

important events

- » Input Supply division reported a **record profit**
- » Market Access division realised a **satisfactory profit** despite receiving approximately 50% of normal intake
 - » **Expansion** to non-traditional areas by way of grain procurement and grain marketing
- » All divisions delivered **economic profits**
- » **Increased investment** in financing activities

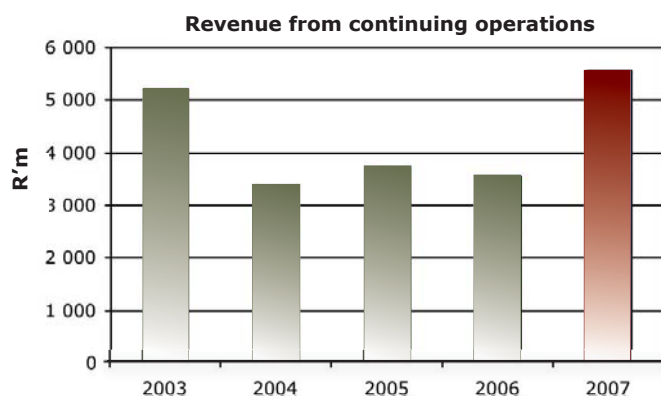
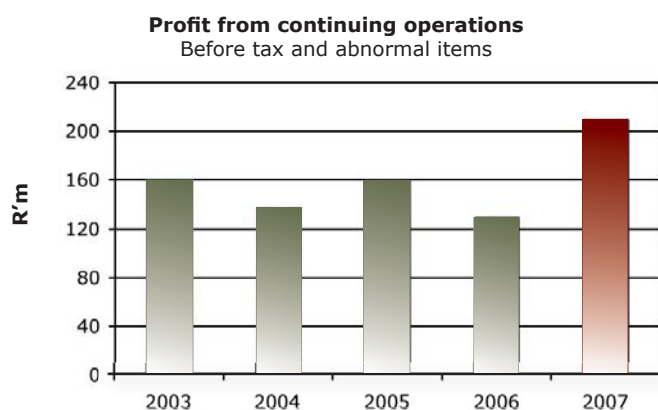
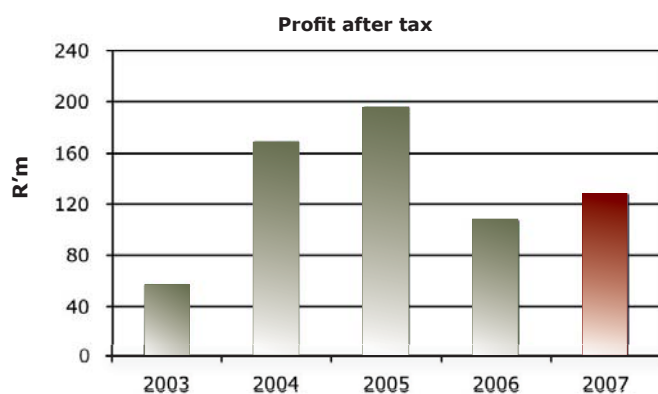
key figures

			2007	2006
Net profit (R'm)	19%	↑	127	107
Earnings per share (cents)	17%	↑	69,1	59,2
Earnings per share from continuing operations (cents)	48%	↑	69,7	47,0
Operating profit (R'm)	65%	↑	264	160
Headline earnings per share (cents)	13%	↑	65,8	58,1
Net asset value per share (cents)	13%	↑	426	377
Return on opening balance of equity (%)			18,3	17,2
Dividend per share (cents)			23	35
» Final recommended			17	15
» Interim paid			6	-
» Special dividend paid			-	20

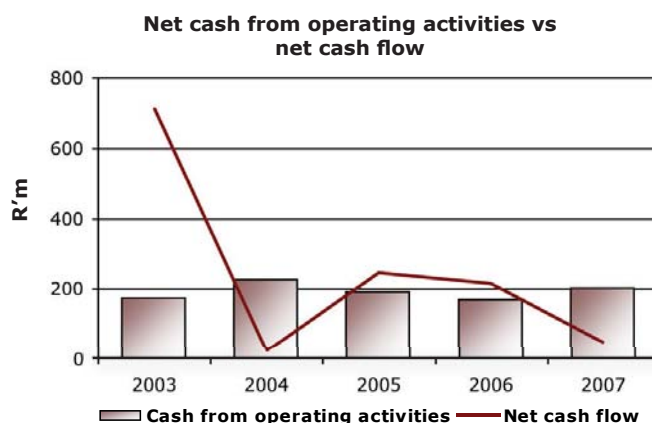


financial highlights

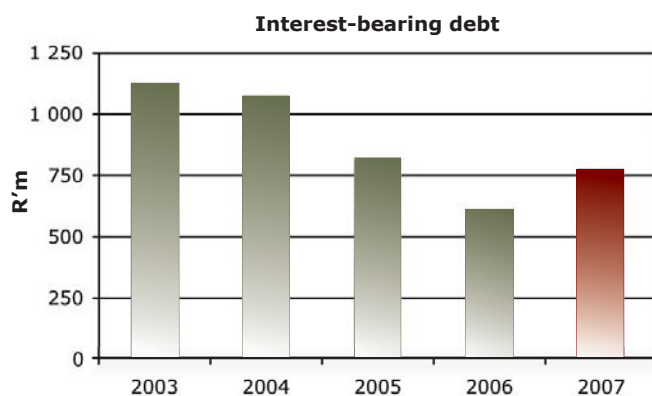
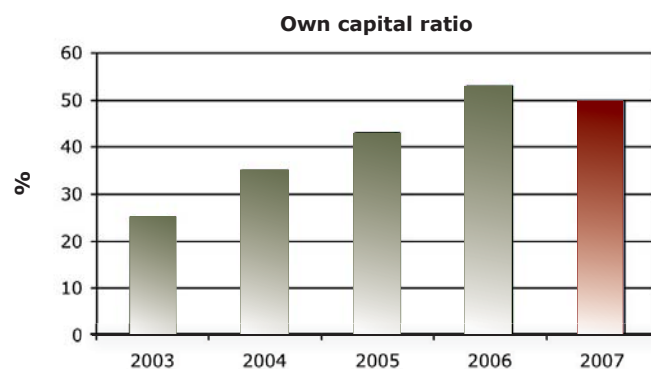
income statement



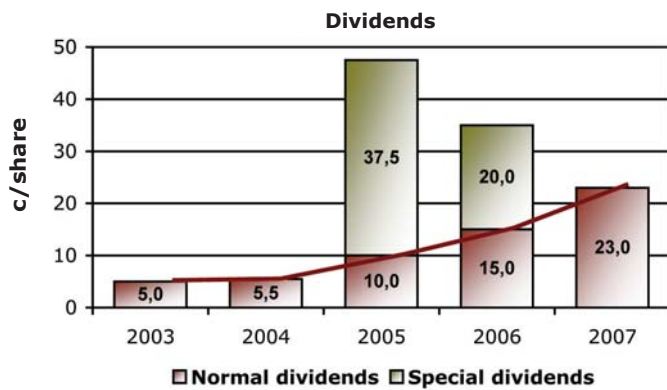
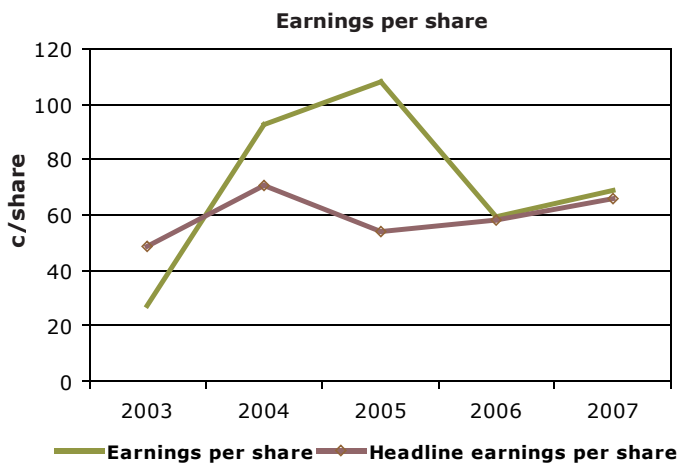
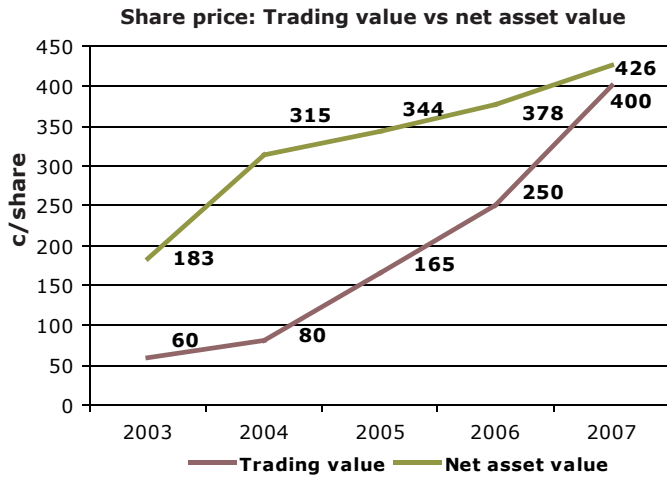
cash flow



balance sheet



shareholders



An **excellent** financial achievement reported by Senwes for the year ended 30 April 2007 enables the Group to build on its reputation for steadfastness and **value creation** which was established over the past few years.





operations at a glance

MARKET ACCESS

Division

- ✧ Grain operations
- ✧ Grain marketing
- ✧ Logistical services

Nature of business

- ✧ Creation of market access for grain producers
- ✧ Marketing of grain products to the major buyers in Southern Africa
- ✧ Handling and storage of grain
- ✧ Logistical services for the procurement and distribution of grain

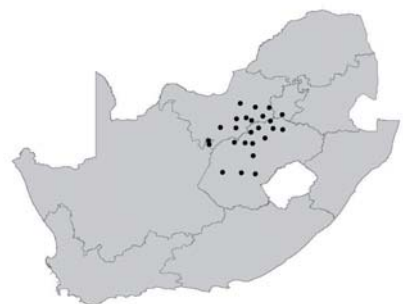
Operating outlets



INPUT SUPPLY

- ✧ Direct supply
- ✧ Retail stores
- ✧ Mechanisation

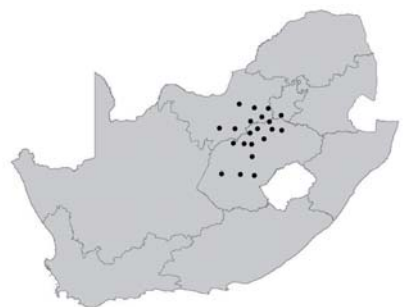
- ✧ Supply of production inputs to agricultural producers on direct basis
- ✧ Distribution network of retail stores for the supply of production inputs and general farming requisites
- ✧ Network of service outlets for selling and maintenance of agricultural equipment



FINANCING

- ✧ Credit extension
- ✧ Grain financing
- ✧ Long/medium-term financing

- ✧ Supply of finance products to producers and grain customers
- ✧ Financing of all agriculture-related inputs
- ✧ Financing of grain marketed through various financing products



SUNDRY OPERATIONS

- ✧ Wine cellar
- ✧ Seed
- ✧ Insurance

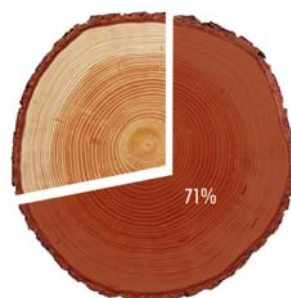
- ✧ Operations aimed at the value chain extension
- ✧ Procurement of grapes from producers, processing thereof and marketing of various wine products
- ✧ Processing of seed products as part of the production input chain
- ✧ Various insurance products aimed at the long-term, short-term and crop insurance market are offered as part of broking services. Administration also handled on behalf of insurers.



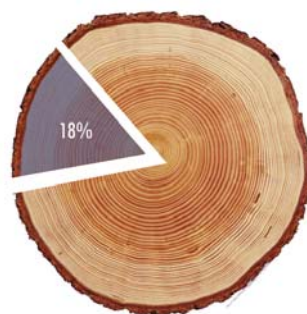
Key financial indicators

	2007 R'm	2006 R'm
Revenue	4 273	2 662
Profit before tax	166	177
Net assets	412	393

Operations – contribution to profit before tax



	2007 R'm	2006 R'm
Revenue	1 155	821
Profit before tax	42	(36)
Net assets	38	50



	2007 R'm	2006 R'm
Revenue	80	78
Profit before tax	24	23
Net assets	387	280



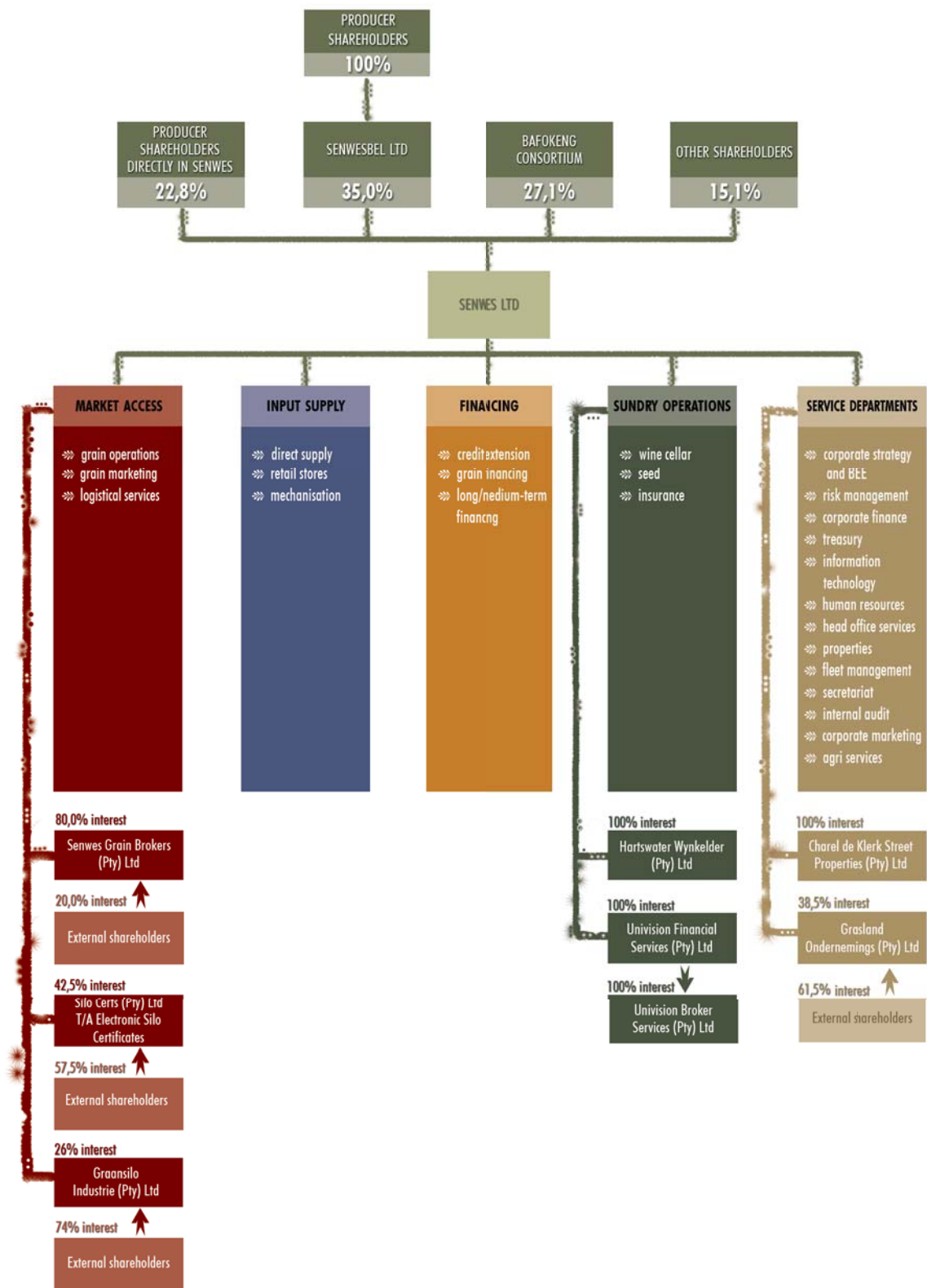
	2007 R'm	2006 R'm
Revenue	40	31
Profit before tax	2	4
Net assets	4	5





senwes group

STRUCTURE





»» section contents

- 8 Board of Directors**
- 10 Chairman's report**
- 12 Managing Director's review**



SENWES

BREAKING NEW GROUND



board of directors

The Company has a unitary board consisting of a mix of non-executive and executive directors, presided over by a chairman elected from the non-executive directors. The roles of the chairman and the managing director are separate.



JAPIE GROBLER (55)
Chairman

- » B.Iuris, LLB
- » Ex officio access to all Board Committees
- » Chairman of the Standards Committee
- » Board member since April 1997



JOHAN ALBERTS (64)

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



JAN BOTMA (40)

- » Member of the Human Resources Committee
- » Board member since October 2000



JOHAN DIQUE (51)
Managing Director

- » BCom(Hons), CA(SA)



JANNIE ELS (61)

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



GEORGE MAGASHULA (45)

- » B.Sc(Chem), National Diploma (Analytical Chemistry), Post Graduate degree (Business Management)
- » Member of the Human Resources Committee
- » Board member since October 2003



JACOB MASHIKE (40)

- » B.Sc(Eng) Chem, MBL
- » Member of the Risk Committee
- » Board member since February 2006

DANIE MINNAAR (42)

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



BERTUS MOSTERT (41)

- » B.Proc
- » Member of the Audit Committee
- » Board member since October 2003



MPUELENG POOE (47)*

- » BProc, Attorney of the High Court
- » Member of the Human Resources Committee
- » Board member since March 2007



JIMMY SHAHIM (49)

- » B.Agric Farming Management
- » Member of the Risk Committee
- » Board member since October 2000



*** Alternate director:
LUCAS NDALA (32)**

- » B.Com, PGDM and B.Com(Hons), CA(SA)



WH VAN ZYL (65)

- » Chairman of the Risk Committee;
- » Member of the Standards Committee
- » Board member since October 2002



STEVEN ALBERTS (41)

Director Finance

- » BAcc, BCompt(Hons), CA(SA)



FRANCOIS STRYDOM (47)

Director Operations

- » BScAgric(Hons) (Veterinary Science)



ELMARIE JOYNT (37)

Company Secretary

- » BCom(Law), LLB
- » Attorney of the High Court, FCIS, FCIBM



chairman's report

It is my privilege to announce that Senwes has once again created sound value for all its stakeholders.

This was an excellent financial achievement in view of the challenging and difficult circumstances experienced during the financial year. Senwes was able to build on its reputation for steadfastness, which was established over the past few years.

Our long-term objectives remain modelled on the core aspects of agricultural inputs and market access, with sustainable value creation. Senwes's focus on its core business and the effective support of our producer-customer base continue to yield dividends. During the past year it gave further momentum to the realisation of our vision to become the most admired agri-business in South Africa.

I consider it my responsibility, supported by the Board of Directors, to look after the interests of all the stakeholders of Senwes. In addition it is important that Senwes stays on course strategically and delivers a sustainable financial performance.

GENERAL BUSINESS ENVIRONMENT

The year under review was characterised by an inconsistent exchange rate. After having reached R6 against the dollar by May 2006, it weakened to nearly R8 in September and subsequently strengthened to levels of about R7 at the year-end. The inflation rate also began to rise and gave way to a rising interest rate cycle. The prime lending rate increased from 10,5% to 12,5% during the year, and more recently to 13%.

As in the past, grain prices were unpredictable. The price of white maize ranged from a minimum of R1 160 per ton to a maximum of R2 020 per ton. On the other hand, the producer price index increased by an average of 15% during the year.

Previous maize production seasons were characterised by an oversupply of grain as well as grain inventory building up, which put downward pressure on prices. Agricultural business confidence was negative during 2005/2006. As a non-recurring correction aimed at addressing over-stocking in the market, the 50% reduction in plantings by producers had the required effect. This initiative positively stimulated grain prices and agricultural business confidence was restored.

These positive price levels in turn encouraged producers and as a result plantings returned to near normal levels. Consequently, the Input Supply and Financing divisions experienced a positive business cycle, especially in Mechanisation.

The Market Access division received less grain due to the previous season's lower plantings and had to find innovative ways to maintain income streams. Grain was stored for longer periods, and competi-

tion increased due to the smaller supply. Senwes's ability to offer an effective menu of marketing alternatives yielded pleasing results.

After the downscaling of plantings, the outlook for the next year was bullish. However, it was unexpectedly handicapped by a severe drought at critical times during the season, which drastically reduced the harvest for the new year. It is expected that this factor, together with the reduced plantings in the previous year as well as input costs already incurred, will place significant cash flow pressure on producers. Against the background of the rising interest rate environment, it is inevitable that agriculture will be dealt a hard felt blow by the aforementioned factors.

I am satisfied that Senwes acted in time during the downscaling season to assist our producers with financing options which were aimed at seeing them through into the next season and also enabled them to benefit from any market increases. This resulted in improved loyalty and greater mutual support – a testimony to the interdependency of Senwes and its producers to improve their performances. In the midst of the current conditions, Senwes will once again do its part to offer the necessary solutions for producers. Naturally these financing options will still be based on sound business principles.

COMPOSITION OF BOARD

The Board subscribes to non-negotiable execution of corporate governance in terms of accepted King II principles, which it applies in the strictest terms.

During the year the Bafokeng Consortium replaced one of its directors. Ms Dinao Lerutla resigned and Mr Mpueleng Poee was appointed in her stead. I thank Dinao for her excellent inputs during her period of office and I wish her all the best in her new focus within the Royal Bafokeng nation. Mpueleng has an extensive background in law and business and serves on various boards as a non-executive director. We are excited about his appointment.

One of our directors who has many years of experience also retired during the year. I would like to thank Mr Thys Lourens for his unstinting service over many years and I wish him all the best in his farming activities.

The composition of a well-balanced board capable of meeting our many challenges is well advanced.

“Senwes has established a value creation process, which demonstrated its sustainability in difficult circumstances during the past financial year.”

The board composition now demonstrates a better balance in regards of executive, non-executive and independent directors.

ACKNOWLEDGEMENTS

I would like to thank our shareholders, who are to a great degree also our customers, for their continued support. In recent years mutual trust has been re-established. While there is still room for improvement, I am optimistic about the future, which we will be able to face together.

