ANNUAL REPORT 2017

The fingerprint of the farmer is engraved in the DNA of TWK.

TWK agri

TWK Investments Ltd

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.

SUSTAIN

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.

COMPANY

TWK Investments Ltd and its subsidiaries

COUNTRY OF INCORPORATION AND DOMICILE

South Africa

NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES

TWK focuses on the supply of agricultural and related services, as well as input resources, and on providing market access for agricultural products.

DIRECTORS

RL Meyer (Chairman)
JS Stapelberg (Vice Chairman)
AS Myburgh (Managing Director)
CA du Toit
HJK Ferreira
TI Ferreira
JEW Fivaz (Financial Director)
AC Hiesterman
HW Küsel
JCN Wartington

GENERAL INFORMATION

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 (Landbank) and Standard Bank of South Africa

AUDITORS
PKF Pretoria Incorporated

SECRETARY
MJ Potgieter

COMPANY REGISTRATION NUMBER
1997/012251/06

INCOME TAX NUMBER
9142004671

LEVEL OF ASSURANCE
These financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.

PREPARED BY
The financial statements were prepared internally by the Group Financial Manager, Mr JS Lourens, under supervision of the financial director, Mr JEW Fivaz.

PUBLISHED
30 November 2017

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CHAIRMAN'S REPORT

Significant growth was achieved in revenue, net profit and underlying assets.

Dear Shareholder

It is with humble gratitude and pride that I can report that TWK could build on its success and even in difficult agricultural and economic conditions exceed expectations by substantially improving on the record profit of the previous year. Significant growth was achieved in revenue, net profit and underlying assets.

FINANCIAL RESULTS

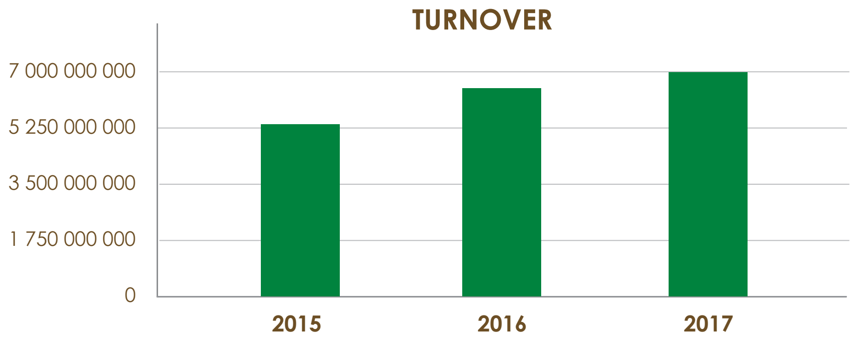
The Group continues to maintain its steady growth, reaping the benefits of a solid foun-dation. In addition, growth is supported by better utilisation and application of assets, efficient cost management and strategic expansion in the various business segments.

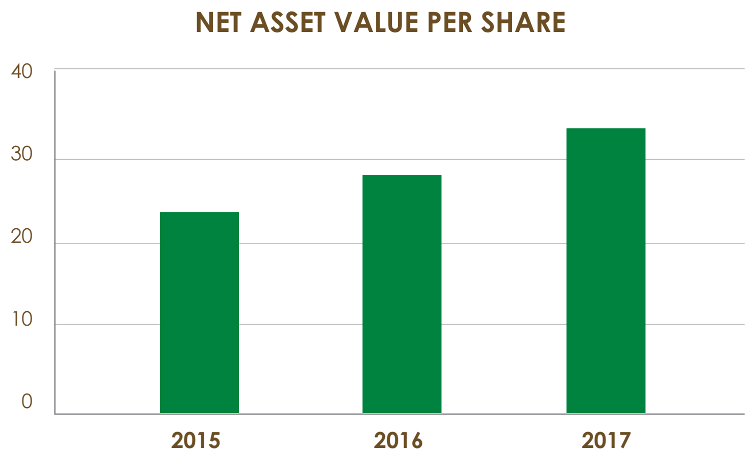
During the period under consideration, all business segments managed to succeed in increasing profit and/or market share. Although the economic conditions have negatively impacted on, especially, the trade and vehicles-and-tyres segment, we are very pleased with the performance of the segment and we could still make progress with our vision of sustainably growing together. Our financial performance reflects the core health of the business and the excellent positioning of our business units, geographic distribution, and the strength of multiple revenue streams, lowering risk and ensuring constant growth, even in challenging times.

The record profit of 2016 was improved upon with ease in 2017, and TWK Investments achieved a new record profit of R217m before loyalty payments out of continued operations, and paid a R12m loyalty bonus to its customers. The total equity crosses the R1 billion mark and profit before tax exceeds the R200m mark. These milestones prove that the strategic plans for the company are being realised. The 2017 financial year can therefore, undoubtedly, be labelled as an exceptional year.

Turnover increased by 7.04% from the previous year and represents a compound growth of 9.72% per year since 2015. Operating profit increased by 12,33% from the previous year and TWK Investments earnings per share for the year ending 31 August 2017 are 366,92 cents per share. It was thus possible to declare a constant dividend and to pay shareholders. The Board strives for a healthy balance between borrowed and own capital and the payment of future dividends will depend on the Board's continued evaluation of TWK's earnings, after provision is made for long-term growth, cash resources, own needs and other factors as determined by the Dividend Policy.

Notwithstanding the weakening of grain prices and an average stronger Rand compared with the previous year, TWK's revenue continues to show a rising trend due to an increase in volume business, newly developed markets and the addition of business units and increased volumes of agricultural inputs.





The net asset value per share rose by almost 25% and stood at R33,06 per share on 31 August 2017.

TWK Agriculture Holdings (Pty) Ltd's share price rose further in the past year and stood at R33.00 per share on 5 September 2017, and TWK Investments Ltd at R13.00 per share. Although there is still a lot of value locked up in the shares, excellent growth has been experienced, and thus share-holders shared significantly in our success.

ECONOMIC OVERVIEW

It is expected that the US economy will show growth of just over 2% in both 2017 and 2018. It also appears that the Federal Reserve will raise interest rates further in 2018. This will dampen economic growth, but the expected tax reduction, as well as infrastructure spending in the US, should counteract the negative impact of higher interest rates in 2018.

Growth in the Japanese economy is supported by the continued stimulating fiscal and monetary policies. Growth of just over 1% is expected for 2018.

Forecasts indicate that the Chinese economy will slow down to under 6.5%, while growth in India can accelerate to more than 7% in 2018.

Locally, the medium-term budget disappointed from the taxpayer's, the investor's and the rating agencies' point of view, and immediately put the Rand on the back foot. The growth forecast for 2017 is 0.7%, and 1.1% for 2018. The slower than expected growth will probably result in higher taxes.

It appears that the further lowering of credit ratings is inevitable, which may mean that all sectors of the economy will have to pay higher interest costs. Given the inflation outlook, as well as the poor performance of the Rand, it is expected that interest rates will probably not be further lowered, but there is the risk of an upward adjustment in interest rates by the end of 2018.

The weak Rand could lead to an increase in import costs, but given the growth of the global econo-my, exports should also perform well.

CORPORATE GOVERNANCE

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 continuously realise benefits for all stakeholders.

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

In a climate of comprehensive and changing regulations, and in the context of ongoing growth, TWK focused on achieving an appropriate balance between the expectations of stakeholders of corporate governance and the need to deliver consistent and competitive financial returns.

Corporate governance in the Group extends beyond the mere compliance with codes, legislation and regulations. The Board of Directors and Management adopted sound corporate governance principles and appropriate governance structures and policies, and believe they have been included in our operations as a culture of sound corporate governance that is in line with the Group's business philosophy.

The directors are aware that the new King IV guidelines came into force in November 2016. The main objective of the new guidelines is to make corporate governance accessible and relevant to more enterprises. The focus of the new guidelines is to move away from an enforceable way of operating, to guidelines that create value within businesses. The Board has undertaken to apply King IV's guidelines, where practically possible, in the new financial year.

The respective committees appointed by the Board, namely the Audit and Risk Committee, the Social and Ethics Committee as well as the Compensation Committee, perform their duties conscientiously according to the respective mandates set out by the Board. In my view, the input of the committees is of an outstanding quality, and the members of the committees have the necessary knowledge and experience to perform their tasks admirably. The members of the Board are serious about the Group's affairs and attendance is excellent. Personal interests of directors and Manage-ment are reported and monitored.

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

The management of directors' conflicting interests is a critical corporate governance issue and is strictly regulated in terms of the Companies Act. Directors and Management are expected to act independently. Declarations of interests are recorded and directors and Management are given an opportunity for disclosure at each Board meeting of any material interest that may affect the Group.

OUTLOOK FOR THE YEAR AHEAD

On August 31, 2017, history was made when a very unique financing model, the first in the agricultural sector, was implemented with Standard Bank and Land Bank as syndication financiers. TWK's balance sheet, and the risk of only one financier, were identified as obstacles in TWK's growth. A solution was also sought to align the realisation of assets with financial obligations. The new financing model has been perfectly formulated to support TWK's growth and, if necessary, to add additional syndicate financiers. In the process, TWK's balance sheet structure was improved, which is in line with industry standards and expectations of investors. The Board and Management thus created the ability to capitalise on sustained growth prospects.

Through the rigorous application and implementation of our strategic and operational efficiencies, through efficient cost management and optimal inventory levels, the growth will continue. It is therefor expected that the good momentum, built up by the respective segments, will continue and will significantly exceed the results of previous years.

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

We are very pleased with our 2017 performance, the strong financial position and the ongoing momentum in the organisation. We have the financial resources and capacity to ensure that the company can build on the growth pattern, and to meet our customers' needs and to meet the growing demand for our products and services, in accordance with our high standards.

In addition, we will focus on customer service in the coming year.

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

- **Provider of choice** – by improving and strengthening consumer relationships, increasing our market share by capitalising knowledge and service, as well as expanding our product range;
- **Market of choice** – through optimum market access, guaranteed payments, good prices and mar-ket information;
- **Investor of choice** – through sustainable growth in profitability, and continuously improving our op-erational efficiency, exploring new and alternative business opportunities, ethical business principles and the balance between risk and returns;
- **Employer of choice** – through targeted training, creating an ethical culture, recognition for excellence, market-related compensation and the development of people within and outside our Group.

The Board has continued confidence in our strategy, in the ability of our team and in the strength of our business model and revenue streams. We are committed to the growth of the business and the delivery of improved returns for shareholders in the coming year.

ACKNOWLEDGEMENTS

As mentioned above, I am very grateful and proud of TWK's sustained and consistently excellent results, without which the contribution of all stakeholders cannot be possible.

My sincere appreciation goes to each employee for your skills and attitude toward your job, and towards TWK specifically. There seems to be no problem which you cannot solve. Your energetic, sustained commitment and desire to win is evident in the success of TWK.

I am particularly proud of the Board's and Management's commitment. This effective team has shown its steel in recent years in order to create maximum value for shareholders. My heartfelt thanks goes to our Managing Director, André Myburgh, for his exceptional leadership and decision making skills. It is a privilege for me to serve as Chairman of such an excellent Board, which performs its tasks with meticulous precision – my sincere thanks.

We acknowledge the grace of our Heavenly Father without which our results and growth would not have been possible. To Him we ascribe all honour and gratitude for the blessings so generously poured out on us.

Ludwig Meyer
CHAIRMAN

BOARD OF
DIRECTORS
AND MANAGEMENT

RL Meyer
Chairman

JS Stapelberg
Vice-chairman

AS Myburgh
Managing Director

CA du Toit
Director

JCN Wartington
Director

HW Küsel
Director

AC Hiestermann
Director

TI Ferreira
Director

D Kruger
Managing Director:
Bedrock Mining Support
(Pty) Ltd

JEW Fivaz
Financial Director

FJ Brauckman
Chief Executive
Manager: Timber

LC Coetzer
Chief Executive
Manager: Trade

HJK Ferreira
Director

MJ Potgieter
Executive Manager:
Business Development &
Company Secretary

B de Klerk
Chief Executive
Manager: Grain

JFC Byleveldt
Managing Director:
TWK Motors (Pty) Ltd

GS Grobler
Chief Executive Manager:
Financial Services

**WC Janse
van Rensburg**
Managing Director:
Protea Versoolwerke
Ermelo (Pty) Ltd

MANAGING DIRECTOR'S REPORT

The fingerprint of the farmer is engraved in the DNA of TWK. The producer remains the core reason for our existence and we will continue to grow our business to the benefit of our producers and all interest groups.

FINANCIAL PERFORMANCE

It is a great privilege for me to deliver the Annual Report for the 2017 Financial Year, which can undoubtedly be described as a record year in many senses for TWK.

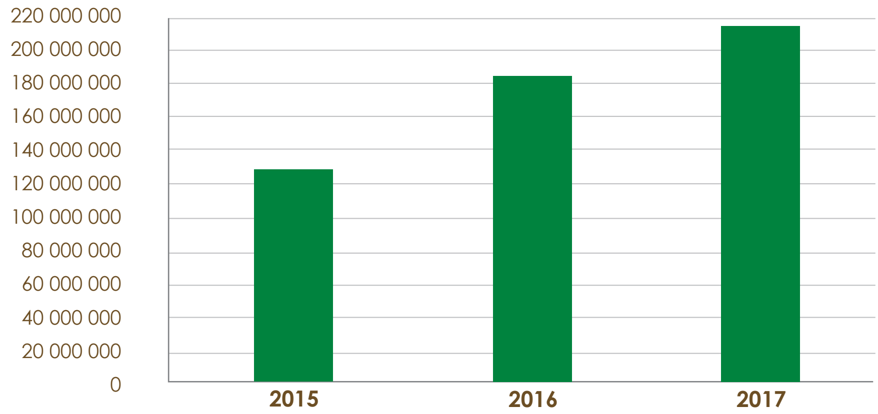
Our balance sheet is further strengthened by underlying income streams, which significantly position us to fulfil our strategy in the midst of challenging circumstances. We delivered improved returns for shareholders, whilst we made good progress with our strategic goals.

The financial outcomes of our business strategy are encouraging, as shown by our key performance indicators. Turnover increased by 7.04%, operating profit is 12.33% higher, profit before tax increased by 29.44%, return on equity is strong on 12,47% against a goal of 15.0%, with a reasonable gearing of 145%, and net assets grew by 18,27%, surpassing the R1 billion mark. These positive outcomes are thanks to the careful following of strategy, further market penetration for our diversified product offering, improved effectiveness and the associated profit contributions from all divisions.

Given the excellent performance, TWK could award, through the loyalty scheme, R12 million to clients for their loyal support.

The past year was therefore one of significant growth for TWK, and in the coming year we will specifically focus on delivering exceptional client service. **The fingerprint of the farmer is engraved in the DNA of TWK. The producer remains the core reason for our existence and we will continue to grow our business to the benefit of our producers and all interest groups.**

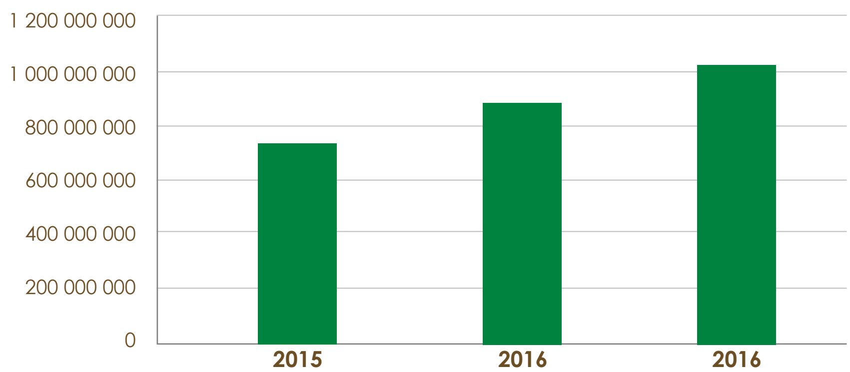
NET PROFIT FROM CONTINUING OPERATIONS BEFORE LOYALTY INCENTIVE AWARDS



The TWK strategy is precisely planned and executed to identify additional growth potential and to carry it out on a sustainable basis. The desired outcomes were achieved, and TWK is well positioned to continue this growth in 2018.

In order to continue building on our strategic vision of sustainably growing together, a healthy balance between borrowed and own capital is important. The debt-to-equity target for the TWK Group is 150% - 200%, and at year-end is at 145%. An important driving force for TWK is to maintain a healthy and stable financial platform in order to absorb unavoidable setbacks, to ensure sustainability and to create space for new opportunities. TWK's business model and growth is directly linked to the granting of credit facilities to producers, that have a direct connection with the credit needs of TWK. The growth in borrowed capital is therefore unavoidable, but the Board aims to maintain a healthy relationship, and in doing so, ensure a maximum return for shareholders. In order to realise this, a unique financing model was recently implemented with Standard Bank and Landbank as syndication financers. The new financing model is brilliantly formulated to support TWK's growth and to add additional syndication financers, if necessary. TWK, therefore, has enough own capital and facilities to fund its short-term growth strategy and operational activities.

SHAREHOLDERS' EQUITY



Once again, the shareholders' equity grew well this past year, and although share prices increased significantly these last few years, the Board and Management are constantly investigating new opportunities to unlock more value for shareholders.

BUSINESS REPORT

TIMBER SEGMENT

Mixed market conditions in the Timber division prevailed during the period under review. A downward trend was experienced in the local markets, and especially the pulpwood markets were negatively influenced. Conversely, higher volumes were exported to the international markets. A healthy balance between the international and the national markets is needed for sustainability.

It appears that the downward pressure of the last five years on the price of chip exports has come to an end, and a small price increase was received from the market during the year. Although the local currency strengthened against the American dollar during this period, TWK managed to keep timber delivery prices from producers relatively stable.

The international wood chip markets met their contract volumes despite the fact that one of the clients experienced many technical problems at their paper factory. Especially the eucalyptus chip market experienced outstanding growth. There is a higher demand for TWK wood chips and it is expected that the export volumes will further increase in the coming year.

The switch from CCA to creosote in the treated pole plant, Sawco Treated Timber Products, had the desired effect and satisfying results were delivered. The treated pole export market also gained momentum during this period, and will further contribute to profitability in the future.

As part of TWK's strategy to further build on the added value of this division, the purchase of the controlling interest in BedRock was successfully accomplished during the year.

The Board and management are convinced that the investment will unlock additional synergy and will further improve the marketing of fiber to optimal markets. The investment also increases TWK's product diversity in this sector.

The TWK saw mills were under financial pressure during this period, with the unlawful strikes at both the SAWCO and Lydenburg mills being the biggest contributing factor. The strikes led to the dismissal of staff, with the consequential reduction in sales and margins. Improved equipment was installed at SAWCO, which should significantly improve product quality and productivity.

It is with much gratitude that we can again report that TWK suffered no significant losses due to fire. Through the implementation of best practice forestry management principles, good relationships and the outstanding service of staff, the risk was restricted to the minimum.

TWK's Eucalyptus x Grandis Machaturii (G.Mac) breeding programme is on schedule and the plan is to make the first clones available to producers in the coming year. This clone is frost resistant and will improve production volumes and sustainability, especially in the greater Piet Retief area.

During the year, the TWK South African plantations again received FSC and ISO 14001 certification. Progress on the development of the PEFC (Programme for the Endorsement of Forest Certification) system went according to plan and will be rolled out to timber growers in the coming year. The certification system considers South African conditions in order to ensure the sustainability of the forestry industry.

Rainfall for the year, for most of the farms, was about 85% of our long-term average rainfall. It was a great improvement on the previous year when we received only 57% of our long-term average rainfall.

To end off, we would like to thank our timber growers for their continued support of TWK, which enabled us again this year, through our loyalty scheme, to award TWK shares to our loyal contractors.

TRADE SEGMENT

In the year under review, climate conditions differed drastically across the geographical area where the Trade division does business. The Western Cape experienced the worst drought in years and dam levels are up to 50% lower than the same period in the previous financial year. Similar conditions were also experienced in the Eastern Cape, although good rains fell in some areas before the end of August. KwaZulu-Natal also experienced drought conditions and especially sugar farmers were negatively affected. These conditions also had a direct impact on dairy farmers as more animal feed had to be bought because of the shortage in natural and cultivated pasture. This had a negative impact on the cash flow and profitability of producers.

Conditions in Mpumalanga in the past season varied, with some areas experiencing average rainfall whilst others had above average rainfall.

The lower than expected grain prices, weak economic growth and inputs that producers carried over from the previous period, also had a negative effect on customers' income and expenditure, especially on retail items.

Despite the stiff market conditions, the Trade segment showed an increase in turnover compared to the previous year. However, the net profit was marginally lower than in the previous year. The biggest contributor to the lower net profit, given the higher turnover, was fertiliser prices that decreased considerably in the period under review. This led to stock on hand being sold at very low margins in order to stay competitive in the market. The effect of the drought also put pressure on margins. The Trade segment's geographical spread and diversified client base lowers the risk in times of drought and economic pressure.

Constantia Fertiliser performed well during the period under review and increased its market share. The Constantia trademark is well established, and risks associated with the fertiliser industry are low. This is because the unit has a low-cost model and does business on a national basis.

The year under review saw the acquisition of a 40% share in Gromor (Pty) Ltd, with the option of buying an additional share. This is part of TWK's strategy to increase the footprint of its Trade segment and to diversify. The Board and management are convinced that the investment will unlock additional synergies.

Despite continued political uncertainty, low grain prices and the negative impact of the weak local currency on the division, forecasts for the coming year remain positive. The expectation is that Constantia Fertiliser will still make a significant contribution to net profit. Sustained cost management, increased market share and organic growth are some of the actions that will ensure that a continued performance is achieved.

GRAIN SEGMENT

The 2016 season shall be remembered as one of the driest seasons yet and consequently very high grain prices prevailed during the first six months of the financial year, followed by the large harvest of 2017 that once again allowed the grain prices to fall from import parity to export parity during the last six months of the year. Almost all summer grains at the moment trade at export parity prices and this is expected to continue for the rest of the 2017/2018 season.

The grain silos received much more grain than the previous year, mainly as a result of the bigger harvest which, along with effective cost management mechanisms, influenced the results positively. Many grade problems were experienced with maize and the silos received more grade 2 than grade 1. We expect that the grain will be stored in the silos for longer, which will positively affect our results in the coming year.

In spite of the difficult circumstances, the operations in Swaziland achieved good results in the past year. Markets for both animal feed and maize meal are well established and the expectation is that the results will build on the past.

The Animal Feed factory in Mkondo delivered poor results for the book year, mainly because the whole animal feed market – as with dairies, eggs and chicken producers – came under pressure as a result of the very high maize prices. An agreement to work together was made with Barnlab, that will add much value, especially in the technical aspects. Consequently, volumes increased and the expectation is that the division will perform better as a result of the working with Barnlab, as well as the lower maize price.

The Maize Mills in Mkondo delivered poor results in the first six months of the year as a result of the high maize price which could not be recovered in the market, after which the results improved in the last six months due to the lower maize price of 2017. Notwithstanding, pleasing results were achieved for the financial year. Although there is a lot of pressure on the flour prices, it is expected that there will also be pleasing results in 2018.

Grain Marketing experienced an outstanding year, mainly as a result of the large harvest of 2017. Unless 2018 delivers a record harvest again, it is expected that results will return to normal in 2018 for Grain Marketing.

The mills at Maluti were converted to grits mills during 2017. Frequent maintenance and growth problems were experienced and the 2017 results were disappointing. As a result of continued losses and having no strategic value for TWK, TWK sold its interest to Rand Agri on 31 August 2017.

Overall, the grain division performed well this past year, considering how the rest of the grain market performed. Effective price strategies during this period of abnormal volatility in the grain prices were a contributing factor. It is expected that the coming year's results will be marginally better than that of 2017, especially as a result of the sale of the unprofitable business, Maluti Mills.

FINANCIAL SERVICES SEGMENT

Insurance

In the past year, the Insurance division has focused on delivering dynamic and modern insurance products to our agricultural producers. There is an increased focus on creating solutions to accommodate changing and diverse needs.

TWK Insurance provides a comprehensive range of products and services and the portfolio consists of short term insurance, personal and agricultural insurance, commercial insurance and crop insurance.

The Crop Insurance portfolio has shown oustanding growth since the previous financial year. Aided by new, established relationships and a focus on crop insurance, the expectation is for growth to continue in the coming year.

The Short Term Insurance portfolio also showed excellent growth in the year under review. The growth was established by expanding the existing portfolio and the acquisition of insurance books that fit strategically and will unlock synergies.

The Admin House forms about 20% of the total Insurance portfolio and offers an alternative to brokerage firms that do not have the capacity for all administrative functions. Furthermore, the admin house focuses on delivering the right cover at competitive premiums and making sure that claim services are kept at a high standard.

Despite challenging circumstances and changing legislation and regulation, TWK Insurance remains a competitive player in the market. This is achieved by remaining flexible and through the development of purpose-build products. Whilst our focus remains on the agricultural portfolio, we put emphasis on the expansion of a diversified portfolio that includes commercial, personal and life. This is done to lower risk and ensure sustainability.

Credit

In order to produce competitively and successfully, we realise that our clients and producers need access to competitive credit that is adaptable for unique circumstances. Through applying our efficient credit policy that limits credit risk, but still supports growth, the Credit division was able to deliver excellent results with very low levels of bad debt.

Season facilities improved at a healthy rate over the past year, and with the continued focus on client service, the coming year should see the expansion of season facilities outside the traditional TWK area.

The alliance with a commercial bank allowed us to achieve additional access to Forestry and Term Loans, as well as Asset Finance, for our producers.

In the coming year, this division will focus on the marketing of these products, delivering an additional service to our producers. This will also support profitability, without putting pressure on TWK's cash flow.

Despite some of the areas within TWK's geographical presence still experiencing the after effects of the drought, TWK was able to limit bridging facilities to a minimum. Farmers that were effected by the drought were assisted with alternative long-term solutions without any additional credit risks to TWK.

The upcoming farmer programme achieved healthy growth of 70%. Although the programme requires intensive management and is relatively challenging, further growth is still expected for the coming year.

VEHICLES AND TYRES SEGMENT

The extremely difficult economic conditions had a significant impact, especially on new vehicle sales. Although more vehicles were sold in the period due to market penetration, gross profits remained under considerable pressure, which led to a concomitant decrease in the net results. Despite not delivering the desired results, the Parts and Workshop divisions put in a stable performance in difficult market conditions. In the coming year, the focus will be on client service in order to secure the loyalty of customers.

The filling stations delivered good results for the year. In order to build on the success, the development of a further filling station is in process in Piet Retief, with additional filling stations in the planning phase.

The addition of an Isuzu dealership in Ermelo on 1 September 2017, as well as the development of additional filling stations, will increase market share and the competitive advantage, which in turn will support profitability in the coming year.

The Tyre division's results showed a good improvement in the year under review after the disappointing results of the previous period. The expansion of our footprint in especially the Gauteng area, as well as the excellent relationship we have with suppliers and the resultant increase in discounts and rebates, were all contributing factors to the improved performance.

This benefit of critical mass is an important component which will draw further attention in the coming year. Price competitiveness is of critical importance and is supported by a strategy for the further expansion of the footprint.

During the year, a minority interest was acquired in Nexcor (Pty) Ltd to increase market share and critical mass.

The manufacturing plants in Ermelo and Kimberley currently produce at more than 95% of capacity and indications are that this momentum will continue, with the scope for the pursuit of additional national opportunities. Great cost saving initiatives, for example the installation of solar energy, have been implemented which will further support profitability.

Predictions are that there will be further consolidation in the coming year and the TWK Group is ideally positioned to investigate and take advantage of opportunities.

STRATEGY

TWK's strategy is based on the creation and unlocking of value through the optimisation of existing assets and operations, as well as through investments which are necessary to ensure TWK's sustained growth over the long term. That is why capital is spent on strategic assets and investments to ensure sustainability, to stimulate growth and to ensure future returns for shareholders.

Our strategy is in line with previous years and that is why TWK, while weak economic circumstances still prevail, focuses on further improving efficiencies. There will be a specific focus on the full utilisation of assets and abilities, the optimisation of stock, margin-management, cost-savings and marketing. Cashflow management is and remains the focus area and enjoys consistent attention.

In the pursuit of sustainability, we are continually busy evaluating possible mergers, acquisitions or joint ventures with an eye on the unlocking of possible synergies. A strategic filter is applied to all potential investments with the aim of supplementing sustainability, generating a desired return and to compliment the current cash and EBITDA generation. New projects, which include added-value products and are aimed at unlocking value for shareholders and adding value to producers, are already identified and are in various stages of development and implementation. Being continually on the look-out for improved market access is also a strategic focus.

TWK is mainly aimed at primary agriculture and forestry, and will focus on the expansion of the agriculture business value chain.

The producer and the client remain the core of our strategy and everything possible shall be done to accomplish sustainable growth for TWK, its producers, clients and shareholders.

THE FUTURE

South African agriculture is known for fluctuating agricultural conditions and severe droughts. Although there are still areas that are suffering under droughts, the prognosis for the coming year appears to be very positive. Any business has a number of risks which need to be limited or managed. However, TWK's business model and operations have a number of risk mitigating levers to soften challenges and risks. These levers include amongst others, the following:

- **Diversified client base:** TWK has loyal clients that vary from corporate, grain producers, timber producers, milk producers and vegetable producers, who stretch out over a wide geographical area and also include foreign clients.
- **Operational effectiveness:** Through the application of best-practice, overhead costs are effectively managed and, where possible, fixed costs are limited to a minimum in order to quickly adapt to changing circumstances. Production capacity is utilised to the maximum and, where needed, steps for improvement are taken to better efficiencies.
- **Broad spectrum suppliers:** TWK makes use of a broad spectrum of suppliers to improve bargaining power and to ensure delivery.
- **Product diversification:** TWK offers a wide variety of products and services to its clients, and has strong diversified business segments, and thus income-stream diversification is ensured.
- **Limited market risk:** TWK makes use of appropriate hedging contracts in order to limit exposure to commodity or exchange rate risks.
- **Quality of management:** Succession planning is a priority and enjoys ongoing attention. The quality of the Board and executive management is at an outstanding level and is underlined by historical success stories.

TWK's budget and forecast for the coming three years still show a growing trend, and I am convinced that TWK has the determination, experience and energy to build on the successes.

ACKNOWLEDGEMENTS

TWK were once again successful in achieving record profits. It makes us humbly thankful – thankful for all the blessings that we so generously and undeservingly receive from our Father's hand.

As already mentioned, the fingerprint of the farmer is engraved in the TWK DNA. The producer remains the core reason for our existence and I want to thank every loyal producer for their support and contribution to the success of TWK.

To all our clients, shareholders, suppliers, financers and business partners – many thanks for your continued support. TWK realises that the success of our business springs from the unique relationship that we have with each one of you, and we will continue to strive to strengthen these relationships.

Our employees are truly the heartbeat of TWK, and therefore I can but thank each employee who contributed to make the heart beat so healthily.

I would also like to particularly thank the executive management for each one's unique contribution to the success of TWK – the Board for vision, and especially for the trust and support we receive. It is really a great privilege to be part of such an innovative and dynamic team, where each one is involved with heart-and-soul in every decision, challenge and milestone which we achieve.

Above all, all thanks and honour go to our Heavenly Father for the wonderful blessing which we experience in our lives and business.

André Myburgh
BESTURENDE DIREKTEUR

CORPOPATE 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 cornerstone of the Group's philosophy. In this regard, the Board is committed to complying with the applicable corporate guidelines.

The Group's corporate best practices as contained in charters, policies and operating procedures and the application of these are regularly tested against the practical realities and execution. The Board continuously evaluates and considers all legislation, codes, practices and suggestions to ensure that its conduct takes into account the recommendations of King III and other codes of conduct. Where it deviates from specific guidelines, the Board ensures that this deviation is warranted and in the best interest of TWK and all stakeholders.

The basic principles and practical application of King III are in place throughout the Group, and are operating well. The Board is satisfied that the Group complies, where practically possible, with the provisions and recommendations of King III and the adopted governance frameworks. The Group elected not to apply, among other things, the following King III principles because of practical considerations:

- The non-executive chairman of the board is not an independent director, but is supported by a strong, lead-independent non-executive director;
- The Board and Board committees do not consist of a majority of independent directors;
- The chairman of the Board is a member of the Audit and Risk Committee of the Board, but the Audit and Risk Committee consists of a total of four non-executive directors, with the independent director as chairman.

The directors are aware that the new King IV Report came into effect in November 2016. The predominant objective of King IV is to make corporate governance more accessible and relevant to a wider range of organisations, and to be the catalyst for a shift from compliance-based mindset to one that sees corporate governance as a lever for value creation. The directors will start with a process of implementing the King IV principles, where practically possible, in the new financial year.

In an environment of comprehensive and changing regulation, and in the context of ongoing growth, TWK focuses on achieving an appropriate balance between stakeholder expectations and the requirement to deliver consistent and competitive financial returns.

The Board and Management will continue with the approach of continuous, increasing improvement in management practices and structures in order to ensure the expectations of stakeholders with regard to 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 ten members, of whom eight serve in a non-executive capacity and were elected by the company's shareholders. These directors act on a rotation basis after three years, in accordance with the applicable provisions of the Memorandum of Incorporation. Two independent director serves on the Board.

Directors are nominated and elected by shareholders and provision is made for a transparent rotation process. Prior to election as director, nominated candidates are judged by the Nomination Committee for competence in terms of the Companies Act, good corporate principles and the Memorandum of Incorporation. The Nomination Committee consists of three non-executive directors and may, in turn, make recommendations and nominate proposals. At the first meeting of the Board, held after each Annual General Meeting of shareholders, the directors elect from among them a chairman and deputy chairman. The chairman and deputy chairman are non-executive directors. The role of the chairman is separated from that of the managing director. There is a decision-making framework approved by the Board and delegating certain powers to management.

There is a clear division of responsibilities at Board level. The Board delegates authority to relevant Board committees to ensure that all issues of strategy, performance, resources and standards of conduct and responsible governance are applied. The Board is well-balanced and the chairman's role is separate from that of the managing director. The chairman is responsible for leadership within the Board and facilitates constructive liaison between the Board, management and stakeholders. The managing director is primarily responsible for leadership and management in implementing strategy and operating the business. Although the Board maintains overall responsibility and effective control over the company, the operation of the daily business of the company has been delegated to the managing director.

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

The Board determines the Group's operations and strategy and is responsible for providing guidance. These include the design and review of the Group's strategy, budget approvals and major capital spending, monitoring of operating results against budgets, evaluation of the Group's financial position and performance of executive management.

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 frameworks. The chairpersons and members of the respective committees, with the exception of the Audit and Risk Committee elected by the shareholders, are elected by the Board according to their expertise in a particular area.

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

Non-executive directors are reimbursed in accordance with the findings of Deloitte and the industry as a whole.

The management of directors' conflicting interests is a critical corporate governance issue and strictly regulated under the Companies Act. In the performance of their duties, directors and management are expected to act independently. Directors and management are also given the opportunity to disclose any material interest at every Board meeting. These updated disclosures are noted by the Company Secretary.

An annual evaluation is 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 subcommittees are held in accordance with approved meeting procedures. The members of the Board are serious about the Group's affairs and attendance is excellent.

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

	12 Oct 2016	29 Nov 2016	26 Jan 2017	29 Mrt 2017	4 May 2017	28 Jun 2017	29 Aug 2017
RL Meyer (Chairman)	√	√	√	√	√	√	√
CA du Toit	√	√	√	√	x	√	√
*AC Hiestermann			√	√	√	√	√
HW Küsel	√	√	√	√	√	x	√
AS Myburgh (Managing Director)	√	√	√	√	√	√	√
JS Stapelberg (Vice Chairman)	√	√	√	√	√	√	√
JCN Wartington	√	√	√	√	√	√	√
*HA Ziervogel	√	√					
**JEW Fivaz (Financial Director)			√	√	√	√	√
TI Ferreira	√	√	√	√	√	√	√
***HJK Ferreira						√	√

* Mr HA Ziervogel retired on 26 January 2017 and Mr AC Hiesterman was elected as director
** Mr JEW Fivaz was elected as director on 29 March 2017
*** Mr HJK Ferreira was elected as director on 28 June 2017
√ Meeting attended
x Meeting not attended, with pardon

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 a 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 has adopted 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 to proactively take action where necessary.

GOING CONCERN

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, 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 remuneration 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 remunerated.

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 to 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 Level 5 contributor status for TWK Agri (Pty) Ltd.

COMMUNITY INVOLVEMENT

TWK remains intensely involved in previously disadvantaged communities who gained ground through the land reform process. Management and forestry expertise has been transferred to management contracts that have been successfully concluded during the past year and will be continuously transferred to relevant communities over a future period.

Collaboration agreements have been entered into with 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 reflect on how the **committee performed** its **responsibilities** as defined for the financial year ending on **31 August 2017.**

COMPOSITION

The committee consists of at least three members who are directors or 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, TI Ferreira and JCN Wartington. The managing director and other members of the Executive Board also attend meetings.

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

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

	29 Mar 2017	29 Aug 2017
HW Küsel	√	√
TI Ferreira	√	√
JCN Wartington	√	√
HJK Ferreira	#	√

√ Meetings attended
x Meetings not attended
On 28 June 2017 HJK Ferreira was elected as an additional member of the committee

OBJECTIVES AND RESPONSIBILITIES

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

According to its mandate, the committee must monitor the business activities related to relevant legislation, other legal requirements or prevailing codes of best practice regarding the following:

1. Social and economic development, including the Company's goal in terms of:
   (a) the ten principles of the United Nations Global Compact Principles;
   b) the Organisation for Economic Co-operation 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 promoting equality, preventing unfair discrimination, reducing corruption, developing the community in which the Company operates, and recording sponsorship, donations and charity expenses.
3. The environment, health and public safety, including the impact of business activities, products or services.
4. Relationships with consumers, including company advertisements, 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 protocol for an acceptable workplace and working conditions; and
   b) the Company's labour relations and its contribution to the educational development of its employees.

REPORT

Social and economic development

TWK makes a continuous contribution to the development of the communities in which operations are conducted. Examples include sponsorships and donations to schools, organised agriculture, disadvantaged and various community marketing initiatives.

TWK's Enterprise Development Department specifically focuses on giving emerging farmers access to finance, correct inputs, markets, as well as technical advice and training. This is achieved through strategic partnerships with financiers, funders, commercial farmers and other organisations that have a similar purpose.

The Employment Equity Act

On an annual basis TWK reports to the Department of Labour on the progress of objectives and targets contained in TWK's Employment Equity Plan. Equal representation on the various occupational levels of the labour force receives adequate planning and attention.

TWK also focuses on keeping up with the change in legislation and policies as determined by the Department of Labour.

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 subsidiaries of the Group.

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

Following implementation of the BEE transaction on 01 September 2014, the Vumbuka Trust (a broad-based black economic empowerment trust) holds 25% of the shareholding in TWK Agri (Pty) Ltd.

Apart from TWK's own initiatives regarding enterprise development, social obligations and skills development, the Vumbuka Trust also has a significant impact on the community.

The new BEE codes, as well as the amended agricultural sector codes present 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, describing the principles according to which TWK operates its businesses, is signed by all Board members and staff. TWK strives to maintain sound relationships with all stakeholders and is fully committed to the ethical principles of equity, accountability, transparency and social responsibility.

Throughout the company, consideration is given to the recognition of human rights, fair labour practices, the environment and the fight against corruption through adequate internal control, independent external audits, internal audits, external communication and appropriate accounting practices.

TWK acknowledges its duty to contribute to the socio-economic upliftment of the community in which it is doing business. One of these contributions is in the form of sponsorships and donations to different institutions.

All sponsorships, donations and charity expenses are recorded.

The environment, health and public safety

The conservation 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 the environment.

We are committed to protecting the environment, preserving our natural resources, utilising it in an efficient and responsible way, and implementing sound environmental practices in all our business operations. We will restrain from doing business with third parties who do not go about their business in an environmentally responsible way. Electricity and water savings are also constantly being addressed and a number of green energy initiatives have been implemented during the year.

Special attention is given to health and safety issues in the workplace to ensure a healthy workforce, a safe environment for our employees and a work environment in which our operations can be maintained and improved. Compliance with the Occupational Health and Safety Act is managed through health and safety committees. The safety of our staff is of paramount importance and training is provided to emergency workers, firefighters, forklifts and machine operators on a continuous basis. Where applicable, staff are continuously sent for medical observation.

Consumers and customers

Customer satisfaction is an ongoing focus. The success of our customers is also our success, and we therefore strive to understand our customers' needs in order to deliver quality products and services to them. We build personal relationships by communicating with our customers through publications, information days and, where possible, personal visits.

Labour relations

At TWK our workforce is our most valuable asset. For this reason, TWK being an employer of choice focuses on creating an environment that optimises labour relationships.

This year, TWK again granted several bursaries to matric learners and also assisted employees in obtaining formal qualifications. At the same time, various training initiatives were driven by administrative and operational points.

The development and the enhancement of our workforce's skills is a top-priority that allows us to play a key role in achieving sustainable growth in our workforce, as well as the community we operate in. Awards presented to us at the annual AgriSETA ceremony for three consecutive years have proven that our vision is truly pursued.

We treat our employees fairly, respecting their human rights and human dignity, and remunerate them at a competitive level. We provide a safe and healthy working environment to 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

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditor is engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control, established by the Group, and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board of Directors sets standards for internal control aimed at reducing 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 to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that, in all reasonable circumstances, is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it 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, based on the information and explanations given by Management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group's cash flow forecast for the year to 31 August 2018 and, in light of this review and the current financial position, they are satisfied that the Group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the Group's financial statements. The financial statements have been examined by the Group's external auditor and their report is presented on pages 32 to 35.

The financial statements have been prepared on the going concern basis, were approved by the Board of Directors on 30 November 2017 and were signed on their behalf by:

RL Meyer	AS Myburgh
CHAIRMAN	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
30 November 2017

DIRECTORS' REPORT

1. Overview of activities

The company is involved 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 cereal products;
- Supply of agricultural inputs;
- Trade activities;
- Financial and agricultural services; and
- Credit extension.

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

2. Financial results and prospects

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008.

The Group achieved a before tax profit of R205 million (2016: R158.4 million).

The operating results and financial position of the Group are set out in detail in the financial statements, and are explained in the chairman's report and the managing director's report.

3. Going concern

The directors believe that the Group has adequate financial resources to continue in operation for the foreseeable future and accordingly, the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the Group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the Group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group.

4. Events after the reporting period

The directors are not aware of any matter or circumstances that arose since the end of the financial year.

5. Interest of directors in contracts

No contracts in which directors and officials have a material interest were incurred during the year. The stock register is available for inspection at the company's registered office.

6. Authorised and issued share capital

	2017	2016
Authorised	Number of shares	
Non par-value ordinary shares	56 150 357	56 150 357
Type A non par-value cumulative preference shares	1	1

	2017	2016	2017	2016
Issued	R	R	Number of shares	
Non par-value ordinary shares	774 144 334	776 478 952	31 532 246	35 100 993
Type A non par-value cumulative preference shares	1	1	1	1
	774 144 335	**776 478 953**	**31 532 247**	**35 100 994**

7. Borrowing powers

In terms of the company's Memorandum of Incorporation, the directors may, in their discretion, exercise all the powers of the company in order to obtain funding.

8. Dividends

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

Dividends are recommended and approved by TWK's Board of Directors, based on the financial year-end statements. TWK is of the opinion that there will be continued payment of dividends, although no assurance can be given that dividends will be paid in the future or in respect of the amounts to be paid from year to year. The payment of future dividends will depend on the Board's ongoing evaluation of TWK's earnings, after providing for long-term growth, cash and debt resources, and reserves available for payment of a dividend based on the evaluation of the going concern and other factors.

Taking into consideration the goals, as set out in the strategic plans of the company, the Board has the flexibility to determine the most fitting allocation of profits to shareholders, as well as deciding on the specific intervals at which dividends must be paid and, if applicable, on the payment of interim dividends.

Within the framework of the above flexibility, directors also have the discretion to determine the form or combination of the distribution, for example cash, share dividend or the buyback of shares.

Notwithstanding the aforementioned, the company's general policy will be, in the absence of conditions that require a deviation, to maintain the payout of profits to its shareholders based on normal growth goals and dividend cover guidelines of five times in any of the forms of compensation mentioned above.

9. Directors

The composition of the Board changed during the year. Mr Ziervogel did not make himself eligible for re-election after expiration of his term. Mr AC Hierstermann, Mr HJK Ferreira and Mr JEW Fivaz were elected during the year. The company's Board of Directors was compiled as follows at year end:

DIRECTORS	DESIGNATION	CHANGES
RL Meyer (Chairman)	Non-executive	
HA Ziervogel (Vice-chairman)	Non-executive	Resigned 26 January 2017
AS Myburgh (Managing director)	Executive	
JS Stapelberg (Vice-chairman)	Non-executive	
JEW Fivaz (Financial director)	Executive	Appointed 30 March 2017
HW Küsel	Non-executive	
CA du Toit	Non-executive	
JCN Wartington	Non-executive	
AC Hiestermann	Non-executive	Appointed 26 January 2017
TI Ferreira	Non-executive	
HJK Ferreira	Non-executive	Appointed 28 June 2017

10. Secretary

The company's secretary 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

PKF Pretoria Incorporated has been appointed as the auditors. A decision to appoint the auditors will be submitted at the forthcoming annual general meeting.

13. Special decisions

The following special resolutions were passed at a general meeting of shareholders on 26 January 2016:

- General authorisation to grant financial assistance to related and interrelated companies;
- General authorisation to repurchase shares;
- Authorisation to issue shares to directors and/or designated officers and/or related parties;
- Amendment of the MOI;
- Compensation of non-executive directors.

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee is an established 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 assignment to the committee. The managing director, financial director, external and internal auditors, together with the appropriate board members, attend the meetings on invitation. The internal and external auditors have unrestricted access to the committee.

During the period under review, the committee consisted of five non-executive directors, of which the chairman was independent. On January 26, 2017, HA Ziervogel retired and AC Hiestermann was elected as a member of the committee. On 28 June 2017 HJK Ferreira was elected as an additional member of the committee.

The committee met 4 times during the period under review.

	28 Nov 2016	29 Mar 2017	28 Jun 2017	29 Aug 2017
CA du Toit	√	√	√	√
RL Meyer	√	√	√	√
CH Hiestermann	√	√	√	√
JS Stapelberg	√	√	√	√
HA Ziervogel	√	*	*	*
HJK Ferreira	#	#	√	√

√ Meeting attended
x Meeting not attended
* On January 26, 2017, HA Ziervogel retired and AC Hiestermann was elected as a member of the committee.
# On 28 June 2017 HJK Ferreira was elected as an additional 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 PKF Pretoria Incorporated, headed by Mr André Oosthuysen. The auditors regularly attend the Audit and Risk Committee meetings and are independent of the Company.

MANDATE AND RESPONSIBILITIES

In terms of its mandate, the following is 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 fees payable to auditors and the terms and conditions of the appointment;
3. Consideration of any non-audit work by such auditors, and determining whether the provision of such services will materially affect their independence;
4. Receiving and handling any concerns or complaints regarding accounting practices, internal audit work and internal financial control in an appropriate manner;
5. Reporting to the Board on matters relating 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 review of the financial statements, accounting practices, policies and procedures, as well as the effectiveness of internal financial controls;
9. Ensure that the financial planning, management and reporting of the business is conducted in accordance with the relevant accounting policies and international financial reporting standards;
10. Monitoring compliance with relevant legislation and regulatory aspects;
11. Evaluation of the effectiveness of management information and internal control systems;
12. Ensure 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. Granting assistance to the Board in order to ensure that the business implements an effective risk management plan and risk disclosure is complete, timely and relevant.

REPORT

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

The committee approved the terms relating to non-audit services by the external auditor and the nature and extent of non-audit services that may be provided by the external auditor.

A formal work plan is compiled by the committee to ensure that all duties assigned to it by the Board during the year are carried out. Based on the results of the formally documented review of the design, implementation and effectiveness of the TWK Group's internal financial control system conducted by the internal audit function during the 2017 financial year and, in addition, after considering information and explanations provided by management and discussions with the external auditor about the results of their audit, the committee believes that the TWK Group's internal financial control system is effective and provides a basis for preparing reliable financial statements.

The internal auditor has 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, inter alia, on these risks.

The committee evaluated the accounting policies and financial statements for the period ending 31 August 2017 and believes that the Group has complied with the requirements of the Companies Act, 2008, as well as International Financial Reporting Standards (IFRS). The committee is also pleased that the financial statements reflect the position of the Company and Group correctly, that all factors that may have an impact on the integrity of the report have been taken into account, and that the reporting of 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 on correctness and integrity and believe that the report is in all material respects a fair representation of the Group's activities and performance.

CA du Toit
CHAIRMAN: AUDIT AND RISK COMMITTEE

PKF Pretoria Incorporated

PKF

Chartered Accountants
& Business Advisers

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF TWK INVESTMENTS & SUBSIDIARIES LTD

REPORT ON THE AUDIT OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of TWK Investments Ltd and its subsidiaries, set out on pages 11-76, which comprise the consolidated statement of financial position as at 31 August 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at 31 August 2017, and its consolidated financial performance and consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the *Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

GOODWILL

The key audit matter
The Group has recognised goodwill to the amount of R113 458 509 (2016: R16 946 217), which is material to the financial statements. Refer to note 6 to these financial statements.

The additions through business combinations relates to the acquisition of Bedrock Mining Support (Pty) Ltd of which the Group acquired 50,004%. The majority of the goodwill has been allocated to the before-mentioned. Management's assessment process with regards to the impairment test involves high levels of judgment and is based on assumptions.

How the matter was addressed in our audit
Our audit procedures in this area included, among others:

Evaluating the Group's inputs used in calculating the estimated cash flows by comparing with historical performance and the Group's plans, as well as our understanding of the industry and the economic environment the Group operates in;

Evaluating the historical accuracy of the Group's assessment of the fair value of standing timber by comparing previous forecasts for yields per hectare, timber prices and harvesting/transportation costs with actual outcomes and industry forecasts.

VALUATION OF STANDING TIMBER

The key audit matter
The Group's biological assets include standing timber, which is measured at fair value less cost to sell, which is based on assumptions and is material to the financial statements. Refer to note 5 to these financial statements. Estimating the fair value is a complex process involving a number of judgements and estimates regarding various inputs. Due to the nature of the asset, the valuation technique includes a discounted cash flow model that uses a number of inputs from internal sources due to a lack of relevant and reliable observable inputs. Consistently, we have determined the valuation of standing timber to be a key audit matter.

How the matter was addressed in our audit
Our audit procedures in this area included, among others:
Evaluating the Group's inputs used in calculating the estimated cash flows by comparing with historical performance and the Group's plans, as well as our understanding of the industry and the economic environment the Group operates in;

Evaluating the historical accuracy of the Group's assessment of the fair value of standing timber by comparing previous forecasts for yields per hectare, timber prices and harvesting/transportation costs with actual outcomes and industry forecasts.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Directors' Report, Chairman's Report, Managing Director's Report, Corporate Governance Report, Social and Ethics Committee Report, Company Secretary Report and the Audit and Risk Committee Report as required by the Companies Act 71 of 2008, which we obtained prior to the date of this report. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially consistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

TThe directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in the Government Gazette Number 39475, dated 4 December 2015, we report that PKF Pretoria Incorporated has been the auditor for TWK Investments (Pty) Ltd for 7 years.

PKF Pretoria Inc.

PKF Pretoria Incorporated
DIRECTOR: AC Oosthuysen
Registered Auditor
Pretoria

30 November 2017

FINANCIAL STATEMENTS INDEX

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STATEMENT

OF FINANCIAL POSITION AS AT 31 AUGUST 2017

	Note(s)	2017 R	2016 Restated R
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	666 427 607	622 274 960
Biological assets	5	307 247 522	270 934 599
Goodwill and intangible assets	6	120 711 442	21 925 708
Investments in associates	8	12 517 096	36
Loans to Group companies	9	15 053 325	11 527 743
Other financial assets	11	195 919 387	192 578 717
Finance lease receivables	12	14 122 989	19 186 204
		1 331 999 368	**1 138 427 967**
Current Assets			
Inventories	16	1 056 330 694	994 364 428
Other loans receivable	10	333	3 822 976
Trade and other receivables	17	862 910 036	712 953 266
Other financial assets	11	6 496 579	-
Finance lease receivables	12	15 327 742	16 383 806
Current tax receivable		12 249 844	6 847 271
Cash and cash equivalents	18	111 672 626	133 240 248
		2 064 987 854	**1 867 611 995**
Non-current assets held for sale and assets of disposal groups	19	4 185 332	-
Total Assets		**3 401 172 554**	**3 006 039 962**
EQUITY AND LIABILITIES			
Equity			
Equity Attributable to Equity Holders of Parent			
Share capital	20	774 144 333	776 478 952
Reserves		(2 766 486)	(22 100 631)
Retained income		271 154 776	173 198 007
		1 042 532 623	927 576 328
Non-controlling interest		(9 917 560)	(54 448 450)
		1 032 615 063	**873 127 878**
Liabilities			
Non-current Liabilities			
Loans from Group companies	9	142 736 720	-
Other loans payable	10	9 743 584	16 256 102
Other financial liabilities	24	511 625 397	221 873 984
Finance lease liabilities	25	1 466 911	-
Retirement benefit obligation	13	9 564 000	6 089 009
Deferred tax	15	115 088 622	87 403 767
		790 225 234	**331 622 862**
Current Liabilities			
Trade and other payables	28	630 007 630	562 763 675
Loans from Group companies	9	11 215 953	-
Other loans payable	10	10 714 096	6 935 278
Other financial liabilities	24	918 304 506	1 225 611 665
Finance lease liabilities	25	736 405	128 178
Current tax payable		1 631 312	4 849 266
Provisions	26	880 311	528 885
Dividend payable	29	4 447 499	222 004
Bank overdraft	18	394 545	250 271
		1 578 332 257	**1 801 289 222**
Total Liabilities		**2 368 557 491**	**2 132 912 084**
Total Equity and Liabilities		**3 401 172 554**	**3 006 039 962**

STATEMENT
OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note(s)	2017 R	2016 Restated R
CONTINUING OPERATIONS			
Revenue	30	6 997 638 119	6 537 668 535
Cost of sales	31	(5 959 328 543)	(5 656 824 349)
Gross profit		**1 038 309 576**	**880 844 186**
Other operating income	32	65 036 184	70 743 864
Other operating gains	33	32 750 685	24 114 149
Other operating expenses		(807 026 934)	(682 746 505)
Operating profit	34	**329 069 511**	**292 955 694**
Investment income	35	2 310 677	861 291
Finance cost	36	(129 197 231)	(109 893 928)
Share of profit from associates	8	1 917 051	-
Other non-operating gains	37	12 849 778	-
Profit before loyalty scheme payments		**216 949 786**	**183 923 057**
Loyalty scheme payments		(11 945 443)	(25 545 818)
Profit before taxation		**205 004 343**	**158 377 239**
Taxation	38	(57 141 141)	(44 130 487)
Profit from continuing operations		**147 863 202**	**114 246 752**
Discontinued operations			
(Loss)/profit from discontinued operations	19	(9 444 765)	1 338 843
Profit for the year		**138 418 437**	**115 585 595**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Remeasurements on defined benefit liability		(4 206 991)	-
Gains on property revaluation		19 026 873	1 642 468
Income tax relating to items that will not be reclassified		(4 280 762)	(4 690 935)
Total items that will not be reclassified to profit or loss		**10 539 120**	**(3 048 467)**
Items that may be reclassified to profit or loss			
Available-for-sale financial assets adjustments		(722 635)	8 310 240
Income tax relating to items that may be reclassified		161 871	(3 833 474)
Total items that may be reclassified to profit or loss		**(560 764)**	**4 476 766**
Other comprehensive income for the year net of taxation	39	**9 978 356**	**1 428 299**
Total comprehensive income for the year		**148 396 793**	**117 013 894**
PROFIT ATTRIBUTABLE TO			
Owners of the parent:			
From continuing operations		125 144 110	114 254 464
From discontinued operations		(9 444 765)	1 338 843
		115 699 345	**115 593 307**
NON-CONTROLLING INTEREST			
From continuing operations		22 719 092	(7 712)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO			
Owners of the parent		125 677 701	117 021 606
Non-controlling interest		22 719 092	(7 712)
		148 396 793	**117 013 894**
EARNINGS PER SHARE			
From continuing and discontinued operations			
Basic earnings per share (c)	40	366,92	329,32
From continuing operations			
Basic earnings per share (c)	40	396,87	325,51
From discontinued operations			
Basic (loss)/earnings per share (c)	40	(29,95)	3,81

STATEMENT
OF CHANGES IN EQUITY

	Share capital	Revaluation reserve	Fair value adjustment assets-available-for-sale reserve	Restructuring reserve	Share-based payments reserve	Total reserves	Retained income	Total attributable to equity holders of the Group	Non-controlling interest	Total equity
	R	R	R	R	R	R	R	R	R	R
Balance at 01 September 2015	**776 478 952**	**15 927 642**	**4 221 718**	**(40 024 411)**	**-**	**(19 875 051)**	**65 982 664**	**822 586 565**	**(52 005 392)**	**770 581 173**
Profit for the year	-	-	-	-	-	-	115 593 307	115 593 307	(7 712)	115 585 595
Other comprehensive income	-	(3 048 467)	4 476 766	-	-	1 428 299	-	1 428 299	-	1 428 299
Total comprehensive income for the year	**-**	(3 048 467)	**4 476 766**	**-**	**-**	**1 428 299**	**115 593 307**	**117 021 606**	**(7 712)**	**117 013 894**
Transfer between reserves	-	(3 653 880)	-	-	-	(3 653 880)	3 653 880	-	(2 281 930)	(2 281 930)
Dividends	-	-	-	-	-	-	(12 031 844)	(12 031 844)	(153 417)	(12 185 261)
Total contributions by and distributions to owners of Group recognised directly in equity	**-**	**(3 653 880)**	**-**	**-**	**-**	**(3 653 880)**	**(8 377 964)**	**(12 031 844)**	**(2 435 347)**	**(14 467 191)**
Balance at 01 September 2016	**776 478 952**	**9 225 295**	**8 698 484**	**(40 024 411)**	**-**	**(22 100 632)**	**173 198 007**	**927 576 327**	**(54 448 450)**	**873 127 877**
Profit for the year	-	-	-	-	-	-	115 699 345	115 699 345	22 719 092	138 418 437
Other comprehensive income	-	16 658 418	(560 764)	-	-	16 097 654	(4 206 991)	11 890 663	(1 912 307)	9 978 356
Total comprehensive income for the year	**-**	**16 658 418**	**(560 764)**	**-**	**-**	**16 097 654**	**111 492 354**	**127 590 008**	**20 806 785**	**148 396 793**
Employees share option scheme	(2 334 619)	-	-	-	3 871 703	3 871 703	2 172 656	3 709 740	-	3 709 740
Transfer between reserves	-	(635 211)	-	-	-	(635 211)	635 211	-	-	-
Dividends	-	-	-	-	-	-	(13 378 090)	(13 378 090)	(9 293 412)	(22 671 502)
Changes in ownership interest	-	-	-	-	-	-	(2 965 362)	(2 965 362)	12 057 435	9 092 073
Business combinations	-	-	-	-	-	-	-	-	20 960 082	20 960 082
Total contributions by and distributions to owners of Group recognised directly in equity	**(2 334 619)**	**(635 211)**	**-**	**-**	**3 871 703**	**3 236 492**	**(13 535 585)**	**(12 633 712)**	**23 724 105**	**11 090 393**
Balance at 31 August 2017	**774 144 333**	**25 248 502**	**8 137 720**	**(40 024 411)**	**3 871 703**	**(2 766 486)**	**271 154 776**	**1 042 532 623**	**(9 917 560)**	**1 032 615 063**
Note(s)	20	22 & 39	23 & 39		21					

STATEMENT
OF CASH FLOWS

	Note(s)	2017 R	2016 R
Cash flows from operating activities			
Cash (used in) generated from operations	41	251 044 198	452 703 708
Interest income		1 544 157	4 318 467
Dividends paid		(18 446 007)	(11 963 256)
Dividend income		766 520	1 089 164
Finance costs		(129 197 231)	(112 083 896)
Tax paid	42	(46 936 357)	(26 171 734)
Net cash from operating activities		**58 775 280**	**307 892 453**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(67 421 683)	(78 205 385)
Sale of property, plant and equipment	4	23 262 405	26 153 384
Sale of investment property		-	18 000 000
Purchase of other intangible assets	6	(3 615 521)	(513 542)
Goodwill payments	6	(52 356 832)	(3 122 807)
Sale of other intangible assets	6	481 722	33 623
Net cash outflow on acquisition / sale of share in subsidiaries		(1 320 057)	-
Net cash outflow on acquisition of associate		(10 600 009)	-
Purchase of biological assets	5	(336 821 727)	(303 008 356)
Sale of biological assets	5	284 629 656	264 915 422
Profit / (loss) from discontinued operations		(9 444 765)	1 338 843
Net cash from investing activities		**(173 206 811)**	**(74 408 818)**
Cash flows from financing activities			
Advances from other financial liabilities		955 603 823	13 241 975
Repayment of other financial liabilities		(1 012 159 569)	(88 101 487)
Loan advance to associate		(3 525 582)	(3 994 529)
Proceeds from other loans		6 400 433	17 798 730
Decrease of other loans		(9 134 133)	(840 619)
Repayment from customers on forestry and term loans		48 625 205	44 866 210
Advance made on forestry and term loans to customers		(42 649 610)	(26 489 545)
Finance lease receipts		6 119 279	2 903 636
Finance lease payments		(1 063 199)	(588 641)
Loans from holding company		144 502 988	-
Net cash from financing activities		**92 719 635**	**(41 204 270)**
Total cash movement for the year		**(21 711 896)**	**192 279 365**
Cash at the beginning of the year		132 989 977	(59 289 388)
Total cash at end of the year	18	**111 278 081**	**132 989 977**

1. PRESENTATION OF FINANCIAL STATEMENTS

The Group consolidated annual financial statements of the TWK Investments Ltd 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, except for the following material items in the statement of financial position:

- Biological assets are measured at fair value less cost to sell,
- Derivative financial instruments are measured at fair value,
- Land and buildings are measured at fair value,
- Financial instruments through profit and loss are measured at fair value,
- Share based payments are measured at fair value; and
- The retirement benefit obligation is recognised as the net total of the present value of defined benefit obligation.

These consolidated annual fiancial statements are presented in South Africa Rand. The accounting policies adopted in the preparation of the financial statements is consistent with the policies followed for the previous financial year, except for the adoption of new standards and interpretations as set out in note 3.1.

1.1 SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the managing director and the Board. The managing director and the Board, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the strategic decision makers.

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

1.2 CONSOLIDATION

Basis of consolidation

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.

Subsidiaries

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.

Associates

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. All the associates have, where applicable, the same accounting policies as the holding company.

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.

Any contingent consideration is included in the cost of the business 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 groups) 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 acquiree's assets and liabilities are reassessed in terms of classification and are reclassified where the classification is inappropriate for group 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 JUDGMENTS 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 annual financial statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgments 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 judgments 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 judgment. In making this judgment, 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.

1. PRESENTATION OF FINANCIAL STATEMENT (CONTINUED)

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 its 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 tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including production estimates, supply 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 statement.

Post-retirement medical benefit

Refer to note 13 for details regarding calculations and assumptions.

Share-based payments

Refer to note 21 for details regarding calculations and assumptions.

Biological assets

Refer to note 5 for details regarding calculations and assumptions.

Property, plant and equipment

Management reviews the lifespan and residual value of fixed assets on an annual basis, and adjustments are made as appropriate. Management uses their experience, judgments and assumptions in the process of determining life span and residual value.

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 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 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 the statement of comprehensive income.

1.5 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 is carried at revalued 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 such 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 near the end of their 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.

1.6 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.

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.
- the expenditure attributable to the asset during its development can be measured reliably.

1.7 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 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 extend 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 to sell 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 are 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 annual 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 annual 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.

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.

1. PRESENTATION OF FINANCIAL STATEMENT (CONTINUED)

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.

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

Cash and cash equivalents comprise of cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at amortised cost.

Bank overdraft and borrowings

Bank overdraft and borrowings are initially measured at fair value and subsequently at amortised cost.

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).

Foreign currency

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Transactions in foreign currencies are translated to the functional currency of the Group at the rate of exchange ruling on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the rates of exchange ruling at the reporting date.

Any foreign exchange differences are recognised in profit and loss in the year in which the difference occurs. The profit are included under other operating gains.

1.8 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.

1.9 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially 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. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset which arises due to future escalation in amounts payable implicit in these agreements.

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 liability which arises due to future escalation in amounts payable implicit in these agreements.

This liability is not discounted.

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

1.10 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 of 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, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.11 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.

1.12 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.

1.13 SHARE CAPITAL AND EQUITY

Ordinary shares are classified as equity.

1.14 SHARE BASED PAYMENTS

The Group grants share options to certain employees under an employee share plan. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted as part of the TWK Group employee share option plan is measured using the Black-Scholes option pricing model, taking into account the terms and conditions under which the options were granted. The amount recognised as an expense with a corresponding increase in equity is adjusted at each reporting date to reflect the actual number of share options that vest or are expected to vest. Non-market vesting conditions are included in assumptions about the number of awards that are expected to become due, including taking into account the forfeiture of instruments due to resignation and these assumptions are reviewed on an annual basis.

1.15 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 vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are 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 are recognised in profit or loss.

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.

1.16 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 46 to the annual financial statements.

1.17 GOVERNMENT GRANTS

Government grants are recognised when there is reasonable assurance that:
- the Group will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

1.18 REVENUE

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.

Income from sale of goods

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.

Service revenue

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 proportion of costs incurred to date bear to the total estimated costs of the transaction.

Finance income

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

Dividend income

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 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 LOYALTY SCHEME PAYMENTS

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 is made when applicable.

1.23 COMPARATIVE FIGURES

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

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 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 and retail outlets, direct sales of farming input requirements and sales of mechanisation goods, as well as production and marketing of fertilizer 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:

2017	REVENUE				PROFIT AND LOSS / SEPARATELY DISCLOSABLE ITEMS			
	Total segment revenue	Inter-segment revenue	Revenue from external customers	Earnings before items listed	Deprecia-tion and amortisa-tion	Interest expense	Income from equity accounted investments	Earnings before tax
	R	R	R	R	R	R	R	R
CONTINUING OPERATIONS								
Timber	3 054 900 060	(670 851 568)	2 384 048 492	189 110 577	(12 769 532)	(36 676 385)	-	139 664 660
Retail and mechanisation	3 858 688 358	1 293 188 836)	2 565 499 522	75 919 516	(3 138 303)	(27 111 846)	1 917 051	45 669 367
Financial services	139 092 256	39 811	139 132 067	80 275 665	(388 469)	(50 216 843)	-	29 670 353
Grain	1 357 417 167	(323 472 730)	1 033 944 437	23 528 759	(4 018 789)	(8 575 308)	-	10 934 662
Motors and tyres	879 703 044	(6 846 204)	872 856 840	21 978 788	(3 725 093)	(9 088 335)	-	9 165 360
Corporate	28 711 879	(26 555 118)	2 156 761	(30 160 262)	(2 678 283)	2 738 486	-	(30 100 059)
Total	**9 318 512 764**	**(2 320 874 645)**	**6 997 638 119**	**360 653 043**	**(26 718 469)**	**(128 930 231)**	**1 917 051**	**205 004 343**

	2017
Reconciling items	
Discontinued operations	(9 444 765)
Taxation	(57 141 141)
Profit for the year	**138 418 437**

2016	REVENUE			PROFIT AND LOSS / SEPARATELY DISCLOSABLE ITEMS			
	Total segment revenue	Inter-segment revenue	Revenue from external customers	Earnings before items listed	Deprecia-tion and amortisation	Interest expense	Earnings before tax
	R	R	R	R	R	R	R
CONTINUING OPERATIONS							
Timber	2 376 376 401	(256 680 686)	2 119 695 715	170 801 184	(9 035 025)	(30 068 194)	131 697 965
Retail and mechanisation	3 639 068 770	(1 119 227 456)	2 519 841 314	79 990 843	(2 482 416)	(28 973 663)	48 534 764
Financial services	152 025 989	(2 699 470)	149 326 519	57 817 775	(377 989)	(40 017 146)	17 422 640
Grain	1 149 161 886	(64 029 807)	1 085 132 079	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)	-	(48 593 534)	(2 858 694)	3 394 269	(48 057 959)
Total	**8 002 463 459**	**(1 464 794 924)**	**6 537 668 535**	**291 382 673**	**(23 111 505)**	**(109 893 929)**	**158 377 239**

	2016
	R
Reconciling items	
Discontinued operations	1 338 843
Taxation	(44 130 487)
Profit for the year	**115 585 595**

2. SEGMENTAL INFORMATION (CONTINUED)

SEGMENT ASSETS AND LIABILITIES

Segment assets and liabilities are measured in a manner consistent with that of the annual 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.

2017	Total assets	Total liabilities	Net assets
	R	R	R
CONTINUING OPERATIONS			
Timber	1 208 654 872	382 213 778	826 441 094
Retail and mechanisation	567 514 983	356 021 677	211 493 306
Financial services	811 575 621	(63 717 891)	875 293 512
Grain	128 160 031	88 569 162	39 590 869
Motors and tyres	188 172 766	80 917 804	107 254 962
Corporate	497 094 282	1 524 552 961	(1 027 458 679)
Total	**3 401 172 555**	**2 368 557 491**	**1 032 615 064**
Total as per statement of financial position	**3 401 172 555**	**2 368 557 491**	**1 032 615 064**

2016	Total assets	Total liabilities	Net assets
	R	R	R
CONTINUING OPERATIONS			
Timber	1 028 559 331	285 946 725	742 612 606
Retail and mechanisation	527 507 132	257 031 299	270 475 833
Financial services	706 402 916	2 197 557	704 205 359
Grain	199 270 519	104 698 008	94 572 511
Motors and tyres	187 878 472	69 877 511	118 000 961
Corporate	356 421 592	1 413 160 983	(1 056 739 391)
Total	**3 006 039 962**	**2 132 912 083**	**873 127 879**
Total as per statement of financial position	**3 006 039 962**	**2 132 912 083**	**873 127 879**

3. NEW STANDARDS AND INTERPRETATIONS

3.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

STANDARD/INTERPRETATION:	EFFECTIVE DATE: YEARS BEGINNING ON OR AFTER
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	01 January 2016
Amendment to IAS 27: Equity Method in Separate Financial Statements	01 January 2016
Amendments to IFRS 10, 12 and IAS 28: Investment Entities. Applying the Consolidation Exemption	01 January 2016
Amendments to IAS 16 and IAS 41: Agriculture: Bearer Plants	01 January 2016
Amendment to IFRS 5: Non-current Assets Held for Sale and Discontinued Operations: Annual Improvements project	01 January 2016
Amendment to IFRS 7: Financial Instruments: Disclosures: Annual Improvements Project	01 January 2016
Amendment to IAS 19: Employee Benefits: Annual Improvements Project	01 January 2016
Disclosure Initiative: Amendment to IAS 1: Presentation of Financial Statements	01 January 2016
Amendment to IAS 34: Interim Financial Reporting. Annual Improvements Project	01 January 2016

These standards and interpretations did not have any material impact on the Group.

3.2 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 01 September 2017 or later periods:

STANDARD/INTERPRETATION:	EFFECTIVE DATE: YEARS BEGINNING ON OR AFTER
Insurance Contracts	01 January 2021
Uncertainty over Income Tax Treatments	01 January 2019
IFRS 16 Leases	01 January 2019
IFRS 9 Financial Instruments	01 January 2018
IFRS 15 Revenue from Contracts with Customers	01 January 2018
Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers	01 January 2018
Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions	01 January 2018
Amendments to IAS 28: Annual Improvements to IFRS 2014 - 2016 cycle	01 January 2018
Amendments to IFRS 1: Annual Improvements to IFRS 2014 - 2016 cycle	01 January 2018
Transfers of Investment Property: Amendments to IAS 40	01 January 2018
Foreign Currency Transactions and Advance Consideration	01 January 2018
Amendments to IFRS 4: Insurance Contracts	01 January 2018
Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	01 January 2018
Amendments to IFRS 12: Annual Improvements to IFRS 2014 - 2016 cycle	01 January 2017
Amendments to IAS 7: Disclosure initiative	01 January 2017
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	01 January 2017

The Group is in the process of evaluating the effect of these standards and interpretations, however no significant changes are anticipated. Therefore these standards and interpretations are not expected to have a significant impact on the Group financial position or financial performance, however, additional disclosure may be required.

4. PROPERTY, PLANT AND EQUIPMENT

	2017			2016		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
	R	R	R	R	R	R
Land and buildings	514 916 366	(14 553 359)	500 363 007	491 749 924	(13 867 004)	477 882 920
Plant and machinery	245 245 001	(129 818 673)	115 426 328	202 156 725	(98 010 153)	104 146 572
Motor vehicles	93 704 695	(57 540 353)	36 164 342	75 935 330	(43 959 143)	31 976 187
Leasehold improvements	3 129 461	(3 010 463)	118 998	3 129 461	(2 741 833)	387 628
Structures	16 362 612	(2 007 680)	14 354 932	9 560 367	(1 678 714)	7 881 653
Total	**873 358 135**	**(206 930 528)**	**666 427 607**	**782 531 807**	**(160 256 847)**	**622 274 960**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – 2017	Opening balance	Additions	Additions through business combinations	Disposals	Classified as held for sale	Borrowing cost capitalised	Revaluations	Depreciation	Total
	R	R	R	R	R	R	R	R	R
Land and buildings	477 882 920	18 889 922	2 084 684	(13 217 984)	(4 185 332)	120 878	19 026 873	(238 954)	500 363 007
Plant and machinery	104 146 572	30 710 108	4 750 573	(5 944 411)	-	-	-	(18 236 514)	115 426 328
Motor vehicles	31 976 187	10 939 305	3 101 652	(3 132 496)	-	-	-	(6 720 306)	36 164 342
Leasehold improvements	387 628	-	-	-	-	-	-	(268 630)	118 998
Structures	7 881 653	6 866 986	-	-	-	-	-	(393 707)	14 354 932
Total	**622 274 960**	**67 406 321**	**9 936 909**	**(22 294 891)**	**(4 185 332)**	**120 878**	**19 026 873**	**(25 858 111)**	**666 427 607**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – 2016	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
	R	R	R	R	R	R
Land and buildings	444 658 061	32 729 757	(908 407)	1 611 545	(208 036)	477 882 920
Plant and machinery	81 728 388	39 695 161	(1 709 958)	-	(15 567 019)	104 146 572
Motor vehicles	33 729 144	8 640 911	(4 481 391)	-	(5 912 477)	31 976 187
Leasehold improvements	776 181	-	-	-	(388 553)	387 628
Structures	7 955 173	163 800	-	-	(237 320)	7 881 653
Total	**568 846 947**	**81 229 629**	**(7 099 756)**	**1 611 545**	**(22 313 405)**	**622 274 960**

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.

Depreciation is calculated to write off the asset's carrying amount over its estimated useful life to its estimated residual value.

Depreciation on leasehold improvements is calculated to write off the carrying amount over the term of the leases.

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 near the end of their useful life. The estimated useful lives of items of property, plant and equipment are within the following intervals:

Land	Not depreciated
Buildings and structures	20 to 50 years
Plant and machinery	4 to 22 years
Motor vehicles	6 years
Leasehold improvements	Over term of lease

Property, plant and equipment encumbered as security

Property, plant and equipment with a carrying value of R350,603,603 (2016: R550 405 622), have been pledged to secure borrowings. Refer to notes 24 & 25.

Borrowing costs capitalised	**2017**	**2016**
Borrowing costs capitalised to qualifying assets	120 878	-
Capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation	10.25 %	- %

Net carrying amounts of leased assets	**2017**	**2016**
Motor vehicles	634 056	1 263 567

Revaluations

Every year the directors evaluate whether there is an indication that the carrying value of an item of land and buildings differ 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 every four years.

The last valuation on selected assets was on 31 August 2017. Valuations were performed by independent valuer's, Mr C Winckler and Mr W Winckler of Valuers Africa (Pty) Ltd. The valuer's are registered professional valuer's 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 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 carrying value of the revalued assets under the cost model would have been:

	2017	**2016**
	R	R
Land and buildings	483 549 799	468 789 968

Fair value information

The fair value measurement of property, plant and equipment have been categorised as Level 3 based on inputs which are not based on observable market data.

5. BIOLOGICAL ASSETS

	2017 Carrying value	2016 Carrying value
	R	R
Plantations	549 181 537	486 179 930
Livestock	3 707 250	3 830 550
Total	**552 888 787**	**490 010 480**
Classified as non-current assets	307 247 522	270 934 599
Classified as current assets included in inventory	245 641 265	219 075 881
	552 888 787	**490 010 480**

RECONCILIATION OF BIOLOGICAL ASSETS – 2017	Opening balance	Increase due to planted and purchased	Decreases due to harvest /sales	Gains/(losses) arising from changes in fair value	Total
	R	R	R	R	R
Plantations	486 179 930	336 530 427	(284 304 456)	10 775 636	549 181 537
Livestock	3 830 550	291 300	(325 200)	(89 400)	3 707 250
	490 010 480	**336 821 727**	**(284 629 656)**	**10 686 236**	**552 888 787**

RECONCILIATION OF BIOLOGICAL ASSETS – 2016	Opening balance	Increase due to planted and purchased	Decreases due to harvest /sales	Gains/(losses) arising from changes in fair value	Total
	R	R	R	R	R
Plantations	428 911 621	303 008 356	(264 929 819)	19 189 772	486 179 930
Livestock	2 750 800	-	-	1 079 750	3 830 550
	431 662 421	**303 008 356**	**(264 929 819)**	**20 269 522**	**490 010 480**

NON–FINANCIAL INFORMATION

Hectares 2017	Pine	Eucalyptus	Wattle	Total
Balance as at 31 August 2016	3 801	7 990	2 130	13 921
Planted during the year	295	895	284	1 474
Harvested during the year	(125)	(947)	(204)	(1 276)
Adjustment measurement	4	48	3	55
Balance as at 31 August 2017	**3 975**	**7 986**	**2 213**	**14 174**

Livestock 2017	Cattle	Horses	Goats	Total
Balance as at 31 August 2016	676	2	211	889
Due to acquisitions	11	-	-	11
Due to births	107	-	5	112
Due to death	(26)	(1)	(96)	(123)
Due to sale	(28)	-	(120)	(148)
Balance as at 31 August 2017	**740**	**1**	**-**	**741**

Hectares 2016	Pine	Eucalyptus	Wattle	Total
Balance as 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 measurement	(25)	91	(207)	(141)
Balance as at 31 August 2016	**3 801**	**7 990**	**2 130**	**13 921**

Livestock 2016	Cattle	Horses	Goats	Total
Balance as 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 as at 31 August 2016	**676**	**2**	**211**	**889**

Standing timber comprised approximately of 14.174 (2016: 13.921) 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 Group harvested approximately 491.558 (2016: 567.980) tonnes of timber on land that the Group 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 sawlogs and are managed to ensure that the optimum fibre balance is supplied to the most relevant market.

TWK 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.

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

At 31 August 2017 livestock comprised of 740 cattle, 1 horse and 0 goats (2016: 676 cattle, 2 horses and 211 goats).

Pledged as security
Plantations of TWK Agri (Pty) Ltd with a carrying value of R134 441 638 (2016: R112 369 992) have been pledged to secure borrowings of R100 000 000 of the holding company, TWK Agriculture Holdings (Pty) Ltd.

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. Biological assets are measured on initial recognition at cost 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 are included in profit or loss.

The fair value measurement of livestock have 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 tonne is based on the estimated weighted average price per tonne of the different species for their relevant market. The estimated fair value would increase/(decrease) if the estimated timber prices per tonne were higher/(lower).
- The estimated weighted average yields per hectare is 135,99 ton (2016: 147.38 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 tonne as a percentage of selling price is 42.06% (2016: 44.59%). 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 4.93% (2016: 4.39%). The estimated fair value would increase/(decrease) if the estimated risk-adjusted discount rate were 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.

5. BIOLOGICAL ASSETS (CONTINUED)

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 perform 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.

6. GOODWILL AND INTANGIBLE ASSETS

	2017			2016		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
	R	R	R	R	R	R
Patents, trademarks and other rights	507 322	(32 762)	474 560	200 000	(15 832)	184 168
Sole distributor rights	3 000 000	-	3 000 000	3 000 000	-	3 000 000
Computer software	7 649 122	(3 870 749)	3 778 373	4 857 346	(3 062 023)	1 795 323
Goodwill	113 458 509	-	113 458 509	16 946 217	-	16 946 217
Total	**124 614 953**	**(3 903 511)**	**120 711 442**	**25 003 563**	**(3 077 855)**	**21 925 708**

RECONCILIATION OF GOODWILL AND INTANGIBLE ASSETS – 2017	Opening balance	Additions	Additions through business combinations	Disposals	Amortisation	Total
	R	R	R	R	R	R
Patents, trademarks and other rights	184 168	290 392	-	-	-	474 560
Sole distributor rights	3 000 000	-	-	-	-	3 000 000
Computer software	1 795 323	3 325 129	-	(481 722)	(860 357)	3 778 373
Goodwill	16 946 217	17 315 789	79 196 503	-	-	113 458 509
Total	21 925 708	20 931 310	79 196 503	(481 722)	(860 357)	120 711 442

RECONCILIATION OF GOODWILL AND INTANGIBLE ASSETS – 2016	Opening balance	Additions	Disposals	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	2 157 418	513 542	(48 533)	(827 104)	1 795 323
Goodwill	13 823 410	3 122 807	-	-	16 946 217
Total	**19 164 996**	**3 636 349**	**(48 533)**	**(827 104)**	**21 925 708**

The useful life and residual values of computer software are reviewed at the beginning of each reporting period and adjusted if appropriate. The estimated useful life of computer software are 4 years.

Pledged as security

Computer software with a carrying value of R3 774 507 (2016: R1 785 937), have been pledged to secure borrowings. Refer to note 24.

Other information

During the previous 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.

During the current year the Group acquired the insurance agency rights of FFG Ermelo (Pty) Ltd. The goodwill of R1 315 789 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.

During the current year the Group also acquired the business, collectively the Total filling station situated at Elukwatini and the Total filling station, including the Food outlet and Bonjour situated at Carolina. The total goodwill of R16 000 000 represents the excess of the cost of the acquisition over the fair value of the net identifiable assets of the acquired businesses and liabilities assumed.

The additions through business combinations refer to the acquisition of Bedrock Mining Support (Pty) Ltd. During the current year the Group acquired a 50.004% interest in Bedrock Mining Support (Pty) Ltd. The total goodwill of R35 041 043 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 - Refer to note 7. Previously Bedrock Mining Support (Pty) Ltd also acquired the business of SMT Mining (Pty) Ltd. The total goodwill of R44 155 460 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 is 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 review Goodwill and Intangible assets regularly to determine whether events and circumstances continue to support an indefinite useful life and review for impairment by comparing its recoverable amount by its carrying amount.

Amortisation is calculated to write off computer software'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 computer software can only be established with certainty when the item of asset near the end of their useful life.The estimated useful lives of items of computer software is 4 years.

Goodwill is allocated to the Group'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 cashflow forecasts prepared by Management for the next seven (7) years. Due to the nature of and the strategic objectives of the cash generating units a longer than five (5) years cashflow forecasts was used.

	2017	2016
	R	R
Goodwill relating to the insurance business unit	6 260 396	4 944 607
Goodwill relating to the trade business unit	3 254 168	3 254 168
Goodwill relating to the timber business unit (Refer to note 7)	35 041 043	-
Goodwill relating to the fuel and oil business unit	16 000 000	-
Goodwill relating to Bedrock Mining Support (Pty) Ltd	44 155 460	-

The following assumptions were used in the calculation:

Growth rate	6.00%
Discount rate	14.65%

The forecasted cashflow's are based on actual results and assumptions regarding own strategies and market development. The discount rate reflect 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.

7. INTERESTS IN SUBSIDIARIES

The following table lists the entities which are controlled directly 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	2017 % holding	2016 % holding
Arrow Feeds (Pty) Ltd	TWK Investments Ltd	Swaziland	100.00	100.00
Canyon 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
Piet Retief Trekkers (Pty) Ltd	TWK Investments Ltd	South Africa	-	100.00
Shiselweni Forestry Company Ltd	TWK Investments Ltd	Swaziland	100.00	100.00
Swaziland Forestry Equipment (Pty) Ltd	TWK Investments Ltd	Swaziland	-	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 Timbers (Pty) Ltd	TWK Investments Ltd	South Africa	-	100.00
Protea Tyres 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
Constantia Kunsmis (Pty) Ltd	TWK Agri (Pty) Ltd	South Africa	100.00	100.00
Die Kilo Bemarkingskorporasie (Pty) Ltd	TWK Agri (Pty) Ltd	South Africa	100.00	100.00
Rothman Motors (Pty) Ltd - previously HP Kuun Insurance Brokers (Pty) Ltd	TWK Agri (Pty) Ltd	South Africa	100.00	100.00
Maluti Milling (Pty) Ltd	TWK Agri (Pty) Ltd	South Africa	-	51.00
Protea Versoolwerke Ermelo (Pty) Ltd	TWK Agri (Pty) Ltd	South Africa	60.00	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 Rekenaardienste (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	60.00
Lydenburg Saagmeule (Pty) Ltd	TWK Agri (Pty) Ltd	South Africa	50.00	50.00
Bedrock Mining Support (Pty) Ltd	TWK Agri (Pty) Ltd	South Africa	50.004	-

During the current year, the Group decided to sell 7.34% (587 shares) of the shares held in Protea Versoolwerke Ermelo (Pty) Ltd, previously held at R5 000 per share. The net gain on the shares sold amounted to R2 787 864 and is included in other operating gains.

During the current year, the Group decided to dispose of its investments in one of its subsidiaries, Maluti Milling (Pty) Ltd. On 31 August 2017, a sale of share transaction was concluded. Refer to note 19.

During the current year Mutual Farming (Pty) Ltd, Piet Retief Trekkers (Pty) Ltd, Swaziland Forestry Equipment (Pty) Ltd and Weston Timbers (Pty) Ltd were deregistered.

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 18).

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 to the holding company TWK Agriculture Holdings (Pty) Ltd. The Group's rights and title to the security shares held in Bedrock Mining Support (Pty) Ltd have also been pledged to secure borrowings of Bedrock Mining Support (Pty) Ltd (refer to note 24).

Business combinations

On 01 September 2016, the Group acquired 50.0004% of the issued share capital of Bedrock Mining Support (Pty) Ltd, a manufacturer of timber-based mining support products. The interest was acquired to further expand the timber business of the Group. The excess of the cost of the 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, amounted to R35 041 043.

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

	R
Total assets	146 683 874
Total liabilities	(104 760 357)
Net identifiable assets acquired	**41 923 517**
Less: Non-controlling interest share	(20 960 082)
Less: Consideration paid	(56 004 478)
Goodwill	**(35 041 043)**

SUMMARISED FINANCIAL INFORMATION OF MATERIAL SUBSIDIARIES – 2017

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	390 176 491	202 865 823	593 042 314	90 899 682	109 905 889	200 805 571
TWK Motors (Pty) Ltd	39 959 144	55 656 364	95 615 508	3 559 442	43 513 916	47 073 358
Constantia Kunsmis (Pty) Ltd	34 419 780	234 180 216	268 599 996	22 687 877	227 764 342	250 452 219
Protea Versoolwerke Ermelo (Pty) Ltd	20 804 324	54 587 106	75 391 430	1 781 407	27 820 395	29 601 802
TWK Agri (Pty) Ltd	480 515 773	1 713 105 930	2 193 621 703	764 882 909	1 381 755 166	2 146 638 075
Bedrock Mining Support (Pty) Ltd	55 727 603	84 709 022	140 436 625	20 466 911	64 756 958	85 223 869
Total	**1 021 603 115**	**2 345 104 461**	**3 366 707 576**	**904 278 228**	**1 855 516 666**	**2 759 794 894**

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	112 918 962	37 129 615	(10 270 651)	26 858 964	-	26 858 964
TWK Motors (Pty) Ltd	493 373 440	6 763 795	(1 732 720)	5 031 075	(6 458 115)	(1 427 040)
Constantia Kunsmis (Pty) Ltd	768 952 563	18 266 144	(4 627 382)	13 638 762	-	13 638 762
Protea Versoolwerke Ermelo (Pty) Ltd	176 147 439	3 951 482	(1 125 470)	2 826 012	2 885 890	5 711 902
TWK Agri (Pty) Ltd	5 734 724 109	34 942 948	(10 221 591)	24 698 880	17 477 952	42 176 832
Bedrock Mining Support (Pty) Ltd	404 756 860	40 736 239	(10 447 377)	30 289 239	-	30 289 239
Total	**7 690 873 373**	**141 790 223**	**(38 425 191)**	**103 342 932**	**13 905 727**	**117 248 659**

7. INTERESTS IN SUBSIDIARIES (CONTINUED)

SUMMARISED FINANCIAL INFORMATION OF MATERIAL SUBSIDIARIES – 2016

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	361 236 870	248 467 694	609 704 564	80 629 032	163 697 753	244 326 785
TWK Motors (Pty) Ltd	39 647 735	64 130 910	103 778 645	5 413 298	48 396 157	53 809 455
Constantia Kunsmis (Pty) Ltd	24 624 007	222 799 294	247 423 301	23 270 254	219 644 034	242 914 288
Protea Versoolwerke (Ermelo) Pty) Ltd	13 835 304	45 489 173	59 324 477	768 252	18 156 200	18 924 452
TWK Agri (Pty) Ltd	410 022 977	1 818 190 363	2 228 213 340	374 053 007	1 792 432 198	2 166 485 205
Total	**849 366 893**	**2 399 077 434**	**3 248 444 327**	**484 133 843**	**2 242 326 342**	**2 726 460 185**

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	107 105 057	30 098 340	(8 265 716)	21 832 624	-	21 832 624
TWK Motors (Pty) Ltd	466 376 637	6 870 761	(381 876)	6 488 885	(317 967)	6 170 918
Constantia Kunsmis (Pty) Ltd	830 158 284	12 345 983	(3 456 875)	8 889 108	-	8 889 108
Protea Versoolwerke (Ermelo) Pty) Ltd	148 293 132	1 805 586	(516 393)	1 289 193	(164 202)	1 124 991
TWK Agri (Pty) Ltd	5 953 101 247	51 008 565	(14 263 749)	36 151 610	25 557 058	61 708 668
Total	**7 505 034 357**	**102 129 235**	**(26 884 609)**	**74 651 420**	**25 074 889**	**99 726 309**

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	Accumulated non-controlling interest
Company		%	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 fertilizer			
Protea Versoolwerke Ermelo (Pty) Ltd	Retreading of tyres, as well as the sale and installation of new tyres, batteries, shocks and exhausts	40.00	2 170 286	18 315 851
TWK Agri (Pty) Ltd	Agricultural services	25.00	9 511 671	(56 896 880)
Bedrock Mining Support (Pty) Ltd	Timber-based underground support to South African mines	49.996	15 143 407	27 604 169

8. INVESTMENTS IN ASSOCIATES

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

NAME OF COMPANY	Held by	% ownership interest 2017	% ownership interest 2016	Carrying amount 2017	Carrying amount 2016
Henleo 1080 (Pty) Ltd	Constantia Kunsmis (Pty) Ltd	45.00 %	36.00 %	45	36
Gromor (Pty) Ltd	Constantia Kunsmis (Pty) Ltd	40.00 %	- %	12 517 051	-
				12 517 096	**36**

The percentage ownership interest of the above associates is equal to the percentage voting rights, and the Group does not have significant influence over these companies.

Henleo 1080 (Pty) Ltd and Gromor (Pty) Ltd is both incorporated in South Africa with interest in the manufacturing and distribution of fertilizer. The issued share capital of Henleo 1080 (Pty) Ltd is R100, and for Gromor (Pty) Ltd R2 500. No dividends have been declared or paid by Henleo 1080 (Pty) Ltd and Gromor (Pty) Ltd.

The Group accounts for its investments in associates using the equity method. The investment of Henleo 1080 (Pty) Ltd is carried at cost, because the Group only recognised losses to the extent that the Group has incurred a legal or constructive obligation to make payments on behalf of the associate.

SUMMARISED FINANCIAL INFORMATION OF MATERIAL ASSOCIATES – 2017

The information disclosed reflects the amounts presented in the annual financial statements of the relevant associates and not the Group's share of those amounts.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Revenue	Profit from continuing operations	Total comprehensive income
	R	R	R
Henleo 1080 (Pty) Ltd	16 105 887	1 232 684	1 232 684
Gromor (Pty) Ltd	83 146 036	4 792 628	4 792 628
	99 251 923	**6 025 312**	**6 025 312**

SUMMARISED STATEMENT OF FINANCIAL POSITION	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Total net assets
	R	R	R	R	R
Henleo 1080 (Pty) Ltd	30 030 421	3 471 195	33 742 059	185 131	(425 574)
Gromor (Pty) Ltd	10 175 095	32 416 301	8 956 621	28 420 715	5 214 060
	40 205 516	**35 887 496**	**42 698 680**	**28 605 846**	**4 788 486**

RECONCILIATION OF NET ASSETS TO EQUITY ACCOUNTED INVESTMENTS IN ASSOCIATES	Total net assets	Interest in associate at % ownership	Investment in associate
	R	R	R
Henleo 1080 (Pty) Ltd	(425 574)	-	-
Gromor (Pty) Ltd	5 214 060	2 085 624	2 085 624
	4 788 486	**2 085 624**	**2 085 624**

RECONCILIATION OF MOVEMENT IN INVESTMENTS IN ASSOCIATES	Investment at beginning of 2017	Acquisitions	Share of profit	Investment at end of 2017
	R	R	R	R
Henleo 1080 (Pty) Ltd	36	9	-	45
Gromor (Pty) Ltd	-	10 600 000	1 917 051	12 517 051
	36	**10 600 009**	**1 917 051**	**12 517 096**

8. INVESTMENTS IN ASSOCIATES (CONTINUED)

SUMMARISED FINANCIAL INFORMATION OF MATERIAL ASSOCIATES – 2016

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Revenue	(Loss) from continuing operations	Total comprehensive income
	R	R	R
Henleo 1080 (Pty) Ltd	4 997 536	(1 680 380)	(1 680 380)

STATEMENT OF FINANCIAL POSITION	Non-current assets	Current assets	Non-current liabilities	Total net liabilities
	R	R	R	R
Henleo 1080 (Pty) Ltd	28 502 928	1 838 300	32 021 508	(1 680 280)

RECONCILIATION OF NET ASSETS TO EQUITY ACCOUNTED INVESTMENTS IN ASSOCIATES	Total net assets
	R
Henleo 1080 (Pty) Ltd	(1 680 280)

RECONCILIATION OF MOVEMENT IN INVESTMENTS IN ASSOCIATES	Investment at beginning of 2017	Investment at end of 2016
Henleo 1080 (Pty) Ltd	36	36

Associates with different reporting dates

The year-end of Henleo 1080 (Pty) Ltd is 28 February. All the necessary adjustments have been done up to 31 August 2017. The investment in Henleo 1080 (Pty) Ltd has been accounted for at fair value due to the negative net asset value as at the end of 31 August 2017, and the financial information above is based on reviewed financial information of Henleo 1080 (Pty) Ltd, and audited financial information of Gromor (Pty) Ltd.

9. LOANS TO/(FROM) GROUP COMPANIES

	2017	2016
	R	R
Associates		
Henleo 1080 (Pty) Ltd Subject to the availability of funds of the Company, the loans shall be repaid from time to time as agreed between the Company and all its shareholders. The unsecured loan bears interest at a prime linked rate. The loan is subordinated, therefore the loan is classified as long term.	15 053 325	11 527 743
Holding company	R	R
TWK Agriculture Holdings (Pty) Ltd The loan bears interest at a prime linked rate. The loan is payable in monthly installments of R612 551 over a remaining period of 57 months.	(26 952 673)	-
TWK Agriculture Holdings (Pty) Ltd The unsecured loan with a residual value of R107 000 000 carries interest at a rate linked to the prime rate and shall be repayable in monthly installments of R555 555 over a period of 36 months.	(127 000 000)	-
	(153 952 673)	**-**
Non-current assets	15 053 325	11 527 743
Non-current liabilities	(142 736 720)	-
Current liabilities	(11 215 953)	-
	(138 899 348)	**11 527 743**

Fair value of loans to and from Group companies

Loans to/(from) Group companies at amortised cost approximate its fair value because terms and conditions are at arm's length.

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. Refer to note 49 for credit risk information.

10. LOANS TO/(FROM) GROUP COMPANIES

	2017	2016
	R	R
Rand Agri (Pty) Ltd The unsecured loan bears interest at a prime linked rate, and has no repayment terms. Maluti Milling (Pty) Ltd was in debt with the same amount to the other shareholder, TWK Agri (Pty) Ltd. The loans were repayable simultaneously and proportionately to both the shareholders and should have been repaid prior to the declaration of any dividends or other distributions to the shareholders of Maluti Milling (Pty) Ltd. At year end the Group sold its interest and the loan amount of R12 888 334 was written off and is included in operating expenses.	-	(9 106 551)
Palkor (Pty) Ltd The unsecured loan carries no interest and is repayable as and when future profits arise from operations.	(7 149 651)	(7 149 551)
SD Zwane The loan is unsecured, bears interest at a prime linked rate and is repayable on demand.	(6 400 000)	-
Treated Timber Products (Pty) Ltd The loan is unsecured, bears interest at a prime linked rate and is repayable on demand.	(4 247 419)	(1 542 628)
Buurman Trust The unsecured loan carries interest at a prime rate +2% and is repayable when the new investment property has been registered in the name of Canyon Springs Investments 140 (Pty) Ltd.	-	1 118 185
Buurman Trust The unsecured loan carries interest at a prime linked rate and is repayable in monthly installments over the remaining period of 196 months.	(2 660 610)	(2 687 859)
Jo-Ann Trust The loan is unsecured, bears no interest and is repayable on demand.	333	-
	(20 457 347)	**(19 368 404)**

Non-current assets	333	3 822 976
Non-current liabilities	(9 743 584)	(16 256 102)
Current liabilities	(10 714 096)	(6 935 278)
	(20 457 347)	**(19 368 404)**

Fair value of other loans payable

Other loans receivable/(payable) at amortised cost approximate its fair value. The fair values of other financial instruments were determined by assessing the future cash flows to be derived or paid from these instruments, as well as considering fair discount rates, where applicable.

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. Refer to note 49 for credit risk information.

11. OTHER FINANCIAL ASSETS

	2017	2016
	R	R
At fair value through profit or loss – held for trading		
US dollar forward contracts	1 996 579	-
The Group's US dollar forward contracts relate to cash flows that are expected to occur during the period September-December 2017. The forward contracts represent contracts with financial institutions for the hedging of export and import transactions. Foreign exchange contracts are concluded for specific transactions to hedge against fluctuations in exchange rates. It is against Group policy to have speculative positions.		
Available-for-sale		
Unlisted shares	81 789 926	68 357 655
Loans and receivables		
Forestry and term loans	118 629 461	124 221 062
The loans represents loans and receivables granted over a period between 5 and 10 years to clients, which are repayable in monthly or annual installments. The maximum exposure to credit risk at the reporting date is the fair value of the loans mentioned above. The Group holds collateral as security. The loan with a carrying value of R118 245 467 (2016: R124 221 062) have been pledged to secure borrowings by the Group's parent, TWK Agriculture Holdings (Pty) Ltd, respectively. Refer to note 24.		
Total other financial assets	**202 415 966**	**192 578 717**
Non-current assets		
Available-for-sale	81 789 926	68 357 655
Loans and receivables	114 129 461	124 221 062
	195 919 387	**192 578 717**
Current assets		
At fair value through profit or loss – held for trading	1 996 579	-
Loans and receivables	4 500 000	-
	6 496 579	**-**
	202 415 966	**192 578 717**

Fair value information

Financial assets at fair value through profit or loss are recognised at fair value which approximates to their carrying amounts. The fair value measurement of Forestry and Term loans have been categorised as Level 3, forward contracts as Level 1, and unlisted shares as Level 3 in terms of the fair value measurement hierarchy. The fair values of other financial instruments were determined by assessing the future cash flows to be derived or paid from these instruments, as well as considering fair discount rates, where applicable.

The unlisted shares held by TWK Motors (Pty) Ltd and TWK Group Customer Loyalty Scheme Trust are measured at fair value based on the market share price.

The unlisted shares held by TWK Investments Ltd and Protea Versoolwerke (Ermelo) Pty) Ltd are measured based on the interest the Group holds in the unlisted company's assets and liabilities, fairly valued at year-end.

RECONCILIATION OF UNLISTED SHARES AT FAIR VALUE – 2017	Opening balance	Purchases	Gains or losses in other comprehensive income	Other comprehensive income	Total
Unlisted Shares	R	R	R	R	R
TWK Agriculture Holdings held by TWK Motors (Pty) Ltd	30 430 137	-	(8 879 289)	-	21 550 848
TWK Agriculture Holdings (Pty) Ltd held by TWK Group Customer Loyalty Scheme	-	-	-	14 154 901	14 154 901
Nexcor 875 (Pty) Ltd held by Protea Versoolwerke Ermelo (Pty) Ltd	-	6	235 243	-	235 249
BKB Limited held by TWK Investments Ltd	24 955	-	(759)	-	24 196
NTE Company (Pty) Ltd held by TWK Investments Ltd	35 430 655	-	7 525 852	-	42 956 507
UCL Company (Pty) Ltd held by a nominee of TWK Investments Ltd	2 471 909	-	396 317	-	2 868 226
	68 357 656	**6**	**(722 636)**	**14 154 901**	**81 789 927**

RECONCILIATION OF UNLISTED SHARES AT FAIR VALUE – 2016	Opening balance	Gains or losses in other comprehensive income	Total
Unlisted Shares	R	R	R
TWK Agriculture Holdings held by TWK Motors (Pty) Ltd	30 430 137	-	30 430 137
BKB Limited held by TWK Investments Ltd	20 700	4 255	24 955
NTE Company (Pty) Ltd held by TWK Investments Ltd	27 251 747	8 178 909	35 430 656
UCL Company (Pty) Ltd held by a nominee of TWK Investments Ltd	2 344 830	127 077	2 471 907
	60 047 414	**8 310 241**	**68 357 655**

NUMBER OF SHARES IN UNLISTED COMPANIES	2017	2016
	R	R
TWK Agriculture Holdings (Pty) Ltd held by TWK Motors (Pty) Ltd	653 056	653 056
BKB Ltd held by TWK Investments Ltd	2 300	2 300
NTE Company Limited held by TWK Investments Ltd	3 431 064	3 431 064
UCL Company (Pty) Ltd held by a nominee of TWK Investments Ltd	514 888	514 888
TWK Agriculture Holdings (Pty) Ltd held by TWK Group Customer Loyalty Scheme Trust	471 830	-
Nexcor 875 (Pty) Ltd held by Protea Versoolwerke (Ermelo) (Pty) Ltd	6	-
	5 073 144	**4 601 308**

12. FINANCE LEASE RECEIVABLES

	2017	2016
	R	R
Gross investment in the lease due		
- within one year	17 277 970	18 454 402
- in second to fifth year inclusive	17 890 358	25 110 229
	35 168 328	43 564 631
Present value of minimum lease payments receivable	35 168 328	43 564 631
less: allowance for uncollectable minimum lease payments	(5 717 597)	(7 994 621)
	29 450 731	**35 570 010**
Non-current assets	14 122 989	19 186 204
Current assets	15 327 742	16 383 806
	29 450 731	**35 570 010**

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).

13. RETIREMENT BENEFITS

Defined benefit plan

The Group's policy is not to provide post-retirement medical aid benefits to its employees. However, a provision is made for a closed group of former employees in respect of post-retirement medical scheme contributions. The last valuation was on 31 August 2017. An independent actuary, Mr D Freidus of Five 2 Two Actuaries, determined the value of the obligation and the annual cost of such benefits.

At year-end the number of members consisting of former employees was 24 (2016: 24).

	2017	2016
	R	R
Carrying value		
Present value of the defined medical benefit obligation	(9 564 000)	(6 089 009)
Movements for the year		
Opening balance	(6 089 009)	(4 756 286)
Actuarial gains and losses	(4 206 991)	-
Benefits paid to members	1 371 000	1 237 098
Interest cost	(639 000)	(2 569 821)
	(9 564 000)	**(6 089 009)**

Key assumptions used

The liability as at 31 August 2017 takes into account mortality tables as required by IAS19, 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.

	2017	2016
Discount rates used	7.50 %	11.82 %
Health care inflation rate	6.25 %	6.60 %
Mortality post-retirement table used	PA90	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:

	2017	2016
	R	R
Increase of 1%	459 000	208 554
Decrease of 1%	(425 000)	(200 895)

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:

	2017	2016
Increase of 1%	(455 000)	(190 013)
Decrease of 1%	500 000	200 468

14. FINANCIAL ASSETS BY CATEGORY

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

2017	Loans and receivables	Fair value through profit or loss	Available-for-sale	Total
	R	R	R	R
Loans to Group companies	15 053 325	-	-	15 053 325
Other loans receivable	333	-	-	333
Trade and other receivables	789 824 552	-	-	789 824 552
Term loans	118 629 461	-	-	118 629 461
Finance lease receivable	29 450 731	-	-	29 450 731
Other financial assets	-	1 996 579	81 789 927	83 786 506
Cash and cash equivalents	111 672 626	-	-	111 672 626
	1 064 631 028	**1 996 579**	**81 789 927**	**1 148 417 534**

2016	Loans and receivables	Available-for-sale	Total
	R	R	R
Loans to Group companies	11 527 743	-	11 527 743
Other loans receivable	3 822 976	-	3 822 976
Trade and other receivables	650 533 198	-	650 533 198
Term loans	124 221 062	-	124 221 062
Finance lease receivable	35 570 010	-	35 570 010
Other financial assets	-	68 357 655	68 357 655
Cash and cash equivalents	133 240 248	-	133 240 248
	958 915 237	**68 357 655**	**1 027 272 892**

15. DEFERRED TAX

	2017 R	2016 R
Deferred tax liability		
Property, plant and equipment	(6 669 181)	(7 556 061)
Revaluation of land and buildings	(6 296 919)	(999 177)
Biological assets	(155 810 515)	(135 261 517)
Investments	(4 657 422)	(4 808 370)
Total deferred tax liability	**(173 434 037)**	**(148 625 125)**
Deferred tax asset		
Accruals and provisions	24 996 274	22 608 722
Income received in advance	678 122	280 388
Deferred tax balance from temporary differences other than unused tax losses	25 674 396	22 889 110
Tax losses available for set off against future taxable income	32 671 019	38 332 248
Total deferred tax asset	**58 345 415**	**61 221 358**

The deferred tax asset and deferred tax liability consists of income tax in South Africa and Swaziland and therefore relates to different jurisdictions.

The deferred tax relating to South Africa is as follows:

Deferred tax liability	(55 731 968)	(42 657 803)
Deferred tax asset	30 875 807	32 904 237
Total deferred tax liability	**(24 856 161)**	**(9 753 566)**

The deferred tax relating to Swaziland is as follows:

Deferred tax liability	(117 702 069)	(104 197 940)
Deferred tax asset	27 469 608	26 547 738
Total deferred tax liability	**(90 232 461)**	**(77 650 202)**

The deferred tax asset and deferred tax liability have been offset in the Statement of Financial Position, as follows:

Deferred tax liability	(173 434 037)	(148 625 126)
Deferred tax asset	58 345 415	61 221 358
Total net deferred tax liability	**(115 088 622)**	**(87 403 768)**

RECONCILIATION OF DEFERRED TAX ASSET/ (LIABILITY)	2017 R	2016 R
At beginning of year	(87 403 767)	(63 277 165)
Decrease in tax loss available for set off against future taxable income – gross of valuation allowance	(5 661 229)	(4 554 609)
Temporary difference on property, plant and equipment	(4 410 862)	(6 041 777)
Temporary difference on accruals and provisions	2 387 552	6 433 742
Temporary difference on fair value adjustment on investments	150 948	(3 833 475)
Temporary difference movement on biological assets	(20 548 998)	(16 130 483)
Income received in advance	397 734	-
	(115 088 622)	**(87 403 767)**

16. INVENTORIES

	2017	2016
	R	R
Raw materials	3 947 020	7 289 428
Work in progress	1 113 344	689 252
Finished goods	581 048 109	510 394 124
Agricultural products	233 707 996	263 127 416
Plantations saleable within 12 months	247 054 357	221 040 392
	1 066 870 826	1 002 540 612
Inventories (write-downs)	(10 540 132)	(8 176 184)
	1 056 330 694	**994 364 428**

Inventory pledged as security

Inventory with a carrying value of R675 484 621 (2016: R532 950 190) have 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 Group's grain policy on the South African Future Exchange (Safex). Variance margins are also set off against these items and consequently the carrying value is equal to the fair value thereof.

17. TRADE AND OTHER RECEIVABLES

	2017	2016
	R	R
Trade receivables	756 772 038	623 329 443
Employee costs in advance	73 672	112 860
Prepayments	3 550 964	4 106 907
Deposits	724 839	577 696
Value added tax receivable	68 736 009	57 622 605
Current account: Holding company	5 216 084	-
Other receivables	27 836 430	27 203 755
	862 910 036	**712 953 266**

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 month accounts and is interest free for the first 30 days after statement. Interest on arrear 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. The fair value measurement of trade and other receivables have been categorised as Level 3 in terms of the fair value measurement hierarchy.

Trade and other receivables pledged as security

Trade receivables with a carrying value of R479 301 865 (2016: R581 409 417) have been pledged to secure the borrowings as set out in note 24.

Trade and other receivables past due but not impaired

On 31 August 2017, trade and other receivables of R44 192 448 (2016: R59 683 727) were past due, but not considered to be impaired. These relate to a number of independent customers for whom there is no recent history in default. The Group held R26 113 800 (2016: R26 213 800) in terms of mortgage bonds, notarial covering bonds, general guarantees and cessions 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-payment.

17. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	2017	2016
	R	R
Up to 6 months	19 096 201	40 590 644
7 to 12 months past due	9 542 245	4 511 986
13 to 24 months past due	15 554 002	14 851 097
Total	**44 192 448**	**59 953 727**

Trade and other receivables impaired

The impairment objective is to recognise expected losses in respect of trade and other receivables for which there have been significant increases in credit risk. The provision for impairment is based on an individual basis after considering all reasonable facts. The factors that influence Management's estimates and judgment include payment default, non- compliance with agreements, insolvency, financial problems and poor financial ratios. The provision is based on the exposure and the estimation of the quality and expected realisation of securities held for the specific customer.

As of 31 August 2017, trade and other receivables of R1 892 282 (2016: R3 575 614) were impaired and provided for.

The amount of the provision was R4 377 725 as of 31 August 2017 (2016: R5 536 598).

RECONCILIATION OF PROVISION FOR IMPAIRMENT OF TRADE AND OTHER RECEIVABLES	2017	2016
	R	R
Opening balance	(5 536 598)	(5 562 348)
Provision for impairment	(1 892 282)	(3 575 614)
Amounts written off as uncollectable	3 051 155	3 601 364
	(4 377 725)	**(5 536 598)**

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 Group. 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.

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2017	2016
	R	R
Cash on hand	384 965	334 837
Bank balances	81 670 675	119 860 429
Short-term deposits	10 844 807	11 255 119
Deposit call account	16 994 776	-
Other cash and cash equivalents	1 777 403	1 789 863
Bank overdraft	(394 545)	(250 271)
	111 278 081	**132 989 977**
Current assets	111 672 626	133 240 248
Current liabilities	(394 545)	(250 271)
Total	**111 278 081**	**132 989 977**

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 R290 000 000 (2016: R330 000 000) and is secured by a guarantee issued by the Security SPV Guarantor (TWK Guarantee Company (Pty) Ltd (RF). TWK Agri (Pty) Ltd and Constantia Kunsmis (Pty) Ltd indemnify the Security SPV against all claims in terms of the SPV guarantee. As security for performing their indemnity obligation to the Security SPV, cessions over debtors' month accounts are bonded in security to the Security SPV.

The call account deposit of R16 952 511 serves as security for a guarantee issued by First National Bank Limited to the contractor Ric-Hansen Projects (Pty) Ltd for the new granular bagging facility in Umlaas Road, Pietermaritzburg.

The banking facilities which includes the term loans of Bedrock Mining Support (Pty) Ltd are secured by an unrestricted cession of book debt, a special notarial bond over all plant and equipment, a general notarial bond over all moveable assets including inventory, a 1st bond over property, and a negative pledge over qualifying assets, as well as rights and title to the security shares.

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

19. DISCONTINUED OPERATIONS, DISPOSAL GROUPS AND NON-CURRENT ASSETS HELD FOR SALE

During the previous year, the Group decided to discontinue its operations at the Port Alfred branch 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 the lack of return on investment. The analysis of the result of discontinued operations is as follows:

PROFIT AND LOSS	2017	2016
	R	R
Revenue	-	39 075 400
Expenses	-	(37 736 557)
Net profit before tax	-	1 338 843
Tax	-	(374 876)
	-	**963 967**

During the current year, the Group decided to dispose of its investment in one of its subsidiaries, Maluti Milling (Pty) Ltd. On 31 August 2017, a sale of share transaction was concluded.

FINANCIAL PERFORMANCE INFORMATION OF MALUTI MILLING (PTY) LTD FOR THE 12 MONTHS	2017	2016
	R	R
Revenue	62 219 205	80 706 173
Expenses	(71 663 961)	(88 683 558)
Net profit before tax	(9 444 756)	(7 977 385)
Tax	2 513 026	1 943 430
	(6 931 730)	**(6 033 955)**

Assets and liabilities of Maluti Milling (Pty) Ltd

Carrying amounts of assets and liabilities at date of sale:

	2017	2016
	R	R
Non-current assets	13 520 358	16 484 504
Current assets	10 996 266	16 122 561
Total assets	**24 516 624**	**32 607 065**
Assets held for sale		
Non-current liabilities	(40 874 043)	(19 514 876)
Current liabilities	(2 184 656)	(18 900 774)
Total liabilities	**(43 058 699)**	**(38 415 650)**
Net asset value	**(18 542 075)**	**(5 808 585)**
Detail of sale of subsidiary		
Realisation with sale	1	-
Non-controlling interest	(9 092 072)	-
Less: Net asset value	18 542 075	-
Profit on sale of subsidiary	**9 450 004**	**-**

Non-current assets held for sale

During the year the directors made a decision to reclassify certain land and buildings as assets held for sale due to a not desired return on capital and not strategic of nature. A register containing the information is available for inspection at the registered office of the Group.

	2017	2016
	R	R
Assets held for sale		
Land and buildings	**4 185 332**	**-**

20. SHARE CAPITAL

Authorised

56 150 357 (2016: 56 150 357) No par-value ordinary shares
1 (2016: 1) "A" no par-value preference share

	2017 R	2016 R
Issued		
31 532 246 (2016: 35 100 993) no par-value ordinary shares	774 144 333	776 478 952
Reconciliation of ordinary share movement:		
Balance at the beginning of the year	35 100 993	35 100 993
Less: Treasury shares	(3 568 747)	-
	31 532 246	**35 100 993**
Reconciliation of ordinary share capital:		
No par-value ordinary shares	776 478 952	776 478 952
Less: Treasury shares at cost	(2 334 619)	-
	774 144 333	**776 478 952**
Reconciliation of preference share movement:		
Balance at the beginning of the year	1	1
Less: Treasury shares at cost	(1)	(1)
	-	-
Reconciliation of preference share capital:		
No par-value preference shares	1	1
Less: Treasury shares at cost	(1)	(1)
	-	-

The Board is entitled, from time to time and in the absolute discretion of the Board, to declare and pay a dividend on the preference share from distributable profit and in priority to any dividends to be declared and paid to holders of ordinary shares.

21. SHARE-BASED PAYMENTS

Aligned with TWK's strategic objective to be an employer of choice, the Group offers its key employees an equity-settled share-based payment scheme.

The long-term incentive (LTI) affords certain employees the right to purchase awarded shares in TWK Investments at the exercise price. During the vesting period (the period between grant date and vesting date), the shares are acquired and held in a trust. During this period, the option cannot be exercised and is forfeited should the employee leave the employment of TWK Group. After the grant date, employees have the option to exercise their rights in four-yearly vesting tranches of 20%, 25%, 25% and 30% respectively. The grant date is the date on which the Group and the participant agree to a share-based payment arrangement. Participants is required to pay the exercise price on vesting date for shares awarded. The exercise price is determined by the lowest weighted average share price of any three successive months preceding the grant date.

The scheme is treated as an equity-settled scheme. The scheme is valued at the reporting date in terms of IFRS 2 by using the Black-Scholes model.

The total expense recognised for the year amounts to R2 420 831. The accumulated equity-settled reserve amounts to R3 871 703.

Key assumptions used:

- Discount rate	8.34%
- Dividend yield	5.00%
- Volatility	75.00%

21. SHARE-BASED PAYMENTS (CONTINUED)

	2017
	R
Share-based payment reserve	
Opening balance	-
Previous periods	3 191 992
Expense recognised for the period	2 420 831
Rights awarded	(1 741 120)
Equity settled share based payment reserve	**3 871 703**

Three allocations of these share-based payments were made since inception. The first on 1 September 2014 (LTI1), the second on 13 October 2015 (LTI2) and the third on 12 October 2016 (LTI3).

DETAILS OF ALLOCATIONS	LTI1	LTI2	LTI3
Grant date	1 September 2014	13 October 2015	12 October 2016
Total share options granted	2 730 000	1 399,000	860 200
Outstanding shares at year-end	819 000	1 119 200	860 200
Exercise price	R1.00	R1.10	R4.11

22. REVALUATION RESERVE

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 4.

	2017	2016
	R	R
Fair value balance at the beginning of the year	9 225 295	15 927 642
Fair value adjustment for the year	19 026 873	1 642 468
Attributable to non-controlling interest holders	1 912 307	(7 874 081)
Transfers directly to equity	(635 211)	-
Deferred taxation	(4 280 762)	(470 733)
	25 248 502	**9 225 296**

During the year, Weston Timbers (Pty) Ltd and Piet Retief Trekkers (Pty) Ltd have been deregistered and therefore the revaluation reserve has been transferred directly to equity.

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

The reserves represent fair value changes on available-for-sale financial assets as indicated in note 11 (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.

	2017	2016
	R	R
Fair value balance at the beginning of the year	8 698 484	4 221 718
Fair value adjustment for the year	(722 635)	8 310 240
Deferred taxation	161 871	(3 833 474)
	8 137 720	**8 698 484**

24. OTHER FINANCIAL LIABILITIES

	2017 R	2016 R
At fair value through profit or (loss)		
Commodity forward contracts	1 400 833	5 233 948
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.		
US dollar forward contracts	-	28 243 645
The Group's US dollar forward contracts relate to cash flows that are expected to occur during the period September to December 2017.		
	1 400 833	**33 477 593**
Held at amortised cost		
Land and Agricultural Bank of South Africa: Revolving loan facility	375 315 000	1 085 000 000
The facility is secured by a guarantee issued by the Security SPV Guarantor (TWK Guarantee Company (Pty) Ltd (RF)). TWK indemnifies the Security SPV against all claims in terms of the SPV guarantee. As security for TWK performing their indemnity obligations to the Security SPV, mortgage and notarial bonds over plant and equipment and computer software (refer to notes 4 and 6), cessions over inventory of TWK Agri (Pty) Ltd and Constantia Kunsmis (Pty) Ltd (refer to note 16), standing timber (refer to note 5), certain debtors (refer to note 17) and finance lease receivables (refer to note 12), are bonded in security to the Security SPV. The loan bears interest at the prime linked rate. The loan is repayable on 31 August 2018, provided that the lender shall, following a written request by the borrower be entitled, in its sole discretion, to extend the final repayment date.		
Standard Bank of South Africa: Revolving loan facility	375 315 000	-
The facility is secured by a guarantee issued by the Security SPV Guarantor (TWK Guarantee Company (Pty) Ltd (RF)). TWK indemnifies the security SPV against all claims in terms of the SPV guarantee. As security for TWK performing their indemnity obligations to the Security SPV, mortgage and notarial bonds over plant and equipment and computer software (refer to notes 4 and 6), cessions over inventory of TWK Agri (Pty) Ltd and Constantia Kunsmis (Pty) Ltd (refer to note 16), standing timber (refer to note 5), certain debtors (refer to note 17) and finance lease receivables (refer to note 12), are bonded in security to the Security SPV. The loan bears interest at the prime linked rate. The loan is repayable on 31 August 2018, provided that the lender shall, following a written request by the borrower be entitled, in its sole discretion, to extend the final repayment date.		
Land and Agricultural Bank of South Africa: Revolving loan facility	80 000 000	-
The facility is secured by a guarantee issued by the Security SPV Guarantor (TWK Guarantee Company (Pty) Ltd (RF)). TWK indemnifies the Security SPV against all claims in terms of the SPV guarantee. As security for TWK performing their indemnity obligation to the Security SPV, own plantations (refer to note 5) are bonded in security to the Security SPV. The loan bears interest at the prime linked rate. The loan is repayable on 31 August 2018, provided that the lender shall, following a written request by the borrower be entitled, in its sole discretion, to extend the final repayment date.		
Land and Agricultural Bank of South Africa: Revolving loan facility	25 550 900	25 262 077
The loan was granted to TWK Agri (Pty) Ltd 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.		
Standard Bank of South Africa: Term loan	250 000 000	-
The facility is secured by a first continuing covering mortgage bond over the immovable property and notarial general bond to the maximum of R25 000 000 over the movable assets (wood chips and wood logs) of Shiselweni Forestry Company Limited, a subsidiary of the company . The loan carries interest at a prime linked rate and is payable in 36 equal monthly capital installments of R1 400 000 plus interest with a residual amount of R199 600 000.		
Land and Agricultural Bank of South Africa: Term loan	-	141 392 695
The loan is payable in monthly installments. The loan is secured by a guarantee issued by the Security SPV Guarantor (TWK Guarantee Company (Pty) Ltd (RF)). TWK indemnifies the Security SPV against all claims in terms of the SPV guarantee. As security for TWK performing its indemnity obligations to the Security SPV, cessions over biological assets (refer to note 5), investments in subsidiaries (refer to note 7), debtors (refer to note 17), forestry and term loans (refer to note 11), finance lease receivables (refer to note 12), inventory (refer to note 16), mortgage and notarial bonds over certain property, plant and equipment (refer to note 4) in the Group are bonded in security to the Security SPV. The loan was repaid during the year.		

24. OTHER FINANCIAL LIABILITIES (CONTINUED)

	2017	2016
Land and Agriculture Bank of South Africa: Term loan The loan is payable in monthly installments. The loan is secured by a guarantee issued by the Security SPV Guarantor (TWK Guarantee Company (Pty) Ltd (RF)). TWK indemnifies the Security SPV against all claims in terms of the SPV guarantee. As security for TWK performing its indemnity obligations to the Security SPV, cessions over biological assets (refer to note 5), investments in subsidiaries (refer to note 7), debtors (refer to note 17), forestry and term loans (refer to note 11), finance lease receivables (refer to note 12), inventory (refer to note 16), mortgage and notarial bonds over certain property, plant and equipment (refer to note 4) in the Group are bonded in security to the Security SPV. The loan was repaid during the year.	-	75 000 000
Rand Merchant Bank The revolving loan facility is secured by cessions over inventory (refer to note 16) and the loan bears interest at a prime linked rate.	33 348 170	61 620 937
Standard Bank Term loan: Bedrock Mining Support (Pty) Ltd The facility is secured by an unrestricted cession of book debt, a special notarial bond over all plant and equipment, a general notarial bond over all moveable assets including inventory, a 1st bond over property, and a negative pledge over qualifying assets, as well as rights and title to the security shares. The loan bears interest at a JIBAR linked rate, and is repayable over 4 years.	29 000 000	
Land and Agriculture Bank of South Africa: Term loan The loan is repayable in monthly installments over a remaining period of 36 months with a residual value of R208 000 000. The facility is secured by a guarantee issued by the Security SPV Guarantor TWK Guarantee Company (Pty) Ltd (RF)). TWK indemnifies the Security SPV against all claims in terms of the SPV guarantee. As security for TWK performing their indemnity obligation to the Security SPV, term loans (refer to note 11) and fixed property (refer to note 4) are bonded in security to the Security SPV. The loan bears interest at a prime linked rate.	260 000 000	-
Land and Agriculture Bank of South Africa: Term Loan The loan is payable in monthly installments. The loan is secured by a guarantee issued by the Security SPV Guarantor (TWK Guarantee Company (Pty) Ltd (RF)). TWK indemnifies the Security SPV against all claims in terms of the SPV guarantee. As security for TWK performing its indemnity obligations to the Security SPV, cessions over biological assets (refer to note 5), investments in subsidiaries (refer to note 7), debtors (refer to note 17), forestry and term loans (refer to note 11), finance lease receivables (refer to note 12), inventory (refer to note 16), mortgage and notarial bonds over certain property, plant and equipment (refer to note 4) in the Group are bonded in security to the Security SPV. The loan was repaid during the year.	-	25 732 347
	1 428 529 070	**1 414 008 056**
	1 429 929 903	**1 447 485 649**

TWK Investments Ltd and TWK Agriculture Holdings (Pty) Ltd signed unlimited surety as guarantee for the loan facilities granted by Land and Agriculture Bank of South Africa and Standard Bank of South Africa to TWK Agri (Pty) Ltd.

The Land Bank and Standard Bank facilities are further limited to the following loan conditions (covenants):

- Interest cover ratio of greater than or equal to 2,3 to 1;
- Total debt to equity ratio of smaller than 250%;
- Long-term debt to equity smaller than 80%;
- Debt service cover ratio with regards to long-term debt principal of greater than or equal to 1.1;
- Security cover ratio of greater than 1 to 1.

The Group provides the Land and Agriculture Bank and Standard Bank of South Africa on a quarterly basis with a compliance certificate and during the year no event or potential event of default occurred.

	2017 R	2016 R
Non-current liabilities		
At amortised cost	**511 625 397**	**221 873 984**

	2017 R	2016 R
Current liabilities		
Fair value through profit or loss	1 400 833	33 477 593
At amortised cost	916 903 673	1 192 134 072
	918 304 506	**1 225 611 665**
	1 429 929 903	**1 447 485 649**

The carrying amount of financial liabilities approximates the fair value thereof. The fair value measurement of commodity forward contracts has been categorised as Level 1 in terms of the fair value measurement hierarchy.

25. FINANCE LEASE LIABILITIES

	2017	2016
	R	R
Minimum lease payments due		
- within one year	736 405	129 174
- in second to fifth year inclusive	1 466 911	-
	2 203 316	**129 174**
less: future finance charges	-	(996)
Present value of minimum lease payments	**2 203 316**	**128 178**
Non-current liabilities	1 466 911	-
Current liabilities	736 405	128 178
	2 203 316	**128 178**

The finance leases bear interest at a prime linked rate and have total monthly installments of R79 044 (2016: R24 532).

26. PROVISIONS

RECONCILIATION OF PROVISIONS – 2017	Opening balance	Additions	Total
	R	R	R
Provisions	528 885	147 568	676 453
Share based payments	-	203 858	203 858
	528 885	**351 426**	**880 311**

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**

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

The provision for share-based payments relates to the estimated value of the employees that selected cash payments instead of shares as part of the share-based payment scheme (refer to note 21).

27. FINANCIAL LIABILITIES BY CATEGORY

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

2017	Financial liabilities at amortised cost	Total
	R	R
Other loans payable	20 457 680	20 457 680
Loans from Group companies	153 952 673	153 952 673
Finance lease liabilities	2 203 316	2 203 316
Other financial liabilities	1 429 929 903	1 429 929 903
Trade and other payables	628 789 144	628 789 144
Bank overdraft	394 545	394 545
	2 235 727 261	**2 235 727 261**

2016	Financial liabilities at amortised cost	Total
	R	R
Other loans payable	23 191 380	23 191 380
Finance lease liabilities	128 382	128 382
Other financial liabilities	1 447 485 649	1 447 485 649
Trade and other payables	559 615 176	559 615 176
Bank overdraft	250 271	250 271
	2 030 670 858	**2 030 670 858**

28. TRADE AND OTHER PAYABLES

	2017	2016
	R	R
Trade payables	485 269 982	385 727 436
Amounts received in advance	4 706 293	3 569 701
Value Added Tax	1 218 486	3 148 494
Current account: Holding company	171 077	9 912 954
Accrued expenses	63 293 362	60 803 513
Operating lease payables	797 453	1 048 021
Deposits received	1 562 552	2 846 029
Other payables	72 988 425	95 707 527
	630 007 630	**562 763 675**

Fair value of trade and other payables

The fair value of trade and other payables approximates its carrying value. The fair value measurement of trade and other payables have been categorised as Level 3 in terms of the fair value measurement hierarchy.

29. DIVIDEND PAYABLE

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

30. REVENUE

	2017	2016
	R	R
Sale of goods	6 829 002 182	6 393 221 330
Rendering of services	33 378 170	36 381 925
Rental income	1 413 613	1 620 998
Interest received (trading)	69 994 872	63 644 709
Commission received	70 350 780	50 027 757
Discount allowed	(6 501 498)	(7 228 184)
	6 997 638 119	**6 537 668 535**

31. COST OF SALES

	2017	2016
	R	R
Sale of goods	5 958 613 110	5 656 537 961
Rendering of services	10 796 370	8 819 655
Discount received	(10 080 937)	(8 533 267)
	5 959 328 543	**5 656 824 349**

32. OTHER OPERATING INCOME

	2017	2016
	R	R
Administration and management fees received	3 614 283	1 094 219
Fees earned	-	44 365
Commission received	-	8 869
Rental income	297 833	1 332 946
Recoveries	11 958 553	10 280 355
Interest received	2 075 420	3 137 685
Insurance claims	1 422 790	1 143 161
Other income	41 679 076	52 754 490
Government grants	3 988 229	947 774
	65 036 184	**70 743 864**

33. OTHER OPERATING GAINS

		2017	2016
		R	R
Gains on disposals, scrappings and settlements			
Property, plant, equipment and intangible assets		967 514	9 682 347
Foreign exchange gains/(losses)			
Net foreign exchange gains/(losses)		21 096 935	(5 837 720)
Fair value gains			
Biological assets	5	10 686 236	20 269 522
Total other operating gains/(losses)		**32 750 685**	**24 114 149**

34. OPERATING PROFIT

Operating profit for the year is stated after charging/(crediting) the following, amongst others:

		2017	2016
		R	R
Auditor's remuneration – external			
Audit fees		2 605 555	2 503 545
Expenses		487 697	405 161
		3 093 252	**2 908 706**
Employee costs			
Salaries, wages, bonuses and other benefits		401 031 844	318 588 435
Equity-settled share-based payments	21	2 420 831	-
Total employee costs		**403 452 675**	**318 588 435**
Leases			
Operating lease charges			
Premises		39 507 300	34 292 766
Motor vehicles		6 217 974	4 832 644
Equipment		5 127 713	1 396 146
		50 852 987	**40 521 556**
Depreciation and amortisation			
Depreciation of property, plant and equipment		25 858 111	22 313 405
Amortisation of intangible assets		860 359	798 100
Total depreciation and amortisation		**26 718 470**	**23 111 505**
Impairments and other losses			
Loans written off	10	**12 888 334**	**-**

35. INVESTMENT INCOME

	2017	2016
	R	R
Dividend income		
From investments in financial assets classified as available for sale:		
Unlisted investments – local	766 519	613 023
Interest income		
From investments in financial assets:		
Bank and other cash	130	-
Trade and other receivables	180 799	248 268
From loans to Group and other related parties:		
Associates	1 363 228	-
Total interest income	**1 544 157**	**248 268**
Total investment income	**2 310 676**	**861 291**

36. FINANCE COSTS

		2017	2016
		R	R
Holding company		1 888 242	323 261
Trade and other payables		13 360	34 058
Finance leases		3 720	27 564
Borrowings		127 291 909	109 509 045
Total finance costs		**129 197 231**	**109 893 928**

37. OTHER NON-OPERATING GAINS

		2017	2016
		R	R
Gains on disposals, scrappings or settlements			
Other financial assets		611 910	-
Investments in subsidiaries	7	12 237 868	-
		12 849 778	-

38. TAXATION

MAJOR COMPONENTS OF THE TAX EXPENSE	2017	2016
	R	R
Current		
Local income tax – current period	38 315 830	29 246 257
Foreign income tax or withholding tax – current period	-	9 949
	38 315 830	**29 256 206**
Deferred		
Originating and reversing temporary differences	23 514 700	17 100 552
Arising from previously unrecognised tax losses	(4 689 389)	(2 226 271)
	18 825 311	**14 874 281**
	57 141 141	**44 130 487**

RECONCILIATION OF THE TAX EXPENSE	2017	2016
Reconciliation between applicable tax rate and average effective tax rate		
	%	%
Applicable tax rate	28.00	28.00
Disallowable charges	(1.08)	1.04
Dividends received	(0.39)	(3.32)
Profit on equity accounted investments	(0.98)	-
Capital gains tax	(0.30)	(0.36)
Prior year adjustments	0.95	(1.15)
Security transfer tax	0.26	-
Other	2.50	2.56
Foreign tax at lower rate than standard rate	0.26	0.86
	29.22	**27.63**

39. OTHER COMPREHENSIVE INCOME

COMPONENTS OF OTHER COMPREHENSIVE INCOME – 2017	Gross	Tax	Net
	R	R	R
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT/(LOSS)			
Remeasurements on net defined benefit liability/asset			
Remeasurements on net defined benefit liability/asset	(4 206 991)	-	(4 206 991)
Movements on revaluation			
Gains/(losses) on property revaluation	19 026 873	(4 280 762)	14 746 111
Total items that will not be reclassified to profit/(loss)	**14 819 882**	**(4 280 762)**	**10 539 120**
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT/(LOSS)			
Available-for-sale financial assets adjustments			
Gains/(losses) arising during the year	(722 635)	161 871	(560 764)
Total	**14 097 247**	**(4 118 891)**	**9 978 356**

COMPONENTS OF OTHER COMPREHENSIVE INCOME – 2016	Gross	Tax	Net
	R	R	R
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT/(LOSS)			
Movements on revaluation			
Gains on property revaluation	1 642 468	244 877	1 887 345
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT/(LOSS)			
Available-for-sale financial assets adjustments			
Gains arising during the year	8 310 240	(3 833 474)	4 476 766
Total	**9 952 708**	**(3 588 597)**	**6 364 111**

40. EARNINGS PER SHARE

	2017	2016
	R	R
Basic earnings per share		
From continuing operations (c per share)	396.87	325.51
From discontinued operations (c per share)	(29.95)	3.81
	366.92	**329.32**
Profit for the year	138 418 437	115 585 595
Non-controlling interest	(22 719 092)	7 712
Consolidated profit attributable to the owners of the holding company	**115 699 345**	**115 593 307**
Total number of shares in issue at year-end	**31 532 246**	**35 100 993**
Basic earnings per share (c)	**366.92**	**329.32**

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.

41. CASH (USED IN)/GENERATED FROM OPERATIONS

	2017	2016
	R	R
Profit before taxation	205 004 343	158 377 239
Adjustments for:		
Depreciation and amortisation	26 718 470	23 090 523
Gains on disposals, scrappings and settlements of assets and liabilities	(967 514)	(10 699 503)
Consolidation of Intergroup Trusts	2 172 656	-
Income from equity accounted investments	(1 917 051)	-
Dividend income	(766 520)	(1 089 164)
Interest income	(1 544 157)	(4 318 467)
Finance costs	129 197 231	112 083 895
Fair value gains	(10 686 236)	(20 269 522)
Impairment losses	12 888 334	-
Movements in retirement benefit assets and liabilities	(732 000)	1 332 723
Share-based payments	2 420 831	-
Movement in provisions	1 205 075	250 282
Cash flow from sale of subsidiaries	9 627 502	-
Changes in working capital:		
Inventories	(8 711 522)	49 980 187
Trade and other receivables	(107 000 151)	103 482 389
Forward contracts	(1 996 579)	5 894 462
Trade and other payables	(3 868 514)	34 588 664
	251 044 198	**452 703 708**

42. TAX PAID

	2017	2016
	R	R
Balance at beginning of the year	1 998 005	2 183 549
Current tax for the year recognised in profit or loss	(38 315 830)	(29 256 206)
Balance at end of the year	(10 618 532)	(1 998 005)
	(46 936 357)	**(29 070 662)**

43. DIVIDENDS PAID

	2017	2016
	R	R
Balance at beginning of the year	(222 004)	-
Dividends	(22 671 502)	(12 185 261)
Balance at end of the year	4 447 499	222 004
	(18 446 007)	**(11 963 256)**

44. LOYALTY SCHEME PAYMENTS

The TWK Loyalty Scheme was implemented to incentive 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.

45. COMMITMENTS

AUTHORISED CAPITAL EXPENDITURE	2017 R	2016 R
Already contracted for but not provided for		
Property, plant and equipment	58 939 979	283 212
This committed expenditure relates to property, plant and equipment. Expenditure will be financed by available bank facilities, retained profits, mortgage facilities or existing cash resources.		
Not yet contracted and authorised by directors		
Property, plant and equipment	83 642 769	68 415 901
Capital commitments are based on the budget approved by the Board. Major capital projects require further approval before they commence and will be financed by available bank facilities, retained profits, mortgage facilities or existing cash resources.		
OPERATING LEASES – AS LESSEE (EXPENSE)		
Minimum lease payments due		
- within one year	27 325 987	24 200 524
- in second to fifth year inclusive	57 084 241	52 864 514
	84 410 228	**77 065 038**

Operating lease payments represent Management's estimate of rental payable by the Group for certain of its office properties, motor vehicles and equipment. No contingent rent is payable.

46. CONTINGENCIES

The Company had contingent liabilities at year end in respect of:

- The Board approved the acquisition of 90% of the shareholding of Bedrock Mining Support (Pty) Ltd over a period of 4 years. The main business of Bedrock Mining Support (Pty) Ltd is to supply timber-based underground support to South African mines. At the effective date of the acquisition, 50.004% has been acquired and the balance of the purchase price will be calculated at a price earnings ratio of 4 times the profit after tax of the previous year.
- Constantia Kunsmis (Pty) Ltd can acquire an additional 10% interest in Gromor (Pty) Ltd at a price-earnings ratio of 4, but can be reduced to 3.5 if estimated margins are not obtained.
- Lydenburg Saagmeule (Pty) Ltd – As part of the sale of assets agreement entered into with Palkor (Pty) Ltd during the previous 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 the property as stipulated in the sale agreement.
- TWK Investments Group provided a general surety to Landbank and Standard Bank for the borrowings of TWK Agriculture Holdings (Pty) Ltd. The facility outstanding by TWK Agriculture Holdings (Pty) Ltd at year-end amounted to R100 000 000.

47. RELATED PARTIES

Relationships	
Holding company	TWK Agriculture Holdings (Pty) Ltd
Subsidiaries	Refer to note 7
Members of key management	Directors

	2017 R	2016 R
RELATED PARTY BALANCES		
Loan accounts – Owing (to)/by related parties		
TWK Agriculture Holdings (Pty) Ltd	153 952 673	-
Amounts included in trade receivables regarding related parties		
Directors	2 250 960	19 839 057
TWK Agriculture Holdings (Pty) Ltd	3 272 300	30 860 125
Amounts included in trade payables regarding related parties		
TWK Agriculture Holdings (Pty) Ltd	(162 097)	(35 261 517)
RELATED PARTY TRANSACTIONS		
Interest paid to/(received from) related parties		
Interest received from directors	(2 494 283)	(1 876 139)
Interest paid to directors	189 798	512 845
Interest paid to holding company	793 700	-
Purchases from/(sales to) related parties		
Purchases from directors	59 433 086	66 601 265
Sales to directors	(7 686 875)	(6 024 261)
Purchases from holding company	12 509	35 046
Sales from holding company	219 074	-
Rent paid to related parties		
TWK Argriculture Holdings (Pty) Ltd	10 820 816	9 891 484

TOTAL NUMBER OF SHARES HELD BY THE DIRECTORS AND RELATED SHAREHOLDERS IN WHICH THEY HAVE DECLARED A PERSONAL FINANCIAL INTEREST

	DIRECT		INDIRECT		RELATED TRUST*	
	Shares	%	Shares	%	Shares	%
Non-executive						
RL Meyer	-	0.00	270 044	0.77	-	0.00
JS Stapelberg	-	0.00	2 716	0,01	287 926	0.82
TI Ferreira	-	0.00	-	0.00	19 757	0.06
HJK Ferreira	-	0.00	-	0.00	-	0.00
CA du Toit	-	0.00	-	0.00	-	0.00
AC Hiestermann	11 000	0.03	98 867	0.28	7 758	0.02
HWKüsel	25 683	0.07	32 581	0.09	-	0.00
JCN Wartington	500	0.00	596	0.00	5 203	0,01
Executive						
AS Myburgh	552 408	1.57	54 778	0.16	307 438	0,88
JEW Fivaz	434 784	1,24	36 261	0.10	-	0.00
Subtotal for directors	**1 024 375**	**2.92**	**495 843**	**1.41**	**628 082**	**1.79**
Other shareholders	**34 076 618**	**97.08**				
Total	**35 100 993**	**100.00**				

* Excluding trusteeship in TWK Agri Aandele Aansporings Trust & TWK Customer Loyalty Scheme Trust.

48. COMPARATIVE FIGURES

Certain comparative figures have been reclassified as part of a project by Management to enhance the information reported in its annual financial statements.

The effects of the reclassification are as follows:

STATEMENT OF FINANCIAL POSITION	2016 Reported	Adjustment	2016 Adjusted
Property, plant & equipment	622 284 342	(9 382)	622 274 960
Goodwill and intangible assets	21 916 323	9 382	21 925 708
Biological assets	270 959 451	(24 852)	270 934 599
Inventory	994 339 575	24 852	994 364 428
Trade and other receivables	766 865 732	(53 912 467)	712 953 265
Trade and other payables	(616 687 976)	53 924 306	(562 763 673)
Cash and cash equivalents	133 176 447	63 801	133 240 248
Bank overdraft	(262 662)	12 391	(250 271)
Other loans receivable	-	3 822 976	3 822 976
Other loans payable	(19 368 404)	(3 822 976)	(23 191 380)
Current tax payable	(4 761 031)	(88 235)	(4 849 266)
Finance lease liabilities	(204)	204	-

PROFIT OR LOSS	2016 Reported	Adjustment	2016 Adjusted
Revenue	6 501 605 424	59 620 874	6 561 226 298
Cost of sales	(5 614 738 818)	(42 085 531)	(5 656 824 349)
Other operating income	59 587 542	11 156 322	70 743 864
Other operating gains/(losses)	9 671 246	14 442 902	24 114 149
Other non-operating gains/(losses)	20 269 522	(20 269 522)	-
Other operating expenses	(681 166 597)	(25 137 671)	(706 304 268)
Investment revenue	1 089 164	(227 873)	861 291
Finance cost	(112 083 895)	2 189 966	(109 893 929)
Profit/(loss) from discontinued operations	1 028 312	310 531	1 338 843

49. RISK MANAGEMENT

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

This note presents information about the Group's financial risk management framework, objectives, policies and processes for measuring and managing risk and the Group's exposure to these financial risks. Furthermore, quantitative disclosures are included throughout these consolidated annual financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's executives are responsible for developing and monitoring the Group's risk management policies. The Group's executives report regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board has a Risk Committee, which oversees how Management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Risk Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures.

The Group monitors its forecast financial position on a regular basis. The Group's senior managers and executive members meet regularly and consider cash flow projections for the following 12 months in detail, taking into consideration the impact of market conditions.

From time to time, the Group uses derivative financial instruments to hedge certain identified risk exposures, as deemed necessary. The Group's objectives, policies and processes for managing risks arising from financial instruments have not changed from the previous reporting period.

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 shareholders 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 10, 24 & 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 number of dividends paid to the shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

	2017	2016
	R	R
Total equity	1 032 615 065	873 127 880
Interest-bearing liabilities less cash	1 495 265 491	1 337 815 230
Subtotal	2 527 880 556	2 210 943 110
Calculated rate (times)	1.45	1.53
Calculated rate (%)	144.80	153.22
Target band	150%-200%	150%-200%

All covenant targets were met at year-end and no breaches were identified.

The debt-to-equity ratio is calculated as the interest-bearing liabilities, less cash, divided by equity. Total capital is calculated by equity as shown in the statement of financial position, plus interest-bearing debt. The interest-bearing liabilities is reduced by cash and cash equivalents.
The Company's strategy is to maintain a gearing ratio of between 150% to 200%.
The Group is required by the loan agreement of the Land Bank and Standard Bank to maintain a debt-to-equity ratio on a Group level of maximum 250%. The Group complied with the imposed capital requirement.

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 are evaluated by the central treasury division.

New projects are evaluated and approved on an individual basis.

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 use of derivative financial instruments.

49. RISK MANAGEMENT (CONTINUED)

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 number 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 Company's risk to liquidity is a result of the funds available to cover future commitments. The Company manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised and unutilised borrowing facilities are monitored.

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 borrowings 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 (excluding revolving loan facilities) 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 2017	Less than 1 year	Between 1 and 5 years	Over 5 years
Borrowings	34 133 333	475 866 667	-
Trade and other payables	630 007 630	-	-
Finance lease obligations	736 405	1 466 911	-

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

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 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.

	2017	2016
	R	R
Interest-bearing liabilities	1 495 265 491	1 337 815 230
Interest-earning assets	904 852 230	828 954 437
Net interest-bearing liabilities	590 413 261	508 860 793
Half a percentage point increase in interest rates	2 952 066	2 544 304
Half a percentage point decrease in interest rates	(2 952 066)	(2 544 304)

(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.

(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 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 is performed on a daily basis to ensure that all trades are within the approved exposure limits. The Group also offers brokering services to producers and consumers of agricultural commodities such as maize and soy 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 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 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. Credit Committee meetings take 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.

49. RISK MANAGEMENT (CONTINUED)

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 moveable 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 carrying amount of financial assets represents the maximum credit exposure.