TWK Agriculture Holdings (Pty) Ltd

Illuminating paths to success through consolidation

Integrated Report 2023

Contents

Salient features

Revenue

R9,65bn

2022: R9,23bn

2023	9,65
2022	9,23
2021	8,45
2020	7,68
2019	7,75

Profit before tax

R412m

2022: R504m

2023	412
2022	504
2021	394
2020	179
2019	293

EBITDA

R613,94m

2022: R658,06m

Profit after tax

R248,20m

2022: R364,76m

Return on opening equity

10,86%

2022: 17,54%

Operating profit margin

5,27%

2022: 6,60%

Dividend

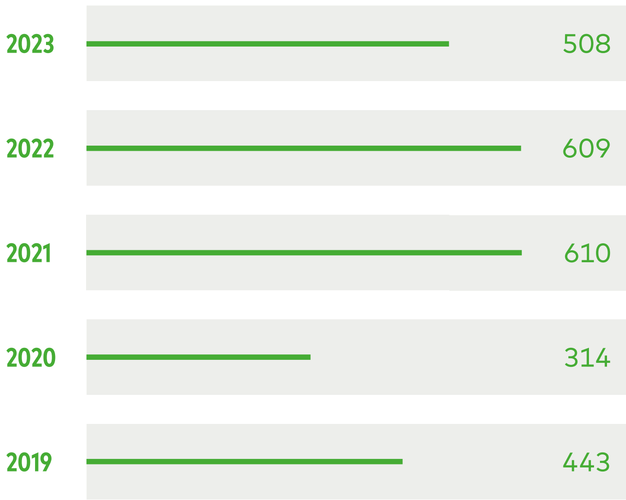
R2,00

2022: R2,50

Operating profit

R508m

2022: R609m



Price-earnings ratio on EPS

5,12

2022: 3,16

Gearing ratio

113,13%

2022: 116,66%

EPS

1 170,75c

2022: 1 694,75c

Share price (31 August)

R60,00

2022: R53,50

Dividend yield on opening market price

3,74%

2022: 5,43%

Cash from operating activities before movement in working capital

R527,03m

2022: R661,39m

About this report

SCOPE

This integrated report covers the integrated financial performance, governance, environmental and social activities of the TWK Agriculture Holdings Group ("TWK", "the Group", "TWK Agriculture Holdings" or "the Company") for the year ended 31 August 2023 ("the year").

It aims to provide a balanced, understandable and comprehensive review of the businesses by reporting on the financial and non-financial performances of the Group. This Integrated Report deals with the opportunities, risks and material issues faced by the Group in the normal course of business.

This Integrated Report was prepared in accordance with IFRS, the requirements of the Companies Act, the principles of King IV™ and the International Integrated Reporting Framework of the International Integrated Reporting Council. Mention has been made where TWK has not complied with any prescriptions made by these bodies.

MATERIALITY

The materiality of information, both financial and non-financial, has been considered when deciding which information to include in the Integrated Report.

The Integrated Report is intended to provide insight into issues identified as the most relevant and material to TWK and its stakeholder groups, that could potentially impact the Group as a going concern. Comprehensive information pertaining to stakeholder engagement and material issues relevant to the various stakeholder groups, has been included in this Report.

ASSURANCE

The Group's external auditor, PKF Pretoria Inc., conducted an independent audit of the Group's consolidated annual financial statements. Other sections of the report, consisting of non-financial information, have not been subjected to an independent audit or review and have been compiled, based on internal records and information.

TWK has an Internal Audit Department which, together with the Audit and Risk Committee, assesses all internal and external assurances obtained and matches these to its identified risks.

This Integrated Report may contain certain forward-looking statements concerning the Group's strategy, financial conditions, growth plans and expectations. Such views involve both known and unknown risks, assumptions, uncertainties, and important factors that could materially influence the actual performance of the Group.

No assurance can therefore be given that these views will prove to be correct, and no representation or warranty, expressed or implied, is given as to the accuracy or completeness of such views.

The Annual Financial Statements have been audited by PKF Pretoria Incorporated, and the Independent Auditor's Report can be found in the Annual Financial Statements on page 68.

INTEGRATED REPORT AND OTHER RELATED DOCUMENTS

This Integrated Report for the year ended 31 August 2023 is published in various media and is available on the Group's website. For additional information and recent announcements, please visit TWK's website at **www.twkagri.com**.

APPROVAL OF THE INTEGRATED REPORT

The Board acknowledges its responsibility in ensuring the integrity of this Integrated Report.

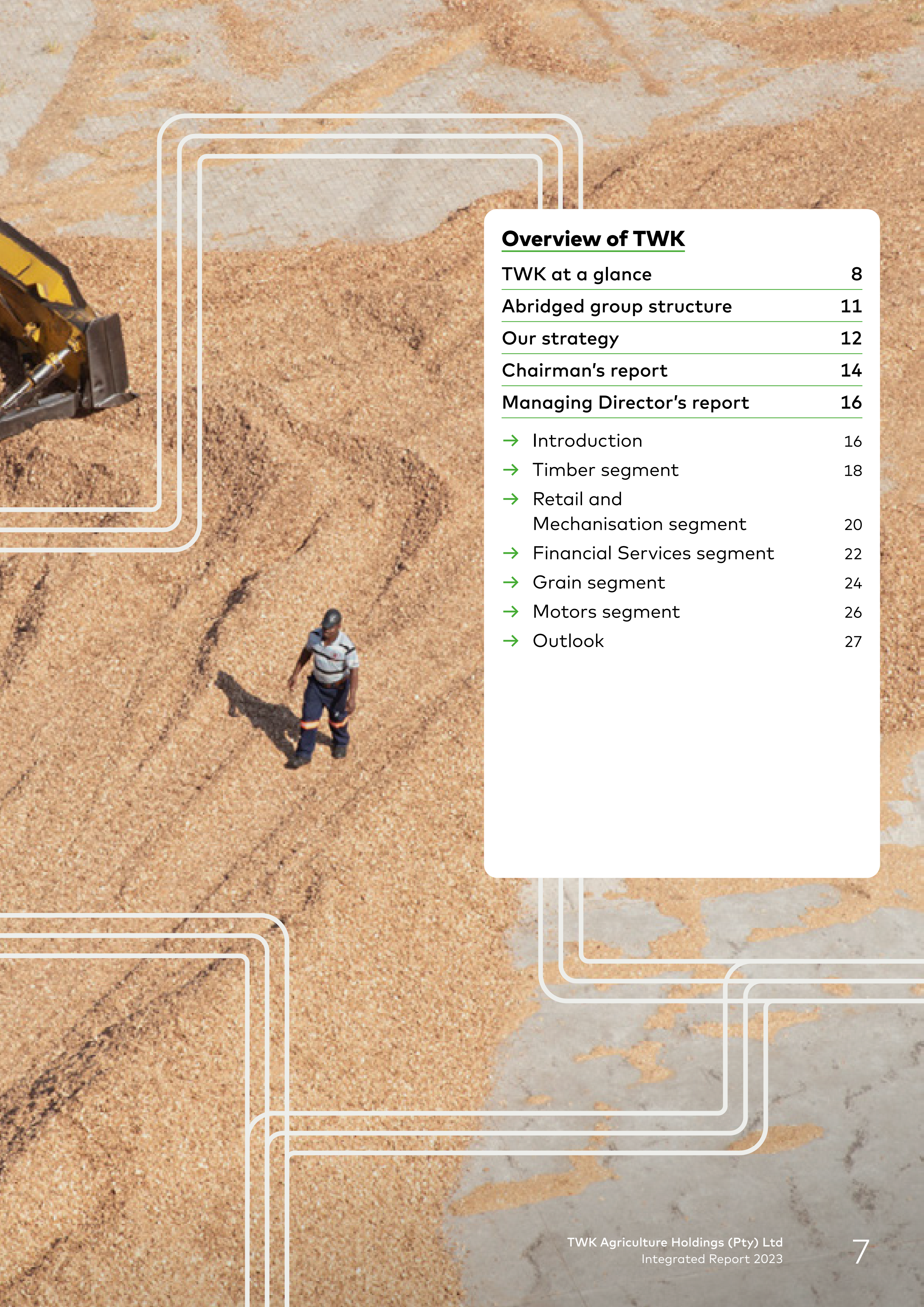
The Board has applied its mind to the Integrated Report and in its opinion this report addresses the material issues and represents fairly the integrated performance of the TWK Group.

Johannes Stephanus Stapelberg
Chairman

André Myburgh
Managing Director

8 November 2023

TWK in 2023

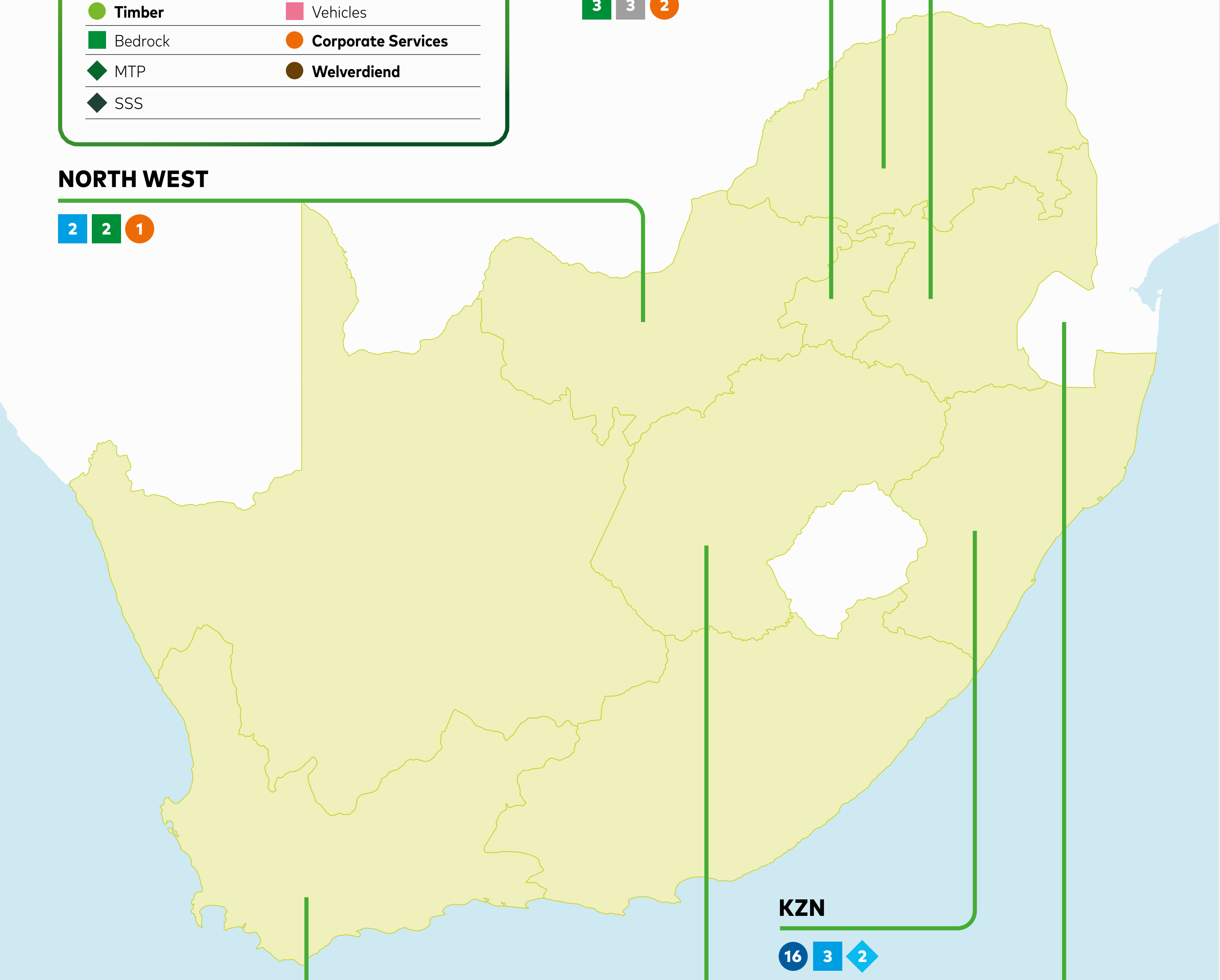


Overview of TWK

TWK at a glance

WHERE WE CONDUCT OUR BUSINESS

Grain	**Financial Services**
Trade	Insurance
Fertiliser	Financing
Mechanisation	**Motors**
Timber	Vehicles
Bedrock	**Corporate Services**
MTP	**Welverdiend**
SSS	



LIMPOPO

1 1 2 2

MPUMALANGA

5 11 3 5
6 2 1 9
1 9 5 1

GAUTENG

3 3 2

NORTH WEST

2 2 1

KZN

16 3 2
3 1 5 2

ESWATINI

1 1 2 3

WESTERN CAPE

2 4

FREE STATE

1 3

TWK INVESTMENTS LTD (TWK) IS LISTED ON THE CAPE TOWN STOCK EXCHANGE UNDER THE SHARE CODE 4ATWK.

The TWK story started in 1940 when the Transvaal Wattle Growers Co-operative Agricultural Company Ltd was registered. In 2014, the company was restructured into its current form with TWK Agriculture Holdings (Pty) Ltd as the ultimate holding company and TWK Investments as the investment entity.

TWK is a diversified group of companies operating in the following segments:

GRAIN

The Grain division, inter alia, provides commodity strategic support and services to farmers ensuring they can grow grain profitably on an ongoing basis. We focus on hedging and selling grains at the best possible market prices, while the division also enables farmers and end users to safely store and dry their grains at our HACCP and SAFEX registered silos. Furthermore, we produce our own branded maize meal and animal feeds and supply it at retail, wholesale, and farm level.

- Grain storage
- Grain marketing (SAFEX trading)
- Grain processing (RSA and Eswatini)

6 GRAIN LOCATIONS

- Piet Retief
- Mkondo Silo
- Panbult Silo
- Rietspruit Bunker – Ermelo
- Klipfontein Silo – Lydenburg
- Eswatini

MOTORS

The TWK Motors division offers a wide range of vehicle related products and services. This diversified division consists of various businesses units, with a number of represented brands. Vehicle dealerships and business units are based in Piet Retief, Ermelo and Standerton.

- 2 Toyota dealerships
- 2 Isuzu dealerships
- 2 Haval and GWM dealerships
- Hino dealership
- 1 Total fuel station with fast food and convenience stores

6 VEHICLES LOCATIONS

- Toyota Dealerships: Piet Retief | Standerton
- Isuzu Dealerships: Ermelo | Standerton
- Haval and GWM Dealerships: Ermelo | Standerton
- Hino Dealership: Piet Retief
- Europcar: Ermelo
- Total/Bonjour/Steers: Piet Retief

TRADE

Our network of retail stores offers customers a well-priced, comprehensive range of products dedicated to the agricultural sector.

30 retail and mechanisation branches are spread across the Mpumalanga and KwaZulu-Natal regions and one retail branch in Eswatini. Constantia fertiliser is part of our trade division and provides various fertiliser blends to our customers. These products are distributed throughout South Africa by our branch networks and our professional sales representatives.

Our Mechanisation division primarily acts as a New Holland reseller in Mpumalanga and KwaZulu-Natal and offers various implements and mechanical solutions to the market.

- 31 trade branches
- 5 Constantia blending plants and 3 fertiliser depots
- Mechanisation (including New Holland agencies)
- Gromor compost and fertiliser

29 TRADE LOCATIONS

- Balfour
- Belfast
- Bethal
- Bizana
- Carolina
- Cedarville
- Dundee
- Empangeni
- Ermelo
- Eswatini, Matsapa
- Flagstaff
- Greytown
- Hoedspruit
- Howick
- Ixopo
- Kokstad
- Lothair
- Lydenburg
- Middelburg
- Mooi River
- Nelspruit
- Piet Retief
- Pietermaritzburg
- Pongola
- Swartberg
- Sylyn
- Underberg
- Vryheid
- Winterton

11 FERTILISER LOCATIONS

- Secunda
- Nelspruit/Harmonie
- Umlaas Road
- Wellington
- Richards Bay
- Piet Retief
- Marble Hall
- Lichtenburg
- Jan Kempdorp
- George
- Durban

7 MECHANISATION LOCATIONS

- Ermelo
- Piet Retief
- Piet Retief Engineering
- Bethal
- Kokstad
- Standerton
- Pietermaritzburg

TIMBER

TWK ensures that our timber and that of our suppliers are delivered to local and international markets at competitive prices. Exports to international markets are done from TWK's chipping mill in Richards Bay. We provide multiple processed and unprocessed timber products while cultivating 37 400 hectares of forestry plantations in South Africa and Eswatini.

- Forestry plantations
- Timber marketing
- Woodchip export facility, Richards Bay
- Bedrock mining timber
- Treated timber plant
- Softwood and hardwood sawmills
- Charcoal production
- Sunshine Seedling timber and vegetable seedling nurseries

10 TIMBER LOCATIONS

- Piet Retief
- Ermelo
- Nelspruit
- Richards Bay
- Howick
- Northern Farms
- Southern Farms
- Eswatini Peak
- Eswatini Nhlangano
- Vryheid

8 BEDROCK LOCATIONS

- Amandelbult
- Bleskop
- Lonmin
- Modikwa
- Union
- Pretoria
- Welkom
- Westonaria

5 MTP LOCATIONS

- Piet Retief
- Whiteriver
- Eswatini Peak
- Eswatini Nhlangano (x2)

2 SUNSHINE SEEDLING SERVICES LOCATIONS

- Piet Retief
- Pietermaritzburg

FINANCIAL SERVICES

The Financial Services division, comprising the financing and insurance divisions, provides unique financing and insurance solutions to agricultural and related industries.

The TWK financing division offers various risk solutions to agricultural customers, from production facilities to monthly accounts.

The TWK Insurance division was established in 1978 to support clients. Over the years, the products and services increased to complement the growth and development of the company's diverse client base. Currently, TWK Insurance has service centres in Mpumalanga, KwaZulu-Natal, Limpopo, Western and Eastern Cape, Free State, and Gauteng, and its primary product offerings include the following:

- Short-term insurance;
- Crop insurance;
- Plantation insurance;
- Long-term insurance;
- Medical aid and gap cover;
- Alternative risk transfer;
- Funeral administration; and
- Fiduciary services

In addition, we offer specialised services, such as crop assessments for our clients, to assist them with determining damages to crops.

26 INSURANCE LOCATIONS

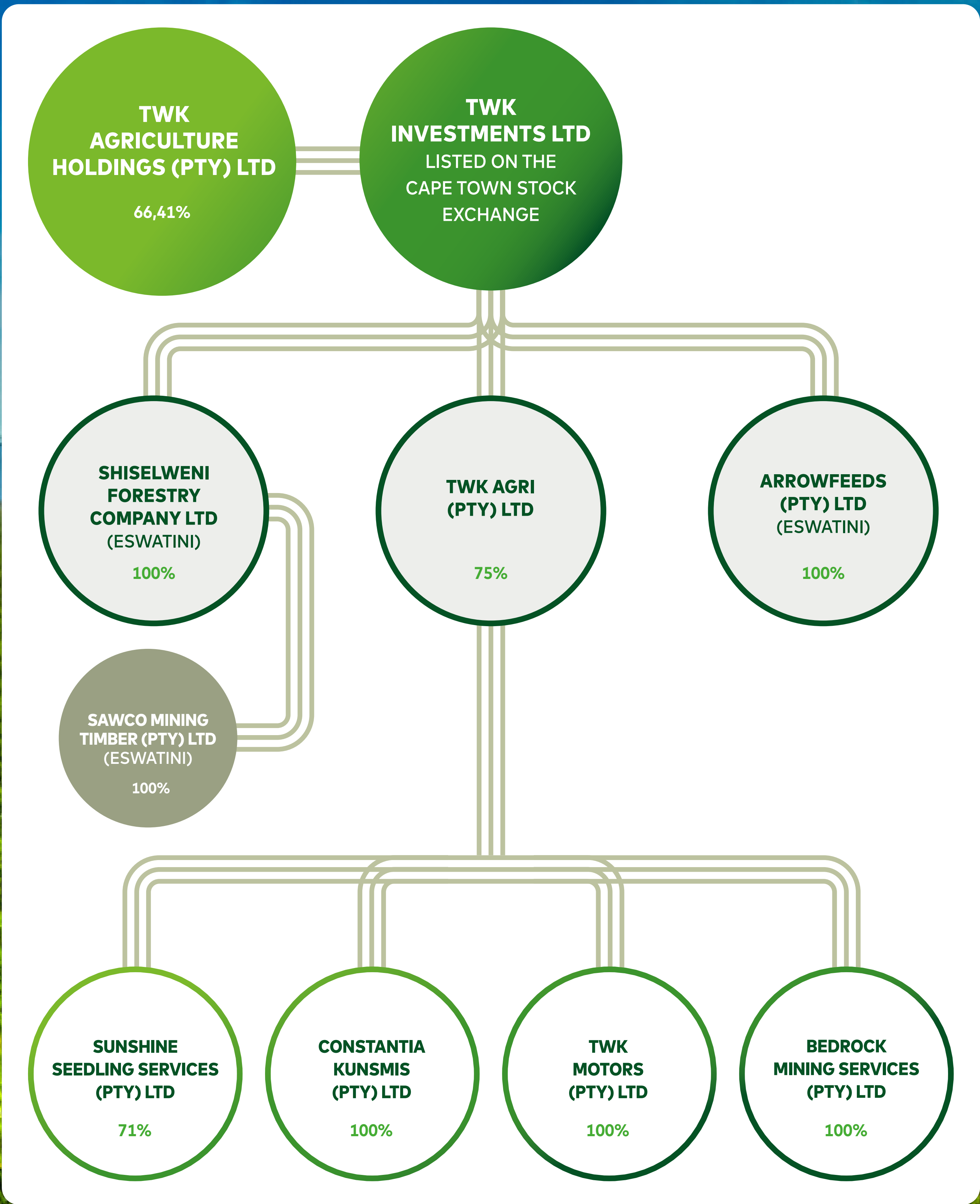
- Piet Retief
- Nigel
- Bethlehem
- Bethal
- Newcastle
- Secunda
- Nelspruit
- Ficksburg
- Groblersdal
- Marble Hall
- Winterton
- Vrede
- Middelburg
- Ermelo
- Knysna
- Pretoria
- Malelane
- Howick
- Pietermaritzburg
- Somerset Wes
- George
- Montagu
- Lydenburg
- Standerton
- Vanderbijlpark
- Ladybrand

1 FINANCING LOCATION

- Piet Retief

Abridged group structure

as at 31 August 2023



Our strategy

Stakeholders

Supplier of choice

Market of choice

A G R I

Achieve sustainable growth with our customers and communities.

