



SENTRAAL-SUID
KOÖPERASIE • CO-OPERATIVE
BPK • LTD



JAARVERSLAG **2018** ANNUAL REPORT

Uitnodiging

U word hartlik uitgenooi na die Algemene Jaarvergadering van SSK op Vrydag, 20 Julie 2018, 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, 20 July 2018, 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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KENNISGEWING: ALGEMENE JAARVERGADERING EN SAKELYS NOTICE: ANNUAL GENERAL MEETING AND AGENDA

Kennis geskied hiermee dat die Algemene Jaarvergadering van SSK op Vrydag, 20 Julie 2018, 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, 20 July 2018, at 10h30, in the Show Hall (Heidelberg 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 2017
Approval of the Minutes of the Annual General Meeting 2017
- 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

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

Bestuur / Management

E J Pelser	–	Hoof Uitvoerende Beampte – Chief Executive Officer
J E de V van Veen	–	Hoofbestuurder: Finansies en Administrasie – General Manager: Finance and Administration
C H de Beer	–	Hoofbestuurder: Bedrywe – General Manager: Operations

Sekretaris / Secretary

J E de V van Veen

Geregistreeerde Adres / Registered Address Posadres / Postal Address

Voortrekstraat 34 / 34 Voortrek Street	Posbus 12 / P.O. Box 12
Swellendam	Swellendam
6740	6740

Bankiers / Bankers

Eerste Nasionale Bank / First National Bank	Nedbank
Voortrekstraat 33 / 33 Voortrek Street	Voortrekstraat 29 / 29 Voortrek Street
Swellendam	Swellendam
6740	6740

Ouditeure / Auditors

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

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 afsonderlike en gekonsolideerde finansiële state van Sentraal-Suid Koöperasie Beperk. Die afsonderlike en gekonsolideerde finansiële state is opgestel in ooreenstemming met die *'International Financial Reporting Standard for Small and Medium-sized Entities'* en op die wyse soos vereis deur die Koöperasiewet en sluit bedrae in wat op die oordeel en ramings van bestuur gegrond is. Die afsonderlike en gekonsolideerde finansiële state is gegrond op toepaslike rekeningkundige beleid wat in ooreenstemming is met die *'International Financial Reporting Standard for Small and Medium-sized Entities'*. Die Groep het gedurende die jaar vanaf die *'International Financial Reporting Standards'* na die *'International Financial Reporting Standard for Small and Medium-sized Entities'* omskakel.

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 afsonderlike 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 wesentliche 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 afsonderlike 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 afsonderlike 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 afsonderlike en gekonsolideerde finansiële state, word aangebied op bladsy 8.

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



D H van Papendorp – Voorsitter
18 Junie 2018

S W Viljoen – Ondervoorsitter

Goedkeuring van finansiële state

Die opgesomde afsonderlike en gekonsolideerde 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

20 Julie 2018

Aantekening

Die Direkteure bied die opgesomde afsonderlike en gekonsolideerde finansiële state van Sentraal-Suid Koöperasie Beperk op 28 Februarie 2018 aan. Die opgesomde afsonderlike en gekonsolideerde finansiële state is opgestel vanuit die volledige geouditeerde afsonderlike en gekonsolideerde finansiële state vir die jaar geëindig 28 Februarie 2018, soos goedgekeur deur die Direkteure op 18 Junie 2018.

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

Die volledige geouditeerde afsonderlike en 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 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 separate and consolidated financial statements of Sentraal-Suid Co-operative Limited. The separate and consolidated financial statements have been prepared in accordance with *International Financial Reporting Standard for Small and Medium-sized Entities*, and in the manner required by the Co-operatives Act, and include amounts that are based on Management's judgement and estimates. The separate and consolidated financial statements are based on appropriate accounting policy in accordance with the *International Financial Reporting Standard for Small and Medium-sized Entities*. The Group changed from *International Financial Reporting Standards* to *International Financial Reporting Standard for Small and Medium-sized Entities* during the year.

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 separate 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 separate and consolidated financial statements. Based on forecasts 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 separate 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 regarding the summarised separate and consolidated financial statements is presented on page 9.

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



D H van Papendorp – Chairperson
18 June 2018



S W Viljoen – Vice-Chairperson

Approval of the financial statements

The separate and consolidated financial statements as presented on pages 10 to 30, is 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.

Chairperson – Heidelberg

20 July 2018

Note

The Directors present the summary separate and consolidated financial statements of Sentraal-Suid Co-operative Ltd for the year ended 28 February 2018. The summary separate and consolidated financial statements have been compiled from the full set of audited separate and consolidated financial statements for the year ended 28 February 2018, as approved by the Board of Directors on 18 June 2018.

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

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

ONAFHANKLIKE OUDITEURSVERSLAG OP DIE OPGESOMDE GEKONSOLIDEERDE EN AFSONDERLIKE FINANSIËLE STATE AAN DIE LEDE VAN SENTRAAL-SUID KOÖPERASIE BEPERK

Mening

Die opgesomde gekonsolideerde en afsonderlike finansiële state, soos uiteengesit op bladsye 18 tot 30, wat bestaan uit die opgesomde gekonsolideerde en afsonderlike state van finansiële posisie soos op 28 Februarie 2018, die opgesomde gekonsolideerde en afsonderlike state van omvattende inkomste en kontantvloei 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 Beperk vir die jaar geëindig 28 Februarie 2018.

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 for Small and Medium-sized Entities' 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 18 Junie 2018.

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

18 Junie 2018

INDEPENDENT AUDITORS' 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 Limited, set out on pages 18 to 30, which comprise the summary consolidated and separate statements of financial position as at 28 February 2018, 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 Limited for the year ended 28 February 2018.

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 for Small and Medium-sized Entities' 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 18 June 2018.

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
18 June 2018

DIREKTEURSVERSLAG vir die jaar geëindig 28 Februarie 2018

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 2018, 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 aan sy Lede en ander kliente;
- verwerking van graansaad;
- hantering, opberging en bemarking van produsente se graanprodukte deur silo's;
- verskaffing van versekeringsmakelaarsdienste;
- lewering van dienste soos kredietverskaffing en landboubestuur dienste; en
- vervaardiging van veevoer.

Daarbenewens is die Koöperasie, direk en indirek, betrokke by filiale, geassosieerdes 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 naasbestaendes betuig.

Die ledetal het as volg gewissel:

Ledetal aan begin van jaar		1 506
Min: Afgestorwe Lede	12	
Min: Lede wat boerdery gestaak het	21	33
		<hr/>
		1 473
Plus: Toetredings		133
		<hr/>
Ledetal aan einde van jaar		1 606

3. Finansiële resultate

Die waarde van sake gedoen gedurende die jaar het R2 327 698 860 (2017 – R1 525 742 460) vir die Koöperasie en R3 880 566 527 (2017 – R3 679 815 230) vir die Groep beloop. Dit het tot 'n wins voor belasting vir die jaar van R68 797 443 (2017 - R69 751 494) vir die Koöperasie en R80 204 048 (2017 - R200 449 799) vir die Groep aanleiding gegee. Verdere besonderhede van die Groep se finansiële resultate word in die finansiële state behandel.

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 R22 000 000 (2017 – R20 000 000) verklaar. Die wins voor en na hierdie bonusse was as volg:

	2018 R	2017 R
Wins voor bonusse	90 797 443	89 751 494
Totale bonusse verklaar	(22 000 000)	(20 000 000)
Uitgestel	(17 600 000)	(16 000 000)
Kontant	(4 400 000)	(4 000 000)
Wins voor belasting	68 797 443	69 751 494

In die huidige jaar is ledefondse van R17 055 024 (2009, 2010 en 2011) (2017 – R18 253 808 (2007 en 2008)) uitbetaal.

5. Filiale

Die Koöperasie het beleggings in die volgende filiale:

Direk	Belang 2018	Belang 2017	Hoofdoelstelling
a) Eureka Mills (Edms) Bpk	60%	60%	Vervaardiging van meel en verwante produkte.
b) Hessequa Abattoir (Edms) Bpk	52.78%	52.78%	Bedryf van 'n slagpale in Riversdal.
c) Sentraal-Suid Beleggings (Edms) Bpk	100%	100%	Beleggingsmaatskappy met verwante aktiwiteite.
d) Southern Oil (Edms) Bpk	60%	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%	50%	Presisie boerderydienste en verkoop van verwante toerusting.

Direk	Belang 2018	Belang 2017	Hoofdoelstelling
h) Tuinroete Agri (Edms) Bpk	100%	100%	Belegging en verhuring van eiendom.
i) Walts Malting (Edms) Bpk	100%	-	Vervaardig mout hoofsaaklik vir die nasionale "craft" bier mark.
Indirek	Belang 2018	Belang 2017	
j) Blinkbeleg Vyftien (Edms) Bpk	Sentraal-Suid Beleggings besit: 100%	100%	Belegging en verhuring van eiendom.
k) Southern Oil (Edms) Bpk	Tuinroete Agri besit: 0.45%	0.47%	Ekstraksie van olie uit hoofsaaklik canola-saad en die raffinering en bemarking van 'n gedifferensieerde reeks olies en proteïenprodukte.
l) LBK Agri (Edms) Bpk	Tuinroete Agri besit: 100%	100%	Belegging en verhuring van eiendom.

6. Finansiële bates beskikbaar vir verkoop

Finansiële bates beskikbaar vir verkoop het afgeneem met R72 429 194 (2017 – R80 182 624 toename) weens die billike waarde-aanpassing ingevolge die rekeningkundige standpunt *IFRS for SMEs*. Die wins/(verlies) is direk in die staat van ander 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 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.

Procuco Grain (Edms) Bpk

Sentraal-Suid Koöperasie Beperk besit 'n 33.33% belang in dié Maatskappy wat deur gesamentlike besluitneming bestuur word. Die Maatskappy is in besit van 'n strategies geleë,

Safex-geregistreeerde silokompleks in Randfontein met die primêre fokus op graanopberging en waardetoevoeging vir sy aandeelhouers.

9. Aandelekapitaal

532 000 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 geregistreeerde kantoor verskyn by die Koöperasiebesonderhede. Direkteursvergoeding het R2 121 413 (2017 – R1 680 171) beloop. Die 2018 syfer sluit 'n onder-voorsiening vir die 2017 direkteursvergoeding, ten bedrae van R84 156 in.

11. Wesenlike gebeure na jaareinde

Die groep het op 1 Maart 2018 'n 99% belang in die aandelekapitaal van Energy Oil (Edms) Bpk verkry, vir 'n aankoopvergoeding van R101 000 000 wat ten volle deur skuld gefinansier word. Die oorblywende 1% sal verkry word na 18 maande vanaf die effektiewe datum. Hierdie transaksie sal as 'n besigheidsamevoeging in terme van Paragraaf 19 van *IFRS for SMEs* hanteer word.

12. 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 onverdienstelik seën.

13. 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 2018

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 2018, 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;
- 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, associates 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		1 506
Less: Deceased Members	12	
Less: Members who have ceased farming	21	33
		<hr/>
		1 473
Plus: New Members		<hr/>
		133
Number of Members at year-end		<hr/>
		1 606

3. Financial results

The value of business conducted during the year amounted to R2 327 698 860 (2017 – R1 525 742 460) for the Co-operative and R3 880 566 527 (2017 – R3 679 815 230) for the Group. This resulted in a profit before tax of R68 797 443 (2017 – R69 751 494) for the Co-operative and R80 204 048 (2017 – R200 449 799) for the Group. Further details of the Group's financial results are furnished 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 R22 000 000 (2017 – R20 000 000) for the 2018 financial year. The profit before and after bonuses were as follows:

	2018	2017
	R	R
Profit before bonuses	90 797 443	89 751 494
Total bonuses declared	(22 000 000)	(20 000 000)
Deferred	(17 600 000)	(16 000 000)
Cash	(4 400 000)	(4 000 000)
Profit before tax	68 797 443	69 751 494

In the current year, accrued members' funds of R17 055 024 (2009, 2010 and 2011) had been paid out (2017 – R18 253 808 (2007 and 2008)).

5. Subsidiaries

The Co-operative has investments in the following subsidiaries:

Direct	Interest	Interest	Main Objectives
	2018	2017	
a) Eureka Mills (Pty) Ltd	60%	60%	Production of flour and related products.
b) Hessequa Abattoir (Pty) Ltd	52.78%	52.78%	Operating an abattoir in Riversdale.
c) Sentraal-Suid Beleggings (Pty) Ltd	100%	100%	Investment company with related activities.
d) Southern Oil (Pty) Ltd	60%	62%	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	100%	100%	Leasing of a feed production plant.
f) Swellen Mark (Pty) Ltd	68%	68%	Investment in, and letting of property.
g) Technifarm (Pty) Ltd	50%	50%	Precision farming services and provision of related equipment.
h) Tuinroete Agri (Pty) Ltd	100%	100%	Investment in, and letting of property.
i) Walts Malting (Pty) Ltd	100%	–	Production of malt for the local craft beer market.

Indirect	Interest 2018	Interest 2017	Main Objectives
j) Blinkbeleg Vyftien (Pty) Ltd	Sentraal-Suid Beleggings owns: 100%	100%	Investment in, and letting of property.
k) Southern Oil (Pty) Ltd	Tuinroete Agri owns: 0.45%	0.47%	Extraction of oil, mainly from canola seed, and the refinement and marketing of a differentiated series of oils and protein products.
l) 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 decreased by R72 429 194 (2017 – R80 182 624 increase) due to the fair value adjustment in terms of accounting statement *IFRS for SMEs*. The profit/(loss) 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.

Procuero Grain (Pty) Ltd

Sentraal-Suid Co-operative Ltd owns a 33.33% interest in this Company that is run by joint decisionmaking by the shareholders. The company owns and operates a strategically located Safex registered silo complex in Randfontein, with the primary focus on grain storage and adding value to its shareholders.

9. Share capital

532 000 shares were issued this year, while 132 000 shares were cancelled, 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 R2 121 413 (2017 – R1 680 171). The 2018 figure includes an underprovision of R84 156 for the 2017 Directors' emoluments.

11. Material events after year-end

The Group acquired a 99% interest in the share capital of Energy Oil (Pty) Ltd on 1 March 2018. The purchase price of R101 000 000 was fully financed through debt. The remaining 1% will be acquired 18 months after the effective date. This transaction will be treated as a business combination in terms of Paragraph 19 of *IFRS for SMEs*.

12. 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.

13. 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 2018

	GROEP		KOÖPERASIE	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
BATES				
Nie-bedryfsbates				
Eiendom, aanleg en toerusting	580 577	505 498	276 281	244 630
Ontasbare bates	21 716	19 784	6 369	1 052
Beleggingseiendom	63 806	65 009	–	–
Belegging in filiale	–	–	235 055	241 419
Belegging in geassosieerde	23 301	31 981	5 000	–
Belegging in gesamentlike onderneming	1 546	1 407	1 500	1 500
Finansiële bates beskikbaar vir verkoop	338 989	411 795	338 120	409 585
Ander finansiële bates	169 414	177 905	169 991	178 835
Uitgestelde belastingbate	210	4 470	–	–
	1 199 561	1 217 850	1 032 315	1 071 021
Bedryfsbates				
Voorraad	755 948	752 975	354 825	203 781
Handels- en ander debiteure	795 182	750 398	586 451	494 898
Korttermynlenings	4 732	8 462	29 427	51 207
Inkomstebelasting	5 360	569	1 742	36
Kontant en kontantekwivalente	42 409	44 384	21 364	9 534
Nie-bedryfsbates gehou vir verkoop	–	614	–	–
	1 603 630	1 557 400	993 808	759 455
Totale bates	2 803 191	2 775 250	2 026 124	1 836 476

SENTRAAL-SUID KOÖPERASIE BPK en sy filiale
OPGESOMDE STAAT VAN FINANSIËLE POSISIE soos op 28 Februarie 2018
(vervolg)

	GROEP		KOÖPERASIE	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000

EKWITEIT EN AANSPREEKLIKHEDE

Kapitaal en reserwes

Reserwes	878 503	915 499	657 885	648 681
Aandelekapitaal	6 085	5 663	6 097	5 679
Ledefondse	64 412	60 746	65 457	64 912
Ledebelang	949 000	981 908	729 439	719 273
Nie-beherende belang	203 481	182 195	–	–
Totale ekwiteit	1 152 481	1 164 103	729 439	719 273

Nie-bedryfslaste

Langtermynlenings	209 922	231 314	167 851	187 923
Uitgestelde belastingaanspreeklikheid	93 153	106 924	71 479	89 125
Na-aftrede mediese voordele	5 291	5 220	4 877	4 790
	308 367	343 458	244 207	281 838

Bedryfslaste

Handels- en ander krediteure	311 272	353 343	252 600	242 764
Korttermynlenings	706 269	699 081	484 798	392 067
Bankoortrekking	324 471	211 027	315 079	200 534
Korttermyndeel van uitgestelde inkomstebelasting	331	4 237	–	–
	1 342 344	1 267 688	1 052 478	835 365
Totale ekwiteit en aanspreeklikhede	2 803 191	2 775 250	2 026 124	1 836 476

SENTRAAL-SUID CO-OPERATIVE LTD and its subsidiaries
SUMMARY STATEMENT OF FINANCIAL POSITION as at 28 February 2018

	GROUP		CO-OPERATIVE	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
ASSETS				
Non-current assets				
Property, plant and equipment	580 577	505 498	276 281	244 630
Intangible assets	21 716	19 784	6 369	1 052
Investment property	63 806	65 009	–	–
Investment in subsidiaries	–	–	235 055	241 419
Investment in associate	23 301	31 981	5 000	–
Investment in joint venture	1 546	1 407	1 500	1 500
Investments available for sale	338 989	411 795	338 120	409 585
Installment sale agreements	169 414	177 905	169 991	178 835
Deferred taxation asset	210	4 470	–	–
	1 199 561	1 217 850	1 032 315	1 071 021
Current assets				
Stock	755 948	752 975	354 825	203 781
Trade and other receivables	795 182	750 398	586 451	494 898
Short-term loans	4 732	8 462	29 427	51 207
Income tax	5 360	569	1 742	36
Cash and cash equivalents	42 409	44 384	21 364	9 534
Non-current assets held for sale	–	614	–	–
	1 603 630	1 557 400	993 808	759 455
Total assets	2 803 191	2 775 250	2 026 124	1 836 476

SENTRAAL-SUID CO-OPERATIVE LTD and its subsidiaries
SUMMARY STATEMENT OF FINANCIAL POSITION as at 28 February 2018
(continued)

	GROUP		CO-OPERATIVE	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
EQUITY AND LIABILITIES				
Capital and reserves				
Reserves	878 503	915 499	657 885	648 681
Share capital	6 085	5 663	6 097	5 679
Members' funds	64 412	60 746	65 457	64 912
Members' interest	949 000	981 908	729 439	719 273
Non-controlling interest	203 481	182 195	–	–
Total equity	1 152 481	1 164 103	729 439	719 273
Non-current liabilities				
Long-term loans	209 922	231 314	167 851	187 923
Deferred taxation liabilities	93 153	106 924	71 479	89 125
Post-retirement medical benefits	5 291	5 220	4 877	4 790
	308 367	343 458	244 207	281 838
Current liabilities				
Trade and other creditors	311 272	353 343	252 600	242 764
Short-term loans	706 269	699 081	484 798	392 067
Bank overdraft	324 471	211 027	315 079	200 534
Income tax	331	4 237	–	–
	1 342 344	1 267 688	1 052 478	835 365
Total equity and liabilities	2 803 191	2 775 250	2 026 124	1 836 476

**SENTRAAL-SUID KOÖPERASIE BPK en sy filiale
OPGESOMDE STAAT VAN OMVATTENDE INKOMSTE
vir die jaar geëindig 28 Februarie 2018**

	GROEP		KOÖPERASIE	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Voortgesette bedrywighede				
Inkomste	3 357 914	3 679 815	1 805 046	1 525 743
Koste van verkope	(2 850 422)	(3 073 736)	(1 489 739)	(1 312 920)
Bonusse verklaar	(22 000)	(20 000)	(22 000)	(20 000)
Bruto wins	485 492	586 079	293 307	192 823
Ander inkomste	92 137	92 409	137 047	121 462
Ander winste/(verliese) – netto	4 735	–	(1 272)	–
Administratiewe uitgawes	(128 341)	(100 970)	(79 368)	(53 396)
Ander bedryfsuitgawes	(274 174)	(280 142)	(205 516)	(124 593)
Bedryfswins	179 848	297 376	144 198	136 296
Finansieringsinkomste	2 802	2 982	4 068	5 187
Finansieringskoste	(101 053)	(98 285)	(79 469)	(71 731)
Wins voor ekwiteitsverdienste	81 597	202 073	68 797	69 751
Ekwiteitsverlies in geassosieerde/ gesamentlike onderneming	(1 393)	(1 624)	–	–
Wins voor belasting	80 204	200 450	68 797	69 751
Belasting	(25 945)	(53 625)	(3 218)	(5 844)
Wins vir die jaar uit voortgesette bedrywighede	54 259	146 825	65 579	63 907
Beëindigde bedrywighede				
Wins vir die jaar uit beëindigde bedrywighede	–	812	–	–
Wins vir die jaar	54 259	147 637	65 579	63 907

**SENTRAAL-SUID KOÖPERASIE BPK en sy filiale
OPGESOMDE STAAT VAN OMVATTENDE INKOMSTE
vir die jaar geëindig 28 Februarie 2018 (vervolg)**

GROEP		KOÖPERASIE	
2018 R'000	2017 R'000	2018 R'000	2017 R'000

Ander omvattende inkomste

Items wat nie herklassifiseer sal word na wins en verlies nie

Waardasie-aanpassing op na-aftrede mediese voordele	(87)	(51)	(87)	(10)
Uitgestelde belasting op waardasie-aanpassing op na-aftrede mediese voordele	24	14	24	3

Items wat herklassifiseer sal word na wins en verlies nie

Billike waarde-aanpassing van finansiële bates beskikbaar vir verkoop	(72 905)	79 961	(72 429)	80 183
Uitgestelde belasting op billike waarde-aanpassing	16 223	(18 204)	16 116	(18 075)
Omvattende inkomste/(verlies) in geassosieerde	(12 147)	10 345	-	-

