

SENWES
INTERIM RESULTS
October 2008



BREAKING NEW GROUND
Senwes 

Results per segment

Market Access



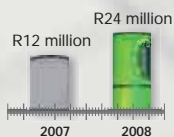
- Return to normal grain inventory levels
- Increase in grain volumes received and storage thereof

Input Supply



- Results reflect the market trend of a positive summer planting cycle
- Utilised the positive mechanisation investment cycle experienced by producers

Credit Extension



- Sound credit extension practices continued
- Healthy financing book reflects good result

Financial highlights



+74,7%

R173 million

Profit after tax



+88,7%

95,1 cents per share

Headline earnings per share



+82,2%

R317 million

Operating profit



+97,6%

R6,7 billion

Revenue - continuing operations

42,1%

Own capital to net assets
(net of cash)

R148 million

Net positive cash flow
before financing activities

15 cents per share

Interim dividend declared

The unaudited interim results for the six months ended 31 October 2008 is as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	% change	6 months ended 31 October		12 months ended 30 April
		2008 Un- audited R'm	2007 Un- audited R'm	2008 Audited R'm
Revenue	+ 97,6%	6 678	3 380*	7 640
Operating profit before depreciation and amortisation (EBITDA)	+ 77,4%	330	186	374
Depreciation and amortisation		(13)	(12)	(24)
Operating profit before finance charges (EBIT)	+ 82,2%	317	174	350
Finance charges		(74)	(59)	(126)
Profit after finance charges	+ 111,3%	243	115	224
Investment income		2	20	26
Profit before tax	+ 81,5%	245	135	250
Tax		(72)	(36)	(75)
Net profit for the period	+ 74,7%	173	99	175
Attribute to:				
Shareholders		172	98	173
Minority interest		1	1	2
		173	99	175
Reconciliation: Headline earnings				
Profit attributable to shareholders		172	98	173
Profit on disposal of property, plant and equipment		-	(8)	(19)
Headline earnings	+ 88,7%	172	90	154
Weighted average number of shares in issue ('000)		180 789	180 789	180 789
Earnings per share (cents)		95,1	54,8	95,7
Headline earnings per share (cents)		95,1	50,4	85,2
Interim dividend per share (cents)		15,0	40,0	40,0
Normal		15,0	10,0	10,0
Special		-	30,0	30,0
Final dividend per share (cents)		-	-	14,0
Total dividend per share (cents)		15,0	40,0	54,0
Net asset value per share (cents)		548	465	466

* The revenue of 2007 was restated for the purpose of better comparative disclosure with the current year.

CONDENSED CONSOLIDATED BALANCE SHEET

	As at 31 October		As at 30 April
	2008 Un- audited R'm	2007 Un- audited R'm	2008 Audited R'm
ASSETS			
Non-current assets			
Property, plant and equipment	209	186	190
Financial assets	5	5	4
Term debtors	115	66	115
Deferred tax	62	56	67
	391	313	376
Current assets			
Inventory	748	634	734
Trade and other debtors	971	665	1 000
Agency grain debtors	240	233	230
Cash and cash equivalents	162	210	35
	2 121	1 742	1 999
Non-current assets classified as held for sale	1	1	-
Total assets	2 513	2 056	2 375
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	1	1	1
Share premium	67	67	67
Non-distributable reserve	62	56	67
Retained earnings	859	715	706
	989	839	841
Minority interest	1	1	2
	990	840	843
Non-current liabilities			
Interest bearing long-term liability	350	-	-
Long-term employee benefits	4	1	3
Post-retirement liabilities	86	76	76
	440	77	79
Current liabilities			
Trade and other creditors	603	513	579
Interest-bearing short-term loans	388	546	761
Loans from related parties	44	43	42
Provisions	48	37	71
	1 083	1 139	1 453
Total equity and liabilities	2 513	2 056	2 375

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	6 months ended 31 October		12 months ended 30 April
	2008 Un- audited R'm	2007 Un- audited R'm	2008 Audited R'm
Cash generated from operating activities	383	183	438
Investment income	2	20	26
Tax paid	(41)	(94)	(120)
Finance charges paid	(74)	(59)	(126)
Cash profit	270	50	218
Dividends paid	(25)	(30)	(103)
(Increase)/decrease in operating capital	(64)	131	(348)
Cash flow from operations	181	151	(233)
Net cash flow from investment activities	(33)	6	-
Net cash flow	148	157	(233)
Net cash flow from financing activities	351	-	1
Net increase in cash available	499	157	(232)
Net short-term loans and cash at beginning of period	(768)	(536)	(536)
Net short-term loans and cash at end of period	(269)	(379)	(768)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued share capital	Non- distributable reserve	Retained earnings	Minority interest	Total
	R'm	R'm	R'm	R'm	R'm
Balance at 30 April 2008 (Audited)	68	67	706	2	843
Net profit	-	-	172	1	173
Transfer from non-distributable reserve	-	(5)	5	-	-
Dividends paid	-	-	(25)	(2)	(27)
Fair value adjustment	-	-	1	-	1
Balance at 31 October 2008 (Unaudited)	68	62	859	1	990
Balance at 30 April 2007 (Audited)	68	315	388	2	773
Net profit	-	-	98	1	99
Transfer from non-distributable reserve	-	(259)	259	-	-
Dividends paid	-	-	(30)	(2)	(32)
Balance at 31 October 2007 (Unaudited)	68	56	715	1	840

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES AND BASIS OF PRESENTATION

The Senwes Group's financial statements are prepared according to and complies with the requirements of International Financial Reporting Standards (IFRS). In addition the financial statements comply with IAS 34 (Interim Financial Reporting) and 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 financial statements.

2. ACQUISITIONS AND DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 October 2008 the Group has acquired property, plant and equipment of R33 million. Property, plant and equipment of R1 million was disposed of during this period.

3. RELATED PARTY TRANSACTIONS

3.1 Senwesbel and RBF Consortium

The boards of Senwesbel Ltd (35,5% shareholding) and RBF Consortium (32,6% shareholding) have significant influence over the control of the Company. Dividends of R8,9 million and R8,2 million were paid to Senwesbel and RBF respectively during the interim period. Interest of R2,6 million was paid during this period to Senwesbel on the loan account from Senwesbel.

3.2 Trade debtors - directors

Trade debtors comprise production credit 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 apply to all customers of the Company.

At 31 October 2008 R5,2 million was owed to the Group by directors on the above-mentioned accounts. This is covered by the relevant securities necessary in terms of the credit policy.

4. CONTINGENT LIABILITIES

A complaint regarding alleged contravention of the Competitions Act was lodged against Senwes by a grain trader at the Competition Commission. Senwes denied the allegations. The protracted trial was concluded and Senwes is currently awaiting judgement.

5. CAPITAL COMMITMENTS

Commitments already contracted amount to R13 million and will be financed from cash flow from operating activities. Commitments of R1 million were already approved by the board but not yet contracted.

6. SEGMENTAL ANALYSIS

Segmental revenue				
		6 months ended 31 October	12 months ended 30 April	
	% change	2008 R'm	2007 R'm	2008 R'm
Credit Extension	+ 60%	69	43	120
Input Supply	+ 68%	1 289	765*	1 573
Market Access	+ 108%	5 292	2 548	5 902
Industries	+ 19%	25	21	39
Normal operating activities	+ 98%	6 675	3 377	7 634
Non-apportionable and Corporate		3	3	6
Investment income		-	-	-
Total revenue		6 678	3 380	7 640
Profit before tax				
Taxation				
Profit after tax				
Minority shareholding				
Results after tax				

* The revenue of 2007 was restated for the purpose of better comparative disclosure with the current year.



Segmental results

% change	6 months ended 31 October		12 months ended 30 April
	2008 R'm	2007 R'm	2008 R'm
+ 100%	24	12	44
+ 109%	92	44	83
+ 157%	180	70	138
+ 33%	4	3	3
+ 133%	300	129	268
	(57)	(14)	(44)
	2	20	26
	245	135	250
	(72)	(36)	(75)
	173	99	175
	(1)	(1)	(2)
	172	98	173

Comments

OPERATIONAL REVIEW

Senwes has displayed its capacity to perform during difficult conditions the past two years where it still performed admirably despite prevailing conditions. For the first six months it has displayed its potential under more normal and positive conditions and has tabled results which are very satisfying. What makes this performance so impressive is that the figures for the six months are nearly on par with that of the whole of the previous year.

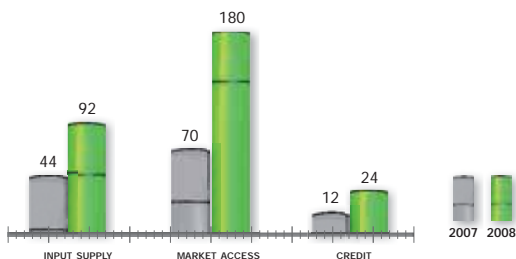
Revenue has increased by 98% to R6,7 billion whilst operating profit before interest and tax (EBIT) has shown the same trend by increasing from R174 million to R317 million, an 82% increase. The net profit after tax has increased by 75% from R99 million to R173 million of which R172 million is attributable to shareholders.

The earnings per share increased by 73% to 95,1 cents per share with the headline earnings per share being the same figure. At the current price per share of approximately R5,20 this already provides a return of more than 18% for six months (not annualised). The return on opening equity for six months amounts to 20,4% (not annualised).

The net asset value per share has increased with 82 cents to R5,48 per share and the Group is on a healthy own capital ratio of 39% in comparison with the year end ratio of 35%. This, despite the significant balance sheet growth due to the added business and rise in input prices as displayed in the growth of inventory and accounts receivable figures.

Cash flow continued its positive trend and R148 million positive cash flow was produced before taking into account financing activities. Cash generated from operations increased by R200 million (109%) in comparison with the previous year to R383 million. Cash profit of R270 million was produced that was reduced somewhat by investment in net operating capital (R64 million), investment activities (R33 million) and dividends paid (R25 million). However, it is expected that the summer crop planting season could have a significant impact on operating capital needs due to the increased input prices as well as market share gains. It could consequently slow down this trend towards year-end.

Contribution to pre-tax profit per segment (R'm)



INPUT SUPPLY (SENWES VILLAGE)

The focus applied within the division to deliver excellent services and products together with a very positive early summer crop planting season cycle, has yielded very good results. Specifically the Mechanisation department experienced a very bullish run due to producers spending on the back of last year's crop and excellent commodity prices. The result increased by 109% to R92 million in comparison with last year's comparative figure of R44 million.

MARKET ACCESS (SENWES GRAINLINK)

The division was under pressure the previous two years due to lower plantings and drought conditions impacting volume levels of grain stocks. This year it has returned to form as predicted due to increased levels of grain deliveries to silos and grain stored. The result shows an increase of 157% in comparison with the previous year and R180 million profit after interest is reported.

CREDIT EXTENSION (SENWES CREDIT)

Good credit extension practices and streamlined processes together with focus on client service and healthy growth have yielded excellent results for the division. Net profit after financing costs has increased by 100% to R24 million. Within the realm of agricultural finance it is important to follow prudent financing practices and build a healthy financing book. The division excelled at this in the first six months.

EXPECTATIONS AND DEVELOPMENTS

Historically the first six months are more profitable in comparison with the second six months due the occurrence of the summer crop intake and it is therefore expected that profitability of the second six months will not be on the same levels of the first six months. The robustness of the Senwes model has been proven in the last couple of years with trying conditions and Senwes is therefore optimistic regarding the near future. Planting predictions are positive and recent rainfall will bear positively on the supply of inputs. The Market Access division has an excellent opportunity to trade on the higher grain volumes and expectations are optimistic.

DIVIDEND

An interim dividend of 15 cents per share (2007: 10 cents normal and 30 cents special) is declared and will be paid to all shareholders registered in the shares register on 28 November 2008. Payment is expected to be effected on 11 December 2008.

By order of the Board



JE Grobler
Chairman



JJ Dique
Managing Director



SH Alberts
Director: Finance

27 November 2008

FINANCIAL
HIGHLIGHTS

FINANCIAL
STATEMENTS

NOTES

COMMENTS

SENWES LTD

Registration number 1997/005336/06

DIRECTORS

JE Grobler (Chairman), JDM Minnaar (Vice Chairman), JJ Dique (Managing Director), SH Alberts (Director: Finance), F Strydom (Director: Operations), JPL Alberts, JA Boggenpoel, JAE Els, AJ Kruger, NDP Liebenberg, J Mashike*, M Poee, PR Pretorius, WH van Zyl.

*Alternate director: LM Ndala.

REGISTERED OFFICE

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TRANSFER SECRETARIES

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Telephone: (018) 464-7104

SHARE TRADING DESK

Senwes Share Trading Desk
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Telephone: (018) 464-7105