Financial performance

Investment of choice

A G R I

TWK's success comes through strong, sustainable growth in our diversified agriculture and adjacency businesses. It is sustained through the creation of shared value with the communities of customers we serve, our entrepreneurial spirit, commercial expertise, focused innovation, technology enablement and ongoing process optimisation.

Process excellence

Supplier of choice

Market of choice

A G R I

Based on managing and optimising process excellence and organisational effectiveness.

People and transformation

Employer of choice

A G R I

Ensure that talented people and intelligent technology are the building blocks of our future success.

KEY VALUE DRIVERS

A Accountability | G Grow Trust | R Resilience | I Innovation

PILLAR 1
Focus on customers

A commitment to act responsibly and ethically. Deliver the best possible service to customers. Develop insights into unique needs. Collaborate to create shared value and cultivate loyal long-term relationships.

PILLAR 2
Optimise value chains

Provide customer-centric, innovative agribusiness products, services, markets and solutions to farmers, commercial customers and rural communities. Deliver through exceptional retail and commercial experiences.

PILLAR 3
Improve operational efficiencies

Optimise business models through increasing efficiency, productivity and value-add to ensure sustained competitiveness.

PILLAR 4
Optimise capital management

Increase shareholder value through prudent investment in a diversified portfolio of businesses that sustain long term growth including focus on own primary production.

Utilise
digital technology to develop intelligent products, services and solutions.

Organically develop
a portfolio of innovative products, services and solutions to meet customers' current and future requirements.

Develop
holistic view of customers and transactions to ensure relationships and value are optimised over time.

Implement
sound strategic and operating disciplines to ensure governance, the transfer of learning and adoption of leading practice.

A vibrant ecosystem
of partners, suppliers and people with the right competencies, mindset and resources, available in the right place at the right time.

Transform TWK
to remain competitive and relevant in a fast-changing world – embrace diversity, inclusion and sustainable practices.

Chairman's report

JS Stapelberg
Chairman

8 November 2023

It gives me pleasure to present this report once again to you in my capacity as Chairman of TWK. There is no doubt that in a trading environment as daunting as the one we are currently facing in South Africa, diversification plays a key role in ensuring a sustainable and enduring company. In the same way, the competitive advantages enjoyed by our business have helped us to navigate the challenges of the past year.

I am proud to say that our focused business model further continues to drive results, with our clear aim of pursuing a consistent long-term plan focused on building a stronger and more competitive business delivering consistent revenue and earnings growth. We also continued to make progress with regards to our strategic priorities, which would not be possible without the Group's deeply cooperative culture.

Our consistent approach to investing in profit-enhancing and/or value-adding operations, along with improved operational efficiencies and high-quality assets, allow us to continue to take advantage of significant opportunities to grow the business. The Group's performance for the year ended 31 August 2023 has not met our expectations, mainly as a result of tougher trading conditions across all the segments. The outlook for next year is more positive and we remain ambitious as our five-year targets continue to push us to further unlock stakeholder value.

Moreover, in what continues to be a difficult economic landscape, the Group is able to respond quickly and proactively to protect and enhance our operations and ensure sustainability. Thanks to this agility, our disciplined approached, our unwavering customer focus, our diversified business model and our product mix enabled us to deliver positive results amid these macroeconomic challenges.

GROUP PERFORMANCE

The diversity of the Group's income streams provided resilience despite economic uncertainty, ongoing loadshedding, disruptions in trade networks and infrastructure challenges, resulting in total revenue growth of 4,56% from R9,23 billion to R9,65 billion for the financial year ended 31 August 2023.

The increase in revenue was primarily due to the strong growth in the Timber segment mainly on the back of growth in woodchip exports and local timber sales, with positive contributions coming from the Financial Services and the Grain segments. As mentioned in the interim results, the sale of the loss-making fuel sites and the sale of Roofspace, part of the discontinued Renewable Energy segment, was concluded during the year under review. It must be noted that TWK is also in the process of disposing of its Motor dealerships and as at 31 August 2023, this segment has been classified as "assets-held-for-sale". The terms and conditions to the transaction are still being negotiated. The businesses sold within the Renewable Energy and Motors segments were identified as being non-core to TWK with the remaining segments being better aligned to the Group's long-term strategy.

Unfortunately, the performance of the Retail and Mechanisation segment came under severe pressure mainly due to the financial performances of Constantia Fertilisers as well as Mechanisation. The main factors contributing to the decrease in profit were the continuous declines in fertiliser product prices and sales volumes as well as product price inflation.

Group operating profit was R508,8 million (2022: R609,3 million), a decrease of 16,49% and profit before tax was down by 18,29%. The debt-to-equity ratio decreased to 113,1% (2022: 116,7%) as a result of repayments of debt.

Profit after tax from continuing operations decreased to R299,5 million which is 18,85% lower than the R369,1 million of the corresponding period. Basic earnings per share decreased to 1 557,55 cents per share, which is 9,82% lower than the corresponding period (2022: 1 727,22 cents).

The net asset value per share increased by 9,62% and stood on R117,83 per share on 31 August 2023. TWK Agriculture Holdings (Pty) Ltd's share price softened during the past year and stood at R60 per share as of 31 August 2023. Although there is still a lot of value locked up in the shares, shareholders continue to share in our success.

The robust financial position and performances of recent years and the quality of the underlying income streams support the Group's overall objective, which has been to not only improve financial performance over the short term but also to prepare the various divisions for sustainable future growth, with a clear picture of what we are aiming for and to place the focus and attention on achieving goals.

DIVIDEND

To maintain a balance between borrowed and own capital as well as provide for future dividends, the Board will continue to evaluate TWK's earnings after making provisions for long-term growth, cash resources and other factors as determined by the Dividend Policy.

Positive cash flows were generated from operations, and we continued to increase our market share by strengthening our product and services offerings. Over the past few years, we have persisted in unlocking value for our shareholders through strategic growth opportunities and diversifying our revenue streams, all while staying focused on the needs of our producers.

Against this backdrop, the Board is declaring a final dividend of 200 cents per share, a 20% decrease on the prior year's dividend of 250 cents per share.

CORPORATE GOVERNANCE

The Group remains committed to sustainable business principles and the highest standards of ethics and corporate governance as contained in the King IV™ Report on Corporate Governance. The Board of Directors is ultimately accountable for the performance of the Company, but considers the interests of shareholders and clients, as well as the legitimate requirements of our stakeholders, which include employees, suppliers, regulators, and community organisations.

We fully understand that strategy, risk, performance, and sustainability are inseparable. Through the Group's governance structures, the Board and the Executive Management Team drive policies that mitigate legal and operational risks and ensure that we have the necessary policies and programmes in place to address corruption and establish an ethical culture.

The Board has established subcommittees to oversee specific areas of the Group's business. These are the Audit and Risk Committee, the Social and Ethics Committee, the Nomination Committee, and the Remuneration Committee. The members of the Board attend meetings regularly and take their responsibilities seriously. Personal interests of directors and management are reported and monitored as regulated in terms of the Companies Act. Closed periods apply to trading by directors during periods prior to publication of financial statements, as well as during certain strategic transactions and related matters.

As a Board we continue to take active steps to mitigate the risks faced by the Group by creating internal controls to ensure compliance with policies and procedures that are designed to lessen risks such as fraud or bribery and corruption.

OUTLOOK

The Group has the necessary headroom to meet its loan covenants, and enough working capital and unused credit facilities to service its ongoing investments.

We will continue to focus on liquidity and cash flow and focus on cost-saving measures across our operations as well as keep on applying measures to optimise working capital. We will achieve this without losing focus to grow the business vertically and horizontally in a sustainable manner.

TWK's core business remains the provision of agricultural and agricultural-related services and inputs, and the provision of market access for agricultural products. As a sector, agriculture remains one of the most critical areas of growth for the country, and in feeding our nation. We are proud to play an active role in this industry, and hopefully, Government will fully commit to both repairing and building additional capacity in critical infrastructure to support agriculture.

Our extensive footprint, infrastructure, market share and expertise enable us, not only to focus on maintaining and expanding existing businesses, but to include in our strategy specific targets for acquisitions and organic growth, with a focus on the agricultural value-chain.

Given opportunities in the market and in line with our strategic objectives, we will accelerate our growth in value-added activities and assets to ensure sustainability.

Of particular note is the fire that broke out at the NCT Woodchip Mill in Richards Bay on Saturday, 30 September 2023, which is adjacent to TWK's woodchip facility. Fortunately, fire prevention efforts at TWK's woodchip facility were relentless and the fire was contained by Saturday, 7 October 2023. Thankfully there was no loss of life and no direct fire damage has been sustained by any of TWK's assets or stockpiles. However, the stockpiles are expected to be impacted by consequential damage due to the neighbouring fire and the fire prevention initiatives. The insurer has been notified of the incident. The impact on the operations in the short-term is being assessed, but as it currently stands, the long-term impact of the incident is not expected to be material. TWK's facility will return to operation as soon as circumstances allow.

ACKNOWLEDGEMENTS

The dedication required to maintain focus in challenging market and trading conditions as well as report a robust set of results, testifies to unwavering dedication by TWK's Executive Management Team and workforce.

As such, I would like to acknowledge the support and wisdom of our Board members. It is both an honour and a privilege to serve as Chairman of a Board that carries out its tasks with meticulous precision — for that, my sincere thanks.

On behalf of TWK's Board members, I would like to express our appreciation to our shareholders and other stakeholders: employees, partners, and suppliers – everything we do as TWK is aimed at creating value for you by serving you better than anyone else could hope to do. We cannot thank you enough for your continued support.

Managing Director's report

AS Myburgh
Managing Director

8 November 2023

The 2023 financial year was both challenging and rewarding for TWK. In 2022, we capitalised on higher commodity prices across our portfolio to achieve robust revenue growth and profit.

In 2023, we faced some strong headwinds. Increasing volatility in the macro-economic environment, volatile exchange rates, the sharp decline in commodity prices, weaker demand and delayed and cancelled sales of woodchips to China all directly affected volumes sold and revenue. Margins were also negatively impacted in the fertiliser segment as the prices continuously declined to under 50% compared to previous years. We had to adjust production rates and stock, and improve efficiencies. The success of these initiatives underpinned our operating and financial performance and reduced the losses made in this segment of the Trade Division.

Globally, many regions of the world have resolved supply-chain disruptions. Operational conditions have returned to pre-pandemic levels, and the energy and food prices have softened, supporting better economic conditions.

While this near-term improvement is noteworthy, the global economy remains unstable. Major economies like China expect modest growth due to housing market challenges, which could constrain growth prospects. Forecasters predict a subtle global growth rate of 3,0% for 2024, unchanged from this year. The International Monetary Fund forecasts South Africa's economic growth for 2023 at 0,3% (from 0,9% in 2022).

We did not reach the Group's target of 15% growth year-on-year. Nevertheless, it represents a resilient performance given a highly volatile business environment. Most of the Group's continuing core businesses, especially timber, grain, and financial services, performed well and generated good profits in challenging market conditions. Once again, TWK demonstrates its resilience and the benefit of having different income streams to deliver solid financial results.

These figures still signify a very sound performance and that the leadership has successfully navigated the challenges to deliver a solid performance in the past year. Our teams at all levels have responded well to the challenges and opportunities this year. Moreover, our strong relationships with customers and the communities, as we pursue a sustainable future for our businesses and communities.

Locally, businesses' key challenges are rising geopolitical tensions, deteriorating infrastructure, weakening municipalities, crime, and energy supply, influencing businesses' profitability and job prospects. The cost to maintain operations for businesses has increased significantly. The erosion of disposable incomes by inflation and high interest rates is why business and consumer confidence is at historic lows.

High levels of sovereign debt, unemployment, poverty, and inequality are unprecedented in South Africa, all hampering economic recovery.

We anticipate ongoing volatility in the global macroeconomic environment. We expect South Africa's energy and electricity disruptions to continue exerting pressure on the domestic economy. Given the substantial fall in commodity prices since the start of the 2023 calendar year and current exchange rate volatility, we will focus on cost optimisation initiatives, improved efficiencies, and optimised cash utilisation.

As a business, TWK will stay resilient as we continue navigating and adapting to the challenges, ensuring we remain relevant and sustainable. We will continue to build on our track record of delivering value to stakeholders like TWK has done this year.

THE TWK GROUP STRATEGY

The Group attributes its success to following a highly disciplined and responsible approach. This approach involves implementing strategies built on four pillars: Focusing on Customers, Improving Operational Efficiency, Optimising Value Chains, and Enhancing Growth to create long-term, sustainable value.

This year, we reviewed our values and built them to reinforce the validity of our Group strategy. The new company values form the acronym "AGRI". The A for Accountability, the G for Grow Trust, the R for Resilience, and the I for Innovation. These values are built into the four pillars to underpin our strategy.

The strategy is still to have diversified income streams but with more focus on our core business. Therefore, we reviewed our business and asset portfolio, ensuring that our assets aligned with our reviewed strategy. Non-core and non-performing disposals in the past year included Roofspace, and the TWK Motor segment has been classified as "assets-held-for-sale" at year-end.

Acquisition-led growth remains a key component of our strategy, and we will continue to evaluate opportunities as they arise. We believe investing in high-quality assets is an important reason we have significantly grown value for our stakeholders. Given the potential we have identified, we are very excited and optimistic to keep investing and increasing value for all our stakeholders as we expand our reach and impact.

We will execute any growth opportunities through a disciplined capital allocation process to optimise risk-weighted returns. We do this because we understand the importance of maintaining a strong and flexible financial position amid volatility and uncertainty. Therefore, we are also committed to discipline and continue to focus on cost. With our focus on costs, prudent capital expenditure and stringent working capital management, we have maintained a robust financial position.

Supporting the communities in which we operate is part of our social strategy. In South Africa, where poverty and unemployment are key social imperatives, our community engagement commits ourselves and our communities to work together to drive shared value for mutual benefit.

Unfortunately, we live in a world with deep disappointment in our political and corporate leaders. As a management team, we embarked on a Strategy of Servant Leadership because we believe Servant Leadership is needed to drive principles like Humility, Psychological Safety, Rehumanising, Gratitude, Integrity, Authenticity, Resilience, Innovation and Hope. Leadership is the cornerstone of staff engagement and culture in TWK.

Encouraging progress has been made by developing an open and honest culture to inspire and motivate our teams to continue delivering value. Only by being a fair and caring employer, a reliable and responsible citizen, and an honest and ethical company will TWK be able to operate as an effective and profitable business in the long term, ultimately creating sustained value for our stakeholders. Creating value for all stakeholders, making well-informed decisions, and practising good governance remain critical to our success.

OUR VALUES

Timber segment

The Timber Division reported an increase in revenue of 35,80% from R2,18 billion (August 2022) to R2,96 billion for the year ended 31 August 2023.

This was mainly due to the growth in woodchip exports and local timber sales. TWK's world-class woodchip production and export facility in Richards Bay has the capability of producing and exporting about 900 000 tonnes of woodchips per annum.

During the year under review, 684 711 tonnes were exported from TWK's facility compared to 634 664 tonnes in the prior year, representing a 7,89% increase in export sales. The improvement was mainly the result of the demand from pulp manufacturers in Japan. No woodchips were exported to the Chinese market as well as woodchip exports to Europe that did not materialise during the 2023 financial year due to the economic declines in these countries and the negative impact of the prolonged Russia/Ukraine war on the demand for paper and packaging. The depreciation of the Rand supported the woodchip export margins.

Total sales volumes increased by

5,34%

during the year

Total sales volumes increased by 5,34% to 1 536 948 tonnes (August 2022: 1 459 106 tonnes) mainly given the international woodchip demand. Industrial lumber sales declined as a result of the consumer being under financial strain, as confirmed by the results published by the DIY retailers. Treated pole sales were flat year-on-year given the cautious outlook of farmers, especially fruit farmers, as market conditions remain challenging. Sales to the mining sector were down on the prior year due to two of BedRock's mining customers shutting down some of their shafts during the year under review as well as the negative impact of load shedding on the operations of all its mining customers. BedRock, a wholly-owned subsidiary of TWK Agri (Pty) Ltd, supplies mining timber support products to the gold and platinum mining industries.

The international pulp selling prices of our customers crashed during the 2023 financial year from a high of \$780 per ton to \$400 per ton in two months, resulting in a negative impact on woodchip prices. In Europe, this price continues to decline, which might place pressure on the South African woodchip export market in the 2024 financial year.

TWK's Sunshine Seedlings Service (Pty) Ltd ("SSS") shareholding, as at 31 August 2023, was 71%, with the remaining 29% of the shares to be purchased by TWK over the next year and a half. SSS performed below expectations for the year under review, but was supported by the Top Crop Nursery acquisition, effective 1 February 2023, which continued to deliver solid results.

Peak Plantations contributed positively to the Timber Division's results despite the heavy rains in January and February 2023, because of the two cyclones, impacting the high value product sales, specifically timber for transmission poles. The rain influences the ability to remove the timber out of the plantations due to muddy conditions. The Rocklands Sawmill, which forms part of Peak Plantations, increased revenue streams by adding new product lines for the business unit in Eswatini. The TWK plantations made a very positive contribution to the net results of the Timber segment.

The high levels of load shedding during the financial year negatively impacted TWK Timber's operations and the installation of generators, battery power or solar at all our operations has been completed. On average, the Timber segment spends about R3 million per annum on diesel.

EBITDA increased by 9,82% from R353,96 million (August 2022) to R388,73 million, however the EBITDA margin decreased from 16,25% (August 2022) to 13,14%. The reason for this decline is mainly due to the increase in the diesel price. Transportation costs are a large component of TWK Timber's overheads on exported woodchips given the location of TWK Timber's operations to the harbour. The delay in passing on diesel price increases through selling price adjustments is reflected in the margin pressure.

Subsequent to year-end, a fire broke out at the NCT Woodchip Mill in Richards Bay on Saturday, 30 September 2023. TWK's woodchip facility is located adjacent the NCT facility. Fire prevention efforts at TWK's woodchip facility were relentless and the fire was contained by Saturday, 7 October 2023. Thankfully there was no loss of life and no direct fire damage has been sustained by any of TWK's assets or stockpiles. However, the stockpiles are expected to be impacted by consequential damage due to the neighbouring fire and the fire prevention initiatives. The insurer has been notified of the incident. The impact on the operations in the short-term is being assessed, but as it currently stands, the long-term impact of the incident is not expected to be material. TWK's facility will return to operation as soon as circumstances allow.

We are expecting margin pressure for the 2024 financial year mainly due to the international pulp price declines as well as global pulp stock levels being high given the Chinese economic situation. Although there are signs of the Chinese economy picking up, it is at a very slow rate and yet to reach 2022 trading levels. The trading conditions in the mining, industrial and agricultural sectors are also expected to remain challenging given high interest rates and inflation. TWK Timber continues to explore innovative, value-added products and expansion projects to ensure sustainable growth for this division. These initiatives should positively contribute to the 2024 results.

Retail and Mechanisation segment

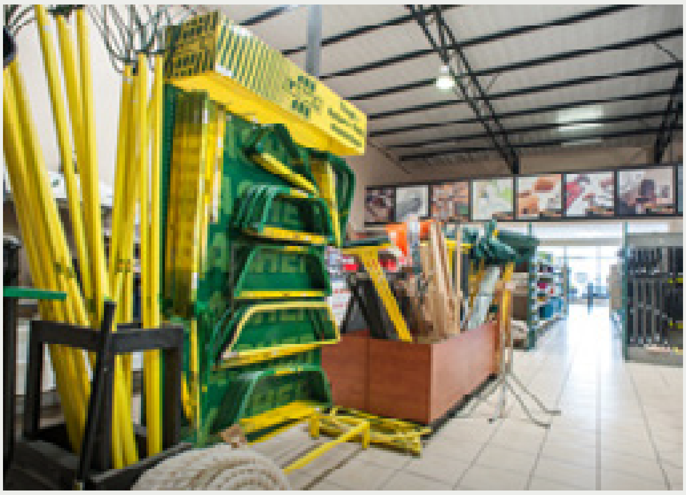
At the end of August 2023, TWK's retail outlets totalled 31 (August 2022: 29), with five fertiliser depots situated in KwaZulu-Natal, Mpumalanga, North West, Eastern Cape and Eswatini. TWK also owns five fertiliser blending facilities located in Mpumalanga, KwaZulu-Natal, and the Western Cape. In addition, the Group owns one organic fertiliser production facility in KwaZulu-Natal.

Revenue decreased by 8,29% from R5,06 billion (August 2022) to R4,64 billion. This division's results came under severe pressure mainly as a result of the financial performances of Constantia Fertilisers as well as Mechanisation. EBITDA decreased by 78,87% to R48 million from R227,20 million (August 2022), with the EBITDA margin decreasing to 1,03% from 4,49% (August 2022).

The main factors contributing to the decrease in profit were the continuous declines in fertiliser product prices and sales volumes as well as product price inflation. Fertiliser product sales, the largest sales contributor for TWK Retail, were negatively impacted by volatile local and global fertiliser conditions which resulted in severe margin pressure on the overall business.

Throughout the financial year, Constantia Fertiliser encountered supply chain challenges as well as experienced high volatility in nitrogen, phosphate, and potassium prices. The volatile Rand/Dollar exchange rate also contributed to a much more complex fertiliser planning environment to enable the business to source raw materials at reasonable prices. During the first half of the financial year, raw material prices were high, and the business experienced a decline in sales during the first six months of 2023 as farmers were waiting for further price declines. A sharp drop in fertiliser raw material prices were experienced from the end of March 2023 onwards, which led to significant cost price reductions. These prices started to stabilise from the second half of July 2023, but remains more volatile than previously experienced. In addition, the ongoing power outages, combined with raw material discharge difficulties, especially at the Durban Port, exacerbated by the unavailability of transport from the Durban Port to the various blending facilities, also contributed to the negative impact on Constantia Fertiliser's profitability. The strategy during this financial year was to keep fertiliser import volumes low and rather do more frequent imports to prevent further significant financial losses in a decreasing price market.

Fertiliser sales for the year ended 31 August 2023 declined by 10,74% from 208 955 tonnes (August 2022) to 186 501 tonnes. Lower sales volumes were attributed mainly to farmers postponing the purchase of fertiliser products due to high selling prices in 2023, lower fertiliser application rates throughout the year and planted crops using less fertiliser in the 2023 financial year. Sales volumes were also negatively impacted as opposition companies were determined to keep market share at all cost, selling product at unsustainable low prices.



Number of TWK's retail outlets grown to

31

from 29 outlets in August 2022

Mechanisation sales, through the New Holland agencies, decreased by 5,85% to 209 units (August 2022: 222 units) primarily as a result of the decline in sales in the Pietermaritzburg area due to the financial problems experienced by the sugar cane farmers and the availability constraints of imported high kilowatt equipment from New Holland due to global logistics challenges during the 2023 financial year, and farmers being under pressure due to higher interest rates and price inflation. The profitability of the workshops was negatively impacted by high diesel costs to run the large generators during load shedding. The high interest rate resulted in an increase in interest paid on capital equipment inventory, as the outstanding orders on New Holland machines were received in a short space of time. This also negatively impacted the profitability of the segment. Subsequent to year end, the logistical issues on machinery imports has been resolved.

The Rudamans Pty (Ltd) ("Rudamans") acquisition, effective 1 November 2022, was integrated into the business during the year under review. However, TWK encountered various challenges with the restructuring of the business and significant costs on systems and procedural changes were incurred. This, together with challenging management process changes, negatively impacted the profitability of this business. A decision was also reached to write down obsolete stock during the year under review, further reducing profitability. Rudamans was rebranded to TWK Agri effective 1 September to align the business with the TWK Retail strategy.

The Retail and Mechanisation Division is expecting trading conditions to remain under pressure for the next six months, as high levels of price inflation on mechanisation products, diesel prices and interest rates continue to place pressure on the business. The sugar cane farmers in KwaZulu-Natal received some relief after being affected by the adverse market conditions during most of the 2023 financial year and it is expected that it would be positive for TWK going forward. Constantia Fertiliser will continue to focus on the efficient procurement and management of raw materials to optimise profit going forward. Currently all indications are that the fertiliser business will return to almost normal after a very volatile period mainly caused by the Ukrainian war and export restrictions by China. After lessons learned in a very volatile market the past financial year, various enhanced and new strategies were implemented regarding the sourcing, warehousing, and distribution of products which in future will ensure a more stable and profitable income stream.

Financial Services segment

Revenue increased by 23,32% from R220,33 million in August 2022 to R271,71 million, with EBITDA increasing by 21,16% to R108,38 million from R89,46 million (August 2022). The increase in EBITDA is mainly attributable to the strong performance delivered by the Insurance Division.

The Insurance Division reported a 7,3% growth in short-term insurance premiums written for the year ended August 2023 compared to August 2022, which resulted in growth in commission income of 4% for the same period. The short-term section of the Insurance Division focused on the enhancement of customer service and overall experience, thus increasing profitability, resulting in a 6,2% increase in fee income.

Revenue increased to

R271,71m

from R220,33m in August 2022

The total crop insurance premium increased by 14,9% for the year to August 2023 compared to August 2022, which translated to a 15,5% increase in commission received. The total hectares insured decreased by 3,2% and the total tree area decreased by 1,8%. As a result of the prevailing macroeconomic conditions, a decision was reached to reduce the clients insured, based on stricter financial criteria, resulting in total clients insured decreasing by 18,1% from 790 (2022) to 647 (2023).

TWK Financial Services, in collaboration with FutureGen, has a 60% shareholding in Executive Underwriting Managers (Pty) Ltd ("EUM"). As an Assistance Business Financial services provider, EUM provides expert administrative underwriting services in the funeral industry to approximately 390 Financial Service Providers across the country. This business has 90 074 active policies as at 31 August 2023, insuring 577 551 lives (2022: 100 070 active policies and 607 476 lives). In a very volatile market sector, EUM has managed revenue growth of 10% with its unique approach and understanding of the funeral insurance and underwriting market in South Africa.

The Medical Insurance Division reported revenue growth of 23,7% as a result of an increase of 24,2% in members from 5 140 members as at 31 August 2022 to 6 385 members as at 31 August 2023. As a result of this division's elevated overhead cost structure, an operating loss was reported for the year under review. A decision was taken to restructure this division's overhead costs from a fixed salary structure for agents to a commission-based structure at the end of the 2023 financial year and this should be positive for the 2024 financial year.

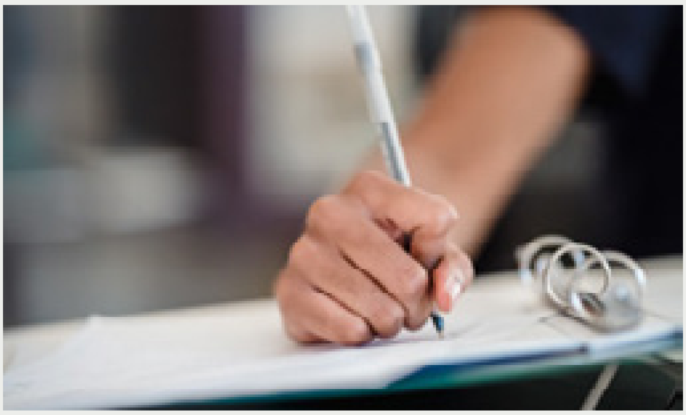
The Credit Division's Production Credit Book grew strongly by 13% during the financial year and peaked at R916,7 million (peak 2022 financial year: R808,6 million). The Financial Services' total debtors book includes various facility types such as month accounts, term loans, asset financing, revolving credit and forestry facilities catering for our clients' diverse needs.

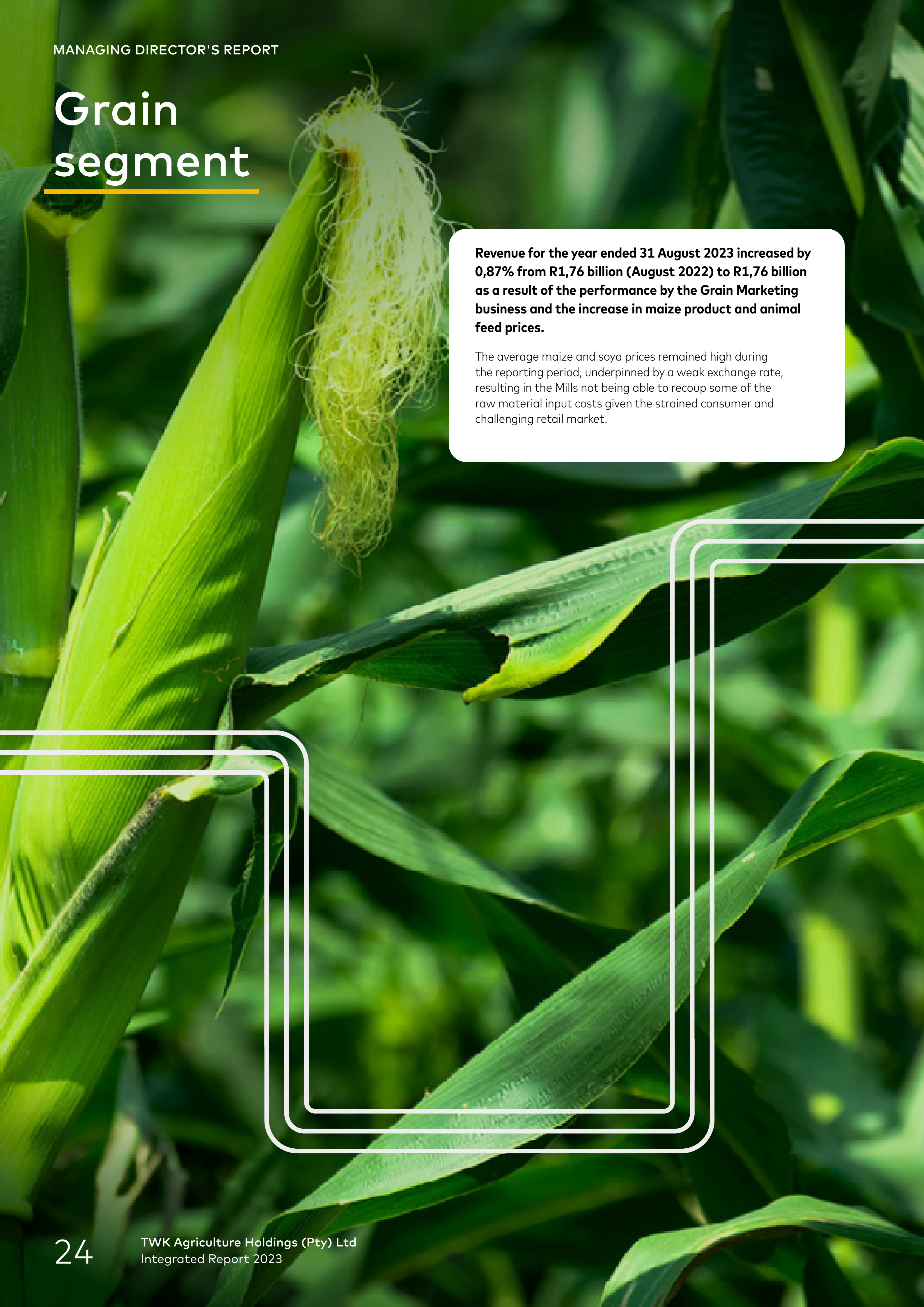
Despite the significant increase in the Production Book, the nett interest income decreased by 16,5% mainly attributed to the following:

- a decrease of 58,4% on Production accounts placed on bridging facilities due to late payments (R6,6 million as at 31 August 2023 vs R15,8 million as at 31 August 2022) with a significant financial impact for the division as a higher interest rate (penalty interest) is earned on bridging facilities; and
- favourable conditions experienced by the farmers, which improved their financial performance leading to early settlement of Production facilities (R348,5 million at 31 August 2023 vs R391,1 million at 31 August 2022).

Production accounts placed on bridging facilities due to late payments amounted to 0,72% of the total Production Credit Book measured at the Production Book peak in February 2023 (1,96% measured at the Production peak in February 2022). The outstanding balance decreased by R4,6 million from July 2023 to 31 August 2023 with a closing balance of R6,6 million. Payment arrangements are in place for the outstanding balance.

No production accounts have been handed over due to non-performance for the year under review. A strong emphasis was placed on the quality of the Production Credit Book during the financial year, supported by sound securities.





Grain segment

Revenue for the year ended 31 August 2023 increased by 0,87% from R1,76 billion (August 2022) to R1,76 billion as a result of the performance by the Grain Marketing business and the increase in maize product and animal feed prices.

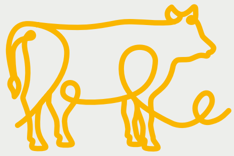
The average maize and soya prices remained high during the reporting period, underpinned by a weak exchange rate, resulting in the Mills not being able to recoup some of the raw material input costs given the strained consumer and challenging retail market.

EBITDA increased by 12,59% from R50,40 million (August 2022) to R56,75 million, with the EBITDA margin increased to 3,22% (August 2022: 2,89%). The disparity between revenue and EBITDA growth was mainly attributable to the impact of the high average grain prices, increasing selling prices, offset by the inability to recover some of these costs, specifically the animal feed business, and other variable cost hikes such as fuel and interest rate.

The Grain Storage business received 11% less grain into the silos compared to the prior year ended August 2022. This was mainly attributable to lower maize and soya yields in the Mpumalanga regions. The province was severely impacted by two major cyclones during January and February 2023, one being Cyclone Freddy, the longest-lasting storm on record. Direct loads from farms for the export market also contributed to less grains being received in the silos.

The Grain Marketing business continued to report a solid set of results primarily because of marketing in a wider offset area and appointing a new grain trader at the start of the financial year which contributed to this business increasing its grain volumes marketed.

TWK supplies white maize meal to food retailers and end consumers through its South African Grain Mill business. The impact of unprecedented high stages of load shedding for most of the financial year and higher maize prices from November 2022 to March 2023 negatively impacted margins. However, we forecast that the demand for maize meal will remain stable at current levels.



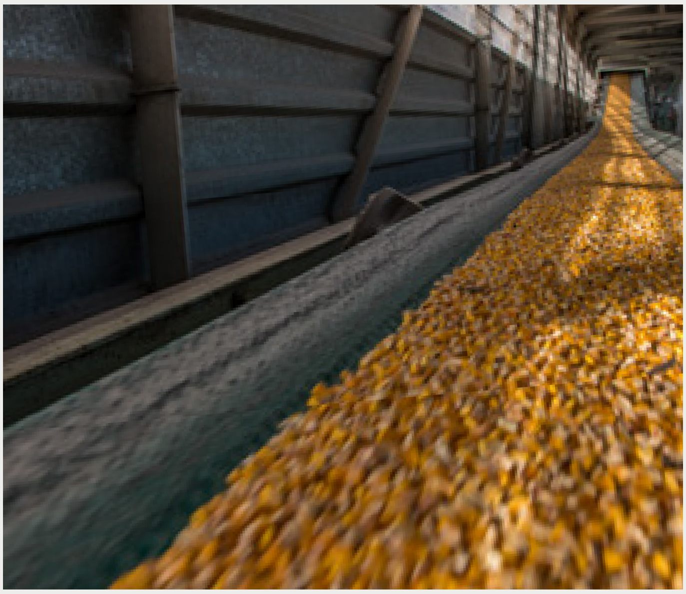
Arrow Feeds revenue grew by

27%

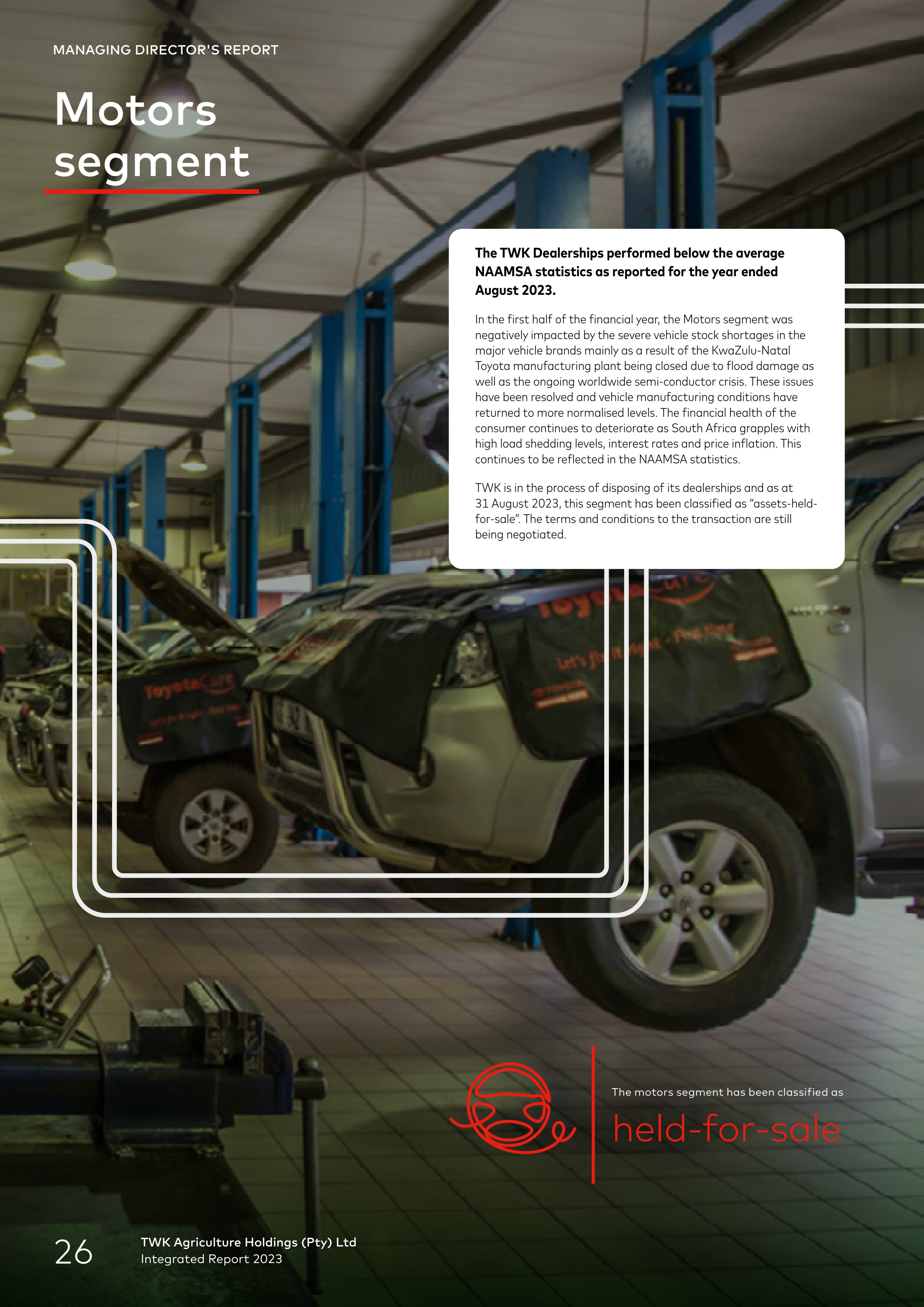
with a 1,6% increase in volumes sold

Arrow Feeds, based in Eswatini, reported an increase of 27% in revenue, a direct result of higher animal feed selling prices and an increase of 1,6% in volumes sold. Focusing on efficiencies and upgrades to existing infrastructure will support sales in the coming year.

The outlook for the Grain Division is subdued as an EL Niño weather pattern is predicted for 2024. This means that lower rainfall is expected which will result in smaller crops. The lead up to the National Election will also add to the uncertainty of current market conditions, specifically a volatile/weak exchange rate. However, an increase in our national footprint for marketing and sales can contribute to offset some of the negative outlooks.



Motors segment



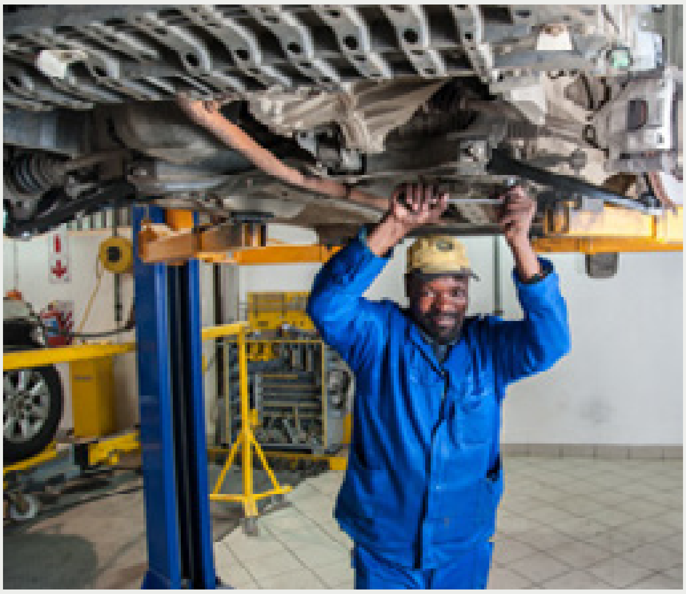
The TWK Dealerships performed below the average NAAMSA statistics as reported for the year ended August 2023.

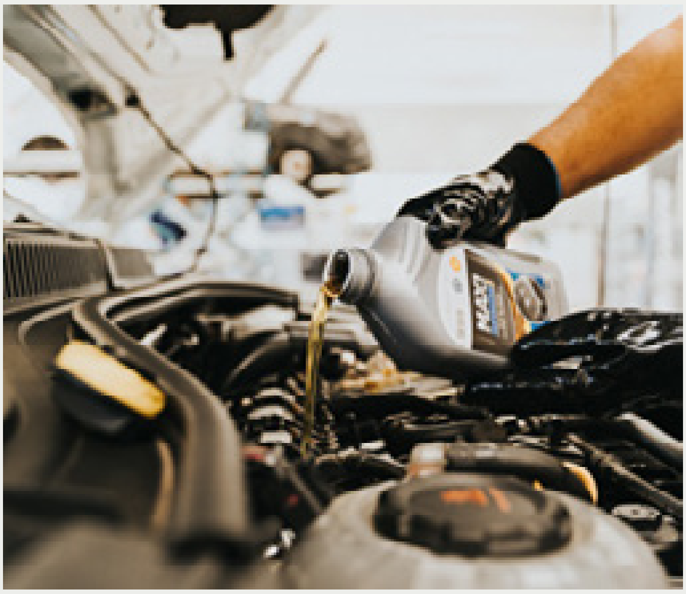
In the first half of the financial year, the Motors segment was negatively impacted by the severe vehicle stock shortages in the major vehicle brands mainly as a result of the KwaZulu-Natal Toyota manufacturing plant being closed due to flood damage as well as the ongoing worldwide semi-conductor crisis. These issues have been resolved and vehicle manufacturing conditions have returned to more normalised levels. The financial health of the consumer continues to deteriorate as South Africa grapples with high load shedding levels, interest rates and price inflation. This continues to be reflected in the NAAMSA statistics.

TWK is in the process of disposing of its dealerships and as at 31 August 2023, this segment has been classified as "assets-held-for-sale". The terms and conditions to the transaction are still being negotiated.

The motors segment has been classified as

held-for-sale





OUTLOOK FOR 2024

Prospects for robust global economic recovery remain dim as policymakers, businesses, and households face multiple headwinds. Inflationary pressure is declining, but high interest rates will be with us longer than we thought, leading to tighter financial conditions and heightened uncertainties. The world economy is at risk for a prolonged period of low growth. Global trade will also remain under pressure due to geopolitical tensions, weak global demand, and tighter monetary and fiscal policies.

The pace and extent of the global economic growth will also influence the Group's performance. Weak global macroeconomic conditions and a slower-than-anticipated recovery in the Chinese economy continue to weigh on general sentiment.

The uncertain economic outlook and reduced commodity prices will pressure our timber exports as customers are reluctant to build stock and opt to manage their fibre demand on a just-in-time basis. However, indications suggest that the destocking cycle is nearing completion, and we expect demand to improve gradually throughout the year. Notwithstanding these challenges, we remain confident of our resilient business model and diversified income streams. TWK is also well-positioned to benefit from the recovery.

The new summer production year is starting favourably for our primary producers with much lower input costs, but commodity prices are also much lower than last year. The most significant danger for the new year lies in the higher interest rates and the production conditions for the season. It is crucial to highlight that an El Niño is forecasted in the upcoming 2023/24 summer season and is an aspect to watch. However, we remain optimistic that it will have a mild impact on TWK's geographical footprint and thus keep production at decent levels. However, we should manage customer debt levels very carefully. The overall agriculture outlook is stable to positive for TWK's region of operations.

Despite the many local and global challenges, we are confident in our future. Our balance sheet is strong, and we are investing and innovating to improve our portfolio's value and future focus systematically and to optimise the many growth opportunities we see in the different value chains.

The outlook for the Group's business remains positive and underpinned by the Group's diversified business model. Still, most importantly, we have a team of passionate people with a shared sense of purpose that gives us our collective strength and advantage as an organisation to ensure we have a much-improved financial year in 2024.

GRATITUDE

I want to conclude by expressing my deepest gratitude to all our stakeholders, especially our employees, who have been the driving force behind our achievements. We will continue embracing new challenges, pursuing sustainable growth, and creating value for all stakeholders by staying true to our "AGRI" Accountability, Grow Trust, Resilience, and Innovation Values.

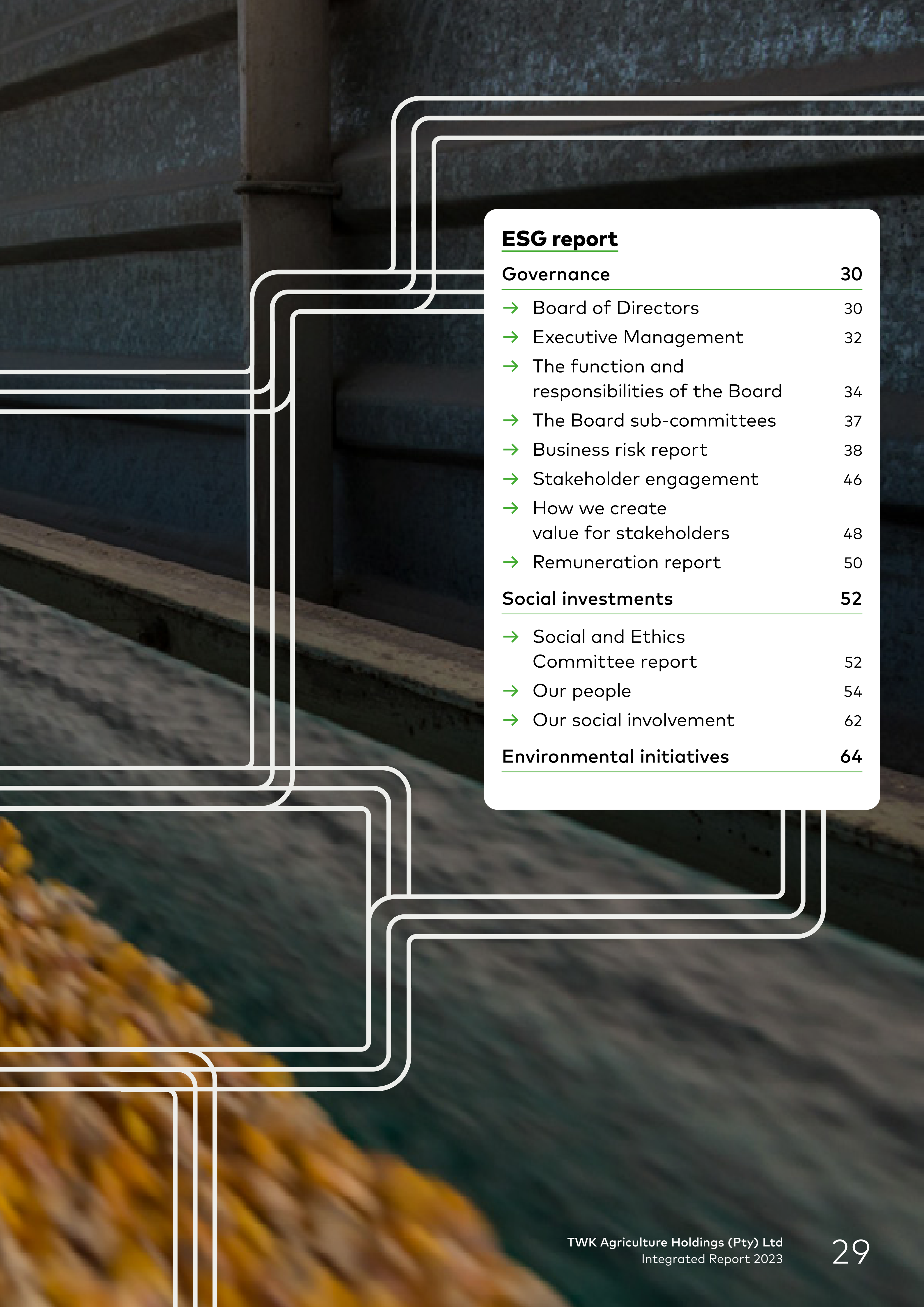
It is also a privilege to be surrounded by dedicated board members who share a common vision for the future and are equally committed to navigating the path ahead.

Thank you, Heavenly Father, for the past year. Guide us as we embark on TWK's next year of growth.

AS Myburgh
Managing Director

8 November 2023

ESG report



ESG report

Board of Directors

JS Stapelberg (61)
B.Eng Agricultural Engineering

Chairman
Board member of TWK Group entities since: 1997
Appointed Board member of TWK Agriculture Holdings since: 14.08.2013

AS Myburgh (52)
BCom (Law)

Managing Director
Joined TWK Group: 2009
Appointed in current position: 01.06.2012

JEW Fivaz (46)
B.Agric, B.Compt, MBA, AGA(SA)

Financial Director
Joined TWK Group: 2011
Appointed in current position: 30.03.2017

TI Ferreira (47)
Diploma in Agriculture

Vice Chairman
Board member of TWK Group entities since: 2016
Appointed Board member of TWK Agriculture Holdings since: 11.02.2016

CA du Toit (70)
BCom, MBA

Lead independent Non-executive Director
Board member of TWK Group entities since: 2012
Appointed Board member of TWK Agriculture Holdings since: 14.08.2013

KEY

- Audit and Risk Committee
- Social and Ethics Committee
- Remuneration Committee
- Nomination Committee
- △ Committee Chairman

KP Paul (57)
Matric

Non-executive Director
Board member of TWK Group entities since: 2023
Appointed Board member of TWK Agriculture Holdings since:
11.01.2023

HG Hiestermann (44)
Matric

Non-executive Director
Board member of TWK Group entities since: 2020
Appointed Board member of TWK Agriculture Holdings since:
05.03.2020

HW Küsel (62)
B.LLB

Non-executive Director
Board member of TWK Group entities since: 2012
Appointed Board member of TWK Agriculture Holdings since:
14.08.2013

JCN Wartington (63)
Diploma In Agriculture (Plant Production),
Diploma in Farming Implements Technology

Non-executive Director
Board member of TWK Group entities since: 2002
Appointed Board member of TWK Agriculture Holdings since:
14.08.2013

Executive Management

FJ Brauckmann (59)

Chief Executive Manager: Timber
Joined TWK Group: 2008
Appointed to current position: 01.01.2012

LC Coetzer (65)

Managing Director: Constantia Kunsmis
Joined TWK Group: 2010
Appointed to current position: 01.09.2021

JG van Niekerk (42)

Executive Manager: Trade
Joined TWK Group: 2016
Appointed to current position: 01.09.2021

DP van Rensburg (38)

Executive Manager: Corporate Services
Joined TWK Group: 2014
Appointed to current position: 01.01.2020

GS Grobler (47)

Chief Executive Manager: Financial Services
Joined TWK Group: 2002
Appointed to current position: 10.10.2008

MJ Potgieter (44)

Chief Risk Officer/Group Company Secretary
Joined TWK Group: 2004
Appointed to current position: 27.08.2015

JFC Byleveldt (51)

Managing Director: TWK Motors
Joined TWK Group: 2008
Appointed to current position: 06.10.2008

DW Schroeder (51)

Executive Commercial Manager: Timber
Joined TWK Group: 2022
Appointed to current position: 01.12.2022

AL Duvenage (52)

Executive Manager: Grain
Joined TWK Group: 2023
Appointed to current position: 01.07.2023

B de Klerk (64)

Executive Manager: Grain
Joined TWK Group: 2014
Appointed to current position: 17.03.2014
Retired: 31.08.2023

The function and responsibilities of the Board

COMMITMENT TO CORPORATE GOVERNANCE

The TWK Board is committed to responsible corporate citizenship and effective corporate governance. At the cornerstone of the Group's philosophy is our commitment to the implementation of the Group's business with integrity, sustainability, equity and accountability. In this regard, the Board is committed to complying with the applicable corporate guidelines.

The Group's corporate best practices as contained in its Memorandum of Incorporation, board charter, policies and operating procedures and the application of these are regularly tested against the practical realities and execution thereof. The Board continuously evaluates and considers all applicable legislation, operating codes and practices to ensure that its conduct takes into account the recommendations of the King Code.

The basic principles and practical application of the King Code are in place throughout the Group and are being successfully implemented. The Board is satisfied that the Group complies, where practically possible, with the provisions and recommendations of the King Code.

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

The Board and management will continue their approach of continuously increasing improvement in management practices and structures to ensure the expectations of stakeholders regarding corporate governance are met.

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

Where TWK deviates from specific King IV guidelines, the Board is of the opinion that this deviation is warranted and managed appropriately:

- The Board does not comprise of a majority of independent directors. A number of directors (primary producers) conduct arms-length business with different TWK divisions and/or are invested in the TWK Group, to an extent that could be regarded as material from their personal perspective. However, these directors typically satisfy the other criteria for being classified as independent directors.
- The non-executive chair of the board is not classified as an independent director. The chair is supported by an experienced non-executive director that serves as the lead independent director.

THE BOARD

The Board consists of nine members, of whom two serve in an executive capacity and the balance serve in a non-executive capacity and are elected by the Company's shareholders. The non-executive directors retire on a rotational basis after three years of service, in accordance with the applicable provisions of the Memorandum of Incorporation.

Mr CA du Toit fulfils the role as lead independent director of TWK Agriculture Holdings (Pty) Ltd. Non-executive directors are nominated and elected by shareholders and provision is made for a transparent nomination process. Prior to election as director, nominated candidates are evaluated by the Nomination Committee for competence in terms of the Companies Act, good corporate principles, and the Memorandum of Incorporation.

The Nomination Committee consists of three non-executive directors and makes recommendations to the Board and the shareholders. At the first meeting of the Board, held after each Annual General Meeting of shareholders, the directors elect from among them a chairman and vice-chairman. The chairman and vice-chairman are non-executive directors. There is a Board-approved decision-making framework which delegates certain powers to the chief executive officer and executive management.

There is a clear division of responsibilities at Board level. The Board delegates authority to the applicable committees to ensure that all issues of strategy, performance, resources and standards of conduct and responsible corporate governance are applied.

The Board is well-balanced, and the chairman's role is separate from that of the managing director. The chairman is responsible for leadership within the Board and facilitates constructive liaison between the Board, management, and stakeholders.

The managing director is primarily responsible for leadership and management in implementing strategy and operating the business. Although the Board maintains overall responsibility and effective control over the Company, the operation of the daily business of the Company is delegated to the managing director.

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

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

The management of directors' conflict of interests is a critical corporate governance issue and strictly regulated in terms of the Companies Act. In the performance of their duties, directors and management are expected to act independently and transparently. Annually and at every Board and Committee meeting, directors are given the opportunity to disclose any material interest which may impact the Group. These updated disclosures are noted by the Company Secretary.

Meetings of the Board and subcommittees are held in accordance with approved meeting procedures. The members of the Board are serious about the Group's affairs and attendance is excellent. Board meetings are held regularly as per the annual work plan, with additional meetings as may be necessary.

EVALUATION OF THE BOARD

The Board, assisted by the Company Secretary, carried out an evaluation of the Board, its committees and directors. The contributions of the directors to both the Board and the Board committees were evaluated and the effectiveness of the Board and its committees in carrying out their mandates was also assessed.

It was concluded that the Board and its committees are operating effectively.

BOARD MEETING ATTENDANCE

Director	2 Nov 2022	25 Nov 2022	11 Jan 2023	1 Mar 2023	18 Apr 2023	8 Jun 2023	30 Aug 2023
JS Stapelberg	✓	✓	✓	✓	✓	✓	✓
TI Ferreira	✓	✓	✓	✓	✓	✓	✓
CA du Toit	✓	✓	✓	✓	✓	✓	✓
HJK Ferreira	✓	✓	N/A	N/A	N/A	N/A	N/A
HG Hiestermann	✓	✓	✓	✓	✓	✓	✓
HW Küsel	✓	✓	✓	✓	✓	✓	✓
KP Paul	N/A	N/A	✓	✓	✓	✓	✓
JCN Wartington	✓	✓	✓	✓	✓	✓	✓
AS Myburgh	✓	✓	✓	✓	✓	✓	✓
JEW Fivaz	✓	✓	✓	✓	✓	✓	✓

All the directors have contributed their time and skills to the functioning of the Board. The Board, as per recommendation from the Nomination Committee, recommends any director who is nominated for election or re-election at the Annual General Meeting as competent and dedicated to serving the Group and looking after the interests of the stakeholders.

COMPANY SECRETARY

MJ Potgieter is the Company Secretary. The Company Secretary plays a vital role in the corporate governance of the Group. The Company Secretary is responsible to the Board for, inter alia, ensuring compliance with procedures and applicable statutes and regulations.

To enable the Board to function effectively, all directors have full and timely access to information that may be relevant to the proper discharge of their duties. This includes information such as corporate announcements, investor communications and other developments which may affect the Group. This also includes access to management, when required.

The Board has conducted an evaluation of the Company Secretary's effectiveness, qualification and experience and ensured that he maintains an arms-length relationship with the Board.

The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Company Secretary's Certificate is set out on page 76 of the Integrated Report.

ETHICAL CODE OF CONDUCT

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

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

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

CLOSED PERIOD FOR TRADING SHARES

The Group maintains a closed period for the trading of shares for a period that precedes the publication of the interim and annual financial results and during times where related persons may have access to price sensitive information, as per the Share Trading Policy.

During such a closed period, no director, staff member or their related persons and entities as defined in the Share Trading Policy, may enter into any transaction related to TWK shares.

INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

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

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

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

Refer to the Risk Management Report set out on pages 38 to 45 of this Integrated Report.

COMPLIANCE WITH LEGISLATION

The responsibility for compliance with legislation rests with the Board. Ongoing attention is given to the applicable legislation, and this legislation also forms part of the risk management model. Continuous awareness campaigns and training are conducted throughout the Group.

TRANSFORMATION AND BLACK ECONOMIC EMPOWERMENT

TWK supports broad-based black economic empowerment that fits into the Group's business strategies and considers the importance of meaningful empowerment for sustainable growth.

GENDER EQUALITY

TWK's policy and goal towards achieving gender equality is guided by a vision of fairness and acknowledges the principle that gender plays no part in merit, As such, we will actively manage our human resource development to ensure women and men have equal opportunity to participate in management at all levels.

TWK rejects any form of unfair discrimination based on gender in the Group.

PROTECTION OF PERSONAL INFORMATION ACT (POPIA)

The Group has implemented and monitors its compliance with the POPIA through its Internal compliance division. Mr MJ Potgieter is the Group's Information Officer.

WHISTLEBLOWING HOTLINE

Good corporate governance requires companies to implement mechanisms to combat theft, fraud, and other unethical practices. Amongst other initiatives, the whistleblowing hotline acts as a tool to combat unethical behaviour.

The Group's whistleblowing hotline is managed as an independent reporting mechanism in partnership with an experienced external service provider. Whistle-blowers can register tip-offs anonymously via telephone, fax, email, or via the service provider's website. The tip-offs are relayed to the Chief Financial Officer, the Managing Director or the Chairman of the Audit and Risk Committee, depending on the nature of the tip-off.

