

PROS

the year
of

PERI

TY



TWK Investments Ltd
Annual Report
2016

OUR VALUES



GROWTH

Committed to providing excellence and constantly exceeding previous efforts.

STRIVE

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

RENEW

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

SUSTAINABLE

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

CONSERVE

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

DEVELOP

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

GENERAL INFORMATION



COMPANY

TKW Investments Ltd and its subsidiaries

COUNTRY OF INCORPORATION AND DOMICILE

South Africa

NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES

TKW focuses on the supply of agricultural and related services as well as input resources and to providing market access for agricultural products

DIRECTORS

RL Meyer (Chairman)
HA Ziervogel (Vice-Chairman)
AS Myburgh (Managing Director)
CA du Toit
TI Ferreira
HW Küsel
JS Stapelberg
JCN Warrington

REGISTERED OFFICE

11 De Wet Street, Piet Retief, 2380

BUSINESS ADDRESS

11 De Wet Street, Piet Retief, 2380

POSTAL ADDRESS

PO Box 128, Piet Retief, 2380

BANKERS

The Land and Agricultural Development Bank of South Africa (Land Bank) and Standard Bank of South Africa Limited

AUDITORS

TAG Incorporated

SECRETARY

MJ Potgieter

COMPANY REGISTRATION NUMBER

1997/012251/06

INCOME TAX NUMBER

9142004671

LEVEL OF ASSURANCE

These Group consolidated annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

PREPARED BY

These Group consolidated annual financial statements were prepared by the Group Financial Manager JS Lourens and were supervised by the Chief Financial Officer, JEW Fivaz

PUBLISHED

4 May 2017

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Dear Shareholder.

We recently celebrated the 75th year of TWK as an iconic business in the agri-landscape. It is with great pleasure that I share with you our performance this year. Record sales and bigger profits meant that the Group delivered the highest yields ever to our shareholders.

ECONOMIC OVERVIEW

Given the modest growth expected in the major industrial countries of the world, growth prospects for the world economy continue to be dampened. In the US, growth of less than 2% is predicted for 2017. The official forecast for the Chinese economy suggests a growth rate of 6.4% for 2017. The current growth in the Chinese economy is mainly based on the creation of credit, and it is feared that this credit creation can cause serious future problems should the world and the Chinese economy continue to deteriorate. Forecasts for the Indian economy suggest a growth rate of 7.1% in 2017 despite ongoing infrastructure problems. Despite the many measures taken by the Bank of Japan to stimulate the economy, forecasts suggest that growth of only 1% in 2017 can be expected for Japan.

The latest indications are that the local economy will show little to no growth for Japan in 2017. The possibility of a better performance in 2017 is increasingly based on the expectation that a normal summer rainy season will have a positive impact on the agricultural sector, the mining and manufacturing sectors will stabilise, private consumption will benefit from a possible interest rate cut in 2017, and government finances will stabilise. A reduction of the country's credit rating will disrupt the whole situation, and any improvement in 2017's growth will be undermined. Unfortunately, no significant change in the economic or employment policies is expected before the general election of 2019. Therefore, growth in the long term may suffer harm because these circumstances could have a negative impact on investment in production capacity and infrastructure development.

Given the recent better-than-expected levels of inflation and weak growth, it is

expected that domestic interest rates will likely remain unchanged in the coming months. The possibility exists that, if the rand and the political climate stabilise, interest rates in the course of 2017 may be decreased.

FINANCIAL RESULTS

The period under review was a crucial year for TWK since, even during the most difficult period in terms of the economy and climate, we still made progress with our vision to grow together sustainably. We successfully managed to increase our volume of business throughout the Group, which for me is one of the most important measures of success in our quest to be a supplier of choice. Our financial performance reflects the core health of the business and is in line with our budget expectations, and supports continued growth.

The 2015/2016 season, which according to statistics is the driest in 104 years, can be regarded as the most challenging season ever for the agricultural industry. But the excellent positioning of our business units, geographical distribution and the strength of the various revenue streams, decrease the risk and ensure steady growth, even in challenging times.

The record profit of 2015 was improved on with ease in 2016, and the TWK Investments Group achieved a new record profit before loyalty payments of R184,2 million, and paid out a loyalty bonus of R25.5 million to its customers. The 2016 financial year can certainly be described as a prosperous one.

TWK's earnings per share for the year ended 31 August 2016 is 329 cents per share. It was therefore possible to declare a constant dividend and to pay

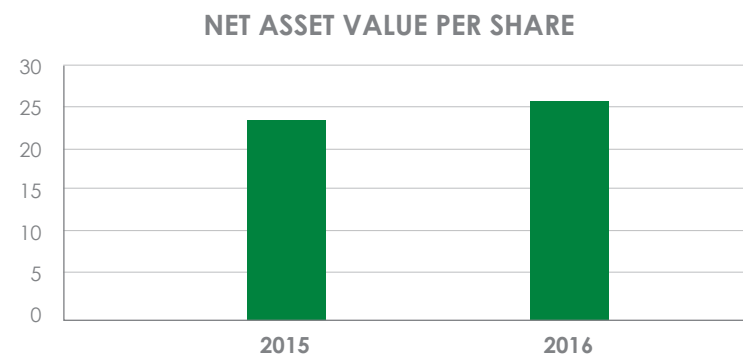
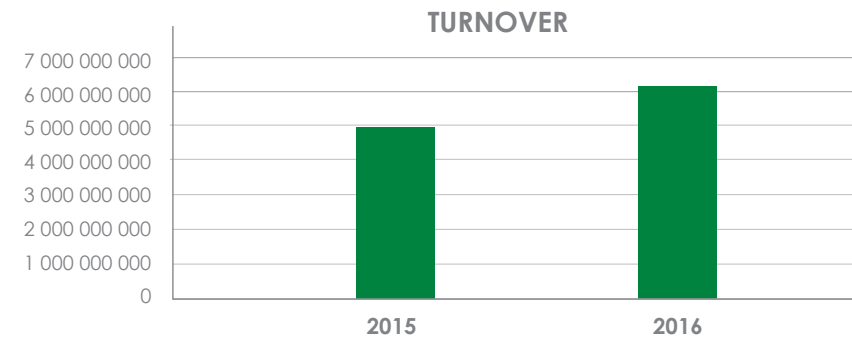
CHAIRMAN'S REPORT



that out to shareholders. The Board strives for a healthy balance between foreign and own capital, and the payment of future dividends will depend on the Board's ongoing evaluation of TWK's earnings after provision was made for long-term growth, cash resources, personal needs, and other factors as determined by the dividend policy.

The turnover of TWK continues to show a rising trend due to an increase in volume of business, newly mined markets, added business units, the weakening of the rand and increased volumes and prices for agricultural inputs.





The net asset value per share showed a sharp upward trend and at 31 August 2016 stood at R26.42 per share.

TWK Agriculture Holdings (Pty) Ltd's share price continued to rise in recent years to R30.00 per share and that of TWK Investments Ltd to R8.70 per share. The growth in value of an investment in TWK is remarkable. R10 000 invested in our stock 5 years ago is worth R86 000 today if the shareholding of TWK Investments is taken into account. Shareholders therefore have significantly shared in our success.

CORPORATE MANAGEMENT

During the period under review, the Group continued to apply corporate governance at a high level in order to promote sustainability, create long-term value for shareholders as well as the continued realisation of benefits for all stakeholders.

The Board is responsible for developing, monitoring and modification, if necessary, of the Group's corporate governance framework. The Board remains primarily accountable to the shareholders, but takes into account the interests of customers, as well as the legitimate demands of employees, suppliers, regulators and community organisations.

In a climate of extensive and changing regulation, and in the context of continued growth, TWK remained focused on achieving an appropriate balance between the expectations of the corporate governance of stakeholders and the requirement of consistent and competitive financial returns.

Corporate governance in the Group goes beyond mere compliance with codes, laws and regulations. The Board and management have adopted good corporate governance principles and appropriate governance structures and policies, and believes it is included in our activities as a culture of good corporate governance in line with the Group's business philosophy.

The various committees established by the Board, namely the Audit and Risk Committee, the Social and Ethics Committee as well as the Compensation Committee carry out their duties conscientiously according to the respective mandates set out by the Board. The input from the committees, I think, is of outstanding quality, and the members of the committees have the necessary knowledge and experience to excellently a cquit themselves of their task. The members of the Board are serious about the business of the Group and attendance at meetings is excellent.

Personal interests of directors and management are reported and monitored.

Closed periods apply to the trading of shares by directors during periods preceding the publication of financial statements and in certain strategic transactions and related matters.

OUTLOOK FOR THE YEAR AHEAD

The world and South Africa have moved into a critical era that greatly complicates any attempt to make a forecast. However, I want to align myself on the side of optimism by predicting that South Africa will receive normal rainfall during the coming year, the economy will begin to recover, albeit probably at a slower pace, and that the political situation will improve.

Through the rigorous application and execution of our strategic and operational efficiencies through effective cost management and optimal inventory levels, the growth will continue. It is therefore expected that the good momentum built up by the different sections will continue and that the results of previous years will be significantly exceeded.

TWK's core business remains the provision of agricultural and agriculture-related services and inputs, and to provide market access for agricultural products. TWK's extensive footprint, infrastructure, market share and expertise enable us not only to focus on the conservation and expansion of existing businesses, but to include specific targets for new additions with a focus on the agriculture value chain.

We are very pleased with our 2016 performance, the strong financial position and the continued momentum in the organisation. We remain aware of the challenges

which include the legacy of the drought, the struggling economy, the need to meet our customers' needs, and to meet the growing demand for our products and services, in accordance with our high standards.

Our focus remains on achieving our strategic goals for the coming year by being:

- A provider of choice by improving and strengthening the relationship with consumers, increasing our market share by capitalising on knowledge and service, as well as expanding our product range;
- An investor of choice through sustainable growth in profitability, and continuously improving our operational efficiency, exploring new and alternative business opportunities, ethical business principles and the balance between risk and returns; and
- An employer of choice through targeted training, creating an ethical culture, recognition of excellence, market-related compensation and the development of people inside and outside our Group.

The Council has continued confidence in our strategy, in the ability of our team and the strength of our business model and revenue streams. We are committed to growing the business and delivering improved returns for shareholders in the coming years.

ACKNOWLEDGEMENTS

The current unfavourable business environment is widely recognised and reported on in the media. Businesses are under pressure to remain profitable in an environment plagued by political and social instability, and depressed economic conditions in a landscape that demands greater competitiveness.

I am therefore pleased and impressed with TWK's sustained and consistently excellent results. The extraordinary year-on-year performance should not be underestimated or misjudged. The dedication it takes to deliver consistently excellent results in challenging conditions testifies to an unwavering desire to win, combined with an energetic and focused management team and the people of TWK. In addition, I want to acknowledge the support and wisdom of the Council. It is my privilege to serve as president of a great Council that carries out its task with meticulous precision – for that, my sincere thanks.

TWK says goodbye to Henry Ziervogel who has given many years of service as director of the Group. I personally appreciate very much the close working relationship I had with Henry and am grateful for the major contribution he has made to the Group over the years. We wish him luck and all the best for his future.

We acknowledge the grace of our Heavenly Father without which our results and growth would not have been possible. To Him all honour and gratitude for the blessings generously bestowed upon us.

Ludwig Meyer
CHAIRMAN

BOARD OF DIRECTORS AND MANAGEMENT



Ludwig Meyer
Director (Chairman)

André Myburgh
Managing Director

Hendrik Ziervogel
Director (Vice-chairman)

Connie du Toit
Director



Ferdie Brauckmann
Chief Executive
Manager: Timber

Lukas Coetzer
Chief Executive
Manager: Trade

Bernie de Klerk
Chief Executive
Manager: Grain

Eddie Fivaz
Chief Financial Officer



Tommy Ferreira
Director

Heino Küsel
Director

Fanus Stapelberg
Director

Neil Warrington
Director



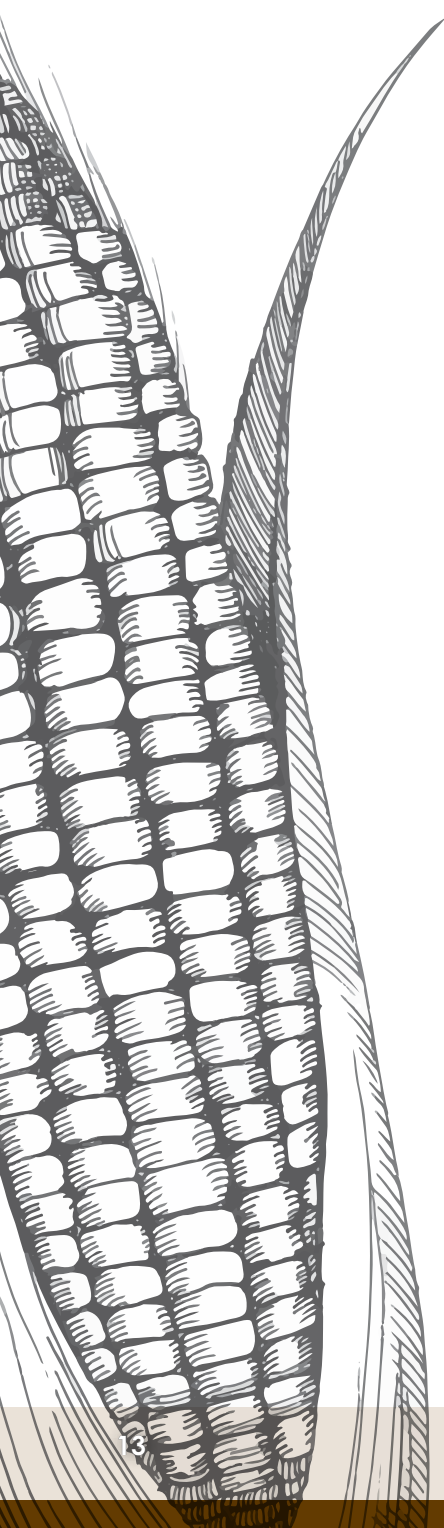
Gerna Grobler
Chief Executive Manager:
Financial Services,
Human Resources &
Corporate Marketing

Tinus Potgieter
Executive Manager:
Business Development &
Company Secretary

Koos Byleveldt
Managing Director:
TWK Motors (Pty) Ltd

Willie Janse van Rensburg
Managing Director:
Protea Tyres Ermelo (Pty) Ltd

MANAGING DIRECTOR'S REPORT



FINANCIAL PERFORMANCE

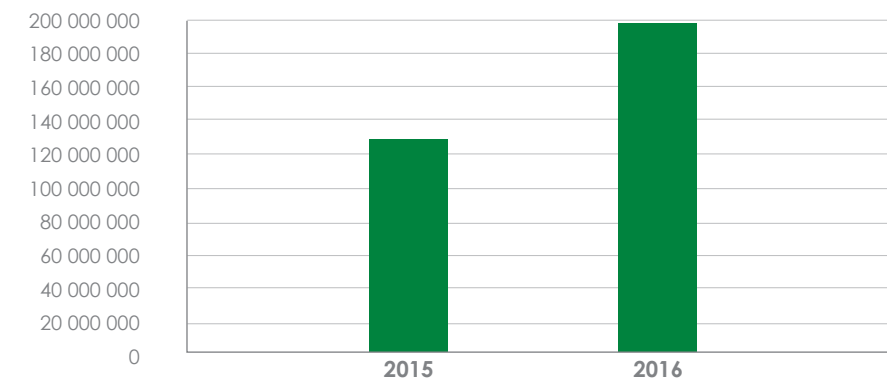
The 2016 financial year can undoubtedly be considered a prosperous year for TWK. We exceeded the previous results with 44.6% and delivered a subsequent record profit before tax (from continued and discontinued operations) of R159.7 million compared with the previous year's R110.4 million. What makes the performance more significant is the record high base from which it was obtained and the impact of the drought and the economy. The increase in profitability was mainly due to the strict adherence to strategy and associated profit contribution from all divisions.

The return on equity for the year amounted to 14.05% against a target of 15.0%. The target yield is calculated by using the capital asset pricing model. To this end, the R186 which represents a 10-year risk-free return, was used as well as a relevant risk premium.

The application of operational efficiency and strict adherence to our strategy are contributing reasons for the success. **Given the excellent performance TWK, through the loyalty scheme, could allocate R25.5 million to customers for their loyal support.**



NET PROFIT FROM CONTINUING OPERATIONS BEFORE LOYALTY INCENTIVE AWARDS

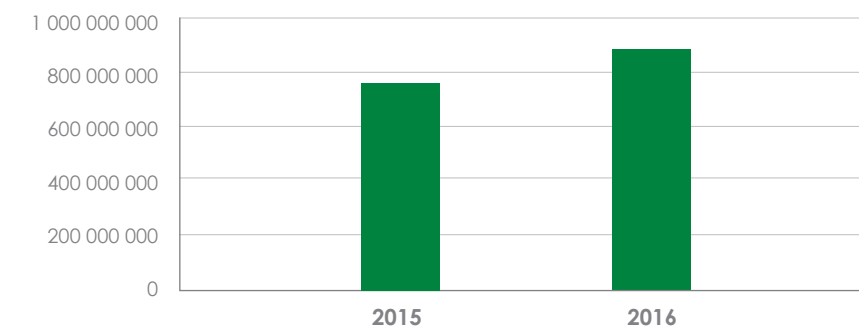


The TWK strategy is planned and carried out on a meticulous basis in order to identify additional growth potential and bring it on a sustainable basis for implementation. The desired outcomes were achieved, and TWK is excellently positioned to continue its growth in 2017.

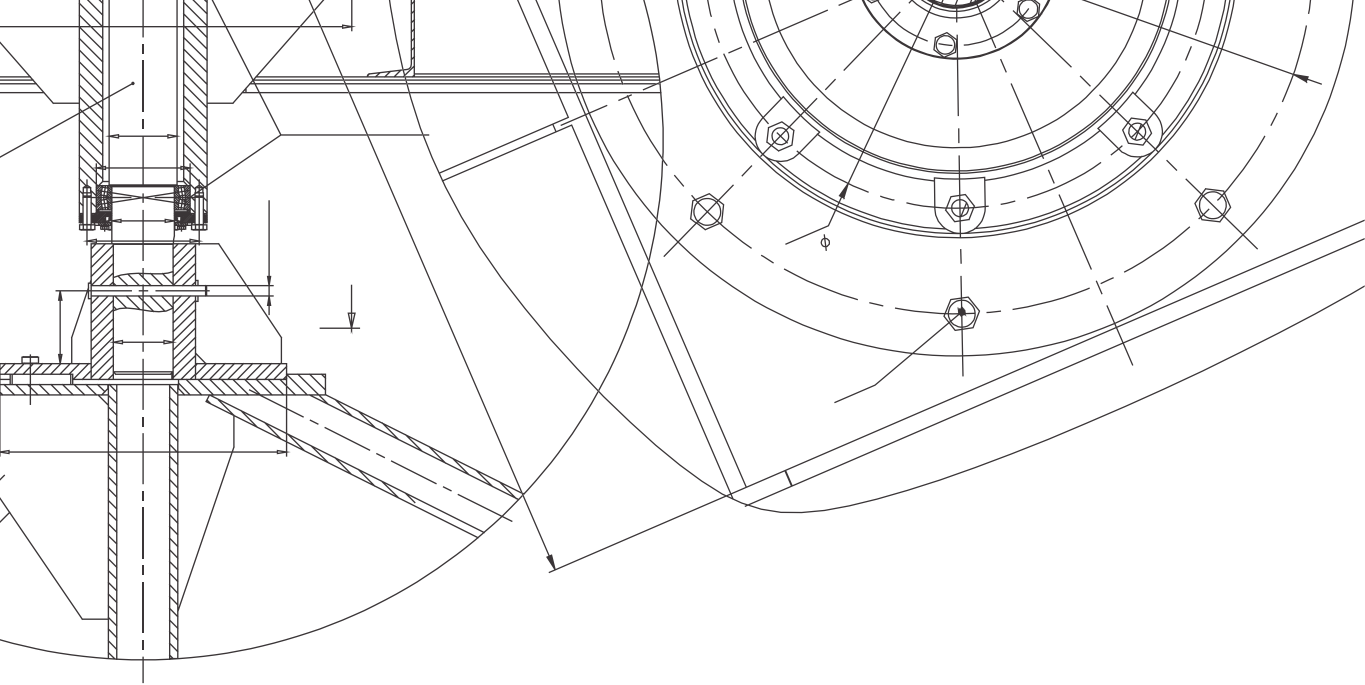
In order to build on our strategic vision of sustainable growth together, a healthy balance between foreign and own capital is important. The debt-to-equity target range for the TWK Group was reduced to 150%-200%, and at year-end 153%. An important driving force for

TWK is to maintain a healthy and stable financial platform in order to absorb inevitable setbacks, to ensure sustainability and to provide space for opportunities. The business model and growth of TWK is directly linked to the granting of credit facilities to producers that are directly related to the credit needs of TWK. The growth in borrowed capital is inevitable, but the Board aims to maintain a healthy relationship, ensuring maximum returns for shareholders. TWK has sufficient equity capital and facilities to fund its short-term growth strategy and business operations.

