TWK Investments Annual Report | 2015

TWK agri

Celebrating 75 years

the year of growth 2015

TWK Investments Annual Report

values

GROWTH

Committed to provide 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!

SUSTAINABLE

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

RENEW

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

CONSERVE

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

DEVELOP

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

general information

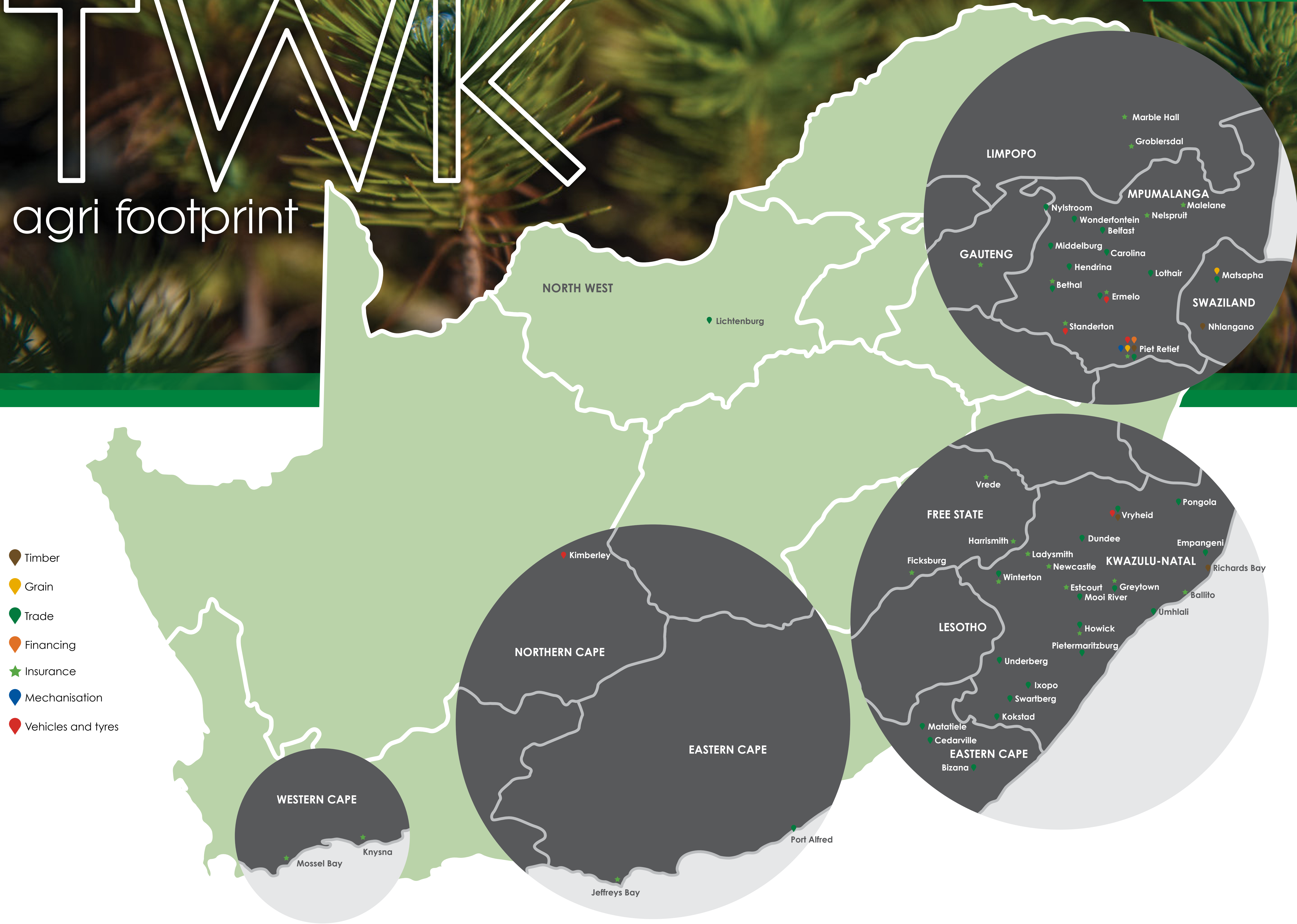
COMPANY	TWK Investments Ltd and its subsidiaries
COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	TWK focuses on the supply of agricultural and related services as well as input resources and to provide market access for agricultural products
DIRECTORS	RL Meyer *(Chairman)* AS Myburgh *(Managing Director)* HA Ziervogel *(Vice-Chairman)* CA du Toit CH Hiestermann HW Küsel JS Stapelberg JCN Wartington
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 and Standard Bank of South Africa
AUDITORS	TAG Incorporated Auditors
SECRETARY	MJ Potgieter
COMPANY REGISTRATION NUMBER	1997/003334/07
INCOME TAX REFERENCE NUMBER	9475026713
LEVEL OF ASSURANCE	These financial statements have been audited in accordance with the applicable requirements of the Companies Act of South Africa
PREPARED BY	The financial statements have been prepared internally by the Group Financial Manager Mr JS Lourens and supervised by the Chief Financial Officer Mr JEW Fivaz
PUBLISHED	25 November 2015

contents page

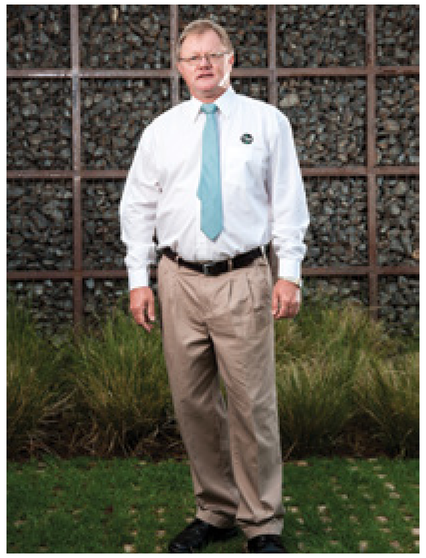
*This is a shortened version of the annual report. The full report is available at the registered office of the company.

TWK

agri footprint



chairman's report



It is a privilege to be part of such a dynamic and innovative company as TWK and I have great pleasure in presenting this Chairman's report to you providing feedback in respect of the achievements of the TWK Investments Ltd Group for the year ended 31 August 2015.

This is the first financial year that the TWK Investments Ltd Group exists in its current format and therefore comparative figures are not relevant.

ECONOMIC OVERVIEW

The latest indications are that the local economy will grow at a rate below 1.5% in 2016. It reflects the poor performance of domestic consumer spending as a result of the expected increase in unemployment, the high debt levels and government finances which remain under pressure. Future spending on infrastructure development is also being negatively influenced by government finance.

According to the Reserve Bank local interest rates are in a rising phase despite the current and expected poor performance of the economy as well as unacceptable and increasing unemployment. A further increase of these interest rates can therefore be expected as soon as the Federal Reserve Board increases its rates. Given the poor performance of the local economy, only a moderate increase in local interest rates is expected.

Forecasts indicate that inflation will accelerate during the remainder of the year due to the increase in local food prices due to the drought as well as the impact of the weaker Rand which causes import prices to rise. The forecast is still that the inflation rate will reach its highest level during the first quarter of 2016 and that the average rate of inflation in 2016 will be just above the 6% target set by the authorities.

The Rand remains under pressure due to the poor performance of commodity prices. Unfortunately the indications are that commodity prices will remain under pressure for a number of years to come. That indicates that the poor performance of the Rand could continue. Should the credit rating of South Africa be reduced during this period it may disturb the inflow of international funds and the Rand may weaken further. In the longer term the differential between local and international interest rates may support the Rand to a certain degree.

Notwithstanding the economic challenges, the demand for agricultural and agricultural related products, especially grain, remains good.

However, TWK possesses a broad client base spread over a large geographical area and is further supported by a variety of business units in order to ensure stability. TWK is excellently positioned to benefit from the weakening of the Rand.

FINANCIAL RESULTS

The 2015 financial year can without a shadow of doubt be hailed as a record year for TWK. The TWK Investments Group achieved a record profit before loyalty payments of R130.6 million, from which a loyalty bonus of R12.1 million is paid to our clients. It is with great pleasure that I am able to report that all business segments excelled in their performance thanks to the successful implementation of strategies. It is especially important to mention that the grain division delivered a good profit especially when compared with the losses suffered in previous years. The grain division regained market share in commodity trading and grain storage increased steadily.

The results confirm the fact that TWK has the management and staff necessary in order to perform excellently even during trying times.

TWK Investment's earnings per share for the year ending 31 August 2015 is 234 cents per share. The Board of Directors strives towards a healthy balance between borrowings and own capital and the payment of future dividends will be dependent on the Board of Directors' continued evaluation of TWK's earnings after provision for long-term growth, cash resources, own needs and other factors such as provided for by the dividend policy.

During the year TWK's Group Restructuring was finalised successfully and the objectives for the Restructuring transaction were achieved in all aspects. Firstly, the TWK Group Structure has been excellently structured for suitable financing opportunities and possible equity transactions.

Secondly, every shareholder received one TWK Investments Ltd share for every two TWK Agriculture Holdings (Pty) Ltd shares held.

During the preparation course of the report TWK Investments shares are trading at R4.40 per share and thus R30 million value has been added to shareholders' balance sheets. Thirdly, the first BEE verification after completion of the Restructuring has been completed and we are proud to confirm that TWK Agri (Pty) Ltd achieved a level 5 and is simultaneously improving the lives of several people in our areas of operation rather than just an elite group.

A turnover above budget was achieved as a result of an increase in the volume of business, newly exploited markets, addition of business units, weakening of the Rand as well as increased volumes and prices for agricultural inputs.

The net asset value per share at 31 August 2015 stands at R21.95 per share.

TWK Investments Ltd's share price has over the past year risen further from R1.00 to R4.40 per share and it is encouraging to see that our shareholders realise the value of our business and that they want to further increase their interest.

The excellent positioning of our business units, geographical distribution and the strength of various revenue streams lower risk and ensure constant growth even during challenging economic times.

CORPORATE GOVERNANCE

As Board and Management, we adamently believe that sustainable growth can only be achieved via the principles of a healthy corporate management and these principles are continuously taken into consideration in decision-making. TWK follows a policy of zero-tolerance of unethical conduct and strives to adhere to good corporate governance principles in the broadest possible sense. The definition of such principles are not only incorporated in policy documents and codes of ethics, but are actively practiced by the Board and Management in the performance of their duties.

The various committees established by the Board, namely the Audit and Risk Committee, Social and Ethics Committee and the Remuneration Committee perform their duties conscientiously according to various mandates established by the Board. **The input of the committees is in my opinion of exceptional quality and the members of the committees have the appropriate knowledge and experience enabling them to excel in the performance of their duties.** The members of the Board are serious about the affairs of the Group and attendance at meetings is excellent. Personal interests of directors and management are reported and monitored.

Closed periods apply for the trading of shares by Directors during periods preceding the publishing of financial statements and during certain strategic transactions and related matters.

FORECASTS FOR THE COMING YEAR

TWK is constantly adjusting in an innovative manner to adapt in a changing local and international market and projects are being planned for the coming year which will deliver a reasonable contribution to profitability. Additional value-adding projects are planned for the timber industry over the next 2 to 5 years. Growth opportunities outside of the traditional areas of operation are continuously being investigated.

The Board and Management continuously strive towards improved initiatives in order to add value to the businesses of our producers. The introduction of the grain driers is an initiative which enables producers to deliver grain with a higher moisture content which, in turn, lowers the producers' risk, provides opportunities for higher prices and may also improve the cash flow of producers. In order to unlock value for all stakeholders, we are investigating additional opportunities and markets, especially in adding value to the timber industry. We believe that rapidly adjusting in changing circumstances and improving our excellence is the key to success.

The ongoing debate regarding land reform remains an issue for both TWK and its producers. TWK is committed to developing sustainable solutions in this regard and we are therefore busy with various projects. TWK is also involved in various platforms where the issue is being discussed at the highest level.

By means of careful application and execution of our strategies and operational effectiveness through effective cost management and optimal stock levels, the growth will continue regardless of the current local economic challenges. It is thus expected that the good momentum gained by the various divisions will continue and that the results of the previous year will be significantly exceeded.

The forecast for the profitability in the timber industry is excellent as a result of the weakening of the Rand and the demand for grain, which is good, although there is downward pressure on international prices. The closing of the non-profitable branches and the opening of strategic fertiliser blending plants will ensure a growth in profit in the Trade division. Although the debtors carry-over debt is at very low levels, the debtors book has increased significantly over the past year, which reflects the growth of TWK. It is thus expected that good results will be achieved in the financial services division as a result of the growth in the overall business and the addition of insurance businesses.

ACKNOWLEDGEMENTS

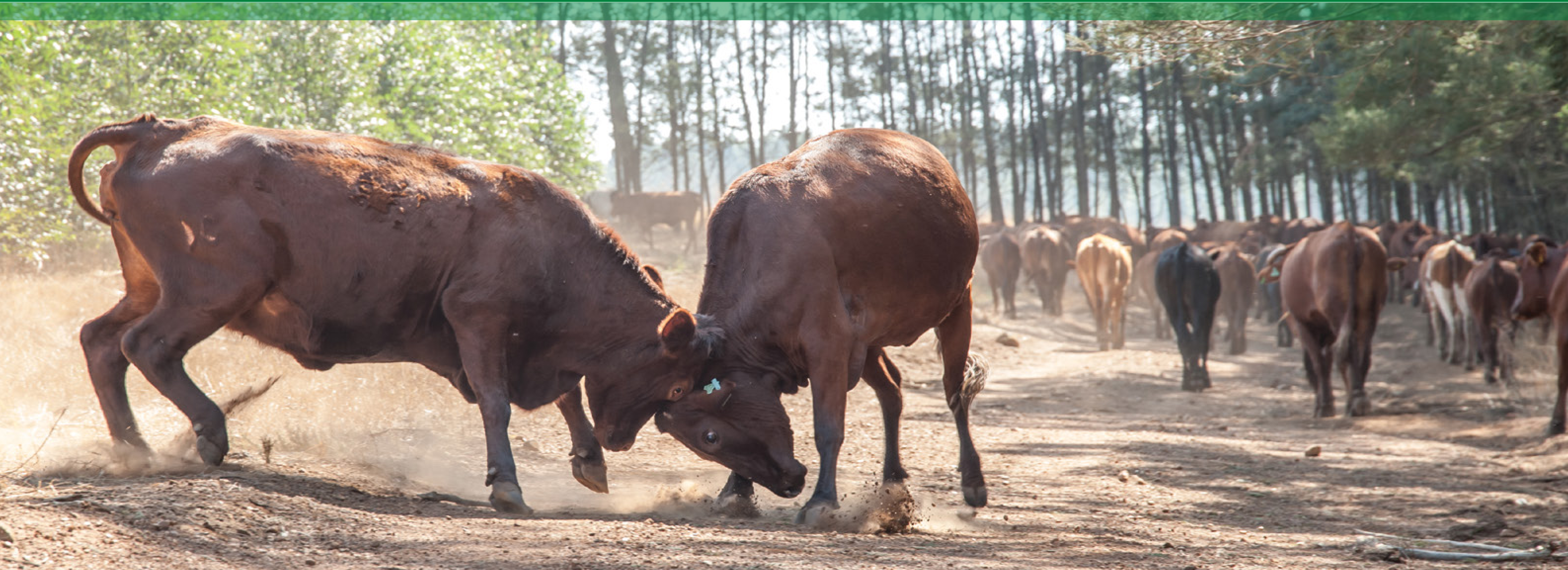
My sincere thanks to TWK's most important asset, our dedicated staff, for the outstanding manner in which they perform their functions. TWK indeed has an exceptional team of people.

Many thanks to my fellow Directors and the Management team for unprecedented passion and teamwork. Their inputs, wisdom and their vision for the future has been of immense value and is the corner stone for the building of the future of TWK.

I would also like to thank each and every producer and customer for their continued unwavering and loyal support. Each client is important to TWK and is the reason for the existence of TWK. Together we can grow to the benefit of all stakeholders.

We acknowledge that every gracious gift comes from our Heavenly Father without whom we could never thrive and growth would be impossible. All glory and thanks to Him for the blessings so abundantly shed upon us.

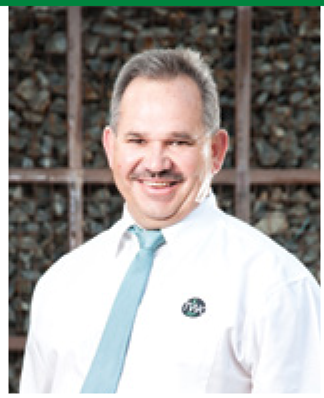
Ludwig Meyer
CHAIRMAN



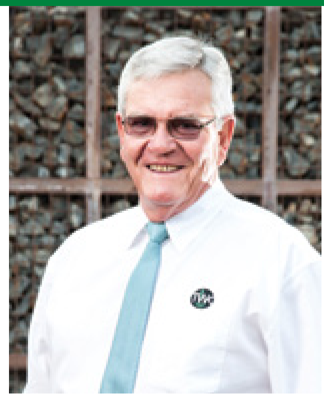
board of directors and management

Ludwig Meyer
Director (Chairman)

André Myburgh
Managing Director



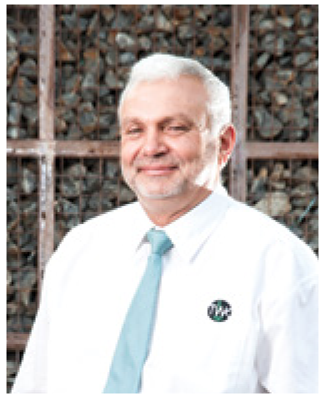
Hendrik Ziervogel
Director (Vice-chairman)



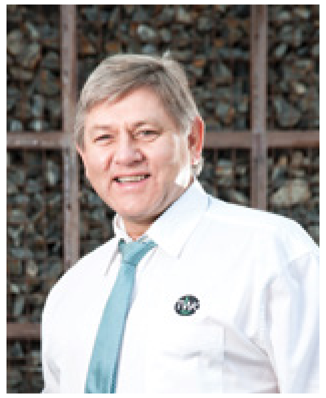
Connie du Toit
Director

Connie Hiestermann
Director

Heino Küsel
Director



Fanus Stapelberg
Director



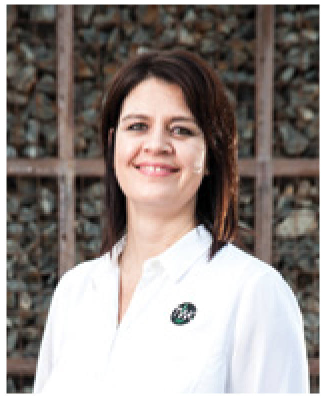
Neil Wartington
Director

Ferdie Brauckmann
Chief Executive Manager: Timber

Lukas Coetzer
Chief Executive Manager: Trade

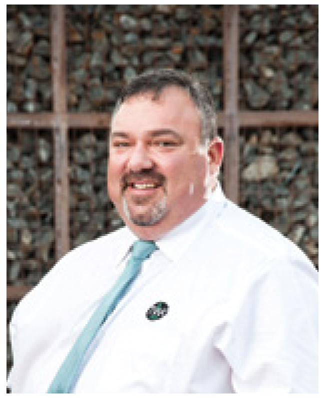
Barnie de Klerk
Chief Executive Manager: Grain

Eddie Fivaz
Chief Financial Officer



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

Tinus Potgieter
Executive Manager: Business Development & Company Secretary



Koos Byleveldt
Managing Director: TWK Motors (Pty) Ltd

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

FINANCIAL PERFORMANCE

It is with pride that I can report that TWK Investments Ltd achieved a profit before tax of R110.4 million. This excellent achievement can mainly be attributed to careful adherence to strategy and the associated profit contributions from all divisions.

The strategic and operational changes brought about by the grain division had the desired result and the grain division ended the year on a satisfying profit. Applying cost efficiencies specifically in respect of cost structures, satisfying the increased demand for timber in the national and international markets, the increase in the market share in the trading division, the closure of unprofitable branches, expansion of the insurance portfolio and increased volume in fertiliser sales, are the main contributory factors to our growth in profitabilty. **Given the outstanding performance, TWK was able, by means of a loyalty scheme, to award R12.1 million to our clients for their loyal support.**

Net profit from continuing operations before loyalty scheme payouts amounts to R126.2 million.

The TWK strategy is carefully planned and executed to identify additional growth potential and bring to fruition on a sustainable basis. The proposed outcome was obtained and TWK is very well positioned for continued growth in 2016.

An important driving force for TWK is to maintain a healthy and stable financial platform, thereby absorbing unavoidable setbacks, assure sustainability and create a space for opportunities.

The business model and growth of TWK is directly linked to the granting of credit facilities to producers who have a direct link with the credit requirements of TWK. The increase in borrowed capital is therefore unavoidable but it is the Board's intention to maintain a healthy relationship, thereby assuring maximum returns for shareholders. TWK has sufficient own capital and facilities to fund its short-term growth strategy and operational activities.

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

OPERATIONAL INDUSTRY REPORT

TRADE AND FINANCIAL SERVICES

During the year under review, droughts were experienced in our service areas, specifically in the Western Cape and Kwa-Zulu Natal, while average to above average rainfall figures were reported in the remaining serivce areas. Despite drought conditions in certain areas, both turnover and net profit show a material increase compared to the same period for the previous year.

A rise of 28% and 33% in turnover was achieved in Trading branches and Constantia Fertilizer respectively. Despite the fact that certain non-profitable trading operating points were closed at the end of the previous review period and notwithstanding the reduction in price of certain inputs on a year-to-year basis, the growth was achieved by a constant increase in market share. The rise in net profit was achieved by effective cost management, the closing of non-profitable operating points, as well as an improved bargaining ability based on higher volume purchases.

During the period under review, a few non-profitable operational points were identified and turnaround strategies have been implemented in order to limit or eliminate further losses for the coming year.

Market conditions in the sale of mechanical equipment remains strained, but the consolidation of mechanical operating points, with accompanying cost savings during the previous year, resulted in a material increase in the profitability of the division during the past year.

INSURANCE

TWK Insurance is a licensed financial service provider with a diverse portfolio of products including personal, commercial, farming, crop and life insurance for clients.

As during the past year, there will be continued focus on further extensions, value-adding and service delivery to our clients. Insurance's application ("App") has been rolled out together with innovative new products. Our aim is to deliver suitable products at the correct premium and the best service delivery to our clients.

As a result of the general growth in TWK operations, the credit book has increased by 20% on a year-on-year basis. The same profit growth was unfortunately not obtainable due to a reduction in the ratio between account arrears and an increase in monthly accounts on which no interest is earned.

We could strategically build on a sound financing risk portfolio which is characterised by a healthy concentration of diversification and geographic spread with a low percentage of bad debts being written off. Despite the current drought and El Niño phenomenon, credit granting has been supported by a strong balance sheet and an excellent diversification of TWK's geographical and agricultural credit portfolio.

Excellent opportunities exist for the future growth of the credit book, particularly with regard to term loans. This will, however, be dependent on acquiring additional credit lines.

VEHICLES AND TYRES

Despite challenging economic conditions and a general decline in new vehicles sold TWK Motors succeeded in increasing the turnover. The addition of Silo Auto Body Repairs in Ermelo, 4 x 4 Megaworld in Standerton and First Car Rental in Standerton and Piet Retief to the division, was some of the factors which contributed to the growth in turnover and increased profit.

It is expected that the Hilux and Fortuner models will be released in February 2016 and April 2016 respectively, and that this will further support the profitability of the division.

The turnover in the tyre division decreased by 9% on a year-to-year basis which is mainly due to the instability within the coal market and the resulting increased pressure on the associated transport companies. The gross profit percentage was also under pressure due to cheap tyres imported from China, which have flooded and dominated the market.

The Piet Retief Fitment Centre and the truck division have relocated to the premises in Kerk Street. The location is excellently positioned and we are positive that this will lead to increased turnovers and quality service to our clients.

The focus for the tyre division is the expansion of our market with emphasis on agriculture, forestry and earthmoving tyres, as well as the expansion of the services market to Gauteng, the Cape and Richards Bay - these are priorities for 2016.

GRAIN

The grain department's financial achievement improved significantly compared to the previous few years.

The use of grain silos were again not satisfactory as a result of lower returns and major direct farm loadings experienced as a result of the low stock transfer in South Africa. Notwithstanding this, increased volumes were received compared to the previous period as a result of the addition of driers. It is expected that the occupation of Mkondo will improve further as a result of extensive marketing, service delivery and the addition of the driers.

The animal feed and maize mills performed much better compared to the previous year, mainly as a result of management focus and improved stock management. High maize prices may, however, negatively affect the profitability of the animal feed and maize mills in the coming year.

At the end of the financial year, 49% of the shareholding in Malufi Mills had already been sold and we welcome our new strategic partner Randagri. TWK is convinced that the partnership with Randagri will ensure the required throughputs.

The grain marketing and logistic departments also performed better than the previous year. This was achieved by the regaining of market share in commodity trade as well as successful exports to Swaziland and Mozambique.

TIMBER

During the year under review, outstanding market conditions were experienced in the timber division. Sales volumes to the international and national markets increased on a year-to-year basis with 38.2% and stands at 1.33 million tonne. The addition of the Indian market to wood splinters has added to the growth and the future looks positive for continued growth to Japan, China and India. The export price for wood chips moved sideways during this period but the deterioration in the exchange rate created the opportunity to increase the national timber prices. Notwithstanding the fact that the demand is increasing, it is expected that there will be downward pressure on international prices.

TWK's Eucalyptus x Grandis Machaturii (G. Mac) breeding programme shows positive results and and it appears that the crossing performs better than some of the pure species in extreme cold areas. It is planned to make G. Mac clones available commercially in 2018. That will improve yield and sustainability further.

Projects such as the pole treatment plant, maize cultivation and livestock component, delivered the required results during the period. The pole treatment plant now also supplies SABS Certified products to the export market.

All TWK plantations, which include South Africa and Swaziland, have again been FSC certified and retained the South African Plantions ISO14001 certification. The plantations are managed on a sustainable best practice basis to mitigate risk, and provides further good value to our shareholders.

Notwithstanding below-normal rainfall conditions for a second successive year, the plantations performed well.

Leptocybe Invasa wasp and its biological control, Selitrichodes Neseri, was monitored in detail in our area and it is pleasing to report that a very healthy growth was measured from the biological control. Both Thaumastocoris (Bronce bug) and wattle rust is intensely monitored by both FABI and ICFR, and the infestation levels of Thaumastocoris were very low during the past season. New chemical systemic control methods indicate the desired result during the test phase and registration of the agents is expected shortly.

We are once again very grateful to report that TWK suffered no losses as a result of forest fires.

Due to the favourable trading conditions, it was once again possible for TWK to pay long-term contract bonuses through our loyalty scheme as well as the awarding of TWK Investments Ltd shares. The issue of shares also proved that clients of TWK benefit generously as a result of the more than 400% increase in the share price during the year.

STRATEGY

After 75 years, it is more important than ever for TWK to add sustainable value for its shareholders and producers. To achieve that, the Board and Management team continuously investigate new opportunities. The focus is still on optimal use of assets and effective cost management principles implemented to ensure growth through the use of existing assets. Good progress has been made with the balance statement structure and profitability. We do realise, however, that there is a huge difference between progress and ultimate achievement and therefore, achieving financial relationships in accordance with the industry norm is a strategic goal.

New projects that will unlock added value for shareholders and producers were identified. The duration of these projects range between 1 and 5 years. Project opportunities will be considered and implemented based on ability to deliver results, with a strong focus on cash generating businesses.

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

THE FUTURE

TWK is ready to continue the growth experienced over the past few years and I am of the opinion that TWK, in the midst of challenging economic and political circumstances, and the current drought, will still experience another successful financial year. Innovation, adaptibility and quick reaction will be the key to future success. As the carry-over debt of our producers is currently at a low level and because TWK is excellently diversified, the El Niño phenomenon appearance and accompanying results are viewed as a slight risk to the financial stability of TWK.

TWK's business model and operations are excellently positioned to be profitable even during unfavourable economic times. Factors contributing thereto are the following:

- Diversified client base: TWK has loyal clients ranging from corporates, grain producers, timber producers, milk producers and vegetable producers stretching over a wide geographical area, as well as international clients.
- Operational effectiveness: By applying best practice, overhead costs are effectively managed and, where possible, fixed costs are limited to the minimum, thereby enabling quick adaptability in changed circumstances. Production capacity is used to the maximum and where necessary, corrective steps are taken to improve effectiveness.
- Broad spectrum suppliers: TWK makes use of a broad spectrum of suppliers, thereby improving bargaining power and ensuring delivery.
- Product diversification: TWK offers a variety of products and services to its clients and the income stream is therefore assured by diversification.
- Limited market risk: TWK makes use of suitable hedging contracts to limit exposure to commodity or exchange rate risk.
- Management quality: Follow-up planning is a priority and enjoys continuous attention. The quality of the Board and the Executive Management is of outstanding quality and this is emphasised by our successful history.

TWK's exposure is mainly to the primary agriculture and forestry sectors and focus will be on expanding the business in both the timber and grain value chains.

ACKNOWLEDGMENTS

TWK commemorates 75 years of growth and service to farmers and customers, as well as providing employment. This creates an immense sense of gratitude, above all to our Heavenly Father.

We are again reminded by the 75th anniversary of TWK what an important role relationships have to play in our business. Therefore, I would particularly like to extend my thanks to our staff, customers, suppliers, financiers and shareholders for all of your loyal support. TWK realises that the success of our business is as a result of the unique relationships we have had with each other. Without the loyal support of the groups mentioned, we would not have been in existence for 75 years and still be going from strength to strength today.

My special thanks to the Executive Management for the outstanding manner in which they execute the strategic vision of TWK and to the Board for vision, wisdom and support. It is truly an honour to be part of this team.

Above all, I thank our Heavenly Father for His blessings we experience in our daily lives and in our business.

André Myburgh
MANAGING DIRECTOR

corporate governance report

COMMITMENT TO CORPORATE GOVERNANCE

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

The Board is the focus point of corporate governance within the Group and is accountable to all interested parties for the management and achievements of the business. A corporate culture of compliance with legislation, regulations, policies and procedures has been established within the Group.

Corporate governance within TWK is more than a set of rules and regulations, it is the basis upon which our business is operated on a day-to-day basis.

THE BOARD OF DIRECTORS (BOARD)

The Board consists of eight members, seven of whom are in a non-executive capacity and were elected by the company's shareholders. These Directors stand down on a rotation basis after three years, in accordance with the relevant provisions of the Memorandum of Incorporation.

Directors are nominated and selected by shareholders and provision is made for a transparent rotation process. Prior to election as Director a nominated candidate's competency is assessed by the Nomination Committee in terms of the Companies Act, good corporate principles and the Memorandum of Incorporation. The Nomination Committee consists of three Non-executive Directors who in turn may also make recommendations and nominations.

At the first Board meeting that is held after each Annual General Meeting of the shareholders the Directors will elect from their number a Chairperson and Deputy Chairperson. The Chairperson and Deputy Chairperson are Non-executive Directors. The role of the Chairperson is separated from that of the Managing Director. There is a decision-making framework in place approved by the Board which delegates certain competencies and powers to management.

The Board is well balanced and the role of the Chairperson is separate from that of the Managing Director. The Chairperson is responsible for leadership within the Board and facilitates constructive interaction between the Board, Management and interested parties. The Managing Director is primarily responsible for leadership and management in respect of the implementation of the strategy and running the business. Although the Board retains overall accountability for the effective management of the company, the daily running of the business is delegated to the Managing Director.

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

The Board determines the operations and strategy of the Group and is responsible for providing leadership. That includes the design and review of the Group's strategy, the approval of budgets and large capital expenditure, the monitoring of operating results against budgets, evaluating the Group's financial position and the performance of the Executive Management.

The Board is assisted by the Executive Committee, the Audit and Risk Committee, the Social and Ethics Committee and the Remunerations Committee. The committees function in accordance with and within approved reference frameworks. The Chairpersons and members of the respective committees, with the exception of the Audit and Risk Committee which is elected by the shareholders, are elected by the Board in accordance with their expertise in a specific area.

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

Non-executive Directors are remunerated in line with the findings of surveys carried out by Deloittes and the industry as a whole. This remuneration is approved by shareholders during the annual general meeting.

The management of conflicting interests of the Directors is a critical corporate governance issue and is strictly regulated in accordance with the Companies Act. In the performance of their duties, it is expected of the Directors and Management to act independently and all interests of Directors and Management are declared in a register and monitored.

Meetings of the Board and sub-committees are convened in accordance with approved meeting procedures. The Members of the Board are serious with regard to the business of the Group and the attendance of meetings is excellent.

Board meetings are convened on at least a quarterly basis or as required. During the period under review, eight scheduled meetings were convened.

	2 Oct 2014	28 Nov 2014	15 Jan 2015	25 Feb 2015	23 Apr 2015	25 Jun 2015	27 Aug 2015	1 Oct 2015
RL Meyer *(Chairman)*	✓	✓	✓	✓	✓	✓	✓	✓
AS Myburgh *(Managing Director)*	✓	✓	✓	✓	✓	✓	✓	✓
CA du Toit	✓	✓	✓	✓	✓	✓	✓	✓
CH Hiestermann	✓	✓	✓	✓	✓	✓	✓	✓
HW Küsel	✓	✓	✓	✓	✓	✓	✓	✓
JS Stapelberg	✓	✓	✓	✓	✓	✓	✓	✓
JCN Wartington	✓	✓	✓	✓	✓	✓	✓	✓
HA Ziervogel	✓	✓	✓	✓	✓	✓	✓	✓

√ Attended meeting x Did not attend meeting

ETHICAL CODE OF CONDUCT

TWK, its subsidiaries and staff are committed to act with honesty and integrity in the performance of their functions, as well as in their personal actions, in accordance with the highest morals and ethical standards.

The TWK Ethics Code is a document that dictates the running of our business in a legal and ethically acceptable manner. Every Director and employee has committed themselves to the Ethics Code, which requires all employees and Directors to perform their functions in an honest manner, and to also act in accordance therewith when dealing with customers, suppliers and any other stakeholder, hereby maintaining a reputation of integrity and responsible conduct.

Adequate grievance and disciplinary measures exist in order to ensure and promote compliance with the code of ethics.

CLOSED PERIOD FOR TRADING OF SHARES

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

During such a closed period, no Director may conclude any transaction relating to TWK shares.

INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

The Group takes a proactive approach in the management of risks by means of the application of suitable control measures. Risk determinations are 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. This provides reasonable assurance to the Board and Management that risks are managed effectively in order to ensure sustainability.

Continuous focus is placed on IT management and a IT management disaster repair process has already been established.

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

INTERNAL AUDIT

The internal audit function is performed independently and in accordance with a specific audit plan supplied by the Audit and Risk Committee. The internal auditors report to the Audit and Risk Committee and have direct and unlimited access to this Committee and the Chairperson of the Board. They have the full support and assistance of both the Board and the Management of the Group.

The primary function and purpose of the internal auditors is to support the Group in the identification of trade risks, the performance of an independent evaluation of compliance with Group policies, risk control measures, internal control measures and accounting practices and, where necessary, recommendations of improvements thereof.

SUSTAINABILITY

The sustainability of the TWK Group remains the most important focus of the Board. TWK is committed to ensuring the sustainability and expansion of its business and this is achieved by the lowering of risks, improvements and expansion of existing businesses and making use of opportunities.

TWK operates its business in an environmentally responsible manner by means of the application of ISO and FSC standards. New projects are only taken on if they are able to be sustainably managed and in compliance with the set financial norms.

The solvency and liquidity for future periods are regularly evaluated by the Board.

Thus TWK's sustainability is focussed on, amongst other things, the lowering of risks, improving of efficiency, conservation of current revenue streams and the utilisation of opportunities. All actions are measured by minimum expectations, and the impact thereof, on the community and the environment. The quick adaptation and movement in changing circumstances is a key focus for the sustainability of TWK.

REPORTING OF CONTROL MEASURES

The Group follows a practice of monthly financial audits and reporting with regard to all business departments. The management of cash, banking relationships, human capital and property related matters are all dealt with on a central basis.

Senior Management meets on a continuous basis to consider progress on commercial and strategic matters in order to take proactive steps if necessary.

GOING CONCERN

The annual financial statements, which form part of the Annual Report, were compiled on a going-concern basis. Sufficient long- and short-term financing has been acquired in order to finance future business activities and to ensure that the realisation of assets, and compliance with obligations, take place in the normal course of business.

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

COMPLIANCE WITH LEGISLATION

The Board is responsible to ensure compliance with legislation. Constant attention is given to the relevant legislation and this also forms part of the Risk Management Model. Ongoing raising of awareness and training takes place throughout the Group.

HUMAN RESOURCES AND REMUNERATION POLICY

The company's staff are an important resource in achieving the objectives of the company and in the implementation of internal control measures. The company has an outstanding staff and Executive Management team with proven experience in the industry. **There is no individual person with the sole right to make key decisions. A succession plan has been put into place to ensure efficiency.**

TWK is committed to creating and maintaining an environment which offers equal opportunities to all employees. Ongoing employee training is undertaken on a pre-planned session basis and is aimed at developing our employees' potential to the benefit of the company as well as the individual. The Group also actively participates in the AgriSETA.

The Executive Committee is appointed by the Board to, inter alia, assist the Board in the performance of its responsibilities with regard to the remuneration policy and the remuneration of staff.

The general policy of the Group is that all employee remuneration should be fair and that employees who take up the challenge of achieving our strategic objectives, and who go on to excel at this, should be appropriately rewarded.

In accordance with the Health and Safety Act, a safe and healthy workplace is created and maintained.

The Board believes that Senior Management has all the required expertise and experience to implement the Group's strategies and to operate its affairs.

BLACK ECONOMIC EMPOWERMENT

TWK supports BEE in principle, which fits in with the Group's business strategies, and appreciates the importance of meaningful empowerment and sustainable growth.

Improvements have been made in various areas and objectives are being set.

Specific focus is placed on internal training, development and the advancement of our own staff.

The TWK Group restructuring was implemented on 1 September 2014. The desired objectives were achieved, amongst others, the achievement of a level 5 contributor for TWK Agri (Pty) Ltd.

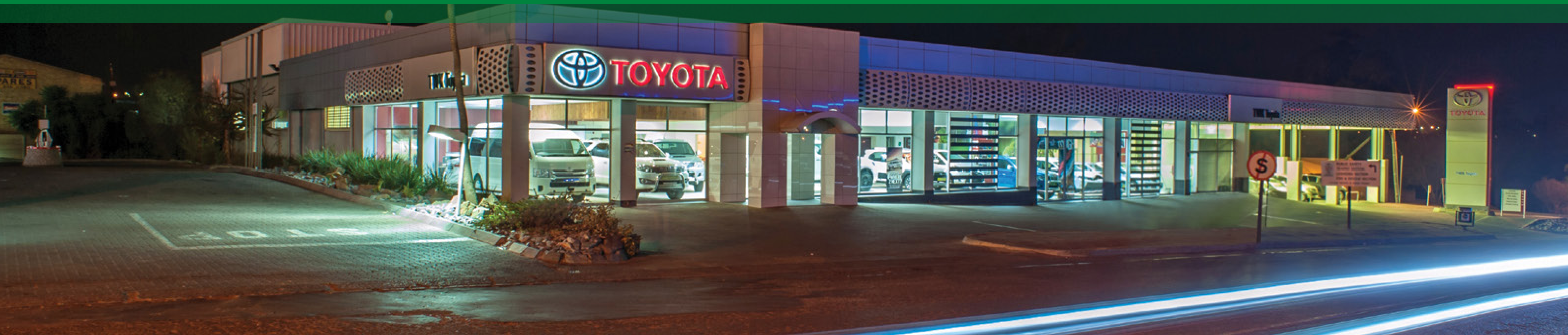
COMMUNITY INVOLVEMENT

TWK is still intricately involved with previously disadvantaged communities which have acquired land through the land reform process. Certain management contracts have been concluded during the course of the year and management skills and forestry skills were, and will continue to be, transferred to the relevant communities in the future.

Cooperation agreements were concluded with contractors, suppliers and markets to promote expansion of business opportunities with BEE interests.

RL Meyer
CHAIRMAN

AS Myburgh
MANAGING DIRECTOR



report from the social and ethics committee

The purpose of the report of the Social and Ethics Committee is to report on how the Committee has performed in its defined responsibilities for the financial year ending 31 August 2015.

COMPOSITION

The Committee consists of at least three Members who are Directors or prescribed officials of the company, and at least one member who is not involved in the day-to-day management of the company. During the year under review the committee consisted of three Non-executive Directors, namely HW Küsel, JCN Wartington and HA Ziervogel. The Managing Director and other members of the Executive Committee also attend meetings.

The Chairman of the Committee attends the Annual General Meeting and reports back to the shareholders with regard to the activities of the Committee.

The Committee meets at least twice a year and additional meetings may be requested if deemed necessary. Attendance of meetings during the year under review is as follows:

	22 APRIL 2015	27 AUGUST 2015
HW Küsel	√	√
JCN Wartington	√	√
HA Ziervogel	√	√

√ Attended meeting x Did not attend meeting

OBJECTIVES AND RESPONSIBILITIES

The Committee executes its statutory responsibilities as prescribed by the Companies Act No 71 of 2008 (Regulation 43) and its responsibilities are delegated by the Board.

In terms of its mandate, the committee must monitor the activities of the company relating to applicable legislation, other legal requirements or current codes of best practice in respect of the following:

1 Social and economic development, including the company's objectives in respect of:
   a the ten principles of the "United Nations Global Compact Principles";
   b the "Organisation for Economic Co-operation and Development" recommendations regarding corruption;
   c the Employment Equity Act; and
   d the Broad-Based Economic Empowerment Act.

2 Good corporate citizenship, including the promotion of equity, prevention of unfair discrimination, the eradication of corruption, the development of the community in which the company conducts its operations and recording of sponsorships, donations and charity.

3 The environment, health and public safety, including the impact of the company's activities, products or services.

4 Relationships with consumers, including the company's advertisements, public relations and compliance with consumer protection legislation.

5 Labour relations and job creation, including:
   a the company's status in terms of the international labour organisation's protocol for an acceptable place of employment and working conditions; and
   b the company's labour relations and its contribution towards the educational development of its employees.

REPORT

SOCIAL AND ECONOMIC DEVELOPMENT

TWK makes a continuous contribution to the development of the communities in which operational activities are carried out. Examples of this is TWK's involvement with communities where farming is carried out on land acquired via the land reform process, provision of drinking water and sanitation infrastructure at certain schools, provision of low-cost vegetable seedlings, training programmes and various other initiatives.

TWK's Enterprise Development division focuses specifically on providing access to financing, correct inputs, markets, as well as technical advice and training to upcoming farmers. This is also achieved by strategic partnerships with financiers, commercial farmers and other organisations who have a similar objective.

THE EMPLOYMENT EQUITY ACT

A plan with certain objectives is drafted annually and reports are submitted to the Department of Labour on progress in this regard. TWK implemented actions to ensure that the designated groups have fair representation on the different career levels of the work force.

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's codes and other sector codes which are applicable to some of the Group's subsidiaries.

TWK's first BEE verification took place during the year and TWK Agri (Pty) Ltd achieved a Level 5 certification. This BEE level compares well within the agriculture sector and was made possible by the restructuring process of TWK Group and the BEE transaction, which was implemented on 1 September 2015.

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

Besides TWK's own initiatives in respect of enterprise development, social responsibilities and skills development, the Vumbuka Trust has also already had a significant impact in the community.

The new BEE codes, as well as the amended agriculture sector codes (which is still in the process of finalisation and approval), presents significant challenges for the TWK Group. These challenges are, however, not unique to TWK Group and the timing of TWK's BEE transaction was very good with the emphasised focus on ownership in the amended codes.

GOOD CORPORATE CITIZENSHIP
The Board, Executive Management and staff of the TWK Group, and its subsidiaries, strive towards the highest standard of corporate citizenship in its operations.

A code of ethics, setting out the principles in terms of which TWK conducts its business, 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.

Consideration is given to the acknowledgement of human rights, fair labour practices, the environment and combating corruption, by means of adequate internal control measures, independent external audits, internal audits, external communication and appropriate accounting practices, on a continuous basis.

TWK acknowledges its duty to contribute towards the socioeconomic upliftment of the community within which it conducts business. One of these contributions is in the form of sponsorships and donations to different organisations. A record is kept of sponsorships, donations and expenditure with respect to charity.

THE ENVIRONMENT, HEALTH AND PUBLIC SAFETY
The conservation of the environment in which we conduct our business is a priority, and therefore, TWK is committed to the conservation of the environment and the mitigation of the impact of the Group's activities on the environment.

We are committed to protecting the environment, preserving our natural resources and utilising them in an efficient and responsible manner, and implementing sound environmental practices in all our business operations. We will refrain from doing business with third parties who fail to do business in an environmentally responsible manner. The conservation of electricity and water also enjoy continuous attention.

Special attention is given to health and safety matters in the workplace, to ensure a healthy labour force, a safe environment for our employees and a working environment in which our operations can be sustained and improved. Compliance with the Occupational Health and Safety Act is managed by health and safety committees. The safety of our staff is vital and ongoing training is provided to first-aid workers, firefighters, forklift drivers and machine operators. Where applicable, staff are sent for medical observation on an ongoing basis.

CONSUMERS AND CUSTOMERS
Customer satisfaction enjoys continuous focus. The success of our customer is our success and we therefore strive towards understanding the requirements of our customers in order to supply them with quality products and services. We build personal relationships with our customers by means of communication in the form of quarterly publications, farmers days and, where possible, personal visits.

LABOUR RELATIONS
TWK's biggest asset is its employees, and for this reason, sound labour relations are a priority. The educational development of our staff increases employee productivity and ensures succession planning.

We treat our employees fairly, with respect for their human rights and human dignity, and we remunerate our employees on a competitive level. We provide a safe and healthy work environment and we do not tolerate any form of discrimination on the basis of religion, race or gender.

TWK strives towards being the employer of choice. An employee survey was conducted to determine how the current staff feel about TWK as an employer. The results were analysed and addressed.

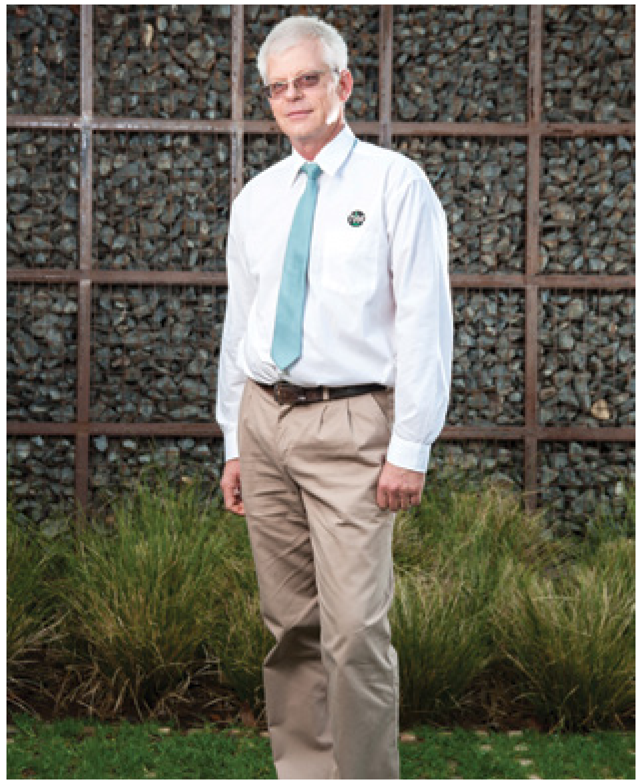
In order to offer the best service delivery, expert advice and information to our staff, in respect of their Provident Fund, the staff Provident Fund has been moved to a new service provider. The new portfolio does not just offer a saving on fees but also better management of each staff member's investment corresponding with their risk profile.

The Induction process was rolled out with an Induction book and training programme which is formally offered to current and new staff members. A total number of 104 sessions throughout TWK's geographical area have been conducted.

The Human Resource Division specifically focussed on skills development over the past year. Over and above the seven bursaries which were awarded to matriculants, TWK was able to offer various courses and training. Furthermore, TWK's first Management Development Programme was initiated.

Grading of all posts within the TWK Group were reviewed, as well as various Key Objective Indicators for top and senior management. All staff salary scales are regularly compared with the various industries in order to ensure that TWK's staff are remunerated accordingly.

HW Küsel



director's
responsibilities and approval

In terms of the Companies Act 71 of 2009, the Directors are responsible to retain adequate accounting records, as well as for the content and integrity of the financial statements and associated financial information provided in this report. It is their responsibility to ensure that the financial statements reflect the state of affairs of the company as at the end of the financial year, as well as the results of its activities and cash flow for the period, fairly and in accordance with, International Financial Reporting Standards. The external auditors are appointed to provide an independent opinion in respect of the financial statements. The financial statements are prepared in accordance with International Financial Reporting Standards and are based on appropriate accounting policies, consistently applied and supported by reasonable and prudent evaluations and estimates.

The Directors confirm that they are ultimately responsible for the system of internal financial control, established by the company, and places specific emphasis on maintaining a strong financial control environment. In order to enable the Directors to fulfil these responsibilities, the Board sets standards in terms of internal control, the purpose of which is to reduce the risk or error or loss in a cost-effective manner. These standards include proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and sufficient segregation of duties, thereby creating an acceptable risk level. These controls are monitored throughout the company and it is expected of from all employees to maintain the highest ethical standards, thereby ensuring that the company's business is conducted in a manner that in all reasonable circumstances, remain above suspicion. The focus of risk management in the company is on the identifying, evaluation, management and monitoring of all known risks throughout the company. Although managing a company without any risk is not really possible, the company strives to minimise risk by ensuring that appropriate infrastructure, controls, systems and ethical behaviour is applied and managed within predetermined procedures and limitations.

The Directors are of the opinion that, based on the information and explanations provided by management, the system of internal control provides sufficient assurance that the financial records can be relied upon in the preparation of financial statements. Any system, however, can only provide reasonable and not absolute assurance against material misstatements or loss.

The Directors scrutinised the company's cash-flow forecast for the 12 months to 31 August 2016. In the light thereof, the Directors are satisfied with the current financial position and that the company has access to sufficient resources to continue the operations of the company on the same level for the foreseeable future. The external auditors are responsible for the independent review and reporting of the company's financial statements. The financial statements have been examined by the company's auditors and their report is contained on page 33.

The financial statements, as set out on pages 34 to 62, is prepared on a going-concern basis and approved by the Board on 26 November 2015, signed on behalf of the Board by:

RL Meyer
CHAIRMAN

AS Myburgh
MANAGING DIRECTOR

statement
by the company 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 submitted to the Commissioner all returns as is required from a public company in terms of the Companies Act, and that all such returns are true, correct and up to date.

MJ Potgieter
COMPANY SECRETARY
Piet Retief
25 November 2015

statutory
director's report

1 **OVERVIEW OF ACTIVITIES**

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

- Marketing of forestry and agriculture products;
- Handling and storage of grain;
- Processing of forestry and grain products;
- Supply of agriculture inputs;
- Trade activities;
- Financial and agriculture services; and
- Credit granting.

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

2 **FINANCIAL RESULTS AND FORECASTS**

The Group achieved a profit before tax of R110.4 million.

The operating results and state of affairs of the Group are expounded comprehensively in the financial statements and are elucidated in the Chairman's Report and the Managing Director's Report.

3 **GOING CONCERN**

After consideration of the current financial position and existing credit facilities of the company and its subsidiaries as well as the budgets and cash flow projections for the financial year ending 31 August 2016 the Board is satisfied that the company is a going concern and that it complies with the solvency and liquidity requirements of the Companies Act. The financial statements were therefore prepared on the basis of a going concern.

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 **INTERESTS OF DIRECTORS IN CONTRACTS**

No contracts in which directors and officials have a material interest were concluded during the year. The share register is available for inspection at the registered office of the company.

6 **AUTHORISED AND ISSUED SHARED CAPITAL**

As part of the TWK Group restructuring, shares amounting to 35 100 893 were issued to TWK Agriculture Holdings (Pty) Ltd on 1 September 2014 for assets and liabilities bought by TWK Agriculture Holdings.

7 **RESTRICTIONS WITH RESPECT TO LOANS**

In terms of the Memorandum of Incorporation of the company, the Directors may exercise all powers of the company in order to obtain financing.

8 **DIVIDENDS**

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

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

9 **DIRECTORS**

The composition of the Board did not change since the previous financial year. The Board of the company was composed as follows at year-end:

NAME

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

10 **SECRETARY**

The Secretary of the company is MJ Potgieter.
Business Address:
11 DE WET STREET
PIET RETIEF
2380

11 **INTEREST IN SUBSIDIARIES AND OTHER FINANCIAL ASSETS**

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

12 **AUDITORS**

TAG Incorporated was appointed as auditors. A resolution proposing the appointment of the auditors will be submitted at the coming Annual General Meeting.

13 **SPECIAL RESOLUTIONS**

The following special resolutions were adopted at a general meeting of shareholders on 25 February 2015:

- Special Resolution no 1: Remuneration of Non-executive Directors.
- Special Resolution no 2: General authorisation to grant financial assistance to related and interrelated companies.

audit and risk committee report

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

COMPOSITION

The Committee comprises at least three Non-executive Directors who are appointed by the shareholders on the recommendation of the Board. It convenes at least twice a year as per the Committee's mandate and brief. The Managing Director, Chief Financial Officer, external and internal Auditors, together with the relevant members of Management, attend meetings by invitation. The internal and external Auditors have unrestricted access to the Committee.

During the period under review, the Committee comprised four Non-executive Directors, namely CA du Toit (Chairman), RL Meyer, CH Hiesstermann and JS Stapelberg.

The Chairman of the Committee and the external Auditors attend the Annual General Meeting.

	26 Mrt 2014	28 Nov 2014	22 Apr 2015	25 Jun 2015	27 Aug 2015
CA du Toit	✓	✓	✓	✓	✓
RL Meyer	✓	✓	✓	✓	✓
CH Hiestermann	✓	✓	✓	✓	✓
JS Stapelberg	✓	✓	✓	✓	✓

The committee convened five times during the period under review.

√ Attended meeting x Did not attend meeting

The company's external auditors are TAG Inc. under the leadership of Mr Andre Oosthuysen. The auditors regularly attend the Audit and Risk Committee meetings and are independent to the company. The Audit Committee is convinced that TAG Inc. possesses the necessary knowledge and experience to successfully complete the task mandated to them.

MANDATE AND RESPONSIBILITIES

In terms of its mandate, the following, inter alia, are required of the committee:

1 Recommendation on the appointment of an independent external auditor in line with the provisions of the Companies Act;
2 Approval of the fees payable to the auditors and the terms and conditions of the appointment;
3 Consideration of any non-audit work by such auditors and determining whether the provision of such services will materially affect their independence;
4 Receipt and handling in an appropriate manner any concern or complaint with respect to accounting practices, internal auditing and internal financial control;
5 Reporting to the Board on matters concerning accounting policy, financial controls, financial records and financial reports;
6 Considering the independence and effectiveness of the external auditors;
7 Evaluating the annual audit plan;
8 Considering and reviewing the financial statements, the accounting practices, policies and procedures as well as the effectiveness of internal financial controls;
9 Assuring that the financial planning, management and reporting of the company is in accordance with the relevant accounting policies and international financial reporting standards;
10 Monitoring compliance with the relevant legislation and regulatory aspects;
11 Evaluating the effectiveness of management information and internal control systems;
12 Assuring 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 Rendering assistance to the Board to ensure the business implements an effective policy and plan for risk management and that disclosure with regard to risk is complete, timeous and relevant.

REPORT

The Committee is satisfied that the external auditor is independent of the Group, in accordance with the provisions of the Companies Act, which includes consideration of compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors. In consultation with the Executive Management the Committee approved the letter of engagement, conditions, audit plan and fees payable to the external auditor.

The Committee approved the terms of the non-audit service by the external auditor and approved the nature and extent of non-audit services which the external auditor may provide.

At the Annual General Meeting, the Committee nominated TAG Incorporated as the external audit firm responsible for carrying out the functions of auditor for the 2015 year.

A formal work plan is drafted by the committee to ensure that all duties allocated to it by the Board are carried out during the year.

Based on the results of the formally documented review of the design, implementation and effectiveness of the TWK Group's system of internal financial controls conducted by the internal audit function during the 2015 financial year, and, in addition, considering information and explanations provided by management and discussions held with the external auditor on the results of its audit, the Committee is of the opinion that the TWK Group's system of internal financial controls is effective and forms a basis for the preparation of reliable financial statements.

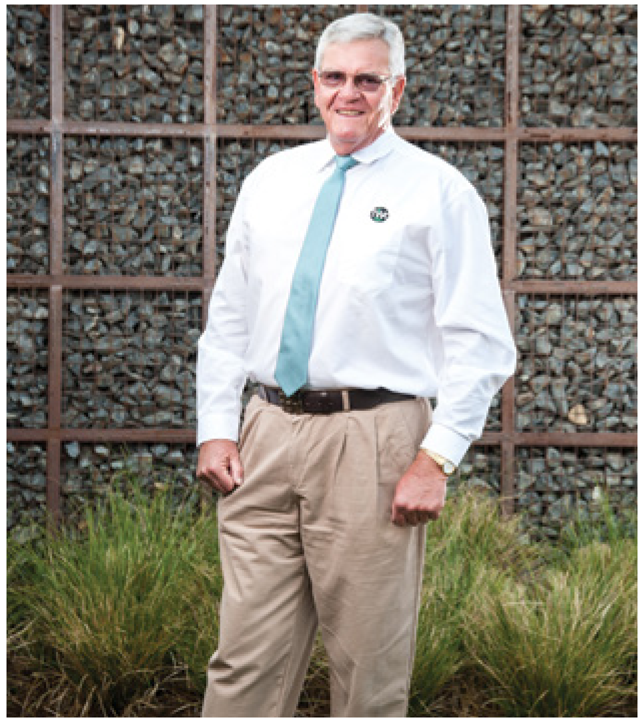
The internal Auditor has unrestricted access to the Chairman of the Audit and Risk Committee and the Chairman of the Board. The company has a formal risk management process in terms of which financial and control risks are identified, analysed and updated, and internal audits, amongst others, concentrate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

The committee evaluated the accoun-ting policy and the financial statements of the company for the period ended 31 August 2015 and is of the opinion that the Group complied with all requirements of the Companies Act, 2008, as well as with International Financial Reporting Standards (IFRS). The committee is furthermore satisfied that the financial statements correctly reflect the position of the Company and Group; that all factors that might impact on the integrity of the reports were taken into account and that the reporting of the risk management, as included in this report, is complete and relevant.

The committee furthermore carried out all other duties as defined in its mandate.

The committee and the Board considered the Annual Report for correctness and integrity and is of the opinion than the report is, in all material aspects, a fair reflection of the operations and achievements of the Group.

CA du Toit
CHAIRMAN: AUDIT AND RISK COMMITTEE



independent auditor's report

TO THE SHAREHOLDERS OF TWK INVESTMENTS LTD AND ITS SUBSIDIARIES

We have audited the consolidated annual financial statements of TWK Investments Ltd and its subsidiaries, which comprise the statement of financial position as at 31 August 2015 and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes, as set out on pages 34 to 81.

DIRECTORS' RESPONSIBILITIES FOR THE ANNUAL FINANCIAL STATEMENTS

The Group's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: Designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated annual financial statements based on our audit. We conducted the audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management as well as evaluating the overall presentation of the annual financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated annual financial statements present fairly, in all material respects, the financial position of TWK Investments Ltd and its subsidiaries as at 31 August 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated annual financial statements for the year ended 31 August 2015, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements.

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

TAG Incorporated
Director – Andre Oosthuysen
Registered Auditor
Chartered Accountant (SA)
25 November 2015

statement of financial position as at 31 August 2015

	Note(s)	31 Aug 2015 R	31 Aug 2014 R
ASSETS			
Non-current Assets			
Biological assets	3	235,702,534	-
Investment property	4	15,960,000	-
Property, plant and equipment	5	581,454,543	2,012,428
Goodwill and Intangible assets	6	17,007,579	-
Investment in associate	8	36	-
Loan to associate	9	7,533,214	-
Other financial assets	11	202,645,148	-
Finance lease receivables	14	21,869,713	-
Deferred tax	13	-	2,858,057
		1,082,172,767	**4,870,485**
Current Assets			
Inventories	16	1,021,704,650	-
Trade and other receivables	17	870,259,300	1,747,966
Other financial assets	11	660,514	-
Finance lease receivables	14	16,603,933	-
Current tax receivable		4,216,989	-
Cash and cash equivalents	18	57,320,145	-
		1,970,765,531	1,747,966
Non-current assets held for sale	19	2,910,000	-
Total Assets		3,055,848,298	6,618,451
EQUITY AND LIABILITIES			
Equity			
Equity Attributable to Equity Holders of Parent			
Share capital	20	776,478,952	100
Reserves		(95,012,050)	-
Retained income		74,638,785	(7,349,241)
		756,105,687	(7,349,141)
Non-controlling interest		14,475,487	-
		770,581,174	(7,349,141)
Liabilities			
Non-current Liabilities			
Other financial liabilities	23	280,886,507	-
Finance lease liabilities	24	128,117	-
Retirement benefit obligation	15	4,756,286	-
Deferred tax	13	63,277,165	-
		349,048,075	-
Current Liabilities			
Loans from shareholders of Group companies	9	-	1,989,938
Loans from shareholders	10	2,410,293	-
Other financial liabilities	23	1,208,057,248	-
Current tax payable		385,578	-
Finance lease liabilities	24	588,906	-
Trade and other payables	27	607,487,276	11,977,654
Provisions	25	680,215	-
Bank overdraft	18	116,609,533	-
		1,936,219,049	13,967,592
Total Liabilities		2,285,267,124	13,967,592
Total Equity and Liabilities		3,055,848,298	6,618,451

statement of profit or loss and other comprehensive income

	Note(s)	31 Aug 2015 R	31 Aug 2014 R
Continuing operations			
Revenue	29	5,297,240,844	-
Cost of sales	30	(4,517,435,928)	-
Gross profit		779,804,916	-
Other income	31	81,202,403	194,085
Operating expenses		(644,172,825)	(40,920)
Gain on biological assets and agricultural produce		15,258,293	-
Operating profit	32	232,092,787	153,165
Investment revenue	33	1,496,364	-
Gain on non-current assets held for sale or disposal groups		282,230	-
Finance costs	34	(107,715,899)	(68,395)
Profit before loyalty scheme payments		126,155,482	84,770
Loyalty scheme payments		(12,094,899)	-
Profit before taxation		114,060,583	84,770
Taxation	35	(25,809,661)	(23,736)
Profit from continuing operations		88,250,922	61,034
Discontinued operations			
Loss from discontinued operations	19	(3,665,418)	-
Profit for the year		84,585,504	61,034
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Gains and losses on property revaluation		16,319,274	-
Income tax relating to items that will not be reclassified		(391,632)	-
Total items that will not be reclassified to profit or loss		15,927,642	-
Items that may be reclassified to profit or loss:			
Available-for-sale financial assets adjustments		5,189,446	-
Income tax relating to items that may be reclassified		(967,728)	-
Total items that may be reclassified to profit or loss		4,221,718	-
Other comprehensive income for the year net of taxation		20,149,360	-
Total comprehensive income for the year		104,734,864	61,034
Total comprehensive income attributable to:			
Owners of the parent		102,137,386	61,034
Non-controlling interest		2,597,478	-
		104,734,864	61,034
Earnings per share information			
Basic earnings per share (c)		233,58	-

statement of changes in equity

	Share capital	Revaluation reserve	Fair value adjustment assets-available-for-sale reserve	Restructuring reserve
	R	R	R	R
Balance at 1 September 2013	100	-	-	-
Profit for the year	-	-	-	-
Comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	-	-
Balance at 1 September 2014	**100**	**-**	**-**	**-**
Profit for the year	-	-	-	-
Comprehensive income for the year	-	15,927,642	4,221,718	-
Total comprehensive income for the year	-	15,927,642	4,221,718	-
Issue of shares	776,478,852	-	-	-
TWK Group Restructuring	-	-	-	(115,161,410)
Dividends	-	-	-	-
Changes in ownership interest	-	-	-	-
Total contributions by and distributions to owners of the Group recognised directly in equity	776,478,852	-	-	(115,161,410)
Balance at 31 August 2015	**776,478,952**	**15,927,642**	**4,221,718**	**(115,161,410)**
Note	20	21	22	

	Total reserves	Retained income	Total attributable to equity holders of the Group	Non-controlling interest	Total equity
	R	R	R	R	
Balance at 1 September 2013	-	(7,410,275)	(7,410,175)	-	(7,410,175)
Profit for the year	-	61,034	61,034	-	61,034
Comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	61,034	61,034	-	61,034
Balance at 1 September 2014	**-**	**(7,349,241)**	**(7,349,141)**	**-**	**(7,349,141)**
Profit for the year	-	81,988,026	81,988,026	2,597,478	84,585,504
Comprehensive income for the year	20,149,360	-	20,149,360	-	20,149,360
Total comprehensive income for the year	20,149,360	81,988,026	102,137,386	2,597,478	104,734,864
Issue of shares	-	-	776,478,852	-	776,478,852
TWK Group Restructuring	(115,161,410)	-	(115,161,410)	-	(115,161,410)
Dividends	-	-	-	(382,057)	(382,057)
Changes in ownership interest	-	-	-	12,260,066	12,260,066
Total contributions by and distributions to owners of the Group recognised directly in equity	(115,161,410)	-	661,317,442	11,878,009	673,195,451
Balance at 31 August 2015	**(95,012,050)**	**74,638,785**	**756,105,687**	**14,475,487**	**770,581,174**

statement of cash flows

	Note(s)	31 Aug 2015	31 Aug 2014
		R	R
Cash flows from operating activities			
Cash used in operations	37	(1,065,340,638)	10,383,681
Interest income		701,971	-
Finance costs		(107,715,899)	(68,395)
Tax paid		(10,376,559)	-
Net cash from operating activities		(1,182,731,125)	**10,315,286**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(593,621,241)	(2,012,428)
Sale of property, plant and equipment	5	8,071,342	-
Purchase of investment property	4	(18,900,000)	-
Purchase of other intangible assets	6	(17,007,579)	-
Purchase of unlisted shares		(60,047,421)	-
TWK Group Restructuring		(63,821,978)	-
Purchase of biological assets	3	(510,096,669)	-
Sale of biological assets	3	289,652,428	-
Investment in associate		(36)	-
Forward contracts		(660,514)	-
Net cash from investing activities		**(966,391,669)**	**(2,012,428)**
Cash flows from financing activities			
Proceeds on share issue	20	776,478,852	-
Increase of other financial liabilities		1,488,943,755	-
Proceeds from loans from Group companies		-	(8,302,858)
Repayment of shareholders loan		420,355	-
Finance lease payments		717,023	-
Finance lease receipts		(38,473,646)	-
Dividends paid	38	(382,057)	-
Change in ownership of non-controlling interests		12,260,066	-
Loan to associate		(7,533,215)	-
Advance on forestry and term loans		(142,597,727)	-
Net cash from financing activities		**2,089,833,406**	**(8,302,858)**
Total cash movement for the period		**(59,289,388)**	-
Total cash at end of the period	18	**(59,289,388)**	-

accounting policies

1 PRESENTATION OF GROUP CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

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

These accounting policies are consistent with the previous period.

1.1 CONSOLIDATION

BASIS OF CONSOLIDATION

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

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

The results of subsidiaries are included in the Group consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

All the subsidiaries have the same financial year-end and, where applicable, the same accounting policies as the holding company.

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

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.

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

BUSINESS COMBINATIONS

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

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

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business Combinations are recognised at their fair values at acquisition date.

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 Group assesses the classification of the acquiree's assets and liabilities and reclassifies them 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.

1.2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Trade receivables and loans and receivables

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

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

Available-for-sale financial assets

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

Allowance for slow moving, damaged and obsolete stock

Management has made estimates of the selling price and direct cost to sell on certain inventory items to determine 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.

accounting policies *(continued)*

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.

Expected manner of realisation for deferred tax
Deferred tax is provided for on the fair value adjustments of financial assets based on the expected manner of recovery, i.e. sale or use. This manner of recovery affects the rate used to determine the deferred tax liability. Refer note 13 – Deferred tax.

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

1.3 BIOLOGICAL ASSETS

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

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

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

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

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

1.4 INVESTMENT PROPERTY

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

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

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

Fair value
Subsequent to initial measurement investment property is measured at fair value.
A gain or loss arising from a change in fair value is included in profit or loss for the period in which it arises.

1.5 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 establised with certainty when the item of plant and equipment nears the end of its useful life. Useful life and residual value evaluation may result in a larger or smaller depreciation expense. If the residual value of an asset equals the carrying amount, the depreciation is discontinued until the carrying amount exceeds the residual value.

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

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

1.6 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.

accounting policies *(continued)*

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

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

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

1.8 FINANCIAL INSTRUMENTS

Classification

The Group classifies financial assets and financial liabilities into the following categories:
- Financial assets at fair value through profit or loss
- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities at fair value through profit or loss
- Financial liabilities measured at amortised cost

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

Initial recognition and measurement

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

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

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

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

Subsequent measurement

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

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

Loans and receivables are subsequently measured at amortised cost.

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

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

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

Derecognition

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In the 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 financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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.

accounting policies *(continued)*

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

Impairment losses are recognised in profit or loss.

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

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

Loans to (from) group companies
These include loans to and from subsidiaries and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

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

Loans to shareholders, directors, managers and employees
These financial assets are classified as loans and receivables.

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

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

Trade and other receivables are classified as loans and receivables.

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

Cash and cash equivalents
Cash and cash equivalents comprise 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 fair value.

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

Derivatives
Commodity term contracts (futures):
The Group participates in various over-the-counter (OTC) future buying and selling contracts for the buying and selling of commodities. Although certain contracts are covered by the physical provision or delivery during normal business activities, OTC contracts are regarded as a financial instrument. In terms of IAS 39, it is recorded at fair value, where the Group has a long history of net finalisation (either with the other party or to participate in other off-setting contracts).

1.9 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.

1.10 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.

accounting policies *(continued)*

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

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease. The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

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

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

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

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

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

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

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

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

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

1.12 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.

1.13 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.

1.14 SHARE CAPITAL AND EQUITY
Ordinary shares are classified as equity.

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), is recognised in the period in which the service is rendered and is not discounted.

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

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

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

Valuations are conducted on an annual basis and any gain or loss 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.

accounting policies *(continued)*

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 41 to the financial statements.

1.17 REVENUE

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

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

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

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

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

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

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

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

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

1.18 TURNOVER

Turnover comprises of sales to customers and services rendered to customers. Turnover is stated at the invoice amount and is exclusive of value-added taxation.

1.19 COST OF SALES

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

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

1.20 BORROWING COSTS

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

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

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

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

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

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

1.21 TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions

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

At the end of the reporting period:

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

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

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

1.22 COMPARATIVE FIGURES

Comparative figures are restated in the event of a change in accounting policy, prior period error or reclassification. Due to the fact that this is the first year of the TWK Investmets Group in its current format, consolidated figures are not comparable and the 2014 figures presented only consist of the company's 2014 figures.

notes to the
group consolidated annual financial statements

2 NEW STANDARDS AND INTERPRETATIONS

2.1 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	Expected impact:
Amendment to IFRS 8: Operating Segments: Annual improvements project	01 July 2014	Not material.
Amendment to IAS 24: Related Party Disclosures: Annual improvements project	01 July 2014	Not material.
Amendment to IAS 16: Property, Plant and Equipment: Annual improvements project	01 July 2014	Not material.
Amendment to IAS 40: Investment Property: Annual improvements project	01 July 2014	Not material.
Amendment to IAS 19: Defined Benefit Plans: Employee Contributions	01 July 2014	Not material.
Amendment to IFRS 3: Business Combinations: Annual improvements project	01 July 2014	Not material.
Amendment to IFRS 3: Business Combinations: Annual improvements project	01 July 2014	Not material.
Amendment to IFRS 2: Share-based Payment: Annual improvements project	01 July 2014	Not material.
Amendment to IFRS 13: Fair Value Measurement: Annual improvements project	01 July 2014	Not material.
Amendment to IAS 38: Intangible Assets: Annual improvements project	01 July 2014	Not material.
Amendments to IFRS 10, IFRS 12 and IAS 27: Investment Entities	01 January 2014	Not material.
Amendment to IAS 32: Offsetting Financial Assets and Financial Liabilities	01 January 2014	Not material.
Amendment to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting	01 January 2014	Not material.
Amendment to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets	01 January 2014	Not material.
IFRIC 21 Levies	01 January 2014	Not material.

2.2 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 2015 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
IFRS 9 Financial Instruments	01 January 2018	Not material.
IFRS 15 Revenue from Contracts with Customers	01 January 2017	Not material.
Amendment to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	01 January 2016	Not material.
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	01 January 2016	Not material.
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	01 January 2016	Not material.
Amendment to IAS 27: Equity Method in Separate Financial Statements	01 January 2016	Not material.
IFRS 14 Regulatory Deferral Accounts	01 January 2016	Not material.
Amendments to IFRS 10, 12 and IAS 28: Investment Entities. Applying the consolidation exemption	01 January 2016	Not material.
Amendments to IAS 16 and IAS 41: Agriculture: Bearer Plants	01 January 2016	Not material.
Amendment to IFRS 5: Non-current Assets Held for Sale and Discontinued Operations: Annual Improvements project	01 January 2016	Not material.
Amendment to IFRS 7: Financial Instruments: Disclosures: Annual Improvements project	01 January 2016	Not material.
Amendment to IAS 19: Employee Benefits: Annual Improvements project	01 January 2016	Not material.
Disclosure Initiative: Amendment to IAS 1: Presentation of Financial Statements	01 January 2016	Not material.
Amendment to IAS 34: Interim Financial Reporting. Annual Improvements project	01 January 2016	Not material.

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

3 BIOLOGICAL ASSETS

	2015			2014		
	Cost | Valuation	Accumulated depreciation	Carrying value	Cost | Valuation	Accumulated depreciation	Carrying value
	R	R	R	R	R	R
Plantations	428,922,070	-	428,922,070	-	-	-
Plantations saleable within 12 months transferred to inventory	(195,970,336)	-	(195,970,336)	-	-	-
Livestock	2,750,800	-	2,750,800	-	-	-
Total	235,702,534	-	235,702,534	-	-	-

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

NON-FINANCIAL INFORMATION

Standing timber comprised approximately 14 193 hectares (2014: 0 hectares) of tree plantations, which range from newly established plantations to plantations that are 23 years old. During the year the Group harvested approximately 539 356 (2014:0) tonnes of timber.

PLEDGED AS SECURITY

Plantations with a carrying value of R428 922 070 (2014: R0) have been pledged to secure borrowings (see note 23).

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.

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

The Group manages plantations on land that the Group owns, as well as plantations bought on a standing timber basis.

METHODS AND ASSUMPTIONS USED IN DETERMINING FAIR VALUE

Plantations are stated at fair value less estimated cost to sell at the harvesting stage and is a level 3 measure in terms of the fair value measurement hierarchy, as established by IFRS 13 fair value measurement, which is consistent with the prior year. Biological assets are measured on initial recognition and at subsequent reporting dates at fair value less estimated costs, to sell by using the Faustmann formula. The fair value of standing timber at matured date, being the age at which it becomes marketable, is based on the market price of the estimated recoverable timber volumes, net of harvesting and transportation costs. The fair value of younger standing timber is based on the present value of the net cash flows expected to be generated by the plantations at maturity, in its most relevant market, and includes the potential additional biological transformation and related risks associated with the asset. Any gain or loss arising from changes in the fair value of biological assets is included in the statement of comprehensive income.

notes to the

group consolidated annual financial statements

THE DETAIL OF SIGNIFICANT UNOBSERVABLE INPUTS IS AS FOLLOWS:

- The future 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 151.18 ton (2014: 0 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 46.17% (2014: 0%). 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 4.36% (2014: 0%). The estimated fair value would increase (decrease) if the estimated risk-adjusted discount rate were higher (lower).

RISK MANAGEMENT

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

REGULATORY AND ENVIRONMENTAL RISK

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

SUPPLY AND DEMAND RISK

The Group is exposed to risk arising from fluctuations in the price and sales volume of timber.

When possible the Group manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analyses for projected harvest volumes and pricing.

CLIMATE AND OTHER RISKS

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

	2015			
RECONCILIATION OF LIVESTOCK	Cattle	Horses	Goats	Total
Opening balance	-	-	-	-
Due to acquisition	439	2	203	644
Due to births	7		75	82
Due to deaths	(54)		(79)	(133)
Due to sales	(18)		(2)	(20)
Closing balance	374	2	197	573

4 INVESTMENT PROPERTY

	2015			2014		
	Valuation	Accumulated depreciation	Carrying value	Valuation	Accumulated depreciation	Carrying value
	R	R	R	R	R	
Investment property	15,960,000	-	15,960,000	-	-	-

	2015			
RECONCILIATION OF INVESTMENT PROPERTY AT FAIR VALUE 2015	Opening balance	Additions through TWK Group Restructuring	Revaluations	Total
	R	R	R	
Investment property	-	18,900,000	(2,940,000)	15,960,000

	2015	2014
	R	R
Pledged as security		
Carrying value of assets pledged as security:	15,960,000	-

The investment property is encumbered by a first covering mortgage bond (see note 23).

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.

DETAILS OF VALUATION

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 once every four years.

The last valuation on selected assets was on 31 August 2015. Valuations were performed by the independent valuer, Mr. W Winckler of Valuers Afrika (Pty) Ltd. The valuer is a registered professional valuer and is not connected to the Group. The valuations were performed using the capitalised income approach and any surplus or shortage is credited or debited to profit or loss.

OTHER INFORMATION		
	R	R
Rental income from investment property	2,101,438	1,297,032
Direct operating expenses arising from investment property generating rental income	(1,453,665)	(742,551)

5 PROPERTY, PLANT AND EQUIPMENT

	2015			2014		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
	R	R	R	R	R	R
Land and buildings	476,916,214	(5,895,071)	471,021,143	2,012,428	-	2,012,428
Plant and machinery	164,702,004	(87,997,748)	76,704,256	-	-	-
Motor vehicles	76,301,854	(42,572,710)	33,729,144	-	-	-
Total	**717,920,072**	**(136,465,529)**	**581,454,543**	**2,012,428**	**-**	**2,012,428**

	2015			
RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT	Opening balance	Additions	Additions through TWK Group Restructuring	Disposals
	R	R		R
Land and buildings	2,012,428	24,735,504	434,125,391	-
Plant and machinery	-	14,194,511	76,138,016	(2,198,183)
Motor vehicles	-	11,428,009	32,959,810	(5,164,875)
Total	**2,012,428**	**50,358,025**	**543,223,217**	**(7,363,058)**

	2015				
RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT	Classified as held for sale	Transfers	Revaluations	Depreciation	Total
	R	R	R	R	R
Land and buildings	(2,910,000)	(2,149,374)	16,319,274	(1,112,080)	471,021,143
Plant and machinery	-	1,807,794	-	(13,237,882)	76,704,256
Motor vehicles	-	341,580	-	(5,835,381)	33,729,144
Total	**(2,910,000)**	**-**	**16,319,274**	**(20,185,343)**	**581,454,543**

notes to the
group consolidated annual financial statements
(continued)

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT	2014 Opening balance	Additions	Total
	R	R	R
Land and buildings	-	2,012,428	2,012,428

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.

The useful life and residual value of plant and equipment are revalued on a yearly basis. The evaluation regarding the useful life and residual values of assets can only be established with certainty when the item of plant and equipment nears the end of its useful life. The estimated useful lives of items of property, plant and equipment are within the following intervals:

Buildings and structures	20 - 50 years
Plant and machinery	2 - 10 years
Motor vehicles	3 - 5 years

PLEDGED AS SECURITY
Property, plant and equipment with a carrying value of R397 389 458 (2014: R0) have been pledged to secure borrowings (see note 23).

The Group is not allowed, without the prior written consent of the Land Bank, to grant any encumbrance over its assets to any person other than the Land Bank in respect of indebtedness incurred in the ordinary course of business.

NET CARRYING AMOUNTS OF LEASED ASSETS	2015	2014
	R	R
Motor vehicles	2,535,603	-

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

The last valuation on selected assets was on 31 August 2015. Valuations were performed by the independent valuers, Mr. W Winckler and Mr. JD Theron of Valuers Afrika (Pty) Ltd. The valuers are registered professional valuers and are not connected to the Group. The valuations were performed using the capitalised income approach and the surplus was credited to other comprehensive income and is shown in reserves in shareholder equity.

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

THE CARRYING VALUE OF THE REVALUED ASSETS UNDER THE COST MODEL WOULD HAVE BEEN:	2015	2014
	R	R
Land and buildings	454,701,869	0

6 GOODWILL AND INTANGIBLE ASSETS

	2015			2014		
	Cost / valuation	Accumulated amortisation	Carrying value	Cost / valuation	Accumulated amortisation	Carrying value
	R	R	R	R	R	R
Patents, trademarks and other rights	216,930	(32,762)	184,168	-	-	-
Sole distributor rights	3,000,000	-	3,000,000	-	-	-
Goodwill	13,823,411	-	13,823,411	-	-	-
Total	**17,040,341**	**(32,762)**	**17,007,579**	**-**	**-**	**-**

RECONCILIATION OF GOODWILL AND INTANGIBLE ASSETS	2015 Opening balance	Additions through TWK Group Restructuring	Total
	R	R	R
Patents, trademarks and other rights	-	184,168	184,168
Sole distributor rights	-	3,000,000	3,000,000
Goodwill	-	13,823,411	13,823,411
	-	17,007,579	17,007,579

REVIEW OF USEFUL LIFE ASSESSMENT AND IMPAIRMENT
Goodwill is allocated to the company's cash generating units based on the different business segments. The recoverable amount of a cash generating unit is based on the calculation of the value in use. The calculation uses cashflow forecasts prepared by Management for the next seven years.

	2015	2014
	R	R
Goodwil relating to the insurance business unit	13 753 411	13 753 411
Goodwil relating to the trade business unit	3 254 168	3 254 168

The following assumptions were used in the calculation:

Growth rate	5.00%
Discount rate	11.75%

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

Management determined budgeted gross margins 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.

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 Group. Management reviews 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.

7 INTERESTS IN SUBSIDIARIES
The following table lists the entities which are controlled by the Group. TWK has the power to govern the financial and operating policies and has rights to the variable returns from Canyon Springs Investments 140 (Pty) Ltd and Sawco Treated Timbers (Pty) Ltd. Canyon Springs Investments and Sawco Treated Timbers (Pty) Ltd will therefore remain subsidiaries of TWK.

notes to the group consolidated annual financial statements
(continued)

Company	Held by	Country of incorporation	2015 % holding and voting power	2014 % holding and voting power
Direct interests				
Arrow Feeds (Pty) Ltd	TWK Investments Ltd	Swaziland	100.00%	75.00%
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%
Lions River Farmers Exchange (Pty) Ltd	TWK Investments Ltd	South Africa	100.00%	100.00%
Mutual Farming (Pty) Ltd	TWK Investments Ltd	South Africa	100.00%	100.00%
Piet Retief Trekkers (Pty) Ltd	TWK Investments Ltd	South Africa	100.00%	100.00%
Shiselweni Forestry Company (Pty) Ltd	TWK Investments Ltd	Swaziland	100.00%	100.00%
Swaziland Forestry Equipment Ltd	TWK Investments Ltd	South Africa	100.00%	100.00%
TWK Agri (Pty) Ltd	TWK Investments Ltd	South Africa	100.00%	100.00%
TWK Swaziland (Pty) Ltd	TWK Investments Ltd	Swaziland	100.00%	100.00%
Weston Timber (Pty) Ltd	TWK Investments Ltd	South Africa	100.00%	100.00%
Indirect interests				
Protea Versoolwerke Kimberley (Pty) Ltd	Protea Versoolwerke Ermelo (Pty) Ltd	South Africa	59.00%	55.00%
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%	100.00%
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%
HP Kuun Insurance Brokers (Pty) Ltd	TWK Agri (Pty) Ltd	South Africa	100.00%	100.00%
Maluti Milling (Pty) Ltd - previously Trio Kunsmis (Pty) Ltd	TWK Agri (Pty) Ltd	South Africa	100.00%	100.00%
Protea Versoolwerke Ermelo (Pty) Ltd	TWK Agri (Pty) Ltd	South Africa	66.67%	66.67%
TWK Insurance Brokers (Pty) Ltd	TWK Agri (Pty) Ltd	South Africa	100.00%	100.00%
TWK Motors (Pty) Ltd	TWK Agri (Pty) Ltd	South Africa	100.00%	100.00%
TWK Rekenaar Dienste (Pty) LTd	TWK Agri (Pty) Ltd	South Africa	100.00%	100.00%
Silo Autobody (Pty) Ltd - previously CTC Timber Products (Pty) Ltd	TWK Motors (Pty) Ltd	South Africa	66.67%	100.00%

SUBSIDIARIES PLEDGED AS SECURITY

TWK Investments Ltd and TWK Agriculture Holdings (Pty) Ltd signed unlimited suretyship as guarantee for the loan facilities granted by the Land Bank (Refer to note 23).

The shares in Castle Walk Property Investments (Pty) Ltd and Protea Versoolwerke Ermelo (Pty) Ltd serve as security for the loan facilities granted by the Land Bank (Refer to note 23).

OBTAINING CONTROL OF SUBSIDIARY

During 2014 the Group obtained control of HP Kuun Insurance Brokers (Pty) Ltd and Die Kilo Bemarkingskorporasie (Pty) Ltd.

HP Kuun Insurance Brokers (Pty) Ltd and Die Kilo Bemarkingskorporasie was acquired to further expand the insurance business of the Group. The excess of the cost of the acquisition over the fair value of the company's share of the net identifiable assets, of the acquired business at the date of acquisition and liabilities assumed, is represented by goodwill. Goodwill of R7 499 900 and R4 431 710 respectively arising from the acquisition consists largely of the synergies and economies of scale expected from the operations of the entities.

The fair values of assets acquired and liabilities assumed summarised by each major category for 2014 were as follows:

HP KUUN INSURANCE BROKERS (PTY) LTD - CASH PAID TO OBTAIN CONTROL		2014
	R	R
Equipment	-	28,291
Trade and other receivables	-	82,175
Trade and other payables	-	(110,366)
Less: Cash paid (consideration)	-	(7,500,000)
Goodwill	**-**	**(7,499,900)**

DIE KILO BEMARKINGSKORPORASIE (PTY) LTD - CASH PAID TO OBTAIN CONTROL		2014
	R	R
Property	-	1,466,700
Loan account	-	1,185,234
Trade and other payables	-	(92,760)
Financial liabilities	-	(1,190,884)
Less: Cash paid (consideration)	-	(5,800,000)
Goodwill	**-**	**(4,431,710)**

SUMMARISED FINANCIAL INFORMATION OF MATERIAL SUBSIDIARIES

SUMMARISED STATEMENT OF FINANCIAL POSITION	2015 Non-current assets	Current assets	Total assets	Non-current liabilities	Current liabilities	Total liabilities
	R	R	R	R	R	R
Shiselweni Forestry Company Ltd	328,503,645	213,472,209	541,975,854	81,607,530	116,823,174	198,430,704
TWK Motors (Pty) Ltd	39,935,305	58,760,874	98,696,179	678,361	47,153,362	47,831,723
Constantia Kunsmis (Pty) Ltd	23,905,133	283,201,927	307,107,060	23,751,959	287,356,284	311,108,243
Protea Versoolwerke Ermelo (Pty) Ltd	14,723,868	38,490,202	53,214,070	417,371	13,243,301	13,660,672
TWK Agri (Pty) Ltd	373,208,905	1,756,649,740	2,129,858,645	328,955,553	1,788,150,307	2,117,105,860
Total	**780,276,856**	**2,350,574,952**	**3,130,851,808**	**435,410,774**	**2,252,726,428**	**2,688,137,202**

notes to the
group consolidated annual financial statements
(continued)

SUMMARISED STATEMENT OF COMPREHENSIVE INCOME	2015 Revenue	Profit | (loss) before tax	Tax expense	Profit (loss)	Other compre-hensive income	Total compre-hensive income
	R	R	R	R	R	R
Shiselweni Forestry Company Ltd	73,887,738	15,203,733	(4,091,768)	11,111,965	13,550,266	24,662,231
TWK Motors (Pty) Ltd	454,138,649	6,888,737	107,462	6,996,199	-	6,996,199
Constantia Kunsmis (Pty) Ltd	654,644,550	(2,119,738)	972,439	(1,147,299)	-	(1,147,299)
Protea Versoolwerke Ermelo (Pty) Ltd	118,352,833	1,553,410	(439,919)	1,113,491	-	1,113,491
TWK Agri (Pty) Ltd	4,671,552,073	63,195,925	(17,526,177)	45,669,748	4,414,302	46,418,632
Total	**5,972,575,843**	**84,722,067**	**(20,977,963)**	**63,744,104**	**17,964,568**	**78,043,254**

SUMMARISED FINANCIAL INFORMATION OF MATERIAL SUBSIDIARIES

SUMMARISED STATEMENT OF FINANCIAL POSITION	2014 Non-current assets	Current assets	Total assets	Non-current liabilities	Current liabilities	Total liabilities
	R	R	R	R	R	R
Shiselweni Forestry Company Ltd	317,445,122	145,612,726	463,057,848	84,494,294	59,418,942	143,913,236
TWK Motors (Pty) Ltd	55,385,340	57,127,205	112,512,545	19,797,959	51,040,626	70,838,585
Constantia Kunsmis (Pty) Ltd	45,024,240	167,726,301	212,750,541	52,147,577	163,456,848	215,604,425
Protea Versoolwerke Ermelo (Pty) Ltd	15,703,613	38,856,545	54,560,158	673,489	14,300,394	14,973,883
TWK Agri (Pty) Ltd	33,133,735	71,427,296	104,561,031	39,909,858	79,285,089	119,194,947
Total	**466,692,050**	**480,750,073**	**947,442,123**	**197,023,177**	**367,501,899**	**564,525,076**

SUMMARISED STATEMENT OF COMPREHENSIVE INCOME	2014 Revenue	Profit | (loss) before tax	Tax expense	Profit (loss)	Other compre-hensive income	Total compre-hensive income
	R	R	R	R	R	R
Shiselweni Forestry Company Ltd	56,553,631	13,706,401	(3,813,842)	9,892,559	99,938	9,992,497
TWK Motors (Pty) Ltd	474,737,465	5,235,612	(1,401,784)	3,833,828	1,653,684	5,487,512
Constantia Kunsmis (Pty) Ltd	361,006,164	7,416,057	(2,076,496)	5,339,561	-	5,339,561
Protea Versoolwerke Ermelo (Pty) Ltd	128,793,133	6,359,131	(1,773,657)	4,585,474	-	4,585,474
TWK Agri (Pty) Ltd	241,837,189	(13,441,773)	3,763,696	(9,678,077)	1,357,445	(8,320,632)
Total	**1,262,927,582**	**19,275,428**	**(5,302,083)**	**13,973,345**	**3,111,067**	**17,084,412**

NATURE OF BUSINESS AND NON-CONTROLLING INFORMATION OF MATERIAL SUBSIDIARIES	Nature of business	Place of business	2015 Proportion of non-con-trolling interest and their voting rights	2014 Non-controlling interest result for the year	Accumulated non-con-trolling interest
			%	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	Ermelo	33.33%	482 138	13 183 148
TWK Agri (Pty) Ltd	Agricultural services				

8 INVESTMENT IN ASSOCIATE

The following table lists the associate in the Group.

NAME OF COMPANY	Held by	2015 % ownership interest	Carrying amount	2014 % ownership interest	Carrying amount
			R		R
Henleo 1080 (Pty) Ltd	Constantia Kunsmis (Pty) Ltd	36.00%	36	-	-

The percentage ownership interest is equal to the percentage voting rights.

On 1 May 2015 the Group acquired 36 % of the shares in Henleo 1080 (Pty) Ltd. Henleo 1080 (Pty) Ltd is involved in the blending of fertiliser products. The issued share capital of Henleo 1080 (Pty) Ltd is R100. The Group accounts for its investment in its associates using the equity method.

SUMMARISED FINANCIAL INFORMATION OF MATERIAL ASSOCIATE

SUMMARISED STATEMENT OF FINANCIAL POSITION	2015 Henleo 1080 (Pty) Ltd	2014
	R	R
Assets		
Non-current assets	22,940,137	-
Total assets	**22,940,137**	-
Liabilities		
Non-current liabilities	22,940,037	-
Total liabilities	**22,940,037**	**-**
Total net assets	**100**	**-**

notes to the
group consolidated annual financial statements
(continued)

RECONCILIATION OF NET ASSETS TO EQUITY ACCOUNTED INVESTMENTS IN ASSOCIATE	2015	2014
	Henleo 1080 (Pty) Ltd	
	R	R
Interest in associate at percentage ownership	36	-
Carrying value of investment in associate	36	-

No summarised financial information of the statement of profit or loss and other comprehensive income is provided as Henleo 1080 (Pty) Ltd only commenced with operations after year-end.

9 LOAN TO ASSOCIATE

ASSOCIATE	2015	2014
	R	R
Henleo 1080 (Pty) Ltd Subject to the availability of funds of the company, the loan shall be repaid as may be agreed from time to time. The loan bears interest at the prime lending rate.	7,533,214	-
Non-current assets	7,533,214	-
Current liabilities	-	(1,989,938)
	7,533,214	**(1,989,938)**

FAIR VALUE OF LOAN TO ASSOCIATE
Loan to (from) Group companies approximate its fair value. The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above.

10 LOAN TO (FROM) SHAREHOLDER OF GROUP COMPANIES

	2015	2014
	R	R
Buurman Trust The unsecured loan bears interest at the prime lending rate and is repayable on demand.	(2,410,293)	-

FAIR VALUE OF LOANS TO AND FROM SHAREHOLDERS	2015	2014
	R	R
Loans from shareholders	(2,410,293)	-

The creation and release of provision for impaired loans have been included in operating expenses in the statement of profit or loss and other comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The Group does not hold any collateral as security.

11 OTHER FINANCIAL ASSETS

	2015	2014
	R	R
At fair value through profit or loss - held for trading		
Forward Contracts	660,514	-
The forward purchase contracts represent contracts with producers for the procurement of physical commodities in the future. The forward sale contracts represent contracts with millers and other clients. It is against Group policy to have speculative positions.		
Available-for-sale		
Unlisted shares	60,047,421	-
Loans and receivables	142,597,727	-
Forestry and term loans		
The term loans represent loans and receivables to clients for the financing of mortgage loans and plantations which are repayable in more than 12 months. The maximum exposure to credit risk at the reporting date is the fair value of the loans mentioned above less collateral security. The underlying asset serves as security for the loan. The Group hold collateral as security.		
The carrying value of forestry and term loans have been pledged as security, as set out in note 23.		
Total other financial assets	203,305,662	-
Non-current assets		
Available-for-sale	60,047,421	-
Loans and receivables	142,597,727	-
	202,645,148	-
Current assets		
At fair value through profit or loss - held for trading	660,514	-
	203,305,662	**-**

Fair value information
Financial assets at fair value through profit or loss are recognised at fair value, which approximate to their carrying amounts. Unlisted shares are measured at fair value based on the interest the Group holds in the unlisted company's' assets and liabilities, fairly valued, at year-end. Refer to note 46 for Fair value information.

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

	2015	2014
	R	R
Number of shares in unlisted companies		
TWK Agriculture Holdings (Pty) Ltd - Held by TWK Motors (Pty) Ltd	653,056	-
BKB Ltd	2,300	-
NTE Company Limited	3,431,064	-
Shares held by nominee	514,888	-
	4,601,308	-

notes to the group consolidated annual financial statements *(continued)*

	2015	2014
	R	R
Carrying amount of unlisted shares		
TWK Agriculture Holdings (Pty) Ltd - Held by TWK Motors (Pty) Ltd	30,430,143	-
BKB Ltd	20,700	-
NTE Company Limited	27,251,747	-
Shares held by nominee	2,344,831	-
	60,047,421	-

12 FINANCIAL ASSETS BY CATEGORY

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

2015	Loans and receivables	Available-for-sale	Total
	R	R	R
Unlisted shares	-	60,047,421	60,047,421
Loans and receivables	142,597,727	-	142,597,727
Finance lease receivables	38,473,646	-	38,473,646
Trade and other receivables	870,259,300	-	870,259,300
Cash and cash equivalents	57,320,145	-	57,320,145
	1,108,650,818	60,047,421	1,168,698,239

13 DEFERRED TAX

	2015	2014
	R	R
Deferred tax liability		
Plant and equipment	(10,600,140)	-
Revaluation of land and buildings	4,309,676	-
Unlisted investments	(967,727)	-
Biological assets	(119,131,034)	-
Total deferred tax liability	(126,389,225)	-
Deferred tax asset		
Accruals and provisions	20,276,177	-
Tax losses available for set off against future taxable income	42,835,883	2,858,057
Total deferred tax asset	63,112,060	2,858,057

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

	2015	2014
	R	R
Deferred tax liability	(126,389,225)	-
Deferred tax asset	63,112,060	2,858,057
Total net deferred tax liability	**(63,277,165)**	**2,858,057**
Reconciliation of deferred tax asset / (liability)		
At beginning of year	2,858,057	2,881,793
Increases (decrease) in tax loss available for set off against future taxable income	39,977,826	(23,736)
Temporary difference on plant and equipment	(10,600,140)	-
Temporary difference on biological assets	(119,131,034)	-
Temporary difference on revaluation of property	4,309,676	-
Temporary difference and provisions	20,276,177	-
Temporary difference on fair value adjustment of investments	(967,727)	-
	(63,277,165)	**2,858,057**

USE AND SALES RATE

The deferred tax rate applied to the fair value adjustments of investment properties/financial assets is determined by the expected manner of recovery. Where the expected recovery of the investment property/financial assets is through sale the capital gains tax rate of 18.67% (2014: 18.67%) is used. If the expected manner of recovery is through indefinite use the normal tax rate of 28% (2014: 28%) is applied. If the manner of recovery is partly through use and partly through sale, a combination of capital gains rate and normal tax rate is used.

14 FINANCE LEASE RECEIVABLES

	2015	2014
	R	R
Gross investment in the lease due		
- within one year	18,394,370	-
- in second to fifth year inclusive	28,236,386	-
	46,630,756	-
less: Unearned finance income	(8,157,110)	-
	38,473,646	-
		-
Non-current assets	21,869,713	-
Current assets	16,603,933	-
	38,473,646	-

Finance lease receivables represent items sold over varying terms of up to 60 months. The underlying asset serves as security for the lease agreement. Interest rates are market related and both variable and fixed depending on the specific agreement. The carrying value of finance lease receivables have been pledged to secure borrowings (refer to note 23).

notes to the group consolidated annual financial statements *(continued)*

15 RETIREMENT BENEFITS

DEFINED BENEFIT PLAN

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

	2015	2014
	R	R
Movements for the period		
Additions through TWK Group Restructuring	(4,484,537)	-
Net expense recognised in profit or loss	(271,749)	-
	(4,756,286)	-
		-
Net expense recognised in profit or loss		-
Current service cost	1,177,806	-
Actuarial (gains) losses	(1,449,555)	-
	(271,749)	-

KEY ASSUMPTIONS USED

The liability as at 31 August 2015 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.

	2015	2014
	R	R
Discount rates used	11.50%	-
Expected escalation	5.00%	-
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:		
Increase of 1%	145 402	-
Decrease of 1%	(140 589)	-
The effect of an increase of one percentage point and the effect of a decrease of one percentage point in the discount rate used is as follows		
Increase of 1%	(131 362)	-
Decrease of 1%	138 047	-

16 INVENTORIES

	2015	2014
	R	R
Consumables	4,194,338	-
Farming requisites and trading stock	536,467,035	-
Agricultural products	292,720,659	-
Plantations saleable within 12 months	195,970,336	-
	1,029,352,368	-
Inventories (write-downs)	(7,647,718)	-
	1,021,704,650	-

INVENTORY PLEDGED AS SECURITY

Inventory with a carrying value of R609 187 464 (2014: R0) has been pledged to secure borrowings granted to the Group as set out in note 23.

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

17 TRADE AND OTHER RECEIVABLES

	2015	2014
	R	R
Trade receivables	698,963,469	690
Employee costs in advance	31,795	-
Deposits	1,477,122	-
VAT	66,929,494	-
Other receivables	97,404,721	1,747,276
Prepayments	5,452,699	-
	870,259,300	**1,747,966**

TRADE AND OTHER RECEIVABLES PLEDGED AS SECURITY

Trade receivables with a carrying value of R648 318 943 (2014: R0) have been pledged as security as set out in note 23.

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 the purpose of producing inputs and/or mechanisation purchases from or via TWK. These accounts bear interest at market-related rates.

Current accounts consist of 30 day monthly accounts and is interest free for the first 30 days after statement. Interest on arear 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. Refer to note 46 for Fair value information.

TRADE AND OTHER RECEIVABLES PAST DUE BUT NOT IMPAIRED

At 31 August 2015 trade and other receivables of R75 210 475 (2014: R0) were past due but not considered to be impaired. These relate to a number of independent customers for whom there is no recent history of default. The Group held R19 450 000 (2014: R0) in terms of notarial covering bonds, general guarantees and sessions on crops as security. Credit guarantee insurance cover is purchased on a portion of the debtors book to compensate for possible non-payments.

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

	2015	2014
	R	R
Up to 6 months	57,041,114	-
7 to 12 months past due	5,743,489	-
13 to 24 months past due	12,425,872	-
Total	75,210,475	-

TRADE AND OTHER RECEIVABLES IMPAIRED

At 31 August 2015, trade and other receivables of R4 929 240 (2014: R0) were impaired and provided for.
The amount of the provision was R5 562 348 as of 31 August 2015 (2014: R0).

notes to the
group consolidated annual financial statements
(continued)

RECONCILIATION OF PROVISION FOR IMPAIRMENT OF TRADE AND OTHER RECEIVABLES

	2015	2014
	R	R
Opening balance	(4,298,064)	-
Provision for impairment	3,087,116	-
Additions through TWK Group Restructuring	(4,351,400)	-
	(5,562,348)	**-**

The creation and release of provision for impaired receivables have been included in operating expenses in profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Before accepting new and existing customers, the Group uses strict 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. 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

	2015	2014
Cash and cash equivalents consist of:	R	R
Bank balances	44,597,251	-
Safex initial margins	11,168,376	-
Other cash and cash equivalents	1,554,518	-
Bank overdraft	(116,609,533)	-
	(59,289,388)	**-**
Current assets	57,320,145	-
Current liabilities	(116,609,533)	-
	(59,289,388)	**-**

CASH AND CASH EQUIVALENTS PLEDGED AS COLLATERAL
Safex initial margins consist of deposits made for hedging positions which are held for pre-season grain contracts and own grain inventory.

The overdraft facility of the group at Standard Bank is R80 000 000-00 and serves as bridging finance for the existing Land Bank facilities (see note 23).

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

19 DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS HELD FOR SALE
The Group has decided to discontinue its operations of 4 of its trading branches.
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:

	2015	2014
PROFIT AND (LOSS) OF DISCONTINUED OPERATIONS		
	R	R
Revenue	114,253,026	-
Expenses	(117,918,444)	-
Net loss before tax of discontinued operations	(3,665,418)	-
Tax	-	-
Net loss after tax of discontinued operations	**(3,665,418)**	**-**

The net loss after tax of discontinued operations are attributable to the owners of the holding company.

	2015	2014
ASSETS OF DISPOSAL GROUP HELD FOR SALE		
	R	R
The Group also decided to sell two other properties which did not generate desired returns. These properties did not form part of the discontinued operations.		
Non-current assets held for sale		
Property, plant and equipment	2,910,000	-

20 SHARE CAPITAL

	2015	2014
AUTHORISED		
	R	R
56 150 357 (2014: 100) No par value ordinary shares		

The unissued shares are under the control of the directors until the forthcoming annual general meeting.

	2015	2014
ISSUED		
	R	R
35 100 993 (2014: 100) No par value ordinary shares	776,478,952	100

On 1 September 2014 the TWK Group of companies restructured and TWK Investments Limited issued shares to its holding company TWK Agriculture Holdings (Pty) Ltd in an asset for share transaction. Certain rights, preferences and restrictions are attached to the shares as described in the TWK Investments Ltd Memorandum of Incorporation.

21 REVALUATION RESERVE
In terms of the Memorandum of Incorporation, the revaluation reserves are non-distributable.
The revaluation reserve relates to the revaluation of land and buildings, included in property, plant and equipment as indicated in note 5.

	2015	2014
	R	R
Revaluation of land and buildings	16,319,274	-
Deferred taxation	(391,632)	-
	15,927,642	**-**

notes to the
group consolidated annual financial statements
(continued)

22 FAIR VALUE ADJUSTMENT ASSETS-AVAILABLE-FOR-SALE RESERVE

The reserve represents 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.

	2015	2014
	R	R
Available-for-sale financial instruments	5,189,446	-
Deferred taxation	(967,728)	-
	4,221,718	**-**

23 OTHER FINANCIAL LIABILITIES

	2015	2014
	R	R
Held at amortised cost		
Land and Agricultural Bank of South Africa: Revolving loan facilities*	1,085,000,000	-
ABSA Bank The loan bears interest at a prime-linked rate and is secured by a mortgage bond over investment property, as referred to in note 4, and is repayable in monthly installments of R144 497.	6,541,975	-
Land and Agricultural Bank of South Africa: Revolving loan facility The loan was granted to the Group 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.	12,020,102	-
Land and Agricultural Bank of South Africa: Term loan* The loan is repayable in monthly installments of R785 721 over a remaining period of 49 months.	32,748,952	-
Land and Agricultural Bank of South Africa: Term loan* The loan is repayable in yearly installments of R24 890 514 over a remaining period of 18 years.	157,351,362	-
Land and Agricultural Bank of South Africa: Term loan*	75,000,003	-
Rand Merchant Bank The revolving loan facility is secured by sessions over certain grain inventory (refer to note 14) and the loan bears interest at a prime-linked rate.	103,598,798	-
Rand Merchant Bank The loan from RMB is secured by notarial bonds over certain plantations (refer to note 3). The loan bears interest at a prime-linked rate and is repayable in monthly installments of R621 882 over a period of 96 months.	15,935,219	-
ABSA Bank The mortgage bond is secured by certain property with a carrying amount of R6 215 000 (refer note 5) and bears interest at a prime-linked rate. The loan is repayable in monthly installments of R37 537 over a remaining period of 184 months.	747,344	-
	1,488,943,755	**-**

* All of the Land Bank facilities above are secured by a Guarantee in aggregate of R 2 085 000 000 isued 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, sessions over biological assets (refer to note 3), investment 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 14), inventory (refer to note 16), mortgage and notarial bonds over certain property, plant and equipment (refer to note 5), as well as sureties from certain subsidiaries in the Group is bonded in security to the Security SPV. The loans bear interest at a prime-linked rate.

	2015	2014
	R	R
Non-current liabilities		
At amortised cost	280,886,507	-
Current liabilities		
At amortised cost	1,208,057,248	-
	1,488,943,755	-

The carrying amount of financial liabilities is deemed to be the fair value. Refer to note 46 for fair value information.

24 FINANCE LEASE LIABILITIES

	2015	2014
	R	R
Minimum lease payments due		
• within one year	616,878	-
• between one and five years	131,150	-
	748,028	-
less: future finance charges	(31,005)	-
Present value of minimum lease payments	**717,023**	**-**
Present value of minimum lease payments due		
• within one year	588,906	-
• between one and five years	128,117	-
	717,023	**-**
Non-current liabilities	128,117	-
Current liabilities	588,906	-
	717,023	**-**

The Group leases certain motor vehicles and equipment under finance leases.

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

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 5.

25 PROVISIONS

	2015					
RECONCILIATION OF PROVISIONS	Opening balance	Additions	Utilised during the year	Reversed during the year	Additions through TWK Group Restructuring	Total
	R	R	R	R	R	
Provisions	-	599,376	(327,015)	92,900	314,954	680,215

26 DIVIDEND PAYABLE

No dividends have been declared to the owners of the holding company during the year as set out in the attached statement of changes in equity.

notes to the group consolidated annual financial statements
(continued)

27 TRADE AND OTHER PAYABLES

	2015	2014
	R	R
Trade payables	393,825,248	-
Amounts received in advance	13,147,184	-
VAT	-	5,212
Accrued expenses	109,422,139	-
Deposits received	179,345	-
Other payables	90,913,360	11,972,442
	607,487,276	**11,977,654**

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

28 FINANCIAL LIABILITIES BY CATEGORY

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

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

29 REVENUE

	2015	2014
	R	R
Sale of goods	5,190,957,953	-
Finance income	63,887,889	-
Commission income	42,395,002	-
	5,297,240,844	**-**

	2015	2014
	R	R
Sale of goods consisting of		
Retail sales and services	4,147,824,013	-
Industrial sales	1,128,974,110	-
Products	2,351,776,427	-
Discontinued operations	(115,626,706)	-
Elimination of intergroup sales	(2,321,989,891)	-
	5,190,957,953	**-**

30 COST OF SALES

	2015	2014
	R	R
Sale of goods		
Retail sales and services	3,795,985,115	-
Industrial sales	1,009,108,891	-
Products	2,144,324,935	-
Discontinued operations	(109,993,122)	-
Elimination of intergroup sales	(2,321,989,891)	-
	4,517,435,928	**-**

31 OTHER INCOME

	2015	2014
	R	R
Profit and loss on sale of assets and liabilities	1,187,679	-
Administration and management fees received	8,774,391	-
Fees earned	4,548,499	-
Currency gains	5,139,779	-
Transport recovered	6,420,496	-
Hedging income	2,254,109	-
Bad debt recovered	174,818	-
Other income	52,699,530	194,085
	81,199,301	194,085

32 OPERATING PROFIT

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

	2015	2014
	R	R
Operating lease charges		
Premises		
• Contractual amounts	47,915,433	-
Motor vehicles		
• Contractual amounts	2,812,875	-
Equipment		
• Contractual amounts	2,350,669	-
Lease rentals on operating lease		
• Contractual amounts	1,577,632	-
	54,656,609	**-**
Profit on sale of property, plant and equipment	1,187,679	-
Depreciation on property, plant and equipment	20,184,357	-
Employee costs	285,831,399	-
Research and development	9,608	-
Impairment of inventory	1,844,027	-

notes to the group consolidated annual financial statements
(continued)

33 INVESTMENT REVENUE

	2015	2014
	R	R
Dividend revenue		
Unlisted financial assets	794,393	-
Interest revenue		
Bank	701,971	-
	1,496,364	**-**

34 FINANCE COSTS

	2015	2014
	R	R
Shareholders of group companies	127,256	-
Finance leases	119,199	-
Current borrowings	107,196,260	-
Late payment of tax	273,184	68,395
	107,715,899	**68,395**

35 TAXATION

	2015	2014
	R	R
MAJOR COMPONENTS OF THE TAX EXPENSE		
Current		
Local income tax - current period	6,545,148	-
Deferred		
Originating and reversing temporary differences	19,264,513	23,736
	25,809,661	**23,736**

	2015	2014
RECONCILIATION OF THE TAX EXPENSE	R	R
Reconciliation between applicable tax rate and average effective tax rate.		
Applicable tax rate	28.00%	28.00%
Exempt income	(0.25)%	-
Disallowable charges	1.10%	-
Permanent differences	(5.47)%	-
	23.38%	28.00%

36 AUDITORS' REMUNERATION

	2015	2014
	R	R
Fees	1,911,790	-
Expenses	250,737	-
	2,162,527	**-**

37 CASH USED IN OPERATIONS

	2015	2014
	R	R
Profit before taxation	109,048,245	84,770
Adjustments for:		
Depreciation and amortisation	20,185,343	-
Interest income	(701,971)	-
Finance costs	107,715,899	68,395
Movements in retirement benefits	4,756,286	-
Movements in provisions	680,215	-
Loss on fair value adjustment on investment property	2,940,000	-
(Gain)/Loss arising from changes in fair value of biological assets	(15,258,293)	-
Changes in working capital:		
Inventories	(1,021,704,650)	-
Trade and other receivables	(868,511,334)	(1,747,137)
Trade and other payables	595,509,622	11,977,653
	(1,065,340,638)	**10,383,681**

38 DIVIDENDS PAID

	2015	2014
	R	R
Balance at beginning of the year	-	-
Dividends	-	-
Balance at end of the year	-	-
	-	-
Normal dividend per share - cents	0.00	0.00
Dividend declared after year-end regarding the 2015 financial year results but not recognised as a distribution to shareholders in this financial statements - cents	35.00	0.00

39 EARNINGS PER SHARE

	2015	2014
	R	R
Profit for the year	84,585,504	-
Non-controlling interest	(2,597,478)	-
Consolidated profit attributable to the owners of the holding company	81,988,026	-
Total number of shares in issue at year-end	35,100,993	-
Basic earnings per share (c)	233.58	-

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 excluding the number of shares held by subsidiaries.

notes to the
group consolidated annual financial statements
(continued)

40 COMMITMENTS

	2015	2014
AUTHORISED CAPITAL EXPENDITURE		
	R	R
Already contracted for but not provided for		
• Property, plant and equipment	4,484,318	-
Not yet contracted for and authorised by directors	55,712,612	-

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

OPERATING LEASES – AS LESSEE (EXPENSE)		
Minimum lease payments due		
• within one year	22,740,579	-
• between one and five years	49,463,688	-
	72,204,267	-

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

41 CONTINGENCIES
The Directors are not aware of any material contingent liabilities existing at year-end.

42 RELATED PARTIES
Relationships

Subsidiaries	Refer to note 7
Members of key management	Directors and Management

	2015	2014
RELATED PARTY BALANCES		
	R	R
Amounts included in Trade receivables regarding key management		
Key management	9,272,459	-
RELATED PARTY TRANSACTIONS		
Purchases from (sales to) to key management		
Purchases from key management	74,694,992	-
Sales to key management	(10,235,184)	-
Interest paid to (received from) key management		
Interest received	(2,263,874)	-
Interest paid	2,145,827	-

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

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

43 EMOLUMENTS PAID TO KEY MANAGEMENT

	2015	2014
	R	R
Emoluments paid to key management during the period		
Salaries	21,424,339	-
Short-term incentive	4,150,000	-
	25,574,339	**-**

44 CHANGE IN PRIOR PERIOD DISCLOSURE
There were no changes in prior period disclosures.

45 RISK MANAGEMENT

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

The capital structure of the Group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 9, 10, 23 & 24 and cash equivalents disclosed in note 18, and equity as disclosed in the statement of financial position.

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

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

	2015
	Own Capital ratio
	R
Equity	770,581,174
Interest-bearing liabilities	1,536,930,064
Total capital	2,307,511,238
Calculated rate (Times)	1.99
Calculated rate (%)	199.95
Target band	150% - 250%

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

The Group is required by the loan agreement of the Land Bank to maintain a Debt to Equity ratio on a Group level of maximum 2.5 times. The Group complied with the imposed capital 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.

notes to the group consolidated annual financial statements
(continued)

FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity 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. The Group uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (group treasury) under policies approved by the board. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

LIQUIDITY RISK

Liquidity risk is the risk that the Group has insufficient financial resources to meet its obligations as and when they fall due or that such resources will only be available at excessive costs. The risk arises from mismatches in the timing of cash flows. Funding risk arises when the necessary liquidity to fund liquid asset positions cannot be obtained for the expected terms when required.

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

The Group's management of liquidity and funding includes:

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

The Group utilises the credit facilities of various banking institutions and has been able to operate within these facilities. The trend is expected to continue into the foreseeable future to fund growth in the Group.

Financial liabilities, disclosed in note 23, as well as projected profitability levels, will provide adequate liquidity levels to support operational cash flows within the foreseeable future.

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

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

INTEREST RATE RISK

The Group finances its operations through a combination of shareholders' funds 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.

	2015	2014
	R	R
Interest-bearing liabilities	1,536,930,064	-
Interest-earning assets	625,537,893	-
Net interest-bearing liabilities	911,392,171	-
Half a percentage point increase in interest rates	4,556,961	-
Half a percentage point decrease in interest rates	(4,556,961)	-

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 Mpumulanga and KwaZulu-Natal. As a result of a strict credit policy, which includes the ongoing revision of credit limits, securities and credit evaluations of financial positions of these clients, the Group is of the opinion that the credit risk associated with these financial assets are relatively small under normal circumstances.

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

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

- cash flow difficulties experienced by the customer
- overdue contractual payments, and
- breach of loan covenants or conditions

The maximum potential credit risk of the Group is set out as follows:

	2015	2014
	R	R
Forestry and term loans	142 597 727	-
Finance lease receivables	38 473 646	-
Trade and other receivables	870 259 300	-
Bank balances	44 597 251	-
Other Deposits	11 168 376	-

FOREIGN EXCHANGE RISK

The Group is exposed to limited foreign exchange risk, primarily with regards to the US dollar. Foreign exchange risk originates mainly from the export of timber and purchase of certain inventory. Foreign exchange contracts are utilised to limit the foreign exchange risk.

notes to the
group consolidated annual financial statements
(continued)

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 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 broking services to producers and consumers of agricultural commodities such as maize and soya beans. This offering generates limited exposure to market risk due to the back-to-back nature of the transactions.

46 FAIR VALUE INFORMATION

FAIR VALUE HIERARCHY

The table below summarises fair value measurements recognised in the statement of financial position or disclosed in the Group's financial statements by class of asset or liability and categorised by level according to the significance of inputs used in making the measurements.

The different levels are defined as follows:

Level 1: Represents those assets which are measured using unadjusted quoted prices in active markets for identical assets or liabilities that the Group can access at measurement date.

Level 2: Inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3: Applies to inputs which are not based on observable market data.

LEVELS OF FAIR VALUE MEASUREMENTS

Level 1
Recurring fair value measurements

		2015	2014
	Note(s)	R	R
Assets			
Financial assets at fair value through profit or loss - held for trading	11		
Forward commodity contracts		660,514	-
Total		**660,514**	**-**

Level 3
Recurring fair value measurements

		2015	2014
	Note(s)	R	R
Assets			
Biological assets	3		
Trees in a plantation forest		428,922,070	392,934,113
Livestock		2,750,800	2,662,650
Total biological assets		431,672,870	395,596,763
Investment property	4		
Investment property		15,960,000	18,900,000
Property, plant and equipment	5		
Land and Buildings		471,021,143	-
Available for sale financial assets	11		
Unlisted shares		60,047,421	-
Total		**978,701,434**	**-**

Disclosed fair values of financial assets and liabilities

	2015	2014
FINANCIAL ASSETS AT AMORTISED COST		
	R	R
Level 1		
Cash and cash equivalents	57,320,145	28,766,015
Level 3		
Loans and receivables*	880,034,842	-
Total	**937,354,987**	**-**

* Loans and receivables consists of forestry and term loans, finance lease receivables and trade receivables.

	2015	2014
FINANCIAL ASSETS AT AMORTISED COST		
	R	R
Level 1	-	-
Bank overdraft	116,609,533	-
Level 3	-	-
Shareholder loans	2,410,293	-
Financial and other liabilities**	2,097,148,054	-
Total	2,216,167,880	-
Total	**3,153,522,867**	**-**

** Financial and other liabilities consists of financial liabilities, finance lease obligation and trade and other liabilities.

notes to the group consolidated annual financial statements *(continued)*

RECONCILIATION OF ASSETS AND LIABILITIES MEASURED AT LEVEL 3	Note(s)	2015 Opening balance	Gains | losses recognised in profit or loss	Gains | losses recognised in other comprehensive income
	R	R	R	R
Assets				
Biological assets	3			
Trees in a plantation forest		-	15,170,143	-
Livestock		-	88,150	-
Total biological assets		-	15,258,293	-
Investment property	4			
Investment property		-	(2,940,000)	-
Property, plant and equipment	5			
Land and Buildings		2,012,428	-	16,319,274
Available for sale financial assets	11			
Unlisted shares		-	-	5,189,446
Total		**2,012,428**	**12,318,293**	**21,508,720**

RECONCILIATION OF ASSETS AND LIABILITIES MEASURED AT LEVEL 3	2015 Purchases	Sales	Other operational movements	Closing balance
	R	R	R	R
Assets				
Biological assets				
Trees in a plantation forest	265,243,734	(289,652,428)	438,160,621	428,922,070
Livestock	-	-	2,662,650	2,750,800
Total biological assets	265,243,734	(289,652,428)	440,823,271	431,672,870
Investment property				
Investment property	-	-	18,900,000	15,960,000
Property, plant and equipment				
Land and Buildings	24,735,504	-	427,953,937	471,021,143
Available for sale financial assets				
Unlisted shares	-	-	54,857,975	60,047,421
Total	**289,979,238**	**(289,652,428)**	**942,535,183**	**978,701,434**

Information about valuation techniques and inputs used to derive level 3 fair values
Plantations are measured on initial recognition and at subsequent reporting dates at fair value less estimated costs to sell by using the Faustmann formula. Refer to note 3.

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

Every year the directors evaluate whether there is an indication that the carrying value of an item of land and buildings 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 once every four years. Refer to note 5.

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

47 CAPITAL MANAGEMENT

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

The group is required by the loan agreement of the Land Bank to maintain a Debt to Equity ratio of maximum 3 times. The group complied with the imposed capital requirement.

www.twkagri.com