



SENTRAAL-SUID
KOÖPERASIE • CO-OPERATIVE
BPK • LTD



2019

JAARVERSLAG | ANNUAL REPORT

Uitnodiging

U word hartlik uitgenooi na die Algemene Jaarvergadering van SSK op Vrydag, 19 Julie 2019 om 10h30, in die Pero Dias Konferensiesaal, Diaz Strand Hotel, Voorbaai, Mosselbaai. 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, 19 July 2019 at 10h30, in the Pero Dias Conference Centre, Diaz Strand Hotel, Voorbaai, Mossel Bay. 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, 19 Julie 2019 om 10h30, in die Pero Dias Konferensiesaal, Diaz Strand Hotel, Voorbaai, Mosselbaai gehou sal word.

Notice is hereby given that the Annual General Meeting of SSK will be held on Friday, 19 July 2019 at 10h30, in the Pero Dias Conference Centre, Diaz Strand Hotel, Voorbaai, Mossel Bay.

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 2018
Approval of the Minutes of the Annual General Meeting 2018
- 6** Behandeling en Goedkeuring van Finansiële State
Consideration and Approval of 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'* en met dié van die vorige jaar, 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 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 wesenlike 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 Geïnk., 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 Geïnk. se ouditeursverslag word aangebied op bladsy 8.

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



D H van Papendorp – Voorsitter
18 Junie 2019



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 – Mosselbaai

19 Julie 2019

Aantekening

Die Direkteure bied die opgesomde afsonderlike en gekonsolideerde finansiële state van Sentraal-Suid Koöperasie Beperk op 28 Februarie 2019 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 2019, soos goedgekeur deur die Direkteure op 18 Junie 2019.

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 aan Lede vir inspeksie 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* and with that of the prior 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 Inc., 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 Inc. 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 and signed on their behalf by:



D H van Papendorp – Chairperson
18 June 2019



S W Viljoen – Vice-Chairperson

Approval of the financial statements

The separate and consolidated financial statements, as presented on pages 10 to 30, are herewith approved in terms of Section 48 of the Co-operatives Act 2005 by the Annual General Meeting and signed by the Chairperson as confirmation thereof.

Chairperson – Mossel Bay

19 July 2019

Note

The Directors present the summary separate and consolidated financial statements of Sentraal-Suid Co-operative Limited for the year ended 28 February 2019. 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 2019, as approved by the Board of Directors on 18 June 2019.

The summary separate and consolidated financial statements do not contain all the disclosures required by *International Financial Reporting Standard for Small and Medium-sized Entities* and the requirements of the Co-operatives 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 Limited.

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

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

Mening

Die opgesomde afsonderlike en gekonsolideerde finansiële state, soos uiteengesit op bladsye 18 tot 30, wat bestaan uit die opgesomde afsonderlike en gekonsolideerde state van finansiële posisie soos op 28 Februarie 2019, die opgesomde afsonderlike en gekonsolideerde state van omvattende inkomste en kontantvloei vir die jaar wat op daardie datum geëindig het, en verwante aantekeninge, is opgestel vanuit die geouditeerde afsonderlike en gekonsolideerde finansiële state van Sentraal-Suid Koöperasie Beperk vir die jaar geëindig 28 Februarie 2019.

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

Opgesomde afsonderlike en gekonsolideerde finansiële state

Die opgesomde afsonderlike en gekonsolideerde 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 afsonderlike en gekonsolideerde finansiële state en die ouditeur se verslag daarop kan gevolglik nie as plaasvervanger vir die lees van die geouditeerde afsonderlike en gekonsolideerde finansiële state en die ouditeur se verslag daarop gesien word nie.

Die geouditeerde afsonderlike en gekonsolideerde finansiële state en ons verslag daarop

Ons het 'n ongekwalifiseerde ouditmening uitgespreek oor die geouditeerde afsonderlike en gekonsolideerde finansiële state in ons verslag gedateer 18 Junie 2019.

Direkteure se verantwoordelikheid vir die opgesomde afsonderlike en gekonsolideerde finansiële state

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

Ouditeur se verantwoordelikheid

Ons verantwoordelikheid is om 'n mening uit te spreek of die opgesomde afsonderlike en gekonsolideerde finansiële state konsekwent is, in alle wesentliche opsigte, met die geouditeerde afsonderlike en gekonsolideerde 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 2019

INDEPENDENT AUDITORS' REPORT ON THE SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS TO THE MEMBERS OF SENTRAAL-SUID COOPERATIVE LTD

Opinion

The summary separate and consolidated financial statements of Sentraal-Suid Co-Operative Limited, set out on pages 18 to 30, which comprise the summary separate and consolidated statements of financial position as at 28 February 2019, the summary separate and consolidated statements of comprehensive income and cash flows for the year then ended, and related notes, are derived from the audited separate and consolidated financial statements of Sentraal-Suid Co-operative Limited for the year ended 28 February 2019.

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

Summary separate and consolidated financial statements

The summary separate and consolidated financial statements do not contain all the disclosures required by the 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 separate and consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited separate and consolidated financial statements and the auditor's report thereon.

The audited separate and consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited separate and consolidated financial statements in our report dated 18 June 2019.

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

The directors are responsible for the preparation of the summary separate and consolidated 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 separate and consolidated financial statements are consistent, in all material respects, with the audited separate and consolidated 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 2019

Die Direkteur se verslag, wat deel vorm van die geouditeerde finansiële state van die Groep en die Koöperasie ("SSK") vir die jaar geëindig 28 Februarie 2019, word hieronder aangebied:

1. Aard van besigheid

Die Koöperasie doen 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, en behels die volgende:

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

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

2. Lede

Dertien 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		1 606
Min: Afgestorwe Lede	13	
Lede wat boerdery gestaak het	36	49
		<hr/>
		1 557
Plus: Toetredings		99
Ledetal aan einde van jaar		<hr/>
		1 656

3. Finansiële resultate

Die waarde van sake gedoen gedurende die jaar het R2 588 333 721 (2018 – R2 327 698 861) vir die Koöperasie en R4 270 476 096 (2018 – R3 880 566 528) vir die Groep beloop. Dit het tot 'n wins voor belasting vir die jaar van R50 178 060 (2018 – R68 797 443) vir die Koöperasie en R131 108 442 (2018 – R80 204 048) 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 Ledebonusse aan Lede toe te deel ooreenkomstig 'n distribusieskema ingevolge Artikel 89 van die Statuut.

Die Koöperasie het gedurende die jaar Ledebonusse van R5 000 000 (2018 – R22 000 000) verklaar. Die wins voor en na hierdie bonusse was as volg:

	2019 R	2018 R
Wins voor Ledebonusse	55 178 060	90 797 443
Totale Ledebonusse verklaar	(5 000 000)	(22 000 000)
Uitgestel	(4 000 000)	(17 600 000)
Kontant	(1 000 000)	(4 400 000)
Wins voor belasting	<u>50 178 060</u>	<u>68 797 443</u>

In die huidige jaar is Ledefondse van R14 503 610 (2012 en 2013) (2018 – R17 055 024 (2009, 2010 en 2011)) uitbetaal.

5. Filiale

Die Koöperasie het beleggings in die volgende filiale:

Direk	Belang 2019	Belang 2018	Hoofdoelstelling
a) Eureka Mills (Edms) Bpk	60%	60%	Vervaardiging van meel en verwante produkte.
b) Hessequa Abattoir (Edms) Bpk	52.78%	52.78%	Bedryf 'n slagpale in die Riversdal omgewing.
c) Sentraal-Suid Beleggings (Edms) Bpk	100%	100%	Beleggingsmaatskappy met verwante aktiwiteite.
d) Southern Oil (Edms) Bpk	60%	60%	Ekstraksie van olie uit hoofsaaklik canolasaad en die raffinering en bemarking van 'n gedifferensieerde reeks olies en proteïenprodukte.
e) SSK Vervaardigers (Edms) Bpk	–	100%	Die maatskappy is gedurende die jaar gederegistreer.
f) Swellen Mark (Edms) Bpk	68%	68%	Belegging en verhuring van eiendom.

	Belang 2019	Belang 2018	Hoofdoelstelling
Direk			
g) Technifarm (Edms) Bpk	50%	50%	Presisie boerderydienste en verkoop van verwante plaastoerusting.
h) Tuinroete Agri (Edms) Bpk	100%	100%	Belegging en verhuur van eiendom.
i) Walts Malting (Edms) Bpk	100%	100%	Vervaardig mout vir hoofsaaklik die nasionale "craft" bier mark.
Indirek			
j) Southern Oil (Edms) Bpk	Tuinroete Agri besit: 0.45%	Tuinroete Agri besit: 0.45%	Ekstraksie van olie uit hoofsaaklik canola-saad en die raffinering en bemarking van 'n gedifferensieerde reeks olies en proteïenprodukte.
k) Óleo do Sul Limitada	Southern Oil besit: 99%	–	Ekstraksie van olie uit hoofsaaklik kokosneute en die raffinering en bemarking van 'n gedifferensieerde reeks olies en proteïenprodukte.
l) Energy Oil (Edms) Bpk Groep	Southern Oil besit: 99%	–	Ekstraksie en raffinering van plantaardige olies en dierlike vette vir gebruik in die vervaardiging van veevoer.
m) Blinkbeleg Vyftien (Edms) Bpk	Sentraal-Suid Beleggings besit: 100%	Sentraal-Suid Beleggings besit: 100%	Belegging en verhuur van eiendom.
n) LBK Agri (Edms) Bpk	Tuinroete Agri besit: 100%	Tuinroete Agri besit: 100%	Belegging en verhuur van eiendom.

6. Finansiële bates beskikbaar vir verkoop

Finansiële bates beskikbaar vir verkoop het afgeneem met R124 241 629 (2018 – R72 429 194 afname) weens die billike waarde-aanpassing ingevolge die rekeningkundige standpunt *IFRS for SMEs*. Die verlies is direk in die staat van ander omvattende inkomste verantwoord.

7. Belegging in gesamentlike onderneming

Softlutions (Edms) Bpk

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

8. Belegging in geassosieerdes

Riparian Investments Consortium 1 (Edms) Bpk

SSK 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 Pionier Voedsel Groep Bpk en Quantum Foods Holdings Bpk besit.

Procuco Grain (Edms) Bpk

SSK besit 'n 33.33% belang in dié Maatskappy wat deur gesamentlike besluitneming bestuur word. Die Maatskappy is in besit van 'n strategies geleë, Safex geregistreerde silokompleks in Randfontein met die primêre fokus op graanopberging en waardetoevoeging vir sy aandeelhouers.

9. Aandelekapitaal

396 000 aandele is vanjaar uitgereik, terwyl 196 000 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 op bladsy 3.

Direkteursvergoeding het R1 920 826 (2018 – R2 121 413) beloop.

11. Wesenlike gebeure na jaareinde

In lyn met die oorspronklike ooreenkoms het die transaksie tussen Riparian Investment Consortium 1 (Edms) Bpk, Ripa Issuer Investments (Edms) Bpk, Ripa Issuer Subco Investments (Edms) Bpk en die Pionier Voedsel Groep Bpk op 18 Maart 2019 ontbondel, waarna alle verwante lenings ook afgelos is.

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 onverdienslik seën.

13. Ouditeure

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

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 2019, is presented below:

1. Nature of business

The Co-operative operates 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, and consists of the following:

- supply of agricultural inputs, mechanisation, engineering and other services to its Members and other clients;
- processing of grain seed;
- handling, storage and marketing of producers' grain products by means of silos;
- supplying insurance 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 note 5, 7 and 8 below.

2. Members

Thirteen 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		1 606
Less: Deceased Members	13	
Members who have ceased farming	36	49
		<hr/> 1 557
Plus: New Members		99
Number of Members at year-end		<hr/> 1 656

3. Financial results

The value of business conducted during the year amounted to R2 588 333 721 (2018 – R2 327 698 861) for the Co-operative and R4 270 476 096 (2018 – R3 880 566 528) for the Group. A profit before tax for the year of R50 178 060 (2018 – R68 797 443) for the Co-operative and R131 108 442 (2018 – R80 204 048) for the Group was realised. Further details of the Group's financial results are disclosed in the financial statements.

4. Appropriation of surplus

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

The Co-operative has declared Member bonuses of R5 000 000 (2018 – R22 000 000) during the 2019 financial year. The profit before and after these bonuses was as follows:

	2019 R	2018 R
Profit before Member bonuses	55 178 060	90 797 443
Total Member bonuses declared	(5 000 000)	(22 000 000)
Deferred	(4 000 000)	(17 600 000)
Cash	(1 000 000)	(4 400 000)
Profit before tax	<u>50 178 060</u>	<u>68 797 443</u>

In the current year, accrued Members' funds of R14 503 610 (2012 and 2013) had been paid out (2018 – R17 055 024 (2009, 2010 and 2011)).

5. Subsidiaries

The Co-operative has investments in the following subsidiaries:

Direct	Interest 2019	Interest 2018	Main Objectives
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 the Riversdale region.
c) Sentraal-Suid Beleggings (Pty) Ltd	100%	100%	Investment company with related activities.
d) Southern Oil (Pty) Ltd	60%	60%	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%	This company was deregistered during the year.
f) Swellen Mark (Pty) Ltd	68%	68%	Investment in, and letting of property.
g) Technifarm (Pty) Ltd	50%	50%	Precision farming services and sale of related farming equipment.
h) Tuinroete Agri (Pty) Ltd	100%	100%	Investment in, and letting of property.
i) Walts Malting (Pty) Ltd	100%	100%	Production of malt for mainly the national craft beer market.

Indirect	Interest 2019	Interest 2018	Main Objectives
j) Southern Oil (Pty) Ltd	Tuinroete Agri owns: 0.45%	0.45%	Extraction of oil, mainly from canola seed, and the refinement and marketing of a differentiated series of oils and protein products.
k) Óleo do Sul Limitada	Southern Oil owns: 99%	–	Extraction of oil, mainly from coconuts, and the refinement and marketing of a differentiated series of oils and protein products.
l) Energy Oil (Pty) Ltd Group	Southern Oil owns: 99%	–	Extraction and refining of plant-based oils and animal fats for use in the production of animal feeds.
m) Blinkbeleg Vyftien (Pty) Ltd	Sentraal-Suid Beleggings owns: 100%	100%	Investment in, and letting of, property.
n) 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 R124 241 629 (2018 – R72 429 194 decrease) due to the fair value adjustment in terms of accounting standard *IFRS for SMEs*. The loss has been directly accounted for in the statement of comprehensive income.

7. Investment in joint venture

Softlutions (Pty) Ltd

SSK owns a 51% interest in this Company which is managed by joint decision making. The Company delivers software development and other services.

8. Investment in associates

Riparian Investments Consortium 1 (Pty) Ltd

SSK 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 and Quantum Foods Holdings Ltd.

Procuco Grain (Pty) Ltd

SSK owns a 33.33% interest in this Company that is run by joint decisionmaking. The Company owns 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

396 000 shares were issued this year, while 196 000 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 under the details of the Co-operative on page 3.

Directors' emoluments amounted to R1 920 826 (2018 – R2 121 413).

11. Material events after year-end

In accordance with the original agreement, the transaction between Riparian Investment Consortium 1 Ltd, Ripa Issuer Investments (Pty) Ltd, Ripa Issuer Subco Investments (Pty) Ltd and the Pioneer Foods Group Ltd unbundled on 18 March 2019, after which all related loans were also redeemed.

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 2019

	GROEP		KOÖPERASIE	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
BATES				
Nie-bedryfsbates				
Eiendom, aanleg en toerusting	636 646	580 577	294 246	276 281
Ontasbare bates	65 682	21 716	5 452	6 369
Beleggingseiendom	62 703	63 806	–	–
Belegging in filiale	–	–	234 835	235 055
Belegging in geassosieerde	4 134	23 302	5 000	5 000
Belegging in gesamentlike onderneming	1 735	1 546	1 500	1 500
Finansiële bates beskikbaar vir verkoop	214 854	338 990	213 878	338 119
Ander finansiële bates	139 013	169 414	139 907	169 991
Uitgestelde belastingbate	1 590	210	–	–
	1 126 357	1 199 561	894 818	1 032 315
Bedryfsbates				
Voorraad	832 072	755 948	346 052	354 825
Handels- en ander debiteure	966 595	795 181	709 327	586 451
Korttermynlenings	18 871	4 732	52 767	29 427
Inkomstebelasting	3 876	5 360	2 233	1 742
Kontant en kontantekwivalente	45 209	42 409	8 588	21 364
	1 866 623	1 603 630	1 118 967	993 809
Totale bates	2 992 980	2 803 191	2 013 785	2 026 124

SENTRAAL-SUID KOÖPERASIE BPK EN SY FILIALE
 OPGESOMDE STAAT VAN FINANSIËLE POSISIE
 soos op 28 Februarie 2019 (vervolg)

	GROEP		KOÖPERASIE	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
EKWITEIT EN AANSPREEKLIKHEDE				
Kapitaal en reserwes				
Reserwes	827 381	878 503	607 980	657 885
Aandelekapitaal	6 299	6 085	6 311	6 097
Ledefondse	54 508	64 412	54 954	65 457
Ledebelang	888 188	949 000	669 245	729 439
Nie-beherende belang	228 563	203 482	–	–
Totale ekwiteit	1 116 751	1 152 482	669 245	729 439
Nie-bedryfslaste				
Langtermynlenings	244 720	209 922	209 034	167 851
Uitgestelde belastingaanspreeklikheid	69 952	93 153	46 404	71 479
Na-aftrede mediese voordele	4 960	5 291	4 547	4 877
	319 632	308 366	259 985	244 207
Bedryfslaste				
Handels- en ander krediteure	377 828	311 272	226 864	252 600
Korttermynlenings	743 274	706 269	436 809	484 799
Bankoortrekking	434 995	324 471	420 882	315 079
Inkomstebelasting	500	331	–	–
	1 556 597	1 342 343	1 084 555	1 052 478
Totale ekwiteit en aanspreeklikhede	2 992 980	2 803 191	2 013 785	2 026 124

SENTRAAL-SUID CO-OPERATIVE LTD AND ITS SUBSIDIARIES
SUMMARY STATEMENT OF FINANCIAL POSITION
as at 28 February 2019

	GROUP		CO-OPERATIVE	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
ASSETS				
Non-current assets				
Property, plant and equipment	636 646	580 577	294 246	276 281
Intangible assets	65 682	21 716	5 452	6 369
Investment property	62 703	63 806	–	–
Investment in subsidiaries	–	–	234 835	235 055
Investment in associates	4 134	23 302	5 000	5 000
Investment in joint venture	1 735	1 546	1 500	1 500
Financial assets available for sale	214 854	338 990	213 878	338 119
Other financial assets	139 013	169 414	139 907	169 991
Deferred tax asset	1 590	210	–	–
	1 126 357	1 199 561	894 818	1 032 315
Current assets				
Inventory	832 072	755 948	346 052	354 825
Trade and other receivables	966 595	795 181	709 327	586 451
Short-term loans	18 871	4 732	52 767	29 427
Income tax	3 876	5 360	2 233	1 742
Cash and cash equivalents	45 209	42 409	8 588	21 364
	1 866 623	1 603 630	1 118 967	993 809
Total assets	2 992 980	2 803 191	2 013 785	2 026 124

SENTRAAL-SUID CO-OPERATIVE LTD AND ITS SUBSIDIARIES
SUMMARY STATEMENT OF FINANCIAL POSITION
as at 28 February 2019 (continued)

	GROUP		CO-OPERATIVE	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
EQUITY AND LIABILITIES				
Capital and reserves				
Reserves	827 381	878 503	607 980	657 885
Share capital	6 299	6 085	6 311	6 097
Members' funds	54 508	64 412	54 954	65 457
Members' interest	888 188	949 000	669 245	729 439
Non-controlling interest	228 563	203 482	–	–
Total equity	1 116 751	1 152 482	669 245	729 439
Non-current liabilities				
Long-term loans	244 720	209 922	209 034	167 851
Deferred tax liabilities	69 952	93 153	46 404	71 479
Post-retirement medical benefits	4 960	5 291	4 547	4 877
	319 632	308 366	259 985	244 207
Current liabilities				
Trade and other creditors	377 828	311 272	226 864	252 600
Short-term loans	743 274	706 269	436 809	484 799
Bank overdraft	434 995	324 471	420 882	315 079
Income tax	500	331	–	–
	1 556 597	1 342 343	1 084 555	1 052 478
Total equity and liabilities	2 992 980	2 803 191	2 013 785	2 026 124

SENTRAAL-SUID KOÖPERASIE BPK EN SY FILIALE
OPGESOMDE STAAT VAN OMVATTENDE INKOMSTE
vir die jaar geëindig 28 Februarie 2019

	GROEP		KOÖPERASIE	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Inkomste	3 635 213	3 357 914	1 953 070	1 805 046
Koste van verkope	(3 028 054)	(2 850 422)	(1 636 632)	(1 489 739)
Ledebonusse verklaar	(5 000)	(22 000)	(5 000)	(22 000)
Bruto wins	602 159	485 492	311 438	293 307
Ander inkomste	97 599	88 924	131 023	137 0047
Ander winste/(verliese) – netto	14 868	7 947	1 237	(1 272)
Administratiewe uitgawes	(172 949)	(128 341)	(90 755)	(76 681)
Ander bedryfsuitgawes	(301 032)	(274 174)	(219 260)	(208 203)
Bedryfswins	240 645	179 848	133 683	144 198
Finansieringsinkomste	2 186	2 802	4 807	4 068
Finansieringskoste	(111 329)	(101 053)	(88 312)	(79 469)
Wins voor ekwiteitsverdienste	131 502	81 597	50 178	68 797
Ekwiteitsverlies in geassosieerdes/ gesamentlike onderneming	(393)	(1 393)	-	-
Wins voor belasting	131 109	80 204	50 178	68 797
Belasting	(41 614)	(25 945)	(3 834)	(3 218)
Wins vir die jaar	89 495	54 259	46 344	65 579

SENTRAAL-SUID KOÖPERASIE BPK EN SY FILIALE
OPGESOMDE STAAT VAN OMVATTENDE INKOMSTE
vir die jaar geëindig 28 Februarie 2019 (vervolg)

	GROEP		KOÖPERASIE	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Wins vir die jaar	89 495	54 259	46 344	65 579
Ander omvattende inkomste				
Items wat nie herklassifiseer sal word na wins en verlies nie				
Waardasie-aanpassing op na-aftrede mediese voordele	331	(87)	330	(87)
Uitgestelde belasting op waardasie-aanpassing op na-aftrede mediese voordele	(93)	24	(92)	24
Wisselkoersverskille op die omskakeling van buitelandse bedrywighede	141	-	-	-
Items wat herklassifiseer sal word na wins en verlies				
Billike waarde-aanpassing van finansiële bates beskikbaar vir verkoop	(124 136)	(72 905)	(124 241)	(72 429)
Uitgestelde belasting op billike waarde-aanpassing	27 724	16 223	27 727	16 117
Omvattende verlies in geassosieerdes	(18 585)	(12 147)	-	-
Totale omvattende inkomste/(verlies) vir die jaar (netto van belasting)	(25 123)	(14 633)	(49 932)	9 204
Wins toeskryfbaar aan:				
Lede	63 469	40 942	46 344	65 579
Nie-beherende belang	26 026	13 317	-	-
	89 495	54 259	46 344	65 579
Totale omvattende inkomste/(verlies) toeskryfbaar aan:				
Lede	(51 149)	(27 949)	(49 932)	9 204
Nie-beherende belang	26 026	13 316	-	-
	(25 123)	(14 633)	(49 932)	9 204

SENTRAAL-SUID CO-OPERATIVE LTD AND ITS SUBSIDIARIES
 SUMMARY STATEMENT OF COMPREHENSIVE INCOME
 for the year ended 28 February 2019

	GROUP		CO-OPERATIVE	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Income	3 635 213	3 357 914	1 953 070	1 805 046
Cost of sales	(3 028 054)	(2 850 422)	(1 636 632)	(1 489 739)
Bonuses declared	(5 000)	(22 000)	(5 000)	(22 000)
Gross profit	602 159	485 492	311 438	293 307
Other income	97 599	88 924	131 023	137 047
Other profits/(losses) – nett	14 868	7 947	1 237	(1 272)
Administrative expenses	(172 949)	(128 341)	(90 755)	(76 681)
Other operating expenses	(301 032)	(274 174)	(219 260)	(208 203)
Operating profit	240 645	179 848	133 683	144 198
Finance income	2 186	2 802	4 807	4 068
Finance costs	(111 329)	(101 053)	(88 312)	(79 469)
Profit before equity earnings	131 502	81 597	50 178	68 797
Equity loss in associates/joint venture	(393)	(1 393)	-	-
Profit before tax	131 109	80 204	50 178	68 797
Tax	(41 614)	(25 945)	(3 834)	(3 218)
Profit for the year	89 495	54 259	46 344	65 579

SENTRAAL-SUID CO-OPERATIVE LTD AND ITS SUBSIDIARIES
SUMMARY STATEMENT OF COMPREHENSIVE INCOME
for the year ended 28 February 2019 (continued)

	GROUP		CO-OPERATIVE	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Profit for the year	89 495	54 259	46 344	65 579
Other comprehensive income				
Items that will not be reclassified to profit and loss				
Actuarial adjustment to post-retirement medical benefits	331	(87)	330	(87)
Deferred tax on actuarial adjustment to post-retirement medical benefits	(93)	24	(92)	24
Exchange differences on the conversion of foreign operations	141	-	-	-
Items that will be reclassified to profit and loss				
Fair value adjustment to financial assets available-for-sale	(124 136)	(72 905)	(124 241)	(72 429)
Deferred tax on fair value adjustments	27 724	16 223	27 727	16 117
Comprehensive loss in associates	(18 585)	(12 147)	-	-
Total comprehensive income/(loss) for the year (nett of tax)	<u>(25 123)</u>	<u>(14 633)</u>	<u>(49 932)</u>	<u>9 204</u>
Profit attributable to:				
Members	63 469	40 942	46 344	65 579
Non-controlling interest	26 026	13 317	-	-
	<u>89 495</u>	<u>54 259</u>	<u>46 344</u>	<u>65 579</u>
Total comprehensive income/(loss) attributable to:				
Members	(51 149)	(27 949)	(49 932)	9 204
Non-controlling interest	26 026	13 316	-	-
	<u>(25 123)</u>	<u>(14 633)</u>	<u>(49 932)</u>	<u>9 204</u>

SENTRAAL-SUID KOÖPERASIE BPK EN SY FILIALE
OPGESOMDE STAAT VAN KONTANTVLOEIE
vir die jaar geëindig 28 Februarie 2019

	GROEP		KOÖPERASIE	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Kontantvloei uit bedryfsaktiwiteite				
Kontant (aangewend in)/voortgebring deur bedrywighede	173 831	157 454	6 515	(92 823)
Rente betaal	(111 329)	(101 053)	(88 312)	(79 469)
Belasting betaal	(37 311)	(27 908)	(1 765)	(6 430)
Netto kontant (aangewend in)/voortgebring deur bedryfsaktiwiteite	25 191	28 493	(83 562)	(178 722)

Kontantvloei uit beleggingsaktiwiteite

Toevoeging tot eiendom, aanleg en toerusting	(102 034)	(107 783)	(41 483)	(51 342)
Opbrengs met verkoop van eiendom, aanleg en toerusting	1 273	2 932	397	679
Toevoeging tot ontasbare bates	(22)	(6 167)	-	(5 800)
Opbrengs met verkoop van aandele	-	295	-	-
Aankope van aandele	-	(395)	-	(964)
Lenings aan filiale terugontvang	-	-	1 589	43 437
Lenings aan filiale gemaak	-	-	(28 937)	(20 479)
Belegging in filiale	-	-	-	(1)
Terugkoop van aandele deur filiaal	-	-	-	1 500
Verkryging van belang in filiaal	(101 000)	(5 075)	-	-
Verkryging van belegging in geassosieerde	-	(5 000)	-	-
Lening aan gesamentlike onderneming terugontvang	-	-	175	-
Lening aan geassosieerde terugontvang	-	-	63	-
Lening toegestaan aan geassosieerde	(653)	(598)	-	(905)
Korttermynbelegging terugontvang	-	-	3 548	-
Korttermynbelegging gemaak	(1 161)	(4 939)	-	(4 175)

SENTRAAL-SUID KOÖPERASIE BPK EN SY FILIALE
OPGESOMDE STAAT VAN KONTANTVLOEIE
vir die jaar geëindig 28 Februarie 2019 (vervolg)

	GROEP		KOÖPERASIE	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Kontantvloei uit beleggingsaktiwiteite (vervolg)				
Rente ontvang	2 186	2 802	4 807	4 069
Dividende ontvang	11 328	9 812	46 068	53 965
Netto kontant (aangewend in)/gegeneer deur beleggingsaktiwiteite	(190 083)	(114 116)	(13 773)	19 984
Kontantvloei uit finansieringsaktiwiteite				
Langtermynlenings terugbetaal	(25 461)	(25 703)	(18 936)	(17 379)
Langtermynlenings aangegaan	56 679	-	56 679	-
Korttermynlenings aangegaan	40 585	10 495	-	90 039
Korttermynlenings terugbetaal	-	-	(44 725)	-
Aandele ingetrek	(194)	(122)	(194)	(122)
Aandele uitgereik	408	544	436	540
Ledefondse uitbetaal	(13 905)	(13 934)	(14 504)	(17 055)
Dividende betaal aan nie-beherende belang	(945)	(1 076)	-	-
Netto kontant (aangewend in)/gegeneer deur finansieringsaktiwiteite	57 167	(29 796)	(21 244)	56 023
Afname in kontant en kontantekwivalente	(107 725)	(115 419)	(118 579)	(102 715)
Kontant en kontantekwivalente aan begin van jaar	(282 062)	(166 643)	(293 715)	(191 000)
Kontant en kontantekwivalente aan einde van jaar	(389 787)	(282 062)	(412 294)	(293 715)

SENTRAAL-SUID CO-OPERATIVE LTD AND ITS SUBSIDIARIES
 SUMMARY STATEMENT OF CASHFLOWS
 for the year ended 28 February 2019

	GROUP		CO-OPERATIVE	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Cash flow from operating activities				
Cash (utilised in)/generated from activities	173 831	157 454	6 515	(92 823)
Interest paid	(111 329)	(101 053)	(88 312)	(79 469)
Tax paid	(37 311)	(27 908)	(1 765)	(6 430)
Net cash (utilised in)/generated from operating activities	25 191	28 493	(83 562)	(178 722)

Cash flow from investment activities

Additions to property, plant and equipment	(102 034)	(107 783)	(41 483)	(51 342)
Return on sale of property, plant and equipment	1 273	2 932	397	679
Additions to intangible assets	(22)	(6 167)	-	(5 800)
Return on sale of shares	-	295	-	-
Purchase of shares	-	(395)	-	(964)
Loans to subsidiaries received	-	-	1 589	43 437
Loans granted to subsidiaries	-	-	(28 937)	(20 479)
Investment in subsidiaries	-	-	-	(1)
Repurchase of shares by subsidiary	-	-	-	1 500
Acquiring interest in subsidiary	(101 000)	(5 075)	-	-
Acquiring investment in associate	-	(5 000)	-	-
Loan granted to joint venture received	-	-	175	-
Loan granted to associate received	-	-	63	-
Loan granted to associate	(653)	(598)	-	(905)
Short-term investment received	-	-	3 548	-
Short-term investment	(1 161)	(4 939)	-	(4 175)

SENTRAAL-SUID CO-OPERATIVE LTD AND ITS SUBSIDIARIES
SUMMARY STATEMENT OF CASHFLOWS
for the year ended 28 February 2019 (continued)

	GROUP		CO-OPERATIVE	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Cash flow from investing activities (continued)				
Interest received	2 186	2 802	4 807	4 069
Dividends received	11 328	9 812	46 068	53 965
Net cash (utilised in)/generated from investment activities	(190 083)	(114 116)	(13 773)	19 984
Cash flow from financing activities				
Long-term loans repaid	(25 461)	(25 703)	(18 936)	(17 379)
Long-term loans obtained	56 679	-	56 679	-
Short-term loans obtained	40 585	10 495	-	90 039
Short-term loans repaid	-	-	(44 725)	-
Shares cancelled	(194)	(122)	(194)	(122)
Shares issued	408	544	436	540
Members' funds repaid	(13 905)	(13 934)	(14 504)	(17 055)
Dividends paid to non-controlling interest	(945)	(1 076)	-	-
Net cash (utilised in)/generated from financing activities	57 167	(29 796)	(21 244)	56 023
Decrease in cash and cash equivalents	(107 725)	(115 419)	(118 579)	(102 715)
Cash and cash equivalents at beginning of year	(282 062)	(166 643)	(293 715)	(191 000)
Cash and cash equivalents at end of year	(389 787)	(282 062)	(412 294)	(293 715)

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 2019.

Hierdie opgesomde afsonderlike en gekonsolideerde finansiële state vervat die afsonderlike en gekonsolideerde state van finansiële posisie en afsonderlike en gekonsolideerde state van omvattende inkomste en kontantvloeie 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 2019.

The summary separate and consolidated financial statements which comprise the separate and consolidated statements of financial position and separate and consolidated 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 2019

AGTERGROND

U sal vergewe word as u hierdie laaste jaar verstar gestaan het met wat in die wêreld aangaan: Politiekery, korrupsie, onmin, oproere, dreigende militêre aksies, handelsoorloë, en soveel meer. Ou bondgenote bied weinig deernis vir mekaar en van "Werk saam, Wen saam" is daar in die samelewing van vandag, veral op internasionale vlak, min te sien. Die VSA, steeds onder leiding van President Donald Trump, trap weereens op vele internasionale tone en hul/sy roekelose optredes en besluite het 'n massiewe impak op brose internasionale verhoudinge. Hul handelsoorlog met China dreig om 'n wesenlike impak op nie net hul eie ekonomie te hê nie, maar ook op dié van die hele ekonomiese wêreld en die algehele ekonomiese en sosiale vooruitgang van elke wêreldbürger. Brexit help ook nie juis om hierdie benarde posisie teen te werk nie, en die vooruitsig vir die Verenigde Koningryk se uittrede uit die EU, sonder ooreengekome terme, is duidelik die voorland. 'n Moontlike tweede referendum word wel genoem, maar die waarskynlikheid hiervoor blyk laag te wees. Die Midde-Ooste bly steeds 'n drukpot van geweld en oproer, met Omar Al Bashir, die voormalige president van Sirië, wat ook nou onttroon is. Die patriotiese uitlatings deur President Trump het wel gelei tot die versterking van die Dollar, maar die volhoubaarheid daarvan word bedreig deur die beoogde verswakking van dié geldeenheid se reputasie as 'n veilige hawe in tye van onsekerheid. Die impak van die VSA se besluite het tot die verswakking van ontwikkelende lande se geldeenhede gelei en periodes van lae groei, en selfs resessies, raak nou 'n realistiese vooruitsig.

Harde kommoditeitspryse het grotendeels stabiel gebly gedurende die laaste jaar en die meeste mynhuise het hierdie situasie verwelkom om meer stabiliteit in hul aandeelpryse teweeg te bring. Die Suid-Afrikaanse mynbedryf se bydrae tot die land se ekonomie hou aan krimp en 'n oplewing in hierdie sektor word al hoe minder 'n haalbare vooruitsig. Die plaaslike verkiesing het glad verloop en die gevolglike oorwinning van die ANC was verwag, alhoewel die EFF se massiewe toename in stemme onderskat was. Die inhuldiging van Cyril Ramaphosa as President van Suid-Afrika het sopas plaasgevind en daar rus op sy skouers die verantwoordelikheid om die grootskaalse korrupsie en burokrasie, tesame met die dreigende ineenstorting van staatsbeheerde entiteite, te stop. Hoe hy hierdie berg gaan uitklim terwyl die ANC as organisasie meer verdeeld is as ooit tevore, bly 'n belangrike vraag. Suid-Afrikaners moet nou, meer as ooit tevore, hul politieke verskille eenkant plaas en saamwerk om ons land te red.

Die Rand se verswakking teen die Dollar is voorsien en dit verhandel tans (Junie 2019) teen R14.80 teen die Dollar. Dit is 18% swakker as dieselfde tyd die vorige jaar. Dit lei uiteraard tot verhoogde koste van invoere, met die gevolg dat die plaaslike ekonomie minder ingevoer het omdat die vraag na hierdie produkte en dienste afgeneem het. Ten tyde van hierdie skrywe sukkel Amerikaanse boere om te plant as gevolg van baie nat toestande. Dit lei tot groot toenames in die pryse van graan- en kommoditeite, met veral mielies en sojabone wat die hoogte inskiet. Dit is 'n welkome vooruitsig vir die produsente van hierdie kommoditeite in Suid-Afrika, maar slegte nuus vir suiwelboere en die verbruikers van olie, meel en ander gekoppelde landbouprodukte.

Die konsultasieproses oor die wysiging van die Grondwet om voorsiening te maak vir die onteiening van grond sonder vergoeding is afgehandel en die advieskomitee se gevolgtrekking was dat dit wel toegelaat moet word. Die implementering hiervan, en die bewoording van hierdie wysiging, is egter nog nie bekend gemaak nie. Hierdie onsekerheid het tot gevolg dat landbouers en ander besighede in die landbouwaardeketting huiwerig is om grootskaalse kapitale investering aan te gaan.

SSK se bedieningsgebied het nog 'n jaar van uiterste ongunstige weerstoestande beleef, met veral lae reënvalsyfers wat wydverspreid gerapporteer is. Damvlakke is steeds onder druk en veral veeboere gaan gebuk onder die addisionele koste van voer om hul kernkuddes in stand te hou. Die nuwe plantseisoen is nou afgehandel en alhoewel daar welkome reën einde Mei in die Suid-Kaap geval het, was die omvang hiervan beperk. Die graanopkoms is egter goed, en goeie reëns in Junie kan werklik 'n mooi prent oplewer.

Vooruitsigte dui tans op verhoogde plaaslike koring-, canola- en garspryse. Toestande in en die vooruitsigte vir van die ander landbousektore is as volg:

- Die suiwelbedryf het 'n moeilike jaar beleef, met stygende voerpryse en 'n daling in melkpryse. Die watertekorte het ook weidings onder druk geplaas.
- Die vrugte- en wynbedrywe het gemiddelde oeste ervaar, veral gegewe die watertekort wat gelei het tot beskermende boerderypraktyke, met gevolglike laer opbrengste. Uitvoerpryse van vrugte, gegewe die wisselkoers, was beter as verwag. Die prys vir wyndruiwe toon steeds 'n belowende verbetering.
- Die volstruisbedryf het weereens 'n uitvoerverbod op vleis ervaar, alhoewel leerpryse uitstekende groei getoon het. Die beoogde samesmelting van Klein Karoo Internasionaal en Mosstrich gaan hopelik lei tot verbeterde bemarking oorsee van vere en leer en sodra die mark vir die uitvoer van vleis weer oopgestel word, sal die voordele van so 'n saamgevoegde bedryf hopelik tasbaar wees.
- Vleispryse het dié jaar effens teruggesak namate verbruikers weerstand gebied het teen veral die hoë skaapvleispryse. Selfs die lae beskikbaarheid van skaap en bees vir die slagmark kon hierdie daling nie neutraliseer nie.
- Die wol- en bokhaarbedryf het na jare van voorspoed 'n erge terugslag beleef, met uitvoere van wol na China (Suid-Afrikaanse wol se grootste koper) wat gestop is op die rug van vrese oor gevalle van bek-en-klouseer. Die prysdaling was egter minder as wat verwag is. Lesotho se regering het ook 'n verbod (al is dit onkonstitusioneel bewys in hul hoër hof) op die verkoop van wol aan Suid-Afrikaanse wolkopers geplaas.
- Die groentebedryf het ook 'n tydperk van bestendige pryse ervaar ten opsigte van meeste kontantgewasse.

SSK het, gegewe die voortgesette droogte, 'n gemiddelde finansiële jaar beleef. Addisioneel het die massiewe waardedaling in die Pioneer Foods Groep Bpk aandeelhouing die besigheid se finansiële posisie verder geknou het. Op Groepvlak is die resultate aansienlik beter gegewe SOILL (Edms) Bpk wat goed presteer het in 'n baie kompeterende olie-mark. Ongelukkig het

Walts Malting (Edms) Bpk se wesentliche verlies vir die jaar SSK en die Groep se resultate negatief beïnvloed. Verdere negatiewe billikewaarde-aanpassings as gevolg van Riparian Investment Consortium 1 (Edms) Bpk se aandeelhouding in Pioneer Foods Groep Bpk is ook aangeteken. Hierdie aandeelhouding, sowel as hul aandeelhouding in Quantum Foods Holdings Bpk, is na jaareinde verkoop en alle lenings is gedelig met die vooruitsig van 'n kapitale wins wat gerealiseer word. Alhoewel die finansiële prestasie van SSK weereens onder druk verkeer het, is die finansiële stand steeds gesond en is voldoende finansiering vir ons en ons Lede se bedrywighede steeds met gemak verkry. Die meeste bedryfsafdelings het goeie resultate gelewer. Die Graan-, Saad-, Versekering-, Veevoervoerders en Handelsafdelings was almal winsgewend, met slegs die Meganisasie-afdeling wat weer 'n verlies gerealiseer het.

Ledetalle groei steeds voortdurend, met veral landbouers van die Tuinroete, Karoo en Oos-Kaap gebiede wat die voordele van lidmaatskap wil geniet. Soos laasjaar gemeld, word slegs die bruto wins van direkte verkope sedert 1 Maart 2017 as omset getoon. Hierdie verandering het slegs SSK se omset- en koste-van-verkope-syfers afwaarts aangepas, met geen effek op bruto wins nie.

Op tegnologiese vlak is wesentliche vooruitgang ten opsigte van SSK se netwerk en stelselinfrastruktuur bewerkstellig en die ontwikkeling van SSK se bedryfstelsels is nou grootliks afgehandel. Uitstekende resultate deur die implementering van die nuwe bestelprogram is ook gerealiseer.

Die filiale, gesamentlike onderneming en geassosieerdes het goed presteer en die enigstes wat winsgewend was nie, was soos verwag, Walts Malting (Edms) Bpk, Procuco Grain (Edms) Bpk en Riparian Investment Consortium 1 (Edms) Bpk. Die vooruitsigte vir Procuco Grain (Edms) Bpk lyk belowend en toenemende verhoogde deursig word behaal. Walts Malting (Edms) Bpk het wesentliche operasionele kwessies beleef, maar verhoogde produksie en verbeterde verkope is die laaste paar maande bereik.

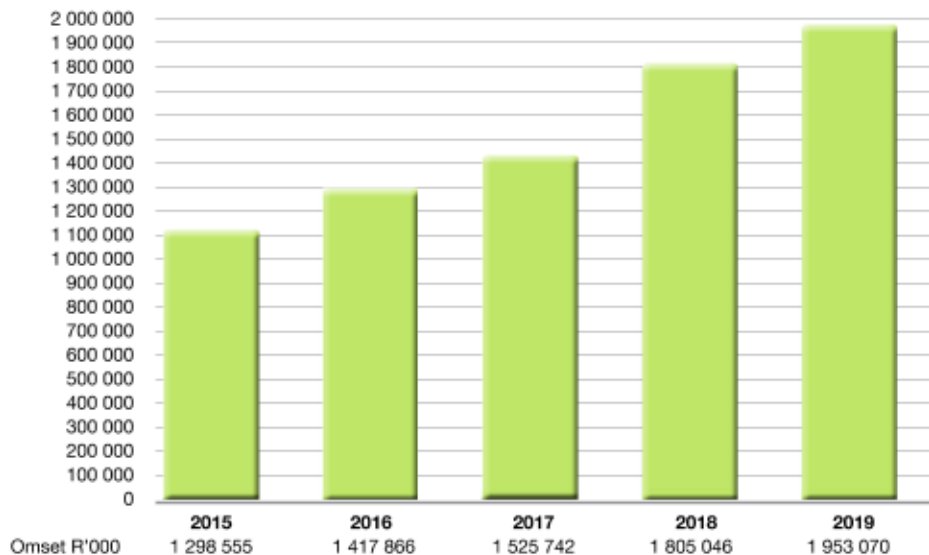
Gegewe die rampspoedige droogte wat gedurende die 2019 finansiële jaar ervaar is, is die syfers behaal prysenswaardig. Onder moeilike omstandighede vir beide SSK se Lede en die organisasie, is die finansiële stand van die onderneming beskerm. Die bydrae van SSK se filiale om die diversifikasie van SSK se oorhoofse besigheidsrisiko's te bewerkstellig, werp sekerlik vrugte af. Die Direksie, Bestuur en Personeel het deurlopend 'n positiewe ingesteldheid gehandhaaf en het gepoog om deurentyd hul fokus op die behoeftes van ons Lede en kliënte te hou. SSK se Lede, Direksie, Bestuur en Personeel het hard saamgewerk om hierdie resultate moontlik te maak in moeilike omstandighede en ons wil almal vir hul bydrae hiertoe bedank. **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 hand ontvang het.

TOTALE OMSET

Die totale omset met Lede en klante het toegeneem vanaf R1 805 046 140 in die 2018 finansiële jaar tot R1 953 070 352 in die 2019 finansiële jaar – 'n toename van meer as 8%. Die toename is in lyn met inflasionêre prysaanpassings.

TOTALE OMSET



NETTO INKOMSTE / VERDELING VAN SURPLUS

Die Koöperasie se bedrywighede het 'n netto inkomste voor belasting vir die jaar van R50 178 060 (2018 – R68 797 443) tot gevolg gehad. Ingesluit in hierdie syfers is 'n dividend van R28 000 000 van Tuinroete Agri (Edms) Bpk vir beide finansiële jare, asook 'n eenmalige dividend vanaf SSK Vervaardigers (Edms) Bpk ten bedrae van R10 097 110 in die 2018-jaar as deel van die proses om die onderneming te ontbind.

Inkomstebelasting beloop R1 273 509 (2018 – R4 724 300) en die toename in die voorsiening vir uitgestelde belasting beloop R2 560 130 (2018 – R1 506 146 afname). Die netto inkomste na belasting, maar voor bonusse, beloop dus R51 344 421 (2018 – R87 579 289). Die surplus word as volg verdeel:

Ledebonusse	R5 000 000
Kontant	R1 000 000
Uitgestel	R4 000 000
Reserwes	R46 344 421

BEDRYFSREKENINGE

	2019				2018			
	Omset R	Bruto wins R	Bruto wins %	Netto wins/ (verlies) na belasting	Omset R	Bruto wins/ (verlies) R	Bruto wins %	Netto wins/ (verlies) na belasting
Werkswinkels	28 583 681	16 147 968	56.49%	(11 308 812)	28 955 085	17 602 454	60.79%	(8 044 682)
Versekering	11 591 321	11 590 522	99.99%	2 166 489	11 049 650	11 048 908	99.99%	2 061 966
Handel	1 254 583 380	163 276 744	13.01%	10 598 625	1 147 531 333	146 594 145	12.77%	15 858 827
Meganisasie bemarking	117 490 053	6 834 171	5.82%	(5 031 756)	119 408 802	7 291 497	6.11%	(4 965 579)
Onderdele	30 857 537	4 909 993	15.91%	(1 542 101)	31 574 245	6 003 160	19.01%	(553 131)
Saad	90 767 589	20 853 852	22.97%	9 263 969	87 005 791	19 546 218	22.47%	8 276 021
Graan	274 029 473	66 432 936	24.24%	2 450 011	235 415 486	84 530 455	35.91%	16 430 442
Veevoere	144 940 867	25 700 796	17.73%	6 585 964	144 067 819	22 864 250	15.87%	5 709 063
Administrasie	226 450	690 927	Nt	38 162 032	37 929	(173 900)	Nt	52 806 362
Subtotaal				51 344 421				87 579 289
Ledebonusse verklaar				(5 000 000)				(22 000 000)
Totaal	1 953 070 352	316 437 910	16.20	46 344 421	1 805 046 140	315 307 189	17.47	65 579 289

BRUTO WINS PER DOELSTELLING

Die verhouding van bruto wins per doelstelling tot die totale bruto wins ten bedrae van R311 437 910 (2018 – R293 307 188) is soos volg:



TOTALE UITGAWES

Totale uitgawes (administratiewe en bedryfsuitgawes) het in die jaar onder oorsig met 8.8% gestyg. Dit is in lyn met die begrote syfers en kan grotendeels toegeskryf word aan verhoogde koste verbonde aan bedryfshure, kommissie betaal, toename in die voorsiening vir die waardedaling van korttermynlenings en personeelkoste.

WAARDETOEVOEGING TOT BELANGHEBBENDES

	%	2019 R	2018 R	%
Omset		1 953 070 352	1 805 046 140	
Netto kosprys van produkte en dienste		1 564 359 065	1 403 924 285	
Waarde toegevoeg		388 711 287	401 121 855	
Soos volg aangewend:				
Werknemers	43.54	169 247 011	160 327 198	39.97
Lone/Salarisse	40.14	156 020 134	143 008 837	35.65
Aansporingsbonusse	3.49	13 556 877	17 231 361	4.30
Na-aftrede mediese koste	(0.08)	(330 000)	87 000	0.02
Kapitaalverskaffers	22.98	89 312 350	83 869 202	20.91
Rente	22.72	88 312 350	79 469 202	19.81
Bonusse uitbetaal	0.26	1 000 000	4 400 000	1.10
Toevoeging van bates	10.67	41 482 798	51 342 138	12.80
Waardevermindering	5.98	23 228 326	19 248 514	4.80
Herbelê in besigheid	15.85	61 607 163	83 116 649	20.72
Reserwes	14.82	57 607 163	65 516 649	16.33
Bonusse uitgestel	1.03	4 000 000	17 600 000	4.39
Inkomstebelasting	0.99	3 833 639	3 218 154	0.80
		388 711 287	401 121 855	

DEBITEURE

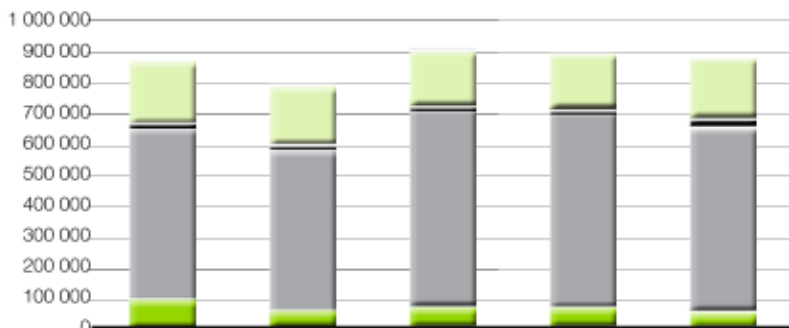
Oorlaatskuld het aansienlik toegeneem tot R311 500 936 (2018 – R205 289 534). Die toename is toeskryfbaar aan die natuurtoestande wat deur die breër bedieningsgebied geheers het gedurende die periode. Die wydverspreide droogte het druk geplaas op die opbrengs van alle landbouprodukte. Daar is vanjaar debiteure ten bedrae van R384 689 (2018 – R132 648) afgeskryf as oninbaar. Die totale voorsiening vir twyfelagtige skulde was op jaareinde R1 977 806 (2018 – R2 324 246). 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:

	2019	2018
Netto winsgewendheid	2.37%	3.63%
Opbrengs op ekwiteit	6.92%	8.99%
Skuld : Ekwiteit	2.01	1.78
Rentedraende skuld : Ekwiteit	1.59	1.33
Bedryfskapitaal	1.03	0.94

KAPITAALBRONNE



	2015	2016	2017	2018	2019
L/T lenings	220 002	203 364	187 923	167 851	209 034
Aandele	4 557	5 173	5 679	6 097	6 310
Reserwes	567 595	522 674	648 681	657 834	607 980
Ledefondse	81 213	67 166	64 912	65 457	54 953

FILIALE

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

	2019		
	Omset	Bruto wins/(verlies)	Netto wins
Blinkbeleg Vyftien (Edms) Bpk	577 800	577 800	274 203
Eureka Mills (Edms) Bpk	45 578 261	8 873 133	258 958
Hessequa Abattoir (Edms) Bpk	250 903 749	11 877 936	162 111
Procuco Grain (Edms) Bpk	9 121 856	9 096 760	(572 336)
Riparian Investments Consortium 1 (Edms) Bpk	–	–	(44 526 905)
Sentraal-Suid Beleggings (Edms) Bpk	178 200	178 200	47 052
Softlutions (Edms) Bpk	4 502 656	4 502 656	514 730
Southern Oil (Edms) Bpk Groep	1 443 850 483	250 511 799	61 876 296
Swellen Mark (Edms) Bpk	10 784 986	10 784 986	2 967 509
Technifarm (Edms) Bpk	14 501 809	5 252 500	1 243 495
Tuinroete Agri (Edms) Bpk	–	–	10 270 000
Walts Malting (Edms) Bpk	5 338 298	(861 910)	(11 076 169)
	2018		
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
Procuco Grain (Edms) Bpk	4 795 411	4 795 411	(3 509 116)
Riparian Investment Consortium 1 (Edms) Bpk	–	–	(31 305 012)
Sentraal-Suid Beleggings (Edms) Bpk	165 000	165 000	2 562 447
Softlutions (Edms) Bpk	3 733 124	3 733 124	254 080
Southern Oil (Edms) Bpk	1 230 616 020	158 838 286	34 768 707
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	6 081 581	(1 125 842)	(8 868 982)

GRAAN

Graanaanplantings het in die jaar onder oorsig skerp afgeneem, met baie ongunstige planttoestande oor die grootste deel van die SSK-bedieningsgebied. Dit was veral die geval met koring.

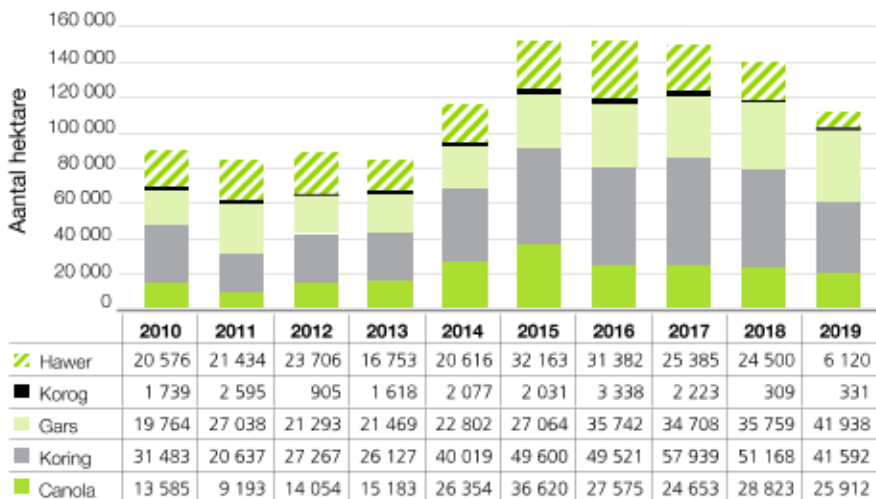
Verdere reënval en reënvalverspreiding was ook nie baie gunstig nie en slegs sekere gebiede rondom Swellendam het redelike oeste gehad. Graan- en canola-opbrengste in veral die oostelike deel van die SSK-bedieningsgebied was van die laagste in baie seisoene.

Gegewe die droë jaar was daar egter relatief min kwaliteitsprobleme, alhoewel verslakte garsgraderingsregulasies 'n groot deel van die garsoes kon akkommodeer, wat in vorige jare nie die geval sou wees nie.

HEKTARE GEPLANT

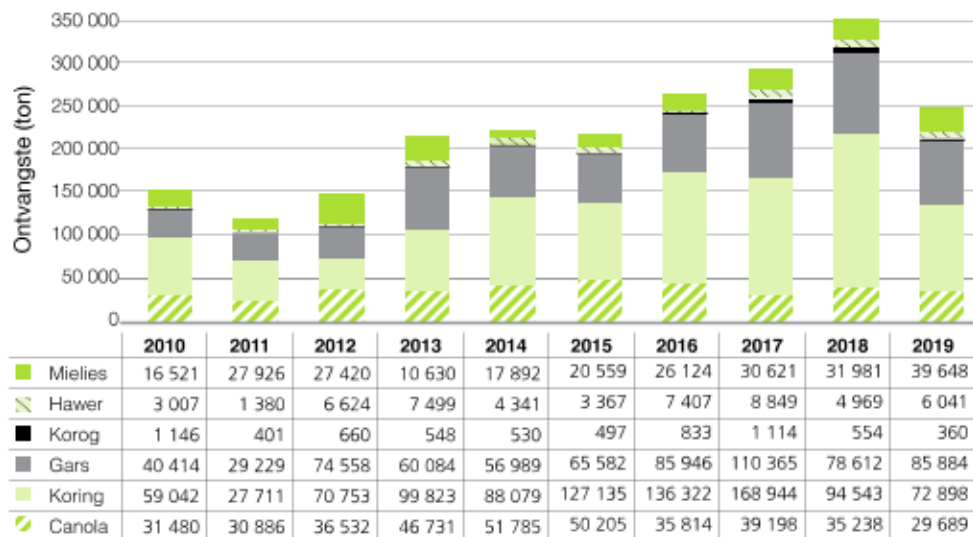
Hektare in SSK bedieningsgebied geplant (vanaf 2015 word Riversdal, Albertinia en Herold ingesluit).

HEKTARE GEPLANT



GRAANONTVANGSTES

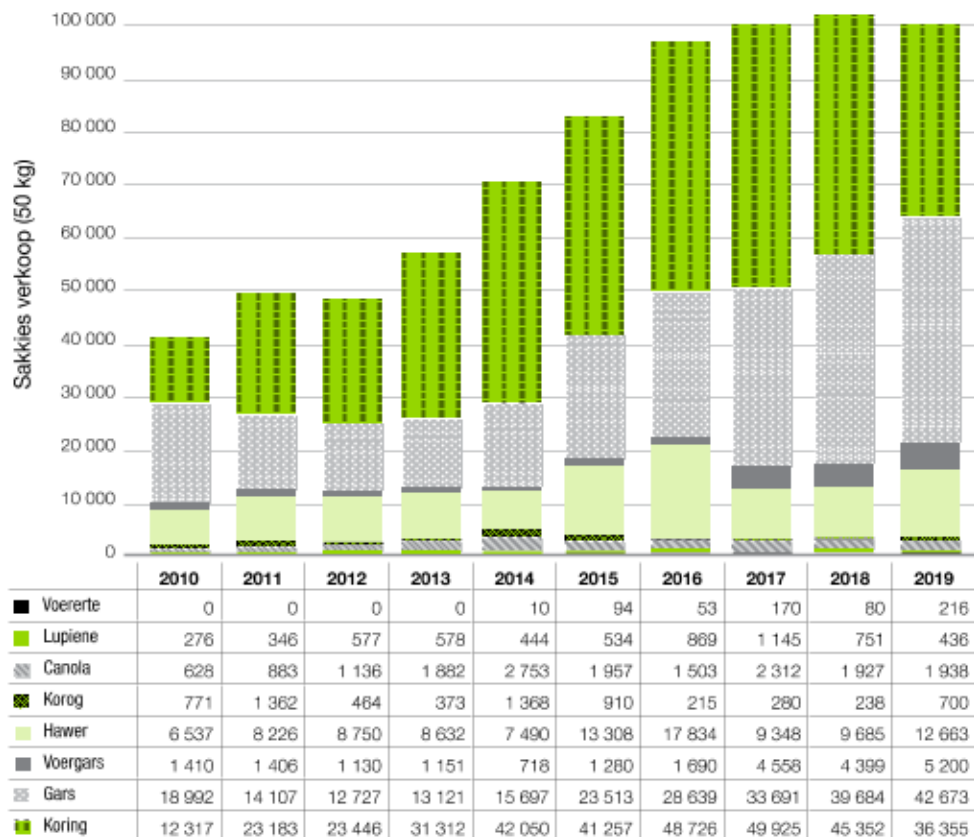
Graanontvangstes in SSK silo's (vanaf 2015 word Riversdal, Albertinia en Herold ingesluit).



Graanlewering was van so 'n omvang dat SSK se opbergingsfasiliteite vir 'n tweede agtereenvolgende jaar baie swak benut was. Slegs Swellendam en in 'n mindere mate Heidelberg se silo's was naby aan kapasiteit benut.

SAAD

SAADVERKOPE



SSK se saadverkope was onder omstandighede steeds bo verwagting. 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 is deesdae van buite SSK se historiese bedieningsgebied.

TOEKOMSBLIK

SSK se bedieningsgebied het die jaar onder oorsig wat reënval betref 'n ondergemiddelde jaar beleef. Swak kommoditeitspryse het verdere druk op ons Lede se kontantvloeï en skuldposisies geplaas. SSK se strategiese fokus is tans om hierdie skuldposisies saam met sy Lede te bestuur, ook in die jaar wat volg. Die geskiedenis het bewys dat 'n moeilike landboujaar nie in een jaar omgedraai word nie.

Daar lê groot uitdagings voor vir landbou, nie net binne die SSK gebied nie, maar ook vir landbou op nasionale vlak.

Die jongste syfers van die Nasionale Departement van Landbou, Bosbou en Visserye toon dat skuldvlakke in die Suid-Afrikaanse landboubedryf tot rekordhoogtes gestyg het. Dit het einde 2018 sowat R170 miljard beloop, wat gelykstaande is aan 35% van die bates in die landbousektor.

Die swak en krimpende stand van die verbruikersmark het verder 'n demper op die mark vir landbouprodukte geplaas. SSK en sy filiale het hierdie afname in koopkrag ervaar en die finansiële resultate vir die jaar onder oorsig getuig daarvan. Hierdie kompeterende omgewing waarin SSK en sy filiale moet meeding gaan in die komende jaar groot uitdagings aan onderskeie Besture en Direksies stel.

Die verkiesing is verby en nou begin die werk. Die Regering se ekonomiese beleid behoort in die komende maande op verhoogde groei en werkskepping gefokus te wees. Verwagting vir ekonomiese groei vanjaar wissel van die onlangse 1.6% tot die minder optimistiese 1.3%. Dit is nie naastenby genoeg om die land se strukturele ekonomiese probleme soos armoede, werkloosheid en ongelikheid te oorkom nie. Hierdie bly een van President Ramaphosa se grootste uitdagings. Duidelikheid oor die debat oor die onteiening van grond en wat daarmee beoog word, is nou broodnodig vir die landbousektor.

SSK se ledegetalle neem steeds toe. Bestuur en Personeel is geïntegreer om hierdie Lede volwaardig te diens.

SSK wil sy Lede verseker dat ons verbind is om met handhawing van gesonde besigheidsbeginsels u deur hierdie onsekere tyd ten volle by te staan. SSK se Direksie en Bestuur erken met groot nederigheid ons afhanklikheid teenoor ons Hemelse Vader.

SENTRAAL-SUID CO-OPERATIVE LTD AND ITS SUBSIDIARIES FINANCIAL MANAGEMENT REVIEW 2019

BACKGROUND

You will be forgiven if you have been stunned with what has been happening in the world this past year: Politicking, corruption, dissent, rioting, threats of military action, trade wars, and so much more. Old allies offer little compassion for each other and of "Working together, winning together" there is little to see in society today, especially at international level. The US, still led by President Donald Trump, is once again stepping on many international toes and their/his reckless actions and decisions have had a massive impact on fragile international relations. Their trade war with China threatens to have significant impacts not only on their own economy, but also on the world economy as a whole and the overall economic and social progress of every citizen of the world. Brexit has also not really helped this plight and the prospect of a United Kingdom's exit from the EU, without agreed terms, is very likely. A possible second referendum has been mentioned, but the probability for this seems to be low. The Middle East remains a pressure cooker of violence and rioting, with Omar Al Bashir, the former president of Syria, also now toppled. The patriotic statements made by President Trump have led to the strengthening of the Dollar, but its sustainability is threatened by the weakening of that currency's reputation as a safe haven in times of uncertainty. The impact of US decisions has led to the weakening of developing countries' currencies and periods of low growth, and even recessions, are now a realistic prospect.

Hard commodity prices remained largely stable over the past year and most mining houses welcomed this situation to bring about more stability in their share prices. The South African mining industry's contribution to the country's economy continues to shrink and a boom in this sector is becoming less and less probable. The local election went smoothly and the ANC's victory was expected, although the EFF's massive increase in votes was underestimated. The inauguration of Cyril Ramaphosa as President of South Africa has just taken place and a huge task rests on his shoulders to stop the large-scale corruption and bureaucracy, together with the imminent collapse of state-owned entities. How he will climb this mountain while the ANC as an organisation is more divided than ever before, remains an important question. South Africans now, more than ever before, have to put aside their political differences and work together to save our country.

The Rand's weakening against the Dollar was foreseen and it is currently (June 2019) trading at R14.80 against the Dollar. This is 18% weaker than the same time last year. This, of course, leads to increased cost of imports, with the result that the local economy has imported less as demand for these products and services has decreased. At the time of writing, American farmers are struggling to plant due to very wet conditions. This has already led to large increases in grain commodity prices, with maize and soybeans leading the charge. This is a welcome prospect for producers of these commodities in South Africa, but bad news for dairy farmers and consumers of oil, flour and other linked agricultural products.

The consultation process on the amendment of the Constitution to allow for the expropriation of land

without compensation was concluded and the committee's conclusion was that it should indeed be allowed. However, the implementation and the wording of this amendment have not yet been made public. This uncertainty results in farmers and other businesses in the agricultural value chain being reluctant to make large-scale capital investments.

SSK's service area experienced another year of extremely adverse weather conditions, with especially low rainfall figures being widely reported. Dam levels are still under pressure and livestock farmers in particular are burdened by the additional cost of feeding their core herds. The new planting season has now been completed and although welcome rain has fallen at the end of May in the Southern Cape, the extent of this was limited. The grain germination has been good, and good rains in June can produce a sight for sore eyes.

Forecasts currently point to increased local wheat, canola and barley prices. Circumstances experienced and prospects for other agricultural sectors were/are as follows:

- The dairy industry experienced a difficult year, with rising feed prices and a decrease in milk prices. The water shortages also put pressure on pastures.
- The fruit and wine industries experienced average crops, especially given the water shortage that led to protective farming practices, resulting in lower yields. Export prices of fruit, given the exchange rate, were better than expected. The price for wine grapes continued to show a promising improvement.
- The ostrich industry once again experienced an export ban on meat, although leather prices showed excellent growth. The envisaged merger of Klein Karoo International and Mosstrich will hopefully lead to improved marketing overseas of feathers and leather and once the meat export market is re-opened, the benefits of such a merged industry will hopefully be realised.
- Meat prices dropped slightly during the year as consumers resisted the high prices for lamb and mutton in particular. Even the low availability of sheep and cattle could not neutralise this decline.
- The wool and mohair industry experienced a severe setback after years of prosperity, with a ban being placed on the export of wool to China (South African wool's largest buyer) due to fears over foot-and-mouth disease cases. The price decline was, however, lower than expected. Lesotho's government also placed a ban (albeit unconstitutional as decided by their High Court) on the sale of wool to South African wool buyers.
- The vegetable industry has also experienced a period of stable prices for most cash crops.

SSK experienced an average financial year due to the continued drought, with an additional negative impact resulting from the massive impairment of the Pioneer Foods Group Ltd shareholding that weakened SSK's financial position. At Group level, the results are markedly better given that SOILL (Pty) Ltd performed very well in a very competitive oil market. Unfortunately, Walts Malting (Pty) Ltd's material loss for the year impacted SSK's as well as the Group's results. Further negative fair

value adjustments due to Riparian Investment Consortium 1 (Pty) Ltd shareholding in Pioneer Foods Group Ltd were also recorded. This shareholding, as well as their shareholding in Quantum Foods Holdings Ltd, were sold after year-end and all loans were repaid, with the prospect of a capital gain being realised. Although the financial performance of SSK was under pressure once again, the financial position is still healthy and sufficient funding for our Members' operations and SSK was easily secured. Most operating divisions delivered good results. The Grain, Seed, Insurance, Animal Feed Manufacturers and Retail Divisions were all profitable, with only the Mechanisation division again realising a loss.

Membership continues to grow, especially with farmers from the Garden Route, Karoo and Eastern Cape areas keen to enjoy the benefits of membership. As reported last year, only gross profit from direct sales had been shown as revenue since 1 March 2019. This change only impacted SSK's turnover and cost of sales figures, with no effect on gross profit.

On technological level, substantial advances have been made in terms of SSK's network and system infrastructure and most of the development of SSK's operating systems has now been completed. The implementation of the new ordering programme has also realised excellent results.

The subsidiaries, joint venture and associates performed well and the only ones not able to attain profitability was, as expected, Walts Malting (Pty) Ltd, Procuco Grain (Pty) Ltd and Riparian Investment Consortium 1 (Pty) Ltd. Procuco Grain (Pty) Ltd's outlook remains promising and it is experiencing increasing throughput. Walts Malting has experienced significant operational issues, but increased production and improved sales have been achieved over the past few months.

Given the disastrous drought experienced during the 2019 financial year, the realised figures are commendable. Under difficult circumstances for both SSK's Members and the organisation, the financial position of the business was protected. The contribution of SSK's subsidiaries to bring about the diversification of SSK's overall business risk is certainly paying off. The Board of Directors, Management and Personnel have consistently maintained a positive attitude and have endeavored to keep their focus on the needs of our Members and clients. They worked hard together to make these results possible under difficult circumstances and we would like to thank everyone for their contribution to the cause. **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 hand.

TOTAL TURNOVER

The total turnover with Members and customers increased from R1 805 046 140 in the 2018 financial year to R1 953 070 352 in the 2019 financial year. This represents an increase of approximately 8%. The increase is in line with inflationary price adjustments.



NET INCOME / APPROPRIATION OF SURPLUS

The Co-operative's operations resulted in a net income before tax for the year of R50 178 060 (2018 – R 68 797 443). Included in this figure is a dividend of R28 000 000 from Tuinroete Agri (Pty) Ltd in both of the financial years, as well as a once-off dividend of R10 097 110 from SSK Vervaardigers (Pty) Ltd in the previous year as part of the process to unwind the business.

Income tax amounted to R1 273 509 (2018 – R4 724 300) and the increase in deferred tax provision amounts to R2 560 130 (2018 – R1 506 146 decrease). The net income after tax, but before Member bonuses, amounted to R51 344 421 (2018 – R87 579 289). The surplus is divided as follows:

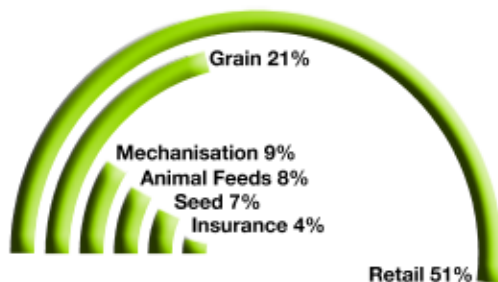
Member bonuses	R5 000 000
Cash	R1 000 000
Deferred	R4 000 000
Reserves	R46 344 421

OPERATIONAL ACCOUNTS

	2019				2018			
	Turnover R	Gross profit R	Gross profit %	Net profit/(loss) after tax	Turnover R	Gross profit/(loss) R	Gross profit %	Net profit/(loss) after tax
Workshops	28 583 681	16 147 968	56.49%	(11 308 812)	28 955 085	17 602 454	60.79%	(8 044 682)
Insurance	11 591 321	11 590 522	99.99%	2 166 489	11 049 650	11 048 908	99.99%	2 061 966
Retail	1 254 583 380	163 276 744	13.01%	10 598 625	1 147 531 333	146 594 145	12.77%	15 858 827
Mechanisation marketing	117 490 053	6 834 171	5.82%	(5 031 756)	119 408 802	7 291 497	6.11%	(4 965 579)
Spares	30 857 537	4 909 993	15.91%	(1 542 101)	31 574 245	6 003 160	19.01%	(553 131)
Seed	90 767 589	20 853 852	22.97%	9 263 969	87 005 791	19 546 218	22.47%	8 276 021
Grain	274 029 473	66 432 936	24.24%	2 450 011	235 415 486	84 530 455	35.91%	16 430 442
Animal feeds	144 940 867	25 700 796	17.73%	6 585 964	144 067 819	22 864 250	15.87%	5 709 063
Administration	226 450	690 927	N/a	38 162 032	37 929	(173 900)	N/a	52 806 362
Subtotal				51 344 421				87 579 289
Member bonuses declared				(5 000 000)				(22 000 000)
Total	1 953 070 352	316 437 910	16.20	46 344 421	1 805 046 140	315 307 189	17.47	65 579 289

GROSS PROFIT PER DIVISION

The ratio of gross profit per division to the total gross profit in the amount of R311 437 910 (2018 – R293 307 188) (excluding the gross profit of administration and other services) was as follows:



TOTAL EXPENDITURE

Total expenditure (administrative and operational) has increased by 8.8% in the year under review. This is in line with budgeted figures, with the majority of the increases originating from the increased cost in operating leases, commission paid, provision for the impairment of short-term loans and personnel costs.

VALUE ADDED TO STAKEHOLDERS

	%	2019 R	2018 R	%
Turnover		1 953 070 352	1 805 046 140	
Net cost price of products and services		1 564 359 065	1 403 924 285	
Value added		388 711 287	401 121 855	
Utilised as follows:				
Employees	43.54	169 247 011	160 327 198	39.97
Wages/Salaries	40.14	156 020 134	143 008 837	35.65
Incentive bonuses	3.49	13 556 877	17 231 361	4.30
Post-retirement medical cost	(0.08)	(330 000)	87 000	0.02
Capital providers	22.98	89 312 350	83 869 202	20.91
Interest	22.72	88 312 350	79 469 202	19.81
Bonuses paid out	0.26	1 000 000	4 400 000	1.10
Addition of assets	10.67	41 482 798	51 342 138	12.80
Depreciation	5.98	23 228 326	19 248 514	4.80
Re-invest in business	15.85	61 607 163	83 116 649	20.72
Reserves	14.82	57 607 163	65 516 649	16.33
Deferred bonuses	1.03	4 000 000	17 600 000	4.39
Income tax	0.99	3 833 639	3 218 154	0.80
		388 711 287	401 121 855	

DEBTORS

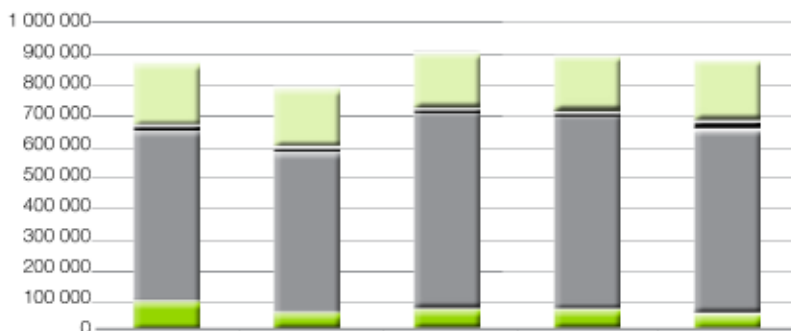
Carry-over debt increased significantly to R311 500 936 (2018 – R205 289 534). The increase is attributable to the climatic conditions prevalent throughout the greater service area during the year under review. The widespread drought has put pressure on the yield of all agricultural products. Debtors amounting to R384 689 (2018 – R132 648) have been written off as irrecoverable. The total provision for doubtful debts was R1 977 806 (2018 – R2 324 246) at year-end. These excellent figures are commendable given the size of the debtors' book.

IMPORTANT FINANCIAL RATIOS

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

	2019	2018
Net profitability	2.37%	3.63%
Return on equity	6.92%	8.99%
Debt : Equity	2.01	1.78
Interest bearing debt : Equity	1.59	1.33
Current ratio	1.03	0.94

SOURCES OF CAPITAL



	2015	2016	2017	2018	2019
L/T Loans	220 002	203 364	187 923	167 851	209 034
Shares	4 557	5 173	5 679	6 097	6 310
Reserves	567 595	522 674	648 681	657 834	607 980
Member Funds	81 213	67 166	64 912	65 457	54 953

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:

	Turnover	2019 Gross profit/ (loss)	Net profit
Blinkbeleg Vyftien (Pty) Ltd	577 800	577 800	274 203
Eureka Mills (Pty) Ltd	45 578 261	8 873 133	258 958
Hessequa Abattoir (Pty) Ltd	250 903 749	11 877 936	162 111
Procuo Grain (Pty) Ltd	9 121 856	9 096 760	(572 336)
Riparian Investments Consortium 1 (Pty) Ltd	–	–	(44 526 905)
Sentraal-Suid Beleggings (Pty) Ltd	178 200	178 200	47 052
Softlutions (Pty) Ltd	4 502 656	4 502 656	514 730
Southern Oil (Pty) Ltd Group	1 443 850 483	250 511 799	61 876 296
Swellen Mark (Pty) Ltd	10 784 986	10 784 986	2 967 509
Technifarm (Pty) Ltd	14 501 809	5 252 500	1 243 495
Tuinroete Agri (Pty) Ltd	–	–	10 270 000
Walts Malting (Pty) Ltd	5 338 298	(861 910)	(11 076 169)
		2018	
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
Procuo Grain (Pty) Ltd	4 795 411	4 795 411	(3 509 116)
Riparian Investment Consortium 1 (Pty) Ltd	–	–	(31 305 012)
Sentraal-Suid Beleggings (Pty) Ltd	165 000	165 000	2 562 447
Softlutions (Pty) Ltd	3 733 124	3 733 124	254 080
Southern Oil (Pty) Ltd	1 230 616 020	158 838 286	34 768 707
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	6 081 581	(1 125 842)	(8 868 982)

GRAIN

Grain plantings declined sharply in the year under review, with very unfavourable planting conditions in most of the SSK service area. This was especially true with regard to wheat.

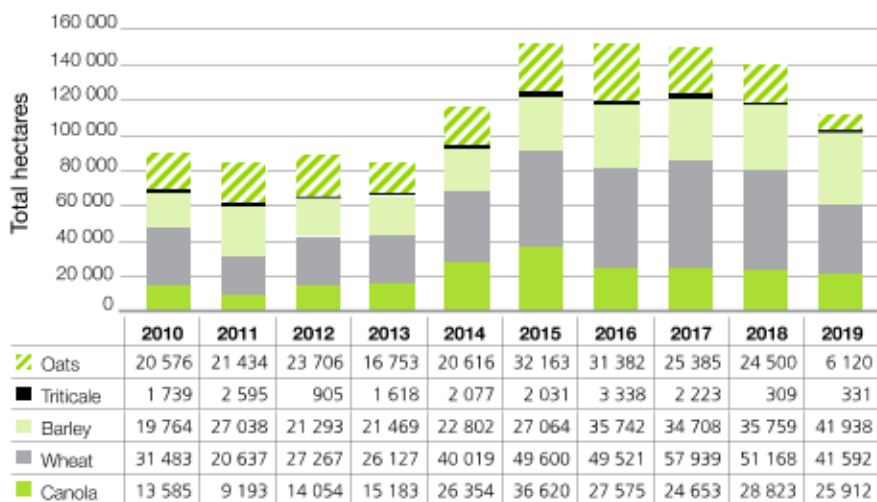
Further rainfall and rainfall distribution were also not very favourable and only certain areas around Swellendam had reasonable harvests. Grain and canola yields in especially the eastern part of the region were among the lowest in many seasons.

Given the dry year, however, there were relatively few quality problems, although barley grading regulations were relaxed to accommodate much of the barley crop that would not have been the case in previous years.

HECTARES PLANTED

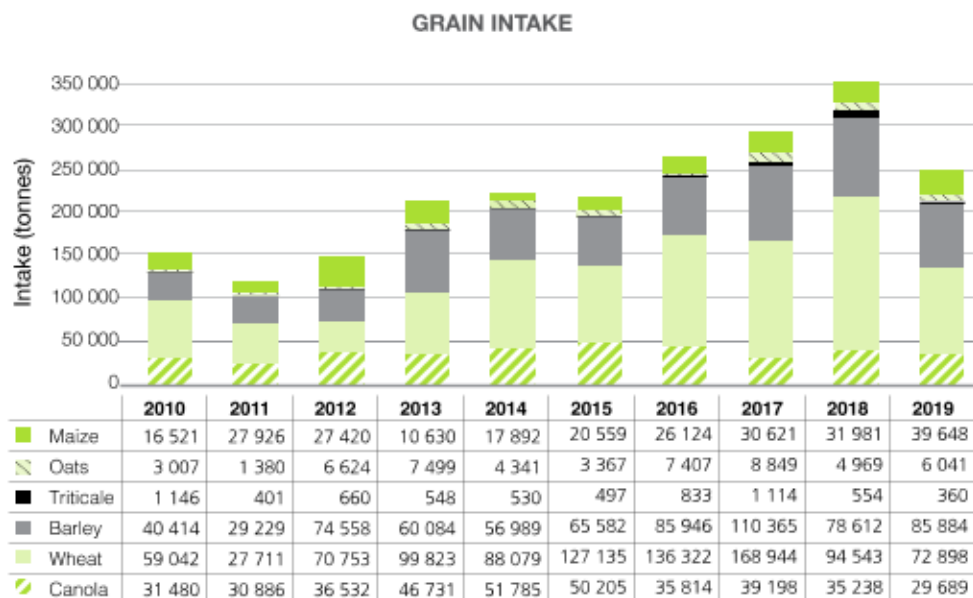
Hectares planted in SSK's service area (since 2015 Riversdale, Albertinia and Herold are included).

HECTARES PLANTED



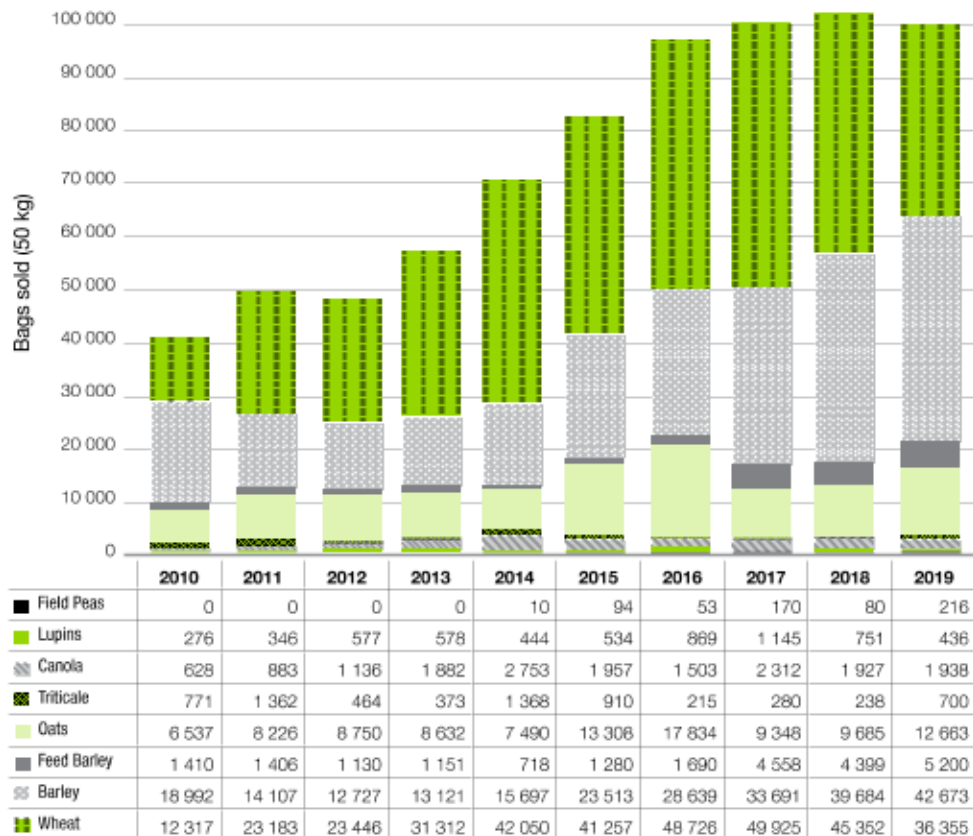
GRAIN INTAKE

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 for a second year in a row. Only Swellendam and, to a lesser extent Heidelberg Silo, experienced grain intakes that were close to its existing storage capacity.

SEED SEED SALES



Under the circumstances, SSK's seed sales were still above expectations. Competitive prices, availability of cultivars and good quality seed ensure customer support across a wide front and a significant portion of the division's turnover is nowadays outside of SSK's historical service area.

FUTURE VIEW

SSK's service area experienced a below average year as far as rainfall was concerned. Poor commodity prices put further pressure on our Members' cash flows and debt positions. SSK's strategic focus is currently to manage these debt positions with its Members, also in the year to follow. History has shown that a difficult agricultural year is not reversed in one year.

There are major challenges for agriculture, not only within SSK's service area, but also for agriculture at national level.

The latest figures from the National Department of Agriculture, Forestry and Fisheries show that debt levels in the South African agricultural industry have increased to record highs. It amounted to around R170 billion at the end of 2018, which is equivalent to 35% of agriculture assets.

The weak financial position of the consumer market has put a further damper on the market for agricultural products. SSK and its subsidiaries experienced this decline in purchasing power firsthand and our financial results for the year under review are testimony of this. This competitive environment in which SSK and its subsidiaries must compete will pose great challenges to the respective Managements and Boards in the coming year.

The election is over and the real work begins now. The Government's economic policy in the coming months should be focused on increased growth and job creation. Expectations for economic growth this year range from the recent 1.6% to the less optimistic 1.3%. It is not nearly enough to overcome the country's structural economic problems such as poverty, unemployment and inequality. This remains one of President Ramaphosa's biggest challenges. Clarity on the expropriation of land debate and what is envisaged with it, is now essential for the agricultural sector.

SSK's membership numbers continue to increase. Management and Personnel are well-positioned to serve these Members to the best of their abilities.

SSK wants to assure its Members that we are committed to fully support you through this uncertain time, while maintaining sound business principles. SSK's Board of Directors and Management 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:

