



**SSK**

**SENTRAAL-SUID**  
KOÖPERASIE • CO-OPERATIVE  
BPK • LTD

**JAARVERSLAG 2016 ANNUAL REPORT**





### **Uitnodiging**

*U word hartlik uitgenooi na die Algemene Jaarvergadering van SSK op Vrydag, 22 Julie 2016 om 10h30 in die Skousaal (Heidelberg Skougroende). Ligte verversings sal vanaf 10h00 bedien word. U word genooi om na afloop van die vergadering saam met ons middagete te geniet.*

### **Invitation**

*You are cordially invited to the Annual General Meeting of SSK to be held on Friday, 22 July 2016 at 10h30 in the Show Hall (Heidelberg Showgrounds). Light refreshments will be served from 10h00. You are invited to join us for lunch after the meeting.*

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*Voorbladfoto met vergunning van Dr Willie Linde, Swellendam.*

*Cover image courtesy of Dr Willie Linde, Swellendam.*

# ALGEMENE JAARVERGADERING: KENNISGEWING AAN LEDE ANNUAL GENERAL MEETING: NOTICE TO MEMBERS

Kennis geskied hiermee dat die Algemene Jaarvergadering van SSK op Vrydag, 22 Julie 2016 om 10h30 in die Skousaal (Heidelberg Skougronde) gehou sal word.

Notice is hereby given that the Annual General Meeting of SSK will be held on Friday, 22 July 2016 at 10h30 in the Show Hall (Heidelberg Showgrounds).

## **SAKELYS / AGENDA**

- 1 Opening
- 2 Verwelkoming deur Voorsitter / Welcome by Chairperson
- 3 Konstituering / Constitution
- 4 Roubeklag / Motion of Condolence
- 5 Goedkeuring van Notule van die Algemene Jaarvergadering 2015  
Approval of the Minutes of the Annual General Meeting 2015
- 6 Behandeling en goedkeuring van die Finansiële State  
Consideration and approval of the Financial Statements
- 7 Aanstelling van Ouditeure / Appointment of Auditors
- 8 Verkiesing van Direkteure / Election of Directors
- 9 Bespreking van Algemene Sake / Discussion of General Matters



**J E de V van Veen**  
*Sekretaris / Secretary*

# KOÖPERASIEBESONDERHEDE DETAILS OF THE CO-OPERATIVE



## **Raad van Direkteure / Board of Directors**

M C Dippenaar – Voorsitter / Chairperson  
D H van Papendorp – Ondervoorsitter / Vice-chairperson  
J N de Kock  
J M Joubert  
F J Lourens  
M J Odendaal  
M Pienaar  
J E Robertson  
A J Steyn  
P S Uys  
S L Uys  
S W Viljoen

## **Bestuur / Management**

E J Pelser – Hoof Uitvoerende Beampte  
– Chief Executive Officer  
J E de V van Veen – Hoofbestuurder: Administrasie en Finansies  
– Chief Financial Officer  
C H de Beer – Hoofbestuurder: Bedrywe (Graan, Saad en Meganisasie)  
– Chief Operating Officer (Grain, Seed and Mechanisation)  
O J Badenhorst – Hoofbestuurder: Bedrywe (Handel)  
– Chief Operating Officer (Retail)

## **Sekretaris / Secretary**

J E de V van Veen

## **Geregistreeerde Adres / Registered Address**

Voortrekstraat 34 / 34 Voortrek Street  
Swellendam  
6740

## **Posadres / Postal Address**

Posbus 12 / P.O. Box 12  
Swellendam  
6740

## **Ouditeure / Auditors**

PricewaterhouseCoopers Geïnk. / Inc.  
Posbus 62 / P.O. Box 62  
Worcester  
6849

## **Bankiers / Bankers**

Eerste Nasionale Bank / First National Bank  
Voortrekstraat 33 / 33 Voortrek Street  
Swellendam  
6740

# SENTRAAL-SUID KOÖPERASIE BEPERK en sy filiale VERKLARING VAN VERANTWOORDELIKHEDE DEUR DIE RAAD VAN DIREKTEURE

Die Direkteure is verantwoordelik vir die instandhouding van toereikende rekeningkundige rekords en die voorbereiding, integriteit en redelike aanbieding van die finansiële state en gekonsolideerde finansiële state van Sentraal-Suid Koöperasie Beperk. Die finansiële state en gekonsolideerde finansiële state is opgestel in ooreenstemming met 'International Financial Reporting Standards' en op die wyse soos vereis deur die Koöperasiewet en sluit bedrae in wat op die oordeel en ramings van Bestuur gegrond is. Die finansiële state en gekonsolideerde finansiële state is gegrond op toepaslike rekeningkundige beleid wat in ooreenstemming met dié van die vorige jaar is, tensy anders gemeld.

Die Direkteure is ook uiteindelik verantwoordelik vir die Groep se stelsel van interne finansiële beheer. Hierdie kontroles is ontwerp om redelike, maar nie absolute, gerusstelling te bied oor die betroubaarheid van die finansiële state en gekonsolideerde finansiële state, die toereikende beskerming en verantwoording van bates, en om verliese te voorkom en op te spoor. Geen aangeleenthede het onder die aandag van die Direkteure gekom wat 'n weselike ineenstorting in die funksionering van hierdie kontroles, prosedures en stelsels gedurende die jaar onder oorsig aandui nie.

Die lopende-saak grondslag is met die opstel van die finansiële state en gekonsolideerde finansiële state gevolg. Die Direkteure het geen rede om te glo dat die Groep nie in die afsienbare toekoms 'n lopende saak sal wees nie, gegrond op vooruitskattings en beskikbare kontant- en finansieringsbronne.

Die finansiële state en gekonsolideerde finansiële state is geouditeer deur die onafhanklike ouditeure, PricewaterhouseCoopers Geïnkorporeer, wat onbeperkte toegang gegee is tot alle finansiële rekords en verwante data, met inbegrip van notules van alle Lede-, Direksie- en Direksiekomiteevergaderings. Die Direkteure meen dat alle verklarings wat gedurende hul audit aan die onafhanklike ouditeure gemaak is, geldig en toepaslik was.

PricewaterhouseCoopers Geïnkorporeer se ouditeursverslag, met betrekking tot die opgesomde gekonsolideerde finansiële state, word aangebied op bladsy 8.

Die finansiële state en gekonsolideerde finansiële state, soos opgesom, soos uiteengesit op bladsye 10 tot 30, is deur die Direkteure goedgekeur:



**M C Dippenaar – Voorsitter**  
**9 Junie 2016**



**D H van Papendorp – Ondervoorsitter**



### **Goedkeuring van finansiële state**

Die finansiële state, soos uiteengesit op bladsye 10 tot 30, word hiermee in terme van Artikel 48 van die Koöperasiewet, 2005, deur die Algemene Jaarvergadering goedgekeur en deur die Voorsitter onderteken ter bevestiging daarvan.

### **Voorsitter – Heidelberg**

**22 Julie 2016**

### **Aantekening**

Die Direkteure bied die opgesomde gekonsolideerde finansiële state van Sentraal-Suid Koöperasie Beperk op 29 Februarie 2016 aan. Die opgesomde gekonsolideerde finansiële state is opgestel vanuit die volledige geouditeerde gekonsolideerde finansiële state vir die jaar geëindig 29 Februarie 2016, soos goedgekeur deur die Direkteure op 9 Junie 2016.

Die opgesomde gekonsolideerde finansiële state bevat nie alle openbaarmakings soos vereis deur *'International Financial Reporting Standards'* en die vereistes van die Koöperasiewet van Suid-Afrika nie. Die lees van die opgesomde gekonsolideerde finansiële state kan gevolglik nie as plaasvervanger vir die lees van die geouditeerde gekonsolideerde finansiële state van Sentraal-Suid Koöperasie Beperk gesien word nie.

Die volledige geouditeerde gekonsolideerde finansiële state is op aanvraag beskikbaar vir inspeksie, aan Lede, by die kantore van Sentraal-Suid Koöperasie Beperk, Posbus 12, Voortrekstraat 34, Swellendam, 6740.

# SENTRAAL-SUID CO-OPERATIVE LIMITED and its subsidiaries

## STATEMENT OF RESPONSIBILITIES BY THE BOARD OF DIRECTORS

The Directors are responsible for the maintenance of sufficient accounting records and the preparation, integrity and fair presentation of the financial statements and consolidated financial statements of Sentraal-Suid Co-operative Limited. The financial statements and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, and in the manner required by the Co-operatives Act, and include amounts that are based on Management's judgement and estimates. The financial statements and consolidated financial statements are based on appropriate accounting policy in accordance with that of the previous year, unless otherwise specified.

The Directors are also ultimately responsible for the Group's system of internal financial controls. These controls are designed to give reasonable, but not absolute, reassurance regarding the reliability of the financial statements and consolidated financial statements, adequate protection of and accountability for assets, and the prevention and detection of losses. No matters came to the attention of the Directors to indicate a significant collapse in the functioning of these controls, procedures and systems during the year under review.

The going concern basis has been adopted in the preparation of the financial statements and consolidated financial statements. Based on forecasting and available cash and financing sources, the Directors have no reason to believe that the Group will not be a going concern in the foreseeable future.

The financial statements and consolidated financial statements have been audited by the independent auditors, PricewaterhouseCoopers Incorporated, who were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board and board committees. The Directors believe all representations made to the independent auditors during the audit were valid and appropriate.

The audit report of PricewaterhouseCoopers Incorporated regarding the summarised consolidated financial statements is presented on page 9.

The financial statements and consolidated financial statements, as summarised, as presented on pages 10 to 30, have been approved by the board of Directors.



**M C Dippenaar – Chairperson**  
**9 June 2016**



**D H van Papendorp – Vice-chairperson**



### **Approval of financial statements**

The financial statements, as presented on pages 10 to 30, are herewith approved in terms of section 48 of the Co-operatives Act, 2005, by the annual general meeting and signed by the Chairperson as confirmation thereof.

***Chairperson – Heidelberg***

**22 July 2016**

### **Note**

The Directors present the summary consolidated financial statements of Sentraal-Suid Co-operative Limited for the year ended 29 February 2016. The summary consolidated financial statements have been compiled from the full set of audited consolidated financial statements for the year ended 29 February 2016, as approved by the Board of Directors on 9 June 2016.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Co-operatives Act of South Africa. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Sentraal-Suid Co-operative Limited.

The complete audited consolidated financial statements are available to Members for inspection, upon request, at the offices of Sentraal-Suid Co-operative Limited, P.O. Box 12, 34 Voortrek Street, Swellendam, 6740.

# VERSLAG VAN DIE ONAFHANKLIKE OUDITEURE OP DIE OPGESOMDE GEKONSOLIDEERDE FINANSIËLE STATE AAN DIE LEDE VAN SENTRAAL-SUID KOÖPERASIE BEPERK

Die opgesomde gekonsolideerde finansiële state, wat bestaan uit die opgesomde gekonsolideerde en afsonderlike state van finansiële posisie soos op 29 Februarie 2016, en opgesomde gekonsolideerde en afsonderlike state van omvattende inkomste en kontantvloei vir die jaar wat op daardie datum geëindig het, is opgestel vanuit die geouditeerde gekonsolideerde finansiële state van Sentraal-Suid Koöperasie Beperk vir die jaar geëindig 29 Februarie 2016. Ons het 'n ongekwalifiseerde ouditmening uitgespreek op hierdie gekonsolideerde finansiële state in ons verslag gedateer 9 Junie 2016.

Die opgesomde gekonsolideerde finansiële state bevat nie alle openbaarmakings soos vereis deur *'International Financial Reporting Standards'* en die vereistes van die Koöperasiewet van Suid-Afrika soos van toepassing op gekonsolideerde finansiële state nie. Die lees van die opgesomde gekonsolideerde finansiële state kan gevolglik nie as plaasvervanger vir die lees van die geouditeerde gekonsolideerde finansiële state van Sentraal-Suid Koöperasie Beperk gesien word nie.

## **Direkteure se Verantwoordelikheid vir die Opgesomde Gekonsolideerde Finansiële State**

Die Koöperasie se Direkteure is verantwoordelik vir die opstel van 'n opsomming van die geouditeerde gekonsolideerde finansiële state ooreenkomstig die grondslag wat beskryf is in Aantekening 1.

## **Ouditeur se Verantwoordelikheid**

Dit is ons verantwoordelikheid om 'n mening oor hierdie opgesomde gekonsolideerde finansiële state uit te spreek gebaseer op ons prosedures, wat ooreenkomstig *'International Standard on Auditing (ISA) 810', "Engagements to Report on Summary Financial Statements"*, uitgevoer is.

## **Mening**

Na ons mening is die opgesomde gekonsolideerde finansiële state, in alle wesenlike opsigte, in ooreenstemming met die geouditeerde gekonsolideerde finansiële state van Sentraal-Suid Koöperasie Beperk vir die jaar geëindig 29 Februarie 2016 waaruit dit opgestel is, ooreenkomstig die grondslag wat beskryf is in Aantekening 1.