TOTAL EQUITY



Although share prices have increased significantly during the year, the Board and management continuously examine new opportunities to unlock more value for shareholders.



BUSINESS REPORT

WOOD

This section has generally experienced good market conditions during this period. Favourable conditions prevailed in terms of volume marketing and price for pulpwood and saw timber. The price for chip exports, however, has declined, which is a source of concern since the prices are not sustainable. Because of the depreciation of the exchange rate the producer price of pulpwood could be increased by 15.2%. Due to the location of markets and the high logistics costs, we still aim to develop and service markets closer to our environments.

TWK's Eucalyptus Grandis x Macharturii (G. Mac) breeding programme is on schedule and the next step is to make the first clone plants available at the 2017/18

planting season. Further research is being done into new species that would be suitable for pole production and resistance to pests and diseases.

The market for treated poles had a difficult year due to the export markets reducing their purchases, but prospects are looking encouraging for the coming year. Creosote pole products will be added to the product range in order to expand the CCA product range.

Despite challenging market conditions, the pine and mining timber saw mills performed well by focusing on quality. Lydenburg saw mills was acquired this year in partnership with Palkor. The mill provides TWK with the opportunity to



increase its market share in added value and expand its geographical market. The mill obtained the SABS Mark during the year, which will contribute to increasing market share and improved margins.

The volumes of export chips increased substantially as a result of existing markets increasing again and the growth of newly mined markets. It is especially wattle exports that increased significantly, and the increase in volumes created a bottleneck with delivery. The problem is being addressed and given priority in order to improve efficiency and turnaround time.

TWK's plantations once again had a good year with no losses due to fires, and staff safety was without incident. The FSC and ISO 14001 certification was obtained for the South African plantations. The rainfall for the year on most of our farms was only 57% of our long-term average, and provision was accordingly made for it in the biological value of the forests.

In collaboration with other stakeholders, the PEFC (Programme for the Endorsement of Forest Certification) certification system is being developed. The goal is to develop a certification system which takes the South African conditions into account in order to ensure sustainability of the forestry industry. FSC in South Africa is currently rewriting the standards and indicators in order to make FSC less paper-driven and also to make it cheaper and simpler for small and medium suppliers. The goal is to publish the standards by the end of 2016 for comments, and then to submit it to FSC International for approval.

We thank our timber growers for their continued support. We could once again, through our loyalty scheme, pay out long-term contract bonuses in the form of cash and TWK Investments Ltd shares.

TRADE

In general, severe drought conditions were experienced over the service area of TWK Trade during the financial year under review. The Western Cape experienced later-than-normal rainfall, and also reported lower-than-average rainfall. The Eastern Cape, on the other hand, received normal rainfall in most areas. The North West and Free State regions, however, suffered from severe drought conditions. KwaZulu-Natal also received lower-than-normal rainfall and dam levels were significantly lower than the previous year, and sugar production especially had been adversely affected. Rainfall in the Mpumalanga region ranged from average to below average. Dam levels across the total service area were significantly lower than for the same period last year.

Despite the above circumstances, TWK Trade posted an increase in turnover of 14.78% over the previous year. During this period, the net profit was 55% higher than

for the previous year. The increase in net profit was largely achieved by closing non-profit industry points and through effective working capital management. The further expansion of TWK and Constantia Fertilizer's business, which includes among others the opening of the Secunda mixing plant in September 2015, also made a substantial contribution to the achievement of the higher profit figure.

GRAIN

The grain division's financial results for the year under review were under pressure mainly due to the drought and the weakening of the Rand.

The entire summer grain area of South Africa suffered last season under the worst drought since the recording of rainfall figures started, with the result that the worst summer crops ever were delivered, which were only 55% of the previous year's harvest. Because of the drought, grain prices have already been moving towards import parity since December 2015 and reached record highs. The serious deterioration in the exchange rate continued to increase grain prices because import parity rose. The combination of drought and the weaker exchange rate meant that mainly food inflation shot up, and consumers began to experience greater pressure.

The silos received slightly more grain than last year. Much grain is still moving past the silos with farm loads and producers' own storage facilities. The dryers and cleaning equipment did have a positive effect on the handling of grain in the silos.

The animal feed division has suffered from extremely high maize and soy prices. Most industries such as chickens, pigs, dairies and feedlots are under severe financial pressure. Consumers are under pressure and as a consequence, the production and sales of Mkondo Feeds decreased compared with that of the previous year. Arrowfeeds in Swaziland, however, fared better, and the installation of a new corn mill contributed to higher production volumes and associated higher gross margins.

The corn mills also came under severe price pressure, and with consumer resistance to high flour prices, production was drastically reduced. Focus will be placed on marketing and developing new brands. Non-profitable product lines are discontinued and replaced with product lines that can achieve more satisfactory margins.

Substantial volumes of grain were traded during the period despite the lower yields. A normal year is expected for the coming season.

INSURANCE

Despite a drought-plagued harvesting season, the insurance division is performing satisfactorily. Increased focus is placed on finding solutions to the changing and diverse needs of farmers and other customers. New opportunities are continually being investigated to further expand our national footprint.

CREDIT

TWK offers a variety of products, which is part of TWK's strategic function to enable producers to achieve their production inputs in order to produce profitably and sustainably.

Despite drought conditions and economically challenging times, deferred debt was limited to the lowest levels. Deferred debt decreased by the end of the period by 66% compared with the previous year.

The emerging farmers portfolio grew by about 200% with no bad debts being written off.

The credit portfolio is still recognised by good concentrated diversification and geographical distribution. The continuing focus on recovery, together with the granting of healthy credit, once again led to a small percentage of bad debts to be written off.

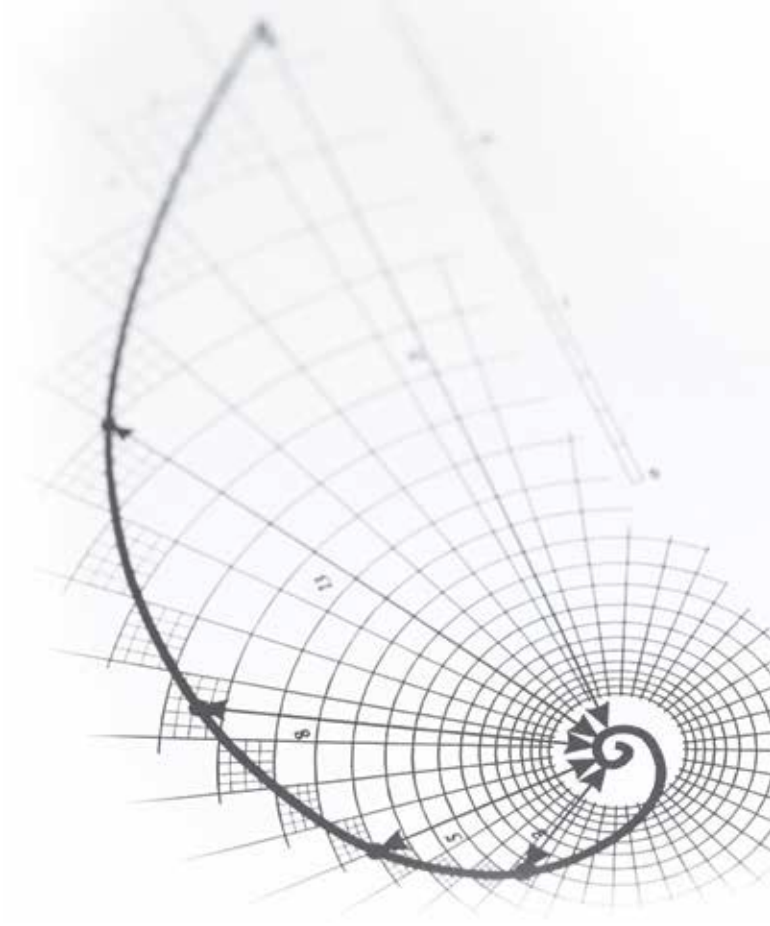
MOTORS AND TYRES

Due to difficult economic conditions, vehicle sales decreased by an average of 10% in 2016 compared with 2015, as indicated by NAAMSA. Despite this, TWK Motors showed a growth of 15.26% in turnover compared with the previous year. The growth is attributed to the quality of the Toyota brand, which still has the largest market share in the South African motor industry. The addition of two new filling stations will further support turnover and profitability for the segment.

The automotive industry is among the largest industries in the world and is currently in a process of transformation. In order to maintain continued competitiveness and profitability, TWK Motors will focus on digital marketing and communications, as well as delivering superior quality in the 2016/2017 financial year.

Despite challenging conditions for the tyre industry in South Africa, Protea Tyres' market share has increased by about 30%, especially in the Gauteng region. In contrast, the turnovers of bigger players, particularly in the truck tyre market, dropped, and several retailers have had to close their operations. Protea Tyres has opened several warehouses to hold stock and deliver services from Krugersdorp, Boksburg and Olifantsfontein. In order to increase the productivity and effectiveness of our two retreading factories for truck tyres in Ermelo and Kimberley we entered into contracts with prominent national fleets, and the expectation is that results should start showing in the 2016/2017 financial year.

Our observation is that 2017 will be marked principally through consolidations and mergers among suppliers in the tyre industry, and consequently management has strategically prepared with the necessary negotiations.



STRATEGIES

The Board and management are well aware of the need to balance short-term shareholder expectations with investments that are necessary to ensure sustainable growth for TWK over the longer term. Therefore, capital is spent to ensure sustainability, to stimulate growth and ensure future returns for shareholders.

In the immediate future, while poor economic conditions still prevail and the effects of the Southern African drought are still felt, TWK will focus on further improving efficiency. We will concentrate specifically on the full utilisation of assets and capabilities, optimisation of inventory, margin management, cost savings, and marketing. Cash flow management is and remains the central focus area and receives continued attention.

In accordance with the asset nature of TWK and the pursuit of a sustainable growth vision, we are constantly evaluating possible mergers, acquisitions or joint venture opportunities with a view to unlocking potential synergies. New projects including value-added products, aiming to unlock value for shareholders and added value for producers, have already been identified and are in various stages of development and implementation, ranging from one to five years. Further exploration of improved market access is a strategic focus.

TWK is mainly focused on primary agriculture and forestry, and will focus on expanding the business in both the wood and grain value chain.

The producer and client remain at the core of our strategy and everything possible will be done to achieve sustainable growth for TWK, its producers, customers and shareholders.

THE FUTURE

The last few years have been marked by erratic agricultural conditions. In an Agbiz Outlook report of 2015, mention was made of an environment that holds challenges and risks for both producers and farming businesses as a result of weak economic growth prospects, battered consumers, weather conditions as well as policy and labour uncertainties.

Some things never change. There will be serious challenges and risks once more. The contributory factor to future challenges and risks will not be the same as the contributory factor in the last crisis, but there will always be another, and although the challenges and risks may look different, the potential impact is the same. We have always maintained that TWK's business model and operations have a number of levers to mitigate challenges and risks. These levers include the following:

- Diversified customer base: TWK has loyal customers ranging from corporate to grain producers, timber growers, dairy farmers and vegetable growers, which covers a wide geographical area including overseas customers.
- Operational efficiency: By applying best practice, overhead costs are managed effectively, and where

possible, fixed costs are kept to a minimum in order to adapt quickly to changing circumstances. Production capacity is utilised to the maximum and, where necessary, remedial action is taken to improve efficiency.

- Broad-spectrum suppliers: TWK makes use of a broad spectrum of suppliers to improve bargaining power and ensure delivery.
- Product diversification: TWK offers a wide variety of products and services to its customers, and has greatly diversified business segments, thus assuring revenue stream diversification.
- Limited market risk: TWK makes use of appropriate hedging contracts in order to limit exposure to commodity or currency risk.
- Management quality: Succession planning is a priority and enjoys constant attention. The superior quality of our Board and Executive Management is highlighted by historical successes.

TWK's budget and forecasts for the next five years continues to show a rising trend, and I am convinced that TWK has the determination, experience and energy to continue to thrive in this challenging environment.



ACKNOWLEDGEMENTS

TWK achieved a record profit once again despite challenging market and economic conditions. This creates a tremendous sense of deep gratitude and thanks, above all, goes to our Heavenly Father.

A big thank you to our approximately 1 900 employees who ensure that the Group continues to strengthen its position in the market. You are stalwarts indeed.

To our external stakeholders, including our customers, shareholders, suppliers, financiers and business partners, thank you for your continued support. TWK realises that the success of our business arises from the unique relationships we have with each one of you, and we will continue striving to strengthen these relations.

My special thanks to the Executive Management for the exceptional way they execute TWK's strategic vision and to the Board for its vision, wisdom and support. It is indeed a privilege to be part of the team.

I thank above all our Heavenly Father for His blessings that we experience in our lives and business.

André Myburgh
MANAGING DIRECTOR

CORPORATE GOVERNANCE REPORT

COMMITMENT TO CORPORATE GOVERNANCE

The TWK Board is committed to responsible corporate citizenship and effective corporate governance. Commitment to the implementation of the Group's business with integrity, sustainability, equity and accountability is the corner-stone of the Group's philosophy. In this regard, the Board is committed to compliance with the relevant corporate guidelines.

During the period under review, the Group continued to apply corporate governance at a high level in order to promote sustainability, create long-term value for shareholders, and also to pursue the continuing realisation of benefits for all stakeholders.

The Board is responsible for developing, monitoring and modification, if necessary, of the Group's corporate governance framework.

The Board remains primarily accountable to the shareholders, but also takes into account the interests of customers, as well as the legitimate demands of employees, suppliers, regulators and community organisations.

In an environment of extensive and changing regulations, and in the context of continuous growth, TWK focused on achieving an appropriate balance between corporate governance expectations of stakeholders and the requirement to provide consistent and competitive financial returns.

The Board and management will continue with the approach of continuous, incremental improvement with respect to management practices and structures to ensure the expectations of stakeholders regarding corporate governance.



Corporate governance within TWK is more than just a set of rules and regulations, it is the **basis for the management of our business** on a day-to-day basis.



THE BOARD OF DIRECTORS (BOARD)

The Board consists of eight members, of which seven serve in a non-executive capacity and are elected by the company's shareholders. These directors retire on a rotating basis after three years in accordance with the applicable provisions of the Memorandum of Incorporation. All the non-executive directors are independent.

Directors are nominated and elected by shareholders and provision is made for a transparent rotation process. Before the election as director, nominated candidates are assessed for competence in terms of the Companies Act, good corporate principles and the Memorandum by the Nomination Committee. The Nomination Committee consists of three non-executive directors who may in turn make recommendations and propose nominations. At the first meeting of the Board of Directors to be held after each Annual General Meeting of shareholders, the directors choose from among themselves a chairman and vice-chairman. The chairman and vice-chairman are non-executive directors. The role of the chairman is separate from that of the managing director. There is a decision-making framework that was approved by the Board of Directors that delegates certain powers and authority to management.

The Board is well balanced and the role of the chairman is separate from that of the managing director. The chairman is responsible for leadership within the Board and facilitates constructive engagement between the Board, management and stakeholders. The managing director is primarily responsible for leadership and management in relation to the implementation of strategy and the operation of the business. Although the Board exercises overall accountability and effective control of the company, running the daily affairs of the company is delegated to the managing director.

No individual director has unlimited decision-making powers and all directors have unlimited access to all information, records, documents and property of the Group. The directors may also obtain independent professional advice in relation to the affairs of the company.

The Board determines the operations and strategy of the Group and is responsible for providing guidance. This includes the design and review of the Group's strategy, approving budgets and major capital expenditure, monitoring of operating results against budgets, evaluating the Group's financial position and the performance of the executives.

The Board is assisted by the Executive Committee, the Audit and Risk Committee, the Social and Ethics Committee and the Compensation Committee. The committees function in accordance with approved frames of reference. The chairman and members of the various committees, with the exception of the Audit and Risk Committee, which is elected by the shareholders, are elected by the Board according to its expertise in a specific field.

All directors are members of the Institute of Directors of South Africa. Courses and conferences of interest are attended in order to keep constantly abreast of new legislation and developments affecting the company.

Non-executive directors are paid in accordance with the findings of surveys by Deloitte and the industry as a whole. The compensation is approved by shareholders at the annual general meeting.

The Board of directors' conflicts of interest is a critical corporate governance issue and is strictly regulated under the Companies Act. In the course of their duties directors and management are expected to act independently, and interests of directors and management are declared and recorded in a register and monitored.

An annual evaluation will be conducted to assess the effectiveness of the Board as a unit as well as the individual contributions of the directors.

Meetings of the Board and sub-committees are held in accordance with approved procedures for meetings. The members of the Board are serious about the business of the Group and attendance at meetings is excellent.

Board meetings are held on a quarterly basis at least, or as needed. During the period under review, seven scheduled meetings were held.

	13 Oct 2015	25 Nov 2015	11 Feb 2016	07 Apr 2016	21 Apr 2016	22 Jun 2016	24 Aug 2016
RL Meyer (Chairman)	√	√	√	√	√	√	√
CA du Toit	√	√	√	√	x	√	√
*CH Hiestermann	√	√					
HW Küsel	√	√	√	√	√	x	√
AS Myburgh (Managing Director)	√	√	√	√	√	√	√
JS Stapelberg	√	√	√	√	√	√	√
JCN Warrington	√	√	√	√	√	√	√
HA Ziervogel	√	√	√	√	√	√	√
*TI Ferreira			√	√	√	√	√

* Mr CH Hiestermann retired on 11 February 2016 and Mr TI Ferreira is elected as Director.

√ Meeting attended

x Meeting not attended with apology

ETHICAL CODE OF CONDUCT

TWK, its subsidiaries and their staff are committed to acting with honesty and integrity in the performance of their duties and in their personal conduct, according to the highest moral and ethical standards.

The TWK Code of Ethics is a document in which the operation of our business in a legal and ethically acceptable manner is contained. Each director and employee has committed to the Code of Ethics that requires of the employees and directors to carry out their duties in a fair manner and to act accordingly to customers, suppliers and other stakeholders to ensure a reputation of maintaining integrity and responsible behaviour.

Adequate grievance and disciplinary procedures exist in order to promote and ensure the application of the Code of Ethics.

CLOSED PERIOD FOR TRADING OF SHARES

The Group maintains a closed period for the trading of shares for a period that precedes the publication of the annual financial results and during certain strategic transactions and related matters.

During such closed period no director may enter into any transaction related to TWK shares.

INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

Risk control and management is an integral part of the Group's corporate governance framework.

The Group adopts a proactive approach in managing risks with the application of appropriate controls. Risk assessment is done on a regular basis, in terms of which risks are quantified and prioritised. The Audit and Risk Committee evaluates the internal control process and the outcome of the process. It provides reasonable assurance to the Board and management that risks are managed effectively to ensure sustainability.

Continued focus on IT management and an IT disaster recovery process has already been established.

Management continuously pays attention to the risk management process and the Internal Audit Department is used to strengthen the company's internal control and risk management.

INTERNAL AUDIT

The internal audit function is carried out independently and in accordance with a specific audit plan provided by the Audit and Risk Committee. The internal auditors report to the Audit and Risk Committee and have direct and unrestricted access to the committee and the chairman of the Board. They enjoy the full support and cooperation of both the Board and management of the Group.

The primary purpose and mission of the internal auditors is to support the Group in identifying operational risks, carrying out an independent assessment of compliance with group policies, risk controls, internal control systems and accounting practices and, where necessary, recommending improvements in respect thereof.

SUSTAINABILITY

The sustainability of the TWK Group remains the main focus of the Board. TWK is committed to ensuring and expanding the sustainability of its business which is achieved by reducing risk, improving and expanding existing operations and the utilisation of opportunities.

TWK conducts its business in an environmentally responsible manner through the application of ISO and FSC standards. New projects are only undertaken if they can be operated in a sustainable way and in compliance with set financial norms. The solvency and liquidity for future periods are evaluated on a regular basis by the Board.

TWK's sustainability is therefore focused on, inter alia, the reduction of risk, improvement of efficiency, conservation of existing revenue streams and the utilisation of opportunities. All actions are measured against minimum expectations and their impact on society and the environment. Quick adaptation and movement in changing conditions is the key focus for TWK sustainability.

REPORTING CONTROLS

The Group follows a practice of monthly financial audits and reporting of all operational departments. The management of cash, bank relations, human resources and real estate-related business is done on a central basis.

Senior management meets on an ongoing basis to take stock of performance and commercial and strategic issues and to proactively take action where necessary.

CURRENT ISSUE

The annual financial statements that form part of the annual report have been prepared on a going-concern basis. Adequate long-term and short-term financing is obtained in order to finance future operations and to ensure the realisation of assets and pursuance of obligations will occur in the ordinary course of business.

The Board has every reason to believe that the Group has sufficient resources to continue its operations for the foreseeable future.

COMPLIANCE WITH LEGISLATION

The responsibility for compliance with legislation rests with the Board. constant attention is given to the relevant legislation and it also forms part of the risk management model. Continuous awareness and training is taking place throughout the Group.

HUMAN RESOURCES AND COMPENSATION POLICY

The company's staff is an important resource in achieving the organisation's objectives and the implementation of internal control systems. The company has excellent staff and executives with proven experience in the industry. No key person operates essential business and a succession plan is in place for effective succession.

TWK is committed to creating and maintaining an environment that provides equal opportunities for all employees.

Ongoing training of employees takes place on the basis of pre-planned training sessions that aim to develop the employee's potential for the benefit of the company and the individual. The Group also actively participates in AgriSeta.

The Executive Committee is appointed by the Board to assist in, among other things, the Board to carry out its responsibilities with regard to the remuneration policy and the remuneration of staff.

It is the general policy of the Group that the compensation of all employees should be fair and that employees who accepted the challenge to achieve the strategic goals of the company and are excelling in it, should be appropriately compensated.

A safe and healthy workplace is created and maintained in accordance with the provisions of the Occupational Health and Safety Act.

The Board believes that senior management has the necessary expertise and experience to implement the Group's strategy and run the business.

BLACK ECONOMIC EMPOWERMENT (BEE)

TWK in principle supports BEE that fits into the Group's business strategies and takes into account the importance of meaningful empowerment for sustainable growth.

Improvement was made in various areas, and objectives set up.

The focus is particularly on internal training, development and promotion of TWK's own staff.

The TWK Group's restructuring was implemented on 1 September 2014. The set objectives were achieved, among other things, through the acquisition of a Level 5 contributor for TWK Agri (Pty) Ltd.

COMMUNITY INVOLVEMENT

TWK remains deeply involved in previously disadvantaged communities who have acquired land through the land reform process. Management and forestry expertise is transferred to management contracts that were successfully concluded during the past year, and will continue to be transferred to the relevant communities over a period in the future.

Collaborations incurred by contractors, suppliers and markets to promote the expansion of business opportunities with BEE interests.



RL Meyer
CHAIRMAN



AS Myburgh
MANAGING DIRECTOR



REPORT OF THE SOCIAL AND ETHICS COMMITTEE

The purpose of the report by the Social and Ethics Committee is to report on how the committee executed its responsibilities as defined for the financial year ended 31 August 2016.



COMPOSITION

The committee consists of at least three members who are directors or prescribed officers of the company, and at least one member who is not involved in the day-to-day management of the company. During the period under review, the committee consisted of three non-executive directors, namely HW Küsel, JCN Warrington and TI Ferreira. The managing director and other members of the Executive Management also attend meetings.

The chairman of the committee attends the annual general meeting, and reports on the committee's activities to the shareholders.

The committee meets at least twice a year and further meetings may be requested if it is deemed necessary. Attendance at meetings during the reporting period was as follows:

	06 April 2016	24 August 2016
HW Küsel	√	√
TI Ferreira	√	√
JCN Warrington	√	√

√ Meetings attended
x Meetings not attended

OBJECTIVES AND RESPONSIBILITIES

The committee conducts its statutory obligations as prescribed in the Companies Act No 71, 2008 (Regulation 43) and its responsibilities are delegated by the Board.

According to its mandate, the committee must monitor the company's activities related to relevant laws, other legal requirements or prevailing codes of best practice relating to the following:

1. Social and economic development, including the company's objective with regard to:
 - a) The 10 principles of the "United Nations Global Compact Principles";
 - b) The "Organisation for Economic Cooperation and Development's" recommendations on corruption;
 - c) The Employment Equity Act; and
 - d) The Broad-Based Black Economic Empowerment Act.
2. Good corporate citizenship, including the promotion of equality, prevention of unfair discrimination, reduction of corruption, the development of the community in which the company operates its activities, and the recording of sponsorships, donations and charitable expenses.
3. The environment, health and public safety, including the impact of the company's activities, products or services.
4. Relationships with consumers, including the company's advertising, public relations and compliance with consumer protection laws.
5. Labour relations and employment, including:
 - a) the company's status in terms of the International Labour Organisation's protocols for an acceptable workplace and working conditions; and
 - b) the company's labor relations and its contribution to the educational development of its employees.

REPORT

Social and economic development

TWK provides an ongoing contribution to the development of the communities in which operations are conducted. Examples include sponsorships and donations to schools, organised agriculture, the underprivileged and various community marketing initiatives.

TWK's Business Development Division focuses specifically on giving emerging farmers access to finance, correct inputs, markets and technical advice and training. This is achieved through strategic partnerships with funders, sponsors, commercial farmers and other organisations that have a similar objective.

The Employment Equity Act

A plan with goals are set up annually and submitted to the Department of Labour reporting on progress in this regard. TWK has action steps implemented to ensure that the designated groups receive their equitable representation at the various occupational levels of the workforce.

Broad-Based Black Economic Empowerment

TWK is committed to the principles of broad-based black economic empowerment (BBBEE) as defined by the Department of Trade and Industry's Code of Good Practice, as well as the agricultural sector codes and other sector codes applicable to certain of the Group's subsidiaries.

TWK Agri (Pty) Ltd currently has a Level 5 BBBEE certification that compares very well in the agricultural industry.

After implementation of the BEE transaction on 1 September 2014, the Vumbuka Trust (a broad-based black economic empowerment trust) holds 25% of the shareholding in TWK Agri (Pty) Ltd.

Outside of TWK's own initiatives regarding enterprise development, social responsibilities and skills development, the Vumbuka Trust has already made a significant impact in the community.

However, the new BEE codes and the revised agricultural sector codes (which is still in the process of finalisation and approval) provides significant challenges to the TWK Group, but these challenges are not unique to TWK.

Good corporate citizenship

The Board, Executive Management and staff of the TWK Group and its subsidiaries strive for the highest standards of corporate governance in its operations.

A Code of Ethics that describes the principles by which TWK manages its businesses are signed by all Board members and staff. TWK strives to maintain healthy relationships with all stakeholders and is fully committed to the ethical principles of fairness, accountability, transparency and social responsibility.

Inside the company the recognition of human rights, fair labour practices, the environment and combating corruption by adequate internal controls, independent external audit, internal audit, external communication and appropriate accounting practices are always considered.

TWK recognises its duty to contribute to the socio-economic upliftment of the community in which it operates. One of these contributions is in the form of sponsorships and donations to various organisations. Records are kept of sponsorships, donations and charitable expenses.

The environment, health and public safety

The preservation of the environment in which we operate is a priority and therefore TWK is committed to protecting the environment and reducing the impact of the Group's activities on it.

We are committed to conserving our natural resources and to using them in an efficient and responsible manner, and to implement sound environmental practices in all of our business activities. We will refrain from doing business with third parties who do not conduct their business in an environmentally responsible way.

Saving electricity and water are ongoing concerns and a number of green energy and water recycling initiatives were implemented during the year.

Special attention is paid to health and safety issues in the workplace to ensure a healthy workforce and a safe working environment for our employees within which our operations can be sustained and improved. Compliance with the Occupational Health and Safety Act is managed through health and safety committees. The safety of our staff is crucial and training is continuously provided to emergency workers, firefighters, forklift drivers and machine operators. Where applicable, staff are continuously sent for medical observations.

Consumers and customers

Customer satisfaction is an ongoing concern. The success of our customers is our success and therefore we strive to understand our customers' needs in order to provide quality products and services to our customers. Communication through publications, information days, and where possible, personal visits, help us to build personal relationships with our customers.

Labour Relations

TWK's greatest asset is its employees and we strive to be the employer of choice.

The Human Resources Department focuses on, among other things, skills development, including scholarships to matriculants, TWK's Management Development Programme that has been completed successfully during the year, as well as several other courses and training programmes.

We treat our employees fairly, with respect for human rights and human dignity, and compensate our employees on a competitive level. We create a safe and healthy working environment for our employees and do not tolerate any form of discrimination based on religion, race or gender.



HW Küsel
CHAIRMAN: SOCIAL AND ETHICS COMMITTEE

DIRECTORS' RESPONSIBILITIES AND APPROVAL

In terms of the Companies Act 71 of 2008, the directors are responsible for keeping adequate accounting records, as well as the content and integrity of the financial statements and related financial information contained in this report. It is their responsibility to ensure that the financial statements reflect the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period ended, in a reasonable manner, in accordance with International Financial Reporting Standards. The external auditors are appointed to express an independent opinion on the Group consolidated financial statements. The financial statements have been prepared in accordance with international reporting standards and are based on appropriate accounting policies, consistently applied and supported by reasonable and prudent evaluations and estimates.

The directors confirm that they are ultimately responsible for the system of internal financial control established by the company, and place particular emphasis on maintaining an environment of strong financial management. In order to enable the directors to fulfil these responsibilities, the Board sets standards of internal control, which aim to reduce the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties in order to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are expected to uphold the highest ethical standards in order to ensure that the business of the company is carried out in a manner that, under all reasonable circumstances, is beyond reproach. The focus of risk management in the company falls on the identification, evaluation, management and monitoring

of all known forms of risk across the company. Although the management of business without any risk is not entirely possible, the company seeks to reduce risk by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion that, based on the information and explanations provided by management, the system of internal control provides adequate assurance that the financial records can be relied upon for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, not absolute, assurance against material misstatement or loss.

The directors have taken into account the company's forecast of cash flows for the 12 months ended 31 August 2017 and, in light of the fact and the current financial position, they are satisfied that the company has access to sufficient resources to continue with the business at the same level for the foreseeable future. The external auditors are responsible for the independent review and reporting of the company's financial statements. The financial statements have been reviewed by the company's auditors and their report appears on page 37.

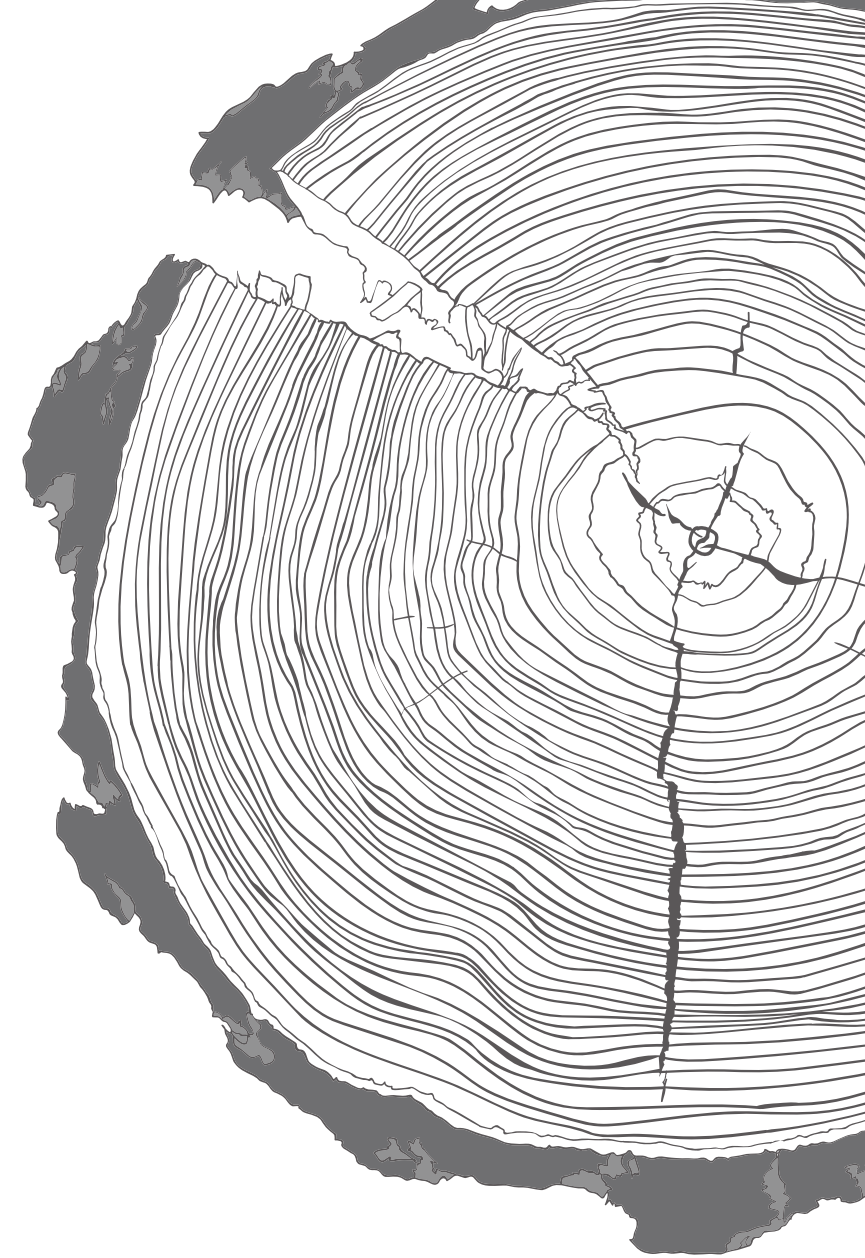
The financial statements set out on pages 41 to 92 have been prepared on a going-concern basis and were approved by the Board on 29 November 2016 and were signed on behalf of the Board by:



RL Meyer
CHAIRMAN



AS Myburgh
MANAGING DIRECTOR



STATEMENT BY THE SECRETARY

I hereby confirm that, in my opinion as Company Secretary and in terms of section 88 (2)(e) of the Companies Act of South Africa, as amended, the company has filed all returns required of a public company in terms of the Companies Act to the Commissioner, and that all such returns are true, correct and up to date.



MJ Potgieter
COMPANY SECRETARY
Piet Retief
4 May 2017

STATUTORY DIRECTORS' REPORT

The directors have pleasure in submitting their report on the group consolidated annual financial statements of TWK Investments Ltd for the year ended 31 August 2016.

1. Overview of activities

The company is engaged in agricultural services and operates business mainly in South Africa. The activities of the company, its subsidiaries and associates are as follows:

- Marketing of forestry and agricultural products;
- Handling and storage of grain;
- Processing of forestry and grain products;
- Provision of agricultural inputs,
- Trade activities;
- Financial and agricultural services; and
- Credit extension.

There have been no fundamental changes in the nature of the Group's business during the review period.

2. Financial results and outlook

The TWK Investments Group achieved a profit before tax of R158,7 million (2015: R114 million).

The operating results and state of affairs of the Group are detailed in the financial statements and are highlighted in the chairman's report and the managing director's report.

3. Going concern

After considering the current financial position and existing credit facilities of the Company and its subsidiaries, as well as the budgets and cash flow projections for the financial year ending 31 August 2017, the Board is satisfied that the company is a going

concern and that it complies with the solvency and liquidity requirements of the Companies Act. Consequently the financial statements have been prepared on the basis of a going concern.

4. Events after the reporting period

The directors are not aware of any matter or circumstance that has arisen since the end of the financial year.

5. Interest of directors in contracts

No contracts in which directors and officers have a substantial interest have been incurred during the year. The share register is available for inspection at the registered office of the company.

6. Authorised and issued share capital

There have been no changes regarding the authorised or issued share capital of the company during the 12 months under review.

7. Restrictions on loans

In terms of the Memorandum of Association of the company the directors may, at their discretion exercise all the powers of the company in order to obtain financing.

8. Dividends

Dividends were declared and paid to shareholders for the 12 months as set out in the attached statement of changes in equity, after approval in this regard has been granted by the Board.

Dividends are recommended and approved by the Board of TWK Agriculture Holdings (Pty) Ltd based on the financial year-end statements. TWK is of the opinion that payment of dividends will continue, although no assurance can be given that dividends will be paid in the future, or in respect of the amounts that would be paid from year to year. Payment of future dividends will depend on the Board's ongoing evaluation of TWK's earnings after provision has been made for long-term growth, cash and debt resources. Reserves available for the payment of a dividend are based on the assessment of going-concern and other factors.

9. Directors

The composition of the Board has changed during the year. Mr Hiestermann has reached the maximum age range specified by the MOI and had to retire. Mr TI Ferreira was elected during the year. The Board of the company was made up as follows at year end:

NAME

- RL MEYER (Chairman)
- HA ZIERVOGEL (Vice-Chairman)
- AS MYBURGH (Managing Director)
- CA DU TOIT
- TI FERREIRA
- HW KÜSEL
- JS STAPELBERG
- JCN WARTINGTON

10. Secretary

The secretary for the company is MJ Potgieter.

Business address:
11 De Wet Street
Piet Retief
2380

11. Interest in subsidiaries and other financial assets

Details of the company's interest in subsidiaries, associates and other financial assets are contained in the notes to the financial statements.

12. Auditors

TAG Incorporated has been appointed as auditors. A resolution proposing the appointment of the auditors will be presented at the upcoming annual general meeting.

13. Special resolutions

The following special resolutions were passed at a general meeting of shareholders on 11 February 2016:

- Special Decree 1: Remuneration of non-executive directors;
- Special Decree 2: General authority to provide financial assistance to related and inter-related companies;
- Special Decree 3: General authority to repurchase shares; and
- Special Decree 4: Authority to issue shares to directors and/or designated officers and/or related parties.

AUDIT AND RISK COMMITTEE REPORT



The Audit and Risk Committee was established as a statutory committee of TWK in terms of the Companies Act, 2008 and as a committee of the Board in respect of all other duties assigned to it by the Board.

COMPOSITION

The committee consists of at least three non-executive directors appointed by the shareholders on the recommendation of the Board. The committee meets at least twice a year as per the mandate and instruction to the committee. The managing director, chief financial officer, external and internal auditors, together with the appropriate members of management, attend the meetings by invitation. The internal and external auditors have unrestricted access to the committee.

During the period under review, the committee consisted of four non-executive directors. On 11 February 2016 CH Hiestermann retired and HA Ziervogel was elected as a member of the committee.

The committee met four times during the period under review.

	24 Nov 2015	6 Apr 2016	22 Jun 2016	24 Aug 2016
CA du Toit	√	√	√	√
RL Meyer	√	√	√	√
CH Hiestermann	√	*	*	*
JS Stapelberg	√	√	√	√
HA Ziervogel	*	√	√	√

√ Meeting attended

x Meeting not attended

* On 11 February 2016 CH Hiestermann retired and HA Ziervogel was elected as a member of the committee.

The chairman of the committee and the external auditors attend the annual general meeting.

The external auditors of the Company are TAG Inc, under the leadership of Mr Andre Oosthuysen. The auditors regularly attend the Audit and Risk committee meetings and is independent of the company. The Audit Committee is satisfied that TAG Inc has the necessary knowledge and experience to carry out the task entrusted to them.

MANDATE AND RESPONSIBILITIES

In terms of its mandate, the following can be expected of the committee:

1. Recommendation regarding the appointment of an independent external auditor in accordance with the provisions of the Companies Act;
2. Approval of the fees payable to the auditors and the terms and conditions of the appointment;
3. Consideration of any non-audit work performed by such auditors and the determination whether the provision of such services will substantially affect their independence;
4. Receipt and handling of any concerns or complaints regarding accounting practices, internal auditing and internal financial controls in an appropriate manner;
5. Reporting to the Board on matters related to accounting policies, financial controls, financial records and financial reporting;
6. Consideration of the independence and effectiveness of the external auditors;
7. Evaluation of the annual audit plan;
8. Consideration and oversight of the financial statements, accounting practices, policies and procedures, as well as the effectiveness of internal financial controls;
9. Ensuring that the financial planning, management and reporting of the business is done in accordance with the relevant accounting policies and International Financial Reporting Standards (IFRS);
10. Monitoring compliance with relevant legislation and regulatory aspects;
11. Evaluating the effectiveness of management information and internal control systems;
12. Ensuring that the internal control function is effective and that the internal auditor has unrestricted access to the chairman of the Audit and Risk Committee and the chairman of the Board;
13. Providing assistance to the Board to ensure that the business implements an effective policy and plan for risk management, and that the disclosure of risks is complete, timely and relevant.

REPORT

The committee is satisfied that the external auditor is independent of the Group, in accordance with the provisions of the Companies Act, including the consideration of compliance with the criteria with regard to independence or conflict of interest as prescribed by the Independent Regulatory Board for Auditors. After consultation with the executive committee, the committee approved the letter of appointment, conditions, audit plan and fees paid to the external auditor.

The committee also approved the terms regarding non-audit services provided by the external auditor, and the nature and extent of non-audit services by the external auditor. The committee nominated TAG Incorporated at the annual general meeting as the external audit firm responsible for the execution of the functions of auditors for the 2016 year.

A formal work plan is compiled by the committee to ensure that all duties assigned to it by the Board are carried out during the year. Based on the results of the formally documented review of the design, implementation and effectiveness of the TWK Group's system of internal financial controls carried out by the internal audit function for the 2016 financial year and, in addition, after considering the information and explanations provided by management and discussions with the external auditors on the results of their audit, the committee believes that the TWK Group's system of internal financial controls are effective and a basis for the preparation of reliable financial statements.

The internal auditors have unrestricted access to the chairman of the Audit and Risk Committee and the Chairman of the Board. The company has a formal risk management process in terms of which financial and control risks are identified, analysed and updated, and internal audits concentrate on these risks.

The committee evaluated the accounting policies and financial statements for the period ended on 31 August 2016 and is of the opinion that the Group has complied with the requirements of the Companies Act, 2008, as well as with International Financial Reporting Standards. The committee is further satisfied that the financial statements reproduce the position of the company and Group, that all factors that may have an impact on the integrity of the report have been taken into account and that the reporting of the risk management, as included in this report, is complete and relevant.

In addition, the committee carried out all other duties in terms of its mandate.

The committee and the Board have considered the annual report for accuracy and integrity, and believe that the report, in all material respects, is a fair reflection of the functions and performance of the Group.

CA du Toit
CHAIRMAN: AUDIT AND RISK COMMITTEE

INDEPENDENT AUDITOR'S REPORT

To the shareholders of TWK Agriculture Holdings (Pty) Ltd and its subsidiaries

Report on the Financial Statements

We have audited the consolidated annual financial statements of TWK Investments Ltd and its subsidiaries, as set out on pages 41 to 92, which comprise the statement of financial position as at 31 August 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Group's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards (IFRS) and requirements of the Companies Act 71 of 2008, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards

require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated annual financial statements present fairly, in all material respects, the financial position of TWK Investments Ltd and its subsidiaries as at 31 August 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act 71 of 2008.

Other reports required by the Companies Act

As part of our audit of the consolidated annual financial statements for the year ended 31 August 2016, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements.

These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated annual financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.



AC Oosthuysen
TAG Incorporated
DIRECTOR
REGISTERED AUDITOR

4 May 2017
Emwil House West
Pony street 15
Tijger Vallei Office Park
Silver Lakes
0181

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STATEMENT

of Financial Position as at 31 August 2016

		2016	2015
	Note(s)	R	R
ASSETS			
Non-current Assets			
Biological assets	4	270,959,451	235,702,534
Investment property	5	-	15,960,000
Property, plant and equipment	6	622,284,342	579,329,228
Goodwill and intangible assets	7	21,916,323	19,132,894
Investments in associates	9	36	36
Loan to associate	10	11,527,743	7,533,214
Other financial assets	12	192,578,717	202,645,148
Finance lease receivables	15	19,186,204	21,869,713
		1,138,452,816	1,082,172,767
Current Assets			
Inventories	17	994,339,575	1,021,704,650
Trade and other receivables	18	766,865,732	870,259,300
Other financial assets	12	-	660,514
Finance lease receivables	15	16,383,806	16,603,933
Current tax receivable		6,847,271	4,216,989
Cash and cash equivalents	19	133,176,447	57,320,145
		1,917,612,831	1,970,765,531
Non-current assets held for sale		-	2,910,000
Total Assets		3,056,065,647	3,055,848,298
EQUITY AND LIABILITIES			
Equity			
Equity Attributable to Equity Holders of Parent			
Share capital	21	776,478,952	776,478,952
Reserves		(22,100,631)	(19,875,050)
Retained income		173,198,007	65,982,664
		927,576,328	822,586,566
Non-controlling interest		(54,448,450)	(52,005,392)
		873,127,878	770,581,174
LIABILITIES			
Non-current Liabilities			
Other loans payable	11	13,250,076	-
Other financial liabilities	24	221,873,984	280,886,507
Finance lease liabilities	25	204	128,117
Retirement benefit obligation	16	6,089,009	4,756,286
Deferred tax	14	87,403,767	63,277,165
		328,617,040	349,048,075
Current Liabilities			
Other loans payable	11	6,118,328	2,410,293
Other financial liabilities	24	1,225,611,665	1,208,057,248
Current tax payable		4,761,031	385,578
Finance lease liabilities	25	128,178	588,906
Trade and other payables	28	616,687,976	607,487,276
Provisions	26	528,885	680,215
Dividend payable	27	222,004	-
Bank overdraft	19	262,662	116,609,533
		1,854,320,729	1,936,219,049
Total Liabilities		2,182,937,769	2,285,267,124
Total Equity and Liabilities		3,056,065,647	3,055,848,298

STATEMENT

of Profit or Loss and Other Comprehensive Income

		2016	2015
	Note(s)	R	R
Revenue	30	6,501,605,424	5,297,240,844
Cost of sales	31	(5,614,738,818)	(4,517,435,928)
Gross profit		886,866,606	779,804,916
Other operating income	32	59,587,542	80,716,695
Other operating gains (losses)	33	9,671,246	1,187,679
Other operating expenses		(681,166,597)	(644,172,825)
Gain on non-current assets held for sale		-	282,230
Operating profit	34	274,958,797	217,818,695
Investment revenue	35	1,089,164	794,393
Finance costs	36	(112,083,895)	(107,715,899)
Gain on biological assets	4	20,269,522	15,258,293
Profit before loyalty scheme payments		184,233,588	126,155,482
Loyalty scheme payments	38	(25,545,818)	(12,094,899)
Profit before taxation		158,687,770	114,060,583
Taxation	37	(44,130,487)	(25,809,661)
Profit from continuing operations		114,557,283	88,250,922
Discontinued operations			
Profit (loss) from discontinued operations	20	1,028,312	(3,665,418)
Profit for the year		115,585,595	84,585,504
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Gains on property revaluation		1,642,468	16,319,274
Income tax relating to items that will not be reclassified		(4,690,935)	(391,632)
Total items that will not be reclassified to profit or loss		(3,048,467)	15,927,642
Items that may be reclassified to profit or loss:			
Available-for-sale financial assets adjustments		8,310,240	5,189,446
Income tax relating to items that may be reclassified		(3,833,474)	(967,728)
Total items that may be reclassified to profit or loss		4,476,766	4,221,718
Other comprehensive income for the year net of taxation		1,428,299	20,149,360
Total comprehensive income for the year		117,013,894	104,734,864
Profit attributable to:			
Owners of the parent		115,593,307	77,839,495
Non-controlling interest		(7,712)	6,746,009
		115,585,595	84,585,504
Total comprehensive income attributable to:			
Owners of the parent		117,021,606	97,988,855
Non-controlling interest		(7,712)	6,746,009
		117,013,894	104,734,864
Earnings per share information			
Basic earnings per share (c)	42	329.32	221.76
Earnings per share from continuing operations (c)	42	327.21	229.28

STATEMENT

of Changes in Equity

	Share capital	Revaluation reserve	Fair value adjustment assets available-for-sale reserve	Restructuring reserve	Total reserves
	R	R	R	R	R
Balance at 1 September 2014	100	-	-	-	-
Profit for the year	-	-	-	-	-
Other comprehensive income for the year	-	15,927,642	4,221,718	-	20,149,360
Total comprehensive income for the year	-	15,927,642	4,221,718	-	20,149,360
Issue of shares	776,478,852	-	-	-	-
TWK Group restructuring	-	-	-	(115,161,410)	(115,161,410)
Dividends	-	-	-	-	-
Changes in ownership interest	-	-	-	75,137,000	75,137,000
Total contributions by and distributions to owners of the Group recognised directly in equity	776,478,852	-	-	(40,024,410)	(40,024,410)
Balance at 1 September 2015	776,478,952	15,927,642	4,221,718	(40,024,410)	(19,875,050)
Profit for the year	-	-	-	-	-
Other comprehensive income for the year	-	(3,048,467)	4,476,766	-	1,428,299
Total comprehensive income for the year	-	(3,048,467)	4,476,766	-	1,428,299
Transfer from reserves to retained income	-	(3,653,880)	-	-	(3,653,880)
Dividends	-	-	-	-	-
Total contributions by and distributions to owners of the Group recognised directly in equity	-	(3,653,880)	-	-	(3,653,880)
Balance at 31 August 2016	776,478,952	9,225,295	8,698,484	(40,024,410)	(22,100,631)
Note	21	22	23		

	Retained income	Total attributable to equity holders of the Group	Non-controlling interest	Total equity
	R	R	R	R
Balance at 1 September 2014	(7,349,241)	(7,349,141)	-	(7,349,141)
Profit for the year	77,839,495	77,839,495	6,746,009	84,585,504
Other comprehensive income for the year	-	20,149,360	-	20,149,360
Total comprehensive income for the year	77,839,495	97,988,855	6,746,009	104,734,864
Issue of shares	-	776,478,852	-	776,478,852
TWK Group restructuring	-	(115,161,410)	-	(115,161,410)
Dividends	-	-	(382,057)	(382,057)
Changes in ownership interest	(4,507,590)	70,629,410	(58,369,344)	12,260,066
Total contributions by and distributions to owners of the Group recognised directly in equity	(4,507,590)	731,946,852	(58,751,401)	673,195,451
Balance at 1 September 2015	65,982,664	822,586,566	(52,005,392)	770,581,174
Profit for the year	115,593,307	115,593,307	(7,712)	115,585,595
Other comprehensive income for the year	-	1,428,299	-	1,428,299
Total comprehensive income for the year	115,593,307	117,021,606	(7,712)	117,013,894
Transfer from reserves to retained income	3,653,880	-	(2,281,930)	(2,281,930)
Dividends	(12,031,844)	(12,031,844)	(153,416)	(12,185,260)
Total contributions by and distributions to owners of the Group recognised directly in equity	(8,377,964)	(12,031,844)	(2,435,346)	(14,467,190)
Balance at 31 August 2016	173,198,007	927,576,328	(54,448,450)	873,127,878

STATEMENT

of Cash Flows

	Note(s)	2016 R	2015 R
Cash flows from operating activities			
Cash generated from operations	39	427,220,872	(1,065,340,638)
Interest income		4,318,467	701,971
Dividend income		(1,089,164)	-
Finance costs		(112,083,895)	(107,715,899)
Tax paid	40	(26,171,734)	(10,376,559)
Net cash from operating activities		292,194,546	(1,182,731,125)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(78,205,385)	(593,581,242)
Sale of property, plant and equipment	6	26,153,384	8,071,342
Purchase of investment property	5	-	(18,900,000)
Sale of investment property	5	18,000,000	-
Purchase of goodwill and intangible assets	7	(3,636,349)	(17,007,579)
Sale of goodwill and intangible assets	7	33,623	-
Purchase of unlisted shares		-	(60,047,421)
TWK Group restructuring		-	(63,821,978)
Purchase of biological assets	4	(279,902,811)	(510,096,669)
Sale of biological assets	4	264,915,416	289,652,428
Investment in associate		-	(36)
Forward contracts		5,894,462	(660,514)
Net cash from investing activities		(46,747,660)	(966,391,669)
Cash flows from financing activities			
Proceeds on share issue	21	-	776,478,852
Proceeds from other financial liabilities		13,241,975	1,488,943,755
Decrease of other financial liabilities		(88,177,674)	-
Loan advanced to associate		(3,994,529)	(7,533,215)
Proceeds from other loans		17,798,730	420,355
Decrease of other loans		(840,619)	-
Finance lease payments		(588,641)	717,023
Finance lease receipts		2,903,636	(38,473,646)
Dividends paid	41	(11,963,256)	(382,057)
Change in ownership of non-controlling interests		-	12,260,066
Repayments of forestry and term loans		44,866,210	-
Advance on forestry and term loans		(26,489,545)	(142,597,727)
Net cash from financing activities		(53,243,713)	2,089,833,406
Total cash movement for the period		192,203,173	(59,289,388)
Cash at the beginning of the period	19	(59,289,388)	-
Total cash at end of the period		132,913,785	(59,289,388)

ACCOUNTING

Policies

1 Presentation of group consolidated annual financial statements

The Group consolidated annual financial statements of the TWK Group have been prepared in accordance with International Financial Reporting Standards and the Companies Act 71 of 2008. The Group consolidated annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as management that makes strategic decisions.

The basis of segmental reporting has been set out in note 2

1.2 Consolidation

Basis of consolidation

The Group consolidated annual financial statements incorporate the Group consolidated annual financial statements of TWK Agriculture Holdings (Pty) Ltd and its subsidiaries, joint ventures and associates.

Control exists when the Group is exposed, or has rights, to variable returns from the involvement with the investee and has the ability to affect those returns through its power over the investee.

The results of subsidiaries are included in the Group consolidated annual financial statements from the effective date of acquisition to the effective date of disposal. All the subsidiaries have the same financial year-end and, where applicable, the same accounting policies as the holding company.

All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein, and are recognised within equity at book value.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Business combinations

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Contingent consideration is included in the cost of the combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business Combinations, are recognised at their fair values at acquisition date, except for non-current assets (or disposal company) that are classified as held-for-sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the company assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for company purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Investment in associates

An associate is an entity over which the Group has no significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in an associate is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate, less any impairment losses.

Losses in an associate in excess of the Group's interest in that associate are recognised only to the extent that the Group has incurred a legal or constructive obligation to make payments on behalf of the associate.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the Group consolidated annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the Group consolidated annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the Group consolidated annual financial statements. Significant judgements include:

Trade receivables and loans and receivables

The Group assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables and loans and receivables is calculated on an individual basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date for the specific debtor.

Available-for-sale financial assets

The Group follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Allowance for slow-moving, damaged and obsolete stock

Management has made estimates of the selling price and direct cost to sell on certain inventory items to determine their net realisable value. The write-down is included in the operating profit note.

Fair value estimation

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period.

Impairment testing

The Group reviews and tests for impairment the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible

ACCOUNTING

Policies (continued)

assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including production estimates, supply and demand, together with economic factors such as exchange rates, inflation and interest.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in notes to the financial statements.

Expected manner of realisation for deferred tax

Deferred tax is provided for on the fair value adjustments of financial assets based on the expected manner of recovery, i.e. sale or use. This manner of recovery affects the rate used to determine the deferred tax liability. Refer note 14 – Deferred tax.

Taxation

The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction.

1.4 Biological assets

The Group recognises a biological asset or agricultural produce when, and only when:

- The entity controls the asset as a result of past events;
- It is probable that future economic benefits associated with the asset will flow to the entity; and
- The fair value or cost of the asset can be measured reliably.

Biological assets are measured on initial recognition and at subsequent reporting dates at fair value less estimated costs to sell. The fair value of standing timber at matured date, being the age at which it becomes marketable, is based on the market price of the estimated recoverable wood volumes, net of harvesting and transportation costs.

The fair value of younger standing timber is based on the present value of the net cash flows expected to be generated by the plantations at maturity, in its most relevant market, and includes the potential additional biological transformation and related risks associated with the asset. Any gain or loss arising from changes in the fair value of biological assets are included in profit or loss in the statement of comprehensive income.

Losses resulting from natural disasters such as abnormal rainfall or drought, frost, hail and epidemic deaths and losses resulting from fire damage and theft, and the recovery of the loss from a third party is considered a separate economic event. Consequently, the carrying value of the biological asset is reduced by the loss and the associated expense as a fair value adjustment included in profit or loss in the statement of comprehensive income.

1.5 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement, investment property is measured at fair value.

A gain or loss arising from a change in fair value is included in profit or loss for the period in which it arises.

1.6 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- It is probable that future economic benefits associated with the item will flow to the Group; and
- The cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Plant and machinery and motor vehicles are carried at cost less accumulated depreciation and any impairment losses.

Land and buildings are carried at the evaluated amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity in such a way that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Any increase in an asset's carrying amount, as a result of a revaluation, is recognised to other comprehensive income and accumulated in the revaluation surplus in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in profit or loss in the current period. The decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in the revaluation surplus in equity.

The revaluation surplus in equity-related to a specific item of property, plant and equipment is transferred directly to retained income when the asset is derecognised.

The depreciable amount of property, plant and equipment, i.e. the cost (or revalued amount) less the residual value as defined, is allocated on a systematic basis over its useful life.

Improvements to leasehold properties are written off over the period of the lease agreement.

The useful life and residual value of plant and equipment are reviewed on an annual basis. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. The evaluation regarding the useful life and residual values of assets can only be established with certainty when the item of plant and equipment nears the end of its useful life. Useful life and residual value evaluation may result in a larger or smaller depreciation expense. If the residual value of an asset equals the carrying amount, the depreciation is discontinued until the carrying amount exceeds the residual value.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.7 Goodwill and intangible assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets, of the acquired business at the date of acquisition, and liabilities assumed. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses and is not amortised.

ACCOUNTING

Policies (continued)

Goodwill is allocated to cash-generating units for the purpose of impairment assessment. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which goodwill arose.

An intangible asset is recognised when:

- It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- The cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- It is technically feasible to complete the asset so that it will be available for use or sale;
- There is an intention to complete and use or sell it;
- There is an ability to use or sell it;
- It will generate probable future economic benefits;
- There are available technical, financial and other resources to complete the development and to use or sell the asset; and
- The expenditure attributable to the asset during its development can be measured reliably.

1.8 Investments in associates

The Group's investments in associates are accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

An investment in an associate is carried at fair value and classified as fair value through profit or loss.

1.9 Financial instruments

Classification

The Group classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities at fair value through profit or loss
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which are not classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instruments.

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss include dividends and interest. Dividend income is recognised in profit or loss as part of other income when the Group's right to receive payment is established.

Loans and receivables are subsequently measured at amortised cost.

Available-for-sale financial assets are subsequently measured at fair value.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in profit or loss as part of other income.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred assets and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Fair value determination

Fair value is the price that would be received on selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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 inputs which are not based on observable market data.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

ACCOUNTING

Policies (continued)

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Impairment of financial assets

At each reporting date, the Group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the Group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Loans to (from) Group companies

These include loans to and from subsidiaries and associates and are recognised initially at fair value plus direct transaction costs.

Loans to Group companies are classified as loans and receivables.

Loans from Group companies are classified as financial liabilities measured at amortised cost.

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables.

Trade and other receivables

Trade receivables are initially measured at fair value and subsequently at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost.

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on

hand, deposits held at call with financial institutions, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Bank overdraft and borrowings

Bank overdraft and borrowings are initially measured at fair value and subsequently at amortised cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Derivatives

Commodity term contracts (futures):

The Group participates in various over-the-counter (OTC) future buying and selling contracts for the buying and selling of commodities.

Although certain contracts are covered by the physical provision or delivery during normal business activities, OTC contracts are regarded as a financial instrument. In terms of IAS 39, it is recorded at fair value, where the Group has a long history of net finalisation (either with the other party or to participate in other off-setting contracts).

1.10 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- A transaction or event which is recognised, in the same or a different period, to other comprehensive income; or
- A business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

ACCOUNTING

Policies (continued)

1.11 Leases

A lease is classified as a finance lease if it substantially transfers all the risks and rewards incidental to ownership.

A lease is classified as an operating lease if it does not substantially transfer all the risks and rewards incidental to ownership.

Finance leases – lessor

The Group recognises finance lease receivables in the statement of financial position.

Finance income is recognised based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Operating leases – lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.12 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory items is determined in accordance with the weighted average cost method, unless it is more appropriate to apply another basis on account of the characteristics of the inventory. The cost of grain commodities is determined on the basis of fair value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.13 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered

through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

1.14 Impairment of assets

The Group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Group also tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.15 Share capital and equity

Ordinary shares are classified as equity.

1.16 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those expected to be settled before 12 months after the service is rendered, such as paid leave and sick leave, bonuses, and non-monetary benefits such as medical care) is recognised in the period in which the service is rendered and is not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined benefit plans

For defined benefit plans, the cost of providing the benefits is determined based on the current value of expected medical aid contributions by taking into account mortality tables.

Valuations are conducted on an annual basis and any gain or loss is recognised in profit or loss.

ACCOUNTING

Policies (continued)

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised gains and losses and unrecognised past service costs, and is reduced by the fair value of plan assets.

1.17 Provisions and contingencies

Provisions are recognised when:

- The Group has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

Transactions are classified as contingencies where the Group's obligation depends on uncertain future events. Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 44 to the financial statements.

1.18 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group;
- The stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Stage of completion is determined by the surveys of work performed.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax (VAT).

The Group operates a loyalty scheme to incentivize clients for doing business with the TWK Group by awarding shares to be taken up in the TWK Group and/or cash payments on an annual basis. All bona-fide farmers that do significant business with the TWK Group by contributing to gross profit exceeding a set minimum amount qualify to be awarded through the TWK Loyalty Scheme. These payments are accounted for in the period in which the loyalty scheme payments are made.

Interest is recognised, in profit or loss, using the effective interest rate method.

Dividends are recognised in profit or loss when the Group's right to receive payment has been established.

1.19 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.20 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- Expenditures for the asset have occurred;
- Borrowing costs have been incurred; and
- Activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.21 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous Group consolidated annual financial statements are recognised in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.22 Comparative figures

Comparative figures are restated in the event of a change in accounting policy, prior period error or reclassification.

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2 SEGMENTAL INFORMATION

The Group has identified reportable segments which represent the structure used by management to make key operating decisions and assess performance.

The reportable segments are divided into business units based on their products and services offered and the economic sector in which they operate. The geographical area in which the operating segments operate are of secondary concern.

These reportable segments as well as the products and services from which each of them derives revenue are set out below:

Reportable segment	Products and services
Timber	Establishment, maintenance and harvesting of plantations, market access of timber as well as value adding and marketing of timber and timber-related products.
Retail and mechanisation	Sales at retail outlets, direct sales of farming input requirements and sales of mechanisation goods as well as production and marketing of fertiliser and related products.
Financial services	Credit extension to agricultural producers and corporate clients. Insurance includes commission received on short-term, crop and life insurance premiums and administration fees
Grain	Income received from the handling and storage of agricultural produce, production and marketing of maize meal and animal feeds and commission earned on marketing of grain.
Motors and tyres	Sale of motor vehicles, trucks, tyres and related products as well as fuel stations.
Corporate	Head office services, information technology, human resources, properties, corporate marketing, internal audit, Group finance and directors.

Segmental revenue and results

Management assesses the performance of the operating segments based on the measure of earnings before tax. Income tax is managed on a Group basis and is not allocated to operating segments.

Transactions within the Group take place on an arm's length basis in a manner similar to transactions with third parties. The segment information provided to management is presented below.

2016	Revenue			Profit and loss/ Separately disclosable items			
	Total segment revenue	Inter-segment revenue	Revenue from external customers	Earnings before items listed	Depreciation and amortisation	Interest expense	Earnings before tax
	R	R	R	R	R	R	R
CONTINUING OPERATIONS							
Timber	2,338,941,702	(233,122,923)	2,105,818,779	174,573,251	(9,035,025)	(33,840,261)	131,697,965
Retail and mechanisation	3,654,068,770	(1,119,227,456)	2,534,841,314	79,206,843	(3,280,517)	(27,391,562)	48,534,764
Financial services	104,839,814	(2,699,470)	102,140,344	57,770,883	(331,097)	(40,017,146)	17,422,640
Grain	1,159,161,886	(64,029,807)	1,095,132,079	14,483,785	(4,512,962)	(10,738,988)	(768,165)
Motors and tyres	667,929,691	(4,256,783)	663,672,908	16,882,620	(3,844,419)	(3,490,207)	9,547,994
Corporate	17,900,722	(17,900,722)	-	(49,048,485)	(2,093,212)	3,394,269	(47,747,428)
Total	7,942,842,585	(1,441,237,161)	6,501,605,424	293,868,897	(23,097,232)	(112,083,895)	158,687,770
Reconciling items							
Discontinued operations							1,028,312
Taxation							(44,130,487)
Profit for the year							115,585,595

Segment assets and liabilities

Segment assets and liabilities are measured in a manner consistent with that of the financial statements. These assets and liabilities are allocated based on the operations of the segment and the physical location of the asset and liability. The Group's borrowings and derivative financial instruments are not considered to be segment liabilities, but are managed by the treasury function.

The table below provides information on segment assets and liabilities as well as a reconciliation to total assets and liabilities as per the statement of financial position.

2016	Capital expenditure	Total assets	Total liabilities
	R	R	R
CONTINUING OPERATIONS			
Timber	21,372,221	1,028,559,331	255,946,725
Retail and mechanisation	4,855,663	527,507,132	257,031,299
Financial services	552,253	736,402,913	2,197,557
Grain	23,470,105	199,270,519	164,698,008
Motors and tyres	6,309,987	187,878,472	69,877,511
Corporate	23,395,078	376,447,280	1,433,186,669
Total	79,955,307	3,056,065,647	2,182,937,769
Total as per statement of financial position		3,056,065,647	2,182,937,769

3 NEW STANDARDS AND INTERPRETATIONS

3.1 Standards and interpretations effective and adopted in the current year

For the current year, no new standards and interpretations were effective and adopted by the company.

3.2 Standards and interpretations early adopted

For the current year, the company has chosen not to early adopt any standards and interpretations not yet effective.

3.3 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 September 2016 or later periods:

STANDARD/INTERPRETATION:	Effective date: Years beginning on or after	Expected impact:
Amendment to IFRS 2: Share-based Payment:	1 January 2018	Not material
Amendments to clarify the classification and measurement of share-based payment transactions		Not material
Amendment to IFRS 5: Non-current Assets Held for Sale and Discontinued Operations: Annual Improvements project	1 January 2016	Not material
Amendment to IFRS 7: Financial Instruments: Disclosures: Annual Improvements project	1 January 2016	Not material
IFRS 9 Financial Instruments	1 January 2018	Not material
Amendments to IFRS 10, 12 and IAS 28: Investment Entities. Applying the consolidation exemption	1 January 2016	Not material
Amendment to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016	Not material
IFRS 14 Regulatory Deferral Accounts	1 January 2016	Not material
IFRS 15 Revenue from Contracts with Customers	1 January 2018	Not material
IFRS 16 Leases	1 January 2019	Not material
IAS 1 – Annual Improvements for 2009-2011 cycle	1 January 2016	Not material
Amendments to IAS 7: Disclosure Initiative	1 January 2017	Not material
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017	Not material
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016	Not material
Amendments to IAS 16 and IAS 41: Agriculture: Bearer Plants	1 January 2016	Not material
Amendment to IAS 19: Employee Benefits: Annual Improvements project	1 January 2016	Not material
Amendment to IAS 27: Equity Method in Separate Financial Statements	1 January 2016	Not material
Amendment to IAS 34: Interim Financial Reporting: Annual Improvements project	1 January 2016	Not material

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3 NEW STANDARDS AND INTERPRETATIONS (continued)

The aggregate impact of the initial application of these statements and interpretations on the company's financial statements has not yet been assessed. The new or amended standards are not expected to have a significant impact on the company's financial performance. Additional disclosure may be required.

4 BIOLOGICAL ASSETS

	2016			2015		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
	R	R	R	R	R	R
Plantations	486,204,782	-	486,204,782	428,922,070	-	428,922,070
Plantations saleable within 12 months transfer to inventory	(219,075,881)	-	(219,075,881)	(195,970,336)	-	(195,970,336)
Livestock	3,830,550	-	3,830,550	2,750,800	-	2,750,800
Total	270,959,451	-	270,959,451	235,702,534	-	235,702,534

RECONCILIATION OF BIOLOGICAL ASSETS – 2016	2016					
	Opening balance	Increase due to planted and purchased	Decreases due to harvest or sales	Transfers (to) from inventory	Gains or losses arising from changes in fair value	Total
	R	R	R	R	R	R
Plantations	428,922,070	279,902,811	(264,915,416)	23,105,545	19,189,772	486,204,782
Plantations saleable within 12 months	(195,970,336)	-	-	(23,105,545)	-	(219,075,881)
Livestock	2,750,800	-	-	-	1,079,750	3,830,550
	235,702,534	279,902,811	(264,915,416)	-	20,269,522	270,959,451

RECONCILIATION OF BIOLOGICAL ASSETS – 2015	2015					
	Opening balance	Increase due to planted and purchased	Decreases due to harvest or sales	Transfers (to) from inventory	Gains or losses arising from changes in fair value	Total
	R	R	R	R	R	R
Plantations	392,934,113	265,243,734	(289,652,428)	45,226,508	15,170,143	428,922,070
Plantations saleable within 12 months	(150,743,828)	-	-	(45,226,508)	-	(195,970,336)
Livestock	2,662,650	-	-	-	88,150	2,750,800
	244,852,935	265,243,734	(289,652,428)	-	15,258,293	235,702,534

NON-FINANCIAL INFORMATION	Pine	Eucalyptus	Wattle	Total
Hectares 2016				
Balance at 31 August 2015	3,713	8,430	2,050	14,193
Planted during the year	259	630	327	1,216
Harvested during the year	(146)	(1,161)	(40)	(1,347)
Adjustment measurements	(25)	91	(207)	(141)
Balance at 31 August 2016	3,801	7,990	2,130	13,921

	Cattle	Horses	Goats	Total
Livestock 2016				
Balance at 31 August 2015	374	2	197	573
Due to acquisitions	249	-	-	249
Due to births	85	-	44	129
Due to death	(32)	-	(24)	(56)
Due to sale	-	-	(6)	(6)
Balance at 31 August 2016	676	2	211	889

	Pine	Eucalyptus	Wattle	Total
Hectares 2015				
Balance at 31 August 2014	3,750	8,775	1,915	14,440
Planted during the year	192	740	230	1,162
Harvested during the year	(153)	(1,200)	(95)	(1,448)
Adjustment measurements	(75)	114	-	39
Balance at 31 August 2015	3,714	8,429	2,050	14,193

	Cattle	Horses	Goats	Total
Livestock 2015				
Balance at 31 August 2014	439	2	197	638
Due to acquisitions	-	-	6	6
Due to births	7	-	75	82
Due to death	(54)	-	(79)	(133)
Due to sales	(18)	-	(2)	(20)
Balance at 31 August 2015	374	2	197	573

Standing timber comprised approximately 13,921 (2015: 14,193) hectares of tree plantations on land that the Group owns and rents, which range from newly established plantations to plantations that are approximately 24 years old. During the year, the company harvested approximately 567,980 (2015: 539,356) tons of timber on land that the company owns, as well as plantations bought on a standing timber basis.

TWK manages the establishment, maintenance and harvesting of its plantations on a compartmentalised basis. These plantations comprise pulpwood and saw logs and are managed to ensure that the optimum fibre balance is supplied to the most relevant market.

The Group manages its plantations on a rotational basis and as such, increases by means of growth are negated by fellings for sales over the rotation period.

The Group manages plantations on land that the company owns and rents, as well as plantations bought on a standing timber basis. The company discloses both of these as directly managed plantations.

At 31 August 2016, livestock comprised 676 cattle, 2 horses and 211 goats (2015: 374 cattle, 2 horses and 197 goats).

Pledged as security

Plantations of TWK Agri (Pty) Ltd with a carrying value of R112,369,992 (2015: R428,922,070) have been pledged to secure borrowings (see note 24) from the Land Bank.

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4 BIOLOGICAL ASSETS (continued)

Methods and assumptions used in determining fair value

Plantations are stated at fair value less estimated cost to sell at the harvesting stage and is a level 3 measure in terms of the fair value measurement hierarchy as established by IFRS 13 fair value measurement which is consistent with the prior year. Biological assets are measured on initial recognition and at subsequent reporting dates at fair value less estimated costs to sell by using the Faustmann formula.

The fair value of standing timber at matured date, being the age at which it becomes marketable, is based on the market price of the estimated recoverable timber volumes, net of harvesting and transportation costs. The fair value of younger standing timber is based on the present value of the net cash flows expected to be generated by the plantations at maturity, in its most relevant market, and includes the potential additional biological transformation and related risks associated with the asset.

Any gain or loss arising from changes in the fair value of biological assets is included in profit or loss.

The fair value measurement of livestock has been categorised as level 2 fair values based on observable market sales data.

The detail of significant unobservable inputs for standing timber and livestock is as follows:

Standing Timber

- The future standing timber market prices per ton is based on the estimated weighted average price per ton of the different species for their relevant market. The estimated fair value would increase (decrease) if the estimated timber prices per ton were higher (lower).
- The estimated weighted average yields per hectare is 147.38 ton (2015: 151.18 ton). The estimated fair value would increase (decrease) if the estimated yield per hectare were higher (lower).
- The estimated weighted average harvest and transportation costs per ton as a percentage of selling price is 44.59% (2015: 46.17%). The estimated fair value would increase (decrease) if the estimated harvest and transportation costs were lower (higher).
- The estimated risk-adjusted rate derived from the Faustmann formula tables is 4.39% (2015: 4.36%). The estimated fair value would increase (decrease) if the estimated risk-adjusted discount rate was higher (lower).

Livestock

The valuation technique used to determine the fair value of livestock is based on the market price of livestock of similar age, weight and market values. Significant unobservable inputs are therefore not applicable.

Risk management strategy related to biological assets

The Group is exposed to the following risks relating to plantations:

Regulatory and environmental risk

The Group is subject to laws and regulations. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws.

Supply and demand risk

The Group is exposed to risk arising from fluctuations in the price and sales volume of timber. When possible, the Group manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analyses for projected harvest volumes and pricing.

Climate and other risks

The plantations are exposed to the risk of damage from climate changes, diseases, fires and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including fire protection, forest health inspections and industry pest and disease surveys. The Group is also insured against fire and other forces of nature.

5 INVESTMENT PROPERTY

	2016			2015		
	Valuation	Accumulated depreciation	Carrying value	Valuation	Accumulated depreciation	Carrying value
	R	R	R	R	R	R
Investment property	-	-	-	15,960,000	-	15,960,000

RECONCILIATION OF INVESTMENT PROPERTY AT FAIR VALUE 2016	2016		
	Opening balance	Disposals	Total
	R	R	R
Investment property	15,960,000	(15,960,000)	-

RECONCILIATION OF INVESTMENT PROPERTY AT FAIR VALUE – 2015	2015			
	Opening balance	Additions	Fair value adjustments	Total
	R	R	R	R
Investment property	-	18,900,000	(2,940,000)	15,960,000

Pledged as security

Carrying value of assets pledged as security: - 15,960,000

During the year, the Group disposed of the investment property. In 2015 the investment property was encumbered by a first covering mortgage bond (see note 24).

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011, is available for inspection at the registered office of the Group.

6 PROPERTY, PLANT AND EQUIPMENT

SUMMARY OF PROPERTY PLANT AND EQUIPMENT	2016			2015		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
	R	R	R	R	R	R
Land and buildings	493,474,368	(6,753,581)	486,720,787	476,916,214	(5,895,071)	471,021,143
Plant and machinery	201,672,420	(98,085,052)	103,587,368	162,576,689	(87,997,748)	74,578,941
Motor vehicles	75,935,330	(43,959,143)	31,976,187	76,301,854	(42,572,710)	33,729,144
Total	771,082,118	(148,797,776)	622,284,342	715,794,757	(136,465,529)	579,329,228

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – 2016	2016					
	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
	R	R	R	R	R	R
Land and buildings	471,021,143	23,718,477	(8,771,868)	1,611,545	(858,510)	486,720,787
Plant and machinery	74,578,941	45,882,187	(1,373,521)	-	(15,500,239)	103,587,368
Motor vehicles	33,729,144	8,604,721	(4,445,201)	-	(5,912,477)	31,976,187
Total	579,329,228	78,205,385	(14,590,590)	1,611,545	(22,271,226)	622,284,342

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6 PROPERTY, PLANT AND EQUIPMENT (continued)

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – 2015	Opening balance	Additions	Additions through TWK Group restructuring	Disposals	Classified as held for sale	Transfers	Revaluations	Depreciation	Total
	R	R	R	R	R	R	R	R	R
Land and buildings	2,012,428	24,735,504	434,125,391	-	(2,910,000)	(2,149,374)	16,319,274	(1,112,080)	471,021,143
Plant and machinery	-	12,069,196	76,138,016	(2,198,183)	-	1,807,794	-	(13,237,882)	74,578,941
Motor vehicles	-	11,428,010	32,959,810	(5,164,875)	-	341,580	-	(5,835,381)	33,729,144
Total	2,012,428	48,232,710	543,223,217	(7,363,058)	(2,910,000)	-	16,319,274	(20,185,343)	579,329,228

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011, is available for inspection at the registered office of the company. Depreciation is calculated to write off the asset's carrying amount over its estimated useful life to its estimated residual value.

The useful life and residual values are reviewed at the beginning of each reporting period and adjusted if appropriate. The evaluation regarding the useful life and residual values of assets can only be established with certainty when the item of asset is near the end of its useful life. The estimated useful lives of items of property, plant and equipment are within the following intervals:

Buildings and structures	20 to 50 years
Plant and machinery	4 to 22 years
Motor vehicles	6 years

Pledged as security

Property, plant and equipment with a carrying value of R550,405,622 (2015: R397,389,458) have been pledged to secure borrowings (refer to notes 19 and 24). The Group is not allowed, without the prior written consent of the Land Bank, to grant any encumbrance over its assets to any person other than the Land Bank except in respect of indebtedness incurred in the ordinary course of business.

Net carrying amounts of leased assets

	2016	2015
	R	R
Motor vehicles (refer note 25)	1,263,567	2,535,603

Revaluations

Every year the directors evaluate whether there is an indication that the carrying value of an item of land and buildings differs materially from the estimated market value. When there is an indication of such a change in fair value, the item is revalued by an independent valuer. All items of land and buildings are revalued at least once every four years.

The last valuation on selected assets was on 31 August 2016. Valuations were performed by independent valuers, Mr C Winckler and Mr W Winckler of Valuers Afrika (Pty) Ltd. The valuers are registered professional valuers and are not connected to the Group. The valuations were performed using the capitalised income approach and the surplus was credited to other comprehensive income and is shown in reserves in shareholder equity.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in profit or loss in the current period. The decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The impairment loss arises in circumstances where the assets carrying amount exceeds its recoverable amount and no revaluation surplus exists in respect of that asset.

The carrying value of the revalued assets under the cost model would have been:

	2016	2015
	R	R
Land and buildings	476,633,125	454,701,869

Refer to note 47 for details on fair value information.

7 GOODWILL AND INTANGIBLE ASSETS

	2016			2015		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
	R	R	R	R	R	R
Patents, trademarks and other rights	216,930	(32,762)	184,168	216,930	(32,762)	184,168
Sole distributor rights	3,000,000	-	3,000,000	3,000,000	-	3,000,000
Computer software	4,770,312	(2,984,375)	1,785,937	2,125,315	-	2,125,315
Goodwill	16,946,218	-	16,946,218	13,823,411	-	13,823,411
Total	24,933,460	(3,017,137)	21,916,323	19,165,656	(32,762)	19,132,894

RECONCILIATION OF GOODWILL AND INTANGIBLE ASSETS – 2016	Opening balance	Additions	Impairment	Amortisation	Total
	R	R	R	R	R
Patents, trademarks and other rights	184,168	-	-	-	184,168
Sole distributor rights	3,000,000	-	-	-	3,000,000
Computer software	2,125,315	513,542	(33,623)	(819,297)	1,785,937
Goodwill	13,823,411	3,122,807	-	-	16,946,218
Total	19,132,894	3,636,349	(33,623)	(819,297)	21,916,323

RECONCILIATION OF GOODWILL AND INTANGIBLE ASSETS – 2015	Opening balance	Additions through TWK Group restructuring	Total
	R	R	R
Patents, trademarks and other rights	-	184,168	184,168
Licences and franchises	-	3,000,000	3,000,000
Computer software	2,125,315	-	2,125,315
Goodwill	-	13,823,411	13,823,411
	2,125,315	17,007,579	19,132,894

During the year, the Group acquired the insurance agency rights of Philip Augustyn Makelaars. The goodwill of R3,122,807 represents the excess of the cost of the acquisition over the fair value of the net identifiable assets of the acquired business and liabilities assumed.

Review of useful life assessment and impairment

Goodwill and intangible assets, except for computer software, patents, trademarks and other rights are regarded as having an indefinite useful life because there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. Management reviews its goodwill and intangible assets regularly to determine whether events and circumstances continue to support an indefinite useful life and reviews for impairment by comparing its recoverable amount to its carrying amount.

Amortisation is calculated to write off computer software, patents, trademarks and other rights carrying amount over its estimated useful life to its estimated residual value. The useful life and residual values are reviewed at the beginning of each reporting period and adjusted if appropriate. The evaluation regarding the useful life and residual values can only be established with certainty when the item of asset nears the end of its useful life. The estimated useful lives of items of computer software is four years. Amortisation is written off to the statement of profit or loss and included under operating expenditure.

Goodwill is allocated to the company's cash-generating units based on the different business segments. The recoverable amount of a cash-generating unit is based on the calculation of the value in use. The calculation uses cash flow forecasts prepared by management for the next seven years. Due to the nature of and the strategic objectives of the cash-generating units a cash flow forecast of longer than five years was used.

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7 GOODWILL AND INTANGIBLE ASSETS (continued)

	2016	2015
	R	R
Goodwill relating to the insurance business unit	16,876,218	13,753,411
Goodwill relating to the trade business unit	3,254,168	3,254,168

The following assumptions were used in the calculation:

Growth rate	6.00%
Discount rate	13.17%

The forecasted cash flows are based on actual results and assumptions regarding own strategies and market development. The discount rate reflects the specific risks that are related to the business.

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

8 INTERESTS IN SUBSIDIARIES

The following page table lists the entities which are controlled by the Group. TWK has the power to govern the financial and operating policies and has rights to the variable returns from:

- Canyon Springs Investments 140 (Pty) Ltd
- Sawco Treated Timbers (Pty) Ltd
- Lydenburg Saagmeule (Pty) Ltd

These entities will therefore remain subsidiaries of TWK.

COMPANY	Held by	Country of incorporation	2016	2015
			% holding	% holding
Direct interest				
Arrow Feeds (Pty) Ltd	TWK Investments Ltd	Swaziland	100.00%	100.00%
Canyons Springs Investments 140 (Pty) Ltd	TWK Investments Ltd	South Africa	50.00%	50.00%
Castle Walk Property Investments (Pty) Ltd	TWK Investments Ltd	South Africa	100.00%	100.00%
Mutual Farming (Pty) Ltd	TWK Investments Ltd	South Africa	100.00%	100.00%
Piet Retief Trekkers (Pty) Ltd	TWK Investments Ltd	South Africa	100.00%	100.00%
Shiselweni Forestry Company (Pty) Ltd	TWK Investments Ltd	Swaziland	100.00%	100.00%
Swaziland Forestry Equipment Ltd	TWK Investments Ltd	South Africa	100.00%	100.00%
TWK Agri (Pty) Ltd	TWK Investments Ltd	South Africa	75.00%	75.00%
TWK Swaziland (Pty) Ltd	TWK Investments Ltd	Swaziland	100.00%	100.00%
Weston Timber (Pty) Ltd	TWK Investments Ltd	South Africa	100.00%	100.00%
Indirect interests				
Protea Versoolwerke Kimberley (Pty) Ltd	Protea Versoolwerke (Ermelo) (Pty) Ltd	South Africa	59.00%	59.00%
Nhlangano Timber Company (Pty) Ltd	Shiselweni Forestry Company Ltd	Swaziland	100.00%	100.00%
Olmacs (Pty) Ltd	Shiselweni Forestry Company Ltd	Swaziland	100.00%	100.00%
Sawco Mining Timber Company (Pty) Ltd	Shiselweni Forestry Company Ltd	Swaziland	100.00%	100.00%
Sawco Treated Timbers (Pty) Ltd	Shiselweni Forestry Company Ltd	Swaziland	50.00%	50.00%

COMPANY	Held by	Country of incorporation	2016	2015
			% holding	% holding
Indirect interests				
Constantia Kunsmis (Pty) Ltd	TWK Agri (Pty) Ltd	South Africa	100.00%	100.00%
Die Kilo Bemerkingskorporasie (Pty) Ltd	TWK Agri (Pty) Ltd	South Africa	100.00%	100.00%
HP Kuun Insurance Brokers (Pty) Ltd	TWK Agri (Pty) Ltd	South Africa	100.00%	100.00%
Maluti Milling (Pty) Ltd – previously Trio Kunsmis (Pty) Ltd	TWK Agri (Pty) Ltd	South Africa	51.00%	100.00%
Protea Versoolwerke (Ermelo) (Pty) Ltd	TWK Agri (Pty) Ltd	South Africa	67.34%	67.34%
TWK Insurance Brokers (Pty) Ltd	TWK Agri (Pty) Ltd	South Africa	100.00%	100.00%
TWK Motors (Pty) Ltd	TWK Agri (Pty) Ltd	South Africa	100.00%	100.00%
TWK Rekenaar Dienste (Pty) Ltd	TWK Agri (Pty) Ltd	South Africa	100.00%	100.00%
Silo Autobody (Pty) Ltd	TWK Motors (Pty) Ltd	South Africa	66.67%	66.67%
Lions River Farmers Exchange (Pty) Ltd	TWK Motors (Pty) Ltd	South Africa	60.00%	100.00%
Lydenburg Saagmeule (Pty) Ltd	TWK Agri (Pty) Ltd	South Africa	50.00%	-%

Subsidiaries pledged as security

TWK Investments Ltd and TWK Agriculture Holdings (Pty) Ltd signed unlimited suretyship as guarantee for the loan facilities granted by the Land Bank (Refer to note 24). Shiselweni Forestry Company (Pty) Ltd signed a suretyship limited to an amount of R250,000,000 for the Standard Bank overdraft facility (Refer to note 19).

The shares in Castle Walk Property Investments (Pty) Ltd and Protea Versoolwerke (Ermelo) (Pty) Ltd serve as security for the loan facilities granted by the Land Bank (Refer to note 24).

Obtaining control of subsidiary

On 1 March 2016 the Group obtained control of 50% of Lydenburg Saagmeule (Pty) Ltd. The interest was acquired to further expand the timber business of the group. There were no excess of the cost of the acquisition over the fair value of the company's share of the net identifiable assets, of the acquired business at the date of acquisition and liabilities assumed.

The fair values of assets acquired and liabilities assumed summarised by each major category are as follows:

CASH PAID TO OBTAIN CONTROL	2016	2015
	R	R
Property plant and equipment	12,500,000	-
Less: Consideration	(12,500,000)	-
Goodwill	-	-

SUMMARISED FINANCIAL INFORMATION OF MATERIAL SUBSIDIARIES – 2016

SUMMARISED STATEMENT OF FINANCIAL POSITION	Non-current assets	Current assets	Total assets	Non-current liabilities	Current liabilities	Total liabilities
	R	R	R	R	R	R
Shiselweni Forestry Company Ltd	361,271,237	248,433,302	609,704,539	115,008,624	129,109,103	244,117,727
TWK Motors (Pty) Ltd	39,798,572	63,980,072	103,778,644	5,413,298	48,419,416	53,832,714
Constantia Kunsmis (Pty) Ltd	24,624,007	222,706,316	247,330,323	23,782,924	219,038,384	242,821,308
Protea Versoolwerke (Ermelo) (Pty) Ltd	16,496,686	42,827,790	59,324,476	768,252	18,156,201	18,924,453
TWK Agri (Pty) Ltd	426,944,305	1,844,913,893	2,271,858,198	374,053,007	1,836,077,055	2,210,130,062
Total	869,134,807	2,422,861,373	3,291,996,180	519,026,105	2,250,800,159	2,769,826,264

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8 INTERESTS IN SUBSIDIARIES (continued)

SUMMARISED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Revenue	Profit/(loss) before tax	Tax expense	Profit (loss)	Other comprehensive income	Total comprehensive income
	R	R	R	R	R	R
Shiselweni Forestry Company Ltd	111,738,580	30,098,340	(8,056,679)	22,041,661	-	22,041,661
TWK Motors (Pty) Ltd	466,376,637	6,870,758	(405,132)	6,465,626	(317,967)	6,147,659
Constantia Kunsmis (Pty) Ltd	830,158,284	12,345,983	(3,456,875)	8,889,108	-	8,889,108
Protea Versoolwerke (Ermelo) (Pty) Ltd	111,223,110	1,805,587	(516,393)	1,289,194	(164,203)	1,124,991
TWK Agri (Pty) Ltd	5,938,064,365	50,415,358	(14,263,749)	36,151,609	25,557,058	61,708,667
Total	7,457,560,976	101,536,026	(26,698,828)	74,837,198	25,074,888	99,912,086

SUMMARISED FINANCIAL INFORMATION OF MATERIAL SUBSIDIARIES – 2015

SUMMARISED STATEMENT OF FINANCIAL POSITION	Non-current assets	Current assets	Total assets	Non-current liabilities	Current liabilities	Total liabilities
	R	R	R	R	R	R
Shiselweni Forestry Company Ltd	328,503,645	213,472,209	541,975,854	81,607,530	116,823,174	198,430,704
TWK Motors (Pty) Ltd	39,935,305	58,760,874	98,696,179	678,361	47,153,362	47,831,723
Constantia Kunsmis (Pty) Ltd	23,905,133	283,201,927	307,107,060	23,751,959	287,356,284	311,108,243
Protea Versoolwerke (Ermelo) (Pty) Ltd	14,723,868	38,490,202	53,214,070	417,371	13,243,301	13,660,672
TWK Agri (Pty) Ltd	373,208,905	1,756,649,740	2,129,858,645	328,955,553	1,788,150,307	2,117,105,860
Total	780,276,856	2,350,574,952	3,130,851,808	435,410,774	2,252,726,428	2,688,137,202

2015

SUMMARISED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Revenue	Profit (loss) before tax	Tax expense	Profit	Other comprehensive income	Total comprehensive income
	R	R	R	R	R	R
Shiselweni Forestry Company Ltd	73,887,738	15,203,733	(4,091,768)	11,111,965	13,550,266	24,662,231
TWK Motors (Pty) Ltd	454,138,649	6,888,737	107,462	6,996,199	-	6,996,199
Constantia Kunsmis (Pty) Ltd	654,644,550	(2,119,738)	972,439	(1,147,299)	-	(1,147,299)
Protea Versoolwerke (Ermelo) (Pty) Ltd	118,352,833	1,553,410	(439,919)	1,113,491	-	1,113,491
TWK Agri (Pty) Ltd	4,671,552,073	63,195,925	(17,526,177)	45,669,748	4,414,302	50,084,050
Total	5,972,575,843	84,722,067	(20,977,963)	63,744,104	17,964,568	81,708,672

NATURE OF BUSINESS AND NON-CONTROLLING INFORMATION OF MATERIAL SUBSIDIARIES	Nature of business	Proportion of non-controlling interest and their voting rights (%)	Non-controlling interest result for the year (R)	Accumulated non-controlling interest (R)
		%	R	R
Shiselweni Forestry Company Ltd	Growing of timber and other related operations			
TWK Motors (Pty) Ltd	Sale of motor vehicles and related services			
Constantia Kunsmis (Pty) Ltd	Manufacturing and distribution of fertiliser			
Protea Versoolwerke (Ermelo) (Pty) Ltd	Retreading of tyres as well as the sale and installation of new tyres, batteries, shocks and exhausts	32.66%	(187,814)	13,194,648
TWK Agri (Pty) Ltd	Agricultural services			

9 INVESTMENTS IN ASSOCIATES

The following table lists all of the associates in the Group:

NAME OF COMPANY	Held by	% ownership interest 2016	% ownership interest 2015	Carrying amount 2016	Carrying amount 2015
Henleo 1080 (Pty) Ltd	Constantia Kunsmis (Pty) Ltd	36.00%	36.00%	36	36

The percentage ownership interest is equal to the percentage voting rights, and the Group does not have significant influence over the company.

Henleo 1080 (Pty) Ltd is involved in the blending of fertiliser products and operates in South Africa. The issued share capital of Henleo 1080 (Pty) Ltd is R100.

The Group accounts for its investment in its associates using the equity method.

No dividends were declared by or received from Henleo 1080 (Pty) Ltd. The year-end of Henleo (Pty) Ltd is 28 February annually and the summarised financial information is based on the management accounts for 31 August 2016.

SUMMARISED FINANCIAL INFORMATION OF MATERIAL ASSOCIATE

SUMMARISED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	2016	2015
	R	R
Henleo 1080 (Pty) Ltd		
Revenue	2,491,519	-
Other income and expenses	(3,180,374)	-
Profit (loss) from continuing operations	(688,855)	-
Total comprehensive income	(688,855)	-
SUMMARISED STATEMENT OF FINANCIAL POSITION		
Henleo 1080 (Pty) Ltd		
Assets		
Non-current	28,502,928	22,940,137
Current	1,838,300	-
Total assets	30,341,228	22,940,137
Liabilities		
Non-current	32,021,508	22,940,037
Total liabilities	32,021,508	22,940,037
Total net liabilities	(1,680,280)	100

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9 INVESTMENTS IN ASSOCIATES (continued)

	2016	2015
RECONCILIATION OF NET ASSETS TO EQUITY ACCOUNTED INVESTMENTS IN ASSOCIATES	Henleo 1080 (Pty) Ltd	
Interest in associates at percentage ownership	36	36
Carrying value of investment in associate	36	36

Unrecognised share of losses of associates

The Group has discontinued recognising its share of the losses of Henleo 1080 (Pty) Ltd, and the investments is held at cost due to these losses. The Group's share of the unrecognised losses for the current period amount to R247,987 (2015: R356,949). The accumulated unrecognised losses to date amount to R604,936 (2015: R356,949)

10 LOAN TO ASSOCIATE

	2016	2015
ASSOCIATE	R	R
Henleo 1080 (Pty) Ltd	11,527,743	7,533,214
Subject to the availability of funds of the company, the loan shall be repaid as may be agreed from time to time. The loan carries interest at a rate linked to the prime lending rate.		

FAIR VALUE OF LOANS TO ASSOCIATES

The loan to the associate approximate its fair value. The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above.

11 OTHER LOANS PAYABLE

	2016	2015
	R	R
Buurman Trust	(1,569,674)	(2,410,293)
The unsecured loan bears interest at a rate linked to the prime lending rate and is repayable on demand.		
Palkor (Pty) Ltd	(7,149,551)	-
The loan carries no interest and is repayable as and when future profits arise from operations.		
Rand Agri (Pty) Ltd	(9,106,551)	-
An amount of R6,100,525 of the loan owed by Maluti Milling (Pty) Ltd carries interest at a rate linked to the prime lending rate and is classified as a non-current loan. Maluti Milling (Pty) Ltd is in debt with the same amount to the other stakeholder, TWK Agri (Pty) Ltd. This loan is repayable simultaneously and proportionately to both the shareholders, and must be repaid prior to the declaration of any dividends or other distributions to the shareholders of Maluti Milling (Pty) Ltd. The rest of the loan carries no interest and is repayable as and when future profits arise from operations and is classified as current.		
Treated Timber Products (Pty) Ltd	(1,542,628)	-
The unsecured loan carries interest at a rate linked to the prime lending rate and has no fixed repayment terms.		
	(19,368,404)	(2,410,293)
Non-current liabilities	(13,250,076)	-
Current liabilities	(6,118,328)	(2,410,293)
	(19,368,404)	(2,410,293)
Fair value of other loans payable		
Other loans payable	(19,368,404)	(2,410,293)

12 OTHER FINANCIAL ASSETS

	2016	2015
	R	R
At fair value through profit or loss – held for trading		
Forward contracts	-	660,514
The forward purchase contracts represent contracts with producers for the procurement of physical commodities in the future. The forward sale contracts represent contracts with millers and other clients. It is against Group policy to have speculative positions.		
Available-for-sale		
Unlisted shares	68,357,655	60,047,421
Loans and receivables		
Forestry and term loans	124,221,062	142,597,727
The loans represent loans and receivables to clients for financing of mortgage loans and plantations which are repayable in more than 12 months. The maximum exposure to credit risk at the reporting date is the fair value of the loans mentioned above less collateral held. The underlying asset serves as security for the loan.		
The carrying value of forestry and term loans has been pledged as security as set out in note 24.		
Total other financial assets	192,578,717	203,305,662
Non-current assets		
Available-for-sale	68,357,655	60,047,421
Loans and receivables	124,221,062	142,597,727
	192,578,717	202,645,148
Current assets		
At fair value through profit or loss – held for trading	-	660,514
	192,578,717	203,305,662

Fair value information

Financial assets at fair value through profit or loss are recognised at fair value, which approximate to their carrying amounts.

Unlisted shares are measured at fair value based on the interest the Group holds in the unlisted company's assets and liabilities, fairly valued, at year-end. Refer to note 47 for fair value information.

RECONCILIATION OF UNLISTED SHARES AT FAIR VALUE – 2016	Opening balance	Gains or losses in other comprehensive income	Total
	R	R	
Unlisted shares	60,047,421	8,310,234	68,357,655

RECONCILIATION OF UNLISTED SHARES AT FAIR VALUE – 2015	Opening balance	Gains or losses in other comprehensive income	Additions through TWK Group restructuring	Total
	R		R	
Unlisted shares	-	5,189,446	54,857,975	60,047,421

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12 OTHER FINANCIAL ASSETS (continued)

	2016	2015
	R	R
Number of shares in unlisted companies		
TWK Agriculture Holdings (Pty) Ltd – Held by TWK Motors (Pty) Ltd	653,056	653,056
BKB Ltd	2,300	2,300
NTE Company Limited	3,431,064	3,431,064
Shares held by nominee	514,888	514,888
	4,601,308	4,601,308
	2016	2015
	R	R
Carrying amount of unlisted shares		
TWK Agriculture Holdings (Pty) Ltd – Held by TWK Motors (Pty) Ltd	30,430,143	30,430,143
BKB Ltd	24,955	20,700
NTE Company Limited	35,430,656	27,251,747
Shares held by nominee	2,471,907	2,344,831
	68,357,661	60,047,421

13 FINANCIAL ASSETS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	2016		
	Loans and receivables	Available-for-sale	Total
	R	R	R
Unlisted shares	-	68,357,661	68,357,661
Loans and receivables	124,221,062	-	124,221,062
Finance lease receivables	35,570,010	-	35,570,010
Trade and other receivables	707,581,190	-	707,581,190
Cash and cash equivalents	133,176,447	-	133,176,447
Loan to associate	11,527,743	-	11,527,743
	1,012,076,452	68,357,661	1,080,434,113
	2015		
	Loans and receivables	Available-for-sale	Total
	R	R	R
Unlisted shares	-	60,047,421	60,047,421
Loans and receivables	142,597,727	-	142,597,727
Finance lease receivables	38,473,646	-	38,473,646
Trade and other receivables	870,259,300	-	870,259,300
Cash and cash equivalents	57,320,145	-	57,320,145
Loan to associate	7,533,214	-	7,533,214
	1,116,184,032	60,047,421	1,176,231,453

14 DEFERRED TAX

	2016	2015
	R	R
Deferred tax liability		
Plant and equipment	(6,798,240)	(10,600,140)
Revaluation of land and buildings	(5,534,001)	4,309,676
Unlisted investments	(4,801,202)	(967,727)
Biological assets	(135,261,517)	(119,131,034)
Total deferred tax liability	(152,394,960)	(126,389,225)
Deferred tax asset		
Accruals and provisions	26,709,919	20,276,177
Tax losses available for set-off against future taxable income	38,281,274	42,835,883
Total deferred tax asset	64,991,193	63,112,060

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

	2016	2015
	R	R
Deferred tax liability	(152,394,960)	(126,389,225)
Deferred tax asset	64,991,193	63,112,060
Total net deferred tax liability	(87,403,767)	(63,277,165)
Reconciliation of deferred tax asset/(liability)		
At beginning of year	(63,277,165)	2,858,057
Increases (decrease) in tax loss available for set-off against future taxable income	(4,554,609)	39,977,826
Temporary difference on plant and equipment	3,801,900	(10,600,140)
Temporary difference on biological assets	(16,130,483)	(119,131,034)
Temporary difference on revaluation of property	(9,843,677)	4,309,676
Temporary difference on accruals and provisions	6,433,742	20,276,177
Temporary difference on fair value adjustment of investments	(3,833,475)	(967,727)
	(87,403,767)	(63,277,165)

Use and sales rate

The deferred tax rate applied to the fair value adjustments of investment properties / financial assets is determined by the expected manner of recovery. Where the expected recovery of the investment property / financial assets is through a sale the capital gains tax rate of 22.40% (2015: 18.67%) is used. If the expected manner of recovery is through indefinite use, the normal tax rate of 28% (2015: 28%) is applied.

When a combination of the two recovery methods are applied, a combination of the relevant rates is used.

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15 FINANCE LEASE RECEIVABLES

	2016	2015
	R	R
Gross investment in the lease due		
- within one year	18,454,402	18,394,370
- in second to fifth year inclusive	25,110,229	28,236,386
	43,564,631	46,630,756
Less: Unearned finance income	(7,994,621)	(8,157,110)
	35,570,010	38,473,646
Non-current assets	19,186,204	21,869,713
Current assets	16,383,806	16,603,933
	35,570,010	38,473,646

Finance lease receivables represent items sold over varying terms of up to 60 months. The underlying asset serves as security for the lease agreement. Interest rates are market-related and both variable and fixed depending on the specific agreement. The carrying value of finance lease receivables have been pledged to secure borrowings (see note 24). Refer to note 47 for fair value information.

16 RETIREMENT BENEFITS

Defined benefit plan

The plan is a post-employment, defined medical benefit plan. The value is based on the valuation performed by the company adjusted for benefits paid out during the financial year. Actuarial gains or losses are provided for against income.

	2016	2015
	R	R
Movements for the period		
Opening balance	(4,756,286)	(4,484,537)
Net expense recognised in profit or loss	(1,332,723)	(271,749)
	(6,089,009)	(4,756,286)
Net expense recognised in profit or loss		
Current service cost	1,237,098	1,177,806
Actuarial (gains) losses	(2,569,821)	(1,449,555)
	(1,332,723)	(271,749)

Key assumptions used

The liability as at 31 August 2016 takes into account mortality tables as required by IAS 19 and the calculation is based on the current value of expected medical aid contributions by taking into account assumptions described below. All former employees who qualify to form part of this scheme are retired. The valuation does not include an accrued service factor in the calculation of the liability value of current employees as they do not qualify for the scheme.

	2016	2015
Discount rates used	11.82 %	11.50 %
Healthcare inflation rate	6.60 %	5.00 %
Mortality post-retirement table used	PA90-1	PA90-1

Sensitivity analysis

The effect of an increase of one percentage point and the effect of a decrease of one percentage point in the assumed medical cost rates on the accumulated post-employment benefit obligation is as follows:

	2016	2015
	R	R
Increase of 1%	208,554	145,402
Decrease of 1%	(200,895)	(140,589)

The effect of an increase of one percentage point and the effect of a decrease of one percentage point in the discount rate used is as follows:

	2016	2015
	R	R
Increase of 1%	(190,013)	(131,362)
Decrease of 1%	200,468	138,047

17 INVENTORIES

	2016	2015
	R	R
Consumables	3,462,960	4,194,338
Farming requisites and trading stock	516,836,321	536,467,035
Agricultural products	263,102,564	292,720,659
Plantations saleable within 12 months	219,075,881	195,970,336
	1,002,477,726	1,029,352,368
Inventories (write-downs)	(8,138,151)	(7,647,718)
	994,339,575	1,021,704,650

Inventory pledged as security

Inventory with a carrying value of R532,950,190 (2015: R609,187,464) has been pledged to secure borrowings granted to the Group as set out in note 24.

The price of grain inventory is hedged in terms of the grain policy on the South African Futures Exchange (Safex). Variance margins are also set off against these items and consequently the carrying value is equal to the fair value thereof.

18 TRADE AND OTHER RECEIVABLES

	2016	2015
	R	R
Trade receivables	669,163,365	698,963,469
Employee costs in advance	85,352	31,795
Deposits	560,910	1,477,122
VAT	54,474,106	66,929,494
Other receivables	37,771,563	97,404,721
Prepayments	4,810,436	5,452,699
	766,865,732	870,259,300

Trade and other receivables pledged as security

Trade receivables with a carrying value of R581,409,417 (2015: R648,318,943) have been pledged as security as set out in note 24.

Trade receivables consist mainly of production accounts and current accounts.

Production accounts mainly include the extension of credit to producers on a seasonal basis for purpose of procuring inputs and/or mechanisation purchases from or via TWK. These accounts bear interest at market-related rates.

Current accounts consist of 30-day monthly accounts and are interest-free for the first 30 days after statement. The interest on arrears accounts is levied at guideline rates as determined by the National Credit Act. The fair value of trade and other receivables approximates its carrying value.

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18 TRADE AND OTHER RECEIVABLES (continued)

Trade and other receivables past due but not impaired

At year-end, trade and other receivables of R59,683,727 (2015: R75,210,475) were past due but not considered to be impaired. These relate to a number of independent customers for whom there is no recent history of default. The Group held R26,213,800 (2015: R19,450,000) in terms of mortgage bonds, notarial covering bonds, general guarantees and sessions on crops as security for these past due accounts. Credit guarantee insurance cover is purchased on a portion of the debtors book to compensate for possible non-payments.

The ageing of amounts past due but not impaired is as follows:

	2016	2015
	R	R
Up to 6 months	40,590,644	57,041,114
7 to 12 months past due	4,511,986	5,743,489
13 to 24 months past due	14,581,097	12,425,872
Total	59,683,727	75,210,475

Trade and other receivables impaired

As of 31 August 2016, trade and other receivables of R3,426,817 (2015: R4,929,240) were impaired and provided for. The amount of the provision was R5,473,527 as of 31 August 2016 (2015: (R5,562,348)).

	2016	2015
	R	R
RECONCILIATION OF PROVISION FOR IMPAIRMENT OF TRADE AND OTHER RECEIVABLES		
Opening balance	(5,562,348)	(4,298,064)
Provision for impairment	(3,426,817)	3,087,116
Amounts written off as uncollectable	3,515,638	-
Additions through TWK Group restructuring	-	(4,351,400)
	(5,473,527)	(5,562,348)

The creation and release of provision for impaired receivables have been included in operating expenses in profit or loss. The objective of the impairment is to recognise expected credit losses of which there have been significant increase in credit risk since initial recognition on an individual basis. The individual impairment of trade receivables is in respect of debtors who could possibly not settle their debts from current activities.

Before accepting new and existing customers, the Group uses firm accessing procedures, according to the approved credit policy, to assess the customer's credit quality and defines credit limits by customer. The maximum exposure to credit risk at the reporting date is the fair value of receivables mentioned above less securities held by the Company. In addition to the above, credit guarantee insurance cover is purchased on a portion of the debtors book to compensate for possible non-payments. The Group has no significant concentration of credit risk due to its wide spread of customers. The Group has policies in place to ensure that sales of products and services are only made to customers with an appropriate credit history, within approved credit limits and against appropriate securities. Management believes that credit risk inherent in trade receivables has sufficiently been accounted for through the provision of impairment.

19 CASH AND CASH EQUIVALENTS

	2016	2015
	R	R
Cash and cash equivalents consist of:		
Bank balances	120,436,226	44,597,251
Safex initial margins	11,255,119	11,168,376
Other cash and cash equivalents	1,485,102	1,554,518
Bank overdraft	(262,662)	(116,609,533)
	132,913,785	(59,289,388)
Current assets	133,176,447	57,320,145
Current liabilities	(262,662)	(116,609,533)
	132,913,785	(59,289,388)

Cash and cash equivalents pledged as collateral

Safex initial margins consist of deposits made for hedging positions which are held for pre-season grain contracts and own grain inventory. The overdraft facility of the Group at Standard Bank is R330,000,000 (2015: R80,000,000) in total which consists of two separate overdraft facilities of R250,000,000 and R80,000,000 respectively.

The overdraft facility of R250,000,000 is secured by a first continuing covering mortgage bond over the immovable property and a notarial general bond to the maximum of R25,000,000 over the movable assets (woodchips and wood logs) of Shiselweni Forestry Company (Pty) Ltd, a fellow subsidiary of the company.

The Group has adequate financial resources available for future operating activities and commitments.

20 DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS HELD FOR SALE

During the year, the Group decided to discontinue its trade operations at the Port Alfred branch – (2015: four branches at Eersterivier, Alexandria, Barkley East and Uitenhage) and also disposed of the investment property held by Castle Walk Property Investments (Pty) Ltd. The decision was made by the Board to discontinue these operations due to the lack of return on investment. The analysis of the result of discontinued operations is as follows:

	2016	2015
	R	R
PROFIT AND (LOSS) OF DISCONTINUED OPERATIONS		
Revenue	39,075,400	114,253,026
Expenses	(38,047,088)	(117,918,444)
Net profit/(loss) before tax of discontinued operations	1,028,312	(3,665,418)
Tax	(287,927)	1,026,317
Net profit/(loss) after tax of discontinued operations	740,385	(2,639,101)

Assets of disposal group held for sale

In the prior year the Group decided to sell two other properties which did not generate desired returns. These properties did not form part of the discontinued operations.

	2016	2015
	R	R
Non-current assets held for sale		
Property, plant and equipment	-	2,910,000

21 SHARE CAPITAL

Authorised

56,150,357 (2015: 56,150,357) no-par value ordinary shares

There were no changes in the authorised share capital during the period. The unissued shares are under the control of the directors until the forthcoming annual general meeting.

	2016	2015
	R	R
Issued		
35,100,993 (2015: 35,100,993) no-par value ordinary shares	776,478,952	776,478,952

Certain rights, preferences and restrictions are attached to the shares as described in the TWK Investments Ltd Memorandum of Incorporation.

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22 REVALUATION RESERVE ON LAND AND BUILDINGS

In terms of the Memorandum of Incorporation, the revaluation reserve is non-distributable and relates to the revaluation of land and buildings, included in property, plant and equipment as indicated in note 6.

	2016	2015
	R	R
Fair value – balance at the beginning of the year	15,927,642	-
Fair value adjustments for the year	1,642,468	16,319,274
Fair value – other movements for the year	(7,874,081)	-
Deferred taxation	(470,734)	(391,632)
	9,225,295	15,927,642
Total fair value adjustments	10,087,661	16,319,274
Total deferred tax	(862,366)	(391,632)
	9,225,295	15,927,642

23 FAIR VALUE ADJUSTMENT ASSETS – AVAILABLE-FOR-SALE RESERVE

The reserve represents fair value changes on available-for-sale financial assets as indicated in note 12 (Investments in Unlisted Shares). The fair value reserve comprises the cumulative net change in the fair value of the available-for-sale financial assets until the assets are derecognised or impaired.

	2016	2015
	R	R
Fair value – balance at the beginning of the year	4,221,718	-
Fair value adjustments for the year	8,310,240	5,189,446
Deferred taxation	(3,833,474)	(967,728)
	8,698,484	4,221,718
Total fair value adjustments	13,499,686	5,189,446
Total deferred tax	(4,801,202)	(967,728)
	8,698,484	4,221,718

24 OTHER FINANCIAL LIABILITIES

	2016	2015
	R	R
AT FAIR VALUE THROUGH PROFIT OR LOSS		
Commodity forward contracts The forward purchase contracts represents contracts with producers for the procurement of physical commodities in the future. The forward sale contracts represent contracts with millers and other clients. It is against group policy to have speculative positions.	5,233,948	-
US-dollar forward contracts The Group's US-dollar forward contracts relate to cash flows that are expected to occur during the period September – December 2016	28,243,645	-
Total at fair value through profit or loss	33,477,593	
HELD AT AMORTISED COST		
Land Bank: Revolving loan facilities * The loans is repayable on 31 May 2017 provided that the Land Bank shall, following a written request by the borrower on 120 days' notice, be entitled, in its sole discretion, to extend the final repayment date.	1,085,000,000	1,085,000,000
ABSA Bank The loan bears interest at a prime-linked rate and is secured by a mortgage bond over investment property as referred to in note 4 and is repayable in monthly instalments.	-	6,541,975
Land Bank: Revolving loan facility The loan was granted to the company for the financing of loans to emerging farmers for production credit and establishment finance. The loan has a final repayment date of 5 years from the month following the month in which the first advance was made. No interest is payable on the loan.	25,262,077	12,020,102
Land Bank: Term loan * The loan is repayable in monthly instalments over a remaining period of 37 months.	25,732,346	32,748,952
Land Bank: Term loan * The loan is repayable in yearly instalments over a remaining period of 17 years.	141,392,696	157,351,362
Land Bank: Term loan *	75,000,000	75,000,003
Rand Merchant Bank The revolving loan facility is secured by sessions over certain grain inventory (refer to note 17) and the loan bear interest at a prime-linked rate.	61,620,937	103,598,798
Rand Merchant Bank The loan from RMB was secured by notarial bonds over certain plantations (refer to note 4). The loan was repaid during the year.	-	15,935,219
ABSA Bank The mortgage bond is secured by certain property with a carrying amount of R6,215,000 (refer note 5) and bears interest at a prime-linked rate. The loan is repayable in monthly instalments over a remaining period of 172 months.	-	747,344
Total – at amortised cost	1,414,008,056	1,488,943,755
Total – other financial liabilities	1,447,485,649	1,488,943,755

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24 OTHER FINANCIAL LIABILITIES (continued)

* All of the Land Bank facilities above as well as the loans granted by the Land Bank to TWK Investments Ltd, are secured by a Guarantee in aggregate of R 2 085 000 000 issued by the Security SPV Guarantor (TWK Guarantee Company (Pty) Ltd (RF)). TWK indemnify the security SPV against all claims in terms of the SPV Guarantee. As security for TWK performing its indemnity obligations to the Security SPV, sessions over biological assets (refer to note 4, investment in subsidiaries (refer to note 8), debtors (refer to note 18), forestry and term loans (refer to note 12), finance lease receivables (refer to note 15), inventory (refer to note 17), mortgage and notarial bonds over certain property, plant and equipment (refer to note 6) in the group is bonded in security to the Security SPV.

The loans bear interest at a prime-linked rate.

TWK Investments Ltd and TWK Agriculture Holdings (Pty) Ltd signed unlimited suretyship as guarantee for the loan facilities granted by the Land Bank. Due to an oversight certain trade receivables and certain inventory, not bonded to the SPV, were included in the cover statements provided to the Land Bank during the year and therefore the Group did not maintain its required level of security cover. There was sufficient cash and alternative facilities available to restore the required security cover ratio if the oversight was detected.

	2016	2015
	R	R
Non-current liabilities		
At amortised cost	221,873,984	280,886,507
Current liabilities		
Fair value through profit or loss	33,477,593	-
At amortised cost	1,192,134,072	1,208,057,248
	1,225,611,665	1,208,057,248
	1,447,485,649	1,488,943,755

The carrying amount of financial liabilities is deemed to be the fair value.

25 FINANCE LEASE LIABILITIES

	2016	2015
	R	R
Minimum lease payments due		
- within one year	129,378	616,878
- between one and five years	-	131,150
	129,378	748,028
Less: future finance charges	(996)	(31,005)
Present value of minimum lease payments	128,382	717,023
Present value of minimum lease payments due		
- within one year	128,178	588,906
- between one and five years	204	128,117
	128,382	717,023
Non-current liabilities	204	128,117
Current liabilities	128,178	588,906
	128,382	717,023

Interest rates are linked to prime rates at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer to note 6.

26 PROVISIONS

	2016			
RECONCILIATION OF PROVISIONS - 2016	Opening balance	Additions	Utilised during the year	Total
	R	R	R	R
Provisions	680,215	327,654	(478,984)	528,885

	2015				
RECONCILIATION OF PROVISIONS - 2015	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
	R	R	R	R	R
Provisions	-	599,376	(327,015)	92,900	680,215

These provisions consist mainly of retrieval deficits at the Group's tyre segment companies Protea Versoolwerke (Ermelo) (Pty) Ltd and Protea Versoolwerke Kimberley (Pty) Ltd.

27 DIVIDEND PAYABLE

The dividends already declared and paid to shareholders during the period are as reflected in the statement of changes in equity.

28 TRADE AND OTHER PAYABLES

	2016	2015
	R	R
Trade payables	388,016,218	393,825,248
Amounts received in advance	3,575,556	13,147,184
Accrued expenses	173,633,736	109,422,139
Deposits received	263,174	179,345
Other payables	51,199,292	90,913,360
	616,687,976	607,487,276

The fair value of trade and other payables approximates its carrying value.

29 FINANCIAL LIABILITIES BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	2016	
	Financial liabilities at amortised cost	Total
	R	R
Other loans payable	19,368,404	19,368,404
Finance lease liabilities	128,382	128,382
Other financial liabilities	1,447,485,649	1,447,485,649
Trade and other payables	613,112,420	613,112,420
Bank overdraft	262,662	262,662
	2,080,357,517	2,080,357,517

	2015	
	Financial liabilities at amortised cost	Total
	R	R
Other loans payable	2,410,293	2,410,293
Finance lease liabilities	717,023	717,023
Other financial liabilities	1,488,943,755	1,488,943,755
Trade and other payables	607,487,276	607,487,276
Bank overdraft	116,609,533	116,609,533
	2,216,167,880	2,216,167,880

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30 REVENUE

	2016	2015
	R	R
Sale of goods	6,400,104,019	5,190,957,953
Finance income	56,836,690	63,887,889
Commission income	44,664,715	42,395,002
	6,501,605,424	5,297,240,844

	2016	2015
	R	R
Sale of goods consisting of:		
Retail sales and services	3,412,451,037	2,198,428,673
Industrial sales	1,008,544,320	1,016,339,249
Products	1,979,108,662	1,976,190,031
	6,400,104,019	5,190,957,953

31 COST OF SALES

	2016	2015
	R	R
Purchase of goods	5,614,738,818	4,517,435,928
	5,614,738,818	4,517,435,928
Purchase of goods		
Retail sales and services	2,970,695,508	1,852,223,359
Industrial sales	910,130,057	896,474,030
Products	1,733,913,253	1,768,738,539
	5,614,738,818	4,517,435,928

32 OTHER OPERATING INCOME

	2016	2015
	R	R
Administration and management fees received	10,827,120	8,774,391
Fees earned	4,248,367	5,250,470
Currency gains	-	5,139,779
Transport recovered	8,647,535	6,420,496
Hedging income	293,587	2,254,109
Bad debt recovered	122,050	174,818
Rental income	727,200	2,124,493
Other farming income	8,827,432	-
Government grants	947,774	-
Other income	24,946,477	50,578,139
	59,587,542	80,716,695

33 OTHER OPERATING GAINS (LOSSES)

	2016	2015
	R	R
Gains (losses) on disposals, scrappings and settlements		
Property, plant and equipment	9,671,246	1,187,679
Non-current assets held for sale and disposal groups	-	282,230
	9,671,246	1,469,909

34 OPERATING PROFIT

Operating profit for the year is stated after accounting for the following:

	2016	2015
	R	R
Auditors' remuneration – external		
Audit fees	2,490,245	1,911,790
Expenses	411,275	250,737
	2,901,520	2,162,527
Employee costs		
Salaries, wages, bonuses and other benefits	306,769,711	285,831,399
Leases		
Operating lease charges		
Premises	55,415,067	47,915,433
Motor vehicles	4,783,699	2,812,875
Equipment	1,239,760	2,350,669
Lease rentals on operating lease	1,578,947	1,577,632
	63,017,473	54,656,609
Depreciation and amortisation		
Depreciation of property, plant and equipment	22,271,226	20,184,357
Amortisation of intangible assets	819,297	-
Total depreciation and amortisation	23,090,523	20,184,357

35 INVESTMENT REVENUE

	2016	2015
	R	R
Dividend income		
From investments in financial assets measured at fair value through profit or loss:		
Unlisted investments – Local	1,089,164	794,393

36 FINANCE COSTS

	2016	2015
	R	R
Other loans payable	685,444	127,256
Finance leases	27,564	119,199
Current borrowings	110,547,556	107,196,260
Tax authorities	823,331	273,184
Total finance costs	112,083,895	107,715,899

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37 TAXATION

	2016	2015
	R	R
MAJOR COMPONENTS OF THE TAX EXPENSE		
Current		
Local income tax - current period	27,916,905	6,545,148
Deferred		
Originating and reversing temporary differences	16,213,582	19,264,513
	44,130,487	25,809,661

RECONCILIATION OF THE TAX EXPENSE

RECONCILIATION BETWEEN APPLICABLE TAX RATE AND AVERAGE EFFECTIVE TAX RATE.		
Applicable tax rate	28.00%	28.00%
Exempt income	(0.81)%	(0.25)%
Capital gains tax	(1.02)%	- %
Disallowable charges	1.45%	(4.37)%
	27.62%	23.38%

38 LOYALTY SCHEME PAYMENTS

The TWK Loyalty Scheme was implemented to incentivise clients for doing business with the TWK Group by awarding shares to be taken up in the TWK Group and/or cash payments on an annual basis. All bona fide farmers who do significant business with the TWK Group by contributing to gross profit exceeding a set minimum amount qualify to be awarded through the TWK Loyalty Scheme.

39 CASH GENERATED FROM OPERATIONS

	2016	2015
	R	R
Profit before taxation	159,716,082	109,048,245
Adjustments for:		
Depreciation and amortisation	23,090,523	20,185,343
Gains on disposals, scrappings and settlements of assets and liabilities	(10,699,503)	-
Dividend income	1,089,164	-
Interest income	(4,318,467)	(701,971)
Finance costs	112,083,895	107,715,899
(Gains)/Loss arising from changes in fair value of biological assets	(20,269,522)	(15,258,293)
Movements in retirement benefit assets and liabilities	1,332,723	4,756,286
Movements in provisions	250,282	680,215
Loss on fair value adjustment on investment property	-	2,940,000
Changes in working capital:		
Inventories	26,874,642	(1,021,704,650)
Trade and other receivables	103,482,389	(868,511,334)
Trade and other payables	34,588,664	595,509,622
	427,220,872	(1,065,340,638)

40. TAX PAID

	2016	2015
Balance at beginning of the period	3,831,411	1,346,601
Current tax recognised in profit or loss	(27,916,905)	(6,545,148)
Balance at end of the period	(2,086,240)	(3,831,411)
	(26,171,734)	(9,029,958)

41 DIVIDENDS PAID

	2016	2015
Balance at beginning of the year	-	-
Dividends declared during the year	(12,185,260)	-
Balance at end of the year	222,004	-
	(11,963,256)	-
Normal dividend per share – cents	35.00	0.00

42 EARNINGS PER SHARE

	2016	2015
	R	R
Profit for the year	115,585,595	84,585,504
Non-controlling interest	7,712	(6,746,009)
Consolidated profit attributable to the owners of the holding company	115,593,307	77,839,495
Total number of shares in issue at year-end	35,100,993	35,100,993
Basic earnings per share (c)	329.32	221.76
Earnings per share from continuing operations		
Consolidated profit attributable to the owners of the holding company	115,593,307	77,839,495
Less discontinued operations	(740,385)	2,639,101
	114,852,922	80,478,596
Basic earnings per share from continuing operations (c)	327.21	229.28
Basic earnings per share from discontinuing operations (c)	2.10	(7.52)

The calculation of earnings per share is based on the consolidated profit attributable to the owners of the holding company divided by the total number of shares in issue at year-end.

43 COMMITMENTS

	2016	2015
	R	R
AUTHORISED CAPITAL EXPENDITURE		
Already contracted for but not provided for		
• Property, plant and equipment	283,212	4,484,318
Not yet contracted for and authorised by directors		
• Property, plant and equipment	68,415,901	55,712,612

This committed expenditure relates to property, plant and equipment and will be financed by available bank facilities, retained profits, mortgage facilities or existing cash resources.

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43 COMMITMENTS (continued)

	2016	2015
OPERATING LEASES – AS LESSEE (EXPENSE)		
	R	R
Minimum lease payments due		
- within one year	24,200,524	22,740,579
- between one and five years	52,864,514	49,463,688
	77,065,038	72,204,267

Operating lease payment represent rentals payable by the group for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

44 CONTINGENCIES

The Group had contingent liabilities at year-end in respect of:

- TWK Agri (Pty) Ltd – The Board approved the acquisition of the short-term insurance book of FFG Ermelo (Pty) Ltd. The purchase price will be a certain ratio of the income of the book calculated after five years. A deposit is payable and the balance after the five-year period.
- TWK Agri (Pty) Ltd – The Board approved the acquisition of 90% of the shareholding of Bedrock (Pty) Ltd over a period of four years. The main business of Bedrock (Pty) Ltd is the processing of timber. At the effective date of the acquisition, 50.01% will be acquired with a deposit payable and the balance of the purchase price will be calculated at a price-earnings ratio of 4 times the profit after tax for the previous year.
- Constantia Kunsms (Pty) Ltd can acquire an additional 10% interest in Gromor (Pty) Ltd at a price-earnings ratio of 4, but this can be reduced to 3.5 if estimated profit margins are not obtained.
- Lydenburg Saagmeule (Pty) Ltd – As part of the sale of assets agreement entered into with Palkor (Pty) Ltd during the financial year, wherein the majority of the company's operating assets were acquired, the company will be liable for an additional consideration of R3,710,000 payable to Palkor (Pty) Ltd upon the transfer of a property as stipulated in the sale agreement. As at 31 August 2016, the transfer of the property in question was still ongoing and not completed.
- Lions River Farmers Exchange (Pty) Ltd - The company acquired the Total filling stations situated at Elukwatini and Carolina. The coming into force and effect of the whole of the agreement will be subject to the fulfilment within a reasonable period of the conditions as stated in the Sales of Business Agreement. The maximum amount of future payments is R11,050,000.

45 RELATED PARTIES

	2016	2015
Relationships		
Subsidiaries	Refer to note 8	
Key management	Directors and prescribed officers	
RELATED PARTY BALANCES		
	R	R
Amounts included in Trade receivables regarding key management		
Key management	19,839,057	9,272,459
RELATED PARTY TRANSACTIONS		
Purchases from (sales to) key management		
Purchases from key management	66,601,265	74,694,992
Sales to key management	(6,024,261)	(10,235,184)
Interest paid to (received from) key management		
Interest received	(1,363,294)	(2,263,874)
Interest paid	-	2,145,827

RELATED PARTY TRANSACTIONS (continued)

Loyalty scheme payments to key management*	729,932	-
Dividends paid to key management*	446,822	-
Total number of shares held by the directors and relate shareholders in which they have declared a personal financial interest*		
RL Meyer	5,521	-
HA Ziervogel	206,241	-
AS Myburgh	1,276,120	-
TI Ferreira	9,305	-
HW Küsel	28,424	-
JS Stapelberg	269,555	-
JCN Warrington	10,511	-
	1,805,677	-

The Group enters into various transactions with subsidiaries, directors and key management. These transactions occur under terms no more favourable than those negotiated with third parties.

Key management consist of directors and senior management of the Group. No allowance for credit losses or impairments were made during the period for amount outstanding from key management.

*- Disclosed only from the current year.

46 RISK MANAGEMENT

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 11, 24 and 25, cash and cash equivalents disclosed in note 19, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the shareholders, return capital to the shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the debt to equity ratio:

	2016	2015
	Debt to equity ratio	Debt to equity ratio
	R	R
Equity	873,127,878	770,581,174
Interest-bearing liabilities	1,334,068,650	1,536,930,064
Total capital	2,207,196,528	2,307,511,238
Calculated rate (times)	1.53	1.99
Calculated rate (%)	152.79	199.45
Target band	150%-200%	150%-250%

The debt to equity ratio is calculated as the interest-bearing liabilities divided by equity. Total capital is calculated by equity as shown in the statement of financial position plus interest-bearing debt.

The Group is required by the loan agreement of the Land Bank to maintain a debt to equity ratio on a Group level of maximum 2.5 times. The Group complied with the imposed capital required and reduced the target band to 150%-200% from 150%-250%.

The TWK Group manages its capital (being the capital and reserves attributable to the Group's equity holders) in terms of a centralised model, where capital utilisation by the divisions or subsidiaries is evaluated by the central treasury division. New projects are evaluated and approved on an individual basis.

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46 RISK MANAGEMENT (continued)

The Board's goal is to maintain a strong capital base so as to maintain confidence to sustain future development of the business and to comply with externally imposed capital requirements. There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: (a) liquidity risk, (b) market risk (including (i) interest rate risk, (ii) currency risk and (iii) price risk) and (c) credit risk.

The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Management is responsible for the Group's risk management in line with principles for overall risk management provided by the Board of directors. Risk management is carried out by Management in close co-operation with the Group's operating units, through identifying, evaluating and hedging financial risk where needed. Written policies cover specific areas such as foreign exchange risk, credit risk and the use of derivative financial instruments.

(a) Liquidity risk

Liquidity risk is the risk that the Group has insufficient financial resources to meet its obligations as and when they fall due or that such resources will only be available at excessive costs. The risk arises from mismatches in the timing of cash flows.

Funding risk arises when the necessary liquidity to fund liquid asset positions cannot be obtained for the expected terms when required.

Liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The Group's management of liquidity and funding includes:

- Monitoring forecast cash flows and establishing the level of liquid facilities necessary on a daily basis;
- Ensuring that adequate unutilised borrowing facilities are maintained;
- Repayments of long-term borrowings are structured so as to match the expected cash flows from the operations to which they relate;
- Monitoring statement of financial position liquidity ratios against internal requirements; and
- Maintaining liquidity and funding contingency plans.

The Group utilises the credit facilities of various banking institutions and takes into account the maturity dates of its various assets and funds its activities by obtaining a balance between the optimal financing mechanism and the different financing products, which include bank overdrafts, short-term loans, commodity finance, finance lease and other creditors. The Group has been able to operate within these facilities and, based on the growth forecast and committed credit facilities, the trend is expected to continue.

Financial liabilities disclosed in note 24 as well as projected profitability levels will provide adequate liquidity levels to support operational cash flows within the foreseeable future.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

AT 31 AUGUST 2016	Within 1 year	Between 1 and 5 years	Over 5 years
Other financial liabilities	35,429,107	110,506,039	100,481,842
Trade and other payables	616,687,976	-	-
Finance lease obligations	140,899	298	-

AT 31 AUGUST 2015	Within 1 year	Between 1 and 5 years	Over 5 years
Other financial liabilities	18,608,175	90,498,952	87,833,365
Trade and other payables	607,487,276	-	-
Finance lease obligations	647,353	187,063	-

(b) Market risk

(i) Interest rate risk

The Group finances its operations through a combination of shareholders' funds loans and bank borrowings. The Group's interest rate risk arises from long- and short-term financial liabilities as well as long- and short-term financial assets. The Group is naturally hedged against fluctuating interest rates to a large extent since interest-bearing debt is mainly utilised for assets earning interest at fluctuating rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's borrowings are denominated in the Rand.

To illustrate the Group's exposure to interest rate changes, the influence of interest rate changes on the carrying values of interest-bearing financial assets and financial liabilities and resulting profit after taxation, are illustrated below. The analysis is prepared assuming the amount of the liabilities and assets at the end of the reporting period was the balance for the whole year.

	2016	2015
	R	R
Interest-bearing liabilities	1,334,068,650	1,536,930,064
Interest-earning assets	828,954,437	625,537,893
Net interest-bearing liabilities	505,114,213	911,392,171
Half a percentage point increase in interest rates	2,525,571	4,556,961
Half a percentage point decrease in interest rates	(2,525,571)	(4,556,961)

(ii) Currency risk

The Group imports and exports products and is exposed to currency risk arising from various currency exposures, mainly the US Dollar. Currency risk arises when imports and exports of products realise at another exchange rate as the one at which the order took place for imports or at which the sale took place for exports. The functional currency is ZAR and management has prepared a policy stipulating how the foreign exchange risk be managed. To manage the foreign exchange rate risk, the Group makes use of exchange rate hedging instruments which commence when predetermined exchange rate levels are reached. The exchange rate hedging instruments are concluded with a financial institution.

The Group's exposure to currency rate changes on profit after tax with an increase or decrease of R0.50 in the value of the Rand compared to the US Dollar will be an increase or decrease of R8,703,335 respectively.

(iii) Price risk

The Group is exposed to equity price risk arising from equity investments and commodity price risk.

Equity investments held by the Group are held for strategic rather than trading purposes. The Group does not actively trade these investments.

The Group's sensitivity to equity prices has not changed significantly from the prior year.

Commodity price risk arises from the Group's consumption of agricultural commodities and its trading in derivative financial instruments linked to underlying agricultural commodity prices.

The procurement of grain commodities for utilisation by the Group and the subsidiaries is subject to the hedging policy approved by the Board of directors, and uses financial instruments such as commodity futures and option

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46 RISK MANAGEMENT (continued)

contracts, and other derivative instruments to reduce the volatility of input prices of these raw materials and therefore mitigate against market risk. The monitoring and management of the risk mitigation strategies are performed on a daily basis to ensure that all trades are within the approved exposure limits. The Group also offers broking services to producers and consumers of agricultural commodities such as maize and soya beans. This offering generates limited exposure to market risk due to the back-to-back nature of the transactions.

(c) Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments, trade debtors and other loans and receivables.

The Group only deposits cash with major banks with a high-quality credit standing and limits exposure to any one counterparty. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In addition to the above, credit guarantee insurance cover is purchased on a portion of the debtors book to compensate the Group for possible non-payments.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas, mainly Mpumalanga and Kwazulu-Natal. As a result of a strict credit policy, which includes the ongoing revision of credit limits, securities and credit evaluations of financial positions of these clients, the Group is of the opinion that the credit risk associated with these financial assets are relatively small under normal circumstances.

The Group has policies and procedures in place to ensure that sales of products are made to customers with an acceptable credit history. These policies and procedures are approved by the Board of Directors. The Board delegates the responsibility for the management of credit risk within the parameters set by the Credit Policy. The Credit Committee meeting takes place on a daily basis if necessary. The Credit Committee approves applications for monthly accounts, crop loans, term loans and asset finance after evaluating the credit risk of the individual applicant.

It is policy to ensure that loans and receivables are within the customer's capacity to repay. Collateral is an important mitigant of credit risk. Seasonal loans are usually secured by a combination of mortgage bonds, notarial bonds over movable assets and a cession of crops.

Loans and receivables are treated as impaired as soon as there is objective evidence that an impairment loss has been incurred. The criteria used to determine that there is such objective evidence include:

- Cash flow difficulties experienced by the customer;
- Overdue contractual payments; and
- Breach of loan covenants or conditions.

The maximum potential credit risks of the Group are set out as follows:

	2016	2015
	R	R
Forestry and term loans	124 221 062	142 597 727
Finance lease receivables	35 570 010	38 473 646
Trade and other receivables	766 865 732	870 259 300
Bank balances	120 436 226	44 597 251
Other deposits	11 255 119	11 168 376

47 FAIR VALUE INFORMATION

Fair value hierarchy

The table on the following page summarises fair value measurements recognised in the statement of financial position or disclosed in the Group's financial statements by class of asset or liability and 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.

Levels of fair value measurements

Level 1

Recurring fair value measurements

	Note(s)	2016	2015
ASSETS			
Financial assets at fair value through profit or loss – held for trading	12		
Forward commodity contracts		-	660,514
LIABILITIES			
Financial assets at fair value through profit or loss – held for trading	24		
Forward commodity contracts		5,233,948	-
		(5,233,948)	577,131

Level 2

Recurring fair value measurements

	Note(s)	2016	2015
ASSETS			
Biological assets	4		
Livestock		3,830,550	2,750,800
Total		3,830,550	(660,514)

Level 3

Recurring fair value measurements

	Note(s)	2016	2015
ASSETS			
Biological assets	4		
Trees in a plantation forest		482,374,232	428,922,070
Investment property	5		
Investment property		-	15,960,000
Property, plant and equipment	6		
Land and buildings		486,720,787	471,021,143
Available-for-sale financial assets	12		
Unlisted shares		68,357,655	60,047,421
Total		1,037,452,674	1,063,114,143

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47 FAIR VALUE INFORMATION (continued)

Non-recurring fair value measurements

	2016	2015
FINANCIAL ASSETS AT AMORTISED COST		
Level 1		
Cash and cash equivalents	134,767,564	57,320,145
Level 3		
Loans and receivables	828,954,437	880,034,842
Total	963,722,001	937,354,987

* Loans and receivables consists of forestry and term loans (note 12), finance lease receivables (note 15) and trade receivables (note 18).

Financial liabilities at amortised cost

	2016	2015
Level 1		
Bank overdraft	-	116,609,533
Level 3		
Shareholder loans	19,368,404	2,410,293
Financial and other liabilities	2,054,451,392	2,097,148,054
Total	2,073,819,796	2,216,167,880
Total	3,037,541,797	3,154,840,248

** Financial and other liabilities consist of financial liabilities (note 24), finance lease obligation (note 25) and trade and other liabilities (note 28).

RECONCILIATION OF ASSETS AND LIABILITIES MEASURED AT LEVEL 3	Note(s)	Opening balance	Gains/ losses recognised in profit or loss	Gains/ losses recognised in other comprehensive income	Purchases	Sales	Other operational movements	Closing balance
2016								
ASSETS								
Biological assets	4							
Trees in a plantation forest		428,922,070	19,189,772	-	279,902,811	(264,915,416)	23,105,545	486,204,782
Livestock		-	1,079,750	-	-	-	-	1,079,750
Total biological assets		428,922,070	20,269,522	-	279,902,811	(264,915,416)	23,105,545	487,284,532
INVESTMENT PROPERTY	5							
Investment property		15,960,000	-	-	-	(15,960,000)	-	-
Property, plant and equipment	6							
Land and buildings		471,021,143	-	1,611,545	23,718,477	(8,771,868)	(858,510)	486,720,787
Available-for-sale financial assets	12							
Unlisted shares		60,047,421	-	8,310,234	-	-	-	68,357,655
Total		975,950,634	20,269,522	9,921,779	303,621,288	(289,647,284)	22,247,035	1,042,362,974

Information about valuation techniques and inputs used to derive level 3 fair values

Plantations are measured on initial recognition and at subsequent reporting dates at fair value less estimated costs to sell by using the Faustmann formula. Refer to note 4.

Every year the directors evaluate whether there is an indication that the carrying value of investment property differs materially from the estimated market value. Valuations are independently performed by a registered valuer.

Every year the directors evaluate whether there is an indication that the carrying value of an item of land and buildings differs materially from the estimated market value. When there is an indication of such a change in fair value, the item is revalued by an independent valuer. All items of land and buildings are revalued at least once every four years. Refer to note 5.

Unlisted shares are measured at fair value based on the interest the Group holds in the unlisted company's' assets and liabilities, fairly valued, at year-end.

48 CAPITAL MANAGEMENT

The Board's goal is to maintain a strong capital base so as to maintain confidence, to sustain future development of the business and to comply with externally imposed capital requirements. Capital consists of share capital, retained earnings, reserves and non-controlling interest. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Group is required by the loan agreement of the Land Bank to maintain a debt to equity ratio of maximum 2.5 times. The Group complied with the imposed capital requirement.

49 EMOLUMENTS PAID TO DIRECTORS

	2016		
	Fees/salaries	Short-term incentives	Total
CA du Toit	312,498	-	312,498
TI Ferreira	99,421	-	99,421
CH Hiestermann	101,198	-	101,198
HW Küsel	223,880	-	223,880
RL Meyer	402,753	-	402,753
AS Myburgh	3,356,551	1,498,211	4,854,762
JS Stapelberg	209,398	-	209,398
JCN Warington	188,440	-	188,440
HA Ziervogel	243,366	-	243,366
	5,137,505	1,498,211	6,635,716

	2015		
	Fees/salaries	Short-term incentives	Total
CA du Toit	291,321	-	291,321
CH Hiestermann	195,340	-	195,340
HW Küsel	208,804	-	208,804
RL Meyer	375,770	-	375,770
AS Myburgh	3,160,950	965,000	4,125,950
JS Stapelberg	195,315	-	195,315
JCN Warington	170,151	-	170,151
HA Ziervogel	196,311	-	196,311
	4,793,962	965,000	5,758,962



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