Totale omvattende inkomste/(verlies) vir die jaar (netto van belasting)

	(14 633)	219 701	9 204	126 007
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Wins toeskryfbaar aan:

Lede	40 942	108 823	65 579	63 907
Nie-beherende belang	13 316	38 813	-	-
	54 259	147 637	65 579	63 907

Totale omvattende inkomste/(verlies) toeskryfbaar aan:

Lede	(27 950)	180 887	9 204	126 007
Nie-beherende belang	13 316	38 813	-	-
	(14 633)	219 701	9 204	126 007

Totale omvattende inkomste/(verlies) vir die jaar (netto van belasting):

Voortgesette bedrywighede	(14 633)	218 889	9 204	126 007
Beëindigde bedrywighede	-	812	-	-
	(14 633)	219 701	9 204	126 007

SENTRAAL-SUID CO-OPERATIVE LTD and its subsidiaries
SUMMARY STATEMENT OF COMPREHENSIVE INCOME
for the year ended 28 February 2018

	GROUP		CO-OPERATIVE	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Continued operations				
Income	3 357 914	3 679 815	1 805 046	1 525 743
Cost of sales	(2 850 422)	(3 073 736)	(1 489 739)	(1 312 920)
Bonuses declared	(22 000)	(20 000)	(22 000)	(20 000)
Gross profit	485 492	586 079	293 307	192 823
Other income	92 137	92 409	137 047	121 462
Other profits/(losses) – nett	4 735	–	(1 272)	–
Administrative expenditure	(128 341)	(100 970)	(79 368)	(53 396)
Other operating expenditure	(274 174)	(280 141)	(205 516)	(124 593)
Operating profit	179 848	297 376	144 198	136 296
Financing income	2 802	2 982	4 068	5 187
Financing costs	(101 053)	(98 285)	(79 469)	(71 731)
Profit before equity earnings and bonuses	81 597	202 073	68 797	69 751
Equity loss in associate/joint venture	(1 393)	(1 624)	–	–
Profit before tax	80 204	200 450	68 797	69 751
Tax	(25 945)	(53 625)	(3 218)	(5 844)
Profit for the year from continued operations	54 259	146 825	65 579	63 907
Discontinued operations				
Profit for the year from discontinued operations	–	812	–	–
Profit for the year	54 259	147 637	65 579	63 907

SENTRAAL-SUID CO-OPERATIVE LTD and its subsidiaries
SUMMARY STATEMENT OF COMPREHENSIVE INCOME
for the year ended 28 February 2018 (continued)

	GROUP		CO-OPERATIVE	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Other comprehensive income				
Items that will not be reclassified to profit and loss				
Actuarial loss on post-retirement medical benefits	(87)	(51)	(87)	(10)
Deferred tax on actuarial loss on post-retirement medical benefits	24	14	24	3
Items that will be reclassified to profit and loss				
Fair value changes – Available-for-sale investments	(72 905)	79 961	(72 429)	80 183
Deferred tax on fair value changes	16 223	(18 204)	16 116	(18 075)
Comprehensive income/(loss) in associate	(12 147)	10 345	–	–
Total comprehensive income/(loss) for the year (nett of tax)	(14 633)	219 701	9 204	126 007
Profit attributable to:				
Members	40 942	108 823	65 579	63 907
Non-controlling interest	13 316	38 813	–	–
	54 259	147 637	65 579	63 907
Total comprehensive income/(loss) attributable to:				
Members	(27 950)	180 887	9 204	126 007
Non-controlling interest	13 316	38 813	–	–
	(14 633)	219 701	9 204	126 007
Total comprehensive income/(loss) for the year (nett of tax):				
Continued operations	(14 633)	218 889	9 204	126 007
Discontinued operations	–	812	–	–
	(14 633)	219 701	9 204	126 007

**SENTRAAL-SUID KOÖPERASIE BPK en sy filiale
OPGESOMDE STAAT VAN KONTANTVLOEIE
vir die jaar geëindig 28 Februarie 2018**

	GROEP		KOÖPERASIE	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Kontantvloei uit bedryfsaktiwiteite				
Kontant deur bedrywighede voortgebring/ (benut)	157 454	236 134	(92 822)	2 296
Rente betaal	(101 053)	(98 800)	(79 469)	(71 731)
Belasting betaal	(27 908)	(44 779)	(6 430)	(53)
Netto kontant gegeneer deur/(aangewend in) bedryfsaktiwiteite	28 493	92 554	(178 722)	(69 488)

Kontantvloei uit beleggingsaktiwiteite

Toevoeging tot eiendom, aanleg en toerusting	(107 783)	(113 429)	(51 342)	(78 094)
Opbrengs met verkoop van eiendom, aanleg en toerusting	2 932	475	679	555
Toevoeging tot ontasbare bates	(6 167)	(304)	(5 800)	-
Opbrengs met verkoop van beleggingseiendom	-	656	-	-
Opbrengs met verkoop van aandele	295	-	-	-
Aankope van aandele	(395)	(435)	(964)	(435)
Opbrengs met verkoop van belang in filiaal	-	950	-	950
Lenings aan filiale terugontvang	-	-	43 437	4 864
Lenings aan filiale gemaak	-	-	(20 479)	(20 932)
Belegging in filiale	-	-	(1)	(12 872)
Terugkoop van aandele deur filiaal	-	-	1 500	-
Verkryging van belang in filiaal	(5 075)	(13 517)	-	-
Verkryging van belegging in geassosieerde	(5 000)	-	-	-
Lening aan gesamentlike onderneming terug- ontvang	-	589	-	209
Lening aan gesamentlike onderneming gemaak	-	-	-	(21)
Lening toegestaan aan geassosieerde	(598)	(570)	(905)	-
Korttermynbelegging gemaak	(4 939)	(7 906)	(4 175)	(7 000)

**SENTRAAL-SUID KOÖPERASIE BPK en sy filiale
OPGESOMDE STAAT VAN KONTANTVLOEIE
vir die jaar geëindig 28 Februarie 2018 (vervolg)**

	GROEP		KOÖPERASIE	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Kontantvloei uit beleggingsaktiwiteite (vervolg)				
Rente ontvang	2 802	2 982	4 068	5 187
Dividende ontvang	9 812	9 154	53 964	47 330
Netto kontant gegeneer deur/(aangewend in) beleggingsaktiwiteite	(114 116)	(121 357)	19 984	(60 262)
Kontantvloei uit finansieringsaktiwiteite				
Langtermynlenings terugbetaal	(25 703)	(20 144)	(17 378)	(19 596)
Korttermynlenings aangegaan	10 495	–	838	–
Korttermynlenings terugbetaal	–	(115 953)	89 201	(12 795)
Aandele ingetrek	(122)	(98)	(122)	(98)
Aandele uitgereik	544	604	540	604
Ledebelangfonds terugbetaal	(13 934)	(17 033)	(17 055)	(18 254)
Dividende betaal aan nie-beherende belang	(1 076)	(1 691)	–	–
Netto kontant gegeneer/(aangewend) deur finansieringsaktiwiteite	(29 797)	(154 315)	56 023	(50 139)
Afname in kontant en kontant-ekwivalente	(115 419)	(183 118)	(102 715)	(179 888)
Kontant en kontantekwivalente aan begin van jaar	(166 643)	16 474	(191 000)	(11 112)
Kontant en kontantekwivalente aan einde van jaar	(282 062)	(166 643)	(293 715)	(191 000)

SENTRAAL-SUID CO-OPERATIVE LTD and its subsidiaries
SUMMARY STATEMENT OF CASHFLOWS for the year ended 28 February 2018

	GROUP		CO-OPERATIVE	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Cash flow from operating activities				
Cash generated from/(utilised in) activities	157 454	236 134	(92 822)	2 296
Interest paid	(101 053)	(98 800)	(79 469)	(71 731)
Taxation paid	(27 908)	(44 779)	(6 430)	(53)
Net cash generated by/(utilised in) operating activities	28 493	92 554	(178 722)	(69 488)

Cash flow from investment activities

Addition to property, plant and equipment	(107 783)	(113 429)	(51 342)	(78 094)
Return on sale of property, plant and equipment	2 932	475	679	555
Addition to intangible assets	(6 167)	(304)	(5 800)	-
Return on sale of investment property	-	656	-	-
Return on sale of non-current assets	295	-	-	-
Purchase of shares	(395)	(435)	(964)	(435)
Return on sale of investment in subsidiary	-	950	-	950
Loans to subsidiaries received	-	-	43 437	4 864
Loans granted to subsidiaries	-	-	(20 479)	(20 932)
Investment in joint venture	-	-	(1)	(12 872)
Repurchase of shares in subsidiary	-	-	1 500	-
Acquiring interest in subsidiary	(5 075)	(13 517)	-	-
Acquiring investment in associate	(5 000)	-	-	-
Loan granted to joint venture received	-	589	-	209
Loan granted to joint venture	-	-	-	(21)
Loan granted to associate	(598)	(570)	(905)	-
Short-term investment	(4 939)	(7 906)	(4 175)	(7 000)

SENTRAAL-SUID CO-OPERATIVE LTD and its subsidiaries
SUMMARY STATEMENT OF CASHFLOWS for the year ended 28 February 2018
(continued)

	GROUP		CO-OPERATIVE	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Cash flow from investing activities (continued)				
Interest received	2 802	2 982	4 068	5 187
Dividends received	9 812	9 154	53 964	47 330
Net cash from/(utilised in) investment activities	(114 116)	(121 357)	19 984	(60 262)
Cash flow from financing activities				
Long-term loans repaid	(25 703)	(20 144)	(17 378)	(19 596)
Short-term loans obtained	10 495	–	838	–
Short-term loans repaid	–	(115 953)	89 201	(12 795)
Shares cancelled	(122)	(98)	(122)	(98)
Shares issued	544	604	540	604
Members' interest funds repaid	(13 934)	(17 033)	(17 055)	(18 254)
Dividends paid	(1 076)	(1 691)	–	–
Net cash from/(utilised in) financing activities	(29 797)	(154 315)	56 023	(50 139)
Decrease in cash and cash equivalents	(115 419)	(183 118)	(102 715)	(179 888)
Cash and cash equivalents at beginning of year	(166 643)	16 474	(191 000)	(11 112)
Cash and cash equivalents at end of year	(282 062)	(166 643)	(293 715)	(191 000)

AANTEKENING 1

Basis van voorbereiding

Die opgesomde afsonderlike en gekonsolideerde finansiële state is opgestel vanuit die volledige geouditeerde afsonderlike en gekonsolideerde finansiële state vir die jaar geëindig 28 Februarie 2018.

Hierdie opgesomde afsonderlike en 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 afsonderlike en gekonsolideerde finansiële state, sonder enige aansuiwerings of samevoegings.

NOTE 1

Basis of preparation

The summary separate and consolidated financial statements have been compiled from the full set of audited separate and consolidated financial statements for the year ended 28 February 2018.

The summary separate and consolidated 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 separate and consolidated financial statements, without any changes or off-setting.

SENTRAAL-SUID KOÖPERASIE BPK en sy filiale FINANSIËLE BESTUURSOORSIG 2018

AGTERGROND

Die 2018 finansiële jaar was interessant in baie opsigte. Beide oud-presidente Robert Mugabe en Jacob Zuma is deur hul eie politieke partye herroep as presidente van onderskeidelik Zimbabwe en Suid-Afrika. Die VSA, onder leiding van President Donald Trump, trap op vele internasionale tone en tree uit beide die Parys Klimaatsooreenkoms asook die Iran Kern-ontwapeningssooreenkoms. Die EU en Verenigde Koningryk se skeisaak is onderweg, met elke party wat baklei vir sy eie gewin. Versagtinge verhoudings blyk ten tyde van hierdie skrywe tussen Noord- en Suid-Korea, sowel as tussen Noord-Korea en die VSA te realiseer. Die humanitêre krisis in die Midde-Ooste blyk steeds voort te duur, met veral Sirië waar lewensverlies en onderdrukking steeds voortduur. Goeie nuus is sekerlik nou broodnodig en 'n ingeligte wêreldbevolking raak voortdurend gefrustreerd met politici se onvermoë om flink op te tree om geregtigheid en regverdigheid te laat geskied. Veral die VSA se omstrede uitlatings het beleggers se apyt vir beleggings in die VSA gedemp, met 'n gevolglike verswakking van die Amerikaanse Dollar. Ontwikkelende lande het natuurlik hierdeur voordeel getrek, met beleggers wat kapitaal weg vanaf die VSA gekanaliseer het om hul konsentrasie risiko t.o.v. hul Dollar blootstelling te verminder. Dit het in die algemeen gelei tot die versterking van ontwikkelende lande se geldeenhede en ekonomieë.

Die verstewiging van harde kommoditeitspryse het bietjie momentum verloor, maar pryse het grotendeels nie verswak nie. Die Suid-Afrikaanse mynbedryf gaan steeds gebuk onder regulatoriese onsekerhede en arbeidskwessies met die gevolg dat hulle nie werklik kon kapitaliseer op die marginaal beter pryse en vraag nie. Die aanstelling van Cyril Ramaphosa as President van Suid-Afrika is alom verwelkom en die versterking van die Rand sedert sy aanstelling is tekenend van die beleggers se opinie oor sy vermoë om die land te herenig, korrupsie hok te slaan en die ekonomie weer op dreef te kan kry.

Alhoewel die Rand effens teruggesak het van sy sterkste vlak teenoor die Amerikaanse Dollar in die laaste jaar, verhandel dit ten tyde van hierdie skrywe (Junie 2018) steeds teen R13.40 teenoor die Dollar. Die versterkte Rand het gelei tot verlaginge in die prys van invoere en dit is tasbaar ervaar deur landbouers deurdat masjinerie pryse gedaal het. Ongelukkig het die produsente wat landbou kommoditeite uitvoer in meeste gevalle wesenlike dalings in hul onderskeie gerealiseerde prysvlakke ervaar, met gevolglike negatiewe druk op hul winsgewendheid. Die ANC se hernieude uitsprake oor die onteining van grond sonder vergoeding, het tot gevolg dat landbouers en ander besighede in die landbouwaardeketting huiwerig is om grootskaalse kapitale investering aan te gaan. Die verhandeling van landbougrond is ook negatief hierdeur geïmpakteer.

Die klimaatstoestand wat ervaar is het verligting gebring vir groot dele van die land, alhoewel dele van die binneland en veral die Wes-Kaap steeds deurloop onder erge droogtoestande. Die winterreënseisoen het goed afgeskop vir die Wes-Kaap, met veral besproeiingsboere wat hoop op verbeterde damvlakke vir die komende somer. Groot mielie-oeste volg op die vorige jaar se rekord-

oeste, maar pryse bly steeds onder druk. Die Suid- en Oos-Kaap is soos in 2017 steeds 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 lae, maar stabiele plaaslike koring- en garspryse. Enige moontlike verhoging in landbou-kommoditeitspryse, sal grootliks teengewerk word deur die verlaging in die koring-invoertarif op die rug van die versterkte Rand. Vooruitsigte vir van die ander landbousektore is as volg:

- Die suiwelbedryf het 'n bestendige jaar beleef, met deurlopende lae voerpryse en 'n aanvaarbare melkprys. Die watertekort het egter weidings onder druk geplaas.
- Die vrugte- en wynbedrywe het laer oeste ervaar, veral gegewe die watertekort wat gelei het tot beskermende boerderypraktyke, met gevolglike laer opbrengste. Uitvoerpryse van vrugte, gegewe die wisselkoers, was laer as verwag. Die prys vir wyndruiwe toon egter belowende verbetering.
- Die volstruisbedryf het 'n rampspoedige jaar beleef met uitvoere van vleis wat weer gestaak is a.g.v. nuwe aanmeldings van voëlgriep. Laer voerpryse bring egter steeds verligting, maar is nie genoeg om die uittoeg van deelnemers aan hierdie mark te stuit nie. Die beplande samesmelting tussen Klein Karoo Internasionaal en Mosstrich is kommerwekkend vir boere t.o.v. pryse op die korttermyn, maar sal moontlik die volhoubaarheid van die bedryf as geheel verbeter.
- Vleispryse het die jaar effens teruggesak, namate verbruikers weerstand gebied het teen veral die hoë skaapvleispryse. Die listeriose-skandaal wat sekere voedselverwerkers getref het, het tot massiewe afnames in die vraag na vark-vleis gelei, met gevolglike wesenlike prysverlagings.
- Die wol- en bokhaarbedryf doen steeds goed, selfs inaggenome die versterking van die Rand.
- Die groentebedryf het ook 'n tydperk van goeie pryse ervaar ten opsigte van meeste kontant-gewasse.

SSK as Koöperasie het 'n goeie finansiële jaar gehad, behalwe vir die waardedaling in die Pioneer Foods Groep aandeelhouing. Die Groep het 'n egter 'n gemiddelde finansiële jaar gehad met SOILL wat wesenlike merk-tot-mark voorraadwaardasie-aanpassings moes voorsien op jaareinde, sowel as Walts Malting en Procuco Grain wat operasionele verliese gerealiseer het. Alhoewel die finansiële prestasie onder druk verkeer het, is die finansiële stand steeds uiters gesond. Die bedryfsafdelings het weereens goeie resultate gerealiseer. Die Graan-, Saad-, Versekering-, Veevoervervaardigers en Handelsafdelings was almal winsgewend, met slegs die Meganisasie-afdeling wat in die huidige jaar 'n verlies gerealiseer het.

Die inskakeling van Tuinroete Agri se bedrywighede by SSK vanaf 1 Maart 2017 het tot gevolg gehad dat die 2018 finansiële jaar die eerste is waartydens die volle landbou-inset- en diens-verskaffingsbesighede van hierdie besighede tesame getoon word binne SSK. Ledetalle groei steeds

voortdurend, met veral landbouers van die Tuinroete, Karoo en Oos-Kaap gebiede wat die voordele van lidmaatskap vir die eerste keer nastreef. Sedert 1 Maart 2017 het die rekenkundige hantering van direkte verkope waar die hantering deur SSK nie noodwendig plaasvind nie, ons daartoe genoop om voortaan slegs die bruto wins gerealiseer op hierdie transaksies, as omset te toon. Hierdie verandering het slegs SSK en die Groep se omset en koste van verkope syfers afwaarts aangepas, met geen effek op bruto wins nie.

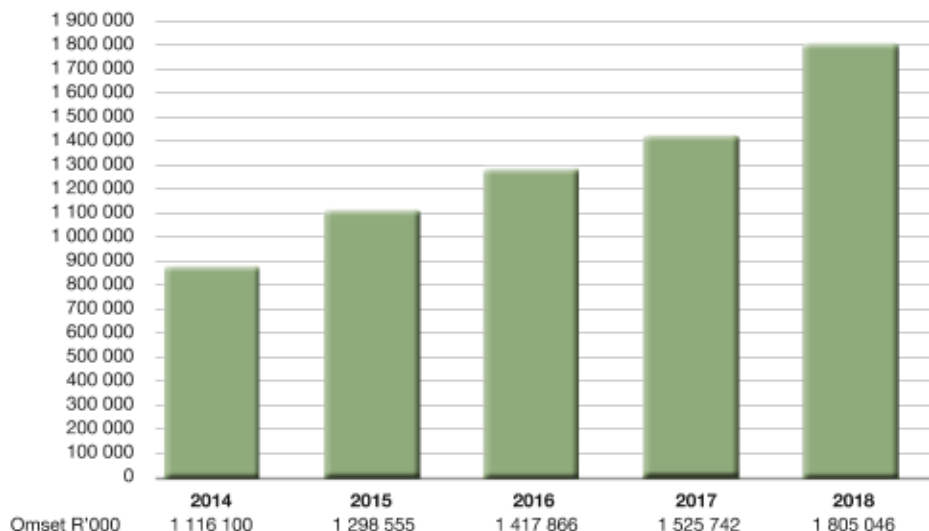
Die filiale, gesamentlike onderneming en geassosieerdes het goed presteer en die enigste wat nie winsgewend was nie, was soos verwag, Walts Malting en Procuo Grain. SSK het in die jaar onder oorsig sy belang in SOILL verlaag tot 60% na afloop van die suksesvolle uitreiking van aandele deur SOILL aan kwalifiserende voorheen-benadeelde aandeelhouders. Op 1 November 2017 het SSK ook 'n 100% belang in Walts Malting bekom. Die fokusareas vir die eerste paar maande was die voltooiing van die aanleg, die formulering van die moutresepte, die bemarking van die produkreëks, asook die stabilisering van werksaamhede.

Gegewe die rampspoedige droogte ervaar gedurende die 2018 finansiële jaar, is die syfers behaal prysenswaardig. Onder moeilike omstandighede vir beide SSK se Lede en die organisasie, kon bevredigende resultate behaal word, terwyl die finansiële stand van die onderneming beskerm is. Die werk verrig by waardetoevoegende filiale om hierdie entiteite te verbeter het sekerlik 'n groot impak op SSK, die Direksie, Bestuur en Personeel gehad, maar wesenlike toekomstige voordele word voorspel om hieruit te realiseer. Dit maak die resultate behaal in 2018 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 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 525 742 460 in die 2017 finansiële jaar tot R1 805 046 140 in die 2018 finansiële jaar – 'n toename van meer as 18%. Die toename is in lyn met inflasionêre prysaanpassings, die insluiting van Tuinroete Agri se bedrywighede by SSK, asook die impak van die rekenkundige hantering van direkte transaksies waar voortaan slegs die bruto wins gerealiseer as omset getoon mag word.

TOTALE OMSET



NETTO INKOMSTE / VERDELING VAN SURPLUS

Die Koöperasie se bedrywighede het 'n netto inkomste voor belasting vir die jaar van R68 797 443 (2017 – R69 751 494) tot gevolg gehad. Ingesluit in hierdie syfers is 'n dividend van R28 000 000 van Tuinroete Agri vir beide finansiële jare, asook 'n eenmalige dividend vanaf SSK Vervaardigers ten bedrae van R10 098 350 in die huidige jaar as deel van die proses om die onderneming te ontbind.

Inkomstebelasting beloop R4 724 300 (2017 – R2 865 764) en die afname in die voorsiening vir uitgestelde belasting beloop R1 506 146 (2017 – R2 978 697 toename). Die netto inkomste na belasting, maar voor bonusse, beloop dus R87 579 289 (2017 – R83 907 033). Die surplus word as volg verdeel:

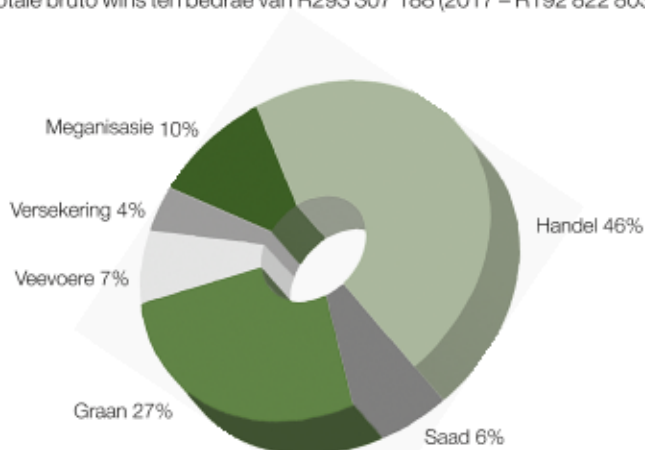
Bonusse	R22 000 000
Kontant	R4 400 000
Uitgestel	R17 600 000
Reserwes	R65 579 289

BEDRYFSREKENINGE

	2018				2017			
	Omset R	Bruto wins R	Bruto wins %	Netto wins/(verlies) na belasting	Omset R	Bruto wins R	Bruto wins %	Netto wins/ (verlies) na belasting
Werkswinkels	28 955 085	17 602 454	60.79	(8 044 682)	36 055 185	18 260 707	50.65	(4 603 299)
Versekering en dienste	11 049 650	11 048 908	99.99	2 061 966	10 295 373	10 294 324	99.99	1 683 091
Handel	1 147 531 333	146 594 145	12.77	15 858 827	779 327 882	52 018 530	6.67	13 161 996
Meganisasie bemarking	119 408 802	7 291 497	6.11	(4 965 579)	155 902 895	9 636 303	6.18	(2 325 934)
Onderdale	31 574 245	6 003 160	19.01	(553 131)	36 449 657	6 078 537	16.66	272 709
Saad	87 005 791	19 546 218	22.47	8 276 021	74 073 374	18 121 143	24.46	7 608 468
Graan	235 415 486	84 530 455	35.91	16 430 442	285 657 657	78 107 840	27.34	20 969 014
Veevoere	144 067 819	22 864 251	15.87	5 709 063	147 491 098	19 809 952	13.43	6 553 088
Administrasie & ander dienste	37 929	(173 900)	Nvt	52 806 362	489 340	495 467	Nvt	40 587 900
Subtotaal	1 805 046 139	315 307 189	17.47	87 579 289	1 525 742 460	212 822 803	13.95	83 907 033
Bonusse verklaar		(22 000 000)		(22 000 000)		(20 000 000)		(20 000 000)
Totaal		293 307 188		65 579 289		192 822 803		63 907 033

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 R293 307 188 (2017 – R192 822 803) is soos volg:



TOTALE UITGAWES

Totale uitgawes (administratiewe- en bedryfsuitgawes) het in die jaar onder oorsig gestyg met 60.1%, grootliks te danke aan die inskakeling van Tuinroete Agri se bedrywighede by SSK. Dit bemoelijk die vergelyking van die twee jaar se syfers met mekaar in SSK se finansiële state, maar is in lyn met die begrote syfers. Verhoogde koste verbonde aan herstelwerk, bedryfshure, skoonmaakkoste, elektrisiteit, rekenaar uitgawes, voertuigkoste, waardevermindering en personeelkoste het ook tot die styging bygedra.

WAARDETOEVOEGING TOT BELANGHEBBENDES

	%	2018 R	2017 R	%
Omset		1 805 046 140	1 525 742 460	
Netto kosprys van produkte en dienste		1 403 924 285	1 174 429 849	
Waarde toegevoeg		401 121 855	351 312 611	
Soos volg aangewend:				
Werknemers	39.97	160 327 198	95 997 059	27.33
Lone/Salarisse	35.65	143 008 837	86 914 334	24.74
Aansporingsbonus	4.30	17 231 361	9 072 725	2.58
Na-aftrede mediese koste	0.02	87 000	10 000	0.00
Kapitaalverskaffers	20.91	83 869 202	75 731 246	21.56
Rente	19.81	79 469 202	71 731 246	20.42
Ledebonusse uitbetaal	1.10	4 400 000	4 000 000	1.14
Toevoeging van bates	12.80	51 342 138	78 093 792	22.23
Waardevermindering	4.80	19 248 514	15 746 220	4.48
Herbelê in besigheid	20.72	83 116 649	79 899 833	22.74
Reserwes	16.33	65 516 649	63 899 833	18.19
Ledebonusse uitgestel	4.39	17 600 000	16 000 000	4.55
Inkomstebelasting	0.80	3 218 154	5 844 461	1.66
		401 121 855	351 312 611	

DEBITEURE

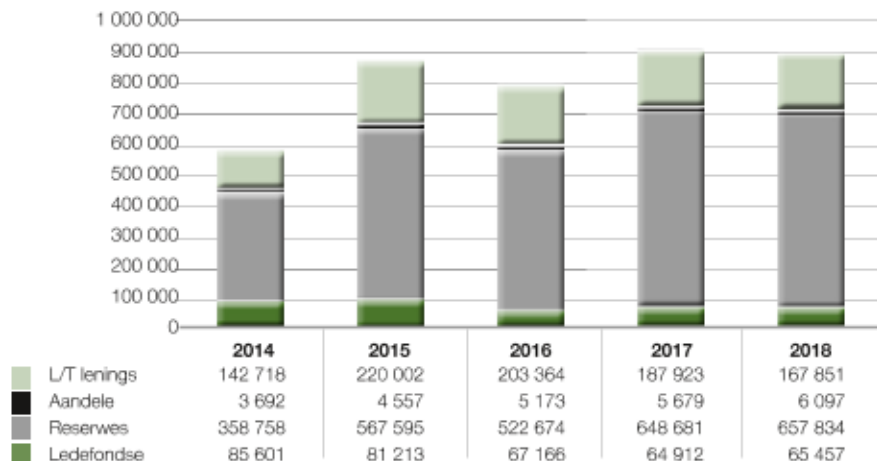
Oorlaatskuld het aansienlik toegeneem tot R205 289 534 (2017 – R95 332 366). Die toename is toeskryfbaar aan die natuurtoestande wat deur die breër bedieningsgebied geheers het gedurende die periode. Die wydverspreide droogte het druk geplaas op alle landbouprodukte se opbrengste. Daar is vanjaar debiteure ten bedrae van R132 648 (2017 – R11 879) afgeskryf as oninbaar. Die totale voorsiening vir twyfelagtige skulde was op jaareinde R2 324 246 (2017 – R1 285 251). 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:

	2018	2017
Netto winsgewendheid	3.63%	4.19%
Opbrenge op ekwiteit	8.99%	8.88%
Skuld : Ekwiteit	1.78	1.55
Rentedraende skuld : Ekwiteit	1.33	1.09
Bedryfskapitaal	0.94	0.91

KAPITAALBRONNE



FILIALE

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

	2018		
	Omset	Bruto wins	Netto wins
Blinkbeleg Vyftien (Edms) Bpk	5 936 509	558 377	100 214
Eureka Mills (Edms) Bpk	38 204 260	6 977 302	233 897
Hessequa Abattoir (Edms) Bpk	217 341 949	15 334 562	2 580 469
Proкуро Grain (Edms) Bpk	3 632 560	723 409	(3 509 116)
Riparian Investments Consortium 1 (Edms) Bpk	–	–	(31 302 983)
Sentraal-Suid Beleggings (Edms) Bpk	165 000	165 000	2 562 447
Softlutions (Edms) Bpk	3 733 124	3 733 124	273 663
Southern Oil (Edms) Bpk	1 230 229 752	158 452 018	34 144 284
SSK Vervaardigers (Edms) Bpk	–	–	1 060 504
Swellen Mark (Edms) Bpk	12 127 583	12 127 583	2 666 582
Technifarm (Edms) Bpk	12 294 267	4 023 165	739 328
Tuinroete Agri (Edms) Bpk	–	–	2 311 000
Walts Malting (Edms) Bpk	4 769 289	(1 388 743)	(4 618 817)
	2017		
Blinkbeleg Vyftien (Edms) Bpk	54 069 983	4 215 791	1 275 495
Eureka Mills (Edms) Bpk	27 824 838	7 037 568	434 511
Hessequa Abattoir (Edms) Bpk	205 528 027	17 311 874	4 502 040
Riparian Investments 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	28 969 328

GRAAN

Graan aanplantings in die 2017/18 finansiële jaar het vir die eerste keer in vier jaar afgeneem.

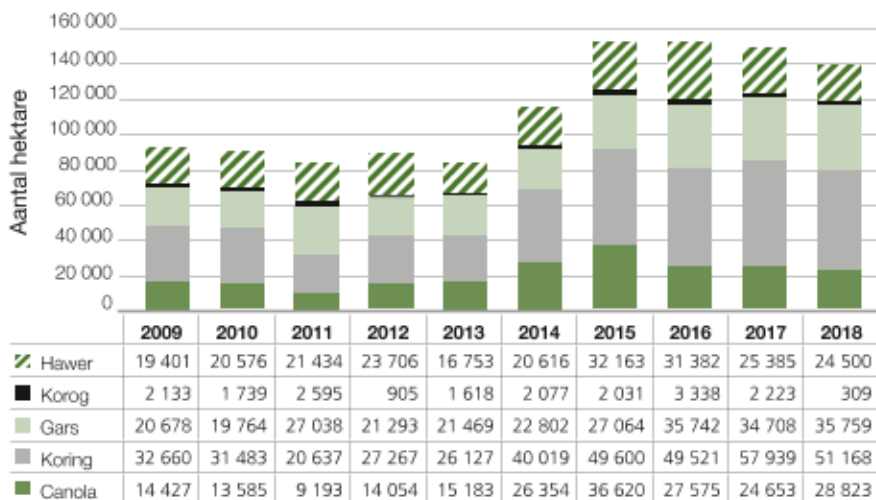
Min reën en gevolglike ongunstige planttoestande oor 'n groot deel van die bedieningsgebied was waarskynlik die grootste enkele rede daarvoor.

Verdere reënval en reënval-verspreiding het ook nie gunstig gerealiseer nie en slegs sekere gebiede rondom Swellendam en Karingmelksrivier het aanvaarbare oeste gehad. Graan- en kanola-opbrengste in veral die oostelike deel van die SSK-streek was van die laagste in baie seisoene.

Gegewe die droë jaar was daar tog relatief min kwaliteitsprobleme.

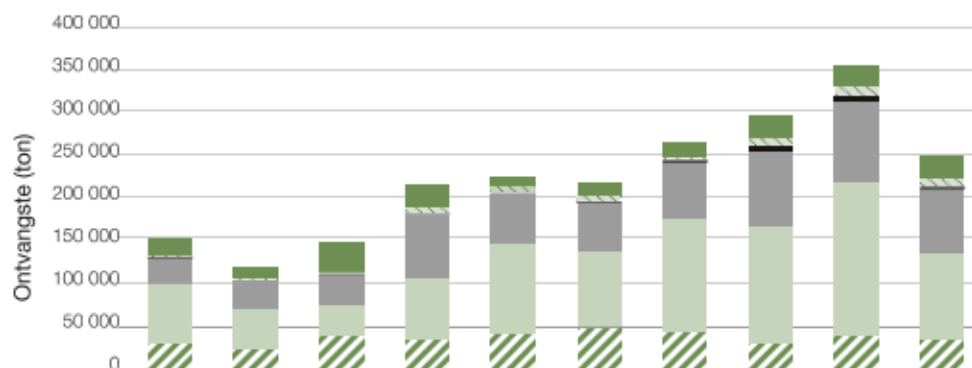
HEKTARE GEPLANT

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



GRAANONTVANGSTES

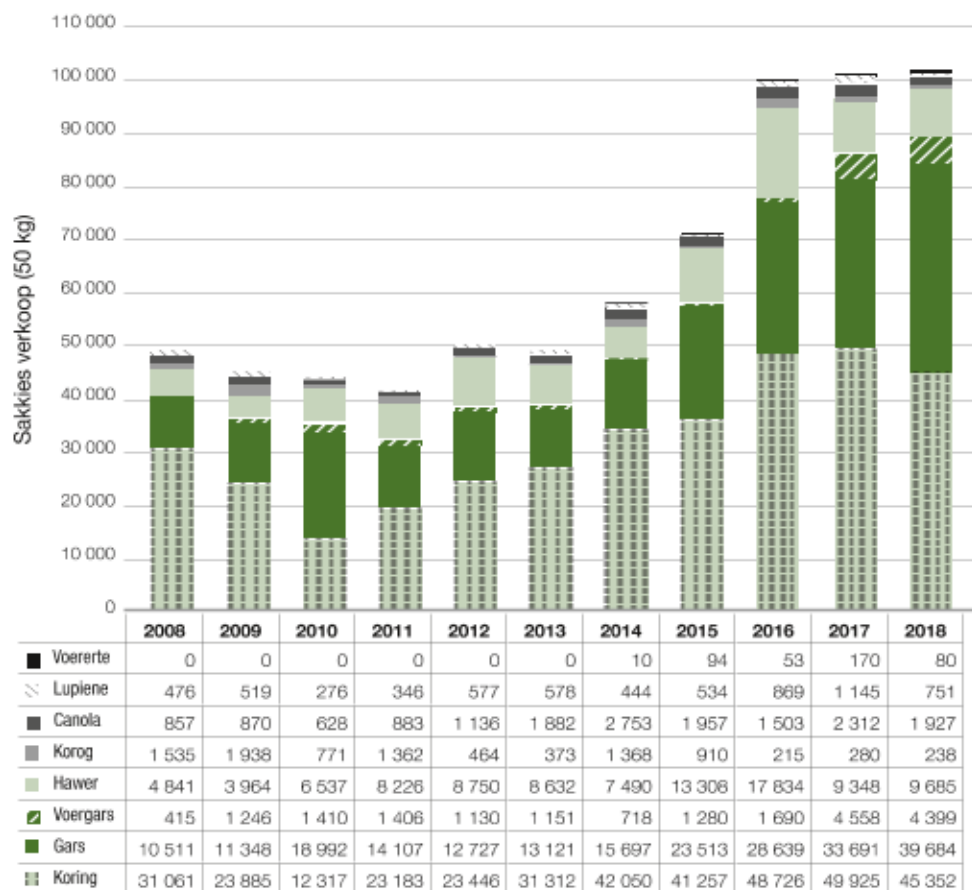
Graanontvangstes in SSK silo's (vanaf 2015 word Riversdal, Albertinia en Herold ingesluit).



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Mielies	15 913	16 521	27 926	27 420	10 630	17 892	20 559	26 124	30 621	31 981
Hawer	1 613	3 007	1 380	6 624	7 499	4 341	3 367	7 407	8 849	4 969
Korog	806	1 146	401	660	548	530	497	833	1 114	554
Gars	25 200	40 414	29 229	74 558	60 084	56 989	65 582	85 946	110 365	78 612
Koring	53 350	59 042	27 711	70 753	99 823	88 079	127 135	136 322	168 944	94 543
Canola	24 864	31 480	30 886	36 532	46 731	51 785	50 205	35 814	39 198	35 238

Graanlewering was van so 'n omvang dat SSK se opbergingsfasiliteite swak benut was. Slegs Swellendam en Karringmelksrivier silo's se lewering was naby aan die benutbare kapasiteit.

SAAD SAADVERKOPE



SSK se saadverkope gaan van krag tot krag. Kompetierende pryse, beskikbaarheid van kultivars en goeie kwaliteit saad verseker ondersteuning van kliënte oor 'n wye front en 'n beduidende deel van die afdeling se omset word van buite SSK se normale bedieningsgebied gerealiseer.

TOEKOMSBLIK

Die Buro vir Voedsel en Landboubeleid (BFAP) se vooruitsig vir 2017 – 2026 is dat die landbousektor se ongekende groei van die afgelope twee dekades verby is. BFAP voorspel 'n konsolidasiefase wat die werklike vlak van die sektor se mededingendheid en volhoubaarheid op die wêreldverhoog deeglik gaan toets.

SSK se Lede het 'n moeilike landboujaar beleef weens die droogte en swak kommoditeitspryse wat groot druk plaas op hul kontantvloeï en skuldposisies. Met al die politieke onsekerhede wat die Suid-Afrikaanse landbou in die gesig staar en meer spesifiek die kwessie rakende grondonteiening, is dit sekerlik nie 'n maklike besluit om deurlopend op 'n omvangryke basis kapitaal in hierdie sektor te belê nie. Dit is egter net so gevaarlik om dit nie te doen nie. Die realiteit is dat eienaarskap van grond nie welvaart skep nie. Welvaart word eers geskep as die grond produktief aangewend word. Die produktiewe aanwending van grond en die Regering se ondersteuning in dié verband sal voedselsekerheid verseker wat bepalend is vir die toekoms van ons land.

Nader aan ons eie besigheid. SSK se ledegetalle neem voortdurend toe. Bestuur en Personeel is geposisioneer om hierdie Lede volwaardig te diens. SSK is verder goed gekapitaliseer om toekomstige geleenthede te benut. Verdere kapitale uitbreidings gaan in lyn moet wees met die oorhoofse strategie van SSK om ons fokus te hou op die behoeftes van ons Lede. 'n Verdere fokuspunt van SSK is om ons Lede se skuldposisies wat ontstaan het a.g.v. die droogtetoestande, saam te bestuur.

SSK se betrokkenheid by sy twaalf filiale en geassosieerde maatskappye is die gevolg van 'n voortgesette ingesteldheid om besigheid in die streeksgebaseerde landbouwaardeketting op te rig.

Die kompeterende omgewing waarin SSK sake doen, vereis deurlopende vernuwing en uitbreiding om aan ons Lede en kliënte se behoeftes te voldoen. Goeie beplanning en die nodige risikobestuur soos ons Lede dit al in die verlede gedoen het, sal 'n vereiste wees vir die komende jaar om sukses te verseker. Die vraag word dikwels gevra: Is daar 'n toekoms vir kommersiële landbou in ons land? Die antwoord is: JA! Besteding aan voedsel sal altyd 'n belangrike deel van die ekonomie bly. Die mark vir landbouprodukte oorheers verbruikersbesteding. Landbou gaan beslis nie verdwyn nie.

SSK se Direksie en Bestuur is steeds oortuig dat die koöperatiewe model die mees relevante besigheidsvorm is om langtermyn-volhoubaarheid in die landbou te verseker.

SSK se Bestuur, Personeel en Direksie sien met vertroue uit na die komende jaar en erken met groot nederigheid ons afhanklikheid teenoor ons Hemelse Vader.

SENTRAAL-SUID CO-OPERATIVE LTD and its subsidiaries

FINANCIAL MANAGEMENT REVIEW 2018

BACKGROUND

The 2018 financial year was interesting in many respects. Both former presidents Robert Mugabe and Jacob Zuma were recalled by their own political parties as presidents of Zimbabwe and South Africa, respectively. The US, under the leadership of President Donald Trump, is treading on many international toes, especially after exiting both the Paris Climate Agreement and the Iran Nuclear Disarmament Agreement. The divorce proceedings of the EU and United Kingdom are underway, with each party fighting for its own gain. Softening relations appear to be manifesting at the time of writing between North and South Korea, as well as between North Korea and the USA. The humanitarian crisis in the Middle East is ongoing, especially in Syria where large-scale loss of life and repression continue. Good news is certainly much needed and an informed world population is constantly being frustrated by the inability of politicians to act firmly and swiftly to ensure justice and righteousness is upheld. The USA's controversial statements, in particular, dampened investors' appetite for investments in the USA, with a consequent weakening of the US Dollar. Developing countries have naturally benefited from this, with investors channeling capital away from the US to reduce their concentration risk of their Dollar exposure. This generally led to the strengthening of developing countries' currencies and economies.

The strengthening of hard commodity prices has lost some momentum, but prices have to a large extent not weakened. The South African mining industry is still buckling under regulatory uncertainties and labour issues, with the result that they could not really capitalise on marginally better prices and increased demand. The appointment of Cyril Ramaphosa as President of South Africa has been widely welcomed, and the strengthening of the Rand since his appointment was indicative of investors' views on his ability to reunite the country, to fight corruption and to put the economy back on track.

Although the Rand has fallen slightly from its strongest point against the US Dollar in the last year, it traded at R13.40 against the Dollar at the time of writing (June 2018). The strengthened Rand has led to price reductions in imports, which has been experienced first-hand by farmers with the reduction in the price of machinery. Unfortunately, the producers who export agricultural commodities experienced significant declines in most cases in their respective realised price levels for these products, with a consequential negative impact on their profitability. The ANC's renewed pronouncements on the expropriation of land without compensation have resulted in farmers and other businesses in the agricultural value chain being reluctant to engage in large-scale capital investing. The sales of agricultural land were also negatively impacted by this.

The climatic conditions experienced have provided much needed relief for large parts of the country, although parts of the interior and especially the Western Cape are still experiencing severe drought conditions. The winter rainy season has kicked off well for the Western Cape, especially irrigation farmers who hope for improved dam levels for the coming summer. Large maize crops are following the record crops of last year, but prices remain under pressure. The Southern and Eastern Cape

are still dry, as in 2017, with low water levels which is very concerning for the fruit, vegetable and milk farmers. The planted grains are already under pressure with low rainfall which has not realised according to need.

Forecasts currently indicate low, but stable local wheat and barley prices. Any possible increases in agricultural commodity prices will be largely counteracted by the reduction in the wheat import tariff on the back of the strengthened Rand. Prospects for other agricultural sectors are as follows:

- The dairy industry has experienced a steady year, with continuous low feed prices and an acceptable milk price. However, the water shortage has put pressure on pastures.
- The fruit and wine industries experienced lower crops, especially given the water shortage that led to protective farming practices being followed, resulting in lower yields. Export prices of fruit, given the exchange rate, were lower than expected. However, the price for wine grapes shows promising improvement.
- The ostrich industry experienced a disastrous year with meat exports that were halted due to new reported cases of avian flu. Lower feed prices however, have provided some relief, but are not enough to stop the exodus of participants in this market. The planned merger between Klein Karoo International and Mosstrich is worrying for farmers for the sake of prices in the short term, but may improve the sustainability of the industry as a whole.
- Meat prices dropped slightly during the year as consumers were providing resistance to especially high sheep meat prices. The listeriosis scandal experienced by certain food processors led to massive decreases in the demand for pork, resulting in substantial price reductions.
- The wool and goat industry continues to perform well, even 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 had a good financial year, except for the mark-to-market impairment in the Pioneer Foods Group shareholding. However, the Group had an average financial year with SOILL which had to provide significant mark-to-market stock valuation adjustments at year-end, as well as Walts Malting and Procuco Grain, with both realising operational losses. Although financial performance was under pressure, the financial position continues to be extremely well-balanced. The business divisions again delivered 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.

The integration of Tuinroete Agri's operations into SSK from 1 March 2017 resulted in the 2018 financial year being the first to show the full agricultural input and services businesses of the combined businesses under one roof. Membership numbers continue to grow, especially with farmers from the Garden Route, Karoo and Eastern Cape seeking the benefits of membership. Since 1 March 2017, the accounting treatment of direct sales (where SSK does not carry an item in stock) has been changed to show only the gross profit realised on these transactions as revenue. This change only

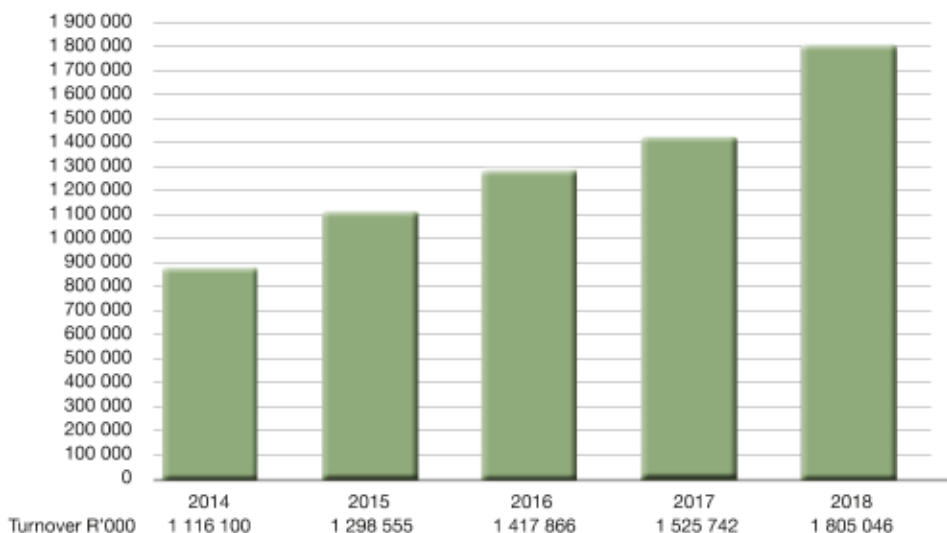
reduced SSK's and the Group's turnover and cost of sales figures, with no effect on gross profit.

The subsidiaries, joint venture and associates performed well and with only Walts Malting and Procuco Grain posting losses. In the year under review, SSK shareholding in SOILL reduced to 60% after the successful completion of a sale of SOILL shares to qualifying previously disadvantaged shareholders. On 1 November 2017, SSK also acquired a 100% stake in Walts Malting. The focus areas for the first few months were the completion of the plant, the formulation of the malt recipes, the marketing of the product range, as well as the stabilisation of operations.

Given the disastrous drought experienced during the 2018 financial year, the financial performance has been refreshing. Under difficult conditions for both Members of SSK as well as the organisation, satisfactory results were achieved while the financial position of the company was protected. The work done at each of the value-adding subsidiaries to improve these entities, certainly had a major impact on SSK, the Board, Management and Staff, but significant future benefits are expected to follow from this. This makes the results achieved in 2018 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 of Directors, Management and Staff remain dedicated in their support of 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 R 1 525 742 460 in the 2017 financial year to R 1 805 046 140 in the 2018 financial year. This represents an increase of approximately 18%. The increase is in line with inflationary price adjustments, the inclusion of Tuinroete Agri's operations within SSK as well as the impact of the change in accounting treatment regarding direct sales, where only the gross profit realised will be included in the turnover in future.



TOTAL TURNOVER

NET INCOME / APPROPRIATION OF SURPLUS

The Co-operative's operations resulted in a net income before tax for the year of R68 797 443 (2017 – R69 751 494). Included in this figure is a dividend of R28 000 000 from Tuinroete Agri in both of the financial years, as well as once-off dividend of R10 098 350 from SSK Vervaardigers in the current year as part of the process to unwind the business.

Income tax amounted to R4 724 300 (2017: R2 865 764) and the decrease in deferred tax provision amounts to R1 506 146 (2017: R2 978 697 increase). The nett income after tax, but before member bonuses, amounted to R87 579 289 (2017: R85 907 033). The surplus is divided as follows:

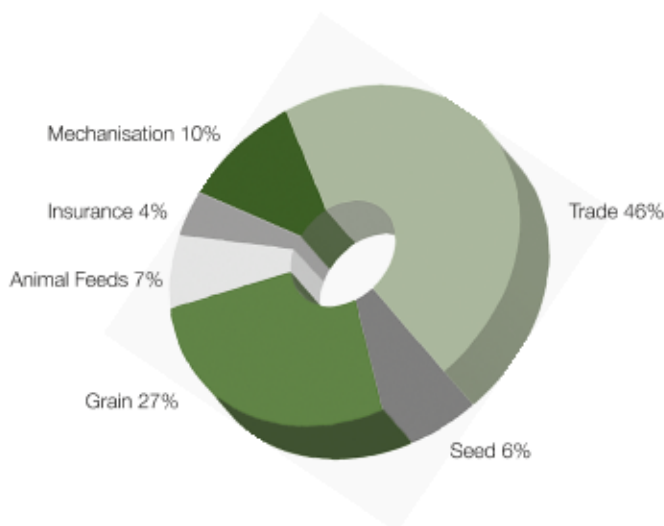
Member bonuses	R22 000 000
Cash	R4 400 000
Deferred	R17 600 000
Reserves	R65 579 289

OPERATIONAL ACCOUNTS

	2018				2017			
	Turnover R	Gross profit R	Gross profit %	Net profit/(loss) after tax	Turnover R	Gross profit %	Gross profit %	Net profit/(loss) after tax
Workshops	28 955 085	17 602 454	60.79	(8 044 682)	36 055 185	18 260 707	50.65	(4 603 299)
Insurance and services	11 049 650	11 048 908	99.99	2 061 966	10 295 373	10 294 324	99.99	1 683 091
Retail	1 147 531 333	146 594 145	12.77	15 858 827	779 327 882	52 018 530	6.67	13 161 996
Mechanisation marketing	119 408 802	7 291 497	6.11	(4 965 579)	155 902 895	9 636 303	6.18	(2 325 934)
Spares	31 574 245	6 003 160	19.01	(553 131)	36 449 657	6 078 537	16.68	272 709
Seed	87 005 791	19 546 218	22.47	8 276 021	74 073 374	18 121 143	24.46	7 608 468
Grain	235 415 486	84 530 455	35.91	16 430 442	285 657 657	78 107 840	27.34	20 969 014
Animal feeds	144 067 819	22 864 251	15.87	5 709 063	147 491 098	19 809 952	13.43	6 553 088
Administration & other services	37 929	(173 900)	n/a	52 806 362	489 340	495 467	n/a	40 587 900
Subtotal	1 805 046 139	315 307 189	17.47	87 579 289	1 525 742 460	212 822 803	13.95	83 907 033
Bonuses declared		(22 000 000)		(22 000 000)		(20 000 000)		(20 000 000)
Total		293 307 188		65 579 289		192 822 803		63 907 033

GROSS PROFIT PER DIVISION

The ratio of gross profit per division, to the total gross profit in the amount of R293 307 188 (2017 – R192 822 803) (excluding the gross profit of administration and other services) was as follows:



TOTAL EXPENDITURE

Total expenditure has increased by 60.1% in the year under review, mainly due to the incorporation of Tuinroete Agri's operations within SSK. 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.

VALUE ADDED TO STAKEHOLDERS

	%	2018 R	2017 R	%
Turnover		1 805 046 140	1 525 742 460	
Net cost price of products and services		1 403 924 285	1 174 429 849	
Value added		401 121 855	351 312 611	
Utilised as follows:				
Employees	39.97	160 327 198	95 997 059	27.33
Wages/Salaries	35.65	143 008 837	86 914 334	24.74
Incentive bonus	4.30	17 231 361	9 072 725	2.58
Post-retirement medical cost	0.02	87 000	10 000	0.00
Capital providers	20.91	83 869 202	75 731 246	21.56
Interest	19.81	79 469 202	71 731 246	20.42
Member bonuses paid out	1.10	4 400 000	4 000 000	1.14
Addition of assets	12.80	51 342 138	78 093 792	22.23
Depreciation	4.80	19 248 514	15 746 220	4.48
Re-invest in business	20.72	83 116 649	79 899 833	22.74
Reserves	16.33	65 516 649	63 899 833	18.19
Deferred Member bonuses	4.39	17 600 000	16 000 000	4.55
Income tax	0.80	3 218 154	5 844 461	1.66
		401 121 855	351 312 611	

DEBTORS

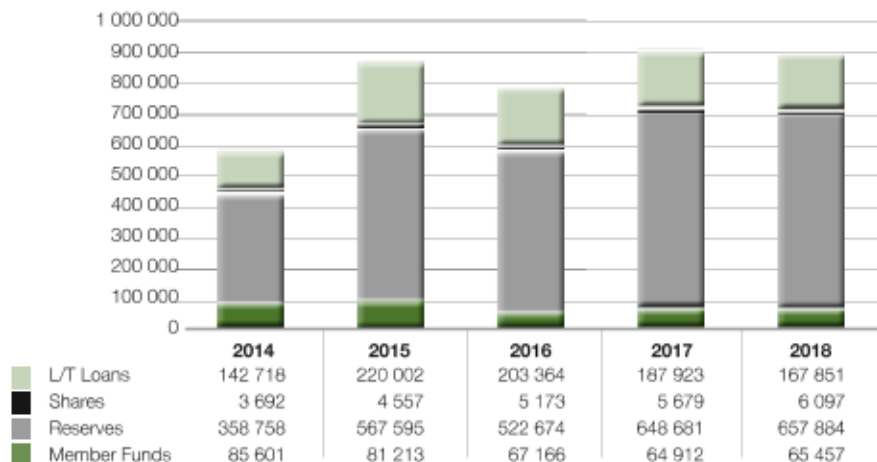
Carry-over debt increased significantly to R205 289 534 (2017 – R95 332 366). The increase is attributable to the climatic conditions prevalent throughout the greater service area during the year under review. The widespread drought has put pressure on all agricultural products' yields. Debtors amounting to R132 648 (2017 – R11 879) have been written off as irrecoverable. The total provision for doubtful debts was R2 324 246 (2017 – R1 285 251) 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:

	2018	2017
Net profitability	3.63%	4.19%
Return on equity	8.99%	8.88%
Debt : Equity	1.78	1.55
Interest bearing debt : Equity	1.33	1.09
Current ratio	0.94	0.91

SOURCES OF CAPITAL



SUBSIDIARIES

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

	2018		
	Turnover	Gross profit	Net profit
Blinkbeleg Vyftien (Pty) Ltd	5 936 509	558 377	100 214
Eureka Mills (Pty) Ltd	38 204 260	6 977 302	233 897
Hessequa Abattoir (Pty) Ltd	217 341 949	15 334 562	2 580 469
Procuco Grain (Pty) Ltd	3 632 560	723 409	(3 509 116)
Riparian Investments Consortium 1 (Pty) Ltd	–	–	(31 302 983)
Sentraal-Suid Beleggings (Pty) Ltd	165 000	165 000	2 562 447
Softlutions (Pty) Ltd	3 733 124	3 733 124	273 663
Southern Oil (Pty) Ltd	1 230 229 752	158 452 018	34 144 284
SSK Vervaardigers (Pty) Ltd	–	–	1 060 504
Swellen Mark (Pty) Ltd	12 127 583	12 127 583	2 666 582
Technifarm (Pty) Ltd	12 294 267	4 023 165	739 328
Tuinroete Agri (Pty) Ltd	–	–	2 311 000
Walts Malting (Pty) Ltd	4 769 289	(1 388 743)	(4 618 817)
	2017		
Blinkbeleg Vyftien (Pty) Ltd	54 069 983	4 215 791	1 275 495
Eureka Mills (Pty) Ltd	27 824 838	7 037 568	434 511
Hessequa Abattoir (Pty) Ltd	205 528 027	17 311 874	4 502 040
Riparian Investments 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	28 969 328

GRAIN

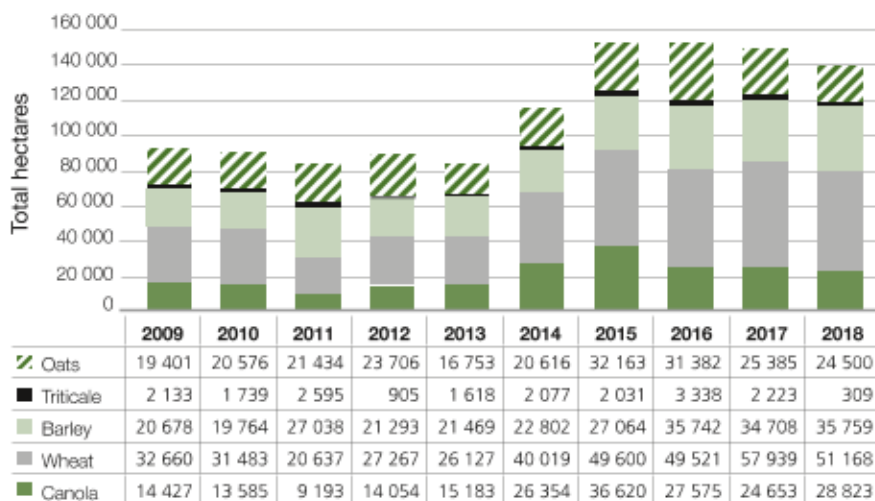
The total area of grain planted in the service area during the 2017/18 financial year decreased for the first time in four years.

Limited rain and the consequential adverse planting conditions over a large part of the service area were probably the biggest single reason for this. The rainfall and rainfall distribution during the remainder of the growth season were not favourable to good yields and only certain areas around Swellendam and Karringmelks River realised acceptable crops. Wheat and canola yields in the eastern part of the service area were among the lowest in many seasons.

Surprisingly there were relatively few quality problems, given the dry year.

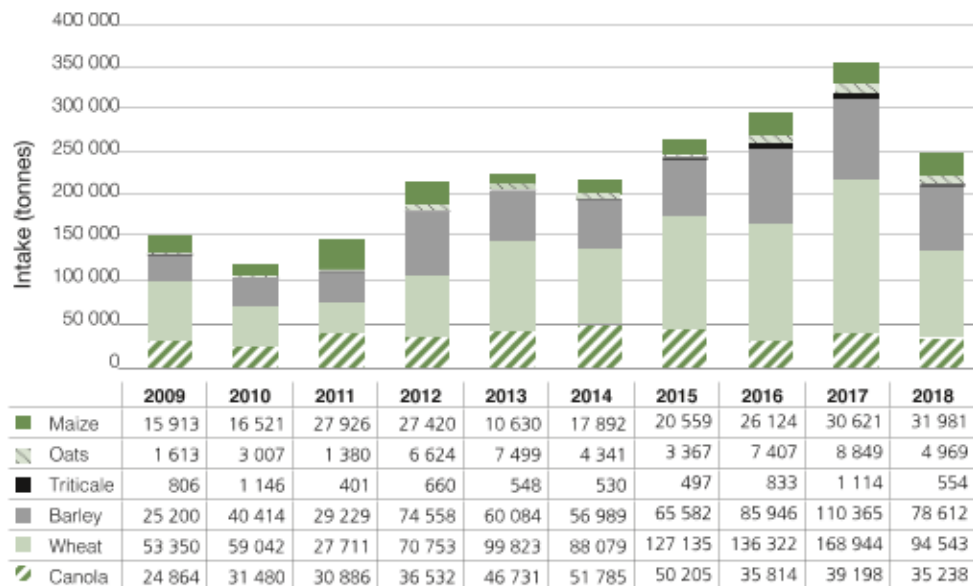
HECTARES PLANTED

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



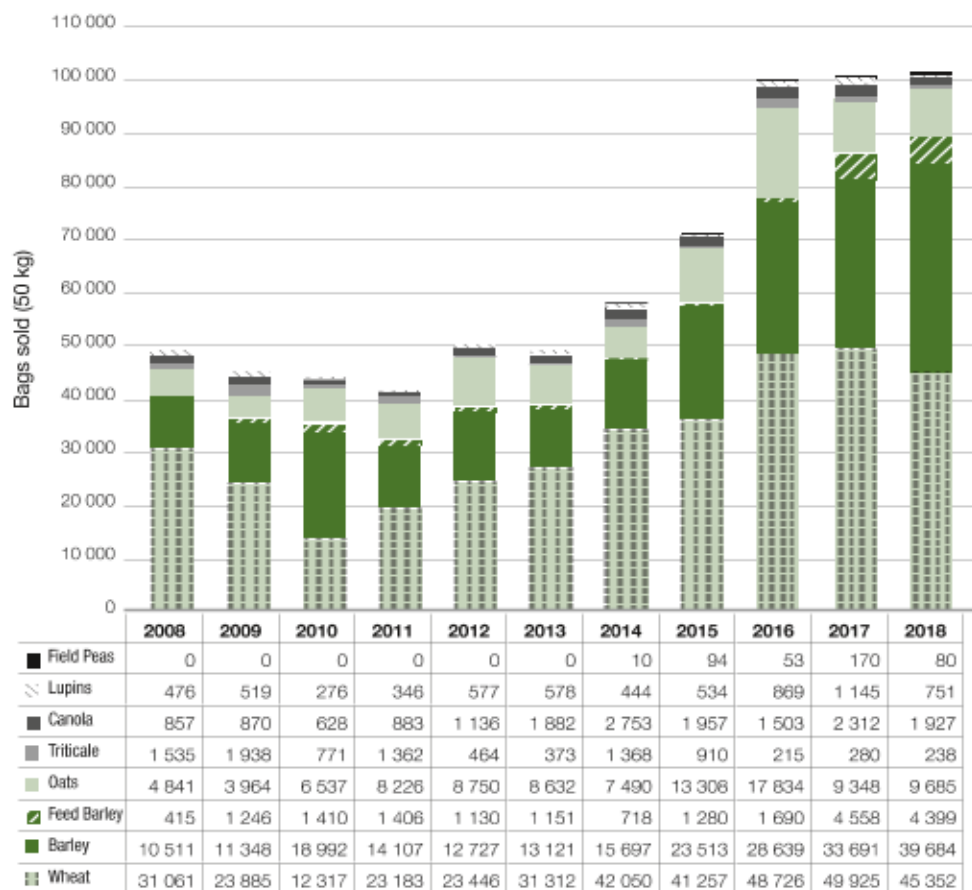
GRAIN INTAKE

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



Grain yields were of such a magnitude that SSK's storage facilities were underutilised. Only Swellendam and Karringmelks River silos grain intake was close to its existing storage capacity.

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 derived from outside of SSK's historic operating area.

FUTURE VIEW

The Bureau for Food and Agriculture Policy (BFAP) forecast for 2017 – 2026 is that the agricultural sector's unprecedented growth over the past two decades will not continue. BFAP predicts a consolidation phase that will thoroughly test the real level competitiveness and sustainability of the sector on the world stage.

SSK's Members experienced a difficult agricultural year due to the drought and weak commodity prices, both of which put negative pressure on their cash flow and debt positions. With all the political uncertainties facing South African agriculture, and more specifically the issue of land expropriation, it is certainly not an easy decision to invest meaningful capital in this sector. However, it is just as dangerous not to do so. The reality is that land ownership does not create prosperity. Wealth is only created if the land is used productively. The productive utilisation of land and government support to facilitate this, will contribute to food security, which in turn will help determine the future of our country.

Closer to home, SSK's membership numbers are increasing continuously. Management and Staff are well positioned to keep on serving these Members' needs. SSK is also well capitalised to invest in future opportunities. Further capital spending should be in line with the overarching strategy of SSK to keep our focus on the needs of our Members. Another core focus for SSK is our Members' debt levels that arose as a result of the drought conditions.

SSK's involvement in its twelve subsidiaries and associated companies is the result of a continued belief towards establishing business in the regional-based agricultural value-chain.

The competitive environment in which SSK is doing business requires ongoing renewal and expansion to meet our customers' and clients' needs. Good planning and the necessary risk management by our Members as they have done in the past, will be a prerequisite for the coming year to ensure success. The question is often asked, is there a future for commercial agriculture in our country? The answer is, YES! Food spending will always remain an important part of the economy. The market for agricultural products dominates consumer spending. Agriculture certainly will not disappear.

SSK's Board of Directors and Management are still convinced that the co-operative model is the most relevant business form to ensure long-term sustainability in agriculture.

SSK's Staff, Management and Board of Directors look forward with confidence to the coming year and acknowledge with great humility our dependence on our Heavenly Father.



SSK het 'n wesentliche belang in die volgende entiteite:

SSK has a material interest in the following entities:



100%

BLINKBELEG
VYFTIEN