**PricewaterhouseCoopers Geïnk.**

**Direkteur: M J van Tonder**

**Geregistreerde Ouditeur**

**Worcester**

**9 Junie 2016**

# REPORT OF THE INDEPENDENT AUDITORS ON THE SUMMARY GROUP ANNUAL FINANCIAL STATEMENTS TO THE MEMBERS OF SENTRAAL-SUID CO-OPERATIVE LIMITED

The summary consolidated financial statements, which comprise the summary consolidated and separate statements of financial position as at 29 February 2016, and summary consolidated and separate statements of comprehensive income and cash flows for the year then ended, are derived from the audited consolidated financial statements of Sentraal-Suid Co-operative Limited for the year ended 29 February 2016. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 9 June 2016.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Co-operatives Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Sentraal-Suid Co-operative Limited.

## **Directors' Responsibility for the Summary Consolidated Financial Statements**

The Co-operative's Directors are responsible for the preparation of a summary of the audited consolidated financial statements on the basis described in Note 1.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements".

## **Opinion**

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of Sentraal-Suid Co-operative Limited for the year ended 29 February 2016 are consistent, in all material respects, with those consolidated financial statements, on the basis described in Note 1.



**PricewaterhouseCoopers Inc.**

**Director: M J van Tonder**

**Registered Auditor**

**Worcester**

**9 June 2016**

# DIREKTEURSVERSLAG vir die jaar geëindig 29 Februarie 2016

Die Direkteure se jaarverslag vir die jaar geëindig 29 Februarie 2016, word hieronder aangebied:

## 1. Aard van besigheid

Die Koöperasie doen grotendeels besigheid in die Suid-Kaap en Overberg. Die hoofdoelstellings en aktiwiteite van die Koöperasie het oorwegend gedurende die jaar onder oorsig onveranderd gebly, naamlik die:

- verskaffing van boerderybenodigdhede, meganisasie, ingenieursdienste en oprigting van staalstore en dienste aan sy Lede en ander klante;
- verwerking van graansaad;
- hantering, opberging en bemarking van produsente se graanprodukte deur silo's;
- verskaffing van versekeringsmakelaarsdienste; en
- lewering van dienste soos kredietverskaffing en landboubestuur dienste.

Daarbenewens is die Koöperasie, direk en indirek, betrokke by filiale, 'n geassosieerde en twee gesamentlike ondernemings soos uiteengesit in 5, 7 en 8 hierna.

## 2. Lede

Vyf Lede het ons aan die dood ontval. Ons innige meegevoel word aan hul naasbestaendes betuig.

Die ledetal het as volg gewissel:

Ledetal aan begin van jaar		1 231
Min: Afgestorwe Lede	5	
Lede wat boerdery gestaak het	28	33
		<hr/>
		1 198
Plus: Toetredings		183
		<hr/>
Ledetal aan einde van jaar		1 381

## 3. Finansiële resultate

Die volledige verslag van die Groep se finansiële resultate word in die finansiële state uiteengesit.

## 4. Aanwending van surplus

Dit is steeds die Koöperasie se beleid om bonusse aan Lede toe te deel ooreenkomstig 'n distribusieskema ingevolge Artikel 89 van die Statuut.

Die Koöperasie kon ongelukkig vir die 2016 jaar geen ledebonus verklaar nie. In 2015 is 'n R9 000 000 ledebonus verklaar, waarvan R1 800 000 in kontant betaalbaar was en die res by ledefondse gevoeg is. In die huidige jaar is opgehoopde ledefondse van R14 046 771 (50% van 2004, 2005 en 2006) uitbetaal (2015 – R11 588 285 (1999, 2001, 2002, 2003 en 50% van 2004)).

## 5. Filiale

Die Koöperasie het beleggings in die volgende filiale:

<b>Direk</b>	<b>Belang 2016</b>	<b>Belang 2015</b>	<b>Hoofdoelstelling</b>
a) Sentraal-Suid Beleggings (Edms) Bpk	<b>100%</b>	<b>100%</b>	Beleggingsmaatskappy met verwante aktiwiteite.
b) Southern Oil (Edms) Bpk	<b>62%</b>	<b>62%</b>	Ekstraksie van olie uit hoofsaaklik canolasaad en die raffinering en bemarking van 'n gedifferensieerde reeks olies en proteïenprodukte.
c) SSK Vervaardigers (Edms) Bpk	<b>100%</b>	<b>100%</b>	Vervaardiging van veevoer.
d) Swellen Mark (Edms) Bpk	<b>68%</b>	<b>68%</b>	Belegging en verhuur van eiendom.
e) Technifarm (Edms) Bpk	<b>70%</b>	<b>50%</b>	Presisie boerderydienste en verkoop van plaastoerusting.
f) Tuinroete Agri (Edms) Bpk	<b>100%</b>	<b>100%</b>	Verkaffing van boerdery-benodigdhede en verwante produkte en dienste.
<b>Indirek</b>			
g) Blinkbeleg Vyftien (Edms) Bpk	<b>Sentraal-Suid Beleggings besit: 100%</b>	<b>100%</b>	Motorverkope en herstelwerk.
h) Swartland Oliepers (Edms) Bpk	<b>Southern Oil besit: 100%</b>	<b>100%</b>	Dormant.
i) Southern Oil (Edms) Bpk	<b>Tuinroete Agri besit: 0.47%</b>	<b>0.45%</b>	Ekstraksie van olie uit hoofsaaklik canolasaad en die raffinering en bemarking van 'n gedifferensieerde reeks olies en proteïenprodukte.
j) LBK Agri (Edms) Bpk	<b>Tuinroete Agri besit: 100%</b>	<b>100%</b>	Belegging en verhuur van eiendom.



## **6. Finansiële bates beskikbaar vir verkoop**

Finansiële bates beskikbaar vir verkoop het afgeneem met R 79 351 947 (2015 – R194 939 882 toename) weens die billike waarde-aanpassing ingevolge die rekeningkundige standpunt IAS 39. Die verlies is direk in die staat van ander omvattende inkomste verantwoord.

## **7. Belegging in gesamentlike ondernemings**

### **Softlutions (Edms) Bpk**

Die Koöperasie besit 'n 51% belang in dié Maatskappy wat deur gesamentlike besluitneming bestuur word. Die Maatskappy lewer sagteware-ontwikkeling en ander verwante dienste.

### **Hessequa Abattoir (Edms) Bpk**

Die Koöperasie besit 'n 50% belang in dié Maatskappy wat deur gesamentlike besluitneming bestuur word. Die Maatskappy bedryf 'n slagpale in Riversdal.

## **8. Belegging in geassosieerde**

### **Riparian Investments Consortium 1 (Edms) Bpk**

Die Koöperasie besit indirek deur Sentraal-Suid Beleggings (Edms) Bpk 'n 40% belang in dié Maatskappy. Die Maatskappy besit 'n 100% belang in 'n maatskappy wat aandele in Pioneer Voedsel Groep Bpk besit.

## **9. Aandelekapitaal**

732 000 aandele is vanjaar uitgereik, terwyl 132 000 aandele ingetrek is, waarvan sommige deels opbetaalde aandele bedra.

## **10. Direkteure**

Besonderhede van die Koöperasie se Direkteure, Sekretaris en geregistreerde kantoor verskyn by die Koöperasiebesonderhede.

Direkteursvergoeding (uitgesluit toelaes) van R1 256 137 (2015 – R1 263 192) is aan nie-uitvoerende Direkteure betaal.

## **11. Eiendom, aanleg en toerusting**

Daar was geen verandering in die beleid van die Koöperasie en sy filiale, geassosieerde en gesamentlike onderneming gedurende die rekenpligtige periode rakende die gebruik van vaste bates nie.

## 12. Wesenlike gebeure na jaareinde

Die Direkteure is nie bewus van enige wesenlike fout, omstandigheid, gebeurtenis of aangeleentheid wat tussen die rapporteringsdatum en die datum van die goedkeuring van die finansiële state ontstaan of plaasgevind het wat die beoordeling van die Groep se finansiële state behoort te beïnvloed nie.

## 13. Waardering en dank

Die Raad van Direkteure wens om sy waardering uit te spreek teenoor Lede wat die Koöperasie lojaal ondersteun het. Sonder hul ondersteuning sou die sukses wat behaal is nie moontlik wees nie. Die Bestuur en Personeel verdien die Raad se innige dank vir hul aandeel in die prestasies wat behaal is. Lof en eer aan ons Hemelse Vader wat ons op verskeie terreine onverdienslik seën.

## 14. Ouditeure

PricewaterhouseCoopers Geïnkorporeer sal voortgaan om as ouditeure op te tree ooreenkomstig Artikel 50 van die Koöperasiewet, 2005.



**Voor v.l.n.r.:** John Robertson, Erenst Pelser (Hoofbestuurder), Lafras Uys, Villiers van Veen (Hoofbestuur), Nico de Kock, Marais Pienaar, Freddie Lourens, Thys Odendaal, Johannes Joubert, Henk de Beer (Hoofbestuur)

**Agter v.l.n.r.:** Dirk van Papendorp (Onder-voorsitter), Adriaan Steyn, Schalk Viljoen, Piet Sands Uys, Oeloff Badenhorst (Hoofbestuur), Michael Dippenaar (Voorsitter)

# DIRECTORS' REPORT for the year ended 29 February 2016

The Directors' report for the year ended 29 February 2016, is presented below:

## 1. Nature of business

The Co-operative operates in the Southern Cape and Overberg. The main objectives and activities of the Co-operative remained largely unchanged during the year under review, namely:

- supplying farming equipment, mechanisation, engineering services and erection of steel stores and services to its Members and other clients;
- processing of grain seed;
- handling, storage and marketing of producers' grain products by means of silos;
- supplying insurance broker services;
- supplying services such as credit provision and agricultural management services.

In addition, the Co-operative is directly and indirectly involved in subsidiaries, an associate and a joint venture, as set out in 5, 7 and 8 below.

## 2. Members

Five Members have passed away. Our sincere condolences are extended to their loved ones.

The number of Members changed as follows:

Membership at the beginning of the year		1 231
Less: Deceased Members	5	
Members who have stopped farming	28	33
		<hr/>
		1 198
Plus: New Members		183
Number of Members at year-end		<hr/>
		1 381

## 3. Financial results

The detailed report of the Group's financial results appears in the financial statements.

## 4. Appropriation of surplus

It is still the Co-operative's policy to award bonuses in accordance with a distribution scheme under Section 89 of the Articles.

The Co-operative has unfortunately not been able to declare a members' bonus for 2016. Of the R9 000 000 members' bonus declared in 2015, R1 800 000 was paid in cash and the rest was added to the existing members' funds. In the current year, accrued members' funds of R14 046 771 (50% of 2004, 2005 and 2006) had been paid out (2015 – R11 588 285 (1999, 2001, 2002, 2003 and 50% of 2004)).



## 5. Subsidiaries

The Co-operative has investments in the following subsidiaries:

<b>Direct</b>	<b>Interest 2016</b>	<b>Interest 2015</b>	<b>Main Objectives</b>
a) Sentraal-Suid Beleggings (Pty) Ltd	<b>100%</b>	<b>100%</b>	Investment company with related activities.
b) Southern Oil (Pty) Ltd	<b>62%</b>	<b>62%</b>	Extraction of oil, mainly canola seed, and the refinement and marketing of a differentiated series of oils and protein products.
c) SSK Vervaardigers (Pty) Ltd	<b>100%</b>	<b>100%</b>	Manufacturing of animal feed.
d) Swellen Mark (Pty) Ltd	<b>68%</b>	<b>68%</b>	Investment in, and letting of property.
e) Technifarm (Pty) Ltd	<b>70%</b>	<b>50%</b>	Precision farming services and provision of equipment.
f) Tuinroete Agri (Pty) Ltd	<b>100%</b>	<b>100%</b>	Provision of farming supplies and related products and services.
<b>Indirect</b>			
g) Blinkbeleg Vyftien (Pty) Ltd	<b>Sentraal-Suid Beleggings owns:</b> <b>100%</b> <b>100%</b>		Motor sales and repairs.
h) Swartland Oliepers (Pty) Ltd	<b>Southern Oil owns:</b> <b>100%</b> <b>100%</b>		Dormant.
i) Southern Oil (Pty) Ltd	<b>Tuinroete Agri owns:</b> <b>0.47%</b> <b>0.45%</b>		Extraction of oil, mainly canola seed, and the refinement and marketing of a differentiated series of oils and protein products.
j) LBK Agri (Pty) Ltd	<b>Tuinroete Agri owns:</b> <b>100%</b> <b>100%</b>		Investment in, and letting of property.

## 6. Financial assets available for sale

Financial assets available for sale have decreased by R79 351 947 (2015 – R194 939 882 increase) due to the fair value adjustment in terms of accounting statement IAS 39. The loss has been directly accounted for in the statement of comprehensive income.



## **7. Investment in joint ventures**

### **Softlutions (Pty) Ltd**

The Co-operative owns a 51% interest in this company which is managed by joint decision making. The company delivers software development and related services.

### **Hessequa Abattoir (Pty) Ltd**

The Co-operative owns a 50% interest in this company which is managed by joint decision making. The company operates an abattoir in Riversdale.

## **8. Investment in associate**

### **Riparian Investments Consortium 1 (Pty) Ltd**

The Co-operative owns, indirectly through Sentraal-Suid Beleggings (Pty) Ltd, a 40% interest in this Company. This Company owns a 100% interest in a company which owns shares in Pioneer Foods Group Ltd.

## **9. Share capital**

732 000 shares were issued this year, while 132 000 shares were called in, some of which were partially paid-up shares.

## **10. Directors**

Details of the Co-operative's Directors, Secretary and registered office appear in the section about the details of the Co-operative.

Directors' emoluments (excluding allowances) totalling R1 256 137 (2015 – R1 263 192), were paid to non-executive Directors.

## **11. Property, plant and equipment**

There has been no change in the policy of the Co-operative and its subsidiaries, associate and joint venture during the accounting period regarding the utilisation of fixed assets.

## **12. Material events after year-end**

The Directors are not aware of any material error, event or matter arising or occurring in the accounting period between the accounting date and the date of approval of the financial statements that should influence the assessment of the Group's financial statements.

### 13. Appreciation and acknowledgement

The Board of Directors wishes to express its appreciation to Members who have loyally supported the Co-operative. Without their support the success that was achieved would not have been possible. The Management and Staff deserve the Board's sincere thanks for their share in the successes achieved. Praise and glory to our Heavenly Father who has blessed us without merit in various undertakings.

### 14. Auditors

PricewaterhouseCoopers Incorporated will continue to act as auditors in accordance with Section 50 of the Co-operatives Act, 2005.



**Front f.l.t.r.:** John Robertson, Erenst Pelser (Chief Executive Officer), Lafras Uys, Villiers van Veen (Executive Management), Nico de Kock, Marais Pienaar, Freddie Lourens, Thys Odendaal, Johannes Joubert, Henk de Beer (Executive Management)

**Back f.l.t.r.:** Dirk van Papendorp (Vice Chairman), Adriaan Steyn, Schalk Viljoen, Piet Sands Uys, Oeloff Badenhorst (Executive Management), Michael Dippenaar (Chairman)

# SENTRAAL-SUID KOÖPERASIE BEPERK en sy filiale STAAT VAN FINANSIËLE POSISIE soos op 29 Februarie 2016



GROEP		KOÖPERASIE	
2016	2015	2016	2015
R'000	R'000	R'000	R'000

## BATES

### Nie-bedryfsbates

Eiendom, aanleg en toerusting	418 265	360 611	182 719	162 972
Ontasbare bates	6 415	7 126	1 389	1 727
Beleggingseiendom	64 502	65 603	–	–
Belegging in filiaalmaatskappye	–	–	215 352	215 371
Belegging in geassosieerde	21 976	34 806	–	–
Belegging in gesamentlike ondernemings	15 801	1 089	14 620	1 500
Finansiële bates beskikbaar vir verkoop	331 399	407 891	328 967	406 076
Ander finansiële bates	157 228	154 446	170 407	172 653
Uitgestelde belastingbate	4 971	7 356	–	–
	<b>1 020 557</b>	<b>1 038 929</b>	<b>913 454</b>	<b>960 299</b>

### Bedryfsbates

Nie-bedryfsbates gehou vir verkoop	–	6 453	–	–
Voorraad	842 016	725 081	183 071	125 173
Handels- en ander debiteure	739 964	489 561	461 079	297 193
Korttermynlenings	3 606	–	21 703	27 316
Inkomstebelasting	9 175	8 533	2 849	195
Kontant en kontantekwivalente	46 855	34 590	11 470	6 908
	<b>1 641 616</b>	<b>1 264 218</b>	<b>680 172</b>	<b>456 785</b>
<b>Totale bates</b>	<b>2 662 173</b>	<b>2 303 147</b>	<b>1 593 626</b>	<b>1 417 084</b>

# SENTRAAL-SUID KOÖPERASIE BEPERK en sy filiale STAAT VAN FINANSIËLE POSISIE soos op 29 Februarie 2016 (vervolg)

GROEP		KOÖPERASIE	
2016	2015	2016	2015
R'000	R'000	R'000	R'000

## EKWITEIT EN AANSPREEKLIKHEDE

### Kapitaal en reserwes

Reserwes	<b>729 963</b>	731 575	<b>522 674</b>	567 595
Aandelekapitaal	<b>5 158</b>	4 541	<b>5 174</b>	4 557
Ledebelang	<b>735 121</b>	736 116	<b>527 848</b>	572 152
Nie-beherende belang	<b>137 431</b>	102 202	–	–
Totale ekwiteit	<b>872 552</b>	838 319	<b>527 848</b>	572 152
Ledefondse	<b>61 779</b>	74 691	<b>67 166</b>	81 213

### Nie-bedryfslaste

Langtermynlenings	<b>244 232</b>	265 169	<b>203 363</b>	220 002
Uitgestelde belastingaanspreeklikheid	<b>85 024</b>	90 050	<b>68 074</b>	74 384
Na-aftrede mediese voordele	<b>5 169</b>	5 375	<b>4 780</b>	4 875
Uitgestelde inkomste	<b>2 993</b>	4 105	–	–
	<b>337 419</b>	364 700	<b>276 217</b>	299 261

### Bedryfslaste

Handels- en ander krediteure	<b>540 769</b>	320 729	<b>290 796</b>	137 643
Korttermynlenings	<b>811 917</b>	676 893	<b>409 017</b>	326 815
Bankoortrekking	<b>30 380</b>	26 641	<b>22 581</b>	–
Korttermyndeel van uitgestelde inkomste	<b>1 112</b>	1 112	–	–
Inkomstebelasting	<b>6 245</b>	61	–	–
	<b>1 390 423</b>	1 025 437	<b>722 395</b>	464 458
<b>Totale ekwiteit en aanspreeklikhede</b>	<b>2 662 173</b>	2 303 147	<b>1 593 626</b>	1 417 084

**SENTRAAL-SUID CO-OPERATIVE LIMITED and its subsidiaries**  
**STATEMENT OF FINANCIAL POSITION as at 29 February 2016**



GROUP		CO-OPERATIVE	
2016	2015	2016	2015
R'000	R'000	R'000	R'000

**ASSETS**

**Non-current assets**

Property, plant and equipment	<b>418 265</b>	360 611	<b>182 719</b>	162 972
Intangible assets	<b>6 415</b>	7 126	<b>1 389</b>	1 727
Investment property	<b>64 502</b>	65 603	–	–
Investment in subsidiaries	–	–	<b>215 352</b>	215 371
Investment in associate	<b>21 976</b>	34 806	–	–
Investment in joint ventures	<b>15 801</b>	1 089	<b>14 620</b>	1 500
Investments available for sale	<b>331 399</b>	407 891	<b>328 967</b>	406 076
Other financial assets	<b>157 228</b>	154 446	<b>170 407</b>	172 653
Deferred taxation asset	<b>4 971</b>	7 356	–	–
	<b>1 020 557</b>	1 038 929	<b>913 454</b>	960 299

**Current assets**

Non-current assets held for sale	–	6 453	–	–
Stock	<b>842 016</b>	725 081	<b>183 071</b>	125 173
Trade and other receivables	<b>739 964</b>	489 561	<b>461 079</b>	297 193
Short-term loans	<b>3 606</b>	–	<b>21 703</b>	27 316
Income tax	<b>9 175</b>	8 533	<b>2 849</b>	195
Cash and cash equivalents	<b>46 855</b>	34 590	<b>11 470</b>	6 908
	<b>1 641 616</b>	1 264 218	<b>680 172</b>	456 785
<b>Total assets</b>	<b>2 662 173</b>	2 303 147	<b>1 593 626</b>	1 417 084

**SENTRAAL-SUID CO-OPERATIVE LIMITED** and its subsidiaries  
**STATEMENT OF FINANCIAL POSITION** as at 29 February 2016  
(continued)

	GROUP		CO-OPERATIVE	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Reserves	729 963	731 575	522 674	567 595
Share capital	5 158	4 541	5 174	4 557
Members' interest	735 121	736 116	527 848	572 152
Non-controlling interest	137 431	102 202	–	–
Total equity	872 552	838 319	527 848	572 152
Members' funds	61 779	74 691	67 166	81 213
<b>Non-current liabilities</b>				
Long-term loans	244 232	265 169	203 363	220 002
Deferred taxation liabilities	85 024	90 050	68 074	74 384
Post-retirement medical benefits	5 169	5 375	4 780	4 875
Deferred income	2 993	4 105	–	–
	337 419	364 700	276 217	299 261
<b>Current liabilities</b>				
Trade and other creditors	540 769	320 729	290 796	137 643
Short-term loans	811 917	676 893	409 017	326 815
Bank overdraft	30 380	26 641	22 581	–
Short-term deferred income	1 112	1 112	–	–
Income tax	6 245	61	–	–
	1 390 423	1 025 437	722 395	464 458
<b>Total equity and liabilities</b>	<b>2 662 173</b>	<b>2 303 147</b>	<b>1 593 626</b>	<b>1 417 084</b>

**SENTRAAL-SUID KOÖPERASIE BEPERK en sy filiale**  
**STAAT VAN OMVATTENDE INKOMSTE vir die jaar geëindig 29 Februarie 2016**

	GROEP		KOÖPERASIE	
	2016	2015	2016	2015
	R'000	R'000	R'000	R'000
Inkomste	<b>3 146 298</b>	2 749 697	<b>1 487 454</b>	1 298 555
Koste van verkope	<b>(2 629 929)</b>	(2 366 678)	<b>(1 306 749)</b>	(1 153 222)
<b>Bruto wins</b>	<b>516 369</b>	383 019	<b>180 705</b>	145 333
Ander inkomste	<b>70 312</b>	89 382	<b>91 152</b>	89 413
Administratiewe uitgawes	<b>(81 190)</b>	(63 542)	<b>(45 259)</b>	(33 769)
Ander bedryfsuitgawes	<b>(224 097)</b>	(213 593)	<b>(104 824)</b>	(98 604)
Waardedaling van silobates en canolavoorraad	<b>(48 049)</b>	–	<b>(48 049)</b>	–
<b>Bedryfswins</b>	<b>233 345</b>	195 266	<b>73 725</b>	102 373
Finansieringsinkomste	<b>1 056</b>	1 892	<b>4 269</b>	5 580
Finansieringskoste	<b>(77 021)</b>	(66 227)	<b>(49 968)</b>	(45 212)
Wins met verkoop van nie-bedryfsbates gehou vir verkoop	<b>7 763</b>	–	–	–
<b>Wins voor ekwiteitsverdiensle en bonusse</b>	<b>165 143</b>	130 931	<b>28 026</b>	62 742
Ekwiteitswins/(-verlies) in geassosieerde/gesamentlike ondernemings	<b>1 313</b>	(369)	–	–
<b>Wins voor bonusse</b>	<b>166 456</b>	130 562	<b>28 026</b>	62 742
Bonusse verklaar	–	(8 286)	–	(9 000)
Uitgestel	–	(6 629)	–	(7 200)
Kontant	–	(1 657)	–	(1 800)
<b>Wins voor belasting</b>	<b>166 456</b>	122 276	<b>28 026</b>	53 742
Belasting	<b>(43 037)</b>	(30 236)	<b>3 852</b>	(2 306)
<b>Wins vir die jaar</b>	<b>123 419</b>	92 040	<b>31 878</b>	51 436

**SENTRAAL-SUID KOÖPERASIE BEPERK en sy filiale**  
**STAAT VAN OMVATTENDE INKOMSTE vir die jaar geëindig 29 Februarie 2016**  
**(vervolg)**

GROEP		KOÖPERASIE	
2016	2015	2016	2015
R'000	R'000	R'000	R'000

**Ander omvattende inkomste**

**Items wat nie herklassifiseer sal word na wins en verlies nie**

Waardasie aanpassing op na-aftrede mediese voordele	206	64	95	26
Uitgestelde belasting op waardasie aanpassing op na-aftrede mediese voordele	(58)	(18)	(27)	(7)

**Items wat herklassifiseer sal word na wins en verlies**

Billike waarde-aanpassing van finansiële bates beskikbaar vir verkoop	(78 735)	194 252	(79 351)	194 940
Uitgestelde belasting op billike waarde-aanpassing	2 369	(37 429)	2 484	(37 558)
Omvattende inkomste in geassosieerde	(12 552)	27 988	–	–

**Totale omvattende inkomste vir die jaar**

	<b>34 649</b>	<b>276 897</b>	<b>(44 921)</b>	<b>208 837</b>
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Wins toeskryfbaar aan:

Lede	86 558	74 687	31 878	51 436
Nie-beherende belang	36 861	17 353	–	–
	<b>123 419</b>	<b>92 040</b>	<b>31 878</b>	<b>51 436</b>

Totale omvattende inkomste toeskryfbaar aan:

Lede	(2 212)	259 544	(44 921)	208 837
Nie-beherende belang	36 861	17 353	–	–
	<b>34 649</b>	<b>276 897</b>	<b>(44 921)</b>	<b>208 837</b>

**SENTRAAL-SUID CO-OPERATIVE LIMITED** and its subsidiaries  
**STATEMENT OF COMPREHENSIVE INCOME** for the year ended 29 February 2016

	GROUP		CO-OPERATIVE	
	2016	2015	2016	2015
	R'000	R'000	R'000	R'000
Income	<b>3 146 298</b>	2 749 697	<b>1 487 454</b>	1 298 555
Cost of sales	<b>(2 629 929)</b>	(2 366 678)	<b>(1 306 749)</b>	(1 153 222)
Gross profit	<b>516 369</b>	383 019	<b>180 705</b>	145 333
Other income	<b>70 312</b>	89 382	<b>91 152</b>	89 413
Administrative expenditure	<b>(81 190)</b>	(63 542)	<b>(45 259)</b>	(33 769)
Other operating expenditure	<b>(224 097)</b>	(213 593)	<b>(104 824)</b>	(98 604)
Impairment of silo assets and canola inventory	<b>(48 049)</b>	–	<b>(48 049)</b>	–
Operating profit	<b>233 345</b>	195 266	<b>73 725</b>	102 373
Financing income	<b>1 056</b>	1 892	<b>4 269</b>	5 580
Financing costs	<b>(77 021)</b>	(66 227)	<b>(49 968)</b>	(45 212)
Profit from the sale of non-current assets held for sale	<b>7 763</b>	–	–	–
Profit before equity earnings and bonuses	<b>165 143</b>	130 931	<b>28 026</b>	62 742
Equity gain/loss in associate/joint ventures	<b>1 313</b>	(369)	–	–
Profit before bonuses	<b>166 456</b>	130 562	<b>28 026</b>	62 742
Bonuses declared	–	(8 286)	–	(9 000)
Deferred	–	(6 629)	–	(7 200)
Cash	–	(1 657)	–	(1 800)
Profit before tax	<b>166 456</b>	122 276	<b>28 026</b>	53 742
Tax	<b>(43 037)</b>	(30 236)	<b>3 852</b>	(2 306)
<b>Profit for the year</b>	<b>123 419</b>	92 040	<b>31 878</b>	51 436

**SENTRAAL-SUID CO-OPERATIVE LIMITED and its subsidiaries**  
**STATEMENT OF COMPREHENSIVE INCOME for the year ended 29 February 2016**  
**(continued)**

GROUP		CO-OPERATIVE	
2016	2015	2016	2015
R'000	R'000	R'000	R'000

**Other comprehensive income**

**Items that will not be reclassified to profit or loss**

Remeasurement of post-retirement medical benefits	206	64	95	26
Deferred tax on remeasurement of post-retirement medical benefits	(58)	(18)	(27)	(7)

**Items that will be reclassified to profit or loss**

Fair value adjustment of financial assets available for sale	(78 735)	194 252	(79 351)	194 940
Deferred tax on fair value adjustments	2 369	(37 429)	2 484	(37 558)
Comprehensive income in associate	(12 552)	27 988	–	–

**Total comprehensive income for the year**

	<b>34 649</b>	276 897	<b>(44 921)</b>	208 837
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Profit attributable to:

Members	86 558	74 687	31 878	51 436
Non-controlling interest	36 861	17 353	–	–
	<b>123 419</b>	92 040	<b>31 878</b>	51 436

Total comprehensive income attributable to:

Members	(2 212)	259 544	(44 921)	208 837
Non-controlling interest	36 861	17 353	–	–
	<b>34 649</b>	276 897	<b>(44 921)</b>	208 837

# SENTRAAL-SUID KOÖPERASIE BEPERK en sy filiale

## KONTANTVLOEISTAAT vir die jaar geëindig 29 Februarie 2016

	GROEP		KOÖPERASIE	
	2016	2015	2016	2015
	R'000	R'000	R'000	R'000
<b>Kontantvloei uit bedryfsaktiwiteite</b>				
Kontant deur bedrywighede voortgebring/(benut)	<b>123 022</b>	85 973	<b>19 035</b>	(145)
Rente betaal	<b>(77 021)</b>	(66 227)	<b>(49 968)</b>	(45 212)
Belasting betaal	<b>(37 826)</b>	(31 458)	<b>(2 654)</b>	(654)
<b>Netto kontant gegeneer/(aangewend) in bedrywighede</b>	<b>8 175</b>	(11 712)	<b>(33 587)</b>	(46 011)
<b>Kontantvloei uit beleggingsaktiwiteite</b>				
Toevoeging tot eiendom, aanleg en toerusting	<b>(108 474)</b>	(102 175)	<b>(52 887)</b>	(50 336)
Toevoeging tot ontasbare bates	<b>(410)</b>	(746)	–	–
Opbrengs met verkoop van eiendom, aanleg en toerusting	<b>4 093</b>	2 230	<b>204</b>	917
Opbrengs met verkoop van nie-bedryfsbates	<b>14 250</b>	–	–	–
Aankope van aandele	<b>(2 244)</b>	(2 653)	<b>(2 243)</b>	–
Verkoop van aandele	–	1 597	–	55
Lenings aan filiale terugontvang	–	–	<b>4 671</b>	3 843
Lenings aan filiale gemaak	–	–	<b>(13 979)</b>	(5 602)
Belegging in gesamentlike onderneming	<b>(13 120)</b>	–	<b>(13 120)</b>	–
Lening aan gesamentlike onderneming terugontvang	<b>680</b>	64	<b>680</b>	64
Lening aan gesamentlike onderneming gemaak	<b>(380)</b>	–	<b>(380)</b>	–
Lening aan geassosieerde gemaak	<b>(471)</b>	(392)	–	–
Korttermynbelegging gemaak	<b>(3 606)</b>	–	<b>(3 606)</b>	–
Rente ontvang	<b>1 056</b>	1 892	<b>4 269</b>	5 580
Dividende ontvang	<b>8 382</b>	13 911	<b>39 825</b>	35 759
<b>Netto kontant aangewend in beleggingsaktiwiteite</b>	<b>(100 245)</b>	(86 272)	<b>(36 566)</b>	(9 720)

# SENTRAAL-SUID KOÖPERASIE BEPERK en sy filiale KONTANTVLOEISTAAT vir die jaar geëindig 28 Februarie 2014 (vervolg)

GROEP		KOÖPERASIE	
2016	2015	2016	2015
R'000	R'000	R'000	R'000

## Kontantvloei uit finansieringsaktiwiteite

Langtermynlenings aangegaan	<b>117 028</b>	107 649	<b>117 028</b>	107 649
Langtermynlenings terugbetaal	<b>(145 957)</b>	(27 480)	<b>(142 819)</b>	(18 837)
Korttermynlenings aangegaan	<b>158 466</b>	28 419	<b>91 355</b>	1 865
Korttermynlenings terugbetaal	<b>(15 091)</b>	–	–	(24 124)
Aandele ingetrek	<b>(124)</b>	(54)	<b>(124)</b>	(54)
Aandele uitgereik	<b>741</b>	920	<b>741</b>	920
Verkryging van belang in filiaal	<b>(538)</b>	(8 610)	–	–
Ledebelegfondse terugbetaal	<b>(12 913)</b>	(11 523)	<b>(14 047)</b>	(11 588)
Dividende betaal	<b>(495)</b>	(462)	–	–

## Netto kontant gegenereer deur finansieringsaktiwiteite

	<b>101 116</b>	88 859	<b>52 134</b>	55 831
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Toename/(afname) in kontant en kontantekwivalente	<b>9 045</b>	(9 126)	<b>(18 019)</b>	99
Kontant en kontantekwivalente aan begin van jaar	<b>7 950</b>	17 076	<b>6 907</b>	6 808

## Kontant en kontantekwivalente aan einde van jaar

	<b>16 995</b>	7 950	<b>(11 112)</b>	6 907
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# SENTRAAL-SUID CO-OPERATIVE LIMITED and its subsidiaries

## CASH FLOW STATEMENT for the year ended 29 February 2016

	GROUP		CO-OPERATIVE	
	2016	2015	2016	2015
	R'000	R'000	R'000	R'000
<b>Cash flow from operating activities</b>				
Cash generated from/(utilised in) activities	<b>123 022</b>	85 973	<b>19 035</b>	(145)
Interest paid	<b>(77 021)</b>	(66 227)	<b>(49 968)</b>	(45 212)
Taxation paid	<b>(37 826)</b>	(31 458)	<b>(2 654)</b>	(654)
<b>Net cash from/(utilised in) activities</b>	<b>8 175</b>	(11 712)	<b>(33 587)</b>	(46 011)
<b>Cash flow from investment activities</b>				
Addition to property, plant and equipment	<b>(108 474)</b>	(102 175)	<b>(52 887)</b>	(50 336)
Addition to intangible assets	<b>(410)</b>	(746)	–	–
Return on sale of property, plant and equipment	<b>4 093</b>	2 230	<b>204</b>	917
Return on sale of non-current assets	<b>14 250</b>	–	–	–
Purchase of shares	<b>(2 244)</b>	(2 653)	<b>(2 243)</b>	–
Sale of shares	–	1 597	–	55
Loans to subsidiaries received	–	–	<b>4 671</b>	3 843
Loans granted to subsidiaries	–	–	<b>(13 979)</b>	(5 602)
Investment in joint venture	<b>(13 120)</b>	–	<b>(13 120)</b>	–
Loan granted to joint venture received	<b>680</b>	64	<b>680</b>	64
Loan granted to joint venture	<b>(380)</b>	–	<b>(380)</b>	–
Loan granted to associate	<b>(471)</b>	(392)	–	–
Short-term investment made	<b>(3 606)</b>	–	<b>(3 606)</b>	–
Interest received	<b>1 056</b>	1 892	<b>4 269</b>	5 580
Dividends received	<b>8 382</b>	13 911	<b>39 825</b>	35 759
<b>Net cash utilised in investment activities</b>	<b>(100 245)</b>	(86 272)	<b>(36 566)</b>	(9 720)

**SENTRAAL-SUID CO-OPERATIVE LIMITED and its subsidiaries**  
**CASH FLOW STATEMENT for the year ended 29 February 2016**  
**(continued)**

	GROUP		CO-OPERATIVE	
	2016	2015	2016	2015
	R'000	R'000	R'000	R'000
<b>Cash flow from financing activities</b>				
Long-term loans obtained	<b>117 028</b>	107 649	<b>117 028</b>	107 649
Long-term loans repaid	<b>(145 957)</b>	(27 480)	<b>(142 819)</b>	(18 837)
Short-term loans obtained	<b>158 466</b>	28 419	<b>91 355</b>	1 865
Short-term loans repaid	<b>(15 091)</b>	–	–	(24 124)
Shares cancelled	<b>(124)</b>	(54)	<b>(124)</b>	(54)
Shares issued	<b>741</b>	920	<b>741</b>	920
Acquisition of interest in subsidiary	<b>(538)</b>	(8 610)	–	–
Members' interest funds repaid	<b>(12 913)</b>	(11 523)	<b>(14 047)</b>	(11 588)
Dividends paid	<b>(495)</b>	(462)	–	–
<b>Net cash from financing activities</b>	<b>101 116</b>	88 859	<b>52 134</b>	55 831
Increase/(decrease) in cash and cash equivalents	<b>9 045</b>	(9 126)	<b>(18 019)</b>	99
Cash and cash equivalents at beginning of the year	<b>7 950</b>	17 076	<b>6 907</b>	6 808
<b>Cash and cash equivalents at end of the year</b>	<b>16 995</b>	7 950	<b>(11 112)</b>	6 907

## **AANTEKENING**

### **1. Opstellingsgrondslag**

Die opgesomde gekonsolideerde finansiële state is opgestel vanuit die volledige geouditeerde gekonsolideerde finansiële state vir die jaar geëindig 29 Februarie 2016.

Hierdie opgesomde gekonsolideerde finansiële state vervat die gekonsolideerde en afsonderlike state van finansiële posisie en gekonsolideerde en afsonderlike state van omvattende inkomste en kontantvloeië soos vervat in die geouditeerde gekonsolideerde finansiële state, sonder enige aansuiwerings of samevoegings.

## **NOTE**

### **1. Basis of preparation**

The summary consolidated financial statements have been compiled from the full set of audited consolidated financial statements for the year ended 29 February 2016.

This summary consolidated financial statements comprise the consolidated and separate statements of financial position and consolidated and separate statements of comprehensive income and cash flows as derived from the audited consolidated financial statements, without any changes or off-setting.

# SENTRAAL-SUID KOÖPERASIE BEPERK en sy filiale FINANSIËLE BESTUURSOORSIG 2015 – 2016



## AGTERGROND

Die internasionale ekonomie is besig om deur 'n tydperk van onsekerheid te gaan, met volatiliteit wat dui op beleggers se toenemend ongemaklike verhouding met risiko. Fondse vloei al hoe meer tussen lande (beide ontwikkelend en ontwikkelend), bateklasse en individuele sekuriteite en word veral gedryf deur politiese, sosiale en regulatoriese faktore. Dieselfde faktore wat verlede jaar die markte beïnvloed het, blyk hierdie jaar steeds in spel te wees, maar nou net met meer binnegoed.

Laer groeiverwagtinge vanaf China druk steeds harde kommoditeitspryse laer, met mynbou wat hier aan die kortste ent trek. Grootse afleggings en mynsluitings het 'n wesenlike impak op die Suid-Afrikaanse ekonomie, met 'n gevolglike nasionale groeikoers wat sukkel om bo 1% te bly. Die verwagting van die werkersklas ten opsigte van werksgeleenthede en loonverhogings, tesame met die swak vooruitsigte vir die privaat sektor, blyk te dui op frustrasies in die onmiddellike toekoms.

Die moontlike kredietafgradering van Suid-Afrika is sekerlik reeds verdiskonteer in die wêreldmarkte, maar daar is altyd uitkomstes waarvoor nie voorsien kan word nie. Indien dit vrygespring kan word, kan 'n donker hoofstuk vir Suid-Afrika ongeskryf bly. Die afgradering is nie net die gevolg van verswakte groei nie, maar ook swak politieke leierskap en onverantwoordelike bestuur van die staatskas. Die nuutste begroting poog om laasgenoemde aan te spreek, maar dit is moontlik nie wesenlik genoeg van aard om 'n noemenswaardige effek te hê nie. Die verswakking van die Rand, veral na die gebeure van 9 Desember 2015, toe Nhlamhla Nene onverwags as Minister van Finansies vervang is, het 'n massiewe toename in die prys van ingevoerde goedere en kommoditeite tot gevolg gehad.

Die landbousektor het gebukkend gegaan onder een van die ergste droogtes in dekades, met slegs die Suid-Kaap en dele van die Oos-Kaap wat relatief gunstige landboujare ervaar het. Alhoewel wydverspreide reën in die laaste paar maande die rug van die droogte gebreek het, sal die effek nog vir 'n geruime tyd gevoel word, veral ten opsigte van die verlaagde opbrengste van gesaaides in die Noorde. Vir landbouers wat hul produkte kon lewer teen pryse wat aan internasionale markte gekoppel is, was die prentjie rooskleurig, met hoë sagtekommoditeitspryse wat die norm was en tans steeds is. Die verswakte Rand het hier mildelik bygedra tot hul inkomste.

Vooruitsigte dui tans op stabiele plaaslike koring- en garspryse, met nog 'n moontlike opwaartse aanpassing tot die invoertarif later in die jaar. Vooruitsigte vir van die ander landbousektore is soos volg:

- Die suiwelbedryf het 'n uiters uitdagende jaar beleef, met massiewe stygings in voerpryse wat baie melkerye gedwing het om hul deure te sluit. Die korttermyn-vooruitsigte lyk kommerwekkend, met geen indikasies van verlaging in voerkoste of wesenlike prysstygings in melkpryse op die horison nie.
- Die vrugte- en wynbedrywe het weereens goeie oeste ervaar, alhoewel haelskade weer in die Langkloof voorgekom het. Uitvoerpryse, gegewe die wisselkoers, was weereens uitstekend.
- Die volstruisbedryf het 'n goeie jaar agter die rug, gegewe die positiewe beweging van markpryse van die produkreeks. Ongelukkig het die verhoogde voerkoste hier ook 'n wesenlike negatiewe impak gehad. Voëlgetalle neem deurlopend toe, alhoewel dit vanaf 'n lae basis plaasvind.



- Vleispryse het die jaar (soos in verlede jaar) grotendeels onveranderd gebly. Wydverspreide droogtes is ervaar wat in die mediumtermyn druk op die aanbod van vleis kan plaas. Die moontlikheid vir hoër vleispryse kan dus nie geïgnoreer word nie.
- Die wolbedryf doen ook steeds goed, met die verswakking van die Rand wat hier wesenlike bydraes tot opbrengste gemaak het.
- Die groentebedryf het ook 'n tydperk van goeie pryse ervaar ten opsigte van die meeste kontantgewasse.

Die SSK Groep het, met die uitsondering van die finansiële impak van die silo-ineenstorting, 'n uitstekende finansiële jaar gehad. Op die entiteitsvlak was die R48 miljoen inkomstestaat-impak van die silo-ineenstorting, tesame met die daling van die Pioneer Foods Groep aandele se markwaarde, die grootste items.

Die bedryfsafdelings het goeie resultate gelewer. Die Graan-, Saad-, Versekering- en Handelsafdelings was almal winsgewend, met slegs die Meganisasie-afdeling wat in die huidige jaar 'n verlies gerealiseer het.

SSK het vir die sesde keer in die Koöperasie se geskiedenis oor surplusfondse beskik, wat gegewe die wesenlike kapitale uitbreidings van die laaste vier jaar noemenswaardig was. Alle korttermynfasiliteite was tydens dié periode ten volle afgelos.

Die inskakeling van Tuinroete Agri se bedrywighede by SSK het 'n wesenlike toename in ledetalle tot gevolg, met landbouers van die Tuinroete, Karoo en Oos-Kaap gebiede wat die voordele van lidmaatskap raaksien.

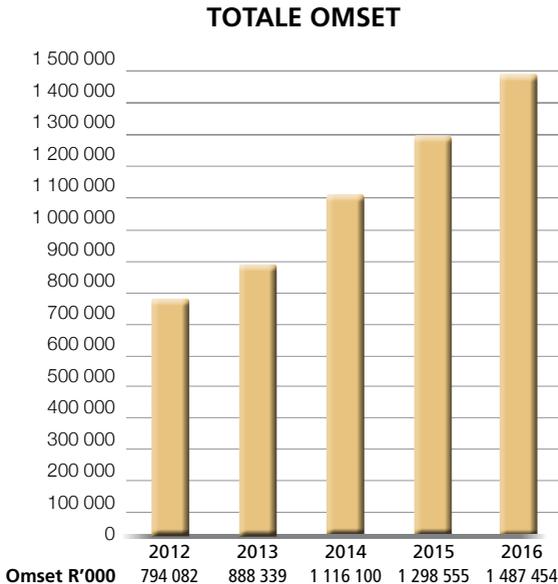
Die filiale, gesamentlike ondernemings en geassosieerde het goed presteer en almal was winsgewend. SSK het in die jaar onder oorsig 'n 50% belang bekom in Hessequa Abattoir. Hierdie volwasse besigheid bedryf 'n moderne slagpale in Riversdal. Na afloop van die finansiële jaareinde het SSK 'n 60% belang in Eureka Mills bekom. Hierdie besigheid vervaardig steengemaalde meel en verwante produkte vanuit hul meule en bakkery te Karringmelksrivier.

Die risiko bestaan dat 2016 onthou sal word as die jaar waarin die grootste katastrofiese gebeurtenis in SSK se bestaan plaasgevind het. Die impak hiervan is eerstehands ervaar en kan in SSK se resultate gesien word, met die gevolglike impak wat sekerlik ook vir 'n geruime tyd hierna gevoel sal word. Ons moet egter poog om 2016 te onthou vir die seëninge wat ons ontvang het, veral dat SSK se silo-personeel nie beseer is gedurende die ineenstorting nie. Afgesien van hierdie eenmalige items hierbo gelys, het SSK 'n rekordjaar beleef, met voortgesette vooruitgang op alle fronte. Ons is trots op wat verrig is, asook die passie waarmee dit uitgevoer is. SSK se Direksie, Bestuur en Personeel bly toegewyd tot die ondersteuning van ons Lede en hul onderskeie boerderye, en is dankbaar vir die ondersteuning wat ons Lede ons bied. Ons bly nederig dankbaar aan ons Hemelse Vader vir al die seëninge wat ons onverdienslik uit Sy hande ontvang het.



## TOTALE OMSET

Die totale omset met Lede en klante het toegeneem vanaf R1 298 554 991 in die 2015 finansiële jaar tot R1 487 454 258 in die 2016 finansiële jaar, 'n toename van ongeveer 15%. Die wesentliche toename in veral direkte bestellings, die verhoogde heelgoedere-verkope, sowel as die toename in graanverhandelingstransaksies is grootliks vir die styging verantwoordelik.



## NETTO INKOMSTE / VERDELING VAN SURPLUS

Die Koöperasie se bedrywighede het 'n netto inkomste voor belasting vir die jaar van R28 026 152 (2015 – R62 741 504) tot gevolg gehad. Ingesluit in hierdie syfers is 'n dividend van R28 000 000 van Tuinroete Agri vir beide finansiële jare, asook die eenmalige impak van die waardedaling van silobates en afskryf van canola-saad wat deur die silo-ineenstorting in Swellendam beskadig is. Die finansiële impak op verdienste het R48 048 992 bedra.

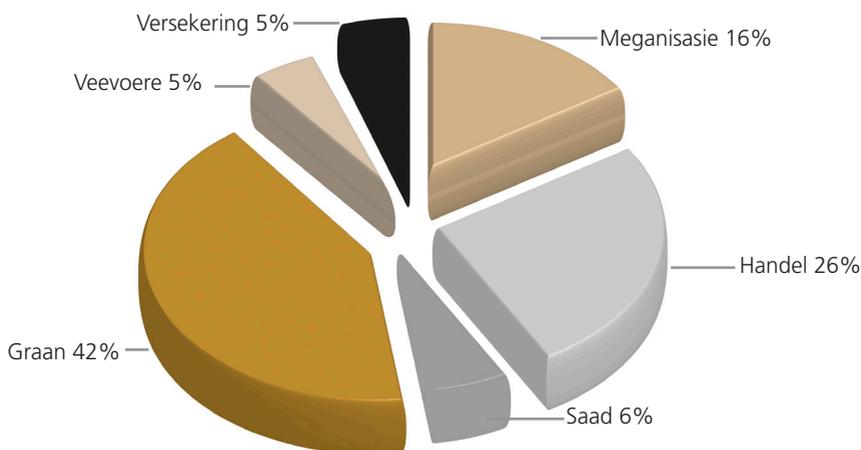
'n Gerealiseerde belastingverlies veroorsaak dat daar geen inkomstebelasting betaalbaar is nie (2015 – R1 294 269). Die afname in die voorsiening vir uitgestelde belasting beloop R3 852 311 (2015 – R1 011 248 toename). Die netto inkomste na belasting, maar voor bonusse, beloop dus R31 878 462 (2015 – R 60 435 988). Die belastingverlies het tot gevolg dat geen bonusse in die huidige jaar verklaar kan word nie.

## BEDRYFSREKENINGE

	2016			2015			Toename/ (afname) in omset %	Toename/ (afname) in bruto wins %
	Omset R	Bruto wins R	Bruto wins %	Omset R	Bruto wins R	Bruto wins %		
Werkswinkels en Elektriesiteit	24 766 206	15 444 823	62.36%	27 117 080	17 676 463	65.19%	(8.67%)	(12.62%)
Versekering en Dienste	8 733 367	8 733 291	100.00%	3 350 370	3 350 370	100%	160.67%	160.67%
Handel	901 643 552	47 174 264	5.23%	779 407 703	44 128 987	5.66%	15.68%	6.90%
Meganisasie Bemarking	143 340 187	7 601 334	5.30%	142 325 640	8 832 232	6.21%	0.71%	(13.94%)
Onderdele	31 746 394	5 497 007	17.32%	29 060 214	5 308 106	18.27%	9.24%	3.56%
Saad	65 986 984	11 681 326	17.70%	52 222 414	10 675 826	20.44%	26.36%	9.42%
Graan	245 126 655	75 371 643	30.75%	264 890 141	55 325 907	20.89%	(7.46%)	36.23%
Veevoere	66 005 369	9 195 856	13.93%	N.v.t.	N.v.t.	N.v.t.	N.v.t.	N.v.t.
Administrasie en ander Dienste	105 546	5 327	N.v.t.	181 430	34 981	N.v.t.	N.v.t.	N.v.t.
	<b>1 487 454 260</b>	<b>180 704 871</b>	<b>12.15%</b>	<b>1 298 554 992</b>	<b>145 332 872</b>	<b>11.19%</b>		

## BRUTO WINS PER DOELSTELLING

Die verhouding van bruto wins per doelstelling tot die totale bruto wins ten bedrae van R180 704 871 (2015 – R145 332 873) (administrasie en ander dienste se bruto wins is hierby uitgesluit) is soos volg:





## TOTALE UITGAWES

Totale uitgawes (administratiewe en bedryfsuitgawes) het in die jaar onder oorsig met 13% gestyg, grootliks te danke aan die verhoogde koste verbonde aan bedryfshure, kommissie betaal, rekenaar uitgawes, waardevermindering en personeelkoste. Die enigste uitgawe-item waar 'n wesenlike verlagings in koste ervaar is, is brandstof vir graandroërs.

## WAARDETOEVOEGING TOT BELANGHEBBENDES

		2016	2015	
	%	R	R	%
Omset		1 487 454 258	1 298 554 991	
Netto kosprys van produkte en dienste		(1 259 890 138)	(1 056 996 149)	
<b>Waarde toegevoeg</b>		<b>227 564 120</b>	241 558 842	
Soos volg aangewend:				
Werknemers	37.08	84 370 414	73 883 465	30.59
Lone/Salarisse	33.77	76 844 278	67 119 363	27.79
Aansporingsbonus	3.35	7 621 136	6 790 102	2.81
Na-aftrede mediese koste	-0.04	(95 000)	(26 000)	-0.01
Kapitaalverskaffers	21.96	49 967 742	47 011 921	19.46
Rente	21.96	49 967 742	45 211 921	18.72
Bonusse uitbetaal	0.00	–	1 800 000	0.75
Toevoeging van bates	23.24	52 886 540	50 336 727	20.84
Waardevermindering	5.38	12 244 873	9 366 504	3.88
Herbelê in besigheid	14.04	31 946 862	58 654 708	24.28
Reserwes	14.04	31 946 862	51 454 708	21.30
Bonusse uitgestel	0.00	–	7 200 000	2.98
Inkomstebelasting	-1.69	(3 852 311)	2 305 517	0.95
		<b>227 564 120</b>	241 558 842	

## DEBITEURE

Oorlaatskulde het marginaal afgeneem tot R59 260 964 (2015 – R59 618 808), maar is gegee die wesenlike groei in die debiteureboek gerusstelend. Daar is vanjaar debiteure ten bedrae van R51 445 (2015 – R65 902) afgeskryf as oninbaar. Die totale voorsiening vir twyfelagtige skulde was

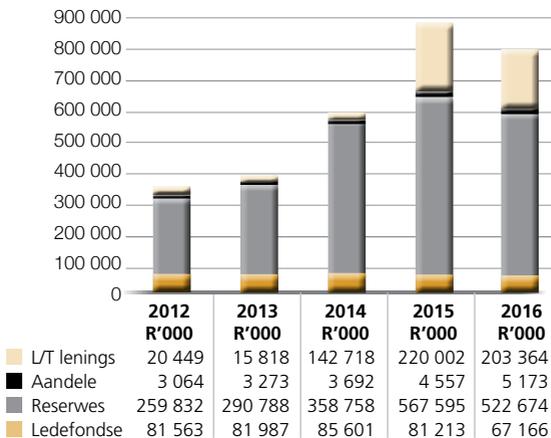
op jaareinde R448 096 (2015 – R469 452). Hierdie uitstekende syfers is noemenswaardig gegewe die omvang van die debiteureboek.

### BELANGRIKE FINANSIËLE VERHOUDINGS

Die volgende verhoudings is belangrike maatstawwe waarmee die finansiële toestand gemeet kan word:

	Norm	2016	2015
<b>Eie kapitaal:</b>			
Aangesuiwerde totale bates	30% (min)	<b>44</b>	52
<b>Ledebelang:</b>			
Aangesuiwerde totale bates	50% (min)	<b>50</b>	60
<b>Langtermynkapitaal:</b>			
Langtermynbates + 50% van aangesuiwerde bedryfsbates	100%	<b>68</b>	68
<b>Rentedraend:</b>			
Rentevrye finansiering	50% (maks)	<b>17.2</b>	20.2
Bedryfskapitaal	2:1	<b>0.94</b>	0.98

### KAPITAALBRONNE



## FILIALE

Die prestasie van die filiaalmaatskappye (direkte en indirekte belang), twee gesamentlike onderne-  
mings en 'n geassosieerde maatskappy vir die jaar onder oorsig, is soos volg:

	2016		
	Omset	Bruto wins	Netto wins
Blinkbeleg Vyftien (Edms) Bpk	56 746 768	4 758 219	247 727
Riparian Investment Consortium 1 (Edms) Bpk	–	–	(34 992 663)
Sentraal-Suid Beleggings (Edms) Bpk	50 000	50 000	6 783
Softlutions (Edms) Bpk	2 649 646	2 649 646	355 570
Southern Oil (Edms) Bpk	973 273 301	229 818 644	94 703 030
SSK Vervaardigers (Edms) Bpk	49 140 413	1 123 530	663 773
Swellen Mark (Edms) Bpk	9 089 733	9 089 733	458 200
Technifarm (Edms) Bpk	14 272 575	4 666 295	1 228 760
Tuinroete Agri (Edms) Bpk	730 136 134	87 850 874	28 366 709

	2015		
	Omset	Bruto wins	Netto wins
Blinkbeleg Vyftien (Edms) Bpk	47 596 518	4 285 234	182 427
Riparian Investment Consortium 1 (Edms) Bpk	–	–	69 352 079
Sentraal-Suid Beleggings (Edms) Bpk	58 500	58 500	11 143
Softlutions (Edms) Bpk	1 675 200	1 675 200	(239 005)
Southern Oil (Edms) Bpk	818 563 471	141 334 618	44 789 580
SSK Vervaardigers (Edms) Bpk	107 240 123	4 171 296	648 382
Swellen Mark (Edms) Bpk	8 763 931	8 763 931	34 202
Technifarm (Edms) Bpk	12 678 778	3 362 540	236 648
Tuinroete Agri (Edms) Bpk	697 389 239	82 378 028	14 566 774



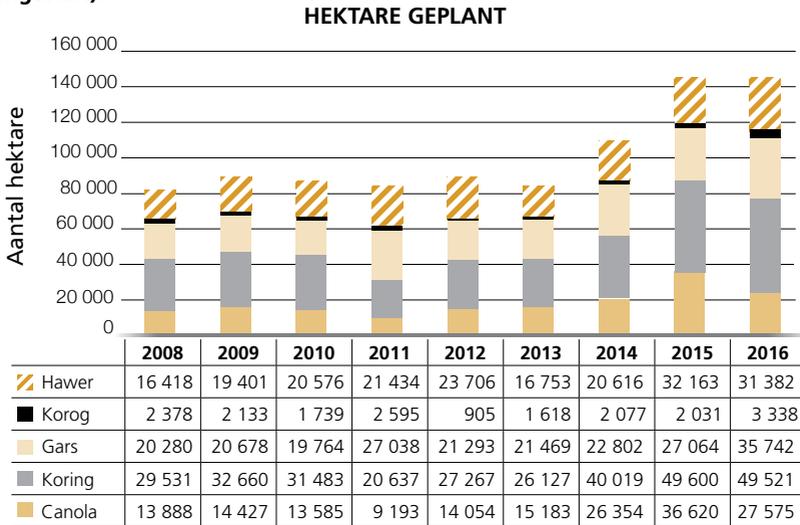
## GRAAN

Graanaanplantings in die 2016 finansiële jaar was weereens uitsonderlik en veral moutgarsaanplantings het drasties toegeneem teenoor die langtermyn gemiddelde, sowel as die vorige produksiejaar. Canola-aanplantings daarenteen het egter weselik afgeneem.

Dit was nie 'n besondere hoë reënvaljaar nie, maar koring- en garsopbrengste was nog steeds redelik tot goed. Canola-opbrengste was egter onder-gemiddeld oor die grootste gedeelte van ons bedieningsgebied.

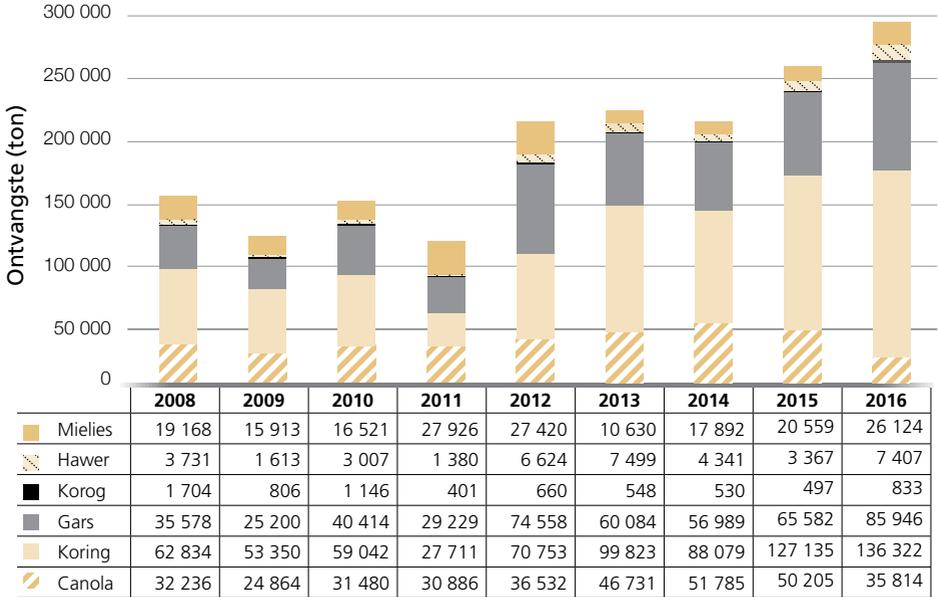
Die kleingraan en canola ontvang was oorwegend van 'n baie goeie gehalte en baie min kwaliteitsprobleme het in oestyd voorgekom.

## Hektare in SSK bedieningsgebied gesaai/geplant (vanaf 2015 word Riversdal, Albertinia en Herold ingesluit).



**Graanontvangste in SSK Silo's (vanaf 2015 word Riversdal, Albertinia en Herold ingesluit).**

**GRAANONTVANGSTES**



Graanlewering was van so 'n omvang dat SSK se opbergingsfasiliteite weer baie goed benut is. Saam met uitsonderlike groot oordragvoorraad voortspruitend uit die voorafgaande goeie oesjare, het dit groot druk op sekere gebiede se silokapasiteit geplaas.

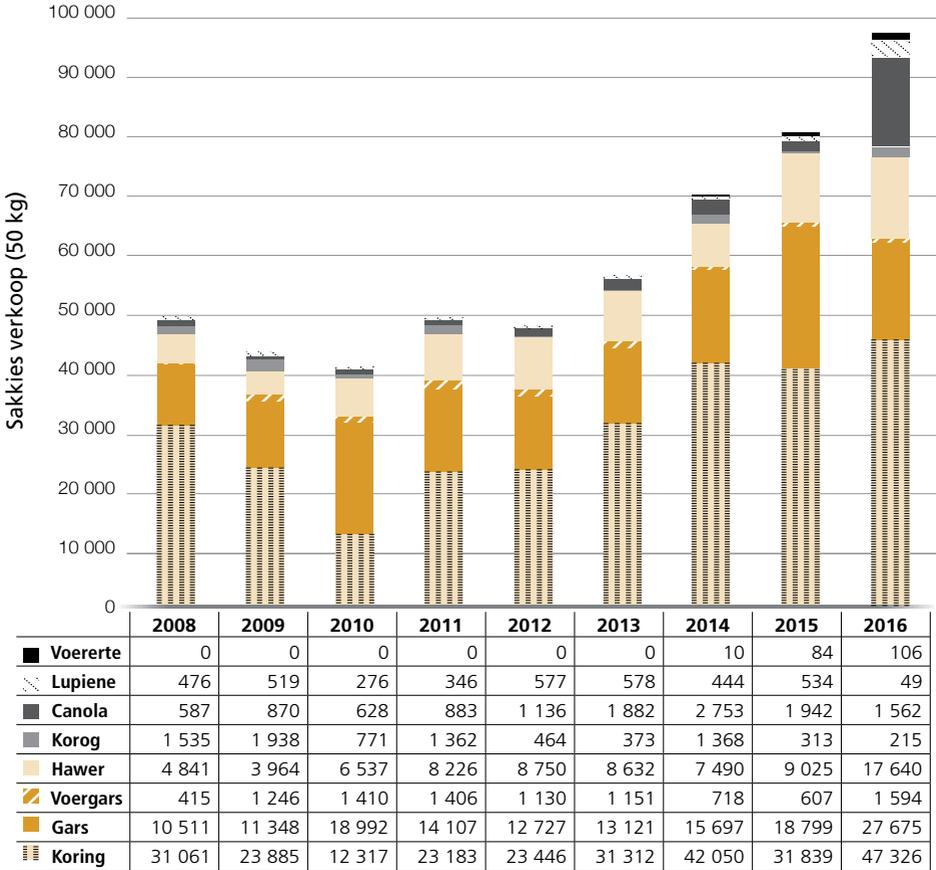
Ten spyte van deurlopende uitbreidings in SSK se silokapasiteit moes sowat 59 000 ton (2015 – 28 000 ton) graan in silosakke op Swellendam, Heidelberg en Ashton opgeberg word. Heelwat koring is ook by wyse van verskeie surplusverwyderingskemas tussen silo's verskuif om silokapasiteit optimaal te benut en lewering vir produsente by hul naaste SSK-silo moontlik te maak.

Die meeste van die mielies is ook nie plaaslik geproduseer nie en deur SSK aangekoop en opgeberg vir verwerking deur SSK Veevoer Vervaardigers.



**SAAD**

**SAADVERKOPE**



SSK se saadverkope gaan van krag tot krag. Lae tariewe/pryse en goeie kwaliteit saad verseker ondersteuning van kliënte oor 'n wye front en 'n beduidende deel van die afdeling se omset is deesdae van buite SSK se normale bedieningsgebied.



## **TOEKOMSBLIK**

Daar heers groot onsekerheid oor hoe die omgewing gaan lyk waarin die kommersiële landbou in die volgende paar jaar besigheid gaan doen. Die voorspelling is dat daar nog baie konsolidasies in die landbou gaan plaasvind, met veral landboubesighede wat gaan saamsmelt en saamwerk met die doel om die aanbodketting en infrastruktuur beter te kan diens. Verder word produksie-eenhede al groter in 'n poging om die eenheidskoste te verlaag om internasionaal te kan meeding.

Die debat oor grondhervorming en grondkwessies sal nie opgelos word solank die regering teen die stroom van internasionale werklikhede probeer swem nie. Die realiteit is dat eienaarskap van grond nie welvaart skep nie. Welvaart word eers geskep as die grond produktief aangewend word.

SSK sal in hierdie tye van onsekerheid ook moet besin wat sy strategie gaan wees gegewe sy eie sterk en swak punte en met inagneming van die aspekte waaroor daar sekerheid is. SSK sal ook die regte besigheidsvennote moet kies en verder deelneem aan die aanbodketting. Nuwe tegnologie sal voortdurend ondersoek moet word, produktiwiteit sal verder moet verhoog en Bestuur sal aanpasbaar moet bly.

SSK se betrokkenheid by sy filiale en geassosieerde is die gevolg van 'n voortgesette ingesteldheid om besighede in die streeksgebaseerde landbouwaardeketting op te rig. SSK se nuutste beleggings in Hessequa Abattoir en Eureka Meulens bied groot uitdagings en geleenthede in dié verband.

SSK as organisasie is nederig dankbaar teenoor ons Hemelse Vader vir al die seëninge wat ons uit Sy hand ontvang en ons sien met vertroue uit na die komende jaar.

# SENTRAAL-SUID CO-OPERATIVE LIMITED and its subsidiaries

## FINANCIAL MANAGEMENT REVIEW 2015 – 2016



### BACKGROUND

The global economy is going through a period of uncertainty, with the levels of volatility indicating investors' increasingly uneasy relationship with risk. Funds are flowing freely between countries (both developed and developing), asset classes and individual securities, driven mostly by political, social and regulatory factors. These same factors that affected the markets last year seem to be in play this year, albeit with more gusto.

Lower growth expectations from China are pushing hard commodity prices lower, with mining getting the short end of the straw. Mass layoffs and mine shutdowns have materially impacted on the South African economy, with a national growth rate that is struggling to stay above 1%. The expectations of the working class in terms of job opportunities and wage increases, coupled with the poor outlook for the private sector, seem to indicate frustration in the immediate future.

The possible credit downgrade of South Africa is most likely already priced into the world markets, but there are always outcomes that cannot be provided for. If it can be avoided, a dark chapter for South Africa could possibly remain unwritten. The possible downgrade is due not only to sluggish growth, but also to weak political leadership and irresponsible management of the public purse. The latest budget seeks to address the latter, but it may not be significant enough in nature to have a material effect. The weakening of the Rand, especially after the events of December 9, 2015, when Nhlanhla Nene was unexpectedly replaced as Minister of Finance, has led to a massive increase in the prices of imported goods and commodities.

The agricultural sector experienced one of the worst droughts in decades, with only the Southern Cape and parts of the Eastern Cape experiencing relatively favourable climatic conditions. Although widespread rain in the last few months has broken the drought, the effect will still be felt for some time, especially with regard to the reduced yields of crops in the North. For farmers who could sell their products at prices which are linked to international markets, the picture was, however, more rosy with high soft commodity prices being the norm. The weakened Rand generously contributed here to their income.

Forecasts currently indicate stable domestic wheat and barley prices, with yet another possible upward adjustment to the import tariff later in the year a possibility. Prospects for the other agricultural sectors are as follows:

- The dairy industry has had a very challenging year, with massive increases in feed prices having forced many dairies to close their doors. The short-term outlook is worrying, with no indications of reductions in feed costs or substantial price increases for milk on the horizon.
- The fruit and wine industries have again experienced good harvests, although hail occurred in the Langkloof. Export prices, given the exchange rate, were again excellent and are forecast to persist.



- The ostrich industry experienced a good year, given the positive movement of market prices of the product ranges. Unfortunately, the increased feed costs also had a significant negative impact here. Bird numbers are continually increasing, albeit from a low base.
- Meat prices have remained relatively unchanged this year (as was the case last year). The widespread droughts can, however, definitely place medium-term pressure on the supply of meat. The possibility of higher meat prices can therefore not be ignored.
- The wool and mohair industries did well, with the weakening of the Rand making a significant contribution to returns.
- The vegetable industry experienced a period of good prices in respect of most cash crops.

With the exception of the financial impact of the silo collapse, the SSK Group had an excellent financial year. On the entity level the R48 million income statement impact of the silo collapse, coupled with the decline of the Pioneer Foods Group shares' market value, were the biggest items.

The operating divisions realised good results, with the Grain, Seed, Insurance and Retail Divisions all being profitable. The Mechanisation division realised a loss in the current year.

For the sixth time in the Co-operative's history, surplus funds were available, which, given the large-scale capital expansion of the last four years, was largely unexpected. All short-term facilities were redeemed during this period.

The integration of Tuinroete Agri's operations within SSK is leading to a significant increase in membership numbers. This is a consequence of farmers of the Garden Route, Karoo and Eastern Cape areas seeing the benefits of membership.

The subsidiaries, joint ventures and associate performed well and they were all profitable. SSK gained a 50% interest in Hessequa Abattoir during the year. This mature business operates a modern abattoir in Riversdale. After the financial year-end SSK acquired a 60% interest in Eureka Mills. This business produces stone-ground flour and related products from their mill and bakery in Karringmelksrivier.

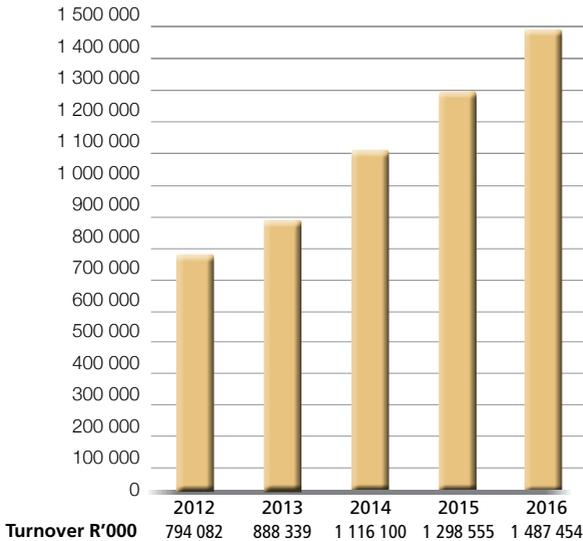
The risk exists that 2016 will be remembered as the year in which the largest catastrophic event in SSK's existence occurred. The impact was experienced firsthand and can be seen in SSK's results. The consequential impact will certainly still be felt for some time. We should, however, try to remember 2016 for the blessings we received, especially that none of our silo personnel were injured during the collapse. Apart from these one-time items listed above, SSK had a record year, with continued progress on all fronts. We are proud of what was achieved, especially the passion with which it was executed. SSK's Board of Directors, Management and Staff remain committed to the support of our Members and their respective farming operations and are grateful for the support our Members offer us. We remain very grateful to our Heavenly Father for all the blessings we have received so undeservingly from His hands.



## TOTAL TURNOVER

The total turnover with Members and customers increased from R1 298 554 991 in the 2015 financial year to R1 487 454 258 in the 2016 financial year. This represents an increase of approximately 15%. The significant increase was mainly attributable to an increase in especially direct orders, machinery sales, as well as grain trading transactions.

## TOTAL TURNOVER



## NET INCOME / APPROPRIATION OF SURPLUS

The Co-operative's operations resulted in a net income before tax for the year of R28 026 152 (2015 – R62 741 504). Included in this figure is a dividend of R28 000 000 from Tuinroete Agri in both of the financial years, as well as the once-off impact of the impairment of silo assets and write-off of canola seed that was damaged by the silo collapse in Swellendam. The financial impact on earnings amounted to R48 048 992 in the current year.

A realised tax loss led to no taxation (2015 – R1 294 269) being payable in respect of the current financial year. The decrease in the provision for deferred taxation amounted to R3 852 311 (2015 – R1 011 248 increase). The net income after taxation, but before bonuses, was therefore R31 878 462 (2015 – R60 435 988). The tax loss prevents the Co-operative from declaring a bonus in the current year.

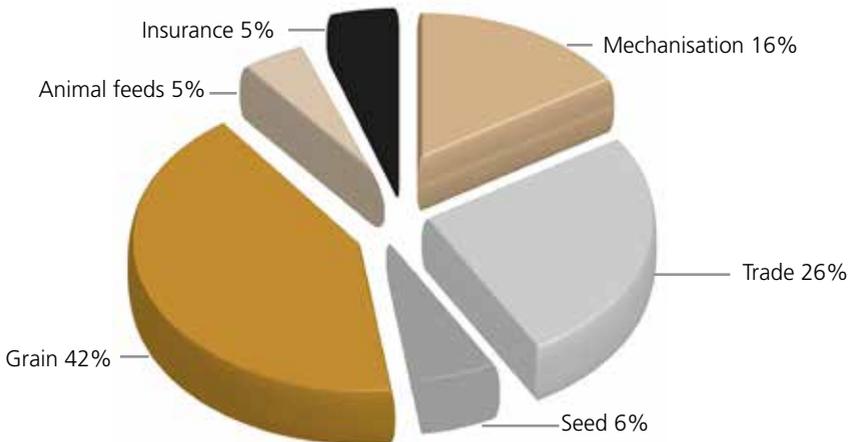


## OPERATIONAL ACCOUNTS

	2016			2015			Increase/ (decrease) in turn- over %	Increase/ (decrease) in gross profit %
	Turnover R	Gross profit R	Gross profit %	Turnover R	Gross profit R	Gross profit %		
Workshops and Electricity	24 766 206	15 444 823	62.36%	27 117 080	17 676 463	65.19%	(8.67%)	(12.62%)
Insurance and Services	8 733 367	8 733 291	100.00%	3 350 370	3 350 370	100%	160.67%	160.67%
Trade	901 643 552	47 174 264	5.23%	779 407 703	44 128 987	5.66%	15.68%	6.90%
Mechanisation Marketing	143 340 187	7 601 334	5.30%	142 325 640	8 832 232	6.21%	0.71%	(13.94%)
Spares	31 746 394	5 497 007	17.32%	29 060 214	5 308 106	18.27%	9.24%	3.56%
Seed	65 986 984	11 681 326	17.70%	52 222 414	10 675 826	20.44%	26.36%	9.42%
Grain	245 126 655	75 371 643	30.75%	264 890 141	55 325 907	20.89%	(7.46%)	36.23%
Animal Feeds	66 005 369	9 195 856	13.93%	N/a	N/a	N/a	N/a	N/a
Administration & other Services	105 546	5 327	N/a	181 430	34 981	N/a	N/a	N/a
	<b>1 487 454 260</b>	<b>180 704 871</b>	<b>12.15%</b>	<b>1 298 554 992</b>	<b>145 332 872</b>	<b>11.19%</b>		

## GROSS PROFIT PER DIVISION

The ratio of gross profit per division to the total gross profit in the amount of R180 704 871 (2015 – R145 332 873) (excluding the gross profit of administration and other services) was as follows:



## TOTAL EXPENDITURE

Total expenditure has increased by 13% in the year under review, mainly due to the increased costs involved in operating leases, commission paid, computer expenses, depreciation and personnel costs. The only expense experiencing a substantial decrease was fuel for grain driers.

## VALUE ADDED TO STAKEHOLDERS

	%	2016 R	2015 R	%
Turnover		<b>1 487 454 258</b>	1 298 554 991	
Net cost price of products and services		<b>(1 259 890 138)</b>	(1 056 996 149)	
<b>Value added</b>		<b><u>227 564 120</u></b>	<u>241 558 842</u>	
Utilised as follows:				
Employees	37.08	<b>84 370 414</b>	73 883 465	30.59
Wages/Salaries	33.77	<b>76 844 278</b>	67 119 363	27.79
Incentive bonus	3.35	<b>7 621 136</b>	6 790 102	2.81
Post-retirement medical cost	-0.04	<b>(95 000)</b>	(26 000)	-0.01
Capital providers	21.96	<b>49 967 742</b>	47 011 921	19.46
Interest	21.96	<b>49 967 742</b>	45 211 921	18.72
Bonuses paid out	0.00	–	1 800 000	0.75
Addition of assets	23.24	<b>52 886 540</b>	50 336 727	20.84
Depreciation	5.38	<b>12 244 873</b>	9 366 504	3.88
Re-invested in business	14.04	<b>31 946 862</b>	58 654 708	24.28
Reserves	14.04	<b>31 946 862</b>	51 454 708	21.30
Deferred bonuses	0.00	–	7 200 000	2.98
Income tax	-1.69	<b>(3 852 311)</b>	2 305 517	0.95
		<b><u>227 564 120</u></b>	<u>241 558 842</u>	

## DEBTORS

Carry-over debt has decreased marginally to R59 260 964 (2015 – R59 618 808). This decrease is comforting, considering the growth in the credit granted during the current financial year. Bad debt in the amount of R51 445 (2015 – R65 902) was written off this year. The total provision for doubtful debt was R448 096 (2015 – R469 452) at year-end. These excellent figures are significant given the size of the debtors book.



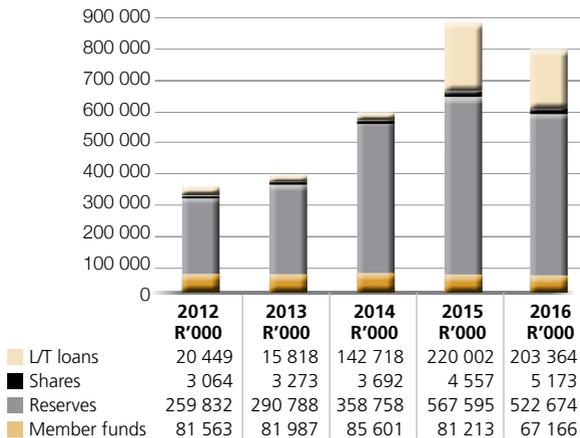
## IMPORTANT FINANCIAL RATIOS

The following ratios are important measurements with which the financial condition can be measured:

	Norm	2016	2015
Own capital:			
Adjusted total assets	30% (min)	<b>44</b>	52
Members' interest:			
Adjusted total assets	50% (min)	<b>50</b>	60
Long-term capital:			
Long-term assets + 50% of adjusted current assets	100%	<b>68</b>	68
Interest-bearing:			
Interest-free financing	50% (max)	<b>17.2</b>	20.2
Operating capital	2:1	<b>0.94</b>	0.98

## CAPITAL SOURCES

### SOURCES OF CAPITAL



## SUBSIDIARIES

The performance of the subsidiary companies (direct and indirect interest), two joint ventures and an associated company, for the year under review was as follows:

	2016		
	Turnover	Gross profit	Net profit
Blinkbeleg Vyftien (Pty) Ltd	56 746 768	4 758 219	247 727
Riparian Investment Consortium 1 (Pty) Ltd	–	–	(34 992 663)
Sentraal-Suid Beleggings (Pty) Ltd	50 000	50 000	6 783
Softlutions (Pty) Ltd	2 649 646	2 649 646	355 570
Southern Oil (Pty) Ltd	973 273 301	229 818 644	94 703 030
SSK Vervaardigers (Pty) Ltd	49 140 413	1 123 530	663 773
Swellen Mark (Pty) Ltd	9 089 733	9 089 733	458 200
Technifarm (Pty) Ltd	14 272 575	4 666 295	1 228 760
Tuinroete Agri (Pty) Ltd	730 136 134	87 850 874	28 366 709

	2015		
	Turnover	Gross profit	Net profit
Blinkbeleg Vyftien (Pty) Ltd	47 596 518	4 285 234	182 427
Riparian Investment Consortium 1 (Pty) Ltd	–	–	69 352 079
Sentraal-Suid Beleggings (Pty) Ltd	58 500	58 500	11 143
Softlutions (Pty) Ltd	1 675 200	1 675 200	(239 005)
Southern Oil (Pty) Ltd	818 563 471	141 334 618	44 789 580
SSK Vervaardigers (Pty) Ltd	107 240 123	4 171 296	648 382
Swellen Mark (Pty) Ltd	8 763 931	8 763 931	34 202
Technifarm (Pty) Ltd	12 678 778	3 362 540	236 648
Tuinroete Agri (Pty) Ltd	697 389 239	82 378 028	14 566 774



## GRAIN

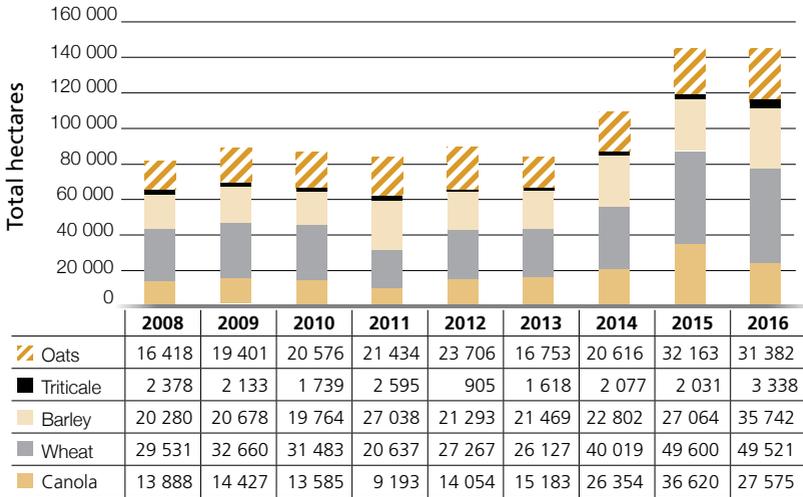
Grain crop yields in the 2016 financial year were once again exceptional, especially barley wheat, where crops have increased significantly compared to the long-term averages, as well as the previous harvest. Canola plantings, on the other hand, declined significantly.

It was not a particularly high rainfall year, but wheat and barley yields were still fair to good. Canola yields, however, were below average across much of our service area.

The small grain and canola received were mostly of very good quality and very few quality problems occurred during the harvest.

### Hectares sowed/planted in SSK's service area (since 2015 Riversdale, Albertinia and Herold are included)

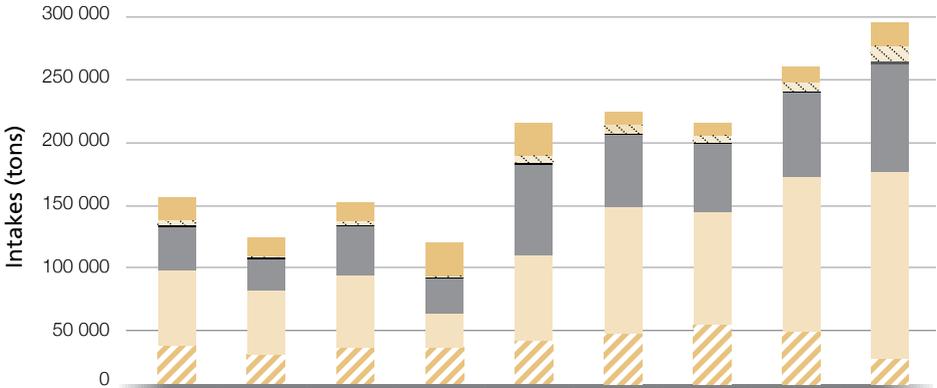
HECTARES PLANTED





**Grain intake in SSK’s Silos (Since 2015 includes Riversdale, Albertinia, Herold and Krombekrivier are included)**

**GRAIN INTAKES**



	2008	2009	2010	2011	2012	2013	2014	2015	2016
Maize	19 168	15 913	16 521	27 926	27 420	10 630	17 892	20 559	26 124
Oats	3 731	1 613	3 007	1 380	6 624	7 499	4 341	3 367	7 407
Triticale	1 704	806	1 146	401	660	548	530	497	833
Barley	35 578	25 200	40 414	29 229	74 558	60 084	56 989	65 582	85 946
Wheat	62 834	53 350	59 042	27 711	70 753	99 823	88 079	127 135	136 322
Canola	32 236	24 864	31 480	30 886	36 532	46 731	51 785	50 205	35 814

Grain yields were of such a magnitude that SSK’s storage facilities were once again very well utilised. Together with significant stored grain carried over from the previous above average harvests, it put enormous pressure on silo capacity in certain areas.

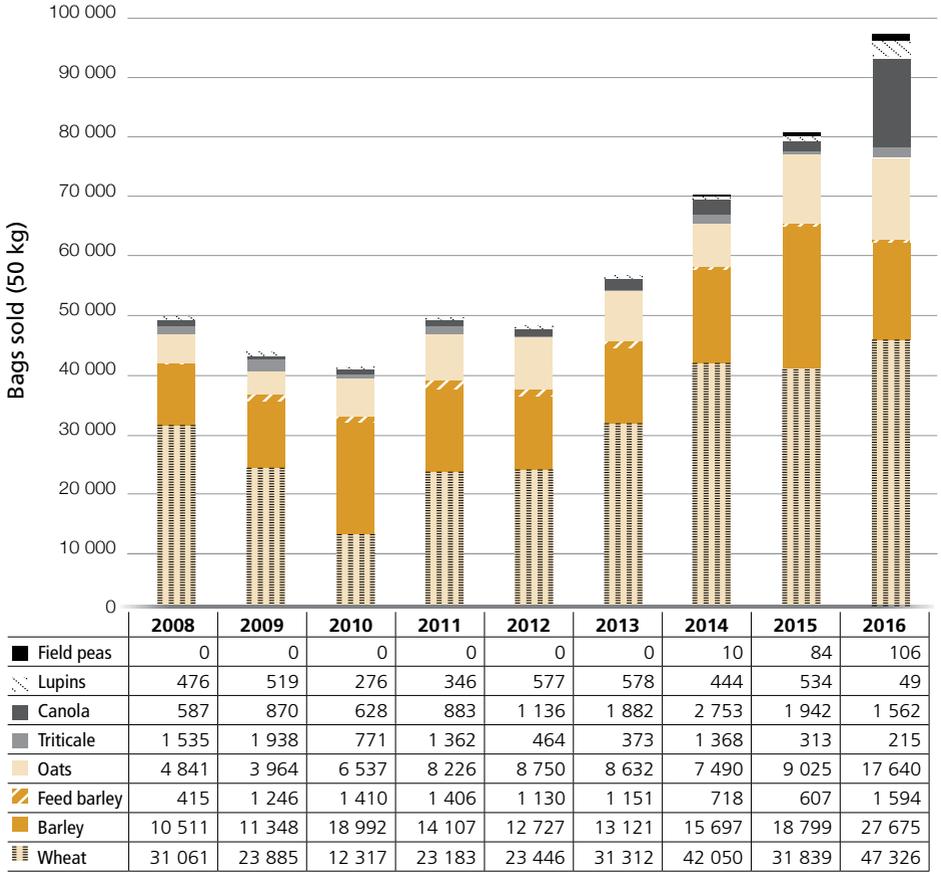
Despite ongoing expansions in SSK’s silo capacity, about 59 000 tonnes (2015 – 28 000 tonnes) of grain was stored in silo bags in Swellendam, Heidelberg and Ashton. Large quantities of wheat was shifted between storage facilities through various surplus removal schemes. This was done to utilise silo capacity optimally and to enable producers to deliver their commodity at their nearest SSK silo.

The majority of the maize received was not locally produced, but was purchased by SSK and stored for processing by SSK Veevoer Vervaardigers.



**SEED**

**SEED SALES**



SSK's seed sales is showing strong growth. Low rates and prices, coupled with good quality seed, ensure support from customers across a broad front. A significant part of the division's revenue is now derived from customers outside of SSK's normal service area.



## **FUTURE VIEW**

There is great uncertainty about how the environment will look in which commercial agriculture will be doing business over the next few years. The consensus is that more consolidation will take place, with agricultural businesses that will merge and work together for the purpose of servicing the supply chain and infrastructure better. In addition, farming units will increase in size in an attempt to reduce the unit cost to compete internationally.

The debate on land reform and land issues will not be solved as long as the government tries to swim against the current of international realities. The reality is that land ownership does not create wealth. Wealth is only created if the land is used productively.

SSK will, in these times of uncertainty, also have to consider what will be its strategy given its own strengths and weaknesses. SSK will continue to choose the right business partners and participate in the supply chain. New technologies will have to be examined constantly, productivity will have to be increased and Management will have to remain flexible.

SSK's involvement in its subsidiaries and associate is the result of an ongoing approach to set up businesses in the regional-based agricultural value chain. SSK's latest investments in Hessequa Abattoir and Eureka Mills offer great challenges and opportunities in this regard.

SSK as an organisation is very grateful to our Heavenly Father for all the blessings we receive from His hand and we confidently look forward to the coming year.