Our Board of Directors deserves praise for their incisive inputs and their collective courage to break new ground without losing sight of Senwes's vision.

The character and motivation of Senwes's staff is remarkable. Johan Dique, his executive management team and all his staff deserve praise for their huge contribution to the steadfastness and progress of the business. A special word of thanks also goes to our suppliers for maintaining sound business relations.

OUTLOOK

Senwes has established a value creation process, which demonstrated its sustainability in difficult circumstances during the past financial year. The constant cash flow stream also ensured the maintaining of the dividend policy.

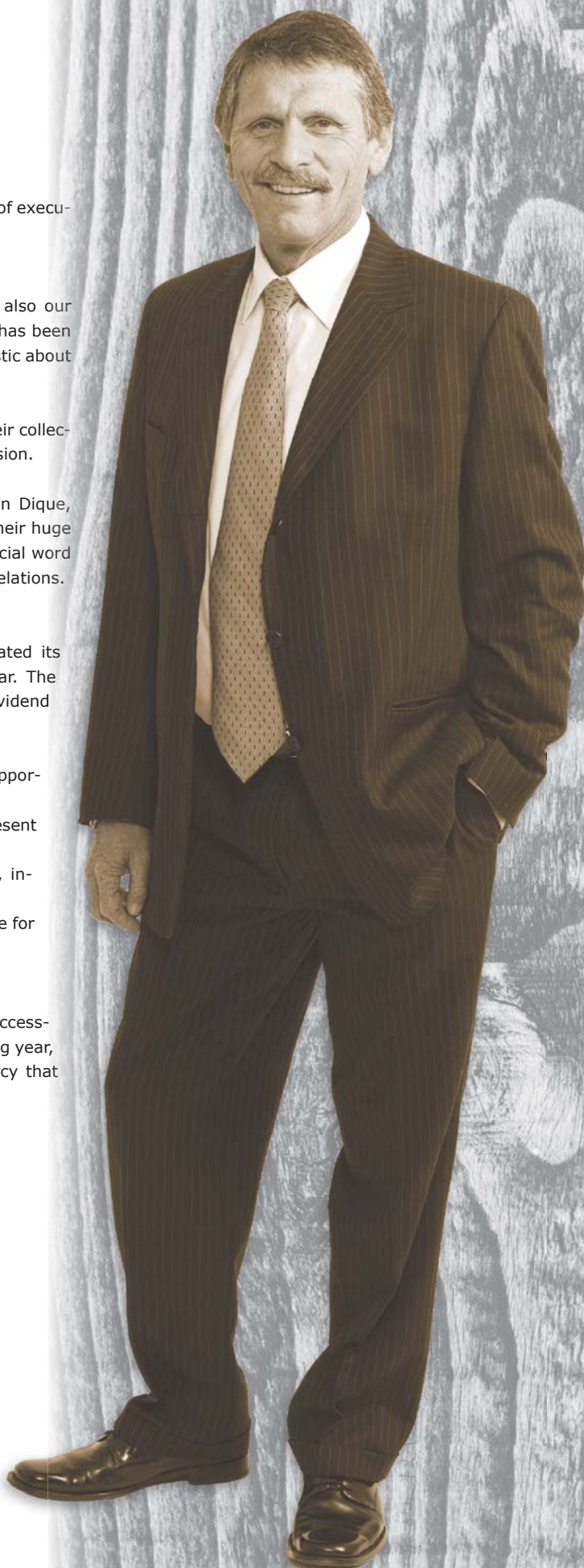
From a strategic point of view Senwes is positioned to capitalise on opportunities in the following areas:

- » Geographical growth where opportunities for rationalisation present themselves in the industry;
- » The extension of financing products to the entire customer base, including grain buyers;
- » A focus on the specific qualities of certain commodities to add value for customers; and
- » The establishment of a national footprint in commodities trading.

We thank our Creator that we are able to look back on yet another successful year for Senwes. We also look forward to the potential of the coming year, which will be approached with humility and in gratitude for His Mercy that brings us so many blessings.



Japie Grobler
Chairman





managing director's review

Senwes approached the past financial year in the knowledge that only half of the normal quantity of grain would be received and prospects for the trading business would be limited as a complete recovery was not yet expected.

Challenging situations such as these demand an innovative approach in order to deal with the bleak outlook. Our innovative thinking and reluctance to become a victim of circumstances are attributable to the management team and staff. We look back in gratitude on a year during which a fine financial performance was achieved.

FINANCIAL PERFORMANCE

An after-tax profit of R127 million was delivered. Earnings per share grew by 17% to 69,1 cents per share. The return on capital employed of 18% represents value creation in the form of economic profit for shareholders.

A final dividend of 17 cents per share is proposed. Together with the interim dividend of 6 cents per share this amounts to a market-oriented dividend yield of 7,1% on the average price during the year. The dividend cover was maintained at three times.

A PROFITABLE YEAR FOR STAKEHOLDERS

In his report the Chairman mentioned that Senwes created sound value for our stakeholders during the year.

Our shareholders

In line with our strategy to create and unlock value, it is a fact that Senwes's shares are being enhanced successfully into an investment opportunity that offers both yield and capital growth.

Owing to statutory requirements the share trading reverted to an in-house operation again and is going from strength to strength. Shareholders are currently able to unlock the value of their shares at almost their net asset value.

Our customers

Senwes's support of producers in the form of financing packages during the downscaling of plantings resulted in an increased market share. Continued efforts are concentrated on the provision of a highly competitive package of products and services for our customers.

Producers are therefore able to obtain their inputs and financing, store their grain risk-free and also market their grain through Senwes – one of the strongest marketing channels in Southern Africa. The impact of our empowerment status is also becoming evident in our reputation as a preferred grain supplier.

From a strategic point of view it is becoming of increasing importance to producers that a sustainable market is ensured over the long term. Senwes strives to offer its producers a long-term solution and a competitive edge.

Our employees

Events in agriculture during recent years have led to the realisation that hardly any season can be considered normal nowadays. Every year poses new challenges that are essentially inherent or radical and have to be met by staff.

Senwes's management team and staff are focused and have become conditioned to turn every challenge into a business opportunity during times of rapid change. Although focus must be maintained on the basic business of agriculture, Senwes has transformed itself into a dynamic business.

Senwes's endeavour to be a preferred employer within the industry is becoming a reality. Careers are developed systematically and new intellectual capital is being established. Much attention and energy is devoted to leadership development.


However, affirmative action is progressing at a slower pace than expected due to, inter alia, the low staff turnover as staff remain with their preferred employer. The majority of job opportunities exist outside rural areas in the metropolitan areas. In the face of these, at times restricting, factors we are doing whatever is considered necessary to sufficiently level the playing field for successful affirmative action.

Within the existing culture of innovation these obstacles will be developed into opportunities and attributes so that appropriate and successful transformation will take place on a sustainable basis.

Our communities

Senwes is committed to carrying on business as a responsible corporate citizen who also ploughs back into the community. Senwes also acts as an economic stabiliser in the towns in rural areas where we do business. We participate in identified community activities to meet our social responsibility. At Senwes, we feel that it is important to take the lead and to assist in achieving transformation and building a sustainable future agricultural sector. The alternative is simply unacceptable.

A full report in this regard appears elsewhere in this

A man with glasses and a mustache, wearing a dark suit, white shirt, and patterned tie, stands next to a large, thick tree trunk. He is smiling and looking towards the camera. The background is a soft, out-of-focus natural setting.

“Although focus must be maintained on the basic business of agriculture, Senwes has transformed itself into a dynamic business.”

annual report as part of sustainability reporting (refer to page 76).

ACHIEVEMENT OF GENERAL STRATEGY

Market Access

As part of our strategy to diversify within the core operations, Senwes has begun to spread its wings increasingly to other markets, especially the Market Access division. Market expansion into the Western Cape, Mpumalanga and the Southern Free State was achieved during the past year. This leads to greater product and geographical diversification and an improved risk profile while remaining within the context of a competitive edge. Measured against Senwes's overall business portfolio it is still small at this stage. The focus will be increased in order to raise it to the required levels.

The successes of the Market Access division in exploiting opportunities that presented themselves in the grain market from time to time have led to the achievement of unprecedented results by every department. The momentum of Senwes's innovation this year demonstrated that the receipt of grain in great volumes is not the only guarantee of pleasing results. The menu of marketing alternatives, complemented by a variety of hedging techniques, continues to offer many customers a competitive edge.

Input Supply

Retail and Mechanisation showed their potential this year after the completion of the turn-around strategy, amidst a positive business cycle. It is important to maintain focus on further efficiencies, especially with regard to the mechanisation business, in order to ensure sustainability. The combined marketing drive of Input Supply and Finance during the previous year when downscaling took place established a strong base of sound customer relations and an increased market share. This, together with a substantially lower cost structure, resulted in unprecedented success this year when the Input Supply division set a new profit record.

GENERAL

In our opinion the balance sheet has been optimised to a large degree and the portfolio now has the correct composition. In order to arrive at a judicious decision regarding a potential listing in the future, serious consideration will be given to ascertaining the attractiveness or otherwise of the portfolio in its current form as an investment on the JSE Exchange Securities.



managing director's review

We are convinced that consolidation is an imperative in the agricultural industry. Senwes intends to pursue any viable opportunity that would create and unlock much value and offer producer-shareholders in other areas not only an opportunity to share in it but also to participate in a sustainable future.

The route map to unlock value, as previously presented to shareholders, has been largely completed. Thus the gap between the net asset value and the trading value of shares has been largely bridged. Value creation and sustainable dividends, together with greater trading liquidity, are permanent elements of this programme to further enhance the value of shares.

The risk management business has achieved maturity and the process has become an important input to determine strategy. Drives to ward off risks and threats are generally transformed into new windows for business opportunities.

OUTLOOK

The drought conditions experienced during the second half of the year substantially decreased the expected size of the harvest for the following year. The new financial year presents similar challenges to the previous year. This could moderate the performance of the Market Access division, which would once again require innovative thinking to

improve its performance. The yield of intellectual capital is challenged on an ongoing basis.

ACKNOWLEDGEMENTS

On behalf of the executive management team I thank the Board for their guidance and insight. We also appreciate the support of our customers and suppliers, who are our fellow travellers in pursuit of excellence.

Without the continued loyalty and ownership demonstrated by our staff it would not have been possible for Senwes to deliver yet another excellent financial result this year. Agriculture is a challenging industry where the crossbar for achievement is set higher every year. I salute my management team and staff, who resolutely endeavour to turn Senwes into the most admired agri-business.

We also pay homage to our Creator for the privilege to till the field of potential.

Johan Dique
Managing Director



»» section contents

CORPORATE AND RISK MANAGEMENT

- 16 Management structure**
- 18 Corporate governance report**
- 24 Risk management report**

BUSINESS REVIEW

- 26 Market Access division**
- 28 Input Supply division**
- 30 Financing division**



corporate and risk management

MANAGEMENT STRUCTURE

ON 30 APRIL 2007

Managing Director
Johan Dique*



Director Operations
Francois Strydom*



**General Manager
Grain**
Dr Anton Lubbe#



**General Manager
Trade**
Frans du Plessis#

GRAIN



Christo Booyens
Assistant General Manager
Grain Marketing



André Erasmus
Assistant General Manager
Grain Operations



Wikus Grobler
Assistant General Manager
Finance & Administration

TRADE



Jan Coetzee
Assistant General Manager
Retail



Sarel Greyling
Assistant General Manager
Mechanisation



Jaco Kriel
Assistant General Manager
Trade Finance

SUNDRY OPERATIONS



Deon Truter
Manager
Wine Cellar



Piet Kleyn
Manager
Seed



Dawie Barnard
Manager
Insurance



Director Finance
Steven Alberts*



**General Manager
Corporate Services**
Joe Maswanganyi#



CORPORATE SERVICES



Henco de Jager
Assistant General Manager
Human Resources



Johan Grobler
Assistant General Manager
Corporate Marketing



Johan du Toit
Manager
Agri Services

CORPORATE GOVERNANCE



Elmarie Joynt#
Company Secretary
& Legal Services



Dirk Opperman
Group Internal Auditor
(Acting)



Carlien van Huyssteen
Manager
Group Risk

FINANCE & IT



Corné Kruger
Assistant General Manager
Finance & Treasury



Gerrit van Zyl
Assistant General Manager
Financing



Martin van Zyl
Manager
IT

* – Executive Committee # – Senior Management



corporate and risk management

»» CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

The principles of conducting business with integrity and according to sound governance practices are entrenched at Senwes. Senwes continues to review its governance structures in accordance with local and international guidelines and best practises.

The Board of the Company constantly reaffirms its commitment to the values of good corporate governance in ensuring that, at all levels of the business, good corporate governance is preserved, resulting in clients and investors that could trust and have comfort that their interests and investments are not subjected to major risks.

The Board is satisfied that Senwes has made and continues to make every practical effort to conform to the King code in all material and practical aspects.

COMPOSITION OF THE BOARD OF DIRECTORS

The Company has a unitary board consisting of a mix of non-executive and executive directors, presided over by a chairman elected from the non-executive directors.

The Board is composed of 14 directors who, in addition to the chairman, consist of a managing director, two other executive

The details of directors' interest in Senwes and its holding company are as follows:

Name	2007				2006			
	SENWES		SENWESBEL		SENWES		SENWESBEL	
	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%
Non-executive directors:								
JPL Alberts	-	-	88 356	0,11%	-	-	48 681	0,06%
JE Grobler	239 722	0,13%	2 023 667	2,49%	239 722	0,13%	2 023 667	2,42%
JP Botma	136 429	0,08%	454 094	0,56%	136 429	0,08%	454 094	0,54%
Jan Botma Trust	17 969	0,01%	27 557	0,03%	17 969	0,01%	27 557	0,03%
JAE Els	25 045	0,01%	500 000	0,62%	25 045	0,01%	500 000	0,60%
K Fleischhauer	-	-	-	-	-	-	-	-
DM Lerutla	-	-	-	-	-	-	-	-
OME Pooe	-	-	-	-	-	-	-	-
GNV Magashula	-	-	-	-	-	-	-	-
J Mashike (Treacle Fund Trust II)	101 990	0,06%	-	-	101 990	0,06%	-	-
JDM Minnaar	7 143	-	1 042 947	1,29%	7 143	-	1 000 002	1,20%
JDM Minnaar (Lerna Boerdery)	125 011	0,07%	1 000 000	1,23%	145 011	0,08%	1 000 000	1,20%
JDM Minnaar (Robyn Trust)	-	-	230 000	0,28%	-	-	230 000	0,28%
JA Mostert	5 907	-	21 110	0,03%	5 907	-	21 110	0,03%
LM Ndala	-	-	-	-	-	-	-	-
JD Shahim (Maizefield Trust)	164 952	0,09%	200 579	0,25%	164 952	0,09%	200 579	0,24%
WH van Zyl	600 000	0,33%	2 443 135	3,01%	600 000	0,33%	2 390 000	2,86%
MJ Lourens (retired)	-	-	-	-	43 848	0,02%	128 118	0,15%
Executive directors:								
JJ Dique	1 000 000	0,55%	-	-	1 000 000	0,55%	-	-
F Strydom	295 731	0,16%	-	-	295 731	0,16%	-	-
SH Alberts	99 541	0,06%	-	-	99 541	0,06%	-	-
Board members	2 819 440	1,56%	8 031 445	9,90%	2 883 288	1,59%	8 023 808	9,60%
Other members	177 969 868	98,44%	73 090 197	90,10%	177 906 020	98,41%	75 552 693	90,40%
TOTAL ISSUED	180 789 308	100,00%	81 121 642	100,00%	180 789 308	100,00%	83 576 501	100,00%

directors and ten other non-executive directors, two of whom are independent non-executive directors. The roles of the chairman and the managing director are separate.

Changes to the Board during the year:

- ✎ The retirement of Mr Lourens on 10 August 2006;
- ✎ The resignation of Mr Fleischhauer as the alternate for Mr Mashike on 16 February 2007; and
- ✎ The resignation of Ms Lerutla on 9 March 2007 with the subsequent appointment of Mr Pooe in her stead on 9 March 2007.

The non-executive directors, in terms of article 30 of the Articles of Association of the Company, have a term of three years after which they are required to retire by rotation. Retiring directors may be re-elected.

The Board, and particularly independent directors, are elected on the basis of their skills and experience appropriate to the strategic direction of the Company and necessary to secure its sound performance.

Nomination of board members

Procedures for the nomination of board members are formal and transparent. The Board has delegated this responsibility to the Standards Committee, which makes recommendations to the Board.

The performance of the Board as a whole and individual board members is assessed annually on an informal basis by the chairman of the Board.

POWERS AND RESPONSIBILITIES OF THE BOARD

The composition of the Board allows for appropriate and efficient decision-making and ensures that no one individual has undue influence over the said process. The Board's primary responsibilities, based on an agreed assessment of levels of materiality, include giving strategic direction, identifying key risk areas and key performance indicators of the business, monitoring decisions and performance of executive and senior management, whilst considering significant financial and non-financial matters.

The responsibilities of the Board are set out in detail in the Board Charter, which was approved by the Board on 24 June 2004. The continued relevance of the charter is assessed on an ongoing basis and changes are made where appropriate.

The charter also provides for access to independent professional advice to directors at the company's costs in all matters related to the Company. The powers of the Board are conferred upon it by the Company's Memorandum and Articles of Association.

In accordance with this power, the Board has also reserved

certain matters specifically for itself in a revised reservation of authority document, which was adopted during the year under review.

Going concern

The Board has considered and recorded the facts and assumptions on which it relies to conclude that the business will continue as a going concern in the financial year ahead. The Board considers this aspect in detail at both the interim reporting stage and the financial year end. The directors are of the opinion that the business will be a going concern in the foreseeable future.

INTERESTS OF BOARD MEMBERS

A number of non-executive directors have direct and indirect interests in the Company, the details of which are disclosed in the schedule on page 18. The Board is mindful of any potential conflict of interests that might arise as a result of this interest, however remote. A regular policy of disclosure of interests and exclusion from discussions in which a director has an interest, is adhered to in order to mitigate any such conflicts. In addition the Board has adopted a code of conduct to regulate the dealing in shares by individual board members and senior members of staff, which is rigorously adhered to.

The details of the application of this code of conduct in terms of periods for share trading for directors were as follows:

Closed share trading periods		
Date	Open/closed	Reason
27 March 2006 until	Trading closed	Suidwes negotiations
28 June 2006 until	Trading opened	Results announcement
8 September 2006 until	Trading closed	Suidwes negotiations
14 March 2007 until	Trading opened	Withdrawal of Suidwes cautionary announcement
1 April 2007 until	Trading closed	Commencement of preparation for financial close-out
27 June 2007	Trading opened	Results announced

Certain board members also conduct business with the company on an arms' length basis as part of Senwes's normal business. Financing has also extended credit to certain of the non-executive directors in terms of the company's normal business operations. These transactions are continuously assessed and scrutinised to ensure adherence to company policies at operational level.



corporate governance report

ATTENDANCE AT BOARD MEETINGS

The Board is required to have a minimum of six meetings per year. Seven board meetings and one strategy session were held in 2006/2007. See the table below for details of the attendance of directors at board meetings.

COMMITTEES

The Board has established a number of committees to facilitate efficient decision-making and to assist the Board in the execution of its duties, powers and authorities. The committees, with the exception of the Executive Committee, which is primarily of an operational nature, are comprised of a mix of non-executive and executive directors.

AUDIT COMMITTEE

Composition and attendance of meetings

The Audit Committee is comprised of its chairman, who is an independent non-executive director, and three other non-executive directors. During the year under review the composition of the committee changed to adapt to the Corporate Laws Reform Act and the executive directors were removed as members. These

directors act only as attendees at meetings.

Mandate and responsibilities

The Committee has a formal mandate approved by the Board which is reviewed annually to ensure that the terms are adhered to and duly executed. The Committee is required to:

- ✳ Make recommendations on the appointment of external auditors;
- ✳ Evaluate the independence and effectiveness of the external auditors and consider any non-audit services by such auditors and whether the rendering of such services would substantially affect their independence;
- ✳ Review the financial statements of the Company and its subsidiaries, both interim and annual;
- ✳ Ensure that the financial statements are prepared in accordance with appropriate accounting policies and International Financial Reporting Standards;
- ✳ Review the accounting policies and procedures adopted by Senwes and any changes thereto;
- ✳ Recommend the audit budget and fees;

Name of director	23/06/2006	19/07/2006	10/08/2006	07/09/2006	02/11/2006*	30/11/2006	09/03/2007	22/03/2007
Non-executive:								
JE Grobler	✓	✓	✓	✓	✓	✓	✓	✓
JDM Minnaar	✓	✓	✓	✓	✓	✓	✓	✓
JPL Alberts	✓	✓	✓	✓	✓	✓	✓	✓
JP Botma	✓	✓	✓	✓	✓	✓	✓	✓
JA EIs	✓	✓	✓	✓	✓	✓	✓	A
DM Lerutla (resigned 09/03/2007)	✓	A	✓	✓	✓	✓	-	-
MJ Lourens (retired 10/08/2006)	✓	✓	✓	-	-	-	-	-
GNV Magashula	A	A	A	✓	✓	A	✓	A
J Mashike	✓	✓	✓	✓	✓	✓	✓	✓
JA Mostert	✓	✓	✓	✓	✓	✓	✓	✓
M Poee (new 09/03/2007)	-	-	-	-	-	-	✓	✓
JD Shahim	✓	✓	✓	✓	✓	✓	✓	✓
WH van Zyl	✓	A	✓	✓	✓	✓	✓	✓
Executive:								
JJ Dique	✓	✓	✓	✓	✓	✓	✓	✓
SH Alberts	✓	✓	✓	✓	✓	✓	✓	✓
F Strydom	✓	✓	✓	✓	✓	✓	✓	✓

* Strategy session ✓ Attended A Apologies

- Review the effectiveness of management information, the annual audit, the internal audit function and the internal system of controls;
- Ensure that the roles of internal audit and external audit are suitably clarified and distinguished;
- Ensure compliance with applicable legislation.

The internal and external auditors have unlimited access to the chairman of the committee and also report to the Managing Director and the Director Finance respectively on day-to day matters.

The chairman of the committee attends the Annual General Meetings to respond to any questions related to the committees' duties and the company's financial affairs.

The Audit Committee comprised of the following and attendance was as follows:

Name of director	14/06/2006	23/11/2006	12/02/2007
JPL Alberts (chairman)	✓	✓	✓
D Lerutla	✓	✓	✓
JDM Minnaar	✓	✓	✓
JA Mostert	✓	✓	✓
JD Shahim (elected to Risk Committee 10/08/2006)	✓	-	-

✓ **Attended**

HUMAN RESOURCES COMMITTEE

Composition and attendance of meetings

The Human Resources Committee is comprised of five members, being four non-executive directors and one executive, being the Managing Director.

The General Manager Corporate Services and the Assistant General Manager: Human Resources attend these meetings on all occasions.

Mandate and responsibilities

The committee operates in terms of a written mandate approved by the Board and is required to meet at least three times a year. The committee is responsible for the recommendations regarding the Group's:

- non-executive and executive remuneration
- strategic human resources issues such as philosophy in re-

spect of remuneration, succession planning, employment equity, retention and staff incentive schemes.

The Committee comprised the following:

Name of director	08/06/2006	27/07/2006	19/01/2007	08/03/2007
JDM Minnaar (chairman)	✓	✓	✓	✓
J Botma	✓	✓	A	✓
JJ Dique	A	✓	A	✓
JA EIs	A	✓	✓	✓
GNV Magashula	A	A	✓	✓
DM Lerutla (elected to Audit Committee 10/08/2006)	✓	✓	A	A

✓ **Attended** A **Apologies**

Remuneration for the year under review is set out in the table on page 22.

Key developments

As from 2007/2008 and in accordance with proposed company legislation, proposed changes to the remuneration of the non-executive directors are submitted to shareholders for sanction at the Annual General Meeting prior to implementation. During the year the incentive schemes throughout the Group were reviewed and approved by the committee and the Board.

Executive directors' contracts

The service contracts of the executive directors are for a fixed term. The Managing Director's service contract has been renewed and expires in June 2011. The contract of the Director Operations has expired on 30 April 2007 and is currently being renewed. The contract of the Director Finance expires in February 2008.

RISK COMMITTEE

Composition and attendance of meetings

The Risk Committee comprises of four non-executive directors and the three executive directors and met four times during the year.

Mandate and responsibilities

The committee operates within a board approved terms of reference and assists the Board with the identification, assessment, evaluation, mitigation and monitoring of actual and potential risks as they pertain to the Company.



corporate governance report

Risk Committee

Name of director	02/06/2006	25/08/2006	15/11/2006	09/02/2007
WH van Zyl (chairman)	✓	✓	✓	✓
MJ Lourens (retired 10/08/2006)	✓	✓	-	-
J Mashike	✓	✓	✓	✓
JA Mostert (until 10/08/2006)	✓	✓	-	-
JD Shahim (from 10/08/2006)	-	-	✓	✓
JJ Dique	✓	✓	✓	✓
SH Alberts	✓	✓	✓	✓
F Strydom	✓	✓	✓	✓

✓ **Attended**

Key developments

In the past the risk management function was integrated with Internal Audit. During the year under review a separate corporate risk manager was appointed, who is responsible for the facilitation of the risk management processes within the company.

Risk governance structure

BOARD OF DIRECTORS

RESPONSIBLE FOR:

- ✎ Risk philosophy
- ✎ Risk management principles
- ✎ Overall risk appetite

ACCOUNTABLE TO:

- ✎ Shareholders
- ✎ Regulators
- ✎ The community
- ✎ Other stakeholders

BOARD RISK COMMITTEE

RESPONSIBLE FOR IMPLEMENTATION OF:

- ✎ Risk management principles
- ✎ Risk management policies
- ✎ Suitable risk limits

ACCOUNTABLE TO:

- ✎ Board of Directors

Remuneration of directors for the year under review

Name of director	Months in service	Directors annual fee R'000	Committee R'000	Management services R'000	Short-term incentives R'000	Share appreciation scheme	Other R'000
Non-executive:							
JE Grobler	12	258	46	-	-	-	34
JDM Minnaar	12	181	70	-	-	-	45
JPL Alberts	12	114	29	-	-	-	48
JP Botma	12	104	25	-	-	-	10
JAE Els	12	104	25	-	-	-	35
DM Lerutla (resigned 09/03/2007)	10	77	21	-	-	-	20
MJ Lourens (retired 10/08/2006)	3	34	5	-	-	-	2
GNV Magashula	12	114	10	-	-	-	11
J Mashike	12	60	15	-	-	-	28
JA Mostert	12	104	20	-	-	-	13
OME Poee (new 09/03/2007)	2	17	-	-	-	-	2
JD Shahim	12	104	21	-	-	-	9
WH van Zyl	12	104	48	-	-	-	23
L Ndala (alternate)	-	-	-	-	-	-	2
Executive:							
JJ Dique	12	182	77	2 412	2 520	-	21
SH Alberts	12	104	21	1 493	1 212	447	17
F Strydom	12	104	21	1 601	1 360	476	29

BUSINESS UNIT MANAGEMENT

RESPONSIBLE FOR MANAGEMENT OF:

- » All risk exposures in the business unit

ACCOUNTABLE TO:

- » Group Executive Committee
- » Board Risk Committee

ENTERPRISE-WIDE RISK MANAGEMENT DIVISION RESPONSIBLE FOR OVERSIGHT OF:

- » Risk profile of group
- » Risk limits per business unit
- » Control & compliance environment

ACCOUNTABLE TO:

- » Managing Director
- » Board Risk Committee

STANDARDS COMMITTEE

Composition and attendance of meetings

The Standards Committee consists of three non-executive directors and the Managing Director and is responsible for recommendations regarding the size, composition and skills of the Board and its committees.

Mandate and responsibilities

Evaluation of the performance of the Board and the individual board members.

The Standards Committee met twice during the year as follows:

Name of director	31/07/2006	15/03/2007
JE Grobler (chairman)	✓	✓
JDM Minnaar	✓	✓
WH van Zyl	✓	✓
JJ Dique	✓	✓

✓ **Attended**

Executive Committee and Senior Management structure

Name	Portfolio	Months in service	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
JMB 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

* – Executive Committee * – Senior Management

EXECUTIVE COMMITTEE

Composition and attendance of meetings

The committee is comprised of the Managing Director and the heads of the various divisions (see table below). The Committee comprising of the executive directors, meets weekly and at operational level, together with senior management, on a monthly basis.

Mandate and responsibilities

It is primarily responsible for the operational activities of the Company and for the development of strategy and policy proposals for consideration by the Board. The committee is also responsible for implementing board instructions.

COMPANY SECRETARY

The Board is assisted in complying with its ongoing responsibilities and obligations by the Company Secretary. Newly appointed directors are provided with an appropriate induction by the Company Secretary, which includes a briefing of their duties and responsibilities. All directors have unlimited access to the Company Secretary and executive management.

A formal orientation programme has also been adopted and during the year the Board reviewed the following:

- » IT strategy and IT operational requirements;
- » The application of the National Credit Act; and
- » Effective functioning of a board and the role of directors.

Access to information

The Company complies with the Promotion of Access of Information Act 2000 and the manual in this regard is available on the company's website.

Members also have access to:

- » The register of members;
- » Minutes of members' meetings;
- » Share trading desk and information on bids and offers, as published on the website;
- » Access to the Company Secretary for any queries related to the Company.



corporate and risk management

» RISK MANAGEMENT REPORT

Risk Management is an independent Group function established for the purpose of ensuring that Senwes has an integrated and effective risk management framework. Risk-based policies and practices have the common goal of enhancing the risk-return profile of the company's portfolio, thereby underpinning the Group's strategy of value creation for its shareholders. Senwes actively manages its risks to gain a competitive advantage. The risks are evaluated and taken more consciously, adverse changes are anticipated, and protection is sought against unpredictable events.

RISK MANAGEMENT DEVELOPMENTS

- » Establishment of Risk Management function to manage Enterprise-wide Risk Management (ERM) practices, on a basis separated from Internal Audit.
- » Structuring of ERM functions and appointment of appropriate dedicated risk management personnel.

APPROACH TO RISK MANAGEMENT

Senwes adopts the following approach to risk management and control:

- » The Group's overall risk appetite and risk tolerance for all risk types are determined and risks are managed accordingly.
- » Risks are identified, assessed and appropriately dealt with, whilst appropriate processes are developed to control and manage future occurrence.
- » Risks are constantly re-evaluated and responses re-assessed.
- » Formal governance and comprehensive regular reporting processes are established and maintained to ensure the effectiveness of the risk management processes.
- » Management processes are monitored to ensure that they comprehensively identify and monitor significant risks.
- » Internal control systems relating to identified risks are implemented by management and monitored on a regular basis by Internal Audit.

RESPONSIBILITY

The responsibility for risk management vests in management at all levels, from members of the Board and the appropriate board committee, to individuals throughout the Group. Each individual is required, relative to his or her own position, to identify current and future risks and to take appropriate action. Risks are reported and managed through the applicable management structures and risk committees right up to board level where appetite levels and policies are set.

THE YEAR UNDER REVIEW

The focus areas during the past financial period included the following:

Credit risk

- » The necessary processes are in place to measure, monitor,

control and report on credit risk.

- » The most significant credit risk for Senwes is counter-party risk and therefore strict credit extension policies are applied when credit is granted. Proper securities, the balance sheet of the counter-party and long-term yield of farming units are crucial factors that play a role in mitigating risks.
- » The impact of internal and external factors on transactions and positions are monitored regularly to ensure timely reaction to these factors and effective management thereof.

Non-compliance with contracts

The fact that Senwes contracts with both producers and buyers presents a risk when prevailing conditions create circumstances of inability or the temptation not to comply with contractual obligations. These conditions might arise through drought or significant price movements. Proper counter-party evaluation plays an important role in addressing this risk as well as limiting contract volumes per counter-party. Market conditions that might lead to non-compliance with contracts are monitored closely and strategies to hedge this risk on the Safex market are used when deemed necessary.

Grain market risk

» Trading risk

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

» Interest rate risk

The interest rate risk is the risk of a decline in earnings due to the movement of interest rates. The balance sheet of the Group is naturally hedged to a large extent for this risk as most of the items on the balance sheet generate revenues and costs that are interest rate related. The decision to hedge interest rates for the remainder of the balance sheet or to remain unhedged is reviewed regularly in order to manage this risk efficiently.

» Unhedged commodities positions

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

Operational risk

The risk of direct or indirect losses resulting from inadequate or failed internal processes, people and systems or from external events are significant risks for Senwes. Consequently

procedures to manage operational risks on a daily basis are in place. Significant examples are:

» ***Access to grain***

The risk that Senwes cannot maintain and/or increase volumes of grain within its geographic base where it operates. Reduced access to grain crops could be the result of a number of root causes such as:

- » Downscaled plantings – models were developed and are managed to reduce the impact of significant downscaled plantings as single season occurrences.
- » Alternative storage structures – alternative storage structures are addressed by innovative market transactions and the maintenance of close producer relationships. Differences between product offerings are also highlighted in the market place.
- » Droughts – models were developed and financial instruments utilised to manage and reduce the impact of droughts.
- » Improper management of transformation and land reform may have a significant impact on production. Senwes works in conjunction with all applicable government departments in seeking viable options and implementation of such options with regards to the BEE imperative.

» ***Non-compliance with legislation***

Complying with the numerous laws applicable to the corporate environment is a significant risk for the organisation. The Company Secretary, acting as compliance officer, facilitates compliance with legislation. An ethical code of conduct, procedures, policies and appropriate instructions regarding compliance with legislation are in place. Thorough communication and scrutiny of new agreements and transaction types, takes place well in advance.

» ***Losses due to inadequate agreements***

Losses could be suffered due to incorrect and/or deficient older, existing contracts which were drafted without the necessary legal advice. To protect Senwes against this risk, timely advice is provided by legal experts within the Secretariat department. Procedures, regarding the drafting and reviewing of contracts ensure that the intent of the parties are properly captured in such contracts.

Strategic risk

- » This ever present risk relates to the fact that the company's strategic direction may not be correct or the best alternative and consequently shareholder value may not be optimised. Potentially strategies followed may be inappropriate to support long-term goals because of an inadequate planning and/or decision-making process or the inadequate implementation of such strategies.
- » To mitigate the risk, the strategic direction of the Group is evaluated continuously, ensuring that the strategy fits

changing market conditions to ensure that milestones are reached. Processes are in place to effectively guide the Company in the required strategic direction.

Reputational risk

A strong corporate image and reputation is an invaluable asset in the domain in which the Group operates. By managing risks that the Group incurs during the course of business, it protects its reputation. This entails specific assiduousness surrounding specific areas such as tax, legal, regulatory, environmental, social or business relationships and accounting. Senwes aspires to the highest standards regarding integrity and maintaining the highest ethical standards in all business dealings.

For Risk Governance Structures – see page 22 in the Corporate Governance Report.



business review

MARKET ACCESS



Dr Anton Lubbe
GENERAL MANAGER GRAIN

GRAIN

- » Grain Operations
- » Grain Marketing
- » Grain Finance and Administration

1. The Market Access division conducts its business in the grain supply industry through the following units:

- » **Grain Procurement**
Provide grain producers with market information services, a wide range of grain contracts and a pricing mechanism.
- » **Grain Handling and Storage**
 - » Provide infrastructure to handle and store grain in a safe and hygienic environment.
 - » Provide grading, drying and cleaning services in preparing grain for the market.
- » **Grain Marketing**
Sell grain to end-users through various market instruments and processes.
- » **Grain Logistics**
Supply a logistical and transport service to the grain industry.
- » **Grain Finance and Administration**
Provide funding of grain and administrative services to various role players and buyers active in the grain marketing chain.

2. Key developments

- » Impact of previous year 50% downscaled plantings experienced which led to:
 - » Reduced intake and capacity utilisation.
 - » Lower trading base.
- » The influence of world grain prices on local production and price trends was significant.
- » Local markets were characterised by high volatility, which led to challenging trading circumstances.
- » Futures market seldom reflected full carry costs of grain and storage.
- » Prices of most grain commodities have more than doubled over the past season, which created a substantial risk in terms of non-performance on future contracts as well as hedged positions.
- » Alternative storage options, i.e. silo bags, impacted the grain storage market but also created new opportunities for Senwes.
- » The summer production crop delivered was of poor quality (more than 40% of the maize received was of low quality).
- » Against the backdrop of a smaller crop, farm loading as a competitive activity, played a relatively more significant role.
- » Competition to finance the production, procurement and marketing of grain is intense. The availability of financing to buyers of grain has become an important instrument for increased market share.
- » The grain market requires more focus on niche products and services.
- » Legislation regarding food safety and hygiene as well as competition places increased responsibilities on high profile role players.

3. Achievement of objectives

GRAIN OPERATIONS

Objectives set	Performance against objectives
» Product development and value adding services to be increased.	» Development and isolation of products increased. Grain laboratory refurbished to enable identification preservation (IP) and quantification of unique characteristics.
» Improve quality analysis and control of grain at silo level.	» New grading technology implemented at selected silos.
» Implement food safety and food hygiene plan.	» Plan implemented and audits conducted.
» Optimise management of stored grain.	» Value added through operational and risk management processes.
» Create new value adding grain quality systems.	» Target achieved, system developed for white maize – other products to follow.
» Maintain silo infrastructure to support optimal operational efficiency.	» All silos operated efficiently and were sufficiently maintained.
» Silo Academy – training and development of personnel and learnership.	» Goals were met and staff progressed through learnerships. » This will lead to reaching of Employment Equity goals at silos.

GRAIN MARKETING

Objectives set	Performance against objectives
» Maintain profitability despite the smaller crop.	» Effectively managed the maximising process in terms of the income from the location, time and quality of grain. » The development of alternative Safex related income streams progressed well and substantial growth is being experienced. » Expansions outside of Senwes's traditional operating area has also contributed.
» Develop strategies to enhance competitiveness despite the establishment of alternative storage options.	» Success was achieved by implementing a combination of strategies to counter the establishment of alternative storage structures.
» Substantial expansion of farm loading and related strategies in order to improve competitiveness.	» Active participation in logistics and related strategies has softened the effect of farm loading during a smaller harvest.
» Increase Senwes's market share by extending financing to buyers of grain.	» The client base and market share have successfully been expanded via the marketing of financing products.
» Develop management and price risk management measures in order to effectively manage exposure to grain price volatility and risks related to non-performance on contracts.	» Risk management was enhanced. Both risks were managed effectively despite substantial price movements during the current year.



business review

4. Future prospects

GENERAL

- » Expand income base by growing national market share and business in Africa.
- » Focus on niche markets.
- » Close logistics and transport gap in the grain supply chain through strategic investments.
- » Enhance BEE status and increased focus on marketing the Market Access division as a preferred supplier.
- » Enhance personnel retention and motivation of key personnel.

GRAIN OPERATIONS

- » Educating role players in the food processing industry, regarding the benefits of speciality products, thereby ensuring increased demand.
- » Enhancement of identity preservation (IP), specialized products and food safety protocol.
- » Further expansion of laboratory functionality.
- » Grow grain handling and storage market share in traditional geographic area.
- » Focus on opportunities in Africa.
- » Upgrade silo capacity, operational and flexibility capabilities.

GRAIN MARKETING

- » Focus on growing an all-inclusive grain supply model.
- » Substantially increase the logistics and transport instruments and involvement.
- » Continued focus on the identification, quantifying and management of applicable risks.
- » Educate and train clients in the use of derivative instruments.
- » Increased innovation and product development of transaction options for producers and grain buyer customer base.
- » Expand the collection of information, interpreting and dissemination thereof.
- » Expand the logistics business to non-grain commodities.
- » Geographic expansion of services and processes in order to improve and expand Senwes's business base.

INPUT SUPPLY



Frans du Plessis
GENERAL MANAGER TRADE

1. The Input Supply division conducts its business activities through the following units:

- » **Retail**
Supply of farming inputs, general farming requisites, DIY goods, garden and irrigation products as well as outdoor goods to both farmers and general consumers.
- » **Mechanisation**
New John Deere equipment, used equipment, parts, workshop services as well as precision farming equipment and services.
- » **Direct Input Marketing**
Marketing of bulk farming inputs to the commercial farmer.

2. Key developments

- » Turnaround and restructuring benefits realised and substantial profit reported.
- » Increased plantings and acceptable commodity price levels resulted in favourable business conditions.
- » Broader product ranges to counter cyclical agricultural conditions.
- » More motivated and trained personnel corps.

TRADE

- » Retail
- » Mechanisation
- » Direct Input Marketing
- » Trade Finance

3. Achievement of objectives

RETAIL

Objectives set	Performance against objectives
» Capitalise on optimised infrastructure after re-structuring	» Excellent financial performance was achieved which significantly outperformed required hurdle rates
» Diversify product ranges to counter cyclical agricultural conditions	» Outstanding growth was achieved in non-agricultural product ranges
» Focus on margin management	» Gross margins increased

MECHANISATION

Objectives set	Performance against objectives
» Implement a revised business model	» Revised business model was successfully implemented
» Turn-around of Mechanisation into a profitable business unit	» Excellent result was achieved which outperformed required hurdle rate » Long-term sustainability remains a concern
» Assisting in establishing an industry solution for poor financial performance experienced in the past	» A high degree of success was achieved through the establishment of a dealer forum with John Deere
» Disposal of irrigation business unit	» Irrigation business sold as going concern

DIRECT INPUT MARKETING

Objectives set	Performance against objectives
» Grow market share	» Market share was grown in a highly competitive market
» Increase profitability	» Exceptional results were realised exceeding all previous achievements

4. Future prospects

RETAIL

- » Increase income by investing in business opportunities adjacent to current business.
- » Increase the diversification into non-agricultural products and services to enhance the product offering to the general consumer.
- » Optimise stock levels and product ranges.

MECHANISATION

- » Establish a platform to ensure profitability on a sustainable basis.
- » Growth of market share and top line earnings.
- » Improve customer satisfaction by improving service levels.
- » Optimise stock levels.

DIRECT INPUT MARKETING

- » Grow market share through improved strategic supplier relationships.
- » Improve customer relationships by increasing "footprint on the farm".
- » More value added services.



business review

FINANCING



Gerrit van Zyl
ASSISTANT GENERAL
MANAGER FINANCING

1. The Financing division supports the Market Access and Input Supply divisions in achieving their objectives and the execution of their strategies by means of:

- ✦ A full range of competitive agricultural financing products.
- ✦ A market oriented service.
- ✦ Relationship management with personal visits to clients as basis.
- ✦ Streamlined credit assessment processes.

2. Key developments

- ✦ Optimising of the risk profile of the book.
- ✦ Optimising of the credit processes.
- ✦ Finalising of a finance alliance with a commercial bank regarding the hire purchase book.
- ✦ Strengthening of client relationships.

3. Achievement of objectives

FINANCING

Objectives set	Performance against objectives
✦ Sound growth in book	✦ The book has grown with 23,6% based on 2004/2005 (normal production year)
✦ Provision for bad debt of less than 0,8%	✦ Targets met
✦ Improve current/arrear ratio with 30%	✦ Achieved
✦ Implementation of electronic application process to enhance turn-around time	✦ Successfully executed early in financial year
✦ Building of capacity and structure to directly manage the client relationship	✦ The necessary appointments were made

4. Future prospects

- ✦ Broaden the capacity to establish and enhance stronger client relationships.
- ✦ Grow market share significantly.
- ✦ Revise business model to be adaptable for different areas and markets with the assurance that an acceptable return is achieved.



»» section contents

STATUTORY AND FINANCIAL REPORTS

- 32 Financial review**
- 34 Five-year review – Senwes Group**
- 37 Statement of responsibility by the Board of Directors**
- 37 Statement by the Company Secretary**
- 38 Report of the independent auditors**
- 39 Statutory directors' report**
- 41 Accounting policies**
- 48 Balance sheet**
- 49 Income statement**
- 50 Statement of changes in equity**
- 51 Cash flow statement**
- 52 Notes to the financial statements**

SUSTAINABILITY REPORT

- 76 Sustainability overview**
- 84 Black Economic Empowerment report**
- 86 Shareholder report**



financial review

We are proud to announce one of the best operational results in years, despite the harsh impact of lower available grain volumes. The result is largely a consequence of phenomenal turn-around experienced in our Input Supply division as well as innovation in our Market Access division.

INTRODUCTION

An agricultural business like Senwes operates in a dynamic environment with substantial fluctuations in market forces. In the previous year, the Input Supply division suffered a downturn in business cycle. This was as a result of a build-up of surplus grain stock levels over a number of seasons and ensuing low grain prices. As a consequence significantly lower levels of crop cultivation by producers followed.

During the current year a backlash of lower plantings of the previous year negatively impacted the Market Access division. A lower volume of grain was available for infrastructure utilisation and competition for available grain was fierce. Volume received at silos was nearly 50% less in comparison with the previous year.

Despite prevailing conditions, this business unit held its ground and grew its market share. Revenue for the division grew by 61% to R4,2 billion, which coincided with marginal reduction in profitability.

The resultant lower grain stocks led to increased grain prices; higher optimism from producers and increased planting levels during the current year's summer crop production cycle. Together with raised service levels throughout the organisation, in particular the Financing and Input Supply divisions, this led to a significant increase in market share for these segments. Revenue grew by 41% to R1,16 billion in the Input Supply division.

An upswing experienced in particularly the Mechanisation and Retail stores departments, hugely contributed to positive results. Compared to the previous year, the Input Supply division reported an improvement in pre-tax profit of R78 million. Expectations are that results will be more moderate during the current year as the catch-up in the spending cycle experienced by Mechanisation should dissipate.

The Financing division increased its contribution to the pre-tax profit line through growth in market share from a healthy foundation under stringent control. The current financing book grew on average by 16,1%.

On the whole, all business units contributed positively to the results and return on capital employed was higher than the required hurdle rate. Corporate costs were further reduced mainly through focus on IT and related costs.

GROUP RESULTS

Revenue from continuing operations increased significantly by R2 billion (56%) mainly due to the positive business cycle of Input Supply as well as higher prices experienced in the Market Access division. Consequently, operating profit from continuing operations also showed a marked increase of 65% from R160 million to R264 million.

Net profit of R127 million for the year under review is very pleasing. This represents an increase of 18,7% from last year's figure of R107 million, and translates to earnings per share for shareholders of 69,1 cents (17% growth), with 65,8 cents headline earnings per share reflecting a 13% growth. These returns are in line with long term objectives set for the Group.

A respectable yield of 18,3% was returned by the Group on its equity opening balance. Yield has remained at a consistent trend of above 17% for the last five years, even in years when abnormal items such as disposal of significant investments (e.g. Pioneer in 2005) are excluded. This well illustrates the fact that consistent value has been created on operational level for shareholders. Return on total average assets (earnings before interest and tax over total assets) increased by 4,8% from 9,4% to 14,2%.

BALANCE SHEET

Current assets increased due to an increased investment in debtors, attributable to the agricultural cycle explained earlier. However, enhanced efficiencies are exhibited by a significant increase of 42% in a balance sheet turn of three times.

Net asset value per share grew by 13% to R4,26 per share and shareholders fund the net assets of operations of the Group by a healthy 50%. Gearing decreased from 86% to 70% and compares favourably to most industry competitors.

CASH FLOW

The Group has managed to produce a positive cash flow for five consecutive years. The current year's more modest net positive cash flow of R49 million, was brought about by cash profits from operations of R202 million, which was reduced mainly by increased investment in operating capital by divisions of R107 million due to an increased business base. Investment in increased capacity (capital expenditure) of R21 million and dividends paid of R24 million also reduced the positive cash flow.

“On the whole, all business units contributed positively to the results and return on capital employed was higher than the required hurdle rate.”

SHAREHOLDERS AND DIVIDENDS

Apart from the value created through earnings already mentioned, shareholders' value was significantly enhanced by the marked increase in trading value of shares. An increase of 60% from R2,50 to R4,00 represents a noteworthy opportunity for shareholders to unlock value. Furthermore, dividend yields that exceed food and agricultural industry norms have been returned for the last three years. In the current year an interim dividend of 6 cents per share was declared and a final dividend of 17 cents per share is recommended. This brings the total dividend to 23 cents rendering a 7,1% dividend yield on the average price with a healthy dividend cover of three times.

PROSPECTS

Due to drought conditions experienced during late summer, summer crop production yields have suffered detrimental effects. It is therefore expected that the Market Access division will remain under pressure and experience much the same trading conditions as the previous financial year due to expected lower available grain volume.

Producers are expected to experience increased cash flow pressure and consequently the need for finance could be expected to increase. It is expected that Input Supply will continue to benefit from the next production cycle as high commodity prices are expected to prevail in the near future.



Steven Alberts
Director Finance





five-year review

SENWES GROUP

	2007 R'm	2006 R'm	2005 R'm	2004 [#] R'm	2003 R'm
BALANCE SHEET					
Assets					
Non-current assets	258	254	269	381	437
Current assets	1 850	1 386	1 595	1 771	1 944
Assets of discontinued operations – held for sale	14	3	-	-	-
Total	2 122	1 643	1 864	2 152	2 381
Equity and liabilities					
Capital and reserves					
Shareholders	771	683	622	569	372
Minority interest	2	-	-	-	-
	773	683	622	569	372
Non-current liabilities	106	89	80	60	113
Current liabilities	1 243	870	1 162	1 523	1 896
Liabilities associated with assets – held for sale	-	1	-	-	-
Total	2 122	1 643	1 864	2 152	2 381
Interest-bearing liabilities included in current liabilities	772	606	815	1 071	1 121
INCOME STATEMENT*					
Revenue					
Financing	80	78	87	118	189
Input Supply	1 155	821	850	960	1 240
Market Access	4 273	2 662	2 849	2 307	3 794
Sundry operations	40	31	38	53	50
Normal operating activities	5 548	3 592	3 824	3 438	5 273
Corporate and non-apportionable	6	30	10	12	19
Discontinued operations	24	426	523	1 114	2 453
Inter-segmental sales to other segments	-	(69)	(107)	(85)	(82)
Total	5 578	3 979	4 250	4 479	7 663
Profit/(loss)*					
Financing	24	23	32	21	18
Input Supply	42	(36)	(35)	(62)	(18)
Market Access	166	177	175	194	167
Sundry operations	2	4	8	9	9
Normal operating activities	234	168	180	162	176
Corporate costs	(29)	(32)	(31)	(32)	(28)
Other non-apportionable (costs)/income	3	(12)	(4)	(8)	(1)
Investment income	1	5	14	14	13
Continuing operations	209	129	159	136	160
Discontinued operations/held for sale	(1)	28	(6)	36	(61)
Profit before abnormal items	208	157	153	172	99
Disposal of unlisted shares	-	-	104	-	-
Abnormal items	(26)	(32)	(19)	28	(43)
Profit before tax	182	125	238	200	56
Tax	(55)	(18)	(43)	(32)	-
Profit for the period	127	107	195	168	56
Attributable to:	127	107	195	168	56
Shareholders	125	107	195	168	56
Minority interest	2	-	-	-	-
Finance charges included above	(83)	(62)	(84)	(135)	(216)
CASH FLOW					
Net cash from operating activities					
Cash profit	202	169	192	227	174
Dividends paid	(24)	(29)	(12)	-	-
Movement in operating capital	(107)	10	(25)	(434)	554
Net cash generated/(invested) through investment activities	(21)	56	92	231	(10)
Cash generated	50	206	247	24	718
Buyback of own shares	-	(38)	-	(2)	(2)
Dissolution of Personnel Share Trust	-	49	-	-	-
Decrease in long-term loans	(1)	(2)	(1)	-	(3)
Net cash flow	49	215	246	22	713

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

The 2004 figures represent the opening balances for the 2005 figures, and were restated to account for IFRS. IFRS was adopted from the 2004/2005 financial year onwards. The 2003 figures were compiled using SA GAAP as basis.

	Definition	2007	2006	2005	2004	2003
NUMBER OF ORDINARY SHARES ('m)						
Weighted average number in issue*		180,79	180,79	180,79	181,79	204,47
Number in issue at year-end*		180,79	180,79	180,79	180,79	202,95
PERFORMANCE OF ORDINARY SHARES						
Cents per share						
Earnings	1	69,1	59,2	107,9	92,4	27,4
Headline earnings	2	65,8	58,1	54,2	70,4	48,4
Headline earnings excluding abnormal items	3	75,8	57,0	65,8	55,0	69,4
Cash flow	4	27,7	113,9	136,6	13,2	351,2
Net asset value	5	426,5	377,8	344,0	314,7	183,3
Closing market price	6	400,0	250,0	165,0	80,0	60,0
Total dividends for the year	7	23,0	35,0	47,5	5,5	-
Final dividend	8	17,0	15,0	5,5	5,5	-
Interim dividend paid	9	6,0	-	4,5	-	-
Special dividend paid	10	-	20,0	37,5	-	-
Percent						
Dividend yield on closing market price (normal dividends)	11	5,8	6,0	6,1	6,9	-
Dividend yield on closing market price, including special dividends	12	5,8	14,0	28,8	6,9	-
Dividend yield on average closing market price, including special dividends	13	7,1	16,9	38,8	7,9	-
Times						
Dividend cover from normal dividends	14	3,0	3,9	10,8	16,8	-
Dividend cover, including special dividends	15	3,0	1,7	2,3	16,8	-
RETURN (%)						
Movement in equity (R'm)	16	88	61	53	197	70
Return on opening balance of shareholders' interest	17	18,3	17,2	34,3	45,2	18,5
Return on average shareholders' interest	18	17,2	16,4	32,7	35,7	16,6
Return on total assets – continuing operations – EBIT	19	12,6	9,7	17,6	13,9	14,0
Operating profit from continuing operations as % of income	20	3,3	2,7	6,5	4,9	2,2
Effective tax rate	21	31	15	18	16	-
PRODUCTIVITY						
Revenue/equity (times)	22	7,2	5,8	6,8	7,9	20,6
Revenue per employee (R'000)	23	2 886	1 879	1 668	1 763	1 215
Balance sheet turn (times)	24	3,0	2,3	2,1	2,0	2,9
SOLVENCY AND LIQUIDITY						
Equity as % of total assets less interest free liabilities	25	50	53	43	35	25
Equity as % of total assets	26	36	42	33	26	16
Interest cover by cash profits (times)	27	3,7	4,0	3,3	2,7	1,8
Gearing ratio (%)	28	70	86	129	185	289
Non-interest-bearing liabilities as % of equity	29	75	52	69	90	239
Current ratio	30	1,5	1,6	1,4	1,2	1,0
Quick asset ratio	31	1,0	0,9	1,1	0,7	0,7

* Senwes has dissolved its Personnel Share Trust in the 2005/2006 financial year. 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 and/or profit/(loss) from discontinued operations,
 - profit/(loss) on disposal of fixed assets,
 - 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. CLOSING MARKET PRICE**
Trading price of the last transaction in the financial year.
- 7. TOTAL DIVIDENDS FOR THE YEAR**
Total of normal and special dividends for the year.
- 8. FINAL DIVIDEND**
Final dividend proposed 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. DIVIDEND YIELD ON CLOSING MARKET PRICE**
Total normal dividend per share divided by closing market price per share (definition 6).
- 12. DIVIDEND YIELD ON CLOSING MARKET PRICE, INCLUDING SPECIAL DIVIDENDS**
Total normal dividend per share, including special dividends, divided by market price per share (definition 6).
- 13. DIVIDEND YIELD ON AVERAGE CLOSING MARKET PRICE, INCLUDING SPECIAL DIVIDENDS**
Total normal dividend per share, including special dividends, divided by the average of the trading price for the last transaction in the financial year under review, and the last transaction in previous financial year.
- 14. DIVIDEND COVER FROM NORMAL DIVIDENDS**
Earnings attributable to shareholders divided by the total normal dividend.
- 15. DIVIDEND COVER, INCLUDING SPECIAL DIVIDENDS**
Earnings attributable to shareholders divided by the total of normal and special dividends for the year.
- 16. MOVEMENT IN EQUITY**
Difference between capital and reserves in the current and previous year.
- 17. RETURN ON OPENING BALANCE OF SHAREHOLDERS' INTEREST**
Earnings attributable to shareholders expressed as a % of the opening balance of capital and reserves.
- 18. RETURN ON AVERAGE SHAREHOLDERS' INTEREST**
Earnings attributable to shareholders expressed as a % of average capital and reserves.
- 19. RETURN ON TOTAL ASSETS – CONTINUING OPERATIONS – EBIT**
Profit before taxation and finance cost from continuing operations as % of total assets less assets of discontinued operations – held for sale.
- 20. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS AS A % OF INCOME**
Profit before taxation (adjusted with discontinued operations) divided by revenue (adjusted with discontinued operations).
- 21. EFFECTIVE TAX RATE**
Income tax expense as per the financial statements as a % of profit before tax.
- 22. REVENUE/EQUITY**
Revenue divided by equity.
- 23. REVENUE PER EMPLOYEE**
Revenue divided by the total number of employees at year-end.
- 24. BALANCE SHEET TURN**
Income divided by average total assets.
- 25. EQUITY AS A % OF TOTAL ASSETS LESS INTEREST FREE LIABILITIES**
Capital and reserves expressed as a % of total assets less non-interest-bearing debt.
- 26. EQUITY AS % OF TOTAL ASSETS**
Capital and reserves expressed as a % of total assets.
- 27. INTEREST COVER BY CASH PROFITS**
Cash profits before finance charges, divided by finance charges.
- 28. GEARING RATIO**
Interest-bearing debt, reduced by cash, divided by capital and reserves.
- 29. NON-INTEREST-BEARING LIABILITIES AS % OF EQUITY**
Non-interest-bearing liabilities and provisions divided by equity.
- 30. CURRENT RATIO**
Current assets divided by current liabilities.
- 31. QUICK ASSET RATIO**
Current assets less inventory divided by current liabilities.

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 39 to 75 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 Inc. 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 2007, set out on page 39 to 75, were approved by the Board.



JE Grobler
Chairman



JJ Dique
Managing Director



SH Alberts
Director Finance

25 June 2007

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 Companies and Intellectual Property Registration Office and that the said returns are true, correct and up to date.



EM Joynt
Company Secretary

25 June 2007



report of the INDEPENDENT AUDITORS

To the members of

SENWES LIMITED

Report on the financial statements

We have audited the annual financial statements and group annual financial statements of Senwes Limited, which comprise the directors' report, the balance sheet as at 30 April 2007, the income statement, the statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 39 to 75.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company and the Group as of 30 April 2007, and of the financial performance 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 of South Africa.

Ernst & Young Inc.

Ernst & Young Inc.

Registered Auditor

25 June 2007

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

4. RESULTS

The profit after tax (including minority interest) of the Group for the year under review amounted to R127 million (2006 – R107 million).

The summarised results are as follows:

	GROUP		COMPANY	
	2007 R'm	2006 R'm	2007 R'm	2006 R'm
Revenue	5 578	3 979	5 539	3 673
Continuing operations	5 554	3 553	5 515	3 603
Discontinued operations	24	443	24	70
Operating profit – continuing operations	264	160	256	155
Profit after tax	127	107	122	107

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

The revenue of continuing operations increased by 56% to R5 554 million due to the higher turnover generated by the Input Supply division and higher grain prices as well as higher marketed tonnage for the Market Access division. Due to higher direct input and mechanisation sales caused by an increased grain price cycle and the increase in plantings in the area, the turnover of the Input Supply division was 41% higher.

An increase of R104 million (65%) in operating profit from continuing operations is reflected. The increase of R80 million in profit before tax from continuing operations is primarily due to the drastic increase in the Input Supply division's revenue caused by the increased plantings in Senwes's traditional area.

Univision Financial Services, Hartswater Wynkelder and Senwes Seed, showed positive results.

The summarised balance sheet is as follows:

	GROUP		COMPANY	
	2007 R'm	2006 R'm	2007 R'm	2006 R'm
Total assets	2 122	1 643	2 113	1 637
Total interest-bearing debt	771	605	778	605

The increase in the total assets is the result of the higher investment in financing debtors and agency grain debtors while the positive bank balance was significantly higher. A review of the results for the year is set out in the financial review on page 32.



statutory directors' report

5. DIVIDENDS

The directors propose that a final dividend of 17 cents per share (2006 – 15 cents) be declared. An interim dividend of 6 cents (2006 – nil cents) was paid during the year. All shareholders registered as such in the share register on 2 October 2007 will receive dividends payable on approximately 16 October 2007, 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 did occur:

MJ Lourens (10 August 2006)
K Fleischhauer (16 February 2007) (Alternative to J Mashike)
DM Lerutla (9 March 2007)

The following appointment was made:

OME Pooe (9 March 2007)

The independent non-executive directors are chosen every three years by the Board after ratification on the subsequent annual general meeting. The current independent non-executive 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

No shares were bought back (2006 – 20 558 524 shares).

9. HOLDING COMPANY

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

10. SUBSEQUENT EVENTS AFTER THE BALANCE SHEET DATE

A cash offer in respect of the post-retirement medical benefit liability was made. The closing date is 25 June 2007.

11. SPECIAL RESOLUTIONS

At the Annual General Meeting held on 10 August 2006 the following special resolution was passed:

11.1 The amendment of the articles of association to extend the period for nomination of directors.

financial statements

» ACCOUNTING POLICIES

1. ACCOUNTING POLICIES

The Senwes Group's financial statements are prepared in accordance with and comply with the requirements of International Financial Reporting Standards (IFRS). In addition, the financial statements comply with the relevant sections of the South African Companies Act of 1973, as amended. The accounting policies and basis of presentation have been applied consistently with the previous years.

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 where 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 purpose entities are entities where the Group is entitled to control the entities and they are consolidated into the group financial statements. 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, performs 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. 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, 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.

- » The cost of property, plant and equipment includes the following: purchase price including import duties, non-refundable purchase taxes, less trade discounts and rebates,
- » costs directly attributable to bringing an asset to the location and condition necessary to operate as intended by management.

Items of property, plant and equipment with a cost of more than R5 000 are capitalised.



accounting policies

Profits and losses on sale of property, plant and equipment are calculated on the basis of their carrying values and are accounted for in operating profit. With the replacement of a part of an item of property, plant and equipment, the replaced part is derecognized.

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 installment 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

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

The useful life 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.

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:

✿ Mechanisation whole goods	Purchase price
✿ Own grain commodities	Specific contract price/fair value
✿ Other inventory	First-in, first-out (FIFO)

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 less estimated costs necessary to make the sale. Cost of inventory items is determined on the basis of their characteristics in terms of their nature and use.

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 using the liability method on 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 are 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 all deductible temporary differences are limited to the extent that future taxable income will probably be available against which the temporary differences can be charged.

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

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. Actuarial profits and losses are recognised in the year they originated. 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, and 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 legal or 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 extension is also stated as income but only to the extent that collection is reasonably assured. Revenue is stated net of value-added tax. Revenue is measured at the fair value of the consideration received or receivable. 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 stages of completion at balance sheet date and/or if results can be determined with reasonable accuracy. If revenue can not 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.



accounting policies

Direct delivery transactions with regard to fuel, fertiliser, seed and other farming inputs are eliminated from revenue, 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.

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

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

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 (which is the fair value on that date) and are thereafter remeasured to fair value. The method of recognising the resultant profit or loss depends on the type of item being hedged. The Group allocates certain financial instruments as:

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

Changes in the fair value of derivative instruments which have been allocated, and 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. The ineffective portion of a cash flow hedge is recognised immediately in the income statement. 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 commo-

dities. 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 current forward 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 for contracts with similar maturity profiles accepted as the face value less any estimated credit adjustments for contracts with similar maturity profiles. 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.

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 24.

1.13 Foreign exchange transactions

Transactions in foreign currencies are converted at the spot rates then 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.

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 26.)

On each reporting date the Group considers whether there are any indications of impairment of an asset. If such an indication exists, the Group prepares an estimate of the recoverable amount of the asset. The recoverable amount of an asset or the cash generating unit, within which it and other assets operate, is the greater of the fair value less the cost of selling 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



accounting policies

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 recognised in the income statement.

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 the value it would have been if it was not previously impaired. After such a write-back, the depreciation expense in future periods is adjusted to apportion the adjusted carrying amount of the asset, less its residual value, systematically over the remaining useful life.

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 measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Provisions are disclosed in note 18.

Liabilities are current obligations arising from past events, which are expected to result in economic benefits flowing from the business, when met, and are accounted for directly after the occurrence of the event giving rise to the obligation. Liabilities form part of creditors in the 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 20).

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: Financing, Input Supply, Market Access, Sundry operations 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 Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

1.22 Borrowing costs

Borrowing costs are recognised as an expense when incurred.

1.23 Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through an amortisation process.

1.24 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:

1.24.1 Provision for post-retirement medical obligations.

Refer to note 14.

1.24.2 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.

1.24.3 Provision for slow-moving inventory.

Refer to note 6.3.

Key assumptions:

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

1.24.4 Income tax and deferred tax provisions.

Refer to note 19.5.

1.24.5 Provision for non-compliance on pre-season grain contracts.

Calculations with the following key assumptions:

- default rate on current deliveries extrapolated to the total exposure.
- a fixed recovery rate on defaults.

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

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

IFRS 8 – Operating Segments (1 January 2009)*

IFRIC 8 – Scope of IFRS 2 (1 May 2006)*

IFRIC 9 – Reassessment of Embedded Derivatives (1 June 2006)*

IFRIC 10 – Interim Reporting and Impairment (1 November 2006)*

IFRIC 11 – IFRS 2 – Group and Treasury Share Transactions (1 March 2007)*

IFRIC 12 – Service Concession Arrangements (1 January 2008)*

AC 503 – Accounting for Black Empowerment (BEE) Transactions (1 May 2006)*

IAS 1 – IAS 1 Amendment – Capital Disclosures (1 January 2007)*

* Financial years beginning on or after this date.

Except for additional disclosures in the financial statements, the adoption of these standards and amendments is not expected to materially affect the results of the financial position of the Group.



financial statements

BALANCE SHEET AS AT 30 APRIL 2007

	Notes	GROUP		COMPANY	
		2007 R'm	2006 R'm	2007 R'm	2006 R'm
ASSETS					
Non-current assets					
Property, plant and equipment	2	182	190	163	171
Investment in subsidiaries	3	-	-	19	19
Financial assets	4	2	2	2	2
Deferred tax	19.1	74	62	74	62
		258	254	258	254
Current assets					
Inventory	6	631	* 634	625	* 629
Trade and other debtors	7	736	599	734	598
Short-term loans	8	-	1	2	1
Agency grain debtors	9	247	132	247	132
Cash and cash equivalents	12.2	236	20	233	20
		1 850	1 386	1 841	1 380
Non-current assets of discontinuing operations – held for sale		14	3	14	3
TOTAL ASSETS		2 122	1 643	2 113	1 637
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	10	1	1	1	1
Share premium	11.1	67	67	67	67
Non-distributable reserve	11.2	315	303	314	302
Retained earnings		388	312	381	308
		771	683	763	678
Minority interest		2	-	-	-
		773	683	763	678
Non-current liabilities					
Long-term liabilities	13	-	1	-	1
Long-term employee benefits	18	2	-	2	-
Post-retirement liabilities	14	104	88	104	88
		106	89	106	89
Current liabilities					
Trade and other creditors	15	335	* 192	331	* 191
Interest-bearing short-term loans	16	735	565	735	565
Income tax payable	17	63	* 21	61	* 21
Loans from related parties	12.3	37	40	44	40
Shareholders for dividends		1	-	1	-
Provisions	18	72	* 52	72	* 52
		1 243	870	1 244	869
Liabilities associated with non-current assets – held for sale	15	-	1	-	1
TOTAL EQUITY AND LIABILITIES		2 122	1 643	2 113	1 637

* Amounts restated due to an improved classification of the 2006 financial statements. See notes 6, 15, 16, 18, 29 and 30.

financial statements



INCOME STATEMENT

FOR THE YEAR ENDED 30 APRIL 2007

	Notes	GROUP		COMPANY	
		2007 R'm	2006 R'm	2007 R'm	2006 R'm
Revenue – continuing operations					
Services provided		379	464	365	468
Interest received		81	81	81	81
Other operating activities		5 094	3 008	5 069	3 054
Total revenue		5 554	3 553	5 515	3 603
Cost of sales		(4 800)	(2 841)	(4 783)	(2 896)
Gross profit		754	712	732	707
Distribution, sales and administrative expenses		(490)	(552)	(476)	(552)
Operating profit – continuing operations	22	264	160	256	155
Finance charges		(83)	(62)	(83)	(62)
Profit after finance charges		181	98	173	93
Investment income	23	2	5	3	6
Profit before tax		183	103	176	99
Income tax	19	(55)	(18)	(53)	(14)
Profit from continuing operations		128	85	123	85
Profit/(loss) from discontinued operations	28	(1)	22	(1)	22
Profit for the year		127	107	122	107
Attributable to:					
Shareholders		125	107		
Minority interest		2	-		
		127	107		
Earnings per share (cents)	25.1	69,1	59,2		
Earnings per share from continuing operations (cents)	25.2	69,7	47,0		
Headline earnings per share (cents)	25.3	65,8	58,1		
Headline earnings per share – excluding abnormal items (cents)	25.4	75,8	57,0		
Dividends per share paid during the year (cents)		21,0	25,5		
Final dividend per share proposed (cents)		17,0	15,0		



financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2007

	Share capital R'm	Share premium R'm	Non- distributable reserve R'm	Retained earnings R'm	Treasury shares R'm	Minority interest R'm	Total R'm
GROUP							
Balance at 30 April 2005	1	74	322	235	(10)	-	622
Profit for the year	-	-	-	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
Profit for the year	-	-	-	125	-	2	127
Dividends paid	-	-	-	(38)	-	-	(38)
Buyback of own shares	-	-	-	-	-	-	-
Transfer to non-distributable reserve	-	-	12	(12)	-	-	-
Fair value adjustment (IAS39)	-	-	-	1	-	-	1
Balance at 30 April 2007	1	67	315	388	-	2	773
COMPANY							
Balance on 30 April 2005	1	74	321	211	-	-	607
Profit for the year	-	-	-	107	-	-	107
Dividends paid	-	-	-	(47)	-	-	(47)
Buyback of own shares	-	(7)	(31)	-	-	-	(38)
Dissolution of Personnel Share Trust	-	-	-	49	-	-	49
Transfer to non-distributable reserve	-	-	12	(12)	-	-	-
Balance on 30 April 2006	1	67	302	308	-	-	678
Profit for the year	-	-	-	122	-	-	122
Dividends paid	-	-	-	(38)	-	-	(38)
Buyback of own shares	-	-	-	-	-	-	-
Transfer to non-distributable reserve	-	-	12	(12)	-	-	-
Fair value adjustment (IAS39)	-	-	-	1	-	-	1
Balance on 30 April 2007	1	67	314	381	-	-	763

financial statements



CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2007

	Notes	GROUP		COMPANY	
		2007 R'm	2006 R'm	2007 R'm	2006 R'm
NET CASH FLOW FROM OPERATING ACTIVITIES		71	150	60	130
Cash generated from operations	29	308	242	303	204
Decrease/(increase) in operating capital	30	(107)	10	(114)	23
Investment income		2	5	3	6
Income tax paid	31	(25)	(16)	(25)	(12)
Finance charges paid		(83)	(62)	(83)	(62)
Dividends paid	32	(24)	(29)	(24)	(29)
NET CASH FLOW FROM INVESTMENT ACTIVITIES		(21)	56	(20)	75
Acquisition of property, plant and equipment	33	(31)	(26)	(30)	(25)
Proceeds on disposal of property, plant and equipment	34	10	9	10	9
Decrease in investments		-	-	-	27
Net proceeds on disposal of subsidiaries		-	60	-	60
Decrease in short-term loans granted		-	13	-	4
NET CASH FLOW BEFORE FINANCING ACTIVITIES		50	206	40	205
NET CASH FLOW FROM LONG-TERM FINANCING ACTIVITIES		(1)	9	(1)	11
Buyback of own shares		-	(38)	-	(38)
Dissolution of Personnel Share Trust		-	49	-	49
Decrease in long-term loans	35	(1)	(2)	(1)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		49	215	39	216
Net short-term loans after taking into account cash – beginning of the period		(585)	(800)	(585)	(801)
NET SHORT-TERM LOANS AFTER TAKING INTO ACCOUNT CASH – END OF THE PERIOD	12.2	(536)	(585)	(546)	(585)



financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. SEGMENTAL ANALYSIS

1.1 Segmental revenue and results

	GROUP Segmental revenue		GROUP Segmental results	
	2007 R'm	2006 R'm	2007 R'm	2006 R'm
Financing	80	78	24	23
Input Supply	1 155	821	42	(36)
Market Access	4 273	2 662	166	177
Sundry operations	40	31	2	4
Normal operational activities	5 548	3 592	234	168
Corporate costs	6	30	(29)	(32)
Other non-apportionable (costs)/income	-	-	3	(12)
Intersegmental sales to other segments	-	(69)	-	-
Investment income	-	-	1	5
Continuing operations	5 554	3 553	209	129
Discontinued operations	24	426	(1)	28
Total revenue	5 578	3 979		
Profit before abnormal items			208	157
Abnormal items			(26)	(32)
Profit before tax			182	125
Income tax			(55)	(18)
Profit after tax			127	107
Minority interest			(2)	-
Profit attributable to the shareholders			125	107

1.2 Segmental balance sheet information

	GROUP Assets		GROUP Liabilities		GROUP Net	
	2007 R'm	2006 R'm	2007 R'm	2006 R'm	2007 R'm	2006 R'm
Financing	772	520	(385)	(240)	387	280
Input Supply	284	197	(246)	(147)	38	50
Market Access	911	773	(499)	(380)	412	393
Sundry operations	13	15	(9)	(10)	4	5
Assets/(liabilities) held for sale	14	3	-	(1)	14	2
	1 994	1 508	(1 139)	(778)	855	730
Non-apportionable and corporate	47	74	(100)	(95)	(53)	(21)
Investments	7	2	(4)	(1)	3	1
	2 048	1 584	(1 243)	(874)	805	710
Deferred tax	74	62	-	-	74	62
Provision for post-retirement medical aid and other long-term employee benefits	-	-	(106)	(89)	(106)	(89)
	2 122	1 646	(1 349)	(963)	773	683
Reconciliation of segmental assets and liabilities						
Total assets or liabilities	2 122	1 643	(1 349)	(960)	773	683
Segmental analysis	2 122	1 646	(1 349)	(963)	773	683
Consolidation entries	-	(3)	-	3	-	-

1.3 Segmental disclosable items

	GROUP Capital expenditure		GROUP Depreciation		GROUP Impairment	
	2007 R'm	2006 R'm	2007 R'm	2006 R'm	2007 R'm	2006 R'm
Financing	-	-	-	-	-	-
Input Supply	1	2	1	2	-	-
Market Access	12	14	12	12	-	-
Sundry operations	-	2	1	1	-	-
Discontinued operations	1	1	1	3	-	1
Corporate	17	7	8	10	-	-
	31	26	23	28	-	1

	Non-cash transactions		Restructuring costs		Intersegmental sales	
	2007 R'm	2006 R'm	2007 R'm	2006 R'm	2007 R'm	2006 R'm
Financing	8	3	-	-	-	-
Input Supply	(9)	6	-	2	-	-
Market Access	9	(7)	-	-	-	63
Sundry operations	1	-	-	-	-	-
Discontinued operations	-	(7)	-	-	-	17
Corporate	84	53	-	-	-	6
	93	48	-	2	-	86

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:

Financing	Credit extension to farmers and grain buyers.
Input Supply	Sales at the retail shops, direct sales of farming inputs and mechanisation goods and parts.
Market Access	Income received for the handling and storage of agricultural produce and the total revenue of grain sold as well as commission earned on grain marketing.
Sundry operations	Manufacturing and processing of wine and processing of seed. Insurance broker service to the short-term, long-term and crop insurance market.
Corporate	Agri services, head office services, information technology, human resources, properties, fleet management, secretariat, corporate marketing, risk management, internal audit, strategic development, corporate finance and directors.



notes to the financial statements

2. PROPERTY, PLANT AND EQUIPMENT

	GROUP		COMPANY	
	2007 R'm	2006 R'm	2007 R'm	2006 R'm
Cost	511	498	484	470
Land	2	3	2	3
Buildings and improvements	203	206	181	184
Plant and equipment	274	258	269	252
Vehicles	32	31	32	31
Accumulated depreciation and impairments	(315)	(305)	(307)	(296)
Land	-	-	-	-
Buildings and improvements	(95)	(92)	(92)	(89)
Plant and equipment	(198)	(190)	(193)	(184)
Vehicles	(22)	(23)	(22)	(23)
Total carrying value	196	193	177	174
Held for sale	(14)	(3)	(14)	(3)
Carrying value – continuing operations	182	190	163	171

- 2.1 Registers of land and buildings are available for inspection at the registered offices of the relevant companies.
- 2.2 Certain assets are encumbered as set out in note 16.1.
- 2.3 The capital commitments of the Group are set out in note 21.

Reconciliation of movements on property, plant and equipment for 2007

	Carrying amount at begin- ning of period	Pur- chases and adjust- ments	Dispo- sals	Impair- ments provided	Depre- ciation	Carrying amount at end of period
	R'm	R'm	R'm	R'm	R'm	R'm
GROUP – 2007						
Land	3	-	(1)	-	-	2
Buildings and improvements	114	(1)	(1)	-	(4)	108
Plant and equipment	68	26	(2)	-	(16)	76
Vehicles	8	6	(1)	-	(3)	10
	193	31	(5)	-	(23)	196
Held for sale	(3)					(14)
Carrying value – continuing operations	190					182
COMPANY – 2007						
Land	3	-	(1)	-	-	2
Buildings and improvements	95	(1)	(1)	-	(4)	89
Plant and equipment	68	26	(2)	-	(16)	76
Vehicles	8	5	-	-	(3)	10
	174	30	(4)	-	(23)	177
Held for sale	3					(14)
Carrying value – continuing operations	171					163

Reconciliation of movements on property, plant and equipment for 2006

	Carrying amount at beginning of period	Purchases and adjustments	Disposals	Impairments provided	Depreciation	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)	(1)	(20)	68
Vehicles	11	3	(3)	-	(3)	8
Capital work under construction	1	-	(1)	-	-	-
	<u>216</u>	<u>26</u>	<u>(20)</u>	<u>(1)</u>	<u>(28)</u>	<u>193</u>
Held for sale	-					(3)
Carrying value – continuing operations	<u>216</u>					<u>190</u>
COMPANY – 2006						
Land	3	-	-	-	-	3
Buildings and improvements	101	1	(2)	-	(5)	95
Plant and equipment	66	21	-	(1)	(18)	68
Vehicles	8	3	(1)	-	(2)	8
	<u>178</u>	<u>25</u>	<u>(3)</u>	<u>(1)</u>	<u>(25)</u>	<u>174</u>
Held for sale	-					(3)
Carrying value – continuing operations	<u>178</u>					<u>171</u>

3. INVESTMENT IN UNLISTED SUBSIDIARIES

COMPANY – 2007

	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 investment 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)	-
Senwes Graanmakelaars (Pty) Ltd	100	80	-	-	-	-	-
Univision Broker Services (Pty) Ltd	100	100	-	-	-	-	-
Univision Financial Services (Pty) Ltd	100	100	-	-	2	-	2
			<u>25</u>	<u>(6)</u>	<u>7</u>	<u>(5)</u>	<u>21</u>
Net investment in shares				<u>19</u>			
Net investment in short-term loans						<u>2</u>	<u>21</u>

COMPANY – 2006

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	-	-	-	-	-
			<u>25</u>	<u>(6)</u>	<u>5</u>	<u>(5)</u>	<u>19</u>
Net investment in shares				<u>19</u>			
Net investment in short-term loans						-	19



notes to the financial statements

3. INVESTMENT IN UNLISTED SUBSIDIARIES (CONTINUED)

COMPANY – movement during 2007

	Shares R'm	Shares provision R'm	Short- tem loans R'm	Loans provision R'm	Total net in- vestment R'm
Univision Financial Services (Pty) Ltd	-	-	2	-	2
	-	-	2	-	2
Net movement in shares		-			-
Net movement in short-term loans				2	2

3.1 Unless specifically indicated otherwise, the short-term loans are unsecured, bear interest at varying rates with an applicable rate of 10,07% at year-end (2006 – 8,12%) and there are no fixed terms of repayment.

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

3.3 Results of subsidiaries after tax (100%)

		COMPANY	
		2007 R'm	2006 R'm
Hartwater Wynkelder (Pty) Ltd		1	1
Univision Financial Services (Pty) Ltd		1	-
Senwes Graanmakelaars (Pty) Ltd		5	-
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 Financial Services (Pty) Ltd	- Insurance broker and administrative services	1	-
Senwes Graanmakelaars (Pty) Ltd	- Option writing-financial instruments	5	-

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

4. FINANCIAL ASSETS

		GROUP		COMPANY	
		2007 R'm	2006 R'm	2007 R'm	2006 R'm
Available-for-sale financial assets	4.1	2	1	2	1
Unlisted public companies	4.2	1	-	1	-
Other investments	4.3	1	1	1	1
Other financial assets					
Loans	4.4	-	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

	Notes	GROUP		COMPANY	
		2007 R'm	2006 R'm	2007 R'm	2006 R'm
Sundry shares at cost	4.2.1	-	-	-	-
Fair value adjustment		1	-	1	-
		1	-	1	-

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

	Notes	DIRECTORS' VALUATION		DIRECTORS' VALUATION	
		2007 R'm	2006 R'm	2007 R'm	2006 R'm
Sundry		1	-	1	-
		1	-	1	-

4.3 Other investments

	Notes	GROUP		COMPANY	
		2007 R'm	2006 R'm	2007 R'm	2006 R'm
Other shares	4.3.1	1	1	1	1

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

4.4 Loans

	Notes	GROUP		COMPANY	
		2007 R'm	2006 R'm	2007 R'm	2006 R'm
Secured					
Personnel – housing	4.4.1	-	-	-	-
Unsecured					
Personnel – study loans	4.4.2	-	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 a variable interest rate. At the year-end the interest rate was 12,5% (2006 – 10,5%). Amounts in total are less than R1 million and is repayable within one year.

5. INVESTMENT IN JOINT VENTURES

	GROUP	
	2007	2006
Silo Certs (Pty) Ltd	42,5%	42,5%

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 2007. The latter was used in compiling the group statements.



notes to the financial statements

5. INVESTMENT IN JOINT VENTURES (CONTINUED)

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

	GROUP	
	2007 R'm	2006 R'm
Assets	-	-
Liabilities	2	1

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

Revenue	1	-
Net loss	-	(2)

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

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

	COMPANY	
	2007 R'm	2006 R'm
Investment Silo Certs (Pty) Ltd		
Shares	2	2
Provision for write-off shares	(2)	(2)
Loan	2	2
Provision for write-off loan	(2)	(2)
	-	-

6. INVENTORY

		GROUP		COMPANY	
	Notes	2007 R'm	2006 R'm	2007 R'm	2006 R'm
Raw materials and work-in-progress		5	4	-	-
Merchandise	6.1, 6.3	228	119	227	119
Consumables		5	1	5	-
Grain commodities	6.5	393	510	393	510
	6.2, 6.4	631	634	625	629

6.1 Included is a floor plan inventory of R77,8 million (2006 – R14,5 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		
	2007 R'm	2006 R'm	Valuation method
Grain inventory and merchandise	131	69	Weighted average
Mechanisation whole goods	101	48	Purchase price
Centre pivot inventory	-	2	Standard cost method
Grain commodities	393	510	Specific contract price/fair value
Other inventory	6	5	First-in, first out (FIFO)
	631	634	

6.3 Included under merchandise for the Company and Group is a provision for slow-moving and obsolete stock of R13,5 million (2006 – R26,1 million).

6.4 Inventory of R527 million (2006 – R603 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

	Notes	GROUP		COMPANY	
		2007 R'm	2006 R'm	2007 R'm	2006 R'm
Trade debtors		624	508	622	507
Production accounts	7.1	494	301	494	301
Current accounts	7.2	111	169	109	168
Grain cash advances	7.3	19	38	19	38
Term debtors	7.4	117	105	117	105
Sundry debtors		54	50	54	50
Less: Provision for impairment		(59)	(64)	(59)	(64)
	7.5	736	599	734	598

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 specific products.

These accounts bear interest as follows:

Monthly account	Interest free for first 30 days after statement
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 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 variable or fixed, according to the specific agreements.

	GROUP		COMPANY	
	2007 R'm	2006 R'm	2007 R'm	2006 R'm
Gross investment in instalment sale agreements and mortgage loans	162	137	162	137
Less: Unearned finance income	(45)	(32)	(45)	(32)
Carrying amount	117	105	117	105



notes to the financial statements

7. TRADE AND OTHER DEBTORS (CONTINUED)

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

	GROUP		COMPANY	
	2007 R'm	2006 R'm	2007 R'm	2006 R'm
Within one year	45	40	45	40
More than one year and within five years	51	48	51	48
More than five years	21	17	21	17
	117	105	117	105

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

	Notes	GROUP		COMPANY	
		2007 R'm	2006 R'm	2007 R'm	2006 R'm
Subsidiaries' net short-term loans	3	-	-	2	-
Vaalharts Co-op Ltd		-	-	-	-
Loan		4	4	4	4
Provision for write-off		(4)	(4)	(4)	(4)
Silo Certs (Pty) Ltd		-	1	-	1
Loan	8.1	2	1	2	2
Provision for write-off		(2)	-	(2)	(1)
Other loans	8.2	-	-	-	-
		-	1	2	1

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.

8.2 Other comprises a loan to Botle-Ba-Kopano Cleaning and Gardening Services (Pty) Ltd. This loan is unsecured, bears no interest and is repayable over 36 months. The loan in total amounts to less than R1 million.

9. AGENCY GRAIN DEBTORS

	Notes	GROUP		COMPANY	
		2007 R'm	2006 R'm	2007 R'm	2006 R'm
Agency grain debtors	9.1, 9.2	247	132	247	132

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 (2006 – R12,2 million) is included in the balance above.

9.2 Included in this amount is a net amount of R27 million regarding Premier Milling (Pty) Ltd. Senwes is currently involved in a dispute by means of an arbitration process related to the tonnage of grain sold to Premier in terms of a mill door agreement. Senwes's claim, including capital and interest, amounts to R50 million. Given the credit risk attached to the amount, the difference between the two amounts is accounted for as potentially unrecoverable. During the proceedings, Premier pleaded and instituted a counterclaim of R82 million against Senwes. This claim is regarded by Senwes as unfounded and is opposed. During the proceedings and in an attempt to reduce the matters in dispute, the parties agreed to a voluntary mediation process, which is underway. Afterwards, the arbitration would continue on the main areas of dispute.

10. SHARE CAPITAL

	GROUP		COMPANY	
	2007 R'm	2006 R'm	2007 R'm	2006 R'm
Authorised				
581 116 758 ordinary shares (2006 – 581 116 758) of 0,516 cents each	3	3	3	3
Issued				
180 789 308 ordinary shares (2006 – 180 789 308) of 0,516 cents each	1	1	1	1

	GROUP Number of shares		COMPANY Number of shares	
	2007	2006	2007	2006
Reconciliation of shares in issue:				
Balance at the beginning of the period	180 789 308	201 347 832	180 789 308	201 347 832
Shares bought back – Senwes Personnel Share Trust	-	(20 558 524)	-	(20 558 524)
Balance at the end of the period	180 789 308	180 789 308	180 789 308	180 789 308

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

11. RESERVES

	GROUP		COMPANY	
	2007 R'm	2006 R'm	2007 R'm	2006 R'm
11.1 Share premium				
On issue of shares	74	74	74	74
Buyback of own shares	(7)	(7)	(7)	(7)
	67	67	67	67
11.2 Non-distributable reserve				
Represented by:				
Transfer of funds – scheme of arrangement	272	272	272	272
Deficit on buyback of own shares	(32)	(32)	(32)	(32)
Unrealised deferred tax assets	74	62	74	62
	315	303	314	302



notes to the financial statements

12. INTEREST-BEARING SHORT TERM LIABILITIES

		GROUP		COMPANY	
	Notes	2007 R'm	2006 R'm	2007 R'm	2006 R'm
12.1 Interest-bearing long-term liabilities	13	-	1	-	1
12.2 Total short-term debt		772	605	779	605
Interest-bearing short-term debt	16	735	565	735	565
Loans from related parties – interest-bearing	12.3	36	39	43	39
Loans from related parties – non-interest-bearing	12.3	1	1	1	1
Total interest-bearing debt		772	606	779	606
Cash and cash equivalents		(236)	(20)	(233)	(20)
Net interest-bearing after taking cash and cash equivalents into account		536	586	546	586
12.3 Loans from related parties					
Interest-bearing					
Senwesbel Ltd	12.4	36	39	36	39
Senwes Graanmakelaars (Pty) Ltd	12.5	-	-	3	-
Univision Broker Services (Pty) Ltd	12.6	-	-	4	-
Non-interest-bearing					
Silo Certs (Pty) Ltd	12.7	1	1	-	-
Charel de Klerk Street Properties (Pty) Ltd	12.7	-	-	1	1
		37	40	44	40

12.4 This loan is unsecured, bears interest according to the variable cash credit rate of the Land Bank, which was 10% (2006 – 8%) at year-end. There are no fixed terms of repayment.

12.5 This unsecured loan from Senwes Graanmakelaars, bears interest at prime less 2%, which was 10,5% at year-end. The full amount is repayable after each financial year-end.

12.6 This loan is unsecured, bears interest according to the variable cash credit rate of the Land Bank, which was 10% (2006 – 8%) at year-end. There are no fixed terms of repayment.

12.7 These loans are unsecured, bear no interest and there are no fixed terms of repayment.

13. LONG-TERM LIABILITIES

		GROUP		COMPANY	
		2007 R'm	2006 R'm	2007 R'm	2006 R'm
Interest-bearing debt – domestic loans					
Secured – Engen Petroleum Ltd		-	1	-	1
13.1 Operating leases commitments – minimum lease instalments					
Within one year		3	4	3	4
More than one year and within five years		10	10	10	10
More than five years		9	9	9	9
		22	23	22	23
13.2 Weather derivative instruments – payments					
Within one year		-	6	-	6
More than one year and within five years		-	-	-	-
		-	6	-	6

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 22.2).

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 2007.

The calculation is based on the current value of future medical scheme subsidies in respect of existing pensioners, by using actuarial techniques to make a reliable estimate of benefits. These benefits are discounted using the Projected Unit Credit Method to determine the present value of the obligation.

Due to an increase in subsidies and calculation assumptions, the provision was increased by R26 million during the year.

	GROUP		COMPANY	
	2007 R'm	2006 R'm	2007 R'm	2006 R'm
The movement in post-retirement health care liabilities is as follows:				
Beginning of year	88	66	88	65
Net provision raised	26	31	26	32
Contributions paid	(10)	(9)	(10)	(9)
End of year	104	88	104	88

In determining the liability, the calculation is based on the assumption of an expected rate of return (discount rate) of 8,8% (2006 – 7,75%) on investments and an escalation of 4% (2006 – 0%) which will yield a real rate of return of 4,8% (2006 – 7,75%) and mortality rates in accordance with generally accepted mortality tables.

Sensitivity analysis:	Variation	% change in liability	% change in service cost plus interest cost liability
Subsidy increase	+ 1 %	+ 9,2 %	+ 9,6 %
Subsidy decrease	- 1 %	- 8,1 %	- 8,4 %

Balance of obligation for previous financial periods

	GROUP R'm	COMPANY R'm
– 2005	66	65
– 2004	56	55

	GROUP		COMPANY	
	2007 R'm	2006 R'm	2007 R'm	2006 R'm
Analysis of movement in liability				
Opening balance	88	66	88	65
Interest charge	6	7	6	7
Contributions paid	(10)	(9)	(10)	(9)
Actuarial loss due to changes in both subsidies and assumptions	20	22	20	22
Other	-	2	-	3
	104	88	104	88



notes to the financial statements

15. TRADE AND OTHER CREDITORS

	GROUP		COMPANY	
	2007 R'm	2006 R'm	2007 R'm	2006 R'm
Trade creditors	259	134	257	133
Other amounts payable	58	42	57	42
Leave and bonus provisions	18	17	17	17
	335	193	331	192
Held for sale	-	(1)	-	(1)
	335	192	331	191

16. INTEREST-BEARING SHORT-TERM LOANS

	Notes	GROUP		COMPANY	
		2007 R'm	2006 R'm	2007 R'm	2006 R'm
Land Bank Ltd	16.1	695	525	695	525
Commercial banks – short-term loan	16.2	40	40	40	40
	16.3	735	565	735	565

16.1 Land Bank

All claims due to the Company in respect of debtors due, or which may become due in the future, have been ceded and pledged. 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 loans are renewable annually and bear interest at the variable cash credit rate of the Land Bank.

16.2 Commercial bank – short-term loans

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 9,38% (2006 – 7,88%) at year-end.

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

17. INCOME TAX PAYABLE

	GROUP		COMPANY	
	2007 R'm	2006 R'm	2007 R'm	2006 R'm
Income and capital gains tax	63	21	61	21
Secondary tax on companies	-	-	-	-
	63	21	61	21

18. PROVISIONS

GROUP AND COMPANY	Grain risks R'm	Straight-line recog- nition of operating leases R'm	Incentive bonuses R'm	Total R'm
Balance at 30/04/2005	18	6	15	39
Increase in provision for the year	(4)	-	23	19
Utilised during the year	-	-	(16)	(16)
Transferred from long-term liabilities	-	-	10	10
Balance at 30/04/2006	14	6	32	52
Increase/(decrease) in provision for the year	17	-	35	52
Utilised during the year	-	-	(28)	(28)
Unutilised amounts written back	(2)	-	-	(2)
Transferred to long-term liabilities	-	-	(2)	(2)
Balance at 30/04/2007	29	6	37	72

Grain risks

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

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 a short-term and a long-term incentive scheme 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.

The short-term incentive scheme is paid in full each year to employees on this scheme. The calculation is based on the performance of the Group, the division where the worker is employed as well as an individual evaluation of the employee.

The long-term incentive scheme is calculated over a three year period based on the performance of the Group's shares. Each employee on this scheme is allocated a number of "phantom shares" equalling a percentage of his/her salary package. The bonus of the employee is calculated on the allocated "phantom shares", and paid in cash at the end of the three year cycle.

19. INCOME TAX

	GROUP		COMPANY	
	2007 R'm	2006 R'm	2007 R'm	2006 R'm
SA normal income tax – current year	(63)	(22)	(61)	(18)
Raising of deferred tax asset	12	12	12	12
Capital gains tax	-	(3)	-	(3)
Secondary tax on companies	(4)	(5)	(4)	(5)
	(55)	(18)	(53)	(14)



notes to the financial statements

19. INCOME TAX (CONTINUED)

	GROUP		COMPANY	
	2007 R'm	2006 R'm	2007 R'm	2006 R'm
19.1 Deferred tax				
The main temporary differences at the statutory rate are:				
Property, plant and equipment	(7)	(7)	(7)	(7)
Inventory	4	8	4	8
Trade and other debtors	10	11	10	11
Provisions	67	50	67	50
	74	62	74	62
Reconciliation of deferred tax balance:				
Balance at beginning of the period	62	51	62	50
Temporary differences – movement during the period	12	11	12	12
	74	62	74	62

	GROUP		COMPANY	
	2007 %	2006 %	2007 %	2006 %
19.2 Reconciliation of tax rate				
Standard tax rate	29,0	29,0	29,0	29,0
Adjusted for:				
Non-taxable income	(4,6)	(15,7)	(4,7)	(16,2)
Non-deductible items	13,5	16,4	13,7	16,8
Other	(2,2)	2,9	(2,7)	(3,6)
Estimated assessed losses utilised	-	(15,4)	-	(11,5)
Temporary differences	(7,5)	(9,3)	(7,6)	(9,6)
Capital gains tax	0,2	2,7	0,2	2,8
Secondary tax on companies	2,2	4,0	2,2	4,1
Effective tax rate	30,6	14,6	30,1	11,8

	GROUP		COMPANY	
	2007 R'm	2006 R'm	2007 R'm	2006 R'm
19.3				
Unutilised estimated assessed losses available for set-off against income at the beginning of the year	9	9	-	-
Utilised by taxable income	(2)	-	-	-
Net unutilised amounts	7	9	-	-

	GROUP		COMPANY	
	2007 R'm	2006 R'm	2007 R'm	2006 R'm
19.4				
Unutilised secondary tax on companies credits available for utilisation	-	5	-	5

19.5 Critical estimates and assumptions regarding income tax

The Group is subject to tax in South Africa. There may be transactions and calculations for which the ultimate tax determination has an element of uncertainty during the ordinary course of business. The Group recognises liabilities based on objective estimates of the amount of tax that may be due. Where the final tax determination is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provisions in the period in which such determination was made. The corporate tax rate in South Africa is 29%.

20. CONTINGENT LIABILITIES

20.1 Guarantees

Guarantees amounting to R233 300 (2006 – R292 900) have been furnished on behalf of employees in favour of various financial institutions for housing loans.

20.2 Contingent liabilities

A complaint regarding alleged contravention of the Competition Act was lodged at the Competition Commission against Senwes. Senwes is defending the complaint and is of the opinion that the allegations are unfounded.

20.3 Vaalharts Court Case

During the current year the previously disclosed contingent liability of the Vaalharts Case was resolved. Senwes won the appeals case with cost against certain of the previous members of the Vaalharts Co-operative, who instituted the legal proceedings against Senwes.

21. CAPITAL COMMITMENTS

Commitments for capital works

	GROUP		COMPANY	
	2007 R'm	2006 R'm	2007 R'm	2006 R'm
Capital works under construction:				
Contracted	1	7	1	7
Authorised by the Board but not yet contracted	1	-	1	-
Total future capital projects	2	7	2	7

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

22. OPERATING PROFIT

	GROUP		COMPANY	
	2007 R'm	2006 R'm	2007 R'm	2006 R'm
22.1 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	(23)	(28)	(23)	(25)
Profit from treasury volume option instruments	15	-	15	-
Net profit on disposal of subsidiary	-	5	-	34
Net profit on realisation of property, plant and equipment	6	5	6	5
Auditor's remuneration	(6)	(6)	(6)	(6)
For audit fees	(5)	(5)	(5)	(5)
Other services	(1)	(1)	(1)	(1)
Bad debts written off – not set off against provision	(2)	(1)	(2)	(1)
Bad debts recovered	6	4	6	4
(Provision for)/writeback of doubtful debts	4	9	4	9
Provision for grain risk	(10)	2	(10)	2
Writeback/(write-off) of inventory write-offs	4	(5)	4	(5)
Impairment of fixed assets	-	(1)	-	(1)



notes to the financial statements

22. OPERATING PROFIT (CONTINUED)

	GROUP		COMPANY	
	2007 R'm	2006 R'm	2007 R'm	2006 R'm
22.2 Employee costs				
Remuneration	(223)	(245)	(216)	(221)
Pension costs – defined contribution plan	(17)	(19)	(16)	(17)
	(240)	(264)	(232)	(238)
	Number	Number	Number	Number
Permanent employees	1 770	1 904	1 692	1 728
Temporary employees	163	214	158	212
Employees at the end of the year	1 933	2 118	1 850	1 940

23. INVESTMENT INCOME

	GROUP		COMPANY	
	2007 R'm	2006 R'm	2007 R'm	2006 R'm
Unlisted investments				
Income from other investments				
Dividends	2	3	2	3
Interest received	-	2	1	3
Subsidiaries	-	-	1	1
Sundry loans	-	2	-	2
	2	5	3	6

24. 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.

24.1 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 or sale of inventory.

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

At year-end no foreign exchange contracts were entered in order to hedge expected payments (2006 – USD 39 000 fair valued at R234 000).

There were no contracts entered in order to hedge expected cash inflows (2006 – USD 1 million fair valued at R6 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 R nil (2006 – R176 000). 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.

24.2 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 of R128,5 million (2006 – R10 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 R3,2 million (2006 – R1,2 million).

24.3 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.

24.4 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.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, available-for-sale financial investments and certain derivative instruments, the Group's exposure to credit risk of R687 million (2006 – R525 million) arises from default of the counter-party, with a maximum exposure equal to the carrying amount of these instruments.

24.5 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.

24.6 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. These instruments are included in the values stated under note 24.2. If it is a material risk, it is managed by means of option contracts on Safex.

24.7 Fair value

Financial instruments are reflected at their fair value.



notes to the financial statements

25. EARNINGS PER SHARE

The following calculations are based on a weighted average number of 180 789 308 (2006 – 180 789 308) shares in issue. The earnings was calculated on profit attributable to shareholders.

25.1 Earnings per share is calculated on a profit of R125 million (2006 – R107 million) attributable to ordinary shares.

25.2 Earnings per share from continuing operations is calculated on a profit of R126 million (2006 – R85 million).

25.3 Headline earnings per share is calculated on a profit of R119 million (2006 – R105 million).

25.4 Headline earnings per share before abnormal items is calculated on a profit of R137 million (2006 – R103 million).

25.5 Reconciliation between earnings and headline earnings

		GROUP	
		% change	
			2007 R'm
			2006 R'm
Earnings per financial statements	+16,8%	125	107
Adjustments:			
Profit on sale of property, plant and equipment		(6)	(5)
Restructuring cost		-	2
Provision for impairment of fixed assets		-	1
Headline earnings	+13,3%	119	105
Abnormal items (not included above)		-	(24)
Discontinued operations (after restructuring cost)		18	22
Provision for post-retirement medical obligations			
Headline earnings before abnormal items	+33,0%	137	103
Earnings per share (cents)	+16,7%	69,1	59,2
Earnings per share from continuing operations (cents)	+48,3%	69,7	47,0
Headline earnings per share (cents)	+13,3%	65,8	58,1
Headline earnings before abnormal items (cents)	+33,0%	75,8	57,0

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

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

	Notes	GROUP		COMPANY	
		2007 R'm	2006 R'm	2007 R'm	2006 R'm
Subsidiaries	3	-	-	-	2
Joint ventures					
Shares					
Silo Certs (Pty) Ltd		-	-	-	-
Short-term loans – operating loans					
Silo Certs (Pty) Ltd		-	-	-	(2)
Total provisions		-	-	-	-

27. RELATED PARTY TRANSACTIONS

27.1 The Company is controlled by Senwesbel Ltd, which owns 35% of the Company's shares. Dividends of R13,3 million (2006 – R17,6 million) were paid to Senwesbel during the financial year. No interest (2006 – R0,9 million) was charged on the loan account to Senwesbel. However, interest of R3,4 million (2006 – R0,9 million) was paid to Senwesbel on its loan account.

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

27.3 Sales of goods and services

No material sales to associated entities took place.

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

27.5 Loans to executive directors – R nil.

27.6 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	
	2007 R'm	2006 R'm	2007 R'm	2006 R'm
Trade debtors	9	7	9	7

27.7 Directors' remuneration

	COMPANY	
	2007 R'm	2006 R'm
Directors' remuneration – Total	(13)	(15)
Directors' remuneration – Company	(13)	(15)
For services as directors:		
Executive directors	(11)	(13)
Salaries	(6)	(6)
Performance bonuses	(5)	(7)
Non-executive directors	(2)	(2)

The directors' remuneration is not included in the employee costs, as stated in note 22.2.

27.8 Other key management personnel

	GROUP		COMPANY	
	2007 R'm	2006 R'm	2007 R'm	2006 R'm
Salaries	(14)	(14)	(13)	(13)
Performance bonuses	(4)	(8)	(4)	(8)
	(18)	(22)	(17)	(21)
Number of key management personnel at year-end	18	17	17	16

The remuneration of these employees is included in employee costs, as stated in note 22.2.



notes to the financial statements

27. RELATED PARTY TRANSACTIONS (CONTINUED)

27.9 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>
JP Botma	2 October 2007	Non-executive director
JAE Els	2 October 2007	Non-executive director
JE Grobler	2 October 2007	Non-executive director
JD Shahim	2 October 2007	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>
JPL Alberts	2008	Non-executive director (Independent director)
GNV Magashula	2008	Non-executive director (Independent director)
J Mashike*	2009	Non-executive director
JDM Minnaar [#]	2009	Non-executive director
JA Mostert [#]	2009	Non-executive director
WH van Zyl [#]	2009	Non-executive director
OME Poee*	2010	Non-executive director

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

[#] *Subject to the rotation provision of the Articles of Association.*

Executive directors:

<i>Director</i>	<i>Service contract expiry date[†]</i>	<i>Position held</i>
JJ Dique	31 July 2011	Managing Director
F Strydom	In process of being renewed	Director Operations
SH Alberts	29 February 2008	Director Finance

[†] *Service contracts have renewal options.*

27.10 Interest of the directors in shares of the Company

	COMPANY	
	2007 Number of shares	2006 Number of shares
Direct		
Non-executive directors	1 014 246	1 058 094
Executive directors	1 395 272	1 395 272
Indirect		
Non-executive directors	8 441 367	8 453 730
	10 850 885	10 907 096

28. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The Senwes Board of Directors approved the disposal of Senwes's interest in 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. Subsequently, the purchasers made an offer for the aggregate industrial site (Viljoenskroon) and site services known as "Senwes Dienste". The offer was accepted by the Board on 30 November 2006 and the transfer of the property is being awaited.

The sale of the irrigation manufacturing plant as a going concern was also concluded during the year, effective as from 9 March 2007.

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

	Viljoenskroon Services	Trade irrigation outlet	Total
	2007 R'm	9 March 2007 R'm	R'm
Revenue	8	17	25
Operational costs	(9)	(17)	(26)
Operational loss	(1)	-	(1)
Finance charges	-	-	-
Loss before tax	(1)	-	(1)
Income tax	-	-	-
Loss after tax	(1)	-	(1)
Cash flow from operating activities	(1)	-	(1)
Cash flow from investment activities	-	-	-
Total cash flow	(1)	-	(1)
The assets and liabilities from operations are or were as follows:			
Property, plant and equipment	9	-	9
Current assets	2	4	6
Total assets	11	4	15
Total liabilities	(12)	-	(12)
Net assets	(1)	4	3

Assets and liabilities of Viljoenskroon Services are stated in the balance sheet as held for sale.

29. RECONCILIATION OF PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS

	GROUP		COMPANY	
	2007 R'm	2006 R'm	2007 R'm	2006 R'm
Profit before tax	182	125	175	121
Adjusted for:	126	117	128	83
Depreciation	23	28	23	25
Profit on sale of fixed assets	(6)	(5)	(6)	(5)
Provision for impairment of fixed assets	-	1	-	1
Profit from disposal of unlisted shares	-	(5)	-	(34)
Investment income	(2)	(5)	(3)	(6)
Finance charges	83	62	83	62
Increase in provisions and non-cash items	28	41	31	40
Cash generated from operations	308	242	303	204



notes to the financial statements

30. (INCREASE)/DECREASE IN OPERATING CAPITAL

	GROUP		COMPANY	
	2007 R'm	2006 R'm	2007 R'm	2006 R'm
(Increase)/decrease in inventory	2	(373)	2	(362)
Decrease/(increase) in debtors	(141)	263	(140)	299
Decrease/(increase) in agency grain debtors	(116)	209	(116)	217
Increase/(decrease) in creditors	148	(89)	140	(131)
Decrease/(increase) in operating capital	(107)	10	(114)	23

31. INCOME TAX PAID

	GROUP		COMPANY	
	2007 R'm	2006 R'm	2007 R'm	2006 R'm
Amounts payable at the beginning of the period	(21)	(8)	(21)	(7)
Amounts receivable at the beginning of the period (deferred tax)	62	51	62	50
Amounts debited in the income statement	(55)	(18)	(53)	(14)
Amounts receivable at the end of the period (deferred tax)	(74)	(62)	(74)	(62)
Amounts payable at the end of the period	63	21	61	21
Cash amount paid	(25)	(16)	(25)	(12)

32. DIVIDENDS PAID

	GROUP		COMPANY	
	2007 R'm	2006 R'm	2007 R'm	2006 R'm
Amounts payable at the beginning of the period	-	(3)	-	(3)
Amounts debited against equity	(38)	(47)	(38)	(47)
Amounts debited against debtors and loan accounts	13	21	13	21
Amounts payable at the end of the period	1	-	1	-
Cash amount paid	(24)	(29)	(24)	(29)

33. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

	GROUP		COMPANY	
	2007 R'm	2006 R'm	2007 R'm	2006 R'm
Buildings and improvements	(1)	(1)	(1)	(1)
Plant and equipment	(24)	(22)	(24)	(21)
Vehicles	(6)	(3)	(5)	(3)
Total acquisition of property, plant and equipment	(31)	(26)	(30)	(25)
	(31)	(26)	(30)	(25)
Acquisition to increase operating capacity	(25)	(20)	(24)	(19)
Acquisition to maintain operating capacity	(6)	(6)	(6)	(6)

34. PROCEEDS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

	GROUP		COMPANY	
	2007 R'm	2006 R'm	2007 R'm	2006 R'm
Carrying value of assets sold	4	4	4	4
Profit on disposal	6	5	6	5
Proceeds on disposal	10	9	10	9

35. LONG-TERM LOANS

	GROUP		COMPANY	
	2007 R'm	2006 R'm	2007 R'm	2006 R'm
Loans repaid	(1)	(2)	(1)	-

36. SHORT-TERM LOANS

	GROUP		COMPANY	
	2007 R'm	2006 R'm	2007 R'm	2006 R'm
Net (increase)/decrease in other short-term loans	3	(40)	(4)	(40)
Net (increase)/decrease in Land Bank loan	(170)	247	(170)	247
	(167)	207	(174)	207

37. UNUTILISED BORROWING FACILITIES

The Group has unutilised facilities of R905 million, the total amount of which is subject to suretyship in respect of inventory and debtors. The Group also has available unutilised commodity finance to the amount of R2 billion and R55 million in respect of undrawn overdraft facilities.



sustainability report

» SUSTAINABILITY OVERVIEW

Senwes is an agri-business whose business is highly dependent on primary agriculture and is therefore intensely aware of environmental implications for sustainable agriculture. Senwes recognises that sustainability factors drive business strategy. It is believed that the concepts of sustainable development and responsible corporate citizenship are key elements for the creation and sustainable growth of value for all stakeholders. To this end Senwes has inculcated sustainability issues to its management and business philosophy, and seeks to continually ensure that this mindset is embedded in all the companies' corporate and operational activities.

Senwes's commitment to sustainability

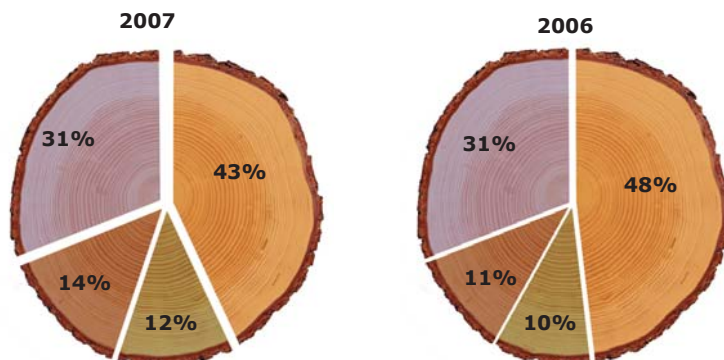
Senwes is committed to adopting and pursuing an integrated approach to the strategic management of the business; which seeks to achieve synergy between the elements of the triple bottom line, rather than seeking a trade-off between them. In this regard Senwes management is geared towards the integration of economic performance, environmental stewardship and corporate citizenship.

As a company that seeks to be the most admired agri-business in South Africa, Senwes focuses on creating value for all its

VALUE ADDED AND DISTRIBUTED AMONGST STAKEHOLDERS

VALUE CREATED	GROUP			
	2007		2006	
	R'm	%	R'm	%
Revenue	5 578		3 979	
Investment activities	2		5	
Paid to suppliers of goods and services	(4 985)		(3 403)	
	595		581	
VALUE DISTRIBUTED				
Employees and directors	253	43	279	48
Authorities	71	12	58	10
External providers of capital	83	14	62	11
Available to shareholders	188	31	182	31
Retained for expansion of growth	127	21	107	18
Dividends paid	38	6	47	8
Provision for replacement of assets	23	4	28	5
	595	100	581	100

DISTRIBUTION OF VALUE



stakeholders in accordance with their needs and expectations:

- » **Shareholders** – sustainable high returns and value created commensurate with risk.
- » **Customers** – supplier of choice who understands and satisfies customer needs in terms of products, service, price and delivery mechanism.
- » **Employees** – employer of choice who provides an enabling, supportive working environment, where diversity is embraced and employees are developed, engaged, recognised and rewarded accordingly.
- » **Suppliers** – preferred partner for market access.
- » **Community** – a caring corporate citizen who contributes towards the development of the community.
- » **Regulators and Government** – a law abiding, loyal and responsible corporate citizen who contributes to the transformation of the agricultural sector and the national economy.

Management approach

The Senwes management approach to stakeholders is based on consultation with them to understand their needs and expectations, and consistently endeavours to incorporate those needs and expectations in the company's corporate and business strategies.

Senwes also endeavours to continuously create awareness in the Group at all levels on matters pertaining to sustainability issues, including amongst others, but not limited to, issues like global warming, HIV/Aids and management of natural resources.

Senwes has adopted an incremental approach to sustainability reporting, and has practiced reporting on sustainability since 2005, as part of its annual report.

In line with its objective of continuous improvement in sustainability reporting, Senwes is in the process of adopting the GRI reporting framework and is therefore a beginner on this journey, towards meeting the highest levels of transparency in sustainability reporting. This report is therefore guided by, but not in accordance with, the GRI guidelines (G3). The report does not purport to fully cover all the areas and aspects in the GRI framework.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is necessary for the effective consultation and dialogue with stakeholders.

At Senwes, engagement with stakeholders is undertaken through different sets of communication tools targeting each stakeholder group. The various tools are outlined as follows:

Stakeholder engagement mechanisms

Stakeholder	Engagement mechanism
» Shareholders	<ul style="list-style-type: none"> » Annual report » AGM » Road shows » Senwes website » Surveys » Special meeting » Shareholders also have access to Board Chairman and executive committee members. » Shareholders can also get information through the company secretariat.
» Customers	<ul style="list-style-type: none"> » Senwester » Senwes Scenario » Annual and Interim Report » Road shows » Senwes website » My Senwes » Senwes Mobile » Promotional material » Customer satisfaction surveys » Marketing personnel » Agricultural Specialists » Farmer associations
» Employees	<ul style="list-style-type: none"> » Senwester » Sensasi » Senwes Scenario » Info@senwes » Employee Group Annual & Interim Report » Performance reviews » MD's Corner » Senwes Website » Intranet » Internal Memos » Circulars » Business alignment sessions » Regular meetings » Employee performance awards » Best Company to Work For survey » Other employee surveys
» Suppliers	<ul style="list-style-type: none"> » Supplier gala dinner » Regular meetings with business executives » Supplier surveys » Procurement processes » Senwes website
» Communities	<ul style="list-style-type: none"> » Publications » Meetings » Surveys » Senwes website
» Regulators and Government	<ul style="list-style-type: none"> » Formal and informal meetings » Industry bodies » Senwes website



sustainability overview

PERFORMANCE AND PROGRESS REPORT

Economic impact

Aspect	Senwes objectives	Achievements
⌘ Economic performance	⌘ To acquire and retain increased market share in all areas of our business, and to create new markets for our products.	⌘ Senwes has increased its market share in the area of input supply. ⌘ New inroads are made to non-agricultural market segments.
⌘ Market presence	⌘ To increase the level of procurement from black companies and from SMEs.	⌘ Senwes has increased the level of preferential procurement from BEE compliant companies, as well as SMEs.
⌘ Indirect economic impact	⌘ To become an active partner with the communities and other stakeholders in contributing to community development.	⌘ Senwes continues to identify and fund development, charitable and relief projects in the communities in which it operates.

Social impact

Society

Aspect	Senwes objectives	Achievements
⌘ Community	⌘ To play a role in the development of communities in which Senwes operates, particularly rural communities.	⌘ CSI projects are identified and funded in communities, in the Senwes operating area.
⌘ Corruption	⌘ To ensure that all directors and employees are aware of, and adhere to, Senwes's code of ethics.	⌘ Awareness programmes and disciplinary policies and procedures are in place.
⌘ Public policy	⌘ To play a role in influencing public policy, pertaining to Senwes's business.	⌘ Senwes participates in policy development processes through industry bodies.
⌘ Anti-competitive behaviour	⌘ To comply with all the laws of the country including competition laws.	⌘ There is one case of alleged abuse of dominance against us, currently at the competition tribunal for review.

Product responsibility

Aspect	Senwes objectives	Achievements
⌘ Customer health and safety	⌘ To ensure that all our silos comply with the HACCP standards for food safety.	⌘ All HACCP audits undertaken so far were unqualified.
	⌘ To obtain regular feedback from customers in order to understand their needs and expectations.	⌘ Customer surveys have been undertaken and the outcomes incorporated into operational and business strategies.

Labour practices and labour relations

Aspect	Senwes objectives	Achievements
⌘ Employment, diversity and equal opportunity	⌘ To ensure an enabling and supportive work environment based on equity, fairness and diversity.	⌘ Employment equity policies and strategies are in place, and performance is monitored regularly.
	⌘ To ensure that all our employees are trained, engaged, motivated, recognised and rewarded accordingly.	⌘ Processes are in place to consult and engage employees. ⌘ Incentives are in place that cater for all our employees at all levels of the organisation.

Labour practices and labour relations (continued)

Aspect	Senwes objectives	Achievements
⌘ Labour/management relations	⌘ To ensure that all our employees are free to associate with a union of their choice.	⌘ More than 75% of our employees belong to recognized unions and are therefore covered by collective bargaining agreements.
	⌘ To ensure that employees have access to remedial mechanisms in line with collective bargaining agreements.	⌘ Disputes are handled internally, and if not resolved, escalated to the Bargaining Council.
	⌘ To provide employees with reasonable notice of any significant operational changes.	⌘ 60 days minimum notice periods are given for any significant operational changes.
⌘ Occupational health and safety	⌘ To ensure that the organisation complies with all legislation and protocols with regard to matters of workplace health and safety.	⌘ Occupational Health and Safety policies are in place, and constantly reviewed to ensure compliance and best practices.
	⌘ To ensure that our employees are trained on an on-going basis on matters relating to health and safety.	⌘ Regular training is provided on various aspects of health and safety.
⌘ Training and education	⌘ To provide our employees with opportunities to develop their potential.	⌘ A number of employees have participated in internal and external leadership and management development programmes. ⌘ A Silo Academy is in place to develop the capacity of new silo managers and senior staff.
⌘ Human rights	⌘ To ensure that human rights are observed at all levels and in all operations of the business.	⌘ Human rights are observed at all times.
	⌘ Policies against discriminatory practices are in place.	⌘ Disciplinary action has been taken in cases of discrimination.
	⌘ To ensure that no business unit in Senwes uses child labour, and forced or compulsory labour.	⌘ There have been no incidents of child labour and forced or compulsory labour.

Environmental impact

Aspect	Senwes objectives	Achievements
⌘ Energy	⌘ To reduce the levels of energy utilisation throughout all Senwes operations.	⌘ A project has been launched to reduce the level of electricity utilisation. A total of 27 million kW/h of electricity was utilised for the year.
⌘ Water	⌘ To reduce the level of water utilisation in all Senwes operations.	⌘ A project has been launched to monitor and reduce the level of water utilisation. A total of 262,078 KI of water was utilised for the year.
⌘ Emissions, effluent and waste	⌘ To reduce the level of spillage especially in our service stations.	⌘ Spillage and waste disposal is monitored on a regular basis. ⌘ No incidents occurred.
⌘ Overall	⌘ To have a comprehensive and holistic approach to issues of environmental management aligned with the strategy of the organisation.	⌘ A comprehensive environmental policy and strategy is being developed.



sustainability overview

IMPACT ON EMPLOYEES

REMUNERATION AND REWARDS

Remuneration philosophy

The purpose of remuneration is to attract, retain, motivate and reward talented and high performing staff, to achieve the Group's strategic objectives. The Senwes philosophy is to encourage sustainable long-term performance that is consistently aligned with the strategic direction and objectives of the business.

Guiding principles

- » To ensure sensitivity and objectivity in determining, reviewing, monitoring, and approving remuneration levels by ensuring that the remuneration of employees is fair, market related and competitive, based on appropriate benchmarks, whilst being always cautious that the upward movement of remuneration levels is commensurate with corresponding improvements in performance.
- » To ensure that a significant percentage of potential maximum rewards is conditional on both short-term and long-term performance.
- » To provide an opportunity for overall remuneration (all components) to be in the upper quartile of the market and comparator groups if superior performance is achieved, whilst the guaranteed elements should be benchmarked across the board at appropriate median levels, relative to strategic and business objectives, and comparative to the relevant labour market.
- » To ensure that incentives are paid out of value created for the shareholder and therefore, where there is no value generated, there can be no incentives.
- » To use predominantly measured and targeted objectives to determine performance related remuneration so as to focus attention on the main drivers of stakeholder value.

Remuneration strategy objectives

- » To attract and retain the right talent;
- » To develop a high performance culture;
- » To motivate results oriented behaviour;
- » To encourage long-term focus that ensures sustainability of performance;
- » To reward individual, team and corporate performance.

Remuneration policy and structure

The Group's remuneration policy and structure has four components designed to balance short-term and long-term objectives; a guaranteed remuneration, short-term incentives and long-term incentives for the executive, as well as non-financial recognition awards.

The incentive elements seek to align the interests of management and the executive, with the interests of the shareholders. The remuneration policy is fully integrated into other

management processes such as performance management, talent management, succession planning and the overall group human resources policies.

Guaranteed remuneration

The Group guaranteed remuneration for staff and executive directors is based on a total cost to company approach, which includes the benefits, and is reviewed on an annual basis. The guaranteed pay is set at a median level, based on the relevant labour market; taking into account company performance, individual performance, changes in individual job profiles, and collective bargaining agreements.

Short-term incentives

The purpose of a short-term incentive scheme is to reward the achievement of specific short-term goals such as profit targets. It incentivises people from the highest to the lowest levels in the organisation, and is aligned with the level of influence and appropriate "line of sight".

Long-term incentives

The purpose of long-term incentives is to incentivise top management that gives strategic direction to the organisation to pursue and achieve long-term objectives, that creates and sustains stakeholder value. The scheme seeks to ensure that the interests of top management are aligned with the long-term goals of the organisation and with that of shareholders. The scheme also seeks to ensure that top management takes a holistic view of the business and the interests of all stakeholders, in order to ensure that sustainable stakeholder value is created for all stakeholders over the longer term.

Participation in the scheme is considered by the Human Resources Committee annually, at the recommendation of the Managing Director and approved by the Board. Participants are individuals who by virtue of their role in the business and consequently the decisions they make, have the capacity to directly influence the direction and performance of the Group. They have an influence on the determination of strategy and the execution thereof.

The following categories of employees currently participate in the scheme:

- » Executive directors
- » General managers

The scheme is structured as a phantom share scheme, with benefits paid in cash. Phantom shares are allocated to the participants at a value determined through a mix of net asset value and the market price. The growth in the market price and net asset value of shares vests after three years of allocation, and is then paid out through a cash bonus payment. The cash bonus is referred to as "Shares Appreciation Scheme".

Employee recognition awards

The Senwes annual performance awards function provides the opportunity to acknowledge and exalt teams and individuals, who have consistently attained high levels of performance in their respective positions and business units. During the year under review, both employees and management submitted nominations of top performers and this culminated in a glittering evening event during which a total of 22 prizes were awarded to teams and individuals.

HUMAN RESOURCES DEVELOPMENT

Senwes acknowledges the strategic importance of human resource development and the improvement of people skills as a key factor in realising strategic objectives.

Annual skills priorities are determined, based on short and longer term business objectives of the various business units, as well as through assessment of current and future needs of individual employees and specific groups. Special emphasis is placed on identifying and developing potential of employees from designated groups. The focus of our human resource development is to:

- » Ensure that our leaders are effective and efficient in managing both the delivery of short-term results and achievement of long-term growth and sustainable value.
- » Relevant and targeted skills and knowledge development at different levels of employee careers and roles in the organisation.
- » Development of a balanced mix of technical, managerial and behavioural skills.
- » International exposure.
- » Succession planning.

Total skills development expenditure for the past year was around 1,6% of payroll, over and above the 1% contributions to the skills development levy. Specific efforts are implemented to increase this over the next financial year.

- » 1,6% of total payroll spent on skills development
- » 1% contribution to the skills development fund
- » 38 accredited assessors in the Group
- » 8 trained moderators in the Group (not yet accredited)
- » 67 employees in leadership development programmes
- » 53 employees on grain handling learnerships
- » Total of 4 071 days on training

Employees have access to bursaries for job related training and study loans for pursuit of academic qualifications. An excellent bursary scheme and policy was established in the past year to assist candidates from the previously disadvantaged groups to improve their qualifications, with the intention to offer them employment at the successful completion of their studies.

Learnerships

The introduction of formal learnerships for employed learners during the previous financial year has paved the way for learners with practical experience to work towards achieving recognition for prior learning, and to be awarded a national qualification in the work place.

The first group of learners have just completed the final assessments, while a new group of 30 learners from the core business units have been registered on new learnerships at levels 2 and 4. These groups have successfully completed various core and fundamental modules.

Performance management

As part of the HR strategy to align people priorities with business priorities, Senwes embarked on a process of profiling critical occupations in the Company at all levels, as well as the assessment of competencies required for such positions. This provides the basis for sound analysis of competency gaps, allowing for development of specific leadership and other critical skills. A major job profiling exercise was also undertaken to set the stage for the review of the current performance management system, to align it with the new performance management regime.

The internal leadership development programme which was successfully introduced at various levels during the previous year will also be continued, together with selected external leadership programmes, offering unique needs-driven opportunities for personal growth and development of candidates.

Senwes corporate performance management system is geared towards planning and monitoring of employee performance both in terms of short and long-term business objectives, as well as accomplishment of employee personal development objectives. The strategic focus of the performance management system is to:

- » Ensure clarity of job profiles and performance expectations;
- » Specify the required competencies for each job profile;
- » Continuous and consistent performance evaluation processes;
- » Effective engagement of employees in performance processes;
- » Appropriate and adequate rewards for short and long-term performance;
- » Focus on both financial and non-financial performance; and
- » Recognition and reward for group, divisional, team and individual performance.

Labour turnover and labour relations

The labour turnover for the Group for the past year was 11%. The benchmark for labour turnover according to the National Remuneration Survey by Deloitte was 11,5% during 2006.



sustainability overview

Efforts have been made to conduct an ongoing collation and assessment of data regarding reasons for termination of service, and systems have been put in place to take corrective action at all levels.

The strategic focus of the labour relations strategy is to create an empowering environment where employees have freedom of association. Relations with employees are enhanced through various direct communication tools, and through interaction with trade unions, either directly or through the collective bargaining council.

- » Wage negotiations were concluded successfully under the auspices of the Bargaining Council for the Grain Industry.
- » Remuneration is based on a market related strategy, which aids the retention of personnel.
- » Continued good employee relations that allows freedom of association, gives employees the opportunity to express their ideas.
- » A well established disciplinary and grievance procedure is in place and accepted by all parties involved. The Company has a zero tolerance towards criminal activities in the working environment.
- » Constructive relations are maintained with employee parties to the benefit of all role players.

Employer of choice

Senwes has an urgency to become the preferred employer. We offer an exciting work environment, career opportunities and prospects and do our best to meet employees' expectations.

Senwes again participated in the independent "Best company to work for" survey for two years in succession and attained the overall position of 77, which constitutes an improvement of 28 positions compared to 105 in 2005. Plans to make more significant improvements are being implemented.

The business alignment initiative managed to bring to the attention of management, obstacles to business performance as seen and experienced by the employees. After careful analysis and verification of the identified obstacles, management responded by addressing employees' concerns, some immediately and others in the medium and long term.

SOCIAL IMPACT

Diversity and equal opportunity

Senwes is committed to creating a diverse workforce and providing equal opportunities for employment and advancement for all its employees. In accordance with the Group's transformation strategy, Senwes seeks to achieve equity in all the employment levels of the organisation.

An analysis of the representation of the board, executive and

management levels reveals that although some progress is being made, a lot of challenges remain, and a lot of work still needs to be done to achieve meaningful transformation.

Senwes strives to create a culture that not only tolerates but embraces diversity. Strategic focus on diversity and equal opportunity focuses on:

- » Racial diversity
- » Gender diversity
- » Cultural diversity
- » Age diversity
- » Effective diversity management

Senwes is committed to transformation through the appointment of persons from the designated groups. 83% of all external appointments made in the financial year were from the designated groups, an improvement of 14% on the previous financial year.

Employment

Senwes fully recognises that the key imperative in ensuring sustainable value for all our stakeholders is having the best talent. In this regard the Group strives to find and retain competent people to add value to the success of the Company and earnestly seek innovative methods to develop our human resources. The strategic focus of the Group with regard to talent management is to:

- » Attract, develop, motivate, engage, retain, recognise and reward the best talent;
- » Create an enabling and supportive environment for employees to thrive in;
- » Increase the level of employee productivity;
- » Create a healthy and safe working environment; and
- » Establish effective communication with employees.

HUMAN RIGHTS

Senwes subscribes and respects the constitution of the Republic of South Africa and the Bill of Rights, and therefore monitors and acts on all violations of human rights in the workplace, and in the organisation's interaction with its stakeholders. Disciplinary processes are in place and are instituted accordingly in the event of any such violation of human rights.

Child labour and forced or compulsory labour

Senwes has a longstanding policy not to utilise child labour or forced labour. In the year under review, there was no incidence of child or forced labour in any of our operations or subsidiaries.

Compliance with human rights regulations

Senwes Group has not incurred any liability with regard to

human rights violations or non-compliance with human rights legislation in the financial year under review.

PRODUCT RESPONSIBILITY

Senwes endeavours to exercise due care in the handling and provision of products and services to its customers, to ensure that they are suitable for intended use and that they do not pose unintended risks and hazards to the health and safety of customers. In this regard Senwes is making good progress with the phasing in of standards and procedures in accordance with the HACCP (Hazard Analysis and Critical Control Point) system.

- » A total of 25 silos have been audited and comply with the statutory Food Safety legislation of 2005.
- » Another 24 silos will be audited by PPECB (Perishable Products Export Control Board) before the end of 2007 in order to evaluate the process and documentation at silo level.

COMMUNITY

As part of its Black Economic Empowerment (BEE) strategy and Corporate Social Investment (CSI), Senwes is active at various levels in the community with a keen interest in talent development. For highlights in this regard, see the CSI section in the BEE report on page 84.

ENVIRONMENTAL IMPACT

As an agri-business, Senwes clearly comprehends that sustainable growth is dependent on environmental sustainability. In this regard there is consistent monitoring of the impact of business activities on the environment. Senwes currently does not have a separate environmental policy – environmental issues are covered in management policies. The process of developing an environmental policy is underway, and corporate guidelines will be developed and provided to all operational sites to ensure compliance.

Waste management

Senwes monitors the purity of effluent water at silos to reduce the risks to humans and animals. Regular monitoring of petrol service stations and diesel distribution facilities also takes place.

Agricultural environment

Sustainable agricultural production is intimately linked to the responsible and optimal use of natural resources. Consequently the Agri Services department is involved with several activities related to crop estimates, soil potential surveying and chemical analyses.

Senwes provides support to commercial farmers, young farmers, and emerging farmers that help them to effectively utilise natural resources like soil, water, energy, appropriate fertiliser and chemicals. By providing stakeholders with specialised agricultural

advice to minimise their business risks and optimise outputs, the Agri Services department has made a valuable contribution to the agricultural community. The department has provided technical support to agricultural programmes targeted at sustainable land restitution and redistribution. Agronomic support has been provided to projects in the Senwes operating area.

The department has also assisted the community with the establishment of vegetable gardens in schools. The purpose of this project was to create a source of basic food supply for the school children and their families, and inculcate a culture of self reliance. The gardens are initiated by the schools and Senwes provides technical assistance.

Compliance with environmental regulations

Senwes Group has not incurred any liability with regard to environmental legislation and regulatory compliance in the financial year under review.



sustainability report

» BLACK ECONOMIC EMPOWERMENT REPORT

Senwes believes that BBBEE is imperative for sustainable value creation, and hence remains one of the strategic priorities of the Group. Senwes has remained committed to the BEE transformation charter adopted in 2004 and adapted to be aligned with the provisions of the codes of good practice as promulgated by the Minister of Trade and Industry. Although Senwes has made significant progress in Broad Based Black Economic Empowerment since adopting the transformation charter, there is still a lot of room for improvement, and much work still needs to be done to arrive at targets set for the short to medium term.

» BEE reporting measures

This report has been prepared in line with the old BEE scorecard that was released in 2005. The new BBBEE codes released in December 2006 had a scorecard with adjusted weightings and new indicators, with provisions of all scores being adjusted to take care of the gender effect. For purposes of comparisons of performance to targets, and trend analysis, the previous scorecard is used. The new scorecard will be adopted from the new financial year, with targets adjusted to be aligned with the new weightings, targets and indicators.

» Overall performance

Senwes has a BEE score of 47,03 placing the Company at Level 6 compared to 42,7 in April 2006 which placed the Company at level 7. The main contributions to this achievement are preferential procurement and skills development, with equity ownership, management control and enterprise development remaining virtually at the same level. Employment equity and corporate social investments were the areas that experienced deterioration of performance on the overall score.

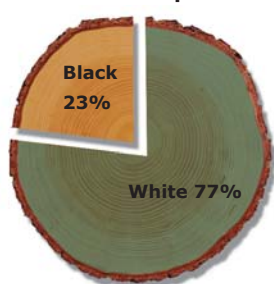
» Equity ownership

The Senwes BEE equity ownership of 27,1% by the Bafokeng Consortium has remained at that level, and there has been no dilution of this shareholding in the past financial year.

» Management control

There have not been any changes to independent non-executive-directors or executive management. A process is underway to recruit additional black independent non-executive directors. The Board is also in the process of addressing the issue of equity at executive director level.

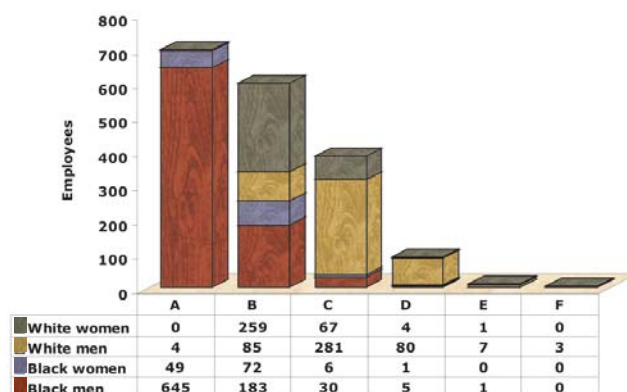
Directors' profile



» Employment equity

A total of 56% of Senwes employees are Black, with 10% of them in junior management positions, 7% in middle management and 11% in executive management. Although some progress has been made on the lower levels, much work still needs to be done on senior management levels.

Employment equity by race and level



» Skills development

Skills development expenditure has increased from a total of 0,8% of total payroll the previous year to a total of 1,5% during the year to April 2007. Investment on skills development of Black people amounted to 0,6% against a target of 1% of total payroll. This accounts for 40% total skills development expenditure.

» Preferential procurement

BEE preferential procurement amounted to 27% of total Group procurement, with R45 million being spent on SMEs. This area remains one of primary focus where procurement involves the setting aside of designated supplies that will be procured from Black SME suppliers.

» Enterprise development

The enterprise development project was again focused on emerging farmer development, as well as black SMEs providing services to the Group. One highlight for the year was the assisting in the establishment of a new cleaning company by employees who have previously been employed to clean the head office building. The Group assisted the Company with a loan to acquire the required equipment and develop the capacity for payroll and benefits administration as well as accounting and financial management.

The other highlight was the conclusion of the BEE equity ownership scheme between one of the commercial farmers in the Senwes area, and his farm workers, through which the latter acquired a share in the farming business in which they are em-

ployed. Senwes facilitated this transaction, which was financed through LRAD in conjunction with the Department of Agriculture in the Free State.

» **Corporate social investment**

Our corporate social investment score increased from 2,1 to 2,33. This is at the back of an increase in corporate social investment from 0,46% to 0,80% of net profit after tax. The key principles for the Group's corporate social investment against which all projects are evaluated are as follows:

- » Focus – investing in innovative initiatives that create, social, economic or environmental value.
- » Leverage – design or support initiatives that leverages the Company's unique assets and resources, as well as other external resources, including community social equity.
- » Sustainability – strong ownership and commitment from key stakeholders, particularly the community, to ensure long term sustainability.
- » Impact – initiatives that will have broader, wider and long-term impact.
- » Visibility – strong communication and high visibility of development initiatives to key stakeholders.

CSI projects highlights

- » **North West Cricket** development project in the rural schools, run in conjunction with North West Cricket and the Department of Education.
- » **Matlosana Relief** in the aftermath of the storms and the tornado that hit the townships of Jouberton and Alabama

and destroyed houses, schools and churches. Senwes contributed to the relief fund, targeted at rebuilding houses for the families who lost their houses.

- » **Enterprise Development Project**, in the form of a competition in which participants submit a business plan which is evaluated against set criteria. The winning business plan is provided with seed capital to run the business for a period of time. The project is an initiative of the Bloemfontein retail shop and was run in conjunction with the University of the Free State. This project has now been extended to ten other retail shops of the Input Supply division.
- » **Malibongwe Community Project** is a community telecommunication centre which provides computer training and access to telecommunication facilities for the community of Klerksdorp. It is a project run in conjunction with the Department of Communications, through Universal Service Agency (USA) and Matlosana municipality.
- » **North West Youth Choir** which is representative of young people throughout the province and the Northern Free State, unlocks the talent of young people and promotes arts and culture in the province through music performances at various local and provincial high profile events.
- » **Klerksdorp Easter Soccer Tournament** is a tournament that features eight clubs from the southern district and is run in conjunction with a local team, Leeds United. Senwes is the main sponsor and focus is on building the profile and capacity of local clubs, which are an avenue for constructive recreation as well as identification and development of talent.

Senwes points to April 2007

BEE elements	Weighted points	Senwes points	April 2006
Equity ownership	23	23,00	20,78
Governance and management control	11	3,03	2,77
Employment equity	10	0,88	0,83
Skills development	20	9,88	8,68
Preferential procurement	20	6,08	5,76
Enterprise development	11	1,83	1,85
Residual (social development)	11	2,33	2,06
Total score	106	47,03	42,73

	Low	High
Level 1	100 Above	
Level 2	85	100
Level 3	75	84,5
Level 4	65	74,9
Level 5	55	64,9
Level 6	45	54,9
Level 7	40	44,9
Level 8	30	39,9
Non-compliant contributor	Up to 30	



sustainability report

» SHAREHOLDER REPORT

DISTRIBUTION OF SHARES

Shares owned	2007				2006			
	Shareholders	%	Number of shares	%	Shareholders	%	Number of shares	%
1 - 1 000	1 139	29,7	407 125	0,2	1 200	29,1	427 318	0,2
1 001 - 5 000	834	21,7	2 111 475	1,2	884	21,4	2 239 145	1,2
5 001 - 30 000	1 369	35,7	19 200 688	10,6	1 505	36,5	21 207 488	11,7
30 001 - 100 000	411	10,7	20 148 677	11,1	449	10,9	21 948 570	12,2
100 001 - and more	86	2,2	138 921 343	76,9	87	2,1	134 966 787	74,7
	3 839	100,0	180 789 308	100,0	4 125	100,0	180 789 308	100,0

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

	Number held
» Senwesbel Ltd	63 299 075 (35,0%)
» Royal Bafokeng Agri Investments (Pty) Ltd (Bafokeng Consortium)	31 896 503 (17,6%)
» Treacle Nominees (Pty) Ltd (Bafokeng Consortium)	17 175 040 (9,5%)
» Zeder Investments Ltd	6 742 185 (3,7%)
» JJ Dique	1 000 000 (0,6%)

PERFORMANCE OF SHARES

— MONTHLY AVERAGE SHARES TRADING PRICE



SHAREHOLDERS' DIARY

Important events

Financial year-end	30 April 2007
Announcement of results	27 June 2007
Road shows	During September 2007 (dates to be announced)
Annual General Meeting	2 October 2007
Final dividend payment date	16 October 2007

SENWES LIMITED

(Registration number 1997/005336/06)

("the Company")

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the eleventh Annual General Meeting of shareholders of the Company will be held in the **Recreation Centre, Jaap Steyn Hall, Goue Road, Klerksdorp** on Tuesday, 2 October 2007 at 11:00 to dispose of the following matters:

A. PRESENTATION OF FINANCIAL STATEMENTS

To present to the meeting the financial statements of the Company for the period ended 30 April 2007, as approved by the Board of Directors.

B. ORDINARY RESOLUTION

1. To consider and approve the re-appointment of the auditors, Ernst & Young Inc., until the next annual general meeting.
2. To consider and approve the auditors' remuneration as set out in the financial statements (page 67).
3. To consider and approve the remuneration of the non-executive directors in terms of Article 28.5 of the Company's Articles of Association as from 1 October 2007, as contained in the explanatory notes, set out below.
4. To place the authorised but unissued shares of the Company under the control of the Board of Directors with authority to issue and allot the shares or part thereof, as they deem fit, but subject to the provisions of section 221 of the Companies Act, 1973, ("the Act") as amended.
5. To consider the recommendation of the Board of Directors that a dividend of 17 cents per share be declared in terms of Article 38.1 of the Company's Articles of Association. (In terms of Article 38.7 of the Company's Articles of Association, the general meeting may not declare a larger dividend than the dividend recommended by the Board of Directors, but may reduce such recommended dividend). (See important dates hereunder in paragraph D).
6. To elect directors in the stead of the non-executive directors who will be retiring at the meeting in terms of the rotation provisions of the Articles of Association. Messrs Jan Botma, Jannie Els, Japie Grobler and Jimmy Shahim will retire. Mr Botma is not available for re-election, but Messrs Els, Grobler and Shahim are automatically nominated and are available for re-election. Mr AJ Kruger has also been nominated as candidate for election.

The shareholders must decide to elect **3 (three)** persons from the mentioned 4 (four) nominated candidates as directors of the Company, regarding vacancies which will arise at this annual general meeting. Since more candidates were nominated than the existing vacancies, the election will take place at the meeting. **Each shareholder is entitled to vote for for only three candidates.** The four candidates are the following:

6.1 MR JAE ELS

Abbreviated curriculum vitae

Full names and surname

Address

Date of birth and age

Jan Adriaan Ebersohn Els (Jannie)

Bloemhof, PO Box 127, Heilbron, 9650

21 February 1946, 61 years



notice of annual general meeting

Years of service	<i>7 years, since October 2000</i>
Qualifications	<i>Agricultural diploma</i>
Experience/previous positions	<i>Jannie was a director of Sentraalwes Co-operative from May 1984 until March 1998 and has been a director of Senwes Limited since October 2000. He also served on the boards of directors of Vetsak and Sensako.</i> <i>Jannie was also a member of the executive of the Free State Agricultural Union and chairman of the Safety Committee for several years.</i>
Current directorships and other positions	<i>Director of Senwes and Senwesbel Limited, Director of Vegkop Slagveld Terrein 10-2005.</i>
Senwes Board committees	<i>Member of Human Resources Committee.</i>
Additional information	<i>Jannie has been farming in the Heilbron district since 1967.</i>
Contact details	<i>Tel no: (058) 853-0464 Cell no: 082 820 5151</i>

6.2 MR JE GROBLER

Abbreviated curriculum vitae

Full names and surname

Jacob Erasmus Grobler (Japie)

Address

Karookom, PO Box 1104, Bothaville, 9660

Date of birth and age

30 April 1952, 55 years

Years of service

10 years, since April 1997

Qualifications

B Iuris, LLB

Experience/previous positions

Japie's involvement in agriculture commenced in 1977, when he was appointed as secretary and later as chairman of the Vierfontein Farmers Union. He was also a member of Sampi, Nampo, Grain South Africa and the Viljoenskoon District Farmers Union and the founder member of the Manna Study Group.

Japie was elected as member of the executive management of Sampi and Nampo in 1979, and over the years served as member of the executive management of Nampo, member of the Summer Grain Advisory Committee, chairman of the Nampo Resources Committee, director of Kroonstad Wes Co-operative, vice-chairman of the Free State Oil Seeds Committee and vice-president of the Free State Agricultural Union. He was elected to the Nampo Chairman's Committee in 1991 and was also appointed as member of the committee controlling maize research funds. Japie has been involved with the Company for a considerable period of time and was elected as director of Sentraalwes Co-operative (later Senwes) in 1992.

He served on a number of SAAU's Land Affairs committees, as well as on the ARC Research Institute and the Maize Advisory Committee. Japie was elected as chairman of Nampo in 1996 and he was the founder member and chairman of the SAAU National Business Chamber. He was the president of Agri SA from 2000 to 2004 and currently serves as chairman of the Agri Securitas Trust Fund.

Current directorships and other positions

Chairman of Senwes and Senwesbel Limited, director of Vaalharts Co-operative, trustee of Commercial Maize Producers Trust as well as director of various personal business and family entities.

Senwes Board committees

Ex officio member of all board committees, chairman of the Standards Committee

Additional information

Japie has been farming in the Bothaville district since 1977.

Contact details

Tel no: (018) 441-1104

Cell no: 082 825 8018

6.3 MR JD SHAHIM

Abbreviated curriculum vitae

Full names and surname

Jimmy Daniel Shahim (Jimmy)

Address

90 Havemann Street, Viljoenskroon, 9520

Date of birth and age

20 August 1957, 50 years

Years of service

7 years, since October 2000

Qualifications

B.Agric Farming Management

Experience/previous positions

Jimmy is a member of Agriculture Viljoenskroon as well as the Groenebloem Farmers Union

Current directorships and other positions

Director of Senwes and Senwesbel Limited, trustee of Maizefield Trust and director of Vaalharts Co-operative.

Senwes Board committees

Member of Risk Committee

Additional information

Jimmy is a full-time farmer in the Viljoenskroon district.

Contact details

Tel no: (056) 343-1145

Cell no: 082 558 4907

e-mail: jimjamd@lantic.net

6.4 MR AJ KRUGER

Abbreviated curriculum vitae

Full names and surname

Andries Jacobus Kruger



notice of annual general meeting

Address	41 President Street, PO Box 206, Kroonstad 9500
Date of birth and age	1 June 1951, 55 years
Years of service	None
Qualifications	Hons. B Compt, CA (SA), Professional Valuer
Experience/previous positions	Public accountant and registered auditor. Practices in Kroonstad since 1976. Dries focuses inter alia on farming enterprises and the valuation of farms and other properties. Dries was a member of the city council of Kroonstad Municipality from 1988 to 2000 and was mayor and chairman of the executive committee of the Kroonstad City Council. He also acted as trustee of the Free State Municipal Pension Fund and the Free State Municipal Provident Fund. He was also an executive member of the National Municipal Employee Organisation.
Current directorships and other positions	Trustee of the Reformed Churches of SA Pension Fund. Director of Ipex Holdings (Pty) Ltd – suppliers of printers and related equipment. Trustee of various trusts.
Senwes Board committees	None
Additional information	Dries has been farming on a part time basis and currently with his son in the Senekal district since 1980.
Contact details	Tel no: (056) 212-3184 Cell no: 083 443 8053 e-mail: dries@smitkruger.co.za

Important information:

No person, other than the director retiring at the meeting, may be elected as director, unless such person has been previously nominated in terms of article 30.7 of the Articles of Association. Nominations of persons, who are eligible to serve as directors in terms of the Companies Act and the Articles of Association of the Company, can be made on the prescribed form, which is available from the Company Secretary.

Completed nomination forms must be handed in at the registered office of the Company (for attention: The Company Secretary) at least 30 days before the date of the meeting.

C. SPECIAL RESOLUTIONS

1. GENERAL AUTHORISATION FOR THE REPURCHASE OF SHARES

"Special resolution no. 1

THAT the company be authorised, by way of general authorisation as meant in sections 85(2) and 85(3) of the Companies Act, 1973 as amended ("the Act"), to –

- ⌘ repurchase issued shares in the share capital of the Company;
- ⌘ purchase shares in the Company's holding company (if any);

- ❖ **allow the purchase of shares in the Company by a subsidiary of the Company, as and when deemed necessary, and on such terms and conditions and in such amounts as the directors of the Company may determine from time to time, but subject to the Articles of Association of the Company and provisions of the Act.”**

The reason for and effect of special resolution no. 1 are to provide a renewable general authorisation to the Company to repurchase issued shares of the Company, to allow the purchase of shares in the Company by a subsidiary of the Company, and to allow the Company to purchase shares in a holding company of the Company.

D. EXPLANATORY NOTES REGARDING ORDINARY RESOLUTIONS

ORDINARY RESOLUTION 3: DIRECTORS’ REMUNERATION TO NON-EXECUTIVE DIRECTORS

Shareholders are requested to consider and approve the proposed remuneration payable to non-executive directors with effect from 1 October 2007, as set out below. In accordance with the provisions of article 28.5 of the Articles of Association, directors are entitled to such remuneration as the Company may determine from time to time in general meeting.

Previously remuneration *per se* was treated as part of the approval of annual financial statements, but in line with new disclosure trends, the detail remuneration is also provided to shareholders. The details of the remuneration paid in 2006 are available in the financial statements. The proposed remuneration entails an increase of an average of 5% on the previous year’s remuneration.

The remuneration is being recommended by the Board of Directors for approval by members after comprehensive market research and recommendation by the Human Resources Committee of the Board:

Category	Proposed remuneration 2007/2008 R
Chairman (per annum)	275 700
Vice-chairman (per annum)	193 300
Directors (per annum)	119 700
Board Committees (per meeting attended)	5 500
Special projects	2 300
Chairman of board committees (per meeting attended):	
Audit committee	10 400
Other committees	8 100

Actual travelling and accommodation costs are remunerated within predetermined guidelines.



notice of annual general meeting

ORDINARY RESOLUTION 5: PROPOSED DIVIDEND DECLARATION

Shareholders are requested to approve the recommendation of a final dividend of 17c per share.

Important dates for shareholders of ordinary shares

	Date 2007
Record date of dividend	Tuesday, 2 October at 10:00
Confirmation of dividend	Tuesday, 2 October
Payment date of dividend	Tuesday, 16 October

IMPORTANT GENERAL NOTES

- ❖ All shareholders are entitled to attend the meeting and to vote thereat. The shares register of the Company as at Friday 28 September 2007 will, for the purpose of the meeting, determine who the eligible members are.
- ❖ A shareholder, who is unable to attend the meeting, may appoint a proxy to represent him/her at the meeting and to speak and vote on his/her behalf.
- ❖ A proxy need not be a shareholder of the Company.
- ❖ A proxy form is included. Shareholders who prefer to be represented and to vote by means of a proxy, must complete the proxy form in terms of the instructions on the reverse of the document and return it to the Company Secretary at the registered office of the Company at 1 Charel de Klerk Street, Klerksdorp, 2571 or by means of a fax or by mail, for attention of the Company Secretary **on or before Friday, 28 September 2007 at 10:00**. Postal address: PO Box 31, Klerksdorp, 2570. Fax numbers (018) 464-2228 or (018) 462-2651.
- ❖ Nomination forms for the election of directors will be available and can be obtained from the Company Secretary as from 2 August 2007.

By order of the Board of Directors of the Company

EM Joynt (Mrs)
COMPANY SECRETARY
KLERKSDORP
25 June 2007

Tel no. (018) 464-7104

SENWES LIMITED

Reg no. 1997/005336/06

(“the Company”)

ANNUAL GENERAL MEETING: 2 OCTOBER 2007

PROXY

I/we (block letters) _____
(name of shareholder)

Shareholder's and/or Senwes client no: _____ Tel and/or Cell no: _____

of _____
(address)

being a member/members of the Company, do hereby appoint: _____
(name of proxy)

of _____
(address)

or failing him _____
(name of proxy)

of _____
(address)

or failing him, the chairman of the meeting as my/our proxy to represent me/us at the Annual General Meeting of the Company to be held on 2 October 2007, or any adjournment thereof, to vote as follows on my behalf:

		IN FAVOUR OF	AGAINST	ABSTAIN
1.	Ordinary resolution no. 1 (appointment auditor)			
2.	Ordinary resolution no. 2 (auditors' remuneration)			
3.	Ordinary resolution no. 3 (directors' remuneration)			
4.	Ordinary resolution no. 4 (unissued shares under Board control)			
5.	Ordinary resolution no. 5 (approval of dividend)			
6.1	Ordinary resolution no. 6.1 (re-election of JAE Els)			
6.2	Ordinary resolution no. 6.2 (re-election of JE Grobler)			
6.3	Ordinary resolution no. 6.3 (re-election of JD Shahim)			
6.4	Ordinary resolution no. 6.4 (election of AJ Kruger)			
7.	Special resolution no. 1 (general repurchase of shares)			

(Indicate instruction to proxy by way of a cross in the space provided above. Each shareholder may vote in favour of a maximum of three candidates [6.1 - 6.4] only. The proxy will be invalid should you vote in favour of more than three persons.)

Unless instructed otherwise, my/our proxy may vote at will. This proxy will also serve as ballot during the meeting.

SIGNED at _____ on this _____ day of _____ 2007.

Assisted by (where applicable)

Signature

If proxy is signed on behalf of a legal entity, indicate capacity, e.g. Director, Member of CC, Trustee of a Trust

NOTES:

1. A shareholder is entitled to insert the names of two alternative proxies of the shareholder's choice in the applicable space on the reverse hereof, with or without deleting "the chairman of the meeting", but each such deletion must be initialled by the shareholder. The person whose name appears first on the form of proxy and who is present at the general meeting, shall be entitled to act as proxy to the exclusion of those whose names follow. Should no name of any proxy be inserted in the blank spaces, it shall be deemed that the chairman of the meeting shall be authorised to act on behalf of the member.
2. To the extent that no voting instruction is indicated by the shareholder in the applicable space(s), it shall be deemed that the proxy, which may also be the Chairman, may act as he deems fit.
3. Any modification or addition to the form of proxy must be initialled by the signatory(ies).
4. Documentary evidence establishing the authority of the person signing this form of proxy in representative capacity, may be required.
5. A minor must be assisted by his/her parents and/or guardian, unless the relevant documents establishing his/her capacity are produced or have been registered with the company.
6. The voting power of estates appearing on the voting list may only be exercised by the relevant executor/liquidator/curator on behalf of the estate, provided that proof of appointment by the Master of the High Court is submitted. Should voting take place by means of a proxy, the above-mentioned proof must accompany the proxy.
7. In the case of joint holders of shares:
 - 7.1 any one of the joint holders may sign the form of proxy; and
 - 7.2 the vote of the senior joint holder (for this purpose seniority will be determined by the order in which the names of the joint members appear in the company's members register) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the other joint holder(s).
8. The completion and lodging of this form of proxy shall not preclude the relevant shareholder from attending the general meeting and speaking and voting in person thereat, to the exclusion of any proxy appointed in terms hereof.
9. **Forms of proxy must be lodged with or posted to the Company Secretary of the Company, Mrs EM Joynt, at the registered office of the Company at 1 Charel de Klerk Street, Klerksdorp, 2571 (PO Box 31, Klerksdorp, 2570) to reach her by no later than Friday, 28 September 2007 at 10:00. Proxy forms can also be faxed to the Company Secretary to (018) 464-2228 or (018) 462-2651 by no later than the above date.**



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

1 Charel de Klerk Street, KLERKSDORP, 2571

Telephone: (018) 464-7800

Telefax: (018) 464-2228

Auditors

Ernst & Young Inc.

PO Box 2322

JOHANNESBURG

2000

Share Trading Desk

Attention: The Company Secretary

Senwes Ltd

PO Box 31

KLERKSDORP

2570

Telephone: (018) 464-7105

Transfer Secretaries

Attention: The Company Secretary

Senwes Ltd

PO Box 31

KLERKSDORP

2570

Telephone: (018) 464-7121

Bankers

ABSA Bank Ltd (Absa)

Land- and Agricultural Development Bank Ltd (Land Bank)

Rand Merchant Bank Ltd (RMB)

Standard Bank Ltd

Website

www.senwes.com

Toll free number

080 941 4011





Notes

96