TWK Agriculture Holdings (Pty) Ltd

Unaudited condensed interim results

for the period ended 28 February 2019

Contents

Our values

Growth
Committed to providing excellence and constantly exceeding previous efforts.

Sustain
A fresh outlook on business, underpinned by experience and knowledge.

Strive
Our mission is to be the supplier of choice, the employer of choice and the investment of choice!

Conserve
We take responsibility to protect the environment in which we work, thereby conserving a legacy for the future.

Renew
Proactively committed to meeting the needs of our stakeholders without compromising the future of generations to come.

Develop
Investing time, resources and knowledge in our youth, employees, clients and the communities in which we operate.

Introduction

The condensed consolidated interim results of TWK Agriculture Holdings (Pty) Ltd for the six months ended 28 February 2019 comprise of the Company, all its subsidiaries and jointly controlled entities (jointly referred to as the Group).

The accounting policies applied in the preparation of these condensed consolidated interim results are in accordance with IFRS and are consistent with the accounting policies applied in the preparation of the Group's previous audited consolidated annual financial statements.

These interim results have not been audited or independently reviewed by the Group's external auditors. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 August 2018.

All the amounts relate to the Group's results unless otherwise specified.

The Directors of the Group take full responsibility for the preparation of this report.

The preparation of the Group's results was supervised by the Group Chief Financial Officer, JEW Fivaz, and approved by the Board of Directors on 27 March 2019.

The results were made available publicly on 28 March 2019.

Key financial indicators

Revenue
up 4,3%

▲ **R3,89bn**

(2018: R3,73bn)

Earnings before interest and tax (EBIT)
up 16,8%

▲ **R216,62m**

(2018: R185,42m)

Profit after tax
up 25,6%

▲ **R116,62m**

(2018: R92,88m)

Basic earnings per share
up 38,1%

▲ **600,69c**

(2018: 434,81c)

Normalised headline earnings per share
up 39,1%

▲ **654,25c**

(2018: 470,24c)

Diluted normalised headline earnings per share
up 40,6%

▲ **616,80c**

(2018: 438,60c)

Total assets
up 16,4%

▲ **R4,50bn**

(2018: R3,87bn)

Debt to equity ratio
up 11,8%

▲ **142%**

(2018: 127%)

NAV per share
up 12,4%

▲ **R74,84**

(2018: R66,59)

Cash from operating activities
up 10,5%

▲ **R219,65m**

(2018: R198,86m)

The key financial indicators are for the six months ended 28 February 2019 and compared with the corresponding six-month period of the previous year (28 February 2018).

Business and financial review

The South African economic performance over the last few years has been disappointing. Statistics South Africa confirmed that the economy grew just 0,8% in 2018, after 1,4% growth in 2017.

South Africa suffered a recession in the first half of 2018 as farming plunged but growth has since recovered as the economy expanded in the final quarter of last year helped by growth in agriculture and manufacturing. Agriculture expanded by 7,9% in the last quarter of 2018, recovering from the drought and made a positive contribution to growth, after having declined at a double digit pace earlier on in 2018.

While the 2018/19 summer grains and oilseeds production started on a bad footing due to the dry climate, the weather conditions have improved significantly. The crop is generally in good shape across the country, following widespread rainfall in February. This has led to vast improvements in dam levels which should support areas that are under irrigation. The South African Weather Service sees a likelihood of above-normal rainfall conditions over the summer rainfall regions during early autumn, but this may not cover all grains and oilseed-growing regions.

TWK's overall results for the first six months are reflective of the well-diversified agricultural business model which contributed to the year-on-year growth and success of the Group. The growth and performance contribution for the first six months of 2018 came from the Retail and Mechanisation segment driven by strong fertiliser sales. The Timber segment contributed to the growth and performance in the first six months of 2019, driven by increased timber sales. The general trading conditions came under pressure, which resulted in decreased sales and net profit in the Retail segment compared to the previous year.

Against the backdrop of uncertain economic and political conditions, slow economic growth and later-than-normal rain in the local summer rainfall areas, revenue increased by 4,3% from R3,729 billion to R3,888 billion. TWK's results were positively impacted by increased timber sale volumes, improved margins, cost control and effective working capital management. While fertiliser sales volumes decreased by approximately 1,7%, the Group revenue was supported by timber sales. This, together with improved efficiencies, resulted in an increase of 16,7% in operating profit to R226,63 million (Feb 2018: R194,23 million) which equated to an operating profit margin of 5,8% (Feb 2018: 5,2%). Profit after tax increased to R116,62 million which is 25,6% higher than the R92,88 million of the corresponding period. Normalised headline earnings increased to 654,25 cents per share, which is 39,1% higher than the corresponding period.

The Group's financial position is stronger with total assets having increased by 16,4% from R3,869 billion to R4,504 billion. Net cash is lower due to an increase in inventory and debtors levels, however cash from operating activities before changes in operating capital increased by 10,5% to R219,65 million. The Group's gearing was 142% at 28 February 2019 which is slightly higher than the corresponding period. The net asset value per share increased by 12,4% to R74,84 per share at 28 February 2019 compared to R66,59 as at 28 February 2018.

Total assets continued to increase due to capital expenditure, an increase in inventories and debtors as well as an increase in the investment and fair value of biological assets. The debtors' book was higher in February than in August which is in line with the cyclical nature of the agricultural industry. Assets are evaluated on a continuous basis where applicable, and the necessary impairments have been taken.

Operational review

Timber

The Timber segment experienced favourable market conditions. Revenue increased by 0,6% from R1,198 billion to R1,206 billion despite lower than expected sales in the local markets, with high volumes being exported to international markets. TWK managed to earn excellent yields from own and bought standing plantations. Revenue was also supported by the weakening of the rand. EBITDA increased dramatically by 84,6% to R147,41 million and the EBITDA margin increased from 6,7% to 12,2%. There is a growing demand for TWK wood chips in the export market and it is expected that export volumes will increase in the coming year with a concomitant increase in the price of exported chips.

Local and international demand for eucalyptus pulpwood is positive and deliveries to these markets have increased by 5% compared to the 2018 volumes. It is expected that deliveries will further increase to 10% as a result of higher demand. The demand for wattle pulpwood is also more favourable, although deliveries are approximately 16% lower compared to 2018 as the felling season only commenced late in November 2018 due to later than expected rainfall. Notwithstanding the late rainfall, it is expected that deliveries of wattle will increase as a result of the current good rain season.

The exchange rate fluctuated during the period under review and decreased by approximately R2,00 against the dollar compared to the corresponding reporting period.

The mining timber business experienced a difficult period due to prolonged strikes at the gold mines since 25 November 2018 which led to a 28% decrease in sales volumes.

The pole treatment plant performed well and plans are underway to increase production capacity to meet the demand for the various products.

The TWK plantations are performing satisfactorily due to strong demand for eucalyptus pulpwood. The planting of timber is on schedule. The good rainfall experienced will ensure the realisation of the required tree growth.

Due to good rainfall from December to February, TWK's maize crops look promising and it is anticipated that these will yield positive returns.

Retail and mechanisation

TWK operates 27 retail outlets that are strategically positioned in Mpumalanga, KwaZulu-Natal and Swaziland.

Revenue for the Retail and Mechanisation (Trade) division decreased by 1,5% from R1,624 billion to R1,599 billion which is mainly attributable to a decrease in fertiliser sales during this period. Fertiliser sales decreased by 1,7% mainly due to the later than normal rainfall in certain areas of the country and competition in the market. The lower revenue as well as the pressure on fertiliser margins due to competition had a negative effect on the segment's net profit, with EBITDA decreasing by 35,6% from R72,56 million to R46,71 million and the EBITDA margin decreasing from 4,5% to 2,9% as a result. General trading conditions in the retail stores did improve during the period which, together with effective cost and operating capital management, supported the profitability of the segment.

Areas such as the North West, the Eastern and Western Cape and some parts of KwaZulu-Natal where TWK operates, suffered from droughts with a concomitant decrease in sales in certain areas. The central and northern parts of KwaZulu-Natal, as well as Mpumalanga experienced good rainfall with a slight decline in sales compared to the same period in the previous year.

Tough trading conditions in the fertiliser market forced certain competitors to lower their margins in order to retain sales which impacted TWK's margins. During the period under review, global prices of fertiliser declined due to an international over-supply. This placed further pressure on margins as stocks that were previously imported at lower margins had to be sold. New entrants to the fertiliser industry likewise exerted pressure on margins as they strived to increase market share at the expense of profitability.

It is expected that the fertiliser market conditions will not improve during the coming six months and that sales and margins will remain under pressure. Good winter rainfall in the Western and Southern Cape will, however, ease this pressure if farmers proceed with normal planting. Continued focus on strategic stock purchases and effective cost control will assist in combating the negative effect on net turnover for the coming six months compared to the agricultural market in general.

Operational review continued

Financial services

The Financial services division reported an increase in revenue of 22,6% from R69,87 million to R85,68 million, due to the growth of its footprint by approximately 4,1% in hectares insured and an increase of the total debtor book of 19,0%. EBITDA increased by 22,3% from R40,15 million to R49,10 million.

The short-term insurance market experienced significant changes in legislation and new compliance requirements during the past six months. This caused the inability of smaller brokers and/or brokerages to function effectively, thus having to seek alternatives either by exiting the market or joining larger groups offering them the necessary support and security. TWK insurance was able to grow organically and successfully integrated some of these smaller brokerages.

The prolonged drought of the past three seasons put severe pressure on farmers which negatively impacted crop insurance premiums. TWK was, however, able to expand the geographic footprint of the crop insurance business and it is anticipated that total crop insurance premiums received will exceed those of the previous year.

The Credit division performed exceptionally well during the past six months. The seasonal facilities, in particular, reflected strong growth of 13,5% compared to the same period in the previous year. This growth is attributable to the appointment of credit marketers. The bridging facilities were, however, materially higher than the previous period and can be attributed to the inability of cotton farmers to deliver their product as yet.

In order to produce competitively and successfully, TWK understands that its clients and producers must have access to competitive credit which can be adapted to their unique circumstances. Through the application of TWK's effective credit policy, which limits credit risk, while still supporting growth, the Credit division was able to deliver strong results with low levels of uncollectable debt.

Grain

The Grain division's revenue increased by 51,8% to R478,74 million mostly because of a sharp rise in grain prices since September 2018 as well as an increase of 15,0% in the production volumes of the processing plants. Although higher volumes were achieved at the production plants, the high grain prices have placed pressure on the margins of maize meal and animal feed. The storage volumes at TWK's silos were also lower due to the 2018's lower crop yields which negatively impacted the revenue and results of the segment. The Animal Feed factory in Mkondo again delivered poor results for the period. This was mainly due to the severe reduction in production volumes. Should the recently implemented strategy not prove to be effective, management will have to take more drastic action. All of the above resulted in EBITDA decreasing by a disappointing 50,1% to R8,42 million from R16,88 million. The EBITDA margin declined to 1,8% (Feb 2018: 5,4%).

Grain prices increased sharply in South Africa due to the planting problems farmers experienced because of the extremely late rains caused by the El Niño weather pattern. The local crop size is still unknown at this stage because of the late rains in large parts of the summer rainfall area. The higher grain prices are placing pressure on the margins of maize meal and animal feed, and the situation is expected to continue for the rest of the year unless good rains are experienced for the remainder of the growing season. The late plantings are also vulnerable to early frost. The crop in the TWK region is currently very promising and TWK expects a good crop which will benefit the storage facilities.

Operational review
continued

Motors and tyres

The Toyota and Hino division outperformed the generally disappointing South African trend in new car sales. The total increase in unit sales of 2,3% for the Toyota and Hino division is due to market penetration and a strong increase of 50% in commercial vehicle sales numbers. The Isuzu division, however followed the general trend with a total decrease of 9,6% in units sold. Gross profit remained under severe pressure, with a concomitant decrease in the net results.

The filling stations results decreased in comparison with the previous period due to upgrades at Elukwatini, which resulted in low volumes sold. The upgrades are expected to be completed during April whereafter volumes are expected to increase to normal capacity. The first filling station in Ermelo was opened in December 2018 and has already delivered satisfactory results. The development of the second filling station in Ermelo as well as a shopping centre is ongoing and it is expected that these investments will contribute to the segment's growth and profitability in the near future. The sales volumes in the Tyre division increased by 5,5% when compared to the previous period, which was supported by the extension in the Middelburg and the Gauteng area. Total revenue of the Motor and Tyre segment is flat at R518,13 million and EBITDA decreased by 32,5% to R9,31 million from R13,81 million. The EBITDA margin decreased from 2,7% to 1,8%.

Prospects for domestic new vehicle sales, particularly the new car market, will be affected by the subdued current macro-economic environment and pressure on household disposable income in general. Tyre service points at TWK Total fuel stations will be expanded which will support the business and its profitability.

Prospects

Management is very pleased with the six months' performance ended 28 February 2019, the strong financial position and the continued momentum in the organisation.

Through the rigorous application and execution of TWK's strategic and operational efficiencies through effective cost management and optimal inventory levels, TWK is confident that the growth will continue. The strategic growth in the Group's footprint and the additions of new businesses delivered the desired results. It is therefore expected that the good momentum built up by the different segments will continue and that the results of previous years will be exceeded.

The Group remains well placed to grow revenue through ongoing product innovation and expansion. It will benefit from opportunities that arise as and when it occurs and any decisions it makes will be in the best interest of its shareholders. The Group has sufficient headroom to enable it to conform to covenants on its existing borrowings, and sufficient working capital and undrawn financing facilities to service its operating activities and ongoing investments.

South African agriculture is known for fluctuating agricultural conditions and severe droughts. However, TWK's business model and operations have a number of risk mitigating levers to soften challenges and risks. Following on its successful attempts to optimise the capital structure, TWK is well positioned going forward and remains focused on its strategy to ensure total shareholder returns in a sustainable and responsible manner. Through TWK's strong cash flow generation and financial position, it is well positioned to capitalise on new opportunities with the confidence in its ability to deliver a differentiated value proposition for investors.

Condensed Consolidated Statement of Financial Position
for the six month period as at 28 February 2019

Figures in Rand	As at 28 Feb 2019 6 months (Unaudited)	As at 28 Feb 2018 6 months (Unaudited)	As at 28 Aug 2018 (Audited)
Assets			
Non-current assets			
Biological assets	**369 499 944**	313 895 317	337 717 454
Property, plant and equipment	**967 534 511**	825 155 014	881 878 021
Goodwill and intangible assets	**157 052 978**	120 380 276	157 121 558
Investments in associates	**2 274 077**	1 405 378	856 494
Loans to group companies	**15 499 885**	12 647 896	17 160 974
Other financial assets	**102 086 904**	125 437 829	119 358 666
Finance lease receivables	**5 882 143**	13 919 686	9 007 437
Deferred tax	**58 689 965**	105 852 123	81 566 061
	1 678 520 407	1 518 693 519	1 604 666 665
Current assets			
Inventories	**886 197 012**	759 587 330	967 805 523
Biological assets	**384 599 920**	251 195 437	350 650 996
Other loans receivable	**333**	333	333
Trade and other receivables	**1 399 799 460**	1 128 487 652	958 060 911
Other financial assets	**77 570 257**	39 758 535	42 740 914
Finance lease receivables	**18 559 314**	11 886 533	15 018 175
Current tax receivable	**7 152 363**	12 596 196	20 173 977
Cash and cash equivalents	**51 361 084**	136 357 430	180 165 999
	2 825 239 743	2 339 869 446	2 534 616 828
Non-current assets held for sale and assets of disposal groups		10 085 332	4 000 000
Total assets	**4 503 760 150**	3 868 648 297	4 143 283 493
Equity and liabilities			
Equity attributable to equity holders of parent			
Share capital	**9 043 250**	16 396 195	10 001 816
Reserves	**454 643 480**	449 170 337	451 775 419
Retained income	**492 325 375**	375 974 881	443 752 445
	956 012 105	841 541 413	905 529 680
Non-controlling interest	**429 988 523**	363 026 071	385 368 200
	1 386 000 628	1 204 567 484	1 290 897 880
Liabilities			
Non-current liabilities			
Other loans payable	**1 587 869**	2 318 981	4 777 031
Other financial liabilities	**520 204 940**	618 564 030	540 018 284
Finance lease liabilities	**1 402 873**	1 886 643	4 060 913
Retirement benefit obligation	**8 349 000**	9 564 000	8 349 000
Deferred tax	**264 627 359**	276 481 161	260 553 499
	796 172 041	908 814 815	817 758 727
Current liabilities			
Trade and other payables	**821 538 236**	706 820 147	856 137 994
Other loans payable	**17 332 840**	19 179 204	15 722 541
Other financial liabilities	**1 252 893 513**	913 001 691	1 146 630 038
Finance lease liabilities	**1 880 753**	1 927 074	1 415 283
Current tax payable	**2 734 536**	5 139 389	1 338 189
Provisions	**1 350 191**	652 542	1 412 081
Dividend payable	**6 373 643**	3 317 215	7 133 308
Bank overdraft	**217 483 769**	104 508 736	4 837 452
	2 321 587 481	1 754 545 998	2 034 626 886
Liabilities of disposal groups		720 000	
Total liabilities	**3 117 759 522**	2 664 080 813	2 852 385 613
Total equity and liabilities	**4 503 760 150**	3 868 648 297	4 143 283 493

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the six month period as at 28 February 2019

Figures in Rand	**For the 6 months ending 28 Feb 2019 (Unaudited)**	For the 6 months ending 28 Feb 2018 (Unaudited)	For the year ending 31 Aug 2018 (Audited)
Revenue from continuing operations	**3 888 956 446**	3 729 480 247	7 676 225 077
Profit before interest, tax, depreciation and amortisation (EBITDA)	**231 625 251**	199 525 195	372 368 726
Depreciation and amortisation	**(15 001 550)**	(14 100 386)	(29 314 132)
Profit before interest and tax (EBIT)	**216 623 701**	185 424 809	343 054 594
Finance costs	**(51 949 663)**	(58 412 898)	(113 411 436)
Profit after finance costs	**164 674 038**	127 011 911	229 643 158
Profit from equity-accounted investments	**1 417 577**	1 405 333	740 690
Profit before tax from continuing operations	**166 091 615**	128 417 244	230 383 848
Taxation	**(49 468 116)**	(35 534 621)	(60 890 753)
Profit after tax from continuing operations	**116 623 499**	92 882 623	169 493 095
Profit/(loss) from discontinued operations		–	–
Profit for the year	**116 623 499**	92 882 623	169 493 095
Other comprehensive income:			
Gains on property revaluation		–	10 584 327
Remeasurements on defined benefit liability			532 000
Available-for-sale financial assets adjustments	**3 790 210**	–	1 311 946
Taxation related to other comprehensive income	**(849 007)**	–	(2 661 792)
Other comprehensive income for the year	**2 941 203**	–	9 766 481
Total comprehensive income for the year	**119 564 702**	92 882 623	179 259 576
Profit attributable to:			
Owners of the parent	**76 734 548**	54 952 225	108 613 144
Non-controlling interest	**39 888 951**	37 930 398	60 879 951
Profit for the year	**116 623 499**	92 882 623	169 493 095
Total comprehensive income attributable to:			
Owners of the parent	**79 675 751**	54 952 225	115 956 000
Non-controlling interest	**39 888 951**	37 930 398	63 303 576
Total comprehensive income for the year	**119 564 702**	92 882 623	179 259 576
Basic earnings per share (c)	**600,69**	434,81	871,73

Condensed Consolidated Statement of Changes in Equity
for the six month period as at 28 February 2019

Figures in Rand	Share capital	Revaluation reserve	Assets-available-for-sale reserve	Restructuring reserve	Share-based payments reserve	Change of ownership reserve	Total reserves	Retained income	Total attributable to equity holders of the Group	Non-controlling interest	Total equity
Balance at 1 September 2018 (audited)	10 001 816	340 869 702	34 567 737	75 137 000	4 316 867	(3 115 887)	451 775 419	443 752 445	905 529 681	385 368 200	1 290 897 881
Total comprehensive income for the 6 month period	—	—	2 868 061	—	—	—	2 868 061	76 734 548	79 602 608	39 888 951	119 491 559
Dividends paid							—	(13 930 232)	(13 930 232)	(9 778 289)	(23 708 521)
Other changes for the period	(958 566)	—	—	—	—	—	—	(14 231 386)	(15 189 952)	14 509 661	(680 291)
Total changes for the 6 month period	(958 566)	—	2 868 061	—	—	—	2 868 061	48 572 930	50 482 424	44 620 323	95 102 747
Balance at 29 February 2019 (unaudited)	9 043 250	340 869 702	37 435 798	75 137 000	4 316 867	(3 115 887)	454 643 480	492 325 375	956 012 105	429 988 523	1 386 000 628

Condensed Consolidated Statement of Cash Flows
for the six month period as at 28 February 2019

Figures in Rand	**For the 6 months ending 28 Feb 2019 (Unaudited)**	For the 6 months ending 28 Feb 2018 (Unaudited)	For the year ending 31 Aug 2018 (Audited)
Cash from operating activities	**219 649 438**	198 856 559	353 755 621
Interest income	**2 318 806**	2 492 769	2 492 769
Dividends paid	**(24 468 186)**	(21 961 799)	(26 135 376)
Dividends income	**1 067**	601 677	601 677
Finance costs	**(51 949 663)**	(58 412 898)	(113 411 436)
Income tax paid	**(8 100 199)**	(8 714 146)	(37 090 859)
Cash flows of held for sale operations			7 665 599
Changes in operating capital	**(394 729 793)**	(127 854 393)	(29 331 052)
Net cash flows from operating activities	**(257 278 530)**	(14 992 231)	158 546 943
Cash flows from investing activities	**(168 623 323)**	(59 209 194)	(248 781 941)
Net cash flows before financing activities	**(425 901 853)**	(74 201 425)	(90 234 998)
Cash flows from financing activities	**84 450 621**	(8 105 050)	151 408 376
Net (decrease)/increase in cash and cash equivalents	**(341 451 232)**	(82 306 475)	61 173 378
Cash and cash equivalents at the beginning of the year	**175 328 547**	114 155 169	114 155 169
Total cash and cash equivalents at the end of the year	**(166 122 685)**	31 848 694	175 328 547

Segmental Information
for the six month period as at 28 February 2019

	Revenue			Profit and loss/separately disclosable items			
Figures in Rand	Total segment revenue	Inter-segment revenue	Revenue from external customers	Operating profit before interest, tax, depreciation and amortisation (EBITDA)	Depreciation and amortisation	Finance costs	Earnings before taxation
For the 6 months ending 28 Feb 2019 (unaudited)							
Continuing operations							
Timber	**1 707 671 274**	**(501 725 102)**	**1 205 946 172**	**147 411 811**	**(5 800 758)**	**(11 568 983)**	**130 042 070**
Retail and mechanisation	**2 543 452 237**	**(943 909 948)**	**1 599 542 289**	**46 711 485**	**(3 253 584)**	**(15 654 099)**	**27 803 803**
Financial services	**82 026 233**	**3 649 237**	**85 675 470**	**49 102 428**	**(176 582)**	**(28 122 905)**	**20 802 941**
Grain	**516 446 041**	**(37 703 062)**	**478 742 979**	**8 418 931**	**(2 074 587)**	**(2 621 364)**	**3 722 980**
Motors and tyres	**523 171 128**	**(5 037 884)**	**518 133 244**	**9 314 396**	**(2 309 437)**	**(3 374 553)**	**3 630 406**
Corporate	**23 653 656**	**(22 737 362)**	**916 295**	**(29 333 801)**	**(1 386 602)**	**9 392 241**	**(21 328 162)**
Total	**5 396 420 570**	**(1 507 464 122)**	**3 888 956 448**	**231 625 251**	**(15 001 550)**	**(51 949 663)**	**164 674 038**
For the 6 months ending 28 Feb 2018 (unaudited)							
Continuing operations							
Timber	1 409 417 876	(211 141 831)	1 198 276 045	79 864 148	(6 806 592)	(17 466 507)	55 591 048
Retail and mechanisation	2 411 221 522	(787 243 950)	1 623 977 572	72 558 536	(1 554 810)	(9 887 016)	61 116 710
Financial services	66 578 585	3 294 963	69 873 548	40 149 916	(195 413)	(23 954 450)	16 000 053
Grain	370 288 328	(54 820 100)	315 468 228	16 882 861	(2 036 979)	(3 929 079)	10 916 803
Motors and tyres	520 149 456	(3 363 985)	516 785 471	13 808 434	(2 159 364)	(3 750 118)	7 898 951
Corporate	29 677 585	(24 578 200)	5 099 384	(23 738 700)	(1 347 227)	574 272	(24 511 654)
Total	4 807 333 350	(1 077 853 103)	3 729 480 247	199 525 195	(14 100 386)	(58 412 898)	127 011 911
For the 12 months ending 31 Aug 2018 (audited)							
Continuing operations							
Timber	3 637 084 402	(934 933 681)	2 702 150 721	196 732 971	(12 368 298)	(35 949 905)	148 414 768
Retail and mechanisation	4 172 757 722	(1 326 959 593)	2 845 798 129	70 919 376	(5 343 394)	(28 289 297)	37 286 685
Financial services	143 432 211	(191 863)	143 240 348	27 675 019	(392 479)	(1 536 473)	25 746 067
Grain	1 081 298 675	(101 412 721)	979 885 954	27 469 288	(4 107 185)	(7 388 087)	15 974 016
Motors and tyres	1 062 088 261	(66 521 417)	995 566 844	23 199 183	(4 382 226)	(8 018 910)	10 798 047
Corporate	45 096 895	(35 513 811)	9 583 084	26 372 889	(2 720 550)	(32 228 764)	(8 576 425)
Total	10 141 758 166	(2 465 533 086)	7 676 225 080	372 368 726	(29 314 132)	(113 411 436)	229 643 158

Segment Assets and Liabilities

Figures in Rand	As at 28 Feb 2019 — 6 months (unaudited) Total assets	Total liabilities	Net assets	As at 31 Aug 2018 — 12 months (audited) Total assets	Total liabilities	Net assets
Continuing operations						
Timber	**1 531 827 007**	**1 021 201 228**	**510 625 778**	1 468 008 285	1 092 840 467	375 167 817
Retail and mechanisation	**1 150 758 665**	**1 060 508 522**	**90 250 144**	924 853 750	817 480 230	107 373 520
Financial services	**909 596 653**	**324 810 666**	**584 785 987**	744 133 865	329 782 477	414 351 388
Grain	**269 083 944**	**114 629 748**	**154 454 196**	253 310 484	191 698 403	61 612 081
Motors and tyres	**370 413 378**	**218 371 707**	**152 041 670**	291 903 279	212 863 898	79 039 381
Corporate	**272 080 504**	**378 237 651**	**(106 157 147)**	461 073 835	207 720 139	253 353 696
Total	**4 503 760 150**	**3 117 759 522**	**1 386 000 628**	4 143 283 498	2 852 385 614	1 290 897 883

Notes

1. Related party transactions

1.1 Trade debtors – Directors

Trade debtors comprise of production accounts as well as other accounts for which customers of the Company qualify. Credit extension, repayment terms and interest rates in respect of loans are in line with Company policy, which applies to all customers of the Company.

As at 28 February 2019, R17,62 million (2018: R35,6 million) was owed to the Group by the directors and their related entities, on the above mentioned accounts. This is covered by security held in terms of the credit policy.

2. Acquisition of property plant and equipment

During the six months ended 28 February 2019 the Group acquired property, plant and equipment of R104,08 million (2018: R46,8 million).

3. Fair value

The fair value measurements recognised in the statement of financial position or disclosed in the Group's financial statements by class of asset or liability is categorised by level according to the significance of inputs used in making the measurements. The different levels are defined as follows:

- **Level 1:** Represents those assets which are measured using unadjusted quoted prices in active markets for identical assets or liabilities that the Group can access at measurement date.
- **Level 2:** Inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).
- **Level 3:** Applies to inputs which are not based on observable market data.

There were no changes in levels or new items added since the annual financial statements of 31 August 2018.

By order of the Board of Directors

Chairman
RL Meyer

Chief Executive Officer
AS Myburgh

Chief Financial Officer
JEW Fivaz