receive dividends payable on approximately 24 August 2006, after confirmation thereof by the shareholders at the annual general meeting.

6. DIRECTORS AND SECRETARY

6.1 The names of the directors are set out on page 6 and 7.

The following resignations and retirements will occur:

MJ Lourens	(10 August 2006)
JDM Minnaar	(10 August 2006)
JA Mostert	(10 August 2006)
WH van Zyl	(10 August 2006)

The following appointments were made:

DM Lerutla	(16 February 2006)	
LM Ndala	(16 February 2006)	(Alternate to DM Lerutla)
J Mashike	(16 February 2006)	
K Fleischhauer	(16 February 2006)	(Alternate to J Mashike)

The independent non-executive directors are elected triannually by the Board after ratification on the subsequent annual general meeting. The current directors are Messrs. JPL Alberts and GNV Magashula.

6.2 Secretary

EM Joynt

Registered address – 1 Charel de Klerk Street, Klerksdorp.

6.3 Public officer

SH Alberts (Appointed 15 February 2005)

7. SHARE CAPITAL

No shares were issued during the year under review.

8. BUYBACK OF SHARES

The following shares were bought back:

Senwes:	20 558 524	(shares from the Senwes Personnel Share Trust purchased in terms of section 85 of the Companies' Act)
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9. HOLDING COMPANY

The holding company of Senwes Ltd is Senwesbel Ltd – a company incorporated in South Africa.

10. SUBSEQUENT EVENTS AFTER THE BALANCE SHEET DATE

None.

11. SIGNIFICANT LAWSUITS OUTSTANDING AND OTHER CONTINGENT MATTERS

The potential contingent liabilities with regard to the former Vaalharts Co-op members, as well as previous employees' medical benefits, are disclosed in full in note 19. As disclosed in the previous year the Company also instituted legal action against the former auditors, PricewaterhouseCoopers Inc, as well as certain former members of management. The claims relate to actions and resultant losses which occurred in the financial years from 1998 to 2000.

12. SPECIAL RESOLUTIONS

At the Annual General Meeting held on 25 August 2005 the following special resolutions were passed:

- 12.1 the replacement of the memorandum of association and the articles of association with an English version thereof;
- 12.2 the buyback of shares held by the Senwes Personnel Share Trust; and
- 12.3 general authorisation is granted to the Board to buy back own shares.

Accounting POLICIES

1. ACCOUNTING POLICIES

The Senwes Group changed its accounting policy from Generally Accepted Accounting Practice (GAAP) to International Financial Reporting Standards (IFRS). As IFRS is implemented for the first time in respect of the 2006 financial year, the change-over date is 1 May 2004. The opening balance sheet of the Group as at 1 May 2004 and the comparative information for 2005 have been recompiled to comply with the IFRS.

The change in accounting policy resulted from the acceptance of the following standards:

- IAS 16 – Property, plant and equipment
- IFRS 5 – Non-current assets held for sale and discontinued operations
- SIC Interpretation 12 and IAS 27 – Consolidation of special purpose entities
- IAS 17 – Leases
- IAS 19 – Employee benefits

1.1 Basis of presentation

The financial statements of the Senwes Group and all its subsidiaries have been compiled in accordance with and in compliance with IFRS. The financial statements are prepared on the historical-cost basis except for derivative financial instruments, available-for-sale financial assets and debtors shown at fair values. The carrying values of hedged assets and liabilities are adjusted to reflect changes in the fair values resulting from the hedged risks. The financial statements are compiled in rands and all values are rounded to the nearest million (R' 000 000), except as otherwise indicated.

1.2 Consolidation policy and subsidiaries

Subsidiaries are entities where control can be exercised over their operating and financial policies in order to benefit from their activities or where the Group has the majority of the voting rights.

Special purposes entities holding shares in the Group and where the Group is entitled to control the entity, are consolidated.

Included in the consolidated annual financial statements are the assets and liabilities of all the subsidiaries and their results for the period. In the case of an acquisition or a change in interest during the year, the results of the relevant subsidiaries are included as from the date of effective control or to the effective date when effective control ended. Intergroup transactions, balances and unrealised profits and losses among entities in the Group are eliminated.

All the subsidiaries have the same financial year-end and accounting policy as the holding company.

Any provisions for investment write-offs on account of accumulated losses arising in the entity, are written back on consolidation. Where impairments occur, these are accounted for against the relevant class of assets.

Investments in subsidiaries at company level are shown at cost less any provisions for impairments.

1.3 Joint ventures

Joint ventures are businesses where the Group, together with one or more other entities, perform an economic activity which is subject to joint control.

The Group's interest in joint ventures is accounted for by the proportional consolidation method. The income statement, balance sheet, cash flow statement and statement of changes in equity include the Group's share of income, expenditure, assets, liabilities and cash flows of these joint ventures on a line-for-line basis.

1.4 Other investments

All investments are initially recognised at fair value, including any acquisition costs associated with the investment.

CONTINUED ON P. 48

Accounting policies

CONTINUED FROM P. 47

After initial recognition, investments classified as available-for-sale are adjusted to fair value. Profits or losses arising from fair value adjustments on these investments are taken directly to equity. Once the investment is sold or disposed of, if any impairments have previously been recognised, the accumulated profit or loss previously adjusted to equity is included as part of net profit or loss in the income statement.

1.5 Property, plant and equipment

Property, plant and equipment are held with a view to extracting economic benefit from it over more than one period and are not acquired for resale purposes.

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

Profits and losses on sale of property, plant and equipment are calculated on the basis of their carrying values and are accounted for in operating profit.

The carrying values of property, plant and equipment are considered for impairment when the events or changes in circumstances indicate that the carrying values are no longer recoverable from its future earning or realisation of the assets.

Depreciation is calculated on a fixed instalment basis over the expected useful life at the following rates:

	%
• Land _____	-
• Buildings and improvements ____	2,5 - 2,85
• Plant and equipment _____	7,5 - 33,3
• Vehicles _____	20

Land is not depreciated as it is deemed to have an unlimited life.

The useful life and residual value of property, plant and equipment are reviewed annually. The evaluations in respect of the useful life and residual value of assets can only be determined accurately when items of property, plant and equipment approach the end of their lives. Useful life and residual value evaluations can result in an increased or decreased depreciation expense. Where the residual value of an asset equals its carrying value, depreciation is suspended until the carrying value of the asset once again exceeds the residual value.

1.6 Inventory

Inventory represents assets held for resale in the normal course of business, to produce assets for sale, or for use in production processes or the provision of services.

Included in cost of inventory are the cost price, production costs and any costs incurred in bringing the inventory to its current position and condition, ready for the intended purpose. Cost of inventory does not include interest, which is accounted for as an expense in the period when incurred.

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

Inventory is stated at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the normal course of business. Cost of inventory items is determined on the basis of their characteristics in terms of their nature and use.

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

- Groundnuts and centre pivot inventory ____ Standard cost
- Own grain commodities _____ Specific contract price/fair value
- Other inventory _____ First-in, first-out (FIFO)

1.7 Agency grain debtors

Agency grain debtors represents payments made on behalf of third parties in respect of agricultural produce received from producers, which are payable by the third party on delivery of such agricultural produce to them. This includes sales in terms of sales contracts secured by inventory.

1.8 Deferred tax

Provision is made for deferred tax in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying values for purposes of financial reporting, by applying the tax rate applicable at year-end. The liability for deferred tax or deferred tax assets is adjusted for any changes in the income tax rate.

In accordance with this method the Group has to provide for deferred income tax on the revaluation of certain non-current assets and on the difference between fair values and the tax base of assets at acquisition.

Deferred tax assets arising from unutilised tax losses are limited to the extent that future taxable income will probably be available against which the unutilised tax losses can be charged.

1.9 Liability for long-term employee benefits

1.9.1 Retirement liability

The retirement liability comprises a defined contribution fund registered in terms of the Pension Funds Act, 1956, and the assets are administered separately by trustees. Funding is in terms of conditions of employment by means of contributions by the Company, participating subsidiaries as well as employees. Contributions are recognised in the income statement in the period to which they relate. As the funds are defined contribution funds, any under funding that may occur when the value of the assets drop below that of the contributions, are absorbed by the members by means of decreased benefits. Therefore, the Group has no exposure in this regard.

1.9.2 Post-retirement medical care liability

Provision for future costs of post-retirement medical care is made against income, based on an annual independent actuarial valuation. At balance sheet date the provision amounted to 100% of the obligation, based on certain accepted changes in benefits.

1.9.3 Deferred bonus scheme

Profit-sharing and bonus payments that are not payable within 12 months of year-end are shown as long-term employee benefits.

1.10 Short-term employee benefits

These include normal benefits such as salaries, wages, paid leave, sick leave, profit-sharing and other bonuses as well as fringe benefits in respect of existing employees, and are charged to income in the period in which they were incurred. A provision is raised for the expected costs of incentive bonuses where a constructive liability exists and an accurate estimate of the liability can be made.

A provision is raised for the expected cost of the liability in respect of both normal leave days and long-service leave days accumulated, converted to a rand value at year-end, based on the cash equivalent thereof. The required adjustment is set off against income in the income statement.

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

Termination of service benefits are recognised as a liability and expense where the business is committed to terminating the position prior to the employee's normal retirement, or where benefits are offered to encourage voluntary termination of service by redundant employees. However, only a contingent liability is disclosed where it is uncertain by whom the offer would be accepted.

1.11 Revenue recognition

Revenue represents the net invoiced value of goods and services and any commission received from activities as a grain handler and provider of insurance and financial services. Interest received as a result of credit granting is also stated as income but only to the extent that collection is reasonably assured. Revenue is stated net of value-added tax.

CONTINUED ON P. 50

Accounting policies

CONTINUED FROM P. 49

Intergroup sales are eliminated.

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

Revenue from agency grain debtors is recognised on a time apportioned basis as and when services are rendered.

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

In grain selling transactions, price risk exposure with regard to purchases is hedged by selling on the futures exchange, Safex. Where the objective is hedging, rather than delivery to Safex, these transactions are eliminated from revenue and disclosed separately as value of business transacted.

Direct delivery transactions with regard to fuel, fertiliser, seed and other farming inputs are disclosed separately under value of business transacted, since their nature is in line with agency principles rather than acting as principal. The underlying reason for the transactions is financing. Commission earned on the transactions is accounted for as revenue.

Dividends received from investments are recognised when the last date for registration has expired.

1.12 Financial instruments and fair value

Financial assets are recognised when the Group has the right or access to receive economic benefits. Such assets consist of cash, a contractual right to receive cash or any other financial asset. Financial liabilities are recognised where there is an obligation to transfer economic benefits and that obligation is a contractual obligation to transfer cash or any other financial asset or a financial instrument to another entity.

Derivative financial instruments

Derivative instruments are used by the Group in the management of business risks. They are initially recognised in the balance sheet at cost and are thereafter revalued to fair value. The method of recognising the resultant profit or loss, depends on the type of item being hedged. The Group allocates certain financial instruments as:

- a hedge of the exposure to changes in fair value of a recognised asset or liability or, an unrecognised firm commitment (fair value hedge); or
- a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

Changes in the fair value of derivative instruments which have been allocated, and qualify as fair value hedges, which are highly effective, are accounted for in the income statement together with any change in the fair value of the hedged asset or liability that is attributable to the hedged risk, and is therefore effectively set off against one another. Changes in the fair value of derivative instruments which have been allocated and qualify as cash flow hedges, which are also highly effective, are accounted for in equity. If the forward transaction results in the recognition of an asset or a liability, the profit or loss that was deferred earlier to equity, is transferred from equity and included in the initial determination of the cost of the asset or liability. Otherwise, amounts deferred to equity are transferred to the income statement and classified as revenue or expenditure during the same period as the hedged fixed commitment or forward transaction has an influence on the income statement.

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting with reference to IAS 39, are immediately recognised in the income statement.

If the hedging instrument lapses or is sold, or if the hedge no longer meets the criteria for hedge accounting with reference to IAS 39, any cumulative profit or loss that exists at that point in equity, is retained in equity

and recognised when the forward transaction is finally recognised in the income statement. If it is expected that the forward transaction will no longer realise, the reported cumulative profit or loss is immediately transferred to the income statement.

From the inception of the transaction the Group documents the relationship between the hedging instrument and the hedged item, as well as the risk management aim and strategy for entering into the hedging transaction. As part of this process, all derivative instruments are allocated as hedges to specific assets and liabilities or to specific fixed commitments or forward transactions. The Group also documents valuations, both at the outset and continuously, in order to determine whether the derivative instrument being used in hedging transactions, is indeed highly effective to set off the changes in fair value or cash flows of the hedged items.

Commodity futures

The Group enters into several over-the-counter buy and sell futures for the purchase or sale of grain commodities. Such contracts are recognised on the balance sheet at fair value. These contracts form part of the Group's risk management policy and hedging strategy. Any increase and/or decrease in the amount required to settle or recover the asset or liability is set off against the corresponding movement in the value of the hedge instrument. Therefore, the profits and losses are set off against one another for purposes of financial reporting.

Foreign exchange contracts

Foreign exchange contracts are used by the Group in the management of exposure to currency fluctuations, and are therefore used effectively in limiting associated risks. These are highly effective hedge instruments as defined in accounting statement IAS 39 and are therefore revalued to the instrument's fair value. Adjustments are set off against the fair value adjustment of the underlying asset or liability.

Fair value

The fair value of derivative instruments is based on quoted market prices on the balance sheet date. The fair value of foreign exchange contracts are determined by using currency market rates as on the balance sheet date. The fair value of financial assets and liabilities with an expiry date of less than one year, is accepted as the face value less any estimated credit adjustments. The fair value of non-operating financial liabilities is determined by discounting future contractual cash flows against the current market interest rates available to the Group for similar instruments.

Weather-derivative hedging instruments

These instruments are option instruments providing hedging, against disastrous weather conditions during the summer grain cultivation period, and provides direct hedging for grain income based on volume. Premiums are charged to income on payment of such premiums. No fair value adjustment is made at year-end as the benefits can only accrue if the stated average weather index figures for two seasons are exceeded. It therefore has no calculable interim value.

Set-off

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

Financial instruments to which the Group is a party are disclosed in note 23.

1.13 Foreign exchange transactions

Transactions in foreign currencies are converted at spot rates ruling on the transaction dates. Monetary assets and/or liabilities in foreign currencies are converted to South African rand at spot rates ruling at the financial year-end. Profits and losses arising on settlement or recovery of such transactions are recognised in the income statement.

1.14 Cash and cash equivalents

Included in cash and cash equivalents, which form an integral part of cash management, are cash at hand and bank overdraft balances. Bank overdraft balances are stated as current liabilities.

For the purposes of the cash flow statement, cash and cash equivalents comprise of cash and cash equivalents as defined above, net of bank overdrafts.

Accounting policies

CONTINUED FROM P. 51

1.15 Operating leases

Leases in respect of property, plant and equipment, where essentially all the risks and rewards attached to property rights to an asset are retained by the lessor, are classified as operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Future escalations in terms of the lease agreement are calculated and the average lease expenditure is recognised over the lease period in equal amounts, only if a fixed escalation rate has been agreed to contractually.

1.16 Trade and other debtors

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

1.17 Impairment of assets

All categories of assets are reviewed for impairment at the time of reporting. (See notes 2, 3 and 25.)

On each reporting date the Group prepares an estimate to establish whether there are any indications of the impairment of an asset. If such an indication exists, the Group prepares an estimate of the recoverable amount of the asset. The recoverable amount of an asset or the cash generating unit within which it and other assets operate, is the greater of the fair value less the cost of selling or the value in use of the asset. Where the carrying amount of an asset exceeds the recoverable amount the impairment is determined and the carrying amount written off to the recoverable amount. Where the value in use is determined the expected future cash flow is discounted to a current value by using a pre-tax discounting rate reflecting the current market rating of the time value of money and specific risks associated with the asset. Impairment losses of continuing operations are shown in the income statement as an operational profit.

If there is an indication that previously recognised impairment losses no longer exist or that they have decreased, an estimate is once again made of the recoverable amount of the asset in question and, if necessary, the impairment is written back to the recoverable amount. The write-back may not cause the carrying value to exceed original cost. After such a write-back, the depreciation expense in future periods is adjusted to apportion the adjusted carrying amount of the asset, less its residual value, systematically over the remaining useful life.

1.18 Provisions and contingent liabilities

Provisions and other liabilities

Provisions are liabilities of which the timing and amount are uncertain and can therefore be distinguished from other creditors. Provisions are only recognised if:

- a currently constructive or legal obligation exists due to a past event;
- an outflow of economic benefits is probable in order to meet the commitment; and
- a reliable estimate of the amount is made.

Provisions are disclosed in note 17.

Liabilities are current obligations arising from past events, which is expected to result in economic benefits flowing from the business, when met, and are accounted for directly after the occurrence of the event giving rise to the obligation.

Liabilities form part of creditors in the balance sheet.

Contingent liabilities

Contingent liabilities are potential obligations arising from past events, the existence of which will only be confirmed upon the occurrence or non-occurrence of one or more uncertain future events beyond the full control of the business.

Contingent liabilities may also arise from a current obligation arising from past events but are not recognised because:

- it is improbable that an outflow of economic resources will occur; and/or
- the amount cannot be measured or estimated reliably.

Contingent liabilities are not recorded but are merely disclosed by way of a note in the financial statements. (See note 19.)

1.19 Non-operating assets held for sale and discontinued operations

A discontinued operation is a component of an entity which has been sold or classified as held for sale and:

- represents a separate important business component or geographical area of activities;
- forms part of a single co-ordinated plan to sell a separate important business segment or geographical area of activities; or
- is a subsidiary acquired with the sole purpose of selling it.

An item is classified as held for sale if the carrying amount of such item will largely be recovered through a transaction of sale rather than through continued use.

Upon discontinuance the after-tax profit or loss is shown in the income statement.

1.20 Segmental reporting

The primary format of the Group for segmental reporting comprises of the following business segments: Input Supply, Market Access, Industries and Corporate items.

Intersegmental transfers: Included in segmental income, segmental expenditure and segmental results are transfers among business segments. These transfers occur at arm's length but are eliminated on consolidation.

Segmental income and expenditure: Income and expenditure directly related to segments are allocated specifically to those segments.

Segmental assets and liabilities: Included in segmental assets are all current assets utilised by a segment, including mainly cash, amounts receivable, inventory and property, plant and equipment, all net of provisions. Included in segmental liabilities are all current liabilities, comprising mainly of amounts payable.

1.21 Comparative figures

Where a change in accounting policy occurred of which the result could be material for an understanding of the financial position of the Group, comparative figures have been reconstituted or restated.

1.22 Significant accounting judgement and estimates

In the process of implementing the accounting policy of the Group, Management made the following judgements, in the following areas:

1.22.1 Provision for post-retirement medical obligations.

Refer to note 14.

1.22.2 Provision for bad debts.

Refer to note 7, 9.1 and 9.2.

Key assumptions:

A decision framework was implemented, which includes the following:

- indicators of impairment;
- an individual or group assessment (depending on materiality);
- expected cash flow is estimated according to the history and is adjusted with current factors; and
- discounted against average contracted rate for the relevant individual or group.

1.22.3 Provision for slow-moving inventory.

Refer to note 6.3.

Key assumptions:

- Trade inventories are provided according to the age and realisability of inventory.

1.23 Standards and interpretations issued, relevant to the Group, but not yet in force

IFRS 7 – Financial Instruments: Disclosure (1 January 2007) *

IFRIC 4 – Determining whether an arrangement contains a lease (1 January 2006) *

* Financial years beginning on or after this date.

Balance sheet

AS AT 30 APRIL

		GROUP		COMPANY	
	Note	2006 R'm	2005 R'm	2006 R'm	2005 R'm
ASSETS					
Non-current assets					
Property, plant and equipment	2	190	216	171	179
Investment in subsidiaries	3	-	-	19	46
Financial assets	4	2	2	2	2
Deferred tax	18.1	62	51	62	50
		254	269	254	277
Current assets					
Inventory	6	629	295	624	267
Trade and other debtors	7	599	933	598	891
Short-term loans	8	1	14	1	29
Agency grain debtors	9	132	341	132	348
Cash and cash equivalents	12.2	20	12	20	11
		1 381	1 595	1 375	1 546
Non-current assets of discontinued operation – held for sale					
	2	3	-	3	-
TOTAL ASSETS					
		1 638	1 864	1 632	1 823
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	10	1	1	1	1
Share premium	11.1	67	74	67	74
Non-distributable reserve	11.2	303	322	302	321
Unappropriated income		312	235	308	211
Treasury shares		-	(10)	-	-
		683	622	678	607
Non-current liabilities					
Long-term liabilities	13	1	3	1	1
Long-term employee benefits	17	-	11	-	11
Post-retirement liabilities	14	88	66	88	65
		89	80	89	77
Current liabilities					
Trade and other creditors	15	218	320	217	297
Interest-bearing short-term loans	16	565	812	565	812
Current portion of long-term loans	13	-	-	-	-
Loans from related parties	12.3	40	-	40	-
Shareholders for dividends		-	3	-	3
Provisions	17	42	27	42	27
		865	1 162	864	1 139
Liabilities associated with non-current assets held for sale					
	15	1	-	1	-
TOTAL EQUITY AND LIABILITIES					
		1 638	1 864	1 632	1 823

Income statement

FOR THE YEAR ENDED 30 APRIL

		GROUP		COMPANY	
	Note	2006 R'm	2005 R'm	2006 R'm	2005 R'm
Revenue _____	#				
Services provided _____		464	494	468	500
Interest received _____		81	89	81	89
Other operating activities _____		3 434	3 667	3 124	3 360
Revenue _____	#	3 979	4 250	3 673	3 949
Other _____					
Hedging transactions _____		5 154	4 703	5 154	4 703
Direct transactions _____		405	563	405	563
Value of business transacted _____	#	9 538	9 516	9 232	9 215
Revenue		3 979	4 250	3 673	3 949
Cost of sales _____		(3 212)	(3 376)	(2 962)	(3 133)
Gross profit _____		767	874	711	816
Distribution, sales and administrative expenses _____		(607)	(658)	(556)	(610)
Operating profit _____	21	160	216	155	206
Finance charges _____		(62)	(84)	(62)	(84)
Profit after finance charges _____		98	132	93	122
Investment income _____	22	5	14	6	17
Profit before tax _____		103	146	99	139
Income tax _____	18	(18)	(43)	(14)	(38)
Profit from continuing operations _____		85	103	85	101
Profit from disposal of unlisted shares _____		-	100	-	100
Profit/(loss) from discontinued operations _____	27	22	(8)	22	(6)
Net profit		107	195	107	195
Earnings per share (cents) _____	24.1	59,2	107,9		
Headline earnings per share (cents) _____	24.2	58,1	54,2		
Headline earnings per share – excluding abnormal items (cents) _____	24.3	57,0	65,8		
Dividends per share paid during the year (cents) _____		25,5	47,5		
Final dividend per share proposed (cents) _____		15,0	5,5		

See Accounting policy 1.11

Statement of changes in equity

FOR THE YEAR ENDED 30 APRIL

	Share capital R'm	Share premium R'm	Non-distributable reserve R'm	Unappropriated income R'm	Treasury shares R'm	Total R'm
GROUP						
Balance at 30 April 2004	1	74	357	137	-	569
Previous year adjustment (IFRS):						
Personnel Share Trust consolidation	-	-	-	20	(10)	10
Straight-line recognition of operating leases	-	-	-	(6)	-	(6)
Adjusted balance at 30 April 2004	1	74	357	151	(10)	573
Net profit	-	-	-	195	-	195
Dividends paid	-	-	-	(95)	-	(95)
Fair value adjustment to income statement (IAS 39)	-	-	-	(51)	-	(51)
Transfer from non-distributable reserve	-	-	(35)	35	-	-
Balance at 30 April 2005	1	74	322	235	(10)	622
Net profit	-	-	-	107	-	107
Dividends paid	-	-	-	(47)	-	(47)
Buyback of own shares	-	(7)	(31)	-	-	(38)
Dissolution of Personnel Share Trust	-	-	-	28	10	38
Transfer to non-distributable reserve	-	-	11	(11)	-	-
Balance at 30 April 2006	1	67	303	312	-	683
COMPANY						
Balance at 30 April 2004	1	74	353	136	-	564
Previous year adjustment (IFRS):						
Straight-line recognition of operating leases	-	-	-	(6)	-	(6)
Adjusted balance at 30 April 2004	1	74	353	130	-	558
Net profit	-	-	-	195	-	195
Dividends paid	-	-	-	(95)	-	(95)
Fair value adjustment to income statement (IAS 39)	-	-	-	(51)	-	(51)
Transfer from non-distributable reserve	-	-	(32)	32	-	-
Balance at 30 April 2005	1	74	321	211	-	607
Net profit	-	-	-	107	-	107
Dividends paid	-	-	-	(47)	-	(47)
Buyback of own shares	-	(7)	(31)	-	-	(38)
Dissolution of Personnel Share Trust	-	-	-	49	-	49
Transfer from non-distributable reserve	-	-	12	(12)	-	-
Balance at 30 April 2006	1	67	302	308	-	678

Cash flow statement

FOR THE YEAR ENDED 30 APRIL

		GROUP		COMPANY	
	Note	2006 R'm	2005 R'm	2006 R'm	2005 R'm
NET CASH FLOW FROM OPERATING ACTIVITIES		150	155	130	130
Cash generated from operations	28	232	* 262	194	* 247
Decrease/(increase) in operating capital	29	20	* (25)	33	* (38)
Investment income		5	14	6	17
Income tax paid	30	(16)	-	(12)	-
Finance charges paid		(62)	(84)	(62)	(84)
Dividends paid	31	(29)	* (12)	(29)	* (12)
NET CASH FLOW FROM INVESTMENT ACTIVITIES		56	92	75	115
Acquisition of property, plant and equipment	32	(26)	(40)	(25)	(38)
Proceeds on disposal of property, plant and equipment	33	9	10	9	10
Decrease in investments		-	120	27	120
Net proceeds on disposal of subsidiaries	34	60	-	60	-
Decrease in short-term loans granted		13	2	4	23
NET CASH FLOW BEFORE FINANCING ACTIVITIES		206	247	205	245
NET CASH FLOW FROM LONG-TERM FINANCING ACTIVITIES		9	(1)	11	-
Buyback of own shares		(38)	-	(38)	-
Dissolution of Personnel Share Trust		49	-	49	-
Decrease in long-term loans	35	(2)	(1)	-	-
NET INCREASE/(DECREASE) IN CASH		215	246	216	245
Net short-term loans after taking into account cash – beginning of the period		(800)	(1 046)	(801)	(1 046)
NET SHORT-TERM LOANS AFTER TAKING INTO ACCOUNT CASH – END OF THE PERIOD	12.2	(585)	(800)	(585)	(801)

* Amounts restated due to an incorrect classification in the 2005 financial statements.
See notes 28, 29 and 31.

Notes to the FINANCIAL STATEMENTS

1. SEGMENTAL ANALYSIS

1.1 Segmental income and results

	GROUP Segmental revenue		GROUP Segmental result	
	2006 R'm	2005 R'm	2006 R'm	2005 R'm
Input Supply _ _ _ _ _	903	935	(18)	(8)
Market Access _ _ _ _ _	2 672	2 867	181	182
Industries _ _ _ _ _	17	22	5	6
Normal operational activities	3 592	3 824	168	180
Corporate costs _ _ _ _ _	30	10	(32)	(31)
Other non-apportionable costs _ _ _ _ _	-	-	(12)	(4)
Intersegmental sales to other segments _ _ _ _ _	(86)	(107)	-	-
Investment income _ _ _ _ _	-	-	5	14
Continuing operations _ _ _ _ _	3 536	3 727	129	159
Discontinued operations _ _ _ _ _	443	523	28	(6)
Total revenue	3 979	4 250		
Profit before abnormal items _ _ _ _ _			157	153
Disposal of unlisted shares _ _ _ _ _			-	104
Abnormal items _ _ _ _ _			(32)	(19)
Result before tax _ _ _ _ _			125	238
Income tax _ _ _ _ _			(18)	(43)
Result after tax			107	195

1.2 Segmental balance sheet information

	GROUP Assets		GROUP Liabilities		GROUP Net	
	2006 R'm	2005 R'm	2006 R'm	2005 R'm	2006 R'm	2005 R'm
Input Supply _ _ _ _ _	660	784	(368)	(522)	292	262
Market Access _ _ _ _ _	807	812	(398)	(483)	409	329
Industries _ _ _ _ _	13	98	(7)	(71)	6	27
Assets/(liabilities) held for sale _ _ _ _ _	3	-	(1)	-	2	-
	1 483	1 694	(774)	(1 076)	709	618
Non-apportionable and Corporate _ _ _ _ _	74	113	(95)	(109)	(21)	4
Investments _ _ _ _ _	2	7	(1)	(4)	1	3
	1 559	1 814	(870)	(1 189)	689	625
Deferred tax _ _ _ _ _	62	51	-	-	62	51
Bank _ _ _ _ _	20	12	-	-	20	12
Provision for post-retirement medical aid _ _ _ _ _	-	-	(88)	(66)	(88)	(66)
	1 641	1 877	(958)	(1 255)	683	622
Reconciliation of segmental assets and liabilities						
Total assets or liabilities _ _ _ _ _	1 638	1 864	(955)	(1 242)	683	622
Segmental analysis _ _ _ _ _	1 641	1 877	(958)	(1 255)	683	622
Consolidation entries _ _ _ _ _	(3)	(13)	3	13	-	-

1.3 Segmental disclosable items

	GROUP		GROUP		GROUP	
	Capital expenditure		Depreciation		Impairment	
	2006	2005	2006	2005	2006	2005
	R'm	R'm	R'm	R'm	R'm	R'm
Input Supply _ _ _ _ _	3	5	2	3	-	11
Market Access _ _ _ _ _	14	29	12	12	-	-
Industries _ _ _ _ _	1	5	1	5	-	-
Discontinued operations _ _ _	1	-	3	-	1	-
Corporate _ _ _ _ _	7	2	10	13	-	-
	26	41	28	33	1	11

	Non-cash transactions		Restructuring costs		Intersegmental sales	
Input Supply _ _ _ _ _	9	5	2	-	-	-
Market Access _ _ _ _ _	(7)	43	-	-	63	82
Industries _ _ _ _ _	-	(1)	-	-	-	25
Discontinued operations _ _ _	(7)	-	-	-	17	-
Corporate _ _ _ _ _	53	30	-	-	6	-
	48	77	2	-	86	107

1.4 An analysis of geographical segments is not provided as no material segment operates in a separate geographical location.

1.5 An analysis of the revenue and results of each segment is as follows:

Market Access	Remuneration received for the handling and storing of agricultural produce and the total revenue of grain sold excluding that handled on an agency basis, as well as commission earned on grain marketing.
Input Supply	Sales at the retail shops and direct sales of farming inputs, including credit extension and insurance and broking services.
Industries	Manufacturing and processing of animal feed, wine and seed.
Corporate	Agricultural services, head office services, information technology, human resources, properties, fleet management, secretariat, corporate marketing, internal audit, strategic development, corporate finance and directors.

CONTINUED ON P. 60

Notes to the financial statements

CONTINUED FROM P. 59

2. PROPERTY, PLANT AND EQUIPMENT

	GROUP		COMPANY	
	2006 R'm	2005 R'm	2006 R'm	2005 R'm
Cost _____	498	527	470	466
Land _____	3	3	3	3
Buildings and improvements _____	206	221	184	195
Plant and equipment _____	258	265	252	235
Vehicles _____	31	37	31	33
Capital work under construction _____	-	1	-	-
Accumulated depreciation and impairments _____	(305)	(311)	(296)	(287)
Land _____	-	-	-	-
Buildings and improvements _____	(92)	(97)	(89)	(94)
Plant and equipment _____	(190)	(188)	(184)	(169)
Vehicles _____	(23)	(26)	(23)	(24)
Total carrying value _____	193	216	174	179
Held for sale _____	(3)	-	(3)	-
	190	216	171	179

- 2.1 Registers of land and buildings are available for inspection at the registered offices of the relevant companies.
- 2.2 Certain assets are encumbered as set out in notes 13.5.1 and 16.1.
- 2.3 The capital commitments of the Group are set out in note 20.

Reconciliation of movements on property, plant and equipment for 2006:

	Carrying amount at beginning of period	Purchases and adjust- ments	Dispo- sals	Depre- ciation	Impair- ments provided	Carrying amount at end of period
	R'm	R'm	R'm	R'm	R'm	R'm
GROUP – 2006						
Land _____	3	-	-	-	-	3
Buildings and improvements _____	124	1	(6)	(5)	-	114
Plant and equipment _____	77	22	(10)	(20)	(1)	68
Vehicles _____	11	3	(3)	(3)	-	8
Capital work under construction _____	1	-	(1)	-	-	-
	216	26	(20)	(28)	(1)	193
Held for sale _____						(3)
						190
COMPANY – 2006						
Land _____	3	-	-	-	-	3
Buildings and improvements _____	101	1	(2)	(5)	-	95
Plant and equipment _____	66	21	-	(18)	(1)	68
Vehicles _____	8	3	(1)	(2)	-	8
	178	25	(3)	(25)	(1)	174
Held for sale _____						(3)
						171

Reconciliation of movements on property, plant and equipment for 2005:

	Carrying amount at beginning of period	Purchases and adjust- ments	Dispo- sals	Depre- ciation	Impair- ments provided	Carrying amount at end of period
	R'm	R'm	R'm	R'm	R'm	R'm
GROUP – 2005						
Land _____	3	1	(1)	-	-	3
Buildings and improvements _____	125	10	(3)	(5)	(3)	124
Plant and equipment _____	86	25	(1)	(25)	(8)	77
Vehicles _____	10	4	-	(3)	-	11
Capital work under construction _____	-	1	-	-	-	1
	224	41	(5)	(33)	(11)	216
COMPANY – 2005						
Land _____	3	1	(1)	-	-	3
Buildings and improvements _____	102	10	(3)	(5)	(3)	101
Plant and equipment _____	74	23	(1)	(22)	(8)	66
Vehicles _____	7	4	-	(2)	-	9
	186	38	(5)	(29)	(11)	179

3. INVESTMENT IN UNLISTED SUBSIDIARIES

COMPANY - 2006

	Total number of shares in issue	% interest	Shares R'm	Shares provision R'm	Short- term loans R'm	Loans provision R'm	Total net in- vestment R'm
Charel de Klerk Str Properties (Pty) Ltd _____	11 054	100	25	(6)	-	-	19
Hartswater Wynkelder (Pty) Ltd _____	4 500 000	100	-	-	5	(5)	-
Univision Broker Services (Pty) Ltd _____	100	100	-	-	-	-	-
Univision Financial Services (Pty) Ltd _____	100	100	-	-	-	-	-
			25	(6)	5	(5)	19
Net investment in shares _____				19			19
Net investment in short-term loans _____						-	-
							19

COMPANY - 2005

Charel de Klerk Str Properties (Pty) Ltd _____	11 054	100	25	(6)	-	-	19
Hartswater Wynkelder (Pty) Ltd _____	4 500 000	100	-	-	7	(7)	-
Kroon Koelkamers (Pty) Ltd _____	10 000	100	-	-	-	-	-
Senlou Finansiële Dienste (Pty) Ltd _____	100	100	-	-	-	-	-
Senwesko Voere (Pty) Ltd _____	500	100	27	-	13	-	40
			52	(6)	20	(7)	59
Net investment in shares _____				46			46
Net investment in short-term loans _____						13	13
							59

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Notes to the financial statements

CONTINUED FROM P. 61

3. INVESTMENT IN UNLISTED SUBSIDIARIES (CONTINUED)

Company – movement during 2006

	Shares	Shares provision	Short- term loans	Loans provision	Total net investment
	R'm	R'm	R'm	R'm	R'm
Hartswater Wynkelder (Pty) Ltd _____	-	-	(2)	2	-
Senwesko Voere (Pty) Ltd _____	(27)	-	(13)	-	(40)
	(27)	-	(15)	2	(40)
Net movement in shares _____		(27)			(27)
Net movement in short-term loans _____				(13)	(13)
					(40)

3.1 Unless specifically indicated otherwise, the short-term loans are unsecured, bear interest at varying rates with an applicable rate of 8,12% at year-end (2005 – 8,12%) and there are no fixed terms of repayment.

3.2 Absa has a registered cession over the shares of Charel de Klerk Street Properties (Pty) Ltd.

3.3 Net results of subsidiaries after tax (100%):

	COMPANY	
	2006 R'm	2005 R'm
Hartswater Wynkelder (Pty) Ltd _____	1	1
Senwesko Voere (Pty) Ltd (Group) (until 20 March 2006) _____	29	(1)
3.4 Nature of business and directors' valuation #:		
Charel de Klerk Street Properties (Pty) Ltd _____ - Property company	19	19
Hartswater Wynkelder (Pty) Ltd _____ - Wine cellar	-	-
Univision Broker Services (Pty) Ltd _____ - Insurance brokers and administrative services	-	-
Univision Financial Services (Pty) Ltd _____ - Dormant	-	-

- Directors' valuations are based on the net asset value according to the latest available financial statements.

4. FINANCIAL ASSETS

		GROUP		COMPANY	
	Note	2006 R'm	2005 R'm	2006 R'm	2005 R'm
Available-for-sale financial assets _____	4.1	1	1	1	1
Unlisted public companies _____	4.2	-	-	-	-
Other investments _____	4.3	1	1	1	1
Other financial assets					
Loans _____	4.4	1	1	1	1
		2	2	2	2

4.1 Available-for-sale financial assets

Available-for-sale financial assets comprise of investments in unlisted ordinary shares and therefore have no maturity date or coupon rate.

4.2 Unlisted public companies

	GROUP		COMPANY	
	2006 R'm	2005 R'm	2006 R'm	2005 R'm
Sundry shares at cost	-	-	-	-
	-	-	-	-

Amount is less than R1 million and comprises investments in Suidwes Investments Ltd, Outspan Ltd and JSE Ltd.

	DIRECTORS' VALUATION		DIRECTORS' VALUATION	
	2006 R'm	2005 R'm	2006 R'm	2005 R'm
Sundry	-	-	-	-
	-	-	-	-

4.3 Other investments

	Note	GROUP		COMPANY	
		2006 R'm	2005 R'm	2006 R'm	2005 R'm
Other shares	4.3.1	1	1	1	1

4.3.1 Other shares

Registers of other shares and loans in private companies involving minimal amounts are available at the registered office of the Company.

4.4 Loans

		GROUP		COMPANY	
		2006 R'm	2005 R'm	2006 R'm	2005 R'm
Secured					
Personnel – housing	4.4.1	-	-	-	-
Unsecured					
Personnel – study fund	4.4.2	1	1	1	1
		1	1	1	1

4.4.1 Secured in terms of a mortgage bond over the property concerned, repayable over 20 years at an interest rate of 5% per annum. Amounts in total are less than R1 million.

4.4.2 This loan has no fixed interest rate. At the year-end the interest rate was 10,5% (2005 – 10,5%).

5. INVESTMENT IN JOINT VENTURES

	2006	2005
5.1 Silo Certs (Pty) Ltd	42,50%	42,50%

Although the year-end of the joint venture is on 28 February, the financial statements on which an audit review has been conducted, was compiled on 30 April 2005. The latter was used in compiling the Group statements.

The proportional interest of the Group in the assets and liabilities of the joint venture, included in the consolidated financial statements, is as follows:

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Notes to the financial statements

CONTINUED FROM P. 63

5. INVESTMENT IN JOINT VENTURES (CONTINUED)

	GROUP	
	2006	2005
	R'm	R'm
Assets _____	-	-
Liabilities _____	1	-

The proportional interest of the Group in the revenue and expenditure of the joint venture is as follows:

Revenue _____	-	-
Net loss _____	(2)	(2)

The proportional interest of the Group in the cash flow of the joint venture is as follows:

Cash flow from operating activities _____	(2)	(1)
Cash flow from investment activities _____	-	1
Cash flow from financing activities _____	2	-

	COMPANY	
	2006	2005
	R'm	R'm
Investment Silo Certs (Pty) Ltd		
Shares _____	2	2
Provision for write-off of shares _____	(2)	(2)
	-	-

6. INVENTORY

		GROUP		COMPANY	
	Note	2006	2005	2006	2005
		R'm	R'm	R'm	R'm
Raw materials and work-in-progress		4	28	-	8
Merchandise _____	6.1, 6.3	46	191	46	186
Consumables _____		1	8	-	5
Grain commodities _____	6.5	578	68	578	68
	6.2, 6.4	629	295	624	267

6.1 Included is a floor plan inventory of R14,5 million (2005 – R65,5 million), which is subject to encumbrance in terms of an agreement with the relevant manufacturers of farming equipment.

6.2 Inventory is valued as follows:

	GROUP		
	2006	2005	
	R'm	R'm	Valuation method
Grain inventory and merchandise _____	44	192	Weighted average
Groundnuts and centre pivot inventory _____	2	14	Standard cost method
Grain commodities _____	578	68	Specific contract price/fair value
Other inventory _____	5	21	First-in, first-out (FIFO)
	629	295	

- 6.3 Included in the Company inventory – merchandise is a provision for slow-moving and obsolete stock of R26,1 million (2005 – R21,4 million).

Included in the Group inventory – merchandise is a provision for slow-moving and obsolete stock of R26,1 million (2005 – R21,9 million).

- 6.4 Inventory of R603 million (2005 – R255 million) of the Company and the Group has been pledged as security for loans granted by the Land Bank, as per note 16.1.

6.5 Grain commodities

These amounts represent grain inventory purchased from producers where the selling price risk is hedged on the South African Futures Exchange (Safex). Variance margins are also set off against this item. Consequently the carrying value equals the fair value thereof.

7. TRADE AND OTHER DEBTORS

	Note	GROUP		COMPANY	
		2006 R'm	2005 R'm	2006 R'm	2005 R'm
Trade debtors		546	809	545	762
Production accounts	7.1	301	459	301	459
Current accounts	7.2	207	180	206	133
Grain cash advances	7.3	38	170	38	170
Term debtors	7.4	105	76	105	76
Owing by subsidiaries		-	-	-	1
Sundry debtors		12	132	12	132
Less: Provision for impairment		(64)	(84)	(64)	(80)
	7.5	599	933	598	891

- 7.1 Production account debtors mainly include the extension of credit to producers on a seasonal basis for purposes of procuring input goods from or via Senwes. These debtors bear interest at rates fluctuating between prime less 0,5% to prime plus 5%.

- 7.2 Current accounts include 30-day monthly accounts, silo cost accounts and other accounts for special and specific products. Included is the so-called "paper maize" account as well as deferred payment accounts. These accounts bear interest as follows:

Monthly account	-	Interest free for first 30 days after statement
Paper maize account	-	Characteristics agree with those defined in 7.1
Silo cost account	-	Interest free period that varies from season to season (determined before every season)
Deferred payment arrangement	-	Interest free period that varies according to transactions

Interest is levied when these debtors are in arrears at rates prescribed by the Usury Act.

- 7.3 This debtor represents credit supplied to producers on an advance payment basis, in order to utilise price opportunities which occur in the commodity market. As soon as the position is liquidated, the amount due bears interest at rates according to the Usury Act. Open positions by Grain Cash Advance debtors bear no interest.
- 7.4 Represents debtors for items sold and mortgage loans extended over varying terms up to 120 months. The underlying asset acts as security for the transaction. Interest rates are market-related and can be both variable and fixed, according to the specific agreements.

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7. TRADE AND OTHER DEBTORS (CONTINUED)

	GROUP		COMPANY	
	2006 R'm	2005 R'm	2006 R'm	2005 R'm
Gross investment in finance leases _____	137	88	137	88
Less: Unearned finance income _____	(32)	(12)	(32)	(12)
	105	76	105	76

The future minimum instalment receipts under instalment sale agreements are as follows:

Within one year _____	40	47	40	47
More than one year and within five years _____	48	29	48	29
More than five years _____	17	-	17	-
	105	76	105	76

7.5 Debtors of the Company have been pledged as security for loans granted by the Land Bank, as per note 16.1.

8. SHORT-TERM LOANS

	Note	GROUP		COMPANY	
		2006 R'm	2005 R'm	2006 R'm	2005 R'm
Subsidiaries' net short-term loans _____	3	-	-	-	13
Senwesbel Ltd _____		-	11	-	11
Noordwes Voere (Pty) Ltd _____		-	3	-	5
Vaalharts Co-op Ltd _____		-	-	-	-
Loan _____		4	5	4	5
Provision for write-off _____		(4)	(5)	(4)	(5)
Silo Certs (Pty) Ltd _____		1		1	
Loan _____	8.1	1	-	2	-
Provision for write-off _____		-	-	(1)	-
		1	14	1	29

8.1 This loan is unsecured, bears no interest and there is no fixed terms of repayment. R200 000 of this loan is subordinated to the claims from other creditors.

9. AGENCY GRAIN DEBTORS

	Note	GROUP		COMPANY	
		2006 R'm	2005 R'm	2006 R'm	2005 R'm
Agency grain debtors	9.1, 9.2	132	341	132	348

- 9.1 Agency grain debtors represents payments made on behalf of third parties in respect of agricultural produce received from producers which are repayable on delivery of such agricultural produce to these third parties. This includes sales in terms of sale agreements secured by inventory. These debtors also serve as security in respect of loans granted by the Land Bank (see note 16.1). A provision for impairment of R12,2 million (2005 – R13,7 million) is included in the balance.
- 9.2 Included in this amount is a net amount of R26 million regarding Premier Milling (Pty) Ltd. Senwes is involved in an arbitration process in terms of the contract with Premier regarding a dispute on the amount payable by Premier to Senwes. Senwes's gross claim, including interest, amounts to R43 million. Given the credit risk attached to the amount, the difference between the two amounts is accounted for as potentially uncollectable. Premier instituted a counter claim of R14 million against Senwes in reaction to the Senwes claim. The opinion is that this claim is unfounded. As part of the agreed arbitration process, Senwes's claim has already been evaluated by the external auditors and found to be valid in terms of tonnage delivered.

10. SHARE CAPITAL

	GROUP		COMPANY	
	2006 R'm	2005 R'm	2006 R'm	2005 R'm
Authorised 581 116 758 ordinary shares (2005 – 581 116 758) of 0,516 cents each	3	3	3	3
Issued 180 789 308 ordinary shares (2005 – 201 347 832) of 0,516 cent each	1	1	1	1

	COMPANY	
	Number of shares 2006	2005
Reconciliation of shares in issue:		
Balance at the beginning of the period	201 347 832	201 347 832
Shares bought back – Senwes Personnel Share Trust	(20 558 524)	-
Balance at the end of the period	180 789 308	201 347 832

The unissued shares are under the control of the directors until the forthcoming annual meeting.

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11. RESERVES

11.1 Share premium

	GROUP		COMPANY	
	2006 R'm	2005 R'm	2006 R'm	2005 R'm
On issue of shares _____	74	74	74	74
Buyback of own shares _____	(7)	-	(7)	-
	67	74	67	74

11.2 Non-distributable reserve

Represented by:

Transfer of funds – scheme of arrangement _____	272	272	272	272
Deficit on buyback of own shares _____	(32)	(2)	(32)	(2)
Unrealised deferred tax assets _____	62	51	62	50
	303	322	302	321

12. INTEREST-BEARING DEBT

		GROUP		COMPANY	
	Note	2006 R'm	2005 R'm	2006 R'm	2005 R'm
12.1 Interest-bearing long-term liabilities _____	13	1	3	1	1
12.2 Total short term debt _____		585	800	585	801
Interest-bearing short term debt _____	16	565	812	565	812
Loans from related parties – interest-bearing _____	12.3	39	-	39	-
Loans from related parties – non-interest-bearing _____	12.3	1	-	1	-
Bank overdraft/(cash and cash equivalents) _____		(20)	(12)	(20)	(11)
		586	803	586	802
12.3 Loans from related parties					
Interest-bearing					
Senwesbel Ltd _____	12.4	39	-	39	-
Non-interest-bearing					
Silo Certs (Pty) Ltd _____	12.5	1	-	-	-
Charel de Klerk Street Properties (Pty) Ltd _____	12.6	-	-	1	-
		40	-	40	-

12.4 This amount is unsecured, bears interest according to the variable cash credit rate of the Land Bank, which was 8% at year-end. There are no terms of fixed repayment.

12.5 These loans are unsecured, bears no interest and there is no terms of fixed repayment.

12.6 This loan is unsecured, bears no interest and there are no terms of fixed repayment.

13. LONG-TERM LIABILITIES

	GROUP		COMPANY	
	2006 R'm	2005 R'm	2006 R'm	2005 R'm
Interest-bearing debt – domestic loans				
Secured - Engen Petroleum Ltd _____	1	1	1	1
Unsecured - NWK Holdings Ltd _____	-	2	-	-
Interest-bearing long-term debt	1	3	1	1
Less: Short-term debt reclassified as current liabilities _____	-	-	-	-
Net debt _____	1	3	1	1

13.1 Long-term loans terms of repayment

	GROUP		COMPANY	
	2006 R'm	2005 R'm	2006 R'm	2005 R'm
Within one year _ _ _ _ _	-	-	-	-
More than one year and within five years _ _ _ _ _	1	1	1	1
More than five years _ _ _ _ _	-	2	-	-
	1	3	1	1
Future finance charges on long-term loans _ _ _ _ _	-	-	-	-
Present value of long-term loans _ _ _ _ _	1	3	1	1

13.2 Operating leases – minimum lease instalments

Within one year _ _ _ _ _	4	4	4	4
More than one year and within five years _ _ _ _ _	10	9	10	9
More than five years _ _ _ _ _	9	7	9	7
	23	20	23	20

13.3 Weather derivative instruments – payments

Within one year _ _ _ _ _	6	6	6	6
More than one year and within five years _ _ _ _ _	-	6	-	6
	6	12	6	12

13.4 Registers of operating leases are available for inspection at the registered offices of the relevant companies.

	Year-end 2006 Interest rate %	Year-end 2005 Interest rate %	MOVEMENTS DURING THE YEAR				REPAYMENTS	
			Opening balance R'm	New loans R'm	Repay- ments R'm	Closing balance R'm	2007 R'm	2008 and there- after R'm
13.5 Domestic debt								
Secured interest-bearing debt								
<i>Company and Group</i>								
Engen Petroleum Ltd _ _ _ _ _	12 -15	12 -15	1	-	-	1	-	(1)
			1	-	-	1	-	(1)

13.5.1 Securities

The underlying assets financed secure these loans.

14. POST-RETIREMENT LIABILITIES

Pension

The Group has a defined contribution plan which essentially covers all the employees in the Group. For contributions to the pension fund, see note 21.2.

Medical

Post-retirement health care contributions are provided for against income for future expenditure.

An actuarial valuation is carried out every year and the most recent valuation was on 30 April 2006. The calculation is based on the current value of future medical scheme contributions in respect of existing pensioners.

Due to an increase in subsidies and the adoption of certain new calculation assumptions, the provision was increased by R31 million during the year.

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14. POST-RETIREMENT LIABILITIES (CONTINUED)

	GROUP		COMPANY	
	2006 R'm	2005 R'm	2006 R'm	2005 R'm
The movement in post-retirement health care liabilities is as follows:				
Beginning of year _ _ _ _ _	66	56	65	55
Net provision _ _ _ _ _	31	19	32	19
Contributions paid _ _ _ _ _	(9)	(9)	(9)	(9)
End of year _ _ _ _ _	88	66	88	65

In determining the liability, the calculation is based on the assumption of an expected rate of return of 7,75% (2005 – 9%) on investments and an escalation of 0% (2005 – 0%) which will yield a real rate of return of 7,75% (2005 – 9%) and mortality rates in accordance with generally accepted mortality tables.

	GROUP		COMPANY	
	2006 R'm	2005 R'm	2006 R'm	2005 R'm
Analysis of movement in liability				
Opening balance _ _ _ _ _	66	55	65	55
Interest charge _ _ _ _ _	7	15	7	15
Contributions paid _ _ _ _ _	(9)	(9)	(9)	(9)
Actuarial loss due to changes in both subsidies and assumptions _ _ _ _ _	22	-	22	-
Other _ _ _ _ _	2	5	3	4
	88	66	88	65

15. TRADE AND OTHER CREDITORS

	GROUP		COMPANY	
	2006 R'm	2005 R'm	2006 R'm	2005 R'm
Trade creditors _ _ _ _ _	139	229	138	205
Amounts payable to subsidiaries _ _ _ _ _	-	-	-	1
Other amounts payable _ _ _ _ _	42	63	42	65
Accumulated expenditure _ _ _ _ _	17	21	17	19
South African Revenue Service _ _ _ _ _	21	7	21	7
	219	320	218	297
Held for sale _ _ _ _ _	(1)		(1)	
	218		217	

16. INTEREST-BEARING SHORT-TERM LOANS

	Note	GROUP		COMPANY	
		2006 R'm	2005 R'm	2006 R'm	2005 R'm
Land Bank Ltd _____	16.1	525	685	525	685
Commercial banks – short-term loan _____	16.2	40	-	40	-
Commercial banks – commodity finance _____		-	127	-	127
	16.3	565	812	565	812

16.1 Land Bank

All amounts due to the Company, or which may become due in the future, have been ceded. All farming production inventory, as well as certain fixed properties are secured in terms of a collateral notarial bond. (See notes 2, 6.4, 7.5 and 9.1.) The Land Bank loan is renewable annually and bears interest at the variable cash credit rate of the Land Bank.

16.2 Commercial banks – short-term loan

This amount is part of the Absa overdraft facility and is secured by cession of the shares of Charel de Klerk Street Properties (Pty) Ltd. The loan is renewable annually and the interest rate was 7,88% at year-end.

16.3 The carrying value of the loans is regarded as the fair value thereof.

17. PROVISIONS

	Grain risks R'm	Straight-line recognition of operating leases R'm	Incentive bonuses R'm	Total R'm
GROUP				
Balance at 30/04/2004 _____	47	-	31	78
Increase in provision for the year _____	6	-	19	25
Previous year adjustment (IFRS) _____	-	6	-	6
Unutilised amounts written back _____	(1)	-	(2)	(3)
Utilised during the year _____	(46)	-	(22)	(68)
Transferred to long-term liabilities _____	-	-	(11)	(11)
Balance at 30/04/2005 _____	6	6	15	27
Increase/(decrease) in provision for the year _____	(2)	-	23	21
Utilised during the year _____	-	-	(16)	(16)
Transferred from long-term liabilities _____	-	-	10	10
Balance at 30/04/2006 _____	4	6	32	42
COMPANY				
Balance at 30/04/2004 _____	47	-	31	78
Increase in provision for the year _____	6	-	19	25
Previous year adjustment (IFRS) _____	-	6	-	6
Unutilised amounts written back _____	(1)	-	(2)	(3)
Utilised during the year _____	(46)	-	(22)	(68)
Transferred to long-term liabilities _____	-	-	(11)	(11)
Balance at 30/04/2005 _____	6	6	15	27
Increase/(decrease) in provision for the year _____	(2)	-	23	21
Utilised during the period _____	-	-	(16)	(16)
Transferred from long-term liabilities _____	-	-	10	10
Balance at 30/04/2006 _____	4	6	32	42

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17. PROVISIONS (CONTINUED)

Grain risks

The Company is exposed to risks in the grain industry, including the physical risk of holding inventory and non-performance of grain contracts by counterparties. Estimates for these risks are based on potential shortfalls and non-performance of contracts at current market prices.

Straight-line recognition of operating leases

In terms of IAS 17 the expenditure on operating leases with a fixed term and fixed escalation rate has to be recognised on a straight-line basis. Subsequently a provision needs to be raised, which will only be utilised later during the contract term.

Incentive bonuses

The Group has incentive remuneration schemes in place for employees. The objective is to promote profitability by subjecting a portion of the remuneration to risk. Provision is only made if the objectives have been achieved and bonuses will only finally vest and be paid out over time taking into account sustained performance.

Part of the provision vests in a "bonus bank", which is kept in retention.

18. INCOME TAX

	GROUP		COMPANY	
	2006 R'm	2005 R'm	2006 R'm	2005 R'm
SA normal income tax – current year	(22)	(2)	(18)	-
Raising/(utilisation) of deferred tax asset	12	(32)	12	(29)
Capital gains tax	(3)	(2)	(3)	(2)
Secondary tax on companies	(5)	(7)	(5)	(7)
	(18)	(43)	(14)	(38)

18.1 Deferred tax

The main temporary differences are as follows:

Property, plant and equipment	24	32	24	32
Inventory	(29)	(27)	(29)	(27)
Trade and other debtors	(37)	(54)	(37)	(53)
Provisions	(172)	(74)	(172)	(71)
Estimated assessed losses set off against provision	-	(53)	-	(53)
	(214)	(176)	(214)	(172)

Reconciliation of deferred tax balance:

Balance at beginning of the period	51	86	50	82
Movements during the period:				
Temporary differences	11	(35)	12	(32)
	62	51	62	50

	GROUP		COMPANY	
	2006	2005	2006	2005
	%	%	%	%
18.2 Reconciliation of tax rate				
Standard tax rate _____	29,0	29,0	29,0	29,0
Adjusted for:				
Non-taxable income _____	(15,7)	(22,2)	(16,2)	(21,4)
Non-deductible items _____	16,4	9,8	16,8	8,5
Other _____	2,9	13,1	(3,6)	11,4
Estimated assessed losses utilised _____	(15,4)	(13,0)	(11,5)	(13,2)
Temporary differences _____	(9,3)	(2,0)	(9,6)	(1,5)
Capital gains tax _____	2,7	0,6	2,8	0,7
Secondary tax on companies _____	4,0	2,8	4,1	2,8
Effective tax rate _____	14,6	18,1	11,8	16,3
18.3 Unutilised estimated assessed losses available for set-off against income _____	9	71	-	53
Amounts set off against provision for deferred tax _____	-	(53)	-	(53)
Net unutilised amounts _____	9	18	-	-
18.4 Unutilised secondary tax on companies credits available for utilisation _____	5	-	5	-

19. CONTINGENT LIABILITIES

19.1 Guarantees

Guarantees amounting to R292 900 (2005 – R354 500) have been furnished on behalf of employees in favour of various financial institutions for housing loans.

19.2 Vaalharts lawsuit

On 28 October 2005 Senwes succeeded in its application for permission to appeal against the verdict passed on 19 August 2005 in a court case that former members of the Vaalharts Co-operative were conducting against Senwes in the High Court in Kimberley.

Senwes will take the necessary actions in preparation of the court case. It is expected that the appeal will serve before the court early in 2007.

In the unlikely event of the claim succeeding in its entirety, the Company believes it would amount to about R17 million. The existence of the claim and the estimated limit are only stated for purposes of comprehensive reporting and should in no way be regarded as an acknowledgement in respect of the claim.

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19. CONTINGENT LIABILITIES (CONTINUED)

19.3 Post-retirement medical benefit liabilities

During the period under review a group of pensioners obtained a successful interdict against Senwes regarding post-retirement medical benefits. An agreement was, however, reached regarding the subsidy for existing pensioners qualifying for this benefit. The applicants, that form the majority of existing pensioners, have agreed to withdraw the case from the High Court.

20. CAPITAL COMMITMENTS

Commitments for capital works

	GROUP		COMPANY	
	2006 R'm	2005 R'm	2006 R'm	2005 R'm
Capital works under construction:				
Contracted	-	-	-	-
Authorised by the Board but not yet contracted	40	35	40	34
Total future capital projects	40	35	40	34

The above will be financed from net cash flow from operations and/or loans from financial institutions.

21. OPERATING PROFIT

	GROUP		COMPANY	
	2006 R'm	2005 R'm	2006 R'm	2005 R'm
21.1 Disclosable items				
Profit from operations is stated net of the following:				
Operating lease expenses	(5)	(5)	(5)	(5)
Property	(3)	(3)	(3)	(3)
Plant and equipment	(2)	(2)	(2)	(2)
Depreciation	(28)	(33)	(25)	(29)
Restructuring cost written back				
Termination packages – personnel	-	2	-	2
Revenue – sales to subsidiaries	-	-	63	62
Net profit on disposal of subsidiary	5	-	34	-
Net profit on realisation of property, plant and equipment	5	5	5	5
Net capital profits on disposal of unlisted shares	-	104	-	104
Auditors' remuneration	(6)	(4)	(6)	(4)
For audit fees	(5)	(4)	(5)	(4)
- current year	-	-	-	-
- previous year	-	-	-	-
Other services	(1)	-	(1)	-

	GROUP		COMPANY	
	2006 R'm	2005 R'm	2006 R'm	2005 R'm
21.1 Disclosable items (continued)				
Bad debts written off – not set off against provision	(1)	-	(1)	-
Bad debt recovered	4	9	4	9
(Provision for)/writeback of doubtful debts	9	(23)	9	(23)
Provision for grain risks	2	(6)	2	(6)
(Provision for)/writeback of inventory write-offs	(5)	1	(5)	-
Impairment of fixed assets	(1)	(11)	(1)	(11)
Market Access	(1)	-	(1)	-
Input Supply	-	(11)	-	(11)
21.2 Employee costs				
Remuneration	(245)	(239)	(223)	(220)
Pension costs – defined contribution plan	(19)	(19)	(17)	(17)
	(264)	(258)	(240)	(237)
Permanent employees – number	1 733	2 100	1 705	1 909
Temporary employees – number	189	448	188	446
Number of employees at the end of the year	1 922	2 548	1 893	2 355

22. INVESTMENT INCOME

	GROUP		COMPANY	
	2006 R'm	2005 R'm	2006 R'm	2005 R'm
Unlisted investments				
Income from other investments				
Dividends	3	8	3	8
Interest received	2	6	3	9
Subsidiaries	-	-	1	3
Sundry loans	2	6	2	6
	5	14	6	17

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Exposure to exchange rates, interest rates and credit risk arises in the normal course of business of the Group. Derivative instruments are used to reduce exposure due to fluctuations in interest rates and exchange rates.

23.1 Foreign exchange risk

The Group is minimally exposed to fluctuations in mainly the rand/USD exchange rate regarding imports and exports. Transactions in foreign currencies are mainly contracted for the purchase of sale of inventory.

Foreign exchange contracts are contracted for specific transactions to hedge against fluctuations in exchange rates.

At year-end the foreign exchange contracts entered into in order to hedge expected payments, amounted to USD39 000. The rand value at contract rates amounted to R238 000. The fair value was determined at R234 000 (2005 – R9,9 million).

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23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Contracts entered into in order to hedge expected cash inflows to the amount of USD1 million, had a contract value of R6,2 million and a fair value of R6 million (2005 – R2,9 million).

Both types of contracts expire within twelve months and the revaluation difference has been recognised directly in the income statement. The unrealised profit before tax at revaluation amounted to R176 000 (2005 – R7 210). The profit is charged to the income statement and set-off against the revaluation difference of the underlying asset or liability which is carried in the balance sheet at fair value.

None of the expected cash inflows were unhedged at year-end (2005 – nil). None of the expected payments were unhedged at year-end (2005 – nil).

23.2 Commodity price risk

The Group utilises derivative instruments to manage and hedge commodity price risks. In accordance with the Group's risk management policy, only minimal uncovered market positions may exist at any time. The net position in the value of available commodities, the net value of futures and option contracts and the net position of the value of pre-season contracts, indicate effective hedging as set out in IAS 39. The total value of the futures contracts is regarded as sensitive information and is therefore not disclosed.

The hedging instruments used consist of futures and option contracts. The net fair value of hedged futures at year-end was a liability to the amount of R10 million (2005 – R18 million). The net revaluation difference of the instruments used for hedging is taken into account against the value of commodities and the fair value of pre-season contracts. The value of commodities on the balance sheet is therefore reflected as the market value thereof, and the futures, option contracts and pre-season contracts are also included in the balance sheet at fair value.

All contracts expire within eleven months. At year-end the uncovered inventory, valued at closing price, amounted to R12,4 million (2005 – R9,9 million). Uncovered liabilities to purchase inventory, also valued at year-end closing price, amounted to R1,2 million (2005 – R0,5 million).

23.3 Interest rate risk

In general the Group ensures that borrowing takes place at fluctuating interest rates as the funds are mainly utilised in credit extension at fluctuating rates. In times of volatility, interest rate exposure is generally managed by means of financial instruments to convert fluctuating rates to fixed rates.

Swaps are mainly used to convert fluctuating rates to fixed rates over the longer term. Forward rate agreements are used to convert fluctuating exchange rates in respect of future short-term loans to predetermined rates in volatile circumstances. Caps are used to convert future borrowing rates to a predetermined capped rate and, in addition, to derive benefit from the fluctuating rate in declining circumstances.

At the balance sheet date the Group had a 1 year interest rate swap transaction with a nominal value of R150 million. Senwes pays a fixed rate of 6,83% and receives a variable rate equivalent of 3 months JIBAR on the nominal amount.

The purpose of this cash flow hedge instrument is to provide a hedge to the average portion of the Group's balance sheet which is not linked to interest rate fluctuations.

This financial instrument does not comply with the requirement of IAS 39 for an effective hedge and the net result is accounted for in the income statement.

23.4 Credit risk

The potential concentration of credit risk mainly pertains to trade debtors. Trade debtors comprise a large number of customers spread over various different geographical areas and credit is extended in terms of the Group's credit policies. The financial position of debtors is analysed regularly.

In the opinion of the Board there was no significant concentration of credit risk at year-end which had not been adequately provided for.

23.5 Liquidity risk

The Group has sufficient liquid assets which, as in the past, are supported by short-term borrowing facilities at financial institutions which, assisted by cash flow management, meet operational needs.

23.6 Non-performance on contracts

The Group manages the risk of non-performance by only concluding contracts with approved and screened producers and suppliers. Future contracts for grain delivery were entered into with producers. The fair value thereof amounted to R1,2 million (2005 – R0,5 million). These instruments are included in the values stated under note 23.2. If it is a material risk, it is managed by means of option contracts on Safex.

23.7 Fair value

Financial instruments are reflected at their fair value.

24. EARNINGS PER SHARE

The following calculations are based on a weighted average number of 180 789 308 (2005 – 180 789 308) shares in issue.

24.1 Earnings per share is calculated on a profit of R107 million (2005 – R195 million) attributable to ordinary shares.

24.2 Headline earnings per share is calculated on a profit of R105 million (2005 – R98 million).

24.2 Headline earnings per share before abnormal items is calculated on a profit of R103 million (2005 – R119 million).

24.4 Reconciliation between earnings and headline earnings

		GROUP	
		2006 R'm	2005 R'm
Earnings per financial statements		107	195
Adjustments:			
Profit on sale of property, plant and equipment		(5)	(5)
Capital profits from the sale of unlisted shares		-	(100)
Restructuring cost		2	-
Provision for impairment of fixed assets		1	8
Headline earnings		105	98
Abnormal items (not included above)			
Discontinued operations (after restructuring cost)		(24)	8
Provision for post-retirement medical obligations		22	13
Headline earnings before abnormal items		103	119
Earnings per share (cents)		59,2	107,9
Headline earnings per share (cents)		58,1	54,2
Headline earnings before abnormal items (cents)		57,0	65,8

All adjustments are stated after tax has been raised against it.

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25. IMPAIRMENT OF INVESTMENTS AND OPERATING LOANS (WRITTEN-OFF)/WRITTEN BACK

		GROUP		COMPANY	
	Note	2006 R'm	2005 R'm	2006 R'm	2005 R'm
Subsidiaries	3	-	-	2	1
Joint ventures					
Shares					
Silo Certs (Pty) Ltd		-	-	-	(2)
Short-term loans – operating loans					
Silo Cert (Pty) Ltd		-	-	(2)	-
Total provisions		-	-	-	(1)

26. RELATED PARTY TRANSACTIONS

26.1 The Company is controlled by Senwesbel Ltd, which owns 35% of the Company's shares. Dividends of R17,6 million (2005 – R53,2 m) were paid to Senwesbel during the financial year. Interest amounting to R0,9 million (2005 – R1,4 m) was charged on the loan account to Senwesbel. Interest of R0,9 million (2005 – nil) was paid to Senwesbel on this loan account.

26.2 Loans to subsidiaries, associates and joint ventures are disclosed in notes 3, 4 and 5 respectively.

	GROUP		COMPANY	
	2006 R'm	2005 R'm	2006 R'm	2005 R'm
26.3 Sales of goods and services				
No material sales to associated entities took place	-	-	-	-

26.4 There are no significant balances outstanding with regard to the sale of goods and services provided.

26.5 Loans to executive directors – nil.

26.6 Trade debtors – directors and executive management

Trade debtors comprise production credit accounts and other accounts for which customers of the Company qualify. Credit extension, terms of repayment and interest rates in respect of loans are in line with company policy, which applies to all the customers of the Company.

	GROUP		COMPANY	
	2006 R'm	2005 R'm	2006 R'm	2005 R'm
Trade debtors	7	5	7	5

26.7 Directors' remuneration

	COMPANY	
	2006 R'm	2005 R'm
Directors' remuneration – Total	(15)	(11)
Directors' remuneration – Company	(15)	(11)
For services as directors:		
Executive directors	(13)	(9)
Salaries	(6)	(6)
Performance bonuses	(7)	(3)
Non-executive directors	(2)	(2)

The directors' remuneration is not included in the employee costs, as stated in note 21.2.

26.8 Other key management personnel

	GROUP		COMPANY	
	2006 R'm	2005 R'm	2006 R'm	2005 R'm
Salaries	(14)	(14)	(13)	(13)
Performance bonuses	(8)	(7)	(8)	(7)
	(22)	(21)	(21)	(20)

The remuneration of these employees is included in employee costs, as stated in note 21.2.

26.9 Information on directors' terms of office

Non-executive directors with a remaining term of office of less than one year:

<i>Director</i>	<i>Date of retirement</i>	<i>Position held</i>
MJ Lourens	10 August 2006	Non-executive director
JDM Minnaar	10 August 2006	Non-executive director
JA Mostert	10 August 2006	Non-executive director
WH van Zyl	10 August 2006	Non-executive director

Non-executive directors with a remaining term of office of more than one year:

<i>Director</i>	<i>Date of retirement</i>	<i>Position held</i>
JP Botma	2007	Non-executive director
JA EIs	2007	Non-executive director
JE Grobler	2007	Non-executive director
JD Shahim	2007	Non-executive director
JPL Alberts	2008	Non-executive director (Independent director)
GNV Magashula	2008	Non-executive director (Independent director)
DM Lerutla *	2009	Non-executive director
J Mashike *	2009	Non-executive director

* The terms of office of the alternate directors appointed for these persons will also expire on the dates noted above.

Executive directors:

<i>Director</i>	<i>Service contract expiry date</i>	<i>Position held</i>
JJ Dique	31 July 2007	Managing Director
F Strydom	31 July 2007	Director Operations
SH Alberts	29 February 2008	Director Finance

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26.10 Interests of the directors in shares of the Company

	COMPANY	
	2006 Number of shares	2005 Number of shares
<i>Direct</i>		
Non-executive directors	1 058 094	709 668
Executive directors	1 395 272	1 327 218
<i>Indirect</i>		
Non-executive directors	8 351 740	9 475 767
Executive directors	-	-
	10 805 106	11 512 653

26.11 Personnel Share Trust

A buyback of shares that was held in the Trust took place on 7 September 2005 in accordance with a special resolution that was taken on 25 August 2005 at the Senwes Annual General Meeting. Notice of the dissolution of the Trust was submitted to the Master of the High Court on 5 October 2005.

27. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The Senwes board of Directors approved the sale of Senwesko Voere on 24 May 2005, subsequently Senwes's 100% share in Senwesko Voere was sold on 1 August 2005. The Competition Commission granted unconditional approval of the transaction on 20 March 2006.

At a Senwes Board meeting on 24 May 2005 it was reaffirmed that the Trade division should proceed with its current process of operational optimisation. Subject to following the relevant labour processes and legislation, authorisation was given to carry on with the process of rationalisation, as presented to the Board, but that the final outcome should be determined by following a consultative process. Some Trade outlets were subsequently closed while other outlets were sold as going concerns.

Factory assets of the Groudnut division in Hartswater and Jan Kempdorp, as well as a certain piece of land in Jan Kempdorp (and the buildings on it) were sold with effect from 15 May 2006. The Senwes Board approved this transaction on 5 May 2006.

The sales, results and net cash flow of operations, included in the current year, are as follows:

	COMPANY		GROUP	
	Trade outlets 31/08/2005	Groundnuts 30/04/2006	Senwesko Voere 20/03/2006	Total R'm
Revenue	45	25	380	450
Operational costs	(50)	(29)	(348)	(427)
Operational profit/(loss)	(5)	(4)	32	23
Finance charges	-	(1)	1	-
Profit/(loss) before tax	(5)	(5)	33	23
Income tax	2	1	(4)	(1)
Profit/(loss) after tax	(3)	(4)	29	22
Cash flow from operating activities	3	7	14	24
Cash flow from investment activities	5	-	(1)	4
Total cash flow	8	7	13	28
The assets and liabilities from operations are or were as follows:				
Property, plant and equipment	3	3	16	22
Current assets	17	-	113	130
Total assets	20	3	129	152
Total liabilities	(9)	(1)	(74)	(84)
Net assets	11	2	55	68

Assets and liabilities of the Groundnut division are stated in the balance sheet as held for sale.

28. RECONCILIATION OF NET PROFIT BEFORE TAX WITH CASH GENERATED FROM OPERATIONS

	GROUP		COMPANY	
	2006 R'm	2005 R'm	2006 R'm	2005 R'm
Net profit before tax	125	238	121	233
Adjusted for:	107	* 24	73	* 14
Depreciation	28	33	25	29
Profit on sale of fixed assets	(5)	(5)	(5)	(5)
Provision for impairment of fixed assets	1	11	1	11
Profit from disposal of unlisted shares	(5)	(104)	(34)	(104)
Investment income	(5)	(14)	(6)	(17)
Finance charges	62	84	62	84
Increase in provisions and non-cash items	31	* 19	30	* 16
Cash generated from operations	232	* 262	194	* 247

29. (INCREASE)/DECREASE IN OPERATING CAPITAL

	GROUP		COMPANY	
	2006 R'm	2005 R'm	2006 R'm	2005 R'm
(Increase)/decrease in inventory	(368)	434	(357)	405
Decrease/(increase) in debtors	263	* (217)	299	* (227)
Decrease/(increase) in agency grain debtors	209	(105)	217	(87)
Decrease in creditors	(84)	(137)	(126)	(129)
Decrease/(increase) in operating capital	20	* (25)	33	* (38)

30. INCOME TAX PAID

	GROUP		COMPANY	
	2006 R'm	2005 R'm	2006 R'm	2005 R'm
Amounts payable at the beginning of the period	8	-	7	-
Amounts receivable at the beginning of the period	(51)	(86)	(50)	(82)
Amounts debited in the income statement	18	43	14	38
Amounts receivable at the end of the period	62	51	62	50
Amounts payable at the end of the period	(21)	(8)	(21)	(7)
Cash amounts paid	16	-	12	(1)

31. DIVIDENDS PAID

	GROUP		COMPANY	
	2006 R'm	2005 R'm	2006 R'm	2005 R'm
Amounts payable at the beginning of the period	3	-	3	-
Amounts debited against equity	47	95	47	95
Amounts debited against debtors and loan accounts	(21)	* (80)	(21)	* (80)
Amounts payable at the end of the period	-	(3)	-	(3)
Cash amounts paid	29	* 12	29	* 12

* Amounts restated due to an incorrect classification in the 2005 financial statements

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32. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

	GROUP		COMPANY	
	2006 R'm	2005 R'm	2006 R'm	2005 R'm
Buildings and improvements _ _ _ _ _	1	11	1	11
Plant and equipment _ _ _ _ _	22	24	21	23
Capital work under construction _ _ _ _ _	-	1	-	-
Vehicles _ _ _ _ _	3	4	3	4
Total acquisition of property, plant and equipment _ _ _ _ _	26	40	25	38

33. PROCEEDS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

	GROUP		COMPANY	
	2006 R'm	2005 R'm	2006 R'm	2005 R'm
Carrying value of assets sold _ _ _ _ _	20	5	4	5
Carrying value of assets of Senwesko Voere sold _ _ _ _ _	(16)	-	-	-
Profit on disposal _ _ _ _ _	5	5	5	5
Proceeds on disposal _ _ _ _ _	9	10	9	10

34. PROCEEDS ON DISPOSAL OF SUBSIDIARY

	GROUP		COMPANY	
	2006 R'm	2005 R'm	2006 R'm	2005 R'm
On 20 March 2006 a 100% interest in Senwesko Voere (Pty) Ltd was disposed of.				
Fair value of assets and liabilities on date of disposal:				
Property, plant and equipment _ _ _ _ _	16	-	-	-
Investments _ _ _ _ _	-	-	27	-
Inventory _ _ _ _ _	34	-	-	-
Debtors _ _ _ _ _	78	-	-	-
Cash and cash equivalents _ _ _ _ _	1	-	-	-
Long-term and short-term loans _ _ _ _ _	(1)	-	(1)	-
Creditors and provisions _ _ _ _ _	(73)	-	-	-
Value of disposal _ _ _ _ _	55	-	26	-
Profit on disposal _ _ _ _ _	5	-	34	-
Net cash proceeds with disposal of subsidiary _ _ _ _ _	60	-	60	-

35. LONG-TERM LOANS

	GROUP		COMPANY	
	2006 R'm	2005 R'm	2006 R'm	2005 R'm
Loans repaid _ _ _ _ _	2	1	-	-

36. SHORT-TERM LOANS

	GROUP		COMPANY	
	2006 R'm	2005 R'm	2006 R'm	2005 R'm
Net increase in other short-term loans	(40)	(28)	(40)	(28)
Net decrease in Land Bank loan	247	283	247	283
	207	255	207	255

37. UNUTILISED BORROWING FACILITIES

The Group has unutilised facilities of R1 485 million, the total amount of which is subject to suretyship in respect of inventory and debtors. The Group also has available utilised commodity finance to the amount of R2 billion and R18 million in respect of undrawn overdraft facilities.

38. ADDITIONAL INFORMATION

38.1 Analysis of shareholders

Note		COMPANY							
		2006				2005			
		Share-holders	%	Number of shares	%	Share-holders	%	Number of shares	%
1	-	1 000							
1 001	-	5 000							
5 001	-	30 000							
30 001	-	100 000							
100 001 and more	38.1.1								
		1 200	29,1	427 318	0,2	1 227	28,4	433 620	0,2
		884	21,4	2 239 145	1,2	916	21,2	2 278 965	1,1
		1 505	36,5	21 207 488	11,7	1 603	37,1	22 463 919	11,2
		449	10,9	21 948 570	12,2	495	11,5	24 164 079	12,0
		87	2,1	134 966 787	74,7	79	1,8	152 007 249	75,5
		4 125	100,0	180 789 308	100,0	4 320	100,0	201 347 832	100,0

38.1.1 Included in this shareholding are the five largest shareholders at year-end:

-	Senwesbel Ltd	63 299 075	(35,0%)
-	Flamingo Moon Trading 206 (Pty) Ltd (Bafokeng Consortium)	31 896 503	(17,6%)
-	Treacle Nominees (Pty) Ltd (Bafokeng Consortium)	17 175 040	(9,5%)
-	Axiam Holdings Ltd	3 965 605	(2,2%)
-	JJ Dique	1 000 000	(0,6%)

Senwes

CORPORATE INFORMATION

Senwesbel Ltd

Reg no: 1996/017629/06

Senwes Ltd

Reg no: 1997/005336/06

Postal address

PO Box 31, KLERKSDORP, 2570

Registered office

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Telephone: (018) 464-7800

Telefax: (018) 464-2228

Auditors

Ernst & Young

PO Box 2322

JOHANNESBURG

2000

Share Trading Desk

Barnard Jacobs Mellet Securities (Pty) Ltd

Reg no: 1987/000175/07

PO Box 3359

PARKLANDS

2121

Telephone: (011) 778-0000 – Johannesburg

Telephone: (021) 914-0400 – Cape Town

www.bjmdirect.com

Transfer Secretaries

Attention: The Company Secretary

Senwes Ltd

PO Box 31

KLERKSDORP

2570

Telephone: (018) 464-7121

Bankers

Land- and Agricultural Development Bank Ltd (Land Bank)

ABSA Bank Ltd (Absa)

Rand Merchant Bank Ltd (RMB)

Website

www.senwes.co.za

Toll free number

080 941 4011