The hotline enforces the Group's approach of zero tolerance to crime, corruption, and unethical behaviour. From time-to-time, internal communication campaigns are undertaken to stimulate awareness of the hotline and to communicate a reporter's anonymity.

INSURANCE

The Group has comprehensive insurance policies to protect it against a wide variety of insurable risks. The terms and levels of each type of cover are reviewed annually to ensure that satisfactory cover is in place and is reviewed by the Audit and Risk Committee.

Areas where the Group is not insured or under-insured are investigated and appropriately addressed. An important element of the insurance programme is certain retained (i.e. self-insured) risk, which is carefully evaluated and monitored.

Efforts are made to identify, prevent, and mitigate uninsurable risks.

TECHNOLOGY AND INFORMATION GOVERNANCE

The TWK Board provides support to the Executive Management to ensure that the TWK Group achieves its strategic Information and Communications Technology (ICT) objectives. The Board oversees the results of management implementation of information systems, integrations, data analysis (reporting), preventative measures for cyber security and IT Infrastructure within the TWK Group. The TWK IT Steerco takes responsibility for the implementation, governance, and risk management of these implementations.

The IT Steerco gives feedback to the TWK Board and receives the necessary guidance from the Board. TWK's current focus is to provide an adaptable IT environment, that can address current and future business requirements with minimal delays and impact on the business. This IT environment will provide the TWK IT Team with the opportunity to manage and extract data to provide more business insight to TWK Management to utilise for predictive data modelling.

The Board sub-committees

The Board is assisted by the Audit and Risk Committee, the Social and Ethics Committee, the Remuneration Committee, and the Nomination Committee. These committees function in accordance with approved frameworks.

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

Board of Directors

JS Stapelberg
Non-executive director (Chairman)

TI Ferreira
Non-executive director (Vice-Chairman)

CA du Toit*
Non-executive director

HG Hiestermann
Non-executive director

HW Küsel
Non-executive director

KP Paul**
Non-executive director

JCN Wartington
Non-executive director

AS Myburgh
Managing Director

JEW Fivaz
Financial Director

* Mr CA du Toit was appointed as director of TWK Agriculture Holdings (Pty) Ltd at the AGM and acts as Lead Independent Director of TWK Agriculture Holdings (Pty) Ltd

** Mr KP Paul was appointed as director by shareholders at the AGM in January 2023. Mr HJK Ferreira retired on the same date

*** Certain committees of TWK Investments Ltd fulfil the role of the committees on behalf of the holding company. Mr WJ Steenkamp is the Lead Independent Non-executive Director of TWK Investments Ltd.

SOCIAL AND ETHICS COMMITTEE

Chairman
HW Küsel

Members
KP Paul, TI Ferreira, JCN Wartington, CA du Toit

For further details on this committee refer to page 52 of this integrated report

AUDIT AND RISK COMMITTEE

Chairman
WJ Steenkamp***

Members
CA du Toit, HG Hiestermann

For further details on this committee refer to page 78 of this integrated report

BOARD OF DIRECTORS

NOMINATION COMMITTEE

Chairman
WJ Steenkamp***

Members
JS Stapelberg, CA du Toit

For further details on this committee refer to page 34 of this integrated report

REMUNERATION COMMITTEE

Chairman
WJ Steenkamp***

Members
JS Stapelberg, CA du Toit

For further details on this committee refer to page 50 of this integrated report

Business risk report

RISK MANAGEMENT METHODOLOGY

Risk is an inherent part of any business and identifying and managing the risks specific to our business is critical to our long-term success, therefore the Group considers the management of business risks a high priority, with a focus on risks with a significant impact on the business and/or high probability of occurrence.

The Board is responsible for risk management and is supported by the Audit and Risk committee. The Audit and Risk committee met four times during the period under review to inter alia monitor and report on the effectiveness of the risk identification, assessment, and management process. Our well-defined approach is also regularly reviewed by the Board to ensure that it remains relevant and dynamic at all levels of the business, to ensure we can be responsive to changing business conditions.

The Board has determined the Group's top risks, using a risk rating matrix which takes into consideration both the probability of the risk event occurring and the impact if the risk event occurs. The risk rating matrix is based on the residual risk after taking into consideration the internal control environment and related mitigation.

The implementation of risk management lies with management and staff and is committed to the following risk management action plan:

- Identifying the risk which the Group is exposed to
- Identifying the most effective ways of eliminating or mitigating the risk exposure as far as reasonably practical.
- Insuring against catastrophic incidents and other losses beyond our self-insurance capacity

We apply an enterprise-wide risk management approach, involving all levels of management to identify risks. The senior management at each business unit is responsible for the development and implementation of a sound risk control programme based on the Group's risk control standards.

The Chief Risk Officer oversees the risk management methodology and framework.

RISK MANAGEMENT FRAMEWORK

BOARD

Overall responsibility for Group strategy and managing risk

↓

AUDIT AND RISK COMMITTEE

Oversight of the Group's material risks and sustainability strategy

↓

EXECUTIVE MANAGEMENT

Oversight of the Group's material risks and implementation of the Group's strategy. Overseen by the Chief Risk Officer

↓

INTERNAL RISK SUB-COMMITTEE

Review and monitor the risk management actions plans, policies and procedures

↓

BUSINESS UNITS

Responsible for risk assessment and implementing of risk policies and procedures

RISK MANAGEMENT PROCESS

TWK follows a systematic, cyclical risk management process, involving a series of steps from the identification of a risk to the analysis, evaluation and management of the risk, and finally to the monitoring of the measures taken in reaction to the risk.

The business units are required to conduct an annual, detailed review of their risks and compile a risk register which is reviewed and approved by the Internal Risk Committee. This process ensures that the various business units review the principal risks in their respective businesses. The Internal Risk Committee review the actions and controls implemented to mitigate the risks. The executive team and the Board analyse the main risks affecting the business, categorise each risk identified and evaluate it in terms of criteria as defined in the risk management methodology, including the potential impact of the risk on the Group and the expected probability of its occurrence.

Risks are then ranked utilising the residual risk status; this is the value of risk that the organisation is exposed to considering the inherent risk, reduced by the related controls which exist to manage that risk.

The effectiveness of the controls that are in place to manage the risk in question are reviewed and tested on a regular basis by Internal Audit. This is a measure of how well management perceives the identified controls to be working in effectively managing the risks.

BUSINESS RISKS

Risks that may potentially have the most significant impact on TWK's ability to achieve its strategic objectives, are described in more detail below.

THE GROUP'S STRATEGIC FOCUS AREAS ARE:

- Customer focus
- Improve operational efficiency
- Optimisation of the value chains
- Optimisation of capital management

THE RISKS ARE CATEGORISED IN THE FOLLOWING LEVELS:

STRATEGIC

FINANCIAL

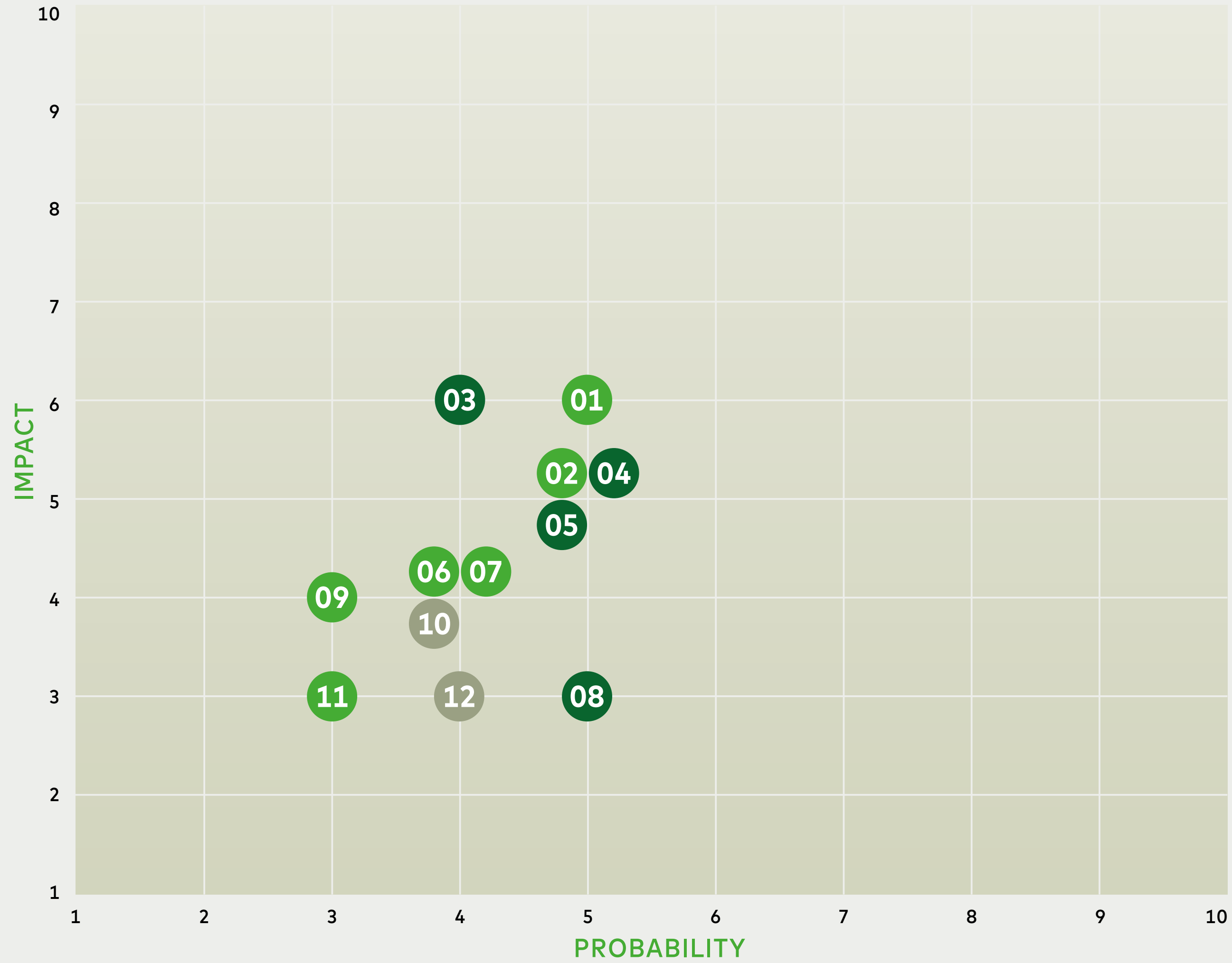
OPERATIONAL

MAJOR RISKS

01	POLITICAL AND ECONOMIC RISK
02	THIRD-PARTY INFRASTRUCTURE
03	VOLATILE COMMODITY PRICES
04	INFORMATION TECHNOLOGY
05	ATTRACTION AND RETENTION OF KEY SKILLS
06	CUSTOMERS AND MARKETS
07	COMPETITION
08	FIRES
09	WEATHER AND CLIMATE
10	CREDIT RISK
11	TECHNOLOGY
12	VOLATILE EXCHANGE RATES

01 POLITICAL AND ECONOMIC RISK	05 ATTRACTION AND RETENTION OF KEY SKILLS	09 WEATHER AND CLIMATE
02 THIRD-PARTY INFRASTRUCTURE	06 CUSTOMERS AND MARKETS	10 CREDIT RISK
03 VOLATILE COMMODITY PRICES	07 COMPETITION	11 TECHNOLOGY
04 INFORMATION TECHNOLOGY	08 FIRES	12 VOLATILE EXCHANGE RATES

INHERENT RISK RATING



01 POLITICAL AND ECONOMIC RISK

DESCRIPTION

- Political uncertainty and the influence on the macro economy.
- The Group operates in South Africa and Eswatini with differing political, economic, and legal systems.
- Global geopolitical conflicts such as Russia-Ukraine and Israel can have far-reaching economic consequences.
- Uncertainty over future business conditions leads to caution when making investment decisions, which can influence future financial performance.
- Increased costs can be incurred through additional regulations or taxes, while the ability to execute strategic initiatives could be restricted, which may reduce profitability and affect future performance.
- The political uncertainty has a significant impact upon economic conditions, such as the cost of inputs and customer behaviour and the ability for TWK to carry out its daily activities. Operations may have to stop and service provision becomes impossible, which could lead to TWK having to adapt the investment, growth plans, and allocation of resources to deal with greater political uncertainty.
- Economic pressures on customers, high inflation levels and grey listing of South Africa.
- Political instability, poverty, inequality, and high unemployment levels can result in civil unrest that can impact the business negatively.
- Business is subject to various regulatory requirements and policies.
- Uncertainties in respect of land ownership rights and potential impact thereof.

MITIGATION

- TWK anticipates different political and economic scenarios to enable TWK to be successful under different or challenging circumstances and to adjust strategy accordingly.
- Active monitoring and regular formal and informal engagement with government, local communities, and business partners to assist us to remain well-informed of changes and new developments.
- Remaining up to date with legal and regulatory developments and implementing actions to ensure compliance.
- Diversified business model in industries, geographies and customers.
- Support of industry business associations advocating and facilitating favourable business environments.
- Support of and relationships with community safety structures.

02 THIRD-PARTY INFRASTRUCTURE

DESCRIPTION

- Disruption of logistical supply chains due to third-party infrastructure and related factors.
- TWK exports woodchips to customers through the Richards Bay export channel that is owned and operated by Transnet. We require a stable rail and port infrastructure network that operates reliably at design capacities.
- Inability of national energy supplier to provide consistent and sufficient electrical supply.
- Ageing public infrastructure (rail, roads, and basic services) without required re-investment and maintenance negatively impacts the reliability and efficiency thereof. This leads to increased costs for the business and its customers.
- An adverse impact on logistical capabilities and failure to supply electricity pose a business continuity risk. Unavailability of key infrastructure affects delivery of products to customers and impacts revenue.
- Geographies (rural) where the Group operate are especially impacted by degrading municipal infrastructure (electricity, water, roads, sewerage).
- Increased costs of ensuring own sustainability in an environment where infrastructure and services cannot be relied upon.

MITIGATION

- Ongoing engagement with role players to optimise the logistical chains.
- Improved operational flexibility at our operations.
- Improved operating parameters and planning.
- Optimised loading, reduced loading variability and improved turnaround.
- Investment in backup energy solutions at critical business operations.

03 VOLATILE COMMODITY PRICES

DESCRIPTION

- The raw materials we use, or market (buy and resell) is largely commodity-based (timber, grains, fertiliser components, agricultural inputs) meaning access to sustainable sources of these raw materials at competitive prices is essential to our operations.
- The prices for many of these raw materials generally fluctuate in correlation with global commodity cycles and fluctuations can be significant and unexpected, with undesired impact on margins.
- Increased volatility in commodity prices is experienced due to geopolitical conflicts, long term disruptions to supply and demand after the COVID-19 pandemic, weather events and other factors.
- Force majeure events can influence raw material supply and pricing, directly affecting the market production and supply balance.

MITIGATION

- We are committed to acquiring our raw materials from sustainable and responsible sources.
- Robust risk management and flexible purchasing and stockholding strategies for acquisition of key raw materials for own use or for resell.
- Market knowledge and experience and utilisation of industry research and forecasts.
- Only strategic and reliable suppliers of critical raw materials are used.
- Diversification in specific commodity exposure.
- Diversification in suppliers.
- Intergroup supply of timber.
- The Group uses derivative instruments to manage and hedge exposure to grain price risk.
- Adjustment of prices to markets or customers in line with commodity price movements.
- Shift in global timber supply chains may present opportunities.

04 INFORMATION TECHNOLOGY

DESCRIPTION

- Business and production processes as well as the internal and external communications are increasingly dependent on IT systems.
- A significant technical disruption or failure of IT systems could severely impair many of our operations and production processes and could lead to plant shutdowns and an inability to meet customer needs.
- Increased need for business management information.
- Customer expectation for improved access to customer transaction data and online interaction.
- A loss of data and information confidentiality, integrity, or authenticity could lead to manipulation and/or the uncontrolled outflow of data and expertise.
- Cybersecurity attacks and risks increasing.
- TWK is actively evolving and renewing its operational IT systems, a process that carries certain operational risks.

MITIGATION

- IT Steerco with added independent skills overseeing the Group's ICT strategy which is regarded as high priority.
- Management responsible for Information Technology specifically focuses on system upgrades or migrations and ensures that it is well planned with contingency plans.
- The IT security strategy for the Group is designed to guarantee optimum protection.
- Operational capacity of the IT division has been increased significantly.
- Technical precautions such as data recovery and continuity plans are defined and continuously updated.
- TWK has measures in place to ensure information confidentiality and integrity.
- Redundant network communication channels exist for most operational business locations.

05 ATTRACTION AND RETENTION OF KEY SKILLS

DESCRIPTION

- Skilled and dedicated employees are essential for the success of TWK. TWK operates in certain rural and remote areas and in extremely competitive markets. If we are unable to recruit adequately skilled employees in these areas and retain them within TWK, this could have significant adverse consequences for the Group's future development.
- The ability of TWK to attract, retain and develop a skilled and committed workforce is a critical component for the effective execution of our strategy and to ensure sustainability. Access to the right skills, particularly management and industry specific technical skills are critical to support performance and growth of our business.
- Loss of knowledge or key skills through retirement or through resignation, emigration or semigration (as result of rural and/or national socio-economic conditions) can impact operations negatively.

MITIGATION

- Appropriate employee recruitment and development measures.
- Active promotion of the benefits of working for TWK through comprehensive human resources marketing, including an employer branding campaign through the "Employer of Choice" initiative.
- Our core values and culture play an integral part of the initiative.
- Our human resources policies are based on the principles regarding our position on human rights, ethics, and our corporate values.
- Competitive remuneration policy with compensation containing short-, medium-, and long-term components.
- Increased flexibility offered for office location of the workforce and flexible working times where practical.
- TWK invests in its personnel through an extensive range of training and development opportunities, with focus on internal promotions.
- Increase focus on succession planning and strategies for senior management and specialist positions.
- TWK's accreditation to offer SAICA training programme for aspiring accountants.
- Socio-economic development in rural towns and communities in which employees are residents.

06 CUSTOMERS AND MARKETS

DESCRIPTION

- Customer and market risk involves the uncertainty of demand for products and services that can be affected by factors such as changes in global supply chains, technology, consumer preferences or behaviours.
- TWK's timber division relies on a number of key large local and international markets, with a decrease or loss of a key market that can negatively impact the business.
- TWK's retail division relies on the retention and satisfaction of its primary producer clients.

MITIGATION

- Industry knowledge, understanding, monitoring and forecast of industry and market trends.
- Excellent and longstanding customer relationships built on trust and keeping commitments.
- Diversification in industries and customers.
- Balance between local and international timber markers.
- Sustainable timber fibre to remain an international scarce resource.
- Customer service focus.
- Renewal of TWK information technology systems to improve business information and data to ensure and manage customer satisfaction.
- Striving to the "Supplier of Choice".

07 COMPETITION

DESCRIPTION

- Competition risk describes the risk that growing competitive pressure impacts market share and business margins achieved. The markets in which TWK operates are characterised by strong competition and are often price driven.
- Competitors with strong growth aspirations increasingly targeting TWK traditional geographical areas.

MITIGATION

- TWK endorses a healthy competitive environment, which drives improvements such as cost reductions and quality improvements.
- TWK has a good reputation, maintains excellent relationships with clients, and is known to keep to its commitments. TWK has adopted the growing of trust as a key value.
- TWK's loyalty scheme programme in which qualifying farmer clients obtain TWK shares based on total business executed through TWK.
- TWK continuously improves the value offering and basket of products and services to suit the unique needs of the client.
- The diversified income streams are an effective mitigating strategy.
- The steps to mitigate the competition risk also include making its plants more efficient and securing low-cost sources of supply.
- Ongoing supplier and customer engagement to improve customer offerings.
- The Group also continually evaluates its options for strengthening and consolidating its market position, in particular through strategic expansion, and proactive cross-selling between the different operating segments.

08 FIRES

DESCRIPTION

- TWK manages a significant amount of plantation assets which consist of own plantations as well as plantations where TWK has marketing rights. Severe plantation fires can have a substantial financial impact and disrupt long-term planning.
- TWK operates a number of plants with concentrated asset (plant and inventory) values (e.g. Richards Bay timber chipping mill, sawmills, grain silo's, warehouses).

MITIGATION

- Effective and comprehensive fire management plans and processes.
- Effective detection technology.
- Planting of different species less prone to burning in strategic areas.
- Quick response time and air support.
- Support of industry fire associations.
- Good relationship with organised structures, neighbours and communities.
- Preventative maintenance programmes.
- Internal and external assessments on high value plants.
- External and self-insurance against fire damage.

09 WEATHER AND CLIMATE

DESCRIPTION

- Climate change is one of the significant challenges of our era. Physical risks and transitional risks may have significant implications for the environment and conditions in which TWK operates.
- Operational disruption in the event of extreme weather events.
- TWK and our producer clients are reliant on favourable weather conditions for sustainable timber and agricultural related production. Droughts can have a significant impact.
- Increased frequency of severe weather events e.g. droughts, floods, fires, hail and winds.

MITIGATION

- Diversified business model and wide geographical area in which we operate mitigate the risk.
- TWK's operations which include the plantations are located mainly in the high rainfall areas of South Africa and Eswatini.
- Development of timber species which require less water and more resistant to diseases.
- The drive to replace plastic packaging with low carbon, renewable fibre creating opportunities for TWK as a major role player in the timber industry.
- Implementing strategies to decrease the Group's own carbon footprint.
- Insurance cover against asset damage and business interruption losses.

10 CREDIT RISK

DESCRIPTION

- Credit risks arise from the possibility that the value of receivables or other financial assets of the TWK Group may be impaired because counterparties cannot meet their payment or other performance obligations.
- Increase in agricultural input costs and commodity prices increase the customer's requirements for credit.

MITIGATION

- A dedicated credit division analyses customers' creditworthiness and set credit limits on a centralised basis, based on a board approved credit policy.
- Continuous customer engagements by relationship managers on a decentralised basis.
- Diversification in receivables over a wide geographical area and in different sectors.
- Excellent financial standing of largest customers being financed.
- Appropriate and increasing security cover of the overall debtors' book.
- Excellent historic performance on collecting receivable illustrates robustness of the process.
- Utilisation of credit default insurance where applicable.

11 TECHNOLOGY

DESCRIPTION

- Rapid advancements in technology can make it challenging to keep up with the latest innovations. Failing to keep up with rapidly evolving technologies may result in a competitive disadvantage.
- Disruptive technologies can quickly change industry norms.
- Stagnation in adopting new practices or tools may hinder operational efficiency and growth.
- Risk of a competitor leveraging superior technology to offer more efficient, innovative or tailored solutions to attract customers.

MITIGATION

- Staying informed about industry-specific technology trends and best practices and adapting.
- "Innovation" has been adopted as key value of the TWK Group.
- Commodity based markets tend be less responsive to fast-paced technological shifts compared to more specialised industries that reduces exposure to these risks.
- TWK as reseller of products in the retail and mechanisation division, accesses the innovation of its suppliers with which it maintains excellent relationships.
- TWK actively supports forestry industry research.
- Modernisation and renewal of information systems and electronic customer interaction.

12 VOLATILE EXCHANGE RATES

DESCRIPTION

- Exchange rate risk relates to the possibility that changes in currency exchange rates may affect the value of the TWK assets or financial transactions.
- TWK is exposed to the effect of changes in foreign currency rates mainly as an exporter of woodchips and purchaser of imported raw materials (especially fertiliser).
- TWK is exposed to the effect of changes in foreign exchange rates that directly impacts the local price of certain commodities (e.g. grains).

MITIGATION

- Foreign exchange risk management strategies including hedging of exchange rates for exports and imports.
- Continuous monitoring of exchange rate movements and sensitivities, and evaluation of the impact of exchange variances on our results.
- Regular review of our prices and monitoring of import and export flows.
- Diversification in foreign exchange rate exposure.
- TWK can respond to currency fluctuations by adjusting raw material selling prices and commodity purchasing prices accordingly.

Stakeholder engagement

TWK is committed to open, constructive and transparent communication with stakeholders. The Group constantly communicates with stakeholders and strives to engage in a practical, constructive and transparent manner.

The Board considers the reasonable interests and expectations of stakeholders on the basis of: **"What is in the best interest of the Group and its stakeholders?"** Stakeholders are also considered when assessing the materiality of issues. TWK believes that open and transparent communication with stakeholders is important and uses many avenues to do this on a regular basis. TWK is proud of the quality of its relationships with the different stakeholder groups.

STAKEHOLDER GROUP

Shareholders, investors and media

IMPORTANCE OF STAKEHOLDER

Shareholders and potential investors are essential to the Group as providers of financial capital as well as determining the true value of the share price. The media are important as the publishers of articles and information about the Group. TWK strives to be an "Investment of Choice".

COMMUNICATION CHANNELS

The Group engages with these stakeholders as follows:

- Annual general meetings
- Results presentations and roadshows
- Exchange news service announcements
- Press releases
- Engagements with potential investors
- Investor relations information on the TWK website
- Interviews with journalists
- Relevant engagement with co-investors in subsidiaries

STAKEHOLDER GROUP

Customers and clients

IMPORTANCE OF STAKEHOLDER

Customers and clients are important stakeholders for the success of the Group. The Group has customers and clients who range from large corporations to individual customers and clients. TWK strives to be the "Supplier of Choice" to its customers.

COMMUNICATION CHANNELS

The Group engages with these stakeholders on various levels including the following:

- Regular one-on-one meetings at the customer's site as applicable
- Engagements at TWK branches/businesses
- Frequent electronic communication as applicable
- Appropriate customer functions (e.g. farmers' days)
- TWK Radius magazine
- TWK website
- TWK social media communication

STAKEHOLDER GROUP

Employees

IMPORTANCE OF STAKEHOLDER

Engagement with employees is critical to the success of the Group. TWK strives to be an "Employer of Choice".

COMMUNICATION CHANNELS

The Group engages employees through the following media:

- Communication from the Managing Director
- Communication from relevant Divisional Managers
- Communication from Corporate Services including Human Resources
- Induction sessions
- Team meetings
- One-on-one meetings
- Workforce surveys
- Safety and environmental meetings
- Toolbox talks
- Employee achievement and service awards
- Performance management meetings
- TWK Intranet
- Email communication
- WhatsApp communication
- TWK notice boards
- Tip-off hotline

STAKEHOLDER GROUP

Suppliers and contractors

IMPORTANCE OF STAKEHOLDER

Suppliers are important stakeholders as they are the providers of products and services that the Group requires to service its customers and in its value-adding processing facilities. TWK strives to be a "Market of Choice".

COMMUNICATION CHANNELS

Group engagement with these stakeholders varies and includes elements of the following:

- Regular one-on-one meetings with key suppliers and contractors
- Farmers' days and industry feedback sessions
- Attendance at dealer conferences, product launches
- TWK supplier information days, functions and awards
- TWK Radius magazine

STAKEHOLDER GROUP

The community

IMPORTANCE OF STAKEHOLDER

The community is a key stakeholder seeing that both the Group and the employees are directly impacted by the communities in which the Group operates and employees live in. TWK's vision specifically includes a statement to make a difference in the communities in which it operates.

COMMUNICATION CHANNELS

The Group's engagement with the communities includes contributions towards initiatives in respect of fund raising, donations and services within various communities.

- Donations and sponsorships
- Community marketing events
- Frequent community liaison and support of communities that neighbour TWK farms
- Social media communication
- Participation in local forums e.g. business chambers

STAKEHOLDER GROUP

Financial institutions

IMPORTANCE OF STAKEHOLDER

Financial institutions are important stakeholders as they provide funding for on-lending purposes, the acquisition of assets and/or investments, as well as working capital finance. Financial institutions are critical to support the Group's growth vision.

COMMUNICATION CHANNELS

The Group engages with them as follows:

- Regular interaction by the CEO and CFO
- Regular submission of reports as per financing agreements

STAKEHOLDER GROUP

National, provincial and local government and government departments

IMPORTANCE OF STAKEHOLDER

All levels of government are important stakeholders as they set the regulatory environment within which the Group operates, provide infrastructure and collect taxes.

COMMUNICATION CHANNELS

Group engagement with these stakeholders varies and includes elements of the following:

- Regular engagement with relevant local governments where the group operates;
- Regular engagement with relevant government departments, e.g., Labour, Rural Development and Agriculture, Minerals and Energy
- Consultation and participation in public forums

STAKEHOLDER GROUP

Industry associations and regulators

IMPORTANCE OF STAKEHOLDER

Industry associations and regulators are important stakeholders as they provide a forum to discuss and address industry wide issues and enable the industry to make representations to government. Industry regulators are important as they provide legal frameworks to operate within.

COMMUNICATION CHANNELS

Group engagement with these organisations is mainly through active membership and reporting.

- AGBIZ membership and engagement
- Engagement with and support of commodity and industry-related associations
- FSCA/NCA reporting as required
- Engagement with industry funders regarding collaboration/funding initiatives

STAKEHOLDER GROUP

Inter-group companies and divisions

IMPORTANCE OF STAKEHOLDER

Inter-group companies and divisions are important stakeholders as TWK is a diversified business. The Finance, Financial Services, and Corporate Services divisions provide internal services. Divisions are actively encouraged to support inter-group businesses.

COMMUNICATION CHANNELS

The Group's engagement with inter-group companies and divisions include:

- Executive and Senior Manager meetings and collaboration
- Internal marketing
- Employee functions and training sessions
- Cross attendance of divisional meetings

How we create value for stakeholders

2023 total value created R9 796m

Income from sale of goods	Income from commissions received	Other operating income
R9 370m	R142m	R100m
2022: R9 004m	2022: R130m	2022: R104m
Income from services rendered	**Interest received** (trading)	**All other gains and income**
R23m	R115m	R46m
2022: R5,2m	2022: R90m	2022: R23m

OUR SUPPLIERS

The TWK Group provides a market and a distribution network to a large number of suppliers including primary producers of commodities and trade and commercial suppliers.

Total procurement spent 2023

R8 772m

2022: R8 655m

OUR CUSTOMERS

Servicing our customers is the reason for our existence.

Agricultural clients are rewarded through the innovative TWK Loyalty Scheme.

Value of loyalty scheme awards

R26,4m

2022: R15,1m

OUR EMPLOYEES

We value our employees as one of the most important assets of the TWK Group.

Servicing the agriculture industry – we provide jobs in rural communities.

TWK currently supports **47 employees** to further their tertiary education

Total employee costs

R623m

2022: R578m

Total skills development expenditure

R3,19m

2022: R4,78m

OUR SHAREHOLDERS

Investors in TWK have enjoyed extremely good returns through capital appreciation of the share price and dividends paid.

TWK Investments Limited listed on the Cape Town Stock Exchange on 30 September 2021.

Total comprehensive income attributable to owners of the parent

R181m

2022: R214m

Dividend per share (Rands) (Declared post year-end)	2023	2022	2021	2020	2019
	2,00	2,50	1,74	1,07	1,39

OUR FINANCIERS

TWK values its relationship with its major financiers.

Finance cost

R275m

2022: R179m

OUR COMMUNITIES

Making a difference in the communities in which we operate – that is part of our core vision.

Total spend on community initiatives

R4,2m

2022: R3,2m

GOVERNMENT

Current tax for the year

R84m

2022: R103m

PAYE

R120m

2022: R94m

Remuneration report

INTRODUCTION

TWK's remuneration philosophy is set to support and reinforce the achievement of the TWK vision and mission. TWK aims to ensure that the TWK Group remunerates employees fairly and reasonably, as it continues striving to be the employer of choice.

The Remuneration Committee (Remco) of TWK is accountable for the remuneration policy and practices within the TWK Group. Remco ensures that the remuneration levels are sufficient to attract, retain and motivate all levels of employees who contribute to the realisation of the Group's vision.

REMCO

Chairperson	WJ Steenkamp
Members	JS Stapelberg, CA du Toit
Independence	The majority of Remco members are independent non-executive directors
Secretary	MJ Potgieter
Role and function	Remco considers the Remuneration Policy of the Group with the assistance and guidance of independent external consultants, where necessary, to determine market-related remuneration levels.
Responsibilities	→ Reviews the Exco performance, at appropriate intervals, to motivate employees to perform to required standards and to retain their services by offering and maintaining market-related remuneration in line with their performance. Remuneration is linked to corporate and individual performance. → Ensures that the executive directors' remuneration mix, in respect of "guaranteed pay" and "variable pay", is appropriate, so as to align the directors' interests with those of shareholders. → Assesses succession planning at executive and senior management levels. The Managing Director, in consultation with Remco, is responsible for ensuring that adequate succession plans are in place. → Approves the remuneration of senior management who are members of Exco reporting to the Managing Director and receives the details of remuneration of the managers who report to the members of the Exco. → Adjustments to directors' and Exco members' total remuneration are recommended to the Board for individual approval.
Assurance	Remco is governed by the good corporate governance principles and the Group's value statement. The members of Remco hereby confirm that they were diligent in exercising their duties of care and skill and that they have taken reasonable steps to ensure that they performed their duties in accordance with the Remco mandate.

REMUNERATION COMMITTEE MEETING ATTENDANCE

Member	2 Nov 2022
JS Stapelberg	✓
CA du Toit	✓
HJK Ferreira	✓
WJ Steenkamp	N/A

NOMINATION COMMITTEE MEETING ATTENDANCE

Member	2 Nov 2022	27 Mar 2023	30 Aug 2023
JS Stapelberg	✓	✓	✓
CA du Toit	✓	✓	✓
WJ Steenkamp	N/A	✓	✓
HJK Ferreira	✓	N/A	N/A

In keeping with good corporate governance practices, the Managing Director attends meetings by invitation only and is not entitled to vote. The Managing Director does not participate in discussions regarding his own remuneration.

Activities undertaken by Remco during the year under review, Remco reviewed the Remuneration Policy to ensure that it is aligned with applicable regulation and remuneration principles contained in the Group's value statement as well as corporate governance guidelines, and with input received from shareholders.

The Remuneration Report was aligned to King IV Principles to articulate and demonstrate the link between strategy, value creation, performance and remuneration.

Remco also reviewed the remuneration packages and structure of executive directors to ensure that they are competitive in the relevant market and are aligned with shareholders' interest as well as with the TWK Group's strategy and performance.

SECTION A: REMUNERATION POLICY

OBJECTIVES OF THE REMUNERATION POLICY

The overriding objective of the Group Remuneration Policy is to ensure that the TWK Group remunerate employees fairly and reasonably.

The Group Remuneration Policy is designed to:

- Support and reinforce the achievement of TWK's vision and mission.
- Attract, retain, and reward staff who contribute to the realisation of TWK's vision.
- Ensure internal equity and fairness in and between the various pay categories with reference to equal pay for work of equal value.
- Ensure that staff costs are within the budget set by the Remuneration Committee and are sustainable.

KEY PRINCIPLES OF THE REMUNERATION POLICY

All positions in the TWK Group have been graded by the Job Evaluation Committee, in conjunction with Deloitte. The Peromnes® evaluation method was applied to grade positions. Every Job Title in TWK has been aligned to the Job Title Code of REMWEB® to ensure credible, consistent data for benchmarking remuneration.

To establish a leading position as a sustainable agriculture company, TWK Agri must be able to attract talented employees while being attractive to people as a good career option. It is thus imperative to have an appropriate benchmark to measure TWK Agri's remuneration levels.

This benchmark aims to:

- be achievable;
- maintain competitiveness in remuneration;
- be reasonably foreseen to be affordable i.e. sustainable;
- be measured against reliable and comparable data.

TWK Agri uses the National Remuneration Guide by Deloitte and the Peromnes® Graded Tables as its benchmark. The benchmark for remuneration considers the 50th percentile of the REMWEB® market, including the variations in province and industry.

REMUNERATION STRUCTURE

TWK's remuneration structure is based on a remuneration structure, which consists of a basic salary and benefits.

Remuneration structure possibilities consist of the following:

- Basic salary paid monthly in arrears, with statutory deductions such as PAYE, UIF and SDL.
- Provident Fund and death/disability cover is compulsory within the company to all employees at the percentage of the basic salary indicated on the letter of appointment.
- Employment Bonus payable (pro-rata) in December each year should the employee be employed during December.
- Vehicle allowance or company provided vehicle (only if applicable).
- A fuel card (only if applicable).
- A company cell phone and a suitable contract/cell phone allowance (only if applicable).
- Commission structures (only if applicable).
- Remuneration structures may differ from one division to another, between occupational levels, entities and/or affiliated companies.

SALARY INCREASES AND SALARY REVIEWS

The range of salary increases per occupational level are determined annually by the Committee (Remco), through wage negotiations with unions or based on the minimum prescribed increases from Collective Bargaining councils. Remco considers the following factors when determining the approved increase percentages:

- Actual CPI for 12-month period ending August of each year.
- Average predicted increases per Occupational Level as determined by Deloitte and Remchannel surveys.
- Percentage of budgeted target achieved by the TWK Group.
- Proximity from the benchmarked salary (50th percentile of the
- REMWEB® benchmark).

Salary adjustments are awarded from time to time to ensure that an individual employee is adequately compensated for the job that they do and/or their knowledge or skills relative to the market value of that job and/or knowledge or skills. Adjustments are made to ensure that no employee is de-incentivised to perform. All salary increases are subject to the approval of the relevant Executive Manager and must be submitted and actioned in accordance with the processes and procedures established by the Group approvals framework.

VARIABLE PAY (STI)

Variable pay refers to remuneration, which is not guaranteed to the employee, of which payment is dependent on the achievement of criteria at a segment and a collective business level, based on a reasonable return on capital for the financial year. Employees' variable pay is in the form of a discretionary profit share bonus, with the aim to attract and retain talented employees and to reward employees for substantial performances. The committee (Remco) determines the total profit share value based on set criteria, before presentation to the Board of Directors for approval.

Variable pay is also paid in the form of commission and is applicable to employees in sales positions.

LONG-TERM INCENTIVES (LTI)

The Group's LTI programme refers to the TWK Agri share options incentive scheme. Key employees within the Group are eligible to participate in the scheme.

The scheme supports the principle of aligning management and shareholder interests. Executive directors and key employees participate in the TWK Agri Group's share option incentive scheme, which is designed to recognise the contributions of key employees to the growth in the value of the Group's equity, and to retain key employees.

Within the limits imposed by the Company's shareholders, options are allocated to the employees in proportion to their contribution to the business, as reflected by the Company's performance. The options, which are allocated at a price approved by Remco, as defined in the TWK Agri share option incentive scheme policy and the applicable CTSE listings requirements, invests in the designed periods and are exercisable immediately as defined in Section 8C of the Income Tax Act.

DIRECTORS' SERVICE CONTRACTS

The Managing Director's contract has been renewed for period 1 January 2022 to 31 December 2024 and the Financial Director's contract is for period 1 January 2023 to 31 December 2025.

NON-EXECUTIVE AND EXECUTIVE DIRECTORS' REMUNERATION

The remuneration, short term incentives, equity share-based payments and travel costs for TWK Agri's non-executive and executive directors are listed below:

Figures in Rand	Remuneration	Travel expense
Non-executive director		
WJ Steenkamp	475 960	12 984
HG Hiestermann	352 536	19 379
HW Küsel	387 653	22 288
TI Ferreira	441 976	19 051
KP Paul	230 764	10 562
HJK Ferreira	162 099	–
CA Du Toit	475 994	21 277
JCN Wartington	332 785	21 013
JS Stapelberg	573 295	4 666

Figures in Rand	Remuneration	Short-term incentive	Share-based payment vested	Fuel excluded from remuneration
Executive director				
AS Myburgh	5 372 177	3 755 000	3 178 350	52 282
JEW Fivaz	3 554 141	2 485 000	1 907 010	143 245

Social and Ethics Committee report

The purpose of the Report by the Social and Ethics Committee is to report on how the committee performed its responsibilities as defined for the financial year ended 31 August 2023.

COMPOSITION

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

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

The committee meets at least twice a year. Further meetings may be requested if deemed necessary.

SOCIAL AND ETHICS COMMITTEE MEETING ATTENDANCE

Member	1 Mar 2023	30 Aug 2023
KP Paul	✓	✓
TI Ferreira	✓	✓
HW Küsel	✓	✓
JCN Wartington	✓	✓
CA du Toit	✓	✓

OBJECTIVES AND RESPONSIBILITIES

The committee performs its statutory obligations as prescribed in the Companies Act (Regulation 43), as well as additional non-statutory functions as per the recommended practices of the King IV™ Report on Corporate Governance.

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

1. Social and economic development, including the Group's goals in terms of:
   a) the 10 principles of the United Nations Global Compact Principles;
   b) the Organisation for Economic Co-operation and Development's recommendations on corruption;
   c) the Employment Equity Act; and
   d) the Broad-Based Black Economic Empowerment Act.
2. Good corporate citizenship, including promoting equality, preventing unfair discrimination, reducing corruption, developing the community in which the Group operates, and recording sponsorships, donations and charity expenses.
3. The environment, health and public safety, including the impact of business activities, products or services.
4. Relationships with consumers, including company advertisements, public relations and compliance with consumer protection laws.

TWK Agri (Pty) Ltd, the main operating entity, currently has a Level 5 B-BBEE rating. The preferential procurement component of the B-BBEE scorecard remains a challenge due to the nature of TWK's business, with significant purchases from large generic suppliers that are not majority black owned.

GOOD CORPORATE CITIZENSHIP

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

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

TWK acknowledges its duty to contribute to the socioeconomic upliftment of the community in which it conducts business. This includes sponsorships and donations to different institutions. All sponsorships, donations and charity expenses are recorded and reported to the Committee.

THE ENVIRONMENT, HEALTH AND PUBLIC SAFETY

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

We are committed to protecting the environment, preserving our natural resources, utilising them in an efficient and responsible way, and implementing sound environmental practices in all our business operations. We will restrain from doing business with third parties who do not go about their business in an environmentally responsible way.

Electricity and water savings are also constantly being addressed and new green energy initiatives are implemented annually.

Special attention is given to health and safety issues in the workplace to ensure a healthy workforce, a safe environment for our employees and a work environment in which our operations can be maintained and improved. Compliance with the Occupational Health and Safety Act is managed through health and safety committees and regular internal audits from the Health and Safety department. The safety of our employees is of paramount importance and training is provided to emergency workers, fire-fighters, and forklift and machine operators on an ongoing basis. Where applicable, employees are continuously sent for medical observation.

CONSUMERS AND CUSTOMERS

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

LABOUR RELATIONS

At TWK our workforce is one of our most valuable assets. For this reason, TWK, striving to be an employer of choice, focuses on creating healthy labour relationships.

This year, TWK again granted several bursaries to matric learners and assisted employees in obtaining formal qualifications. At the same time, various training initiatives were driven at administrative and operational points. The development and the enhancement of our workforce's skills is a top priority that allows us to play a key role in achieving sustainable growth in our workforce, as well as the community in which we operate.

We treat our employees fairly, respecting their human rights and human dignity, and remunerate them at a competitive level. We provide a safe and healthy working environment to our employees and do not tolerate any form of discrimination based on religion, race, or gender.

ORGANISATIONAL ETHICS

A code of ethics, describing the principles according to which TWK operates its businesses, is signed by all Board members and employees. During the year, the code of ethics has been reviewed and amended. Amendments included the alignment of the code to the company values, the inclusion of the details of the existing whistleblowing facility into the code, and general improvements. The code of ethics is available on the Company's website.

TWK strives to maintain sound relationships with all stakeholders and is fully committed to the ethical principles of equity, accountability, transparency, and social responsibility.

The ethics strategy is being implemented and includes a range of focus areas including the creation of more ethics awareness, promotion of discussions on ethics (ethics talk) and ensuring buy-in to ethical standards throughout the different occupational levels in the organisation.

ESG (ENVIRONMENT, SOCIAL AND GOVERNANCE)

The Committee is of the opinion that the TWK Group maintains a high level of compliance in terms of broad sustainability principles and international best practice standards.

During the year, a specialist consultancy was engaged to assist the Company in reassessing its ESG journey and an ESG roadmap has been developed. Due to the TWK Group's diversified nature, a focus area is to strive for greater cohesion and integration of divisional efforts, and to grow towards a better unified ESG strategy. By adopting a unified strategy, the Company can ensure that its ESG efforts are not only consistent and efficient but also resonate more powerfully with stakeholders, amplifying the company's positive impact on society, the environment, and governance matters.

On behalf of the Social and Ethics Committee,

HW Küsel
Chairperson of the Social and Ethics Committee

8 November 2023

Our people

At TWK, we strive to be the employer of choice and acknowledge our employees' achievements. We value a healthy culture to foster a high-performance environment and are delighted to share our employee demographics and acknowledgements below.

OUR EMPLOYEE DEMOGRAPHICS

TOTAL WORKFORCE

Occupational level	2021	2022	2023
Executive Management	11	11	**12**
Managerial	242	277	**265**
Skilled	342	390	**432**
Semi-skilled	1 023	1 002	**980**
Unskilled	1 261	1 213	**1 185**
Temporary employees	224	232	**239**
Grand total	3 103	3 125	**3 113**

EMPLOYEES PER RACE GROUP

Segment	African	Coloured	Indian	White
Corporate Services	89	11	5	97
Financial Services	54	4	2	144
Grain	184	1	1	32
Timber	1 547	4	5	92
Retail and Mechanisation	359	23	14	245
TWK Motors	112	6	6	76
Total	**2 345**	**49**	**33**	**686**

EMPLOYEES PER GENDER 2023

Segment	Female	Male
Corporate Services	114	88
Financial Services	149	55
Grain	19	199
Timber	439	1 209
Retail and Mechanisation	216	425
TWK Motors	72	128
Total	**1 009**	**2 104**

EMPLOYEE'S EMPLOYEE OF THE YEAR (EEOTY)

All employees nominate their division's Employee of the Year annually. Employees are nominated on the following criteria:

- → Employees live out the TWK Values.
- → Employee maintains interpersonal relationships and promotes teamwork.
- → Employee takes ownership of their duties at work.
- → Employee is always neat and presentable at work.
- → Employee provides good customer service.
- → Employee performs all duties in a timely and accurate manner.

46
awards

46 employees were rewarded with this company-wide recognition. The EEOTY is quickly becoming a prominent award that all TWK employees strive to achieve.

LONG SERVICE AWARDS

228 Employees received long service awards during the 2022/23 financial year, with 23 employees receiving awards for 20 or more years in service.

EMPLOYEES AWARDED 2022/23

1	5 years	**105**
2	10 years	**72**
3	15 years	**28**
4	20 years	**9**
5	25 years	**10**
6	30 years	**3**
7	35 years	**1**

5,83
years

The **average number of years** worked per employee at the TWK Group is 5,83.

EMPLOYEE RETENTION

The number of new employees, terminations and the arbitration rate are shown in the tables below.

NEW APPOINTMENTS 2021 – 2023

Segment	2021	2022	2023
Corporate Services	35	17	**44**
Financial Services	39	55	**37**
Grain	44	37	**56**
Retail and Mechanisation	658	224	**141**
Timber	132	101	**160**
TWK Motors	112	64	**51**
Grand total	1 020	498	**489**

TERMINATIONS 2021 – 2023

Segment	2021	2022	2023
Corporate Services	26	25	**50**
Financial Services	17	22	**42**
Grain	25	40	**31**
Retail and Mechanisation	123	298	**145**
Timber	28	86	**236**
TWK Motors	150	90	**121**
Grand total	369	561	**625**

The TWK Group's attrition (employee turnover) rate was reduced from 18,60% (2022) to 16,08% (2023).

EMPLOYEE TRAINING AND UPLIFTMENT

TWK prioritises the continuous upliftment of our employees through various skills development initiatives. Below are some of the training initiatives within the TWK Group and the number of employees involved in them:

EMPLOYEE TRAINING INITIATIVES 2022 AND 2023

Training initiatives	2022	2023
Study assistance	66	**59**
Bursaries	4	**7**
Online training users	748	**992**
Apprenticeships	15	**20**

- Mandla Ngwenya: Post Graduate Diploma in Management Practice, Henley Business School, October 2022

EMPLOYEE PROMOTIONS

We endeavour to create career growth opportunities as part of the TWK Group's value proposition that we offer our employees. This closely relates to the skills upliftment of our employees, and we are proud to announce that 78 employees were promoted during the financial year, of which 34 were female employees, as shown in the following tables.

FEMALE EMPLOYEES PROMOTED 2023

Segment	Total
Corporate Services	**3**
Financial Services	**7**
Retail and Mechanisation	**15**
Timber	**4**
TWK Motors	**5**
Grand total	**34**

TOTAL NUMBER OF EMPLOYEES PROMOTED 2023

Segment	Total
Corporate Services	**7**
Financial Services	**7**
Grain	**3**
Retail and Mechanisation	**28**
Timber	**25**
TWK Motors	**8**
Grand total	**78**

OUR CULTURE

We believe a healthy culture promotes a productive work environment with engaged employees. Therefore, we invest in various initiatives and events outside the average workplace, where employees can relax and build quality relationships.

Below are images of some of our employee events:

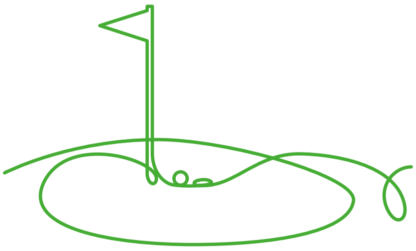
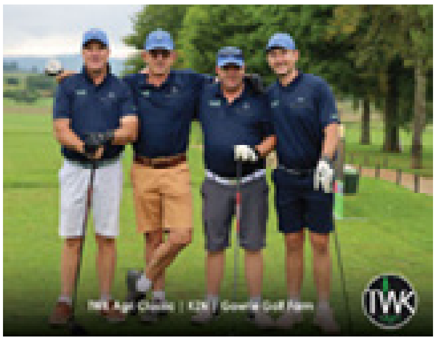
TWK BRAAI DAY

HERITAGE DAY

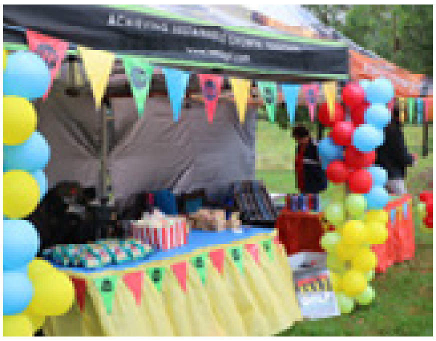





AGRI CLASSIC GOLF DAYS
(MPUMALANGA AND KZN)





EASTER

EMPLOYEE ENGAGEMENT AND INTERNAL COMMUNICATION STRATEGY

In March 2023, TWK Agri with their employees via online and manual survey to determine employee engagement. This endeavour aimed to enhance internal communication systems, fortify organisational culture, and elevate employee engagement, aligning with our broader business objectives.

The initiative commenced with an in-depth analysis of the existing business strategy and its intersection with corporate and operational communication frameworks. Comprehensive research was undertaken to evaluate the efficacy of internal communication protocols, dissemination channels, and message flows. This research also delved into employees' perspectives regarding their commitment levels, perception of the organisation, comprehension of the company's core values, and understanding of the prevailing corporate culture.

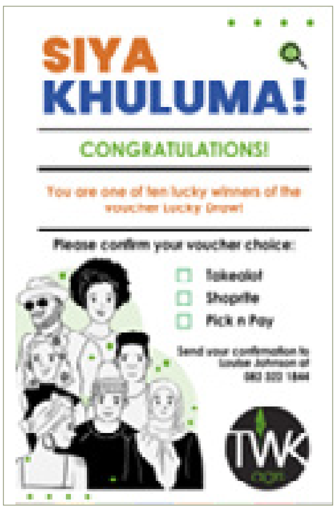
KEY FINDINGS AND STRATEGIC DIRECTIONS

The resultant report presents a nuanced analysis of the strengths and challenges in TWK Agri's internal communication landscape. A forward-looking roadmap has been developed to:

- Enhance communication flows and protocols
- Boost employee engagement and job satisfaction levels
- Induce a positive shift in organisational culture

The methodological rigour ensured a deep-rooted understanding of organisational dynamics, internal communication protocols, core values, and strategic objectives as articulated by key executives. This provides the ensuing communication strategy that intrinsically aligns with TWK Agri's overarching vision.

INTERNAL COMMUNICATIONS



RUTLAND SAWMILL

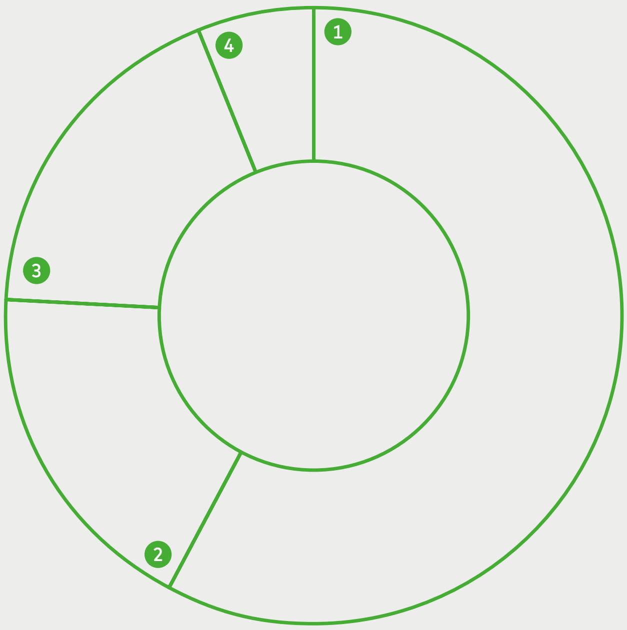
SUNSHINE SEEDLING SERVICES

CONCLUSION

The internal communication strategy underscores TWK Agri's commitment to continuous improvement, employee well-being, and business excellence. It is part of our broader Environmental, Social, and Governance (ESG) strategy, emphasising human capital development as a critical component of sustainable business practices. By systematically addressing the feedback and insights gleaned from the survey, we aim to foster an environment conducive to employee satisfaction and business success

SOME INTERESTING INSIGHTS FROM OUR COMMUNICATION SURVEY:

Q6: IN WHICH YEAR WERE YOU BORN? (%)



1 1977 – 1995 (Gen Y/Millennials)	58
2 1995 – 2010 (Gen Z/iGen/Centennials)	18
3 1965 – 1976 (Gen X)	18
4 1947 – 1964 (Baby boomer generation)	6

Q7: COMMUNICATION IN MY DEPARTMENT IS GOOD

Agree
82,77%
Disagree
17,24%

Q47: IN YOUR WORK SITUATION, WHICH FOUR COMMUNICATION CHANNELS ARE MOST EFFECTIVE TO KEEP YOU INFORMED ABOUT WHAT IS GOING ON IN THE COMPANY? (%)

Face-to-face conversations/ meetings	81,71
Written e.g. email/ memos	80,54
WhatsApp/ Jem	61,78
Phone calls	43,26

Q40: WHICH OF THE FOLLOWING WORDS WOULD YOU USE TO DESCRIBE OUR COMPANY'S TONE OF VOICE? (%)

Professional	74,91
Respectful	55,80
Knowledgeable	52,52
Friendly	49,82
Approachable	47,36
Formal	44,43
Inspirational	36,11
Caring	34,70
Technical	24,15
Authentic	17,12
Confrontational	10,43
Threatening	6,21

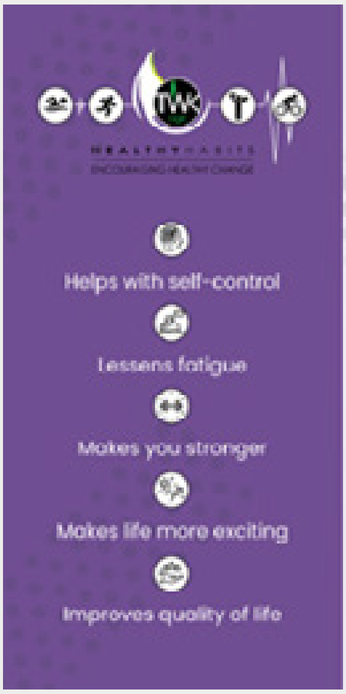
Q48: WHICH OF THE FOLLOWING INFORMATION TOOLS WORK BEST TO KEEP YOU INFORMED AT WORK?

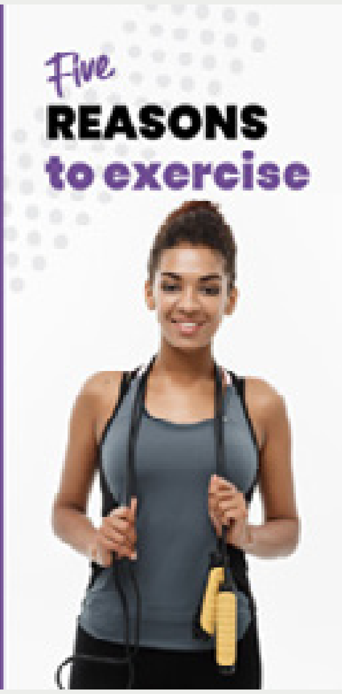
6% Instagram	26% Toolbox Talk
21% Facebook	38% Microsoft Teams
24% Video	59% Company Newsletter
24% Posters	67% Face-to-face briefing/Q&A

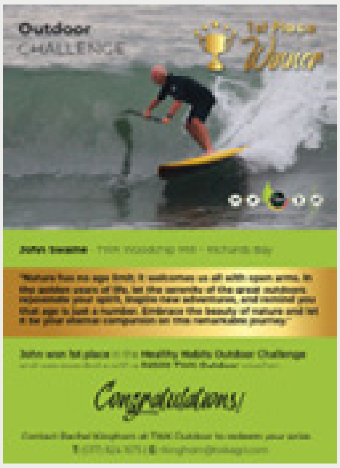
EMPLOYEE WELLNESS

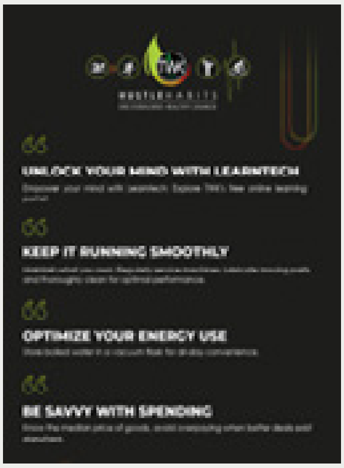
Our Wellness Campaign, TWK Health Habits, promotes a healthy work-life balance for our employees. There is a continued focus on physical, mental and financial wellness to support and uplift our employees.

Below are some of the images and initiatives from TWK Healthy Habits.



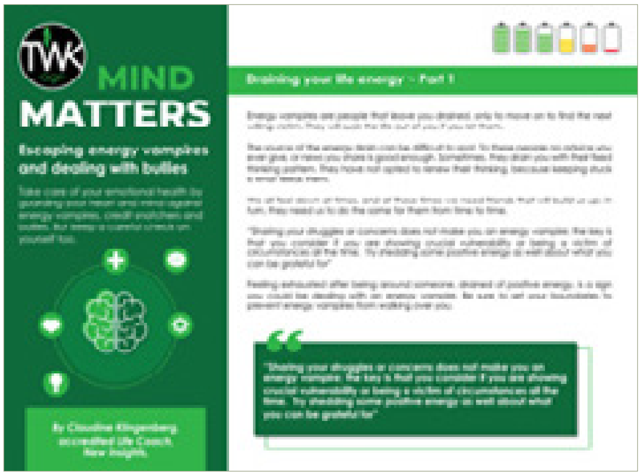


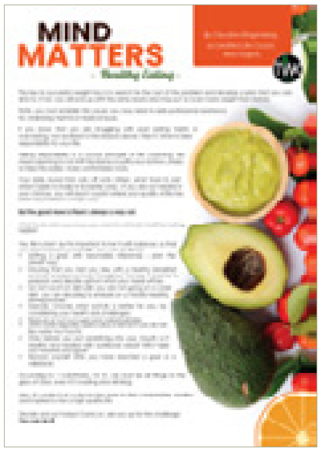




Our Mind Matters newsletters instil healthy work habits. Written by a professional life coach, and our HR Department, we partnered with them to send tips and guidance on a healthier work-life balance.

An exciting new addition to our Mind Matters campaign is the inspirational video clips from the well renowned Jannie Putter, these video clips are customised to address specific behaviours and keep our employees motivated throughout the year.





HUMAN RIGHTS AND CODE OF ETHICS

Human rights are central to our legitimacy and are addressed in our Code of Ethics. The principles embedded in TWK's ethical codes include:

- Respecting and obeying the laws and the authorities in the countries in which we operate;
- Respecting our stakeholders;
- Acting fairly; and
- Being honest, breaches are addressed through the applicable legal system, internal procedures, and the "Tip-Offs Anonymous" system.

Employees may use established grievance procedures, and they may also seek trade union or industry assistance. All incidents reported through "Tip-Offs Anonymous" are investigated by internal audit, and appropriate action is taken regarding the relevant policies and disciplinary procedures.

"TIP-OFFS ANONYMOUS DATA"

Number of reports received:	Number of investigations:	Number of convictions:
8	7	2

We apply a "zero tolerance" approach towards fraud and corruption and protect employees who raise concerns relating to fraud and corruption from victimisation.

The following alleged offences were reported to the "Tip-Offs Anonymous" line:

Customer complaints:	Unethical behaviour/fraud:
0 (2022: 0)	0 (2022: 2)

HR infringements:	Theft:
7 (2022: 2)	1 (2022: 0)

EMPLOYEE RELATIONS

The TWK Industrial Relations showed an increase in disciplinary hearings. We believe the weakened economy and increased financial pressure directly affect our employees, as we noted behaviour that is out of line with the typical characteristics of our employees.

Despite various referrals to the Bargaining Councils, we successfully defended all our Disciplinary actions, which indicates the fair labour practices applied in the TWK Group.

DISCIPLINARY HEARINGS 2021 – 2023

	2021	2022	**2023**
Disciplinary Hearings	258	187	**201**
Incapacity due to Illness	24	8	**7**
Poor Work Performance	14	1	**3**
Dismissals due to misconduct	53	47	**53**
Voluntary Termination Agreements	62	43	**40**
Matter referred to the CCMA/DRC/CMAC	9	10	**8**
No. of employees retrenched	20	14	**48**

HEALTH AND SAFETY

The safety and well-being of our employees are the responsibility of everyone at TWK, and it is a value we drive in all operations. Our health and safety management systems conform to all applicable in-country legislation.

Senior managers are legally appointed within each operation. They are responsible for occupational health and safety and are committed to providing the necessary financial and human resources to ensure that safety objectives are implemented, monitored and maintained:

- Compliance: Adherence to all applicable health and safety legislation, standards, frameworks and best practices relevant to the Group.
- Risk assessment: Continually evaluate and mitigate health and safety risks within the Group. Internal and independent external audits are conducted regularly.
- Risk mitigation: Identification of workplace hazards and providing the required safety equipment, procedures and training to employees to mitigate against accidents, injuries and diseases.
- Training and awareness: Promote awareness and sense of responsibility among employees through effective health and safety communication, training and consultation with all levels of employees, contractors and other stakeholders directly affected by our activities and processes.
- Commitment: Integrated, comprehensive management systems which ensure accountability for employees' well-being.

Continual improvement: Periodic review of the relevance and appropriateness of the above endeavours to ensure continual improvement in **health and safety**.

TWK aims to minimise and prevent any occupational health risks, injuries and accidents. The incidents per segment are indicated below.

FATALITIES, DISABLING INJURIES AND INJURIES ON DUTY (2020 – 2023)

Fatalities

Fatalities	2021	2022	**2023**
Retail and Mechanisation	0	0	**0**
Timber	0	0	**1**
Grain	0	0	**0**
Motors	0	0	**0**
Corporate Services	0	0	**0**
Financial Services	0	0	**0**

Disabling injuries

Disabling injuries	2021	2022	**2023**
Retail and Mechanisation	0	0	**0**
Timber	0	0	**1**
Grain	0	0	**1**
Motors	0	0	**0**
Corporate Services	0	0	**0**
Financial Services	0	0	**0**

Recordable injuries on duty

Recordable injuries	2021	2022	**2023**
Retail and Mechanisation	14	21	**7**
Timber	45	48	**45**
Grain	3	0	**2**
Motors	8	3	**0**
Corporate Services	4	0	**0**
Financial Services	0	0	**0**

The following tables indicate the number of Department of Labour inspections and the number of contravention notices issued.

The contravention notices received immediate attention, and problems were rectified with the help of the Health and Safety department.

Department of Labour Inspections (2021-2023)

Department of Labour Inspections	2021	2022	2023
Corporate Services	2	1	**2**
Financial Services	4	9	**2**
Grain	1	3	**0**
Timber	0	4	**2**
Retail and Mechanisation	13	22	**24**
Motors	13	8	**4**
Total	32	47	**34**

Contravention Notices (2021-2023)

Contravention Notices	2021	2022	2023
Corporate Services	0	1	**0**
Financial Services	0	1	**0**
Grain	1	0	**0**
Timber	0	0	**9**
Retail and Mechanisation	3	6	**11**
Motors	4	13	**2**
Total	8	21	**22**

IT INFRASTRUCTURE AND SECURITY

We continuously invest in our IT Infrastructure and realise the risk we all face with Cybersecurity.

During the past financial year, TWK's security tools on our endpoints have blocked a total of 26 359 attempted breaches, either via viruses or the attempted connection to a device from outside our environment. Web protection scans and checks for malicious embedded code on web pages that users will access via a browser and will block those attempts as well.

CYBER ATTACKS BLOCKED BY FIREWALL, WEB PROTECTION AND ANTIVIRUS

1	Web protection	**12 605**
2	Firewalls	**10 767**
3	Antivirus	**2 987**

All TWK Employees had to complete mandatory cyber security training on the following modules:

- → Cyber security overview
- → Malware
- → Types of security breaches
- → Types of cyber attacks
- → Prevention

Network availability is essential to ensure our information systems' successful processing and provide quality customer service.

The table below indicates the downtime per segment for the last financial year. The main reason for unplanned downtime is still the power failures due to Eskom load-shedding or internal load-shedding from the municipalities.

TWK NETWORK DOWNTIME PER SEGMENT

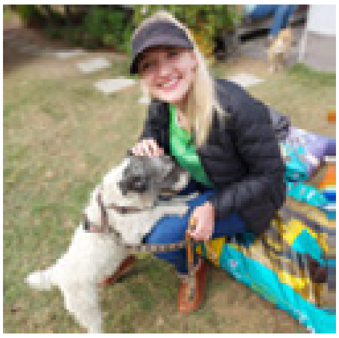
		Downtime (%)		
Site	Network availability business hours (%)	Total downtime	Power failures	Network failures
Motors	99,51	0,49	0,23	0,25
Grain	98,74	1,26	0,66	0,6
Financial Services	99,23	0,77	0,71	0,06
Timber	98,86	1,04	0,93	0,11
Trade	98,67	1,33	1,25	0,08
TWK Group	98,94	1,06	0,94	0,12

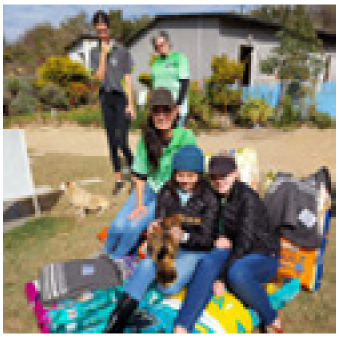
Our social involvement

PHILANTHROPIC INITIATIVES COMMEMORATING NELSON MANDELA DAY

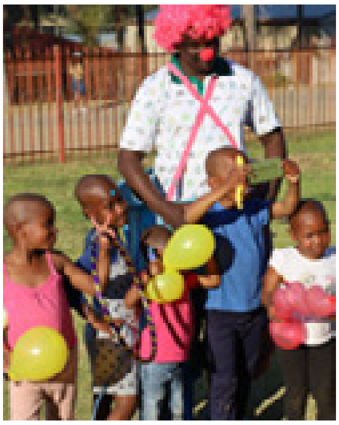
COMMUNITY ENGAGEMENT AND SOCIAL RESPONSIBILITY

In observance of Nelson Mandela Day, Nelspruit Insurance devoted volunteer hours at the Pro-Life Pet Rescue and Rehabilitation Centre, augmenting their service with a charitable contribution of pet nutrition supplies. TWK Trade Ermelo participated in social goodwill at True Rescue, elevating the spirits of the canine residents through engagement and alimentary donations. These actions are congruent with the ethos espoused by Nelson Mandela, promoting communal unity and compassion.





TWK Piet Retief facilitated engagement with Uzwelo Children's Home, enriching lives by distributing toys and essential nourishment. Additional community outreach extended to collaborations with Grip House, the SAPS, and a visit to Louis Hildebrandt Children's Home in Volksrust, delivering recreational items and dietary essentials. Our joint endeavours have yielded meaningful societal impacts, aligning with the altruism and communal unity principles that Nelson Mandela championed.



In partnership with Seetsa Finance, EUM engaged in charitable activities to support Ratanda Old Age Home in Heidelberg. The initiative included meal preparations, activities for the residents, and distribution of essential personal care packages. This concerted effort contributed to the wellness of the senior population.

During this commemorative day, TWK Trade Pietermaritzburg invested time and resources at CHOC, disseminating care packages to enhance well-being.

COMMITMENT TO BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE)

Our organisation remains steadfast in its commitment to B-BBEE principles, prioritising social and economic diversity within our operational framework. We adhere to ethical standards that emphasise growth and sustainability. Amendments to the Agri B-BBEE scorecard have been developed in the agricultural sector, particularly in developing black- and female-owned preferred suppliers over an extended time frame. TWK maintains a level five B-BBEE contributor status, scoring optimally in Enterprise Development, Supplier Development, and Socio-economic Development.

DIVERSITY AND INCLUSION: GENDER AND RACE EQUALITY

TWK's organisational policies reflect an unwavering commitment to achieving gender and racial parity. We reject discrimination and strive for inclusivity through human resource management, employment equity, and training programmes.

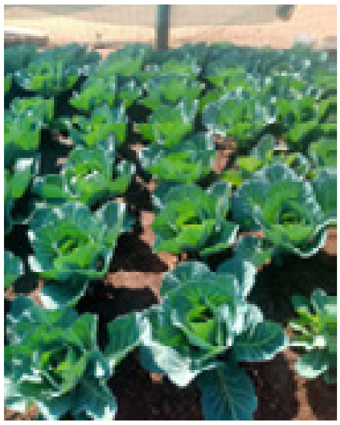
TWK AGRI 'GARDEN AND LIFE' CAMPAIGN

In line with our corporate social responsibility, TWK Agri has inaugurated its 'Garden and Life' campaign in Mkhondo, facilitated by the Institute for Rural and Community Development (IRCD). This initiative aims to mitigate food scarcity and malnutrition by empowering communities with knowledge and skills in micro-farming. Given the escalation of food inflation rates, the campaign focuses on developing home-based agricultural entrepreneurship. This initiative is designed to augment food security and cultivate a new generation of economically self-sufficient citizens in alignment with our ESG goals.

TWK acknowledges the systemic challenges faced by community members who are marginalised from the formal commercial agricultural sector. As part of our empowerment strategy, we collaborate with IRCD to provide proper training programmes focused on sustainable micro-farming techniques.

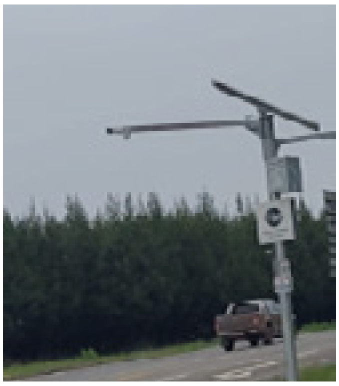
CONCLUSION

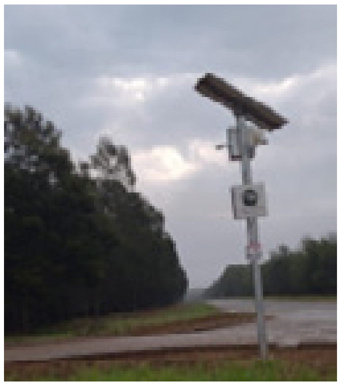
Addressing food security and social well-being is intrinsic to our core values and critical for the socio-economic development of our communities. Our corporate actions are designed to resonate with environmental stewardship, social responsibility, and governance principles, thereby contributing to a more equitable and sustainable future.

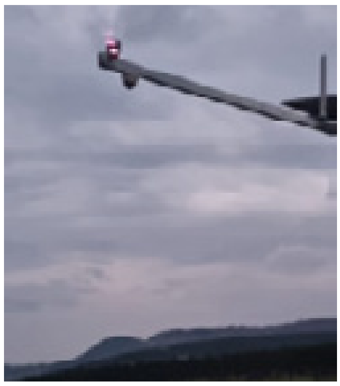


CAMERA PROJECT

Our continued security camera project is ongoing, targeting surrounding areas to assist in community safety.







Environmental initiatives

We are dependent on the environment for critical resources to sustain business operations. Being embedded in the agricultural industry in South Africa means that TWK is deeply aware of how dependent we are on the environment.

We also know that climatic events, such as heat waves, droughts and floods can negatively impact business operations. At the same time, we understand that through our business activities, we can impact the environment either negatively or positively.

Consequently, TWK acknowledges that our responsibility to the environment extends beyond legal and regulatory requirements, and that it makes business sense. Business sustainability is about doing all that is necessary in the short- to-medium term in return for a sustainable business in the long-term, while also being involved in efforts to protect and improve both the work environment and the broader environment with which we interact. TWK's forestry have a the largest environmental footprint of the group.

ENVIRONMENT MANAGEMENT SYSTEM

The whole forestry division is managed according to an **Environment**, **Quality** and **Safety** system.

Environment

Quality

Safety

All divisions with an environmental impact do have a monitoring system to evaluate their impact and to mitigate high risk impacts. The Grain, Motors and Trade have separate systems for their unique business entities that mitigate all environmental risks.

ENVIRONMENT MANAGEMENT PLAN

The divisions with a high impact on the environment have **Environmental Management Plans** with annual evaluation and third party auditing.

ENERGY MANAGEMENT

TWK started to implement measures to encourage the use of alternative energy sources in 2016. Additionally, we make use of timber offcuts to generate heat for our processing plants at SAWCO Pine Mill as well as our treating plant in Eswatini.

BIODIVERSITY CONSERVATION (INCLUDING FRESH WATER)

TWK does regular biomonitoring, veld condition assessments, as well as fauna and flora surveys of the landholdings to assist in our biodiversity conservation management.

This helps to identify possible rare and endangered species so that appropriate protection and conservation measures can be put in place. Monitoring also guide mitigating procedures in the environmental plans.

Forestry land owned by TWK in South Africa and Eswatini

52 437ha

Total managed area

62 419ha

Managed by TWK on lease or management agreement

4,3%

FSC® and PEFC™ certified

85,4%

FSC® certified

25 258ha

Non-afforested areas managed as conservation areas

14,6%

Non-certified and in the process of development (mostly managed area).

4 795ha

Classified as HCV are included in the conservation area

31,2%

Conservation areas

7,7%

High conservation values

Total

38,9%

ENVIRONMENTAL REGULATION AND CERTIFICATION

The Group is committed to environmental regulatory and legislative compliance prescribed in South Africa and Eswatini.

FSC® certified plantations in Eswatini and South Africa.

TWK currently manages three FSC® Forest Management Certificates comprising a total of 53 088ha and one FSC® Chain of Custody Certificate. TWK also has a PEFC™ multisite certificate and a PEFC™ CoC certificate. TWK supports the expansion of PEFC™ in Eswatini. The implementation is planned to be completed in 2025.

SAWCO pine mill is certified under, SANS 1783-1:2018, SANS 1783-2:2013 and SANS 1783-4:2012. SAWCO Pine Mill is also a member of the South African Wood Preservers Association.

In South Africa we are currently in the process of verifying Existing Legal Water use with the Department of Water Affairs and Sanitation. This process is currently in limbo due to a legal challenge between DWS and FSA. All timber procured to our processing plants have to adhere to the TWK Due Diligence System (DDS) that complies with to the FSC® standard as well as the PEFC™ standard.

Sunshine Seedlings Services is ISO 9001 (2015) certified and certified at the Seedling Growers Association of South Africa.

Richards Bay Chip Mill and the timber depots at Mkhondo and Vryheid are included in the TWK FSC® CoC certificate. Since May 2023 all three sites are also certified under the PEFC™/SAFAS standard.

STTP plant is managed according to approved Eswatini Environmental Authority Environmental Management Plan. STTP is certified for SANS 754, SANS 457-3 and SANS 1288

Mkhondo and Panbult silos are certified under the PPECB. TWK Grain facilities are also registered at the South African Grain Information Service. Pest control applied according to legal and best practice standards.

All Total garages have an **Environmental Impact Assessment approved** before a retail licence can be issued.

Mkhondo grain mill is ISO certified ISO 22000: 2018. It is also certified under the Food safety assessment standards. The grain mill also complies with SANS 10049:2019, SANS 10330 – HACCP and ISO/TS 22002

Air quality is monitored at **Mkhondo Grain processing plant.**

External assessments are done every **24 months...**

for air quality including **counts of carbon dioxide** and **carbon monoxide**; temperature and humidity are also monitored.

Cultural heritage

Currently the only culture sites are gravesites on our landholdings.

All grave sites are protected, and their related communities have free access to sites.

Deforestation

All timber production is from commercial plantations planted with exotic trees (these are Acacia, Pinus and Eucalyptus).

No indigenous forests are harvested. Rather, TWK ensures that all Indigenous plantations are protected and managed as areas of High Conservation Value (HCV).

Fire management

TWK has a well-managed Fire Protection Plan for all landholdings. TWK is a member of the **Mkondo** and **Mpuluze Fire Protection Associations** and we work with all our neighbours and communities to assist in the prevention of fires.

50 uncontrolled fires with a partial loss of **92ha**

	2023	2022	ha loss 2023
Northern farms	**0**	0	0
Southern farms	**0**	0	0
SFC Nhlangano	**28**	17	0
SFC Peak Timbers	**22**	17	92

Greenhouse gas emissions and climate change (Including research)

TWK's plantations are registered with the Department of Environment, Forestry and Fisheries for monitoring greenhouse gas emissions. The greenhouse gas emission report is submitted annually. TWK is also a member of a research platform to facilitate climate modelling and sustainability resource availability for all forestry stakeholders. This aims to reduce risk and improve adaptation/mitigation strategies in relation to climate change. This research is done by the University of the Witwatersrand's Global Change Institute.

Pollution prevention

All washbays at TWK motors, Total filling stations, TWK farms and MTP workshops are equipped with separator tanks to collect potential contaminating substances. These facilities are regularly cleaned, and all waste is collected for safe disposal. Pollution management forms part of the TWK Health and Safety system. STTP also has a separating system to prevent any creosote pollution from the processing and storage sites. A process has been implemented to replace lights with LED at all TWK facilities.

Hazardous substances (Including chemical use)

TWK is a member of the Timber Industry Pesticides Working Group (TIPWG). Only chemicals approved by TIPWG are used on forestry operations. The total pesticide and herbicide used is monitored and audited annually by external auditors during the FSC® audit, and in turn published annually on the FSC® web page.

Only approved chemicals as per standard are used at the TWK Grain division. Chemical use is also audited by external auditors annually. All flammable liquid storing facilities have been registered at the relevant Local Authority. All hazardous waste (florescent lights, oil, hazardous containers) is removed by a registered Hazardous Waste transporter and Waste Management Company.

On average:

48 648ℓ **of oil is collected per year by Toyota service stations and sent to certified oil recyclers.**

Chemical list

	Glyphosate (ℓ)	Triclopyr (ℓ)
Northern farms	688	70
Southern farms	1 479	83
SFC Nhlangano	8 889	117
SFC Peak Timbers	29 323	7 482

Soil and groundwater

Soil erosion is a risk in forestry operations. All forestry operations are evaluated and then managed through TWK Forestry procedures. Procedures are set up to mitigate the impact of forestry on the environment. Procedures for mitigating operations include fire protection, roads, land preparation, weed control and harvesting. Erosion is one of the elements audited annually during the FSC® external audits. TWK is a participant in a Sector Innovation Fund research to determine the impact of forestry on soil erosion in a micro catchment.

Waste management

All sites handling non-domestic waste have a waste management procedure. Waste is classified as follows:

Non-hazardous waste
Only disposed of in a permitted disposal site.

Hazardous waste
Can only be removed by a registered hazardous waste contractor with a waste removal manifesto. All records are kept.

Medical waste
Stored in a medical waste box and disposed at a registered medical facility.

Tyres
Tyres are returned to the supplier.

Water management

All non-municipal sites use water from registered boreholes. Water is tested for human consumption safety.

REGISTERS AND REGULATIONS

Legal registers maintained to track records of compliance

A forestry legal compliance audit was done in June 2023.

POLLUTION ABATEMENT AND TESTING

1. Does the company generate waste water or other effluents?

No waste water or effluent is generated in the production processes. All sewage is managed according to best practice Municipal sewerage works or septic tanks.

2. Are these effluents effectively managed through appropriate measures such as installation of effluent treatment plant or a sewerage treatment plant?

No waste water or effluent is generated in the production processes. All sewerage are managed according to best practice Municipal sewerage works or septic tanks.

3. Are any of the wastes generated hazardous? If yes, is there a hazardous waste manifesto in place? What is the interval of disposing of hazardous waste?

None hazardous.

4. Does the company conduct drinking water test as per ISO 15553:2006?

Yes — all non-municipal water is tested for human consumption.

5. Does the company have rain water harvesting system?

No.

6. Does the company track water usage?

Water usage is monitored at each branch. Water is only used for domestic purposes. Forestry water is also used for fire management in relatively small volumes.

7. Does the company generate air and noise emissions? If yes please specify the source of emissions? (Such as DG set, etc.)

Yes — noise emissions; mobile machinery.

8. Are these emissions effectively managed as per the regulatory requirement?

Yes — PPE is assigned to employees.

RESOURCE EFFICIENCY

Does the company monitor its use of energy and/or natural resources?

Use of energy is managed at every branch. Natural resources: timber plantations are managed on a long term sustainability and audited annually (FSC®/PEFC™).

Has the company taken steps towards more efficient processes and controls or different technologies in its operations?

New technology is constantly trialled and tested. In the forestry division trials are coordinated with different universities and service providers. This covers a wide variety of the whole process (land preparation, planting harvesting and processing).

Annual financial statements

Annual financial statements

Report by the Financial Director

JEW Fivaz
Financial Director

8 November 2023

INTRODUCTION

The year under review can be characterised as a half full glass. The first part was filled with outstanding performance especially by the Timber Segