



**SSK**

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

**JAARVERSLAG 2017 ANNUAL REPORT**

### **Uitnodiging**

*U word hartlik uitgenooi na die Algemene Jaarvergadering van SSK op Vrydag, 28 Julie 2017, om 10h30, in die Gemeenskapsaal (Swellendam Skougroonde). 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 28 July 2017, at 10h30, in the Community Hall (Swellendam Show Grounds). Light refreshments will be served from 10h00. You are invited to join us for lunch after the meeting.*

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## **AJV: KENNISGEWING AAN LEDE** **AGM: NOTICE TO MEMBERS**

Kennis geskied hiermee dat die Algemene Jaarvergadering van SSK op Vrydag 28 Julie 2017, om 10h30, in die Gemeenskapsaal (Swellendam Skougronde) gehou sal word.

Notice is hereby given that the Annual General Meeting of SSK will be held on Friday 28 July 2017, at 10h30, in the Community Hall (Swellendam Showgrounds).

### **SAKELYS / AGENDA**

- 1 Opening
- 2 Verwelkoming deur Voorsitter / Welcoming by Chairperson
- 3 Konstituering / Constitution
- 4 Roubeklag / Motion of Condolence
- 5 Goedkeuring van Notule van die Algemene Jaarvergadering 2016  
Approval of the Minutes of the Annual General Meeting 2016
- 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
- 10 Spesiale Besluite / Special Resolutions



**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 Pelsler – Hoofbestuurder en Hoof Uitvoerende Beampte  
– General Manager and Chief Executive Officer  
J E de V van Veen – Hoofbestuurder: Administrasie en Finansies  
– General Manager: Administration and Finance  
C H de Beer – Hoofbestuurder: Bedrywe  
– General Manager: Operations  
O J Badenhorst – Hoofbestuurder: Bedrywe (Handel)  
– General Manager: Operations (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 BPK 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 gekonsolideerde en afsonderlike finansiële state van Sentraal-Suid Koöperasie Bpk. Die gekonsolideerde en afsonderlike 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 gekonsolideerde en afsonderlike 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 gekonsolideerde en afsonderlike 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 wesentlike 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 gekonsolideerde en afsonderlike 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 gekonsolideerde en afsonderlike finansiële state is geouditeer deur die onafhanklike ouditeure, PricewaterhouseCoopers Geïnkorporeer, wat onbepaalde 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 en afsonderlike finansiële state, word aangebied op bladsy 8.

Die gekonsolideerde en afsonderlike finansiële state, soos opgesom, soos uiteengesit op bladsye 10 tot 31 is deur die Direkteure goedgekeur:



**M C Dippenaar – Voorsitter**  
**26 Junie 2017**



**D H van Papendorp – Ondervoorsitter**





## **Goedkeuring van finansiële state**

Die finansiële state en groepsfinansiële state soos opgesom word uiteengesit op bladsye 10 tot 31 en 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 – Swellendam**

**28 Julie 2017**

### **Aantekening**

Die Direkteure bied die opgesomde gekonsolideerde en afsonderlike finansiële state van Sentraal-Suid Koöperasie Bpk vir die jaar geëindig 28 Februarie 2017 aan. Die opgesomde gekonsolideerde en afsonderlike finansiële state is opgestel vanuit die volledige geouditeerde gekonsolideerde en afsonderlike finansiële state vir die jaar geëindig 28 Februarie 2017, soos goedgekeur deur die Direkteure op 26 Junie 2017.

Die opgesomde gekonsolideerde en afsonderlike 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 en afsonderlike finansiële state kan gevolglik nie as plaasvervanger vir die lees van die geouditeerde gekonsolideerde en afsonderlike finansiële state van Sentraal-Suid Koöperasie Bpk gesien word nie.

Die volledige geouditeerde gekonsolideerde en afsonderlike finansiële state is op aanvraag beskikbaar vir inspeksie, aan lede, by die kantore van Sentraal-Suid Koöperasie Bpk, Voortrekstraat 34, Swellendam, 6740.

## **SENTRAAL-SUID CO-OPERATIVE LTD and its subsidiaries**

### **DECLARATION 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 consolidated and separate financial statements of Sentraal-Suid Co-operative Ltd. The consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 their audit were valid and appropriate.

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

The consolidated and separate financial statements, as summarised, as presented on pages 10 to 31, have been approved by the board of Directors.



**M C Dippenaar – Chairperson**  
**26 June 2017**



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



## **Approval of the financial statements**

The consolidated and separate financial statements as summarised are presented on pages 10 to 31, and are herewith approved in terms of section 48 of the Co-operatives Act 2005 by the annual general meeting and signed by the Chairman as confirmation thereof.

**Chairman – Swellendam**  
**28 July 2017**

### **Note**

The Directors present the summary consolidated and separate financial statements of Sentraal-Suid Co-operative Ltd for the year ended 28 February 2017. The summary consolidated and separate financial statements have been compiled from the full set of audited consolidated and separate financial statements for the year ended 28 February 2017, as approved by the Board of Directors on 26 June 2017.

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

The complete audited consolidated and separate financial statements are available to members for inspection, upon request, at the offices of Sentraal-Suid Co-operative Ltd, 34 Voortrek Street, Swellendam, 6740.



# **ONAFHANKLIKE OUDITEUR SE VERSLAG OP DIE OPGESOMDE GEKONSOLIDEERDE EN AFSONDERLIKE FINANSIËLE STATE AAN DIE LEDE VAN SENTRAAL-SUID KOÖPERASIE BPK**

## ***Mening***

Die opgesomde gekonsolideerde en afsonderlike finansiële state, soos uiteengesit op bladsye 18 tot 31, wat bestaan uit die opgesomde gekonsolideerde en afsonderlike state van finansiële posisie soos op 28 Februarie 2017, die opgesomde gekonsolideerde en afsonderlike state van omvattende inkomste en kontantvloeie vir die jaar wat op daardie datum geëindig het, en verwante aantekeninge, is opgestel vanuit die geouditeerde gekonsolideerde en afsonderlike finansiële state van Sentraal-Suid Koöperasie Bpk vir die jaar geëindig 28 Februarie 2017.

Na ons mening, is die meegaande opgesomde gekonsolideerde en afsonderlike finansiële state konsekwent, in alle wesenlike opsigte, met die geouditeerde gekonsolideerde en afsonderlike finansiële state, ooreenkomstig die basis van voorbereiding wat beskryf is in Aantekening 1.

## ***Opgesomde gekonsolideerde en afsonderlike finansiële state***

Die opgesomde gekonsolideerde en afsonderlike finansiële state bevat nie alle openbaarmaking soos vereis deur 'International Financial Reporting Standards' en die vereistes van die Koöperasiewet van Suid-Afrika soos toepaslik op finansiële jaarstate nie. Die lees van die opgesomde gekonsolideerde en afsonderlike finansiële state en die ouditeur se verslag daarop kan gevolglik nie as plaasvervanger vir die lees van die geouditeerde gekonsolideerde en afsonderlike finansiële state en die ouditeur se verslag daarop gesien word nie.

## ***Die geouditeerde gekonsolideerde en afsonderlike finansiële state en ons verslag daarop***

Ons het 'n ongekwalifiseerde auditmening uitgespreek op die geouditeerde gekonsolideerde en afsonderlike finansiële state in ons verslag gedateer 26 Junie 2017.

## ***Direkteure se verantwoordelikheid vir die opgesomde gekonsolideerde en afsonderlike finansiële state***

Die direkteure is verantwoordelik vir die opstel van die opgesomde gekonsolideerde en afsonderlike finansiële state ooreenkomstig die basis van voorbereiding wat beskryf is in Aantekening 1.

## ***Ouditeur se verantwoordelikheid***

Ons verantwoordelikheid is om 'n mening uit te spreek of die opgesomde gekonsolideerde en afsonderlike finansiële state konsekwent is, in alle wesenlike opsigte, met die geouditeerde gekonsolideerde en afsonderlike finansiële state, gebaseer op ons prosedures, wat ooreenkomstig die 'International Standard on Auditing (ISA) 810 (Revised)', "Engagements to Report on Summary Financial Statements", uitgevoer is.



**PricewaterhouseCoopers Geïnk.**

**Direkteur: M J van Tonder**

**Geregistreerde Ouditeur**

**Worcester**

**26 Junie 2017**

# INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS TO THE MEMBERS OF SENTRAAL-SUID CO-OPERATIVE LTD

## ***Opinion***

The summary consolidated and separate financial statements of Sentraal-Suid Co-Operative Ltd, set out on pages 18 to 31, which comprise the summary consolidated and separate statements of financial position as at 28 February 2017, the summary consolidated and separate statements of comprehensive income and cash flows for the year then ended, and related notes, are derived from the audited consolidated and separate financial statements of Sentraal-Suid Co-operative Ltd for the year ended 28 February 2017.

In our opinion, the accompanying summary consolidated and separate financial statements are consistent, in all material respects, with the audited consolidated and separate financial statements, in accordance with the basis of preparation as set out in Note 1.

## ***Summary consolidated and separate financial statements***

The summary consolidated and separate financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Co-Operative Act of South Africa as applicable to annual financial statements. Reading the summary consolidated and separate financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated and separate financial statements and the auditor's report thereon.

## ***The audited consolidated and separate financial statements and our report thereon***

We expressed an unmodified audit opinion on the audited consolidated and separate financial statements in our report dated 26 June 2017.

## ***Director's responsibility for the summary consolidated and separate financial statements***

The directors are responsible for the preparation of the summary consolidated and separate financial statements in accordance with the basis of preparation as set out in Note 1.

## ***Auditor's responsibility***

Our responsibility is to express an opinion on whether the summary consolidated and separate financial statements are consistent, in all material respects, with the audited consolidated and separate financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.



**PricewaterhouseCoopers Inc.**

**Director: M J van Tonder**

**Registered Auditor**

**Worcester**

**26 June 2017**

## DIREKTEURSVERSLAG vir die jaar geëindig 28 Februarie 2017

Die Direkteure se jaarverslag, wat deel vorm van die geouditeerde finansiële state van die Groep en die Koöperasie ("SSK") vir die jaar geëindig 28 Februarie 2017, word hieronder aangebied.

### 1. Aard van besigheid

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

- verskaffing van boerderybenodigdhede, meganisasie, ingenieursdienste en dienste;
- 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; en
- vervaardiging van veevoer.

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

### 2. Lede

Twaalf Lede het ons aan die dood ontval. Ons innige meegevoel word aan hul naasbestaandes betuig.

Die ledetal het as volg gewissel:

Ledetal aan begin van jaar		1 381
Min: Afgestorwe Lede	12	
Min: Lede wat boerdery gestaak het	14	26
		<hr/>
		1 355
Plus: Toetredings		151
Ledetal aan einde van jaar		<hr/>
		1 506

### 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 het gedurende die jaar 'n bonus van R 20 000 000 (2016 - R Nul) verklaar. Die wins voor en na hierdie bonusse was as volg:

	2017 R	2016 R
Wins voor bonusse	89 751 494	28 026 152
Totale bonusse verklaar	(20 000 000)	–
Uitgestel	(16 000 000)	–
Kontant	(4 000 000)	–
Wins voor belasting	69 751 494	28 026 152

In die huidige jaar is ledefondse van R18 253 808 (2007 en 2008) (2016 – R14 046 771 (50% van 2004, 2005, en 2006)) uitbetaal.

## 5. Filiale

Die Koöperasie het beleggings in die volgende filiale:

<b>Direk</b>	<b>Belang 2017</b>	<b>Belang 2016</b>	<b>Hoofdoelstelling</b>
a) Eureka Mills (Edms) Bpk	60%	–	Vervaardiging van meel en verwante produkte.
b) Hessequa Abattoir (Edms) Bpk	52.78%	50%	Bedryf van 'n slagpale in Riversdal.
c) Sentraal-Suid Beleggings (Edms) Bpk	100%	100%	Beleggingsmaatskappy met verwante aktiwiteite.
d) Southern Oil (Edms) Bpk	62%	62%	Ekstraksie van olie uit hoofsaaklik canolasaad en die raffinering en bemarking van 'n gedifferensieerde reeks olies en proteïenprodukte.
e) SSK Vervaardigers (Edms) Bpk	100%	100%	Verhuring van 'n veevoer-vervaardigings-aanleg.
f) Swellen Mark (Edms) Bpk	68%	68%	Belegging en verhuring van eiendom.
g) Technifarm (Edms) Bpk	50%	70%	Presisie boerderydienste en verkoop van verwante toerusting.
h) Tuinroete Agri (Edms) Bpk	100%	100%	Verskaffing van boerdery benodigdhede en verwante produkte en dienste.

Indirek	Belang Belang		
	2017	2016	
i) Blinkbeleg Vyftien (Edms) Bpk	Sentraal-Suid Beleggings besit: 100% 100%		Motorverkope en herstelwerk.
j) Southern Oil (Edms) Bpk	Tuinroete Agri besit: 0.47% 0.47%		Ekstraksie van olie uit hoofsaaklik canola-saad en die raffinering en bemarking van 'n gedifferensieerde reeks olies en proteïenprodukte.
k) LBK Agri (Edms) Bpk	Tuinroete Agri besit: 100% 100%		Belegging en verhuur van eiendom.

## 6. Finansiële bates beskikbaar vir verkoop

Finansiële bates beskikbaar vir verkoop het toegeneem met R80 182 624 (2016 – R79 351 947 afname) weens die billike waarde-aanpassing ingevolge die rekeningkundige standpunt IAS 39. Die surplus is direk in die Staat van Omvattende Inkomste verantwoord.

## 7. Belegging in gesamentlike onderneming

### 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.

## 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. Dié Maatskappy besit 'n 100% belang in 'n maatskappy wat aandele in Pioneer Voedsel Groep Bpk besit.

## 9. Aandelekapitaal

604 000 aandele is vanjaar uitgereik, terwyl 104 000 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 het R1 680 171 (2016 – R1 646 298) beloop.





## **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 suksesse 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.

## DIRECTORS' REPORT for the year ended 28 February 2017

The Directors' report, which forms part of the audited financial statements of the Group and the Co-operative ("SSK") for the year ended 28 February 2017, is presented below:

### 1. Nature of business

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

- supply of agricultural inputs, mechanisation, engineering and other services;
- processing of grain seed;
- handling, storage and marketing of producers' grain products by means of silos;
- supplying insurance brokerage services; and
- supplying services such as credit provision and agricultural management; and
- production of livestock feed.

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

Twelve Members have passed away. Our sincere condolences to their next of kin.

The number of Members changed as follows:

Membership at the beginning of the year		1 381
Less: Deceased Members	12	
Less: Members who have ceased farming	14	26
		<hr/>
		1 355
Plus: New Members		151
Number of Members at year-end		<hr/>
		1 506

### 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 declared a bonus of R20 000 000 (2016 – nil) for the 2017 financial year. The profit before and after bonuses are as follows:

	<b>2017</b>	<b>2016</b>
	<b>R</b>	<b>R</b>
Profit before member bonuses	<b>89 751 494</b>	28 026 152
Total member bonus declared	<b>(20 000 000)</b>	–
Deferred	<b>(16 000 000)</b>	–
Cash	<b>(4 000 000)</b>	–
Profit before tax	<b>69 751 494</b>	28 026 152

In the current year, accrued members' funds of R18 253 808 (2007 and 2008) had been paid out (2016 – R14 046 771 (50% of 2004, 2005 and 2006)).

## 5. Subsidiaries

The Co-operative has investments in the following subsidiaries:

<b>Direct</b>	<b>Interest Interest</b>		<b>Main Objectives</b>
	<b>2017</b>	<b>2016</b>	
a) Eureka Mills (Pty) Ltd	<b>60%</b>	–	Production of flour and related products.
b) Hessequa Abattoir (Pty) Ltd	<b>52.78%</b>	<b>50%</b>	Operating an abattoir in Riversdale.
c) Sentraal-Suid Beleggings (Pty) Ltd	<b>100%</b>	<b>100%</b>	Investment company with related activities.
d) Southern Oil (Pty) Ltd	<b>62%</b>	<b>62%</b>	Extraction of oil mainly from canola seed and the refinement and marketing of a differentiated series of oils and protein products.
e) SSK Vervaardigers (Pty) Ltd	<b>100%</b>	<b>100%</b>	Leasing of a feed production plant.
f) Swellen Mark (Pty) Ltd	<b>68%</b>	<b>68%</b>	Investment in, and letting of property.
g) Technifarm (Pty) Ltd	<b>50%</b>	<b>70%</b>	Precision farming services and provision of related equipment.
h) Tuinroete Agri (Pty) Ltd	<b>100%</b>	<b>100%</b>	Provision of farming supplies and related products and services.

## Indirect

i) Blinkbeleg Vyftien (Pty) Ltd

**Interest Interest  
2017 2016**

**Sentraal-Suid  
Beleggings  
owns:  
100% 100%**

Motor sales and repairs.

j) Southern Oil (Pty) Ltd

**Tuinroete Agri  
owns:  
0.47% 0.47%**

Extraction of oil mainly from canola seed and the refinement and marketing of a differentiated series of oils and protein products.

k) LBK Agri (Pty) Ltd

**Tuinroete Agri  
owns:  
100% 100%**

Investment in, and letting of property.

## 6. Financial assets available for sale

Financial assets available for sale have increased by R80 182 624 (2016 – R79 351 947 decrease) due to the fair value adjustment in terms of accounting statement IAS 39. The surplus has been directly accounted for in the statement of comprehensive income.

## 7. Investment in joint venture

### 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.

## 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

604 000 shares were issued this year, while 104 000 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 amounted to R1 680 171 (2016 – R1 646 298).



**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 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 so undeservedly in various undertakings.

**14. Auditors**

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



**SENTRAAL-SUID KOÖPERASIE BPK en sy filiale**  
**OPGESOMDE STAAT VAN FINANSIËLE POSISIE soos op 28 Februarie 2017**

	GROEP		KOÖPERASIE	
	2017 R'000	2016* Herstateer R'000	2017 R'000	2016* Herstateer R'000
<b>BATES</b>				
<b>Nie-bedryfsbates</b>				
Eiendom, aanleg en toerusting	505 498	418 265	244 630	182 719
Ontasbare bates	19 784	6 415	1 051	1 389
Beleggingseiendom	65 009	64 502	–	–
Belegging in filiaalmaatskappye	–	–	241 419	215 352
Belegging in geassosieerde	31 981	21 976	–	–
Belegging in gesamentlike onderneming	1 407	15 801	1 500	14 620
Finansiële bates beskikbaar vir verkoop	411 795	331 399	409 585	328 967
Ander finansiële bates	177 905	157 228	181 802	170 407
Uitgestelde belastingbate	4 470	4 971	–	–
	<b>1 217 849</b>	<b>1 020 557</b>	<b>1 079 987</b>	<b>913 454</b>
<b>Bedryfsbates</b>				
Voorraad	752 975	842 016	203 781	183 071
Handels- en ander debiteure	750 938	739 964	494 897	461 079
Korttermynlenings	8 461	3 606	48 240	21 703
Inkomstebelasting	567	9 175	35	2 849
Kontant en kontantekwivalente	44 384	46 855	9 534	11 470
Nie-bedryfsbates gehou vir verkoop	614	–	–	–
	<b>1 557 399</b>	<b>1 641 616</b>	<b>756 488</b>	<b>680 172</b>
<b>Totale bates</b>	<b>2 775 249</b>	<b>2 662 173</b>	<b>1 836 475</b>	<b>1 593 626</b>

\*Sien nota 2 vir besonderhede rakende herklassifisering/herstatering.

**SENTRAAL-SUID KOÖPERASIE BPK en sy filiale  
OPGESOMDE STAAT VAN FINANSIËLE POSISIE soos op 28 Februarie 2017 (vervolg)**

	GROEP		KOÖPERASIE	
	2017 R'000	2016* Herstateer R'000	2017 R'000	2016* Herstateer R'000
<b>EKWITEIT EN AANSPREEKLIKHEDE</b>				
<b>Kapitaal en reserwes</b>				
Reserwes	912 506	729 963	648 681	522 674
Aandelekapitaal	5 663	5 158	5 679	5 174
Ledefondse	60 746	61 779	64 912	67 166
Ledebelang	978 915	796 899	719 272	595 014
Nie-beherende belang	182 195	137 431	–	–
<b>Totale ekwiteit</b>	<b>1 161 109</b>	<b>934 330</b>	<b>719 272</b>	<b>595 014</b>
<b>Nie-bedryfslaste</b>				
Langtermynlenings	231 314	244 232	187 923	203 363
Uitgestelde belastingaanspreeklikheid	106 924	85 024	89 125	68 074
Na-aftrede mediese voordele	5 220	5 169	4 790	4 780
Uitgestelde inkomste	1 881	2 993	–	–
	<b>345 339</b>	<b>337 419</b>	<b>281 838</b>	<b>276 217</b>
<b>Bedryfslaste</b>				
Handels- en ander krediteure	353 343	540 769	242 764	290 796
Korttermynlenings	699 081	811 917	392 067	409 017
Bankoortrekking	211 027	30 380	200 534	22 581
Korttermyndeel van uitgestelde inkomste	1 112	1 112	–	–
Inkomstebelasting	4 237	6 245	–	–
	<b>1 268 801</b>	<b>1 390 423</b>	<b>835 365</b>	<b>722 395</b>
<b>Totale ekwiteit en aanspreeklikhede</b>	<b>2 775 249</b>	<b>2 662 173</b>	<b>1 836 475</b>	<b>1 593 626</b>

\*Sien nota 2 vir besonderhede rakende herklassifisering/herstatering.

**SENTRAAL-SUID CO-OPERATIVE LTD and its subsidiaries**  
**SUMMARY STATEMENT OF FINANCIAL POSITION as at 28 February 2017**

	GROUP		CO-OPERATIVE	
	2017 R'000	2016* Restated R'000	2017 R'000	2016* Restated R'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	505 498	418 265	244 630	182 719
Intangible assets	19 784	6 415	1 051	1 389
Investment property	65 009	64 502	–	–
Investment in subsidiaries	–	–	241 419	215 352
Investment in associate	31 981	21 976	–	–
Investment in joint venture	1 407	15 801	1 500	14 620
Investments available for sale	411 795	331 399	409 585	328 967
Installment sale agreements	177 905	157 228	181 802	170 407
Deferred taxation asset	4 470	4 971	–	–
	<b>1 217 849</b>	<b>1 020 557</b>	<b>1 079 987</b>	<b>913 454</b>
<b>Current assets</b>				
Stock	752 975	842 016	203 781	183 071
Trade and other receivables	750 938	739 964	494 897	461 079
Short-term loans	8 461	3 606	48 240	21 703
Income tax	567	9 175	35	2 849
Cash and cash equivalents	44 384	46 855	9 534	11 470
Non-current assets held for sale	614	–	–	–
	<b>1 557 399</b>	<b>1 641 616</b>	<b>756 488</b>	<b>680 172</b>
<b>Total assets</b>	<b>2 775 249</b>	<b>2 662 173</b>	<b>1 836 475</b>	<b>1 593 626</b>

\*Refer to note 2 for details of reclassification/restatement.

**SENTRAAL-SUID CO-OPERATIVE LTD and its subsidiaries**  
**SUMMARY STATEMENT OF FINANCIAL POSITION as at 28 February 2017 (continued)**

	GROUP		CO-OPERATIVE	
	2017 R'000	2016* Restated R'000	2017 R'000	2016* Restated R'000
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Reserves	912 506	729 963	648 681	522 674
Share capital	5 663	5 158	5 679	5 174
Members' funds	60 746	61 779	64 912	67 166
Members' interest	978 915	796 899	719 272	595 014
Non-controlling interest	182 195	137 431	–	–
Total equity	1 161 109	934 330	719 272	595 014
<b>Non-current liabilities</b>				
Long-term loans	231 314	244 232	187 923	203 363
Deferred taxation liabilities	106 924	85 024	89 125	68 074
Post-retirement medical benefits	5 220	5 169	4 790	4 780
Deferred income	1 881	2 993	–	–
	345 339	337 419	281 838	276 217
<b>Current liabilities</b>				
Trade and other creditors	353 343	540 769	242 764	290 796
Short-term loans	699 081	811 917	392 067	409 017
Bank overdraft	211 027	30 380	200 534	22 581
Short-term deferred income	1 112	1 112	–	–
Income tax	4 237	6 245	–	–
	1 268 801	1 390 423	835 365	722 395
<b>Total equity and liabilities</b>	<b>2 775 249</b>	<b>2 662 173</b>	<b>1 836 475</b>	<b>1 593 626</b>

\*Refer to note 2 for details of reclassification/restatement.

**SENTRAAL-SUID KOÖPERASIE BPK en sy filiale  
OPGESOMDE STAAT VAN OMVATTENDE INKOMSTE  
vir die jaar geëindig 28 Februarie 2017**

	GROEP		KOÖPERASIE	
	2017 R'000	2016* Herstateer R'000	2017 R'000	2016* Herstateer R'000
<b>Voortgesette bedrywighede</b>				
Inkomste	3 679 815	3 036 294	1 525 742	1 417 866
Koste van verkope	(3 073 735)	(2 522 702)	(1 312 920)	(1 237 161)
Bonusse verklaar	(20 000)	–	(20 000)	–
<b>Bruto wins</b>	<b>586 080</b>	513 591	<b>192 822</b>	180 705
Ander inkomste	93 520	68 783	121 462	91 152
Administratiewe uitgawes	(100 970)	(81 190)	(53 395)	(45 259)
Ander bedryfsuitgawes	(280 141)	(219 378)	(124 593)	(104 824)
Waardedaling van silobates en canola voorraad	–	(48 049)	–	(48 049)
<b>Bedryfswins</b>	<b>298 489</b>	233 758	<b>136 296</b>	73 725
Finansieringsinkomste	2 982	992	5 186	4 269
Finansieringskoste	(98 285)	(76 750)	(71 731)	(49 968)
Wins met verkoop van nie-bedryfsbates gehou vir verkoop	–	7 763	–	–
<b>Wins voor ekwiteitsverdienste</b>	<b>203 186</b>	165 763	<b>69 751</b>	28 026
Ekwiteitswins/(-verlies) in geassosieerde/ gesamentlike onderneming	(1 624)	1 313	–	–
<b>Wins voor belasting</b>	<b>201 562</b>	167 075	<b>69 751</b>	28 026
Belasting	(53 625)	(42 899)	(5 844)	3 852
<b>Wins vir die jaar uit voortgesette bedrywighede</b>	<b>147 937</b>	124 177	<b>63 907</b>	31 878
<b>Beëindigde bedrywighede</b>				
Wins/(verlies) vir die jaar uit beëindigde bedrywighede	812	(758)	–	–
<b>Wins vir die jaar</b>	<b>148 749</b>	123 419	<b>63 907</b>	31 878

\*Sien nota 2 vir besonderhede rakende herklassifisering/herstatering.



**SENTRAAL-SUID KOÖPERASIE BPK en sy filiale  
OPGESOMDE STAAT VAN OMVATTENDE INKOMSTE  
vir die jaar geëindig 28 Februarie 2017 (vervolg)**

	GROEP		KOÖPERASIE	
	2017 R'000	2016* Herstateer R'000	2017 R'000	2016* Herstateer R'000
<b>Ander omvattende inkomste</b>				
<b>Items wat nie herklassifiseer sal word na wins en verlies nie</b>				
Waardasie-aanpassing op na-aftrede mediese voordele	(51)	206	(10)	95
Uitgestelde belasting op waardasie-aanpassing op na-aftrede mediese voordele	14	(58)	3	(27)
<b>Items wat herklassifiseer sal word na wins en verlies nie</b>				
Billike waarde-aanpassing van finansiële bates beskikbaar vir verkoop	79 960	(78 735)	80 182	(79 351)
Uitgestelde belasting op billike waarde-aanpassing	(18 204)	2 369	(18 075)	2 484
Omvattende inkomste/(verlies) in geassosieerde	10 344	(12 552)		–
<b>Totale omvattende inkomste/(verlies) vir die jaar (netto van belasting)</b>	<b>220 812</b>	<b>34 649</b>	<b>126 007</b>	<b>(44 921)</b>
Wins toeskryfbaar aan:				
Lede	109 936	86 558	63 907	31 878
Nie-beherende belang	38 813	36 861	–	–
	148 749	123 419	63 907	31 878
Totale omvattende inkomste/(verlies) toeskryfbaar aan:				
Lede	182 000	(2 212)	126 007	(44 921)
Nie-beherende belang	38 813	36 861	–	–
	220 813	34 649	126 007	(44 921)
Totale omvattende inkomste/(verlies) vir die jaar (netto van belasting)				
Voortgesette bedrywighede	220 001	35 407	126 007	(44 921)
Beëindigde bedrywighede	812	(757)	–	–
	220 813	34 649	126 007	(44 921)

\*Sien nota 2 vir besonderhede rakende herklassifisering/herstatering.

**SENTRAL-SUID CO-OPERATIVE LTD and its subsidiaries**  
**SUMMARY STATEMENT OF COMPREHENSIVE INCOME**  
**for the year ended 28 February 2017**

	GROUP		CO-OPERATIVE	
	2017 R'000	2016* Restated R'000	2017 R'000	2016* Restated R'000
<b>Continued operations</b>				
Income	3 679 815	3 036 294	1 525 742	1 417 866
Cost of sales	(3 073 735)	(2 522 702)	(1 312 920)	(1 237 161)
Bonuses declared	(20 000)	–	(20 000)	–
Gross profit	586 080	513 591	192 822	180 705
Other income	93 520	68 783	121 462	91 152
Administrative expenditure	(100 970)	(81 190)	(53 395)	(45 259)
Other operating expenditure	(280 141)	(219 378)	(124 593)	(104 824)
Impairment of silo assets and canola inventory	–	(48 049)	–	(48 049)
Operating profit	298 489	233 758	136 296	73 725
Financing income	2 982	992	5 186	4 269
Financing costs	(98 285)	(76 750)	(71 731)	(49 968)
Profit with the sale of non-current assets held for sale	–	7 763	–	–
Profit before equity earnings	203 186	165 763	69 751	28 026
Equity profit/(loss) in associate/joint venture	(1 624)	1 313	–	–
Profit before tax	201 562	167 075	69 751	28 026
Tax	(53 625)	(42 899)	(5 844)	3 852
<b>Profit for the year from continued operations</b>	<b>147 937</b>	<b>124 177</b>	<b>63 907</b>	<b>31 878</b>
<b>Discontinued operations</b>				
Profit/(loss) for the year from discontinued operations	812	(758)	–	–
<b>Profit for the year</b>	<b>148 749</b>	<b>123 419</b>	<b>63 907</b>	<b>31 878</b>

\*Refer to note 2 for details of reclassification/restatement.

**SENTRAAL-SUID CO-OPERATIVE LTD and its subsidiaries**  
**SUMMARY STATEMENT OF COMPREHENSIVE INCOME**  
**for the year ended 28 February 2017 (continued)**

	GROUP		CO-OPERATIVE	
	2017 R'000	2016* Restated R'000	2017 R'000	2016* Restated R'000
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit and loss</b>				
Fair value adjustment on post-retirement medical benefits	(51)	206	(10)	95
Deferred tax on fair value adjustment on post-retirement medical benefits	14	(58)	3	(27)
<b>Items that will be reclassified to profit and loss</b>				
Fair value changes – Available-for-sale investments	79 960	(78 735)	80 182	(79 351)
Deferred tax on fair value changes	(18 204)	2 369	(18 075)	2 484
Comprehensive income/(loss) in associate	10 344	(12 552)		–
<b>Total comprehensive income/(loss) for the year (nett of tax)</b>	<b>220 812</b>	<b>34 649</b>	<b>126 007</b>	<b>(44 921)</b>
Profit attributable to:				
Members	109 936	86 558	63 907	31 878
Non-controlling interest	38 813	36 861	–	–
	148 749	123 419	63 907	31 878
Total comprehensive income/(loss) attributable to:				
Members	182 000	(2 212)	126 007	(44 921)
Non-controlling interest	38 813	36 861	–	–
	220 813	34 649	126 007	(44 921)
Total comprehensive income/(loss) for the year (nett of tax)				
Continued operations	220 001	35 407	126 007	(44 921)
Discontinued operations	812	(757)	–	–
	220 813	34 649	126 007	(44 921)

\*Refer to note 2 for details of reclassification/restatement.

**SENTRAAL-SUID KOÖPERASIE BPK en sy filiale**  
**OPGESOMDE STAAT VAN KONTANTVLOEIE vir die jaar geëindig 28 Februarie 2017**

	GROEP		KOÖPERASIE	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>Kontantvloei uit bedryfsaktiwiteite</b>				
Kontant deur bedrywighede voortgebring gegeneer/(aangewend)	<b>236 134</b>	122 501	<b>2 296</b>	19 035
Rente betaal	<b>(98 800)</b>	(77 021)	<b>(71 731)</b>	(49 967)
Belasting betaal	<b>(44 780)</b>	(37 826)	<b>(53)</b>	(2 654)
<b>Netto kontant gegeneer/(aangewend) in bedryfsaktiwiteite</b>	<b>92 554</b>	7 654	<b>(69 488)</b>	(33 587)
<b>Kontantvloei uit beleggingsaktiwiteite</b>				
Toevoeging tot eiendom, aanleg en toerusting	<b>(113 429)</b>	(108 474)	<b>(78 094)</b>	(52 887)
Toevoeging tot ontasbare bates	<b>(304)</b>	(410)	-	-
Opbrengs met verkoop van beleggingseiendom	<b>656</b>	-	-	-
Opbrengs met verkoop van eiendom, aanleg en toerusting	<b>474</b>	4 093	<b>554</b>	204
Opbrengs met verkoop van nie-bedryfsbates	-	14 250	-	-
Opbrengs met verkoop van belang in filiaal	<b>950</b>	-	<b>950</b>	-
Aankope van aandele	<b>(435)</b>	(2 244)	<b>(435)</b>	(2 243)
Lenings aan filiale terugontvang	-	-	<b>4 864</b>	4 671
Lenings aan filiale gemaak	-	-	<b>(20 932)</b>	(13 979)
Belegging in filiale	-	-	<b>(12 872)</b>	-
Belegging in gesamentlike onderneming	-	(13 120)	-	(13 120)
Lening aan gesamentlike onderneming terugontvang	<b>588</b>	680	<b>209</b>	680
Lening aan gesamentlike onderneming gemaak	-	(380)	<b>(21)</b>	(380)
Lening aan geassosieerde gemaak	<b>(570)</b>	(471)	-	-
Korttermynbelegging gemaak	<b>(7 906)</b>	(3 606)	<b>(7 000)</b>	(3 606)
Rente ontvang	<b>2 982</b>	1 056	<b>5 186</b>	4 269
Dividende ontvang	<b>9 154</b>	8 382	<b>47 330</b>	39 825
<b>Netto kontant aangewend in beleggingsaktiwiteite</b>	<b>(107 840)</b>	(100 245)	<b>(60 261)</b>	(36 566)

**SENTRAAL-SUID KOÖPERASIE BPK en sy filiale  
OPGESOMDE STAAT VAN KONTANTVLOEIE  
vir die jaar geëindig 28 Februarie 2017 (vervolg)**

GROEP		KOÖPERASIE	
2017	2016	2017	2016
R'000	R'000	R'000	R'000

**Kontantvloei uit finansieringsaktiwiteite**

Langtermynlenings aangegaan	–	117 028	–	117 028
Langtermynlenings terugbetaal	<b>(20 144)</b>	(145 957)	<b>(19 596)</b>	(142 819)
Korttermynlenings aangegaan	–	158 466	–	91 355
Korttermynlenings terugbetaal	<b>(115 952)</b>	(15 091)	<b>(12 795)</b>	–
Aandele ingetrek	<b>(98)</b>	(124)	<b>(98)</b>	(124)
Aandele uitgereik	<b>604</b>	741	<b>604</b>	741
Verkryging van belang in filiaal	<b>(13 517)</b>	(538)	–	–
Ledebelangfonds terugbetaal	<b>(17 033)</b>	(12 913)	<b>(18 254)</b>	(14 047)
Dividende betaal aan nie-beherende belang	<b>(1 691)</b>	(495)	–	–

**Netto kontant gegeneer/(aangewend) deur  
finansieringsaktiwiteite**

<b>(167 831)</b>	101 116	<b>(50 139)</b>	52 134
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Toename/(afname) in kontant en kontant- ekwivalente	<b>(183 117)</b>	8 524	<b>(179 888)</b>	(18 019)
Kontant en kontantekwivalente aan begin van jaar	<b>16 474</b>	7 950	<b>(11 112)</b>	6 907

<b>Kontant en kontantekwivalente aan einde van jaar</b>	<b>(166 643)</b>	16 474	<b>(191 000)</b>	(11 112)
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**SENTRAAAL-SUID CO-OPERATIVE LTD and its subsidiaries**  
**SUMMARY STATEMENT OF CASH FLOWS**  
**for the year ended 28 February 2017**

	GROEP		KOÖPERASIE	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>Cash flow from operating activities</b>				
Cash generated from activities	<b>236 134</b>	122 501	<b>2 296</b>	19 035
Interest paid	<b>(98 800)</b>	(77 021)	<b>(71 731)</b>	(49 967)
Taxation paid	<b>(44 780)</b>	(37 826)	<b>(53)</b>	(2 654)
<b>Net cash from/(utilised in) operating activities</b>	<b>92 554</b>	7 654	<b>(69 488)</b>	(33 587)
<b>Cash flow from investment activities</b>				
Addition to property, plant and equipment	<b>(113 429)</b>	(108 474)	<b>(78 094)</b>	(52 887)
Addition to intangible assets	<b>(304)</b>	(410)	-	-
Return on sale of investment property	<b>656</b>	-	-	-
Return on sale of property, plant and equipment	<b>474</b>	4 093	<b>554</b>	204
Return on sale of non-current assets	-	14 250	-	-
Return on sale of investment in subsidiary	<b>950</b>	-	<b>950</b>	-
Purchase of shares	<b>(435)</b>	(2 244)	<b>(435)</b>	(2 243)
Loans to subsidiaries received	-	-	<b>4 864</b>	4 671
Loans granted to subsidiaries	-	-	<b>(20 932)</b>	(13 979)
Investment in subsidiaries	-	-	<b>(12 872)</b>	-
Investment in joint venture	-	(13 120)	-	(13 120)
Loan granted to joint venture received	<b>588</b>	680	<b>209</b>	680
Loan granted to joint venture	-	(380)	<b>(21)</b>	(380)
Loan granted to associate	<b>(570)</b>	(471)	-	-
Short term investment	<b>(7 906)</b>	(3 606)	<b>(7 000)</b>	(3 606)
Interest received	<b>2 982</b>	1 056	<b>5 186</b>	4 269
Dividends received	<b>9 154</b>	8 382	<b>47 330</b>	39 825
<b>Net cash utilised in investment activities</b>	<b>(107 840)</b>	(100 245)	<b>(60 261)</b>	(36 566)



**SENTRAAL-SUID CO-OPERATIVE LTD and its subsidiaries**  
**SUMMARY STATEMENT OF CASH FLOWS**  
**for the year ended 28 February 2017 (continued)**

	GROEP		KOÖPERASIE	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>Cash flow from financing activities</b>				
Long-term loans obtained	–	117 028	–	117 028
Long-term loans repaid	<b>(20 144)</b>	(145 957)	<b>(19 596)</b>	(142 819)
Short-term loans obtained	–	158 466	–	91 355
Short-term loans repaid	<b>(115 952)</b>	(15 091)	<b>(12 795)</b>	–
Shares cancelled	<b>(98)</b>	(124)	<b>(98)</b>	(124)
Shares issued	<b>604</b>	741	<b>604</b>	741
Acquiring interest in subsidiary	<b>(13 517)</b>	(538)	–	–
Members' interest funds repaid	<b>(17 033)</b>	(12 913)	<b>(18 254)</b>	(14 047)
Dividends paid	<b>(1 691)</b>	(495)	–	–
<b>Net cash from/(utilised in) financing activities</b>	<b>(167 831)</b>	101 116	<b>(50 139)</b>	52 134
Increase/(decrease) in cash and cash equivalents	<b>(183 117)</b>	8 524	<b>(179 888)</b>	(18 019)
Cash and cash equivalents at beginning of the year	<b>16 474</b>	7 950	<b>(11 112)</b>	6 907
<b>Cash and cash equivalents at end of the year</b>	<b>(166 643)</b>	16 474	<b>(191 000)</b>	(11 112)

## AANTEKENING

### 1 Basis van voorbereiding

Die opgesomde gekonsolideerde en afsonderlike finansiële state is opgestel vanuit die volledige geouditeerde gekonsolideerde finansiële state vir die jaar geëindig 28 Februarie 2017.

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

### 2 Herklassifisering/Herstatering

#### a) Die Groep en Koöperasie se vorige jaar syfers is as volg herstateer:

##### Groep

- (i) Intertak-oorplasinge van R14 158 009 is geëlimineer in beide verkope en koste van verkope.
- (ii) Kortings toegestaan van R11 553 459 wat aanvanklik as koste van verkope erken is, is teen verkope erken.
- (iii) Intergroep verkope en koste van verkope van R32 401 909 is geëlimineer.

##### Koöperasie

- (iv) Intergroep verkope en koste van verkope van R69 588 101 is geëlimineer.

Bogenoemde herallokasie het geen veranderinge in vorige jaar totale omvattende inkomste meegebring nie.

Bogenoemde herstateerling het geen effek op die Opgesomde gekonsolideerde en afsonderlike Staat van Finansiële Posisie en die Staat van Kontantvloeie nie.

- b) Ledebonusse is voorheen getoon as 'n aparte lyn item tussen ekwiteit en nie-bedryfslaste. Dit word nou getoon as deel van kapitaal en reserwes op die gesig van die Opgesomde gekonsolideerde en afsonderlike Staat van Finansiële Posisie. Behalwe vir die bogenoemde verandering het dit geen ander effek op die opgesomde gekonsolideerde en afsonderlike finansiële state gehad nie.

## NOTE

### 1 Basis of preparation

The summary consolidated and separate financial statements have been compiled from the full set of audited consolidated and separate financial statements for the year ended 28 February 2017.

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

### 2 Reclassification/Restatement

#### a) The Group and Co-operative's prior year figures are restated as follows:

##### Group

- (i) Inter branch transfers of R14 158 009 were eliminated from both revenue and cost of sales
- (ii) Rebates granted of R11 553 459 originally recognised as cost of sales are now offset against revenue.
- (iii) Inter group sales and cost of sales of R32 401 909 were eliminated

##### Co-operative

- (iv) Inter group sales and cost of sales of R69 588 101 were eliminated

- b) Members' funds were previously shown as a separate line item between equity and Non-current liabilities. Now it is shown as part of capital and reserves on the Summary consolidated and separate Statement of Financial Position. Other than above mentioned this had no further effect on the Summary consolidated and separate financial statements.

## SENTRAAL-SUID KOÖPERASIE BPK en sy filiale FINANSIËLE BESTUURSOORSIG 2017

### AGTERGROND

Die 2017 finansiële jaar is gekenmerk deur onvoorspelde wêreldgebeure. Die Verenigde Koningryk se keuse om die EU te verlaat, die verkiesing van Donald Trump as president van die VSA, uitgebreide kernwapen toetsing deur Noord-Korea, 'n toename in ekstremistiese terreuraanvalle en die humanitêre krisis in die Midde Ooste is maar net sommige van die gebeurtenisse wat 'n impak gehad het op die wêreld waar ons onself vandag bevind. Gegewe dat baie van hierdie verwickelinge wesenlik negatief ge-impakteer het op die ontwikkelde lande, het ontwikkelende lande hierdeur voordeel getrek, met beleggers wat kapitaal na laasgenoemde lande gekanaliseer het om hul konsentrasie risiko te verskans. Dit het in die algemeen gelei tot die versterking van ontwikkelende lande se geldeenhede en ekonomieë.

Alhoewel 'n ommeswaai in die harde kommoditeitsmarkte bespeur word, is die momentum hiervan nie sterk nie, gegewe onsekerhede oor die sistemiese gesondheid van die wêreld-ekonomie, veral wat betref die eindverbruikers. Suid-Afrika is hierteen nie immuun nie, en ons verswakte mynbedryf sukkel om kop bo water te hou teen die huidige prysvlakke. Die ander faktore wat op mynweese van toepassing is, help ook nie om sake te beredder nie. Dit, tesame met Suid-Afrika se politieke probleme het daartoe gelei dat die volle voordeel van die kapitaalvloed na die ontwikkelende lande nie hier ten volle kon manifesteer nie. Die afdanking van ons gerespekteerde Minister van Finansies, Pravin Gordhan, tesame met die kredietafgradering na rommelstatus deur kredietgraderingsagentskappe, het 'n negatiewe rimpeleffek tot gevolg gehad wat nog lank by ons sal bly. Werkloosheidsyfers is nou meer as 27% met weinig positiewe vooruitsigte.

Gegewe die massiewe uitdagings wat die ontwikkelde lande tans ervaar blyk dit dat Suid-Afrika se slegte ekonomiese en politieke nuus, op 'n relatiewe basis, nie die valutamarkte kon ontsenu nie, en verhandel die Rand ten tyde van hierdie skrywe (Junie 2017) gerieflik onder die R13 vlak teen die Amerikaanse Dollar. Die versterkte rand het sekerlik verligting gebring vir die sektore wat 'n sterk fokus op invoere het, maar vir die landbousektor wat 'n netto valutaverdiener is, gaan dit sekerlik 'n negatiewe impak hê. Die invoere van masjinerie en ander kapitale goedere kan nou teen beter wisselkoerse geskied, maar die onsekerheid wat bestaan t.o.v. die sektor vanuit 'n politieke oogpunt, veroorsaak dat landbouers en ander besighede in die landbou waardeketting, huiwerig is om groot-skaalse kapitale spandering aan te gaan.

Die klimaatstoestande wat ervaar is het verligting gebring vir groot dele van die land, alhoewel dele van die binneland en veral die Wes-Kaap steeds gebukkend gaan onder erge droogtetoestande. Rekord mielie-oeste is in die Noorde onderweg, maar sagte kommoditeitspryse is weer onder druk. Die Suid- en Oos-Kaap het goeie landbouthoestande beleef in 2016, maar 2017 is sover droog, met lae watervlakke wat die vrugte-, groente- en melkboere tot groot kommer strek. Gesaaides is reeds onder druk met lae reënval wat nie volgens die behoefte realiseer nie.



Vooruitsigte dui tans op stabiele plaaslike koring- en garspryse. Enige moontlike verhoging in sagte kommoditeitspryse, sal grootliks teengewerk word deur die verlaging in die koringinvoertarif op die rug van die versterkte Rand. Vooruitsigte vir van die ander landbousektore is as volg:

- Die suiwelbedryf het weereens 'n moeilike jaar beleef, maar laer voerpryse gee sekerlik hier 'n uitkoms. Die melkprys is steeds nie op die verwagte vlakke nie, maar nuwe melkkopers in die Suid-Kaap melkbedryf, kan hier die vraag na rou melk vanaf hierdie area sekerlik verhoog, met 'n gevolglike positiewe invloed op die prys wat melkboere vir hul produk ontvang.
- Die vrugte- en wynbedrywe het weereens goeie oeste ervaar, alhoewel haelskade weer in die Langkloof voorgekom het. Uitvoerpryse, gegewe die wisselkoers, was laer as verwag.
- Die volstruisbedryf het 'n relatiewe goeie jaar beleef. Alhoewel produkpryse nie wesenlik beweeg het nie, het die laer voerpryse 'n positiewe uitwerking gehad. Voëlgetalle neem deurlopend toe, alhoewel dit vanaf 'n lae basis plaasvind.
- Vleispryse het die jaar goed gestyg, namate boere hul kuddes weer opbou na die landwye droogte, met gevolglike afname in aanbod vir slagdiere.
- Die wolbedryf doen steeds goed, selfs inaggenome die versterking van die Rand.
- Die groentebedryf het ook 'n tydperk van goeie pryse ervaar ten opsigte van meeste kontantgewasse.

SSK as Koöperasie, sowel as die Groep het 'n rekord finansiële jaar gehad. Die negatiewe impak van die silo-ineenstorting in die 2016 finansiële jaar is steeds duidelik sigbaar in die vergelykende syfers. Selfs met uitsluiting hiervan was die Koöperasie, sowel as die Groep, se finansiële prestasie wesenlik beter as die vorige jaar. Die toename in waarde van SSK se Pioneer Foods aandeelhouing het die waardedaling van die vorige jaar teruggedryf. Die bedryfsafdelings het weereens goeie resultate gerealiseer. Die Graan-, Saad-, Versekering-, Veevoer Vervaardigers en Handelsafdelings was almal winsgewend, met slegs die Meganisasie-afdeling wat in die huidige jaar 'n verlies gerealiseer het.

SSK het vir die sewende keer in die Koöperasie se geskiedenis oor surplus fondse beskik, wat gegewe die wesenlike kapitale uitbreidings van die laaste vyf jaar, noemenswaardig is. Alle korttermynfasiliteite was tydens dié periode ten volle afgelos.

Die inskakeling van Tuinroete Agri se bedrywighede binne SSK het 'n wesenlike toename in ledetalle tot gevolg, met landbouers van die Tuinroete, Karoo en Oos-Kaap gebiede wat die voordele van lidmaatskap nou eerstehands ervaar. Die bedrywighede van Tuinroete Agri se handelsafdeling is sedert 1 Maart 2017 ten volle by SSK geïnkorporeer.

Die filiale, gesamentlike onderneming en geassosieerde het goed presteer en almal was winsgewend, behalwe 'n nie-wesenlike administratiewe verlies in Sentraal-Suid Beleggings. SSK het in die jaar onder oorsig sy belang in Hessequa Abattoir verhoog tot 52.78%. Op 1 Maart 2016 het SSK ook 'n



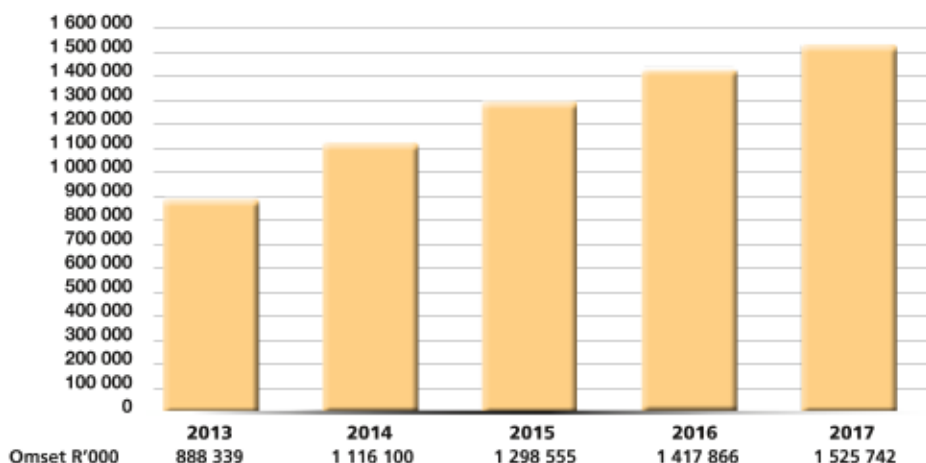
60% belang in Eureka Mills bekom. Die fokusareas vir die eerste jaar was die opgradering van die meule om beide konsekwente kwaliteit produkte en verhoogde kapasiteit van die meule en bakkerie te Karringmelksrivier te bewerkstellig. Na afloop van die finansiële jaareinde het SSK, tesame met gelyke vennote Overberg Agri en Unigrain 'n nuwe onderneming, Procuco Grain, gestig. Procuco Grain bedryf 'n 22 600 ton silo kompleks in Aureus, naby Randfontein.

Die impak van 2016 se silo-ineenstorting word sekerlik gevoel in die verhoogde finansieringskoste wat volg uit die heropbou- en herstelproses. Dit maak die uitsonderlike resultate behaal in 2017 soveel meer bevredigend. SSK se Lede, Direksie, Bestuur en Personeel het hard saamgewerk om hierdie uitsonderlike resultate moontlik te maak. **Werk saam, wen saam.** SSK se Direksie, Bestuur en Personeel bly toegewyd tot die ondersteuning van ons Lede en hul onderskeie boerderie 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 onverdienstelik uit Sy hande ontvang het.

## TOTALE OMSET

Die totale omset met lede en klante het toegeneem vanaf R1 417 866 157 in die 2016 finansiële jaar tot R1 525 742 460 in die 2017 finansiële jaar. 'n Toename van ongeveer 7.6%. Die toename is in lyn met inflasionêre prysaanpassings. Dit is wel noemenswaardig dat Tuinroete Agri se omset wesenlik toegeneem het, omrede stelselaanpassings toegelaat het dat SSK Lede aankope by Tuinroete Agri takke, met hul SSK rekening kon doen.

### TOTALE OMSET





## NETTO INKOMSTE / VERDELING VAN SURPLUS

Die Koöperasie se bedrywighede het 'n netto inkomste voor belasting vir die jaar van R69 751 494 (2016 – R28 026 152) tot gevolg gehad. Ingesluit in hierdie syfers is 'n dividend van R28 000 000 van Tuinroete Agri vir beide finansiële jare. Die 2016 syfer sluit die eenmalige impak van die waardedaling van silobates en beskadiging van canola voorraad na afloop van die silo-ineenstorting in Swellendam ten bedrae van R48 048 992 in.

Inkomstebelasting beloop R2 865 764 (2016: R0) en die toename in die voorsiening vir uitgestelde belasting beloop R2 978 697 (2016: R3 852 311 afname). Die netto inkomste na belasting, maar voor bonusse, beloop dus R83 907 033 (2016: R31 878 463). Die surplus word as volg verdeel:

Bonusse	R20 000 000
Kontant	R4 000 000
Uitgestel	R16 000 000
Reserwes	R63 907 033

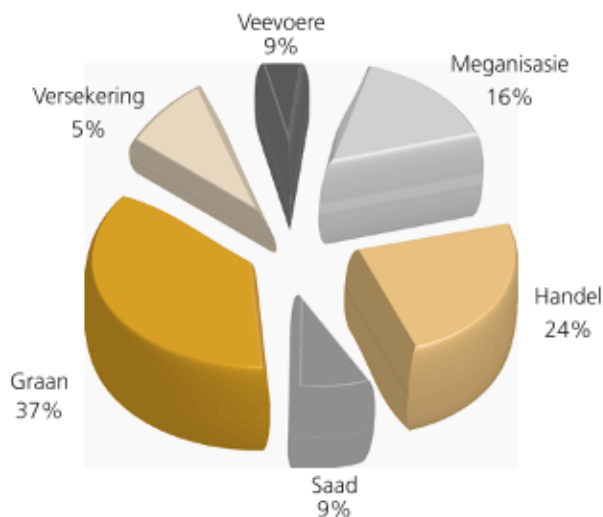
Die belastingverlies in 2016 het tot gevolg gehad dat geen bonusse in daardie jaar verklaar kon word nie.

## BEDRYFSREKENINGE

	2017			2016			Toename/ (afname) in omset	Toename/ (afname) in bruto wins
	Omset R	Bruto wins R	Bruto wins %	Omset R	Bruto wins R	Bruto wins %	%	%
Werkswinkels	36 055 185	18 260 707	50.65	24 766 206	15 444 823	62.36	45.58	18.23
Versekering	10 295 373	10 294 324	99.99	8 733 367	8 733 291	100	17.89	17.87
Handel	779 327 882	52 018 530	6.67	832 055 450	47 174 264	5.67	(6.34)	10.27
Meganisasie								
Bemerking	155 902 895	9 636 303	6.18	143 340 187	7 601 334	5.30	8.76	26.77
Onderdele	36 449 657	6 078 537	16.68	31 746 394	5 497 007	17.32	14.82	10.58
Saad	74 073 374	18 121 143	24.46	65 986 984	11 681 326	17.70	12.25	55.13
Graan	285 657 657	78 107 840	27.34	245 126 655	75 371 643	30.75	16.53	3.63
Veevoere	147 491 098	19 809 952	13.43	66 005 369	9 195 856	13.93	123.45	115.42
Administrasie & ander dienste	489 340	495 467	N.v.t.	105 546	5 327	N.v.t.	N.v.t.	N.v.t.
	1 525 742 461	212 822 803	13.95	1 417 866 158	180 704 871	12.74		

## BRUTO WINS PER DOELSTELLING

Die verhouding van bruto wins (administrasie en ander dienste se bruto wins is hierby uitgesluit) per doelstelling tot die totale bruto wins ten bedrae van R192 822 803 (2016 – R180 704 871) is soos volg:



## TOTALE UITGAWES

Totale uitgawes (administratiewe- en bedryfsuitgawes) het in die jaar onder oorsig gestyg met 18.6%, grootliks te danke aan die verhoogde kostes verbonde aan die herstelwerk, bedryfshure, skoonmaak-koste, elektrisiteit, rekenaar uitgawes, voertuigkoste, waardevermindering en personeelkoste. Die enigste uitgawe item waar 'n wesenlike verlaging in koste ervaar is, is brandstof vir droeërs.

## BELANGRIKE FINANSIËLE VERHOUDINGS

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

	Norm	2017	2016
Eie kapitaal: Aangesuiwerde totale bates	30% (min)	<b>45</b>	44
Ledebelang: Aangesuiwerde totale bates	50% (min)	<b>50</b>	50
Langtermynkapitaal: Langtermynbates + 50% van aangesuiwerde bedryfsbates	100%	<b>64</b>	68
Rentedraend: Rentevrye finansiering	50% (maks)	<b>13.0</b>	17.2
Bedryfskapitaal	2:1	<b>0.91</b>	0.94

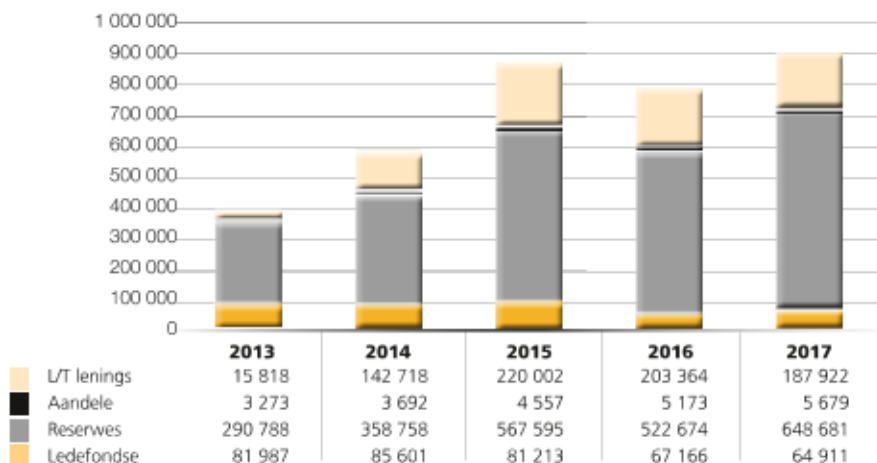
## DEBITEURE

Oorlaatskulde het weselik toegeneem tot R95 332 366 (2016 – R59 260 964). Die toename is toeskryfbaar aan Lede wat gekies het om hul graanbemarking uit te stel om maandelik beter pryse daarvoor te realiseer. Die onderliggende graan was op jaareinde steeds opgeberg in SSK se opbergingsfasiliteite. Daar is vanjaar debiteure ten bedrae van R11 879 (2016 – R51 445) afgeskryf as oninbaar. Die totale voorsiening vir twyfelagtige skulde was op jaareinde R1 285 251 (2016 – R448 096). Hierdie uitstekende syfers is noemenswaardig gegewe die omvang van die debiteureboek.

## WAARDETOEVOEGING TOT BELANGHEBBENDES

	%	2017 R	2016 R	%
Omset		1 525 742 460	1 417 866 157	
Netto kosprys van produkte en dienste		1 174 429 849	1 190 302 037	
<b>Waarde toegevoeg</b>		<b>351 312 611</b>	<b>227 564 120</b>	
Soos volg aangewend:				
Werknemers	27.33	95 997 059	84 370 414	37.08
Lone/Salarisse	24.74	86 914 334	76 844 278	33.77
Aansporingsbonus	2.58	9 072 725	7 621 136	3.35
Na-aftrede mediese koste	0.00	10 000	(95 000)	(0.04)
Kapitaalverskaffers	24.97	75 731 246	49 967 742	21.96
Rente	20.42	71 731 246	49 967 742	21.96
Bonussie uitbetaal	4.55	4 000 000	–	0.00
Toevoeging van bates	22.23	78 093 792	52 886 540	23.24
Waardevermindering	4.48	15 746 220	12 244 873	5.38
Herbelê in besigheid	19,33	79 899 833	31 946 862	14.04
Reserwes	18.19	63 899 833	31 946 862	14.04
Bonussie uitgestel	1.14	16 000 000	–	0.00
Inkomstebelasting	1.66	5 844 461	(3 852 311)	(1.69)
		<b>351 312 611</b>	<b>227 564 120</b>	

## KAPITAALBRONNE



## FILIALE

Die prestasie van die filiaalmaatskappye (direkte en indirekte belang), die gesamentlike onderneeming en 'n geassosieerde maatskappye vir die jaar onder oorsig, is as volg:

	2017		
	Omset	Bruto wins	Netto wins
Blinkbeleg Vyftien (Edms) Bpk	54 069 983	4 215 791	1 275 495
Riparian Investment Consortium 1 (Edms) Bpk	–	–	25 011 754
Sentraal-Suid Beleggings (Edms) Bpk	2 500	2 500	(59 632)
Softlutions (Edms) Bpk	2 715 123	2 715 123	268 185
Southern Oil (Edms) Bpk	1 288 607 186	255 810 348	96 787 987
SSK Vervaardigers (Edms) Bpk	–	–	854 913
Swellen Mark (Edms) Bpk	9 744 631	9 744 631	631 068
Technifarm (Edms) Bpk	12 958 538	4 683 452	1 396 799
Tuinroete Agri (Edms) Bpk	854 706 346	102 453 083	22 767 000
Hessequa Abattoir (Edms) Bpk	205 528 027	17 311 874	4 502 040
Eureka Mills (Edms) Bpk	27 824 838	7 037 568	434 511

**2016**

	<b>Omset</b>	<b>Bruto wins</b>	<b>Netto wins</b>
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	947 561 833	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
Hessequa Abattoir (Edms) Bpk	164 415 926	14 532 906	2 942 889

**GRAAN**

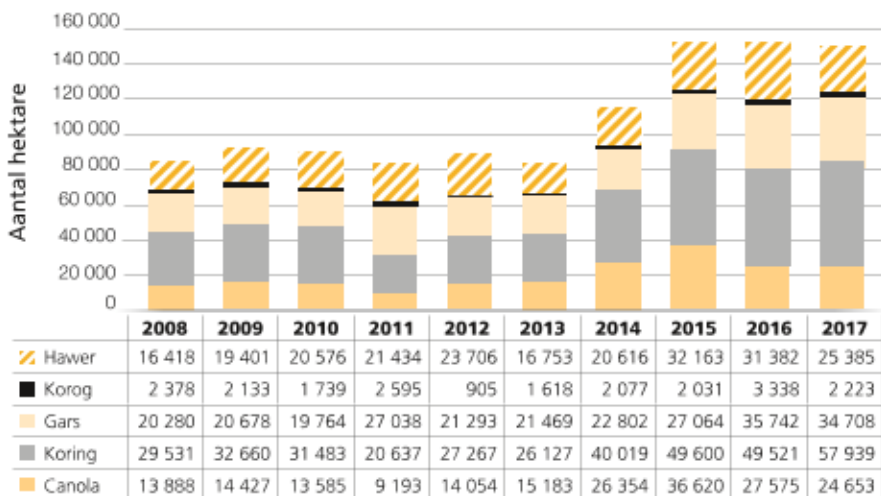
Graan aanplantings in die 2016/17 finansiële jaar was weereens uitsonderlik en veral moutgars aanplantings het drasties toegeneem teenoor die langtermyn sowel as die vorige produksie jaar. Canola aanplantings daarteen het na 'n toename in 2015/16, weer teruggeval na 2014/15 vlakke.

Alhoewel dit in terme van totale jaarlikse reënval nie 'n besonderse goeie jaar was nie, was die verspreiding daarvan gunstig en as sulks was opbrengste oor die hele gebied oor die algemeen baie goed tot uitstekend. In sekere gebiede is van die hoogste opbrengste nóg behaal.

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

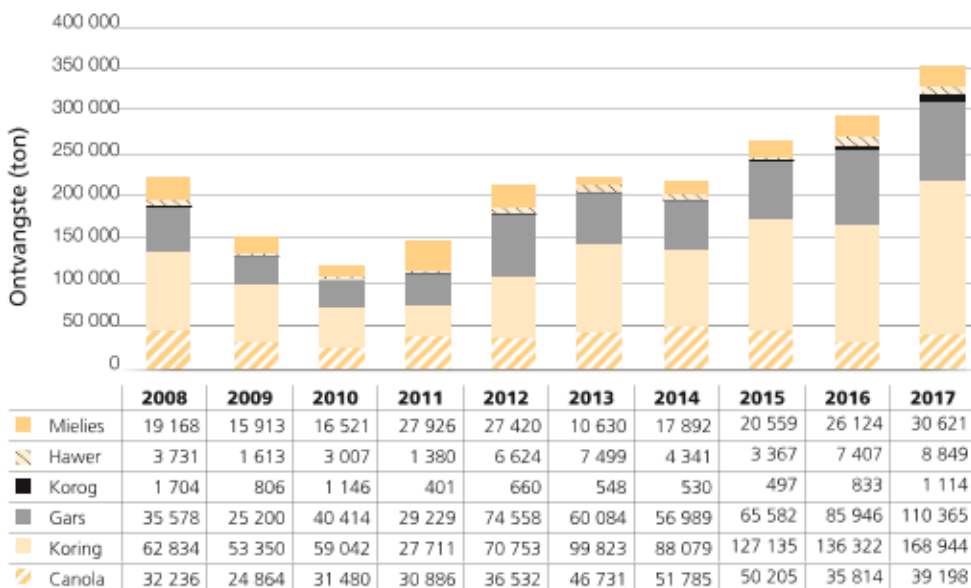
## HEKTARE GEPLANT

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



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

## GRAANONTVANGSTES

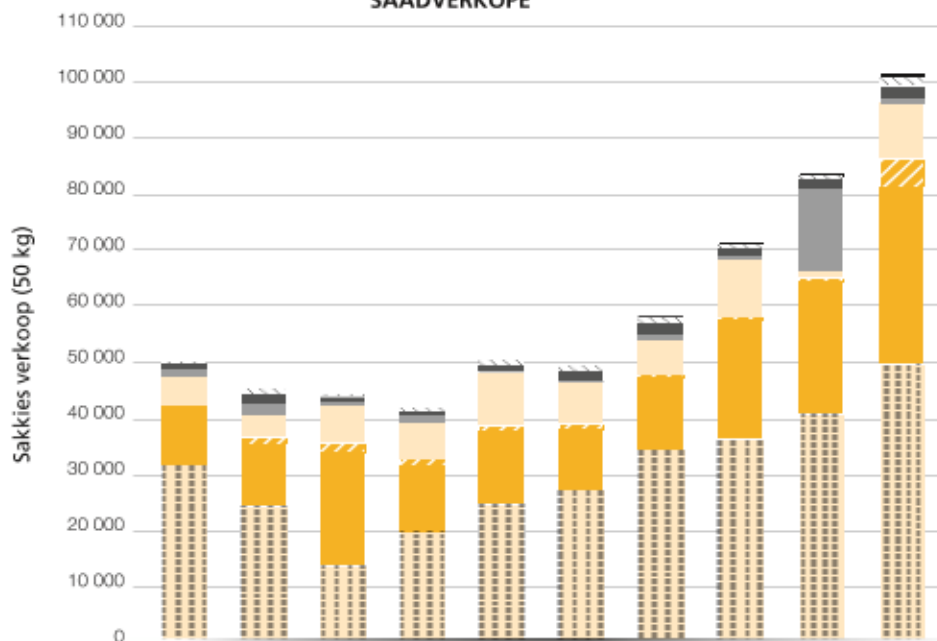




Graanlewering was van so 'n omvang dat SSK se opbergingsfasiliteite weer baie goed benut was ten einde die grootste gelewerde oes nog te kon hanteer. Saam met oordragvoorraad voortspruitend uit die voorafgaande goeie oesjare, het dit groot druk op feitlik alle silo's geplaas. Ten spyte van deurlopende uitbreidings, moes groot volumes graan (meerendeels hawer en koring) in silosakke opgeberg word. Heelwat koring is ook by wyse van verskeie surplusverwyderingskema's tussen silo's verskuif om silokapasiteit optimaal te benut en lewering vir produsente by hul naaste SSK silo moontlik te maak.

## SAAD

### SAADVERKOPE



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
■ Voererte	0	0	0	0	0	0	10	94	106	170
/// Lupiene	476	519	276	346	577	578	444	534	949	1 145
■ Canola	587	870	628	883	1 136	1 882	2 753	1 957	1 562	2 312
■ Korog	1 535	1 938	771	1 362	464	373	1 368	910	215	280
■ Hawer	4 841	3 964	6 537	8 226	8 750	8 632	7 490	13 308	17 640	9 348
■ Voergars	415	1 246	1 410	1 406	1 130	1 151	718	1 280	1 594	4 558
■ Gars	10 511	11 348	18 992	14 107	12 727	13 121	15 697	23 513	27 675	33 691
■ Koring	31 061	23 885	12 317	23 183	23 446	31 312	42 050	41 257	47 326	49 925



SSK se saadverkope gaan steeds van krag tot krag. Baie kompeterende 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**

Met al die onsekerhede waarmee Suid-Afrikaanse landbou in die gesig gestaar word, is dit sekerlik moeilik om deurlopend en op 'n omvangryke basis kapitaal in hierdie sektor te belê. Dit is egter nêr so gevaarlik om dit nie te doen nie. Die kompeterende omgewing waarin SSK sy sake doen vereis deurlopende vernuwing en uitbreiding om aan die veranderende behoeftes van ons Lede en kliënte te voldoen. Voedselsekerheid en die faktore wat dit beïnvloed gaan opnuut ons fokus moet geniet ten einde onderliggende stabiliteit in ons land te verseker. Indien sinvolle samewerking tussen landbouers, asook die ander spelers in die landbouwaardeketting, nie geprioritiseer word nie, sal dit negatiewe gevolge vir die sektor en die breë ekonomiese landskap hê.

Grondhervorming en grondkwessies sal steeds as emosionele wapen gebruik word in die werwing van stemme. Tot die regerende party nie die impak van hul uitlatings op die lewens (en lewenskoste) van alle Suid-Afrikaners insien nie, sal ons nie uit hierdie negatiewe siklus kan ontsnap nie. Wat wel die wesenlike werklikheid is, is dat bemagting in die landbou moet plaasvind. Die terme van hierdie bemagting sal sekerlik meer gunstig wees, namate dit pro-aktief deur landbouers benader word.

SSK is goed gekapitaliseer om toekomstige geleenthede te kan benut. Verdere kapitale uitbreidings gaan egter in lyn moet wees met die oorhoofse strategie om die fokus van SSK te hou op die behoeftes van ons Lede.

SSK se Direksie, Bestuur en Personeel is innig dankbaar teenoor ons Lede vir hul getroue ondersteuning van die organisasie en ons waardeer die vertroue in ons geplaas om hierdie besigheid te bedryf tot voordeel van SSK en sy Lede. SSK as organisasie is ook 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 LTD and its subsidiaries**

### **FINANCIAL MANAGEMENT REVIEW 2017**

#### **BACKGROUND**

The 2017 financial year was characterized by unforeseen world events. The United Kingdom's vote to leave the EU, the election of Donald Trump as president of the USA, North Korea's extensive nuclear weapons testing, an increase in extremist terrorist attacks and the humanitarian crisis in the Middle East, are just some of the events that had an impact on the world where we find ourselves today. Given that many of these events negatively impacted developed countries, developing countries benefited from this, with investors allocating capital to these countries as a hedging play to alleviate their concentration risk. This generally led to the strengthening of developing countries' currencies and economies.

Although a turnaround is detected in the hard commodity markets, the momentum of this move is poor given the many uncertainties identified in the systemic health of the world economy, especially with regard to consumers. South Africa is not immune to this either, and our weakened mining industry is struggling to keep its head above water at the current price levels. The other significant factors that influence South African mining also do not help to resolve matters. This, together with South Africa's political problems, has led to the full benefits of these capital flows to developing countries not entirely manifesting locally. The dismissal of our respected Finance Minister, Pravin Gordhan, together with the credit rating downgrade to junk status by ratings agencies, had a negative effect on the country that will remain with us for a long time. Unemployment rates are now over 27%, with limited positive forecasts.

Given the massive challenges experienced by developed countries, South Africa's poor economic and political news, on a relative basis, escaped the wrath of the foreign exchange markets and at the time of writing (June 2017) the Rand traded comfortably below the R13 level against the US Dollar. The strengthened Rand certainly provided relief to those sectors that have a strong focus on imports, but for the agricultural sector, a net currency earner, it will certainly have a negative impact. The imports of machinery and other capital goods can now be done at better exchange rates, but the uncertainty that exists with respect to the sector from a political point of view, leads to farmers and other businesses in the agricultural value chain to be reluctant to engage in large-scale capital spending.

The climatic conditions experienced have brought relief for large parts of the country, although parts of the interior and especially the Western Cape are still experiencing severe drought conditions. Record maize crops are predicted in the North, but soft commodity prices are again under pressure. The Southern and Eastern Cape experienced good farming conditions in 2016, but 2017 has so far experienced little rainfall, with low water levels creating concern for the fruit, vegetable and dairy farmers. Planted crops are currently under pressure with rainfall that has not materialised to meet the need.

Predictions currently indicate stable local wheat and barley prices. Any possible increase in soft commodity prices will be largely countered by the reduction in the wheat import tariff decreases on the back of the strengthened Rand. Prospects for other agricultural sectors are as follows:



- The dairy industry experienced a difficult year once again, but lower feed prices surely provided some relief. The milk price is still not at the expected levels, but new buyers of milk in the Southern Cape milk industry can certainly increase the demand for raw milk from this area, with a consequential positive impact on the price that milk farmers receive for their product.
- The fruit and wine industries experienced good harvests, although hail damage occurred again in the Langkloof. Export prices, given the exchange rate, were lower than expected.
- The ostrich industry experienced a relatively good year. Although product prices did not move significantly, the lower feed prices had a positive effect. Bird numbers increase continuously, although they are from a low base.
- Meat prices rose well during the year as farmers restocked their herds after the countrywide drought, resulting in a decline in the supply of slaughter animals.
- The wool industry is still performing well, surprisingly considering the strengthening of the Rand.
- The vegetable industry also experienced a period of good prices in terms of most cash crops.

SSK as Co-operative, as well as the Group, had a record financial year. The negative impact of the silo collapse in the 2016 financial year is still clearly visible in the comparative figures. Excluding the impact of the collapse, the Co-operative, as well as the Group's financial performance, was significantly better than the previous year. The increase in value of SSK's Pioneer Foods shareholding has reversed the impairment of the previous year. The business divisions once again realised good results. The Grain, Seed, Insurance, Feed Manufacturers and Retail divisions were all profitable, with only the Mechanisation division realising a loss in the current year.

SSK had surplus funds for the seventh time in the Co-operative's history, which is significant given the substantial capital expansion of the last five years. All short-term facilities were fully redeemed during this period.

The integration of Tuinroete Agri's operations within SSK has resulted in a significant increase in membership, with farmers from the Garden Route, Karoo and Eastern Cape now experiencing the benefits of membership firsthand. The activities of Tuinroete Agri's Retail Division have been fully incorporated into SSK beginning 1 March 2017.

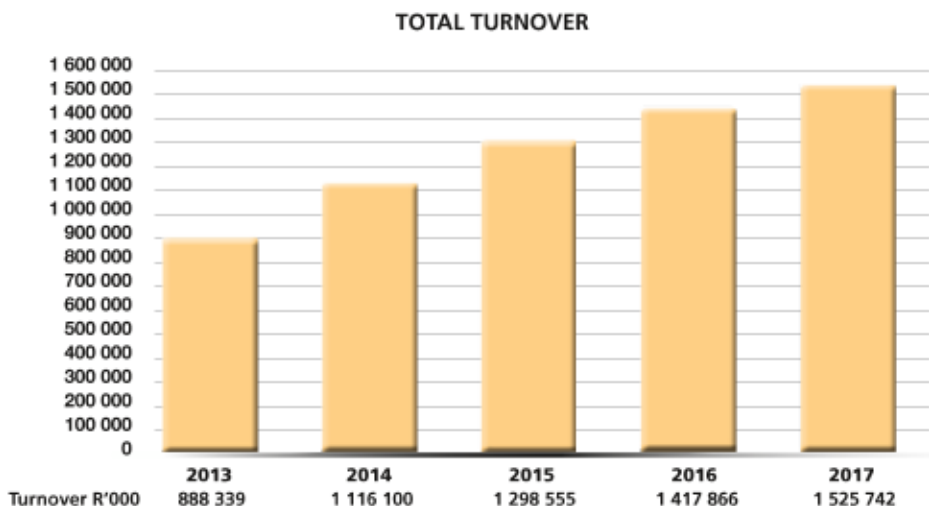
The subsidiaries, joint venture and associate performed well and all were profitable, except for a non-material administrative loss in Sentraal-Suid Beleggings. In the year under review, SSK increased its interest in Hessequa Abattoir to 52.78%. On 1 March 2016, SSK also acquired a 60% stake in Eureka Mills. The focus areas for the first year were upgrading the mill to achieve both consistent quality products and increase the capacity of the mill and bakery in Karringmelks River. After year-end SSK, together with equal partners Overberg Agri and Unigrain, established a new company, Procuco Grain. Procuco Grain operates a 22 600 ton silo complex in Aureus, near Randfontein.

The impact of the 2016 silo collapse is certainly felt in the increased financing costs that resulted from the reconstruction and recovery process. This makes the outstanding results achieved in 2017

so much more satisfying. SSK's Members, Board, Management and Staff have worked hard to make these exceptional results possible. **Work together, win together.** SSK's Board, Management and Staff remain dedicated in their support for our Members and their respective farming operations and are grateful for the loyal support of our Members. We humbly remain grateful to our Heavenly Father for all the blessings we have received so undeservedly from His hands.

### TOTAL TURNOVER

The total turnover with members and customers increased from R1 417 866 157 in the 2016 financial year to R1 525 742 460 in the 2017 financial year. This represents an increase of approximately 7.6%. The increase is in line with inflationary price adjustments. It is noteworthy that Tuinroete Agri's turnover has increased significantly, as system adjustments allowed SSK's Members to purchase at Tuinroete Agri branches with their SSK accounts.





## NET INCOME / APPROPRIATION OF SURPLUS

The Co-operative's operations resulted in a net income before tax for the year of R69 751 494 (2016 – R28 026 152). Included in this figure is a dividend of R28 000 000 from Tuinroete Agri in both of the financial years. The 2016 figure includes the once-off impact of the impairment of silo assets and damage to canola stock after the silo collapse in Swellendam amounting to R48 048 992.

Income tax amounted to R2 865 764 (2016: R0) and the increase in deferred tax provision amounts to R2 978 697 (2016: R3 852 311 decrease). The net income after tax, but before member bonuses, amounted to R83 907 033 (2016: R31 878 463). The surplus is divided as follows:

Member bonuses	R20 000 000
Cash	R4 000 000
Deferred	R16 000 000
Reserves	R63 907 033

The tax loss in 2016 resulted in no member bonuses being declared in that year.

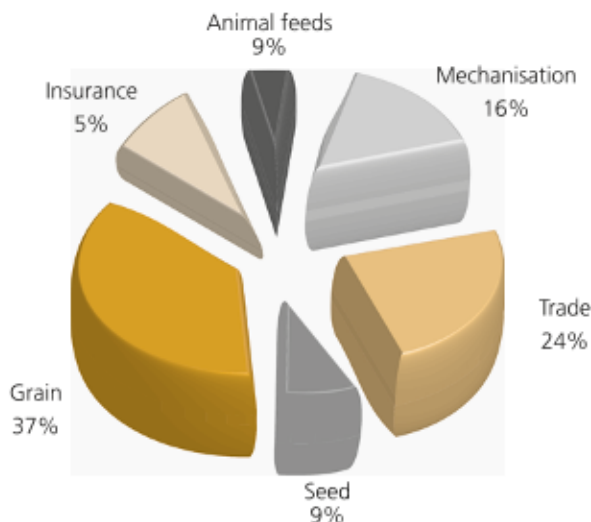
## OPERATIONAL ACCOUNTS

	2017			2016			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	36 055 185	18 260 707	50.65	24 766 206	15 444 823	62.36	45.58	18.23
Insurance	10 295 373	10 294 324	99.99	8 733 367	8 733 291	100	17.89	17.87
Retail	779 327 882	52 018 530	6.67	832 055 450	47 174 264	5.67	(6.34)	10.27
Mechanisation								
Marketing	155 902 895	9 636 303	6.18	143 340 187	7 601 334	5.30	8.76	26.77
Spares	36 449 657	6 078 537	16.68	31 746 394	5 497 007	17.32	14.82	10.58
Seed	74 073 374	18 121 143	24.46	65 986 984	11 681 326	17.70	12.25	55.13
Grain	285 657 657	78 107 840	27.34	245 126 655	75 371 643	30.75	16.53	3.63
Animal Feeds	147 491 098	19 809 952	13.43	66 005 369	9 195 856	13.93	123.45	115.42
Administration & other services	489 340	495 467	N/a	105 546	5 327	N/a	N/a	N/a
	1 525 742 461	212 822 803	13.95	1 417 866 158	180 704 871	12.74		



## GROSS PROFIT PER DIVISION

The ratio of gross profit per division (excluding the gross profit of administration and other services), to the total gross profit in the amount of R192 822 803 (2016 – R180 704 871) was as follows:



## TOTAL EXPENDITURE

Total expenditure has increased by 18.6% in the year under review, mainly due to the increased costs involved in repair and maintenance, cleaning costs, electricity, operating leases, vehicle expenses, computer expenses, depreciation and personnel costs. The only expense experiencing a substantial decrease, was fuel for grain driers.

## IMPORTANT FINANCIAL RATIOS

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

	Norm	2017	2016
Own capital: Adjusted total assets	30% (min)	<b>45</b>	44
Members' interest: Adjusted total assets	50% (min)	<b>50</b>	50
Long-term capital: Long-term assets + 50% of adjusted current assets	100%	<b>64</b>	68
Interest-bearing: Interest-free financing	50% (max)	<b>13.0</b>	17.2
Operating capital	2:1	<b>0.91</b>	0.94

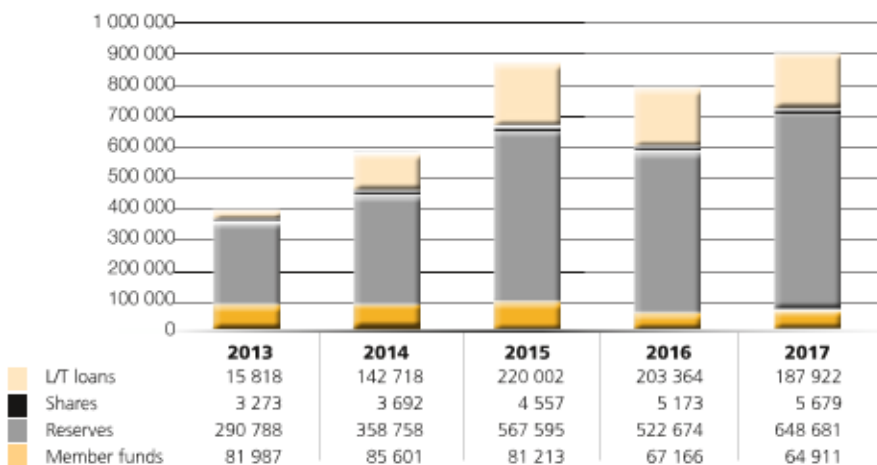
## DEBTORS

Carry-over debt increased significantly to R95 332 366 (2016 – R59 260 964). The increase is attributable to Members who have chosen to postpone their grain marketing in order to realize potentially better prices. The underlying grain was still stored at SSK's storage facilities at year-end. Debtors amounting to R11 879 (2016 – R51 445) have been written off as irrecoverable. The total provision for doubtful debts was R1 285 251 (2016 – R448 096) at year-end. These excellent figures are significant given the size of the debtors book.

## VALUE ADDED TO STAKEHOLDERS

	%	2017 R	2016 R	%
Turnover		1 525 742 460	1 417 866 157	
Net cost price of products and services		1 174 429 849	1 190 302 037	
<b>Value added</b>		<b>351 312 611</b>	<b>227 564 120</b>	
Utilised as follows:				
Employees	27.33	95 997 059	84 370 414	37.08
Wages/Salaries	24.74	86 914 334	76 844 278	33.77
Incentive bonus	2.58	9 072 725	7 621 136	3.35
Post-retirement medical cost	0.00	10 000	(95 000)	(0.04)
Capital providers	24.97	75 731 246	49 967 742	21.96
Interest	20.42	71 731 246	49 967 742	21.96
Bonuses paid out	4.55	4 000 000	–	0.00
Addition of assets	22.23	78 093 792	52 886 540	23.24
Depreciation	4.48	15 746 220	12 244 873	5.38
Re-invested in business	19,33	79 899 833	31 946 862	14,04
Reserves	18.19	63 899 833	31 946 862	14.04
Deferred bonuses	1.14	16 000 000	–	0.00
Income tax	1.66	5 844 461	(3 852 311)	(1.69)
		<b>351 312 611</b>	<b>227 564 120</b>	

## SOURCES OF CAPITAL



## SUBSIDIARIES

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

	2017		
	Turnover	Gross profit	Net profit
Blinkbeleg Vyftien (Pty) Ltd	54 069 983	4 215 791	1 275 495
Riparian Investment Consortium 1 (Pty) Ltd	–	–	25 011 754
Sentraal-Suid Beleggings (Pty) Ltd	2 500	2 500	(59 632)
Softlutions (Pty) Ltd	2 715 123	2 715 123	268 185
Southern Oil (Pty) Ltd	1 288 607 186	255 810 348	96 787 987
SSK Vervaardigers (Pty) Ltd	–	–	854 913
Swellen Mark (Pty) Ltd	9 744 631	9 744 631	631 068
Technifarm (Pty) Ltd	12 958 538	4 683 452	1 396 799
Tuinroete Agri (Pty) Ltd	854 706 346	102 453 083	22 767 000
Hessequa Abattoir (Pty) Ltd	205 528 027	17 311 874	4 502 040
Eureka Mills (Pty) Ltd	27 824 838	7 037 568	434 511

	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	947 561 833	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
Hessequa Abattoir (Pty) Ltd	164 415 926	14 532 906	2 942 889

## GRAIN

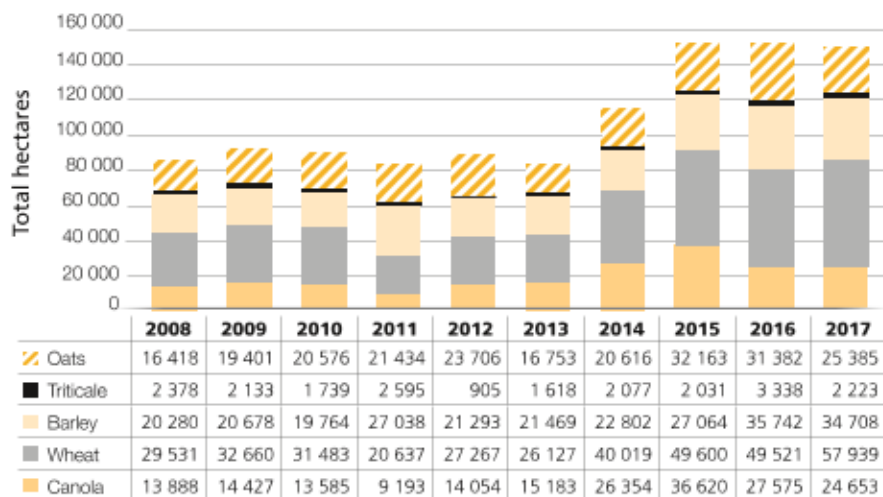
Grain plantings in the 2016/17 financial year were once again exceptional with especially malting barley plantings increasing drastically relative to the long term average as well as the previous production year.

Canola plantings have, after increasing in 2015/16, fallen back to 2014/15 levels. Although it was not a particularly great year in terms of total annual rainfall, the distribution thereof was favorable and as such, yields across the whole production area were generally very good to excellent. In some areas, the highest yields to date have been achieved.

The grain and canola received was also of a very good quality and very few quality problems occurred during harvest time.

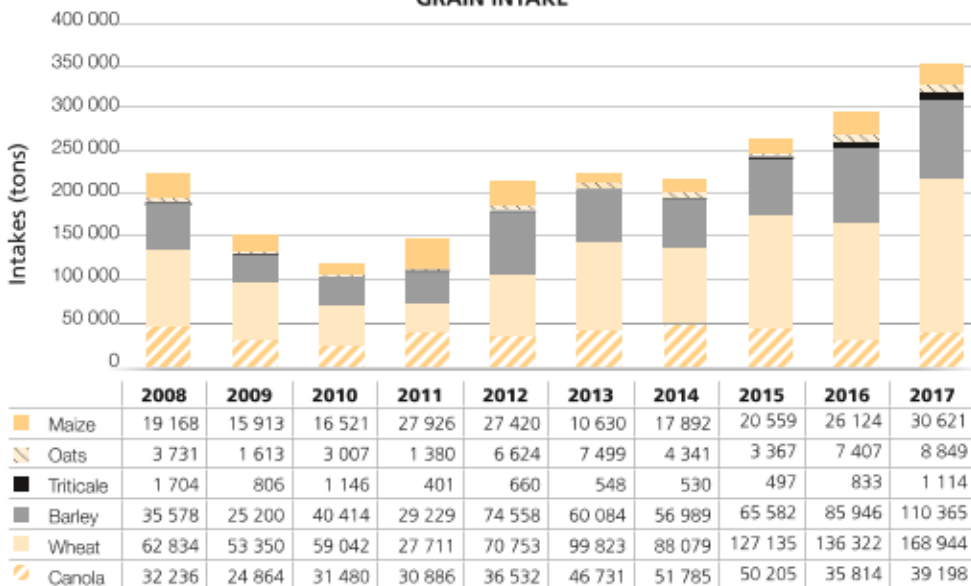
**Hectares sowed/planted in SSK's service area (since 2015 Riversdale, Albertinia and Herold are included)**

**HECTARES PLANTED**



**Grain intake in SSK's Silos (since 2015 Riversdale, Albertinia and Herold are included)**

**GRAIN INTAKE**

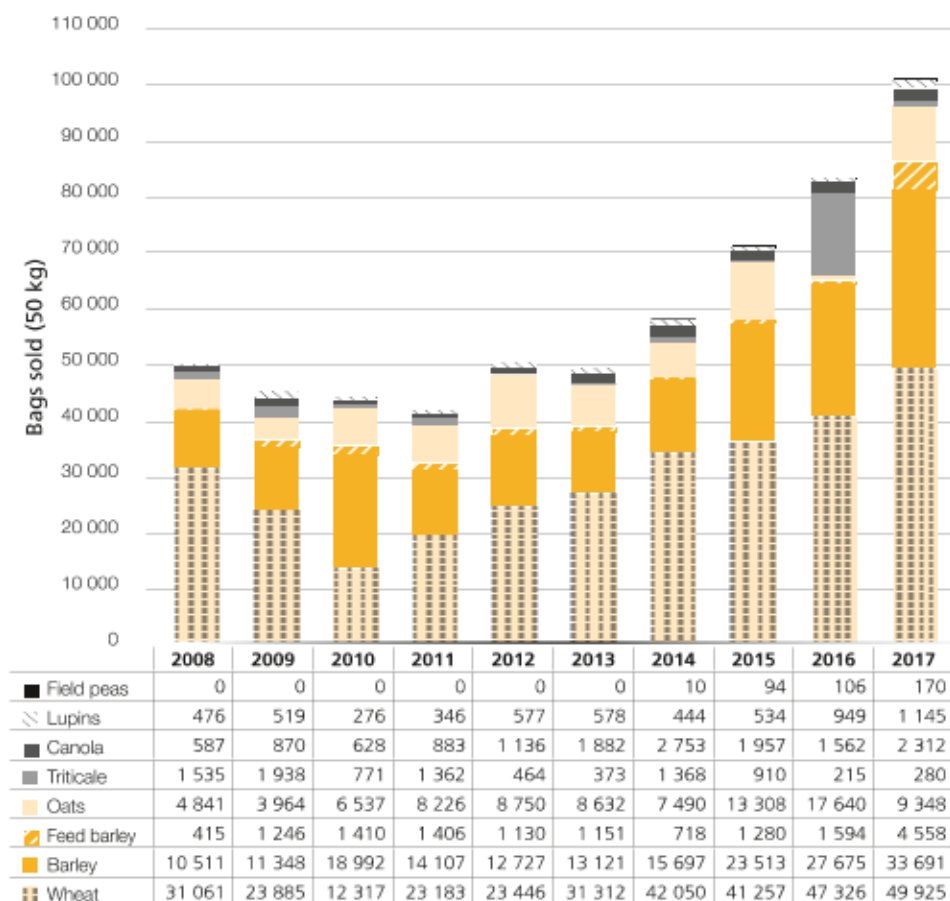


Grain yields were of such a magnitude that SSK's storage facilities were once again very well utilized, receiving the largest harvest to date. Significant stored grain carried over from the previous above average harvests, put enormous pressure on silo capacity in all areas.

In spite of continuous expansions, large volumes of grain (mostly oats and wheat) were stored in silo bags. A large quantity of wheat was also moved by means of various surplus removal schemes between silos to optimize utilization of silo capacity and enable delivery to producers at their nearest SSK silo.

## SEED

### SEED SALES







SSK's seed sales are still going from strength to strength. Very competitive prices and good quality seed are ensuring strong customer support across a wide base. A significant part of the division's turnover is nowadays realised from outside of SSK's historic operating area.

#### **FUTURE VIEW**

With all the uncertainties facing South African agriculture, it is certainly difficult to invest capital in this sector on an ongoing basis. However, it is just as dangerous not to do so. The competitive environment in which SSK conducts its business requires continuous renewal and expansion to meet the changing needs of our Members and customers. Food security and the factors that affect it will have to be our focus once again to ensure underlying stability in our country. If meaningful co-operation between farmers, as well as the other players in the agricultural value chain is not prioritized, it will have negative consequences for the sector and the broad local economic landscape.

Land reform and land issues will still be used as an emotional weapon in the recruitment of votes. Until the ruling party does not realize the impact of their statements on the lives (and living costs) of all South Africans, we will not be able to escape from this negative cycle. The reality stays unchanged – empowerment in agriculture must take place. The terms of this empowerment will surely be more beneficial if pro-actively driven by farmers.

SSK is well capitalized to take advantage of future opportunities. However, further capital commitments should be in line with the overall strategy to keep the focus of SSK on the needs of our Members.

SSK's Board of Directors, Management and Staff are grateful to our Members for their loyal support of the organization and we appreciate their confidence in allowing us to grow this business for the benefit of SSK and its Members. SSK as an organisation is also humbly grateful to our Heavenly Father for all the blessings we receive from His hands and we are confidently looking forward to the coming year.



**SSK het 'n wesentliche belang in die volgende entiteite:**

**SSK has a material interest in the following entities:**

100% 

62% 

100%   
**SSK VEEVOER  
VERVAARDIGERS**

100% **BLINKBELEG  
VYFTIEN**

50% **TECHNIFARM**

68% 

33% 

51% 

100%   
**SS BELEGGINGS**

40% 

60% 

**Eureka Mills**

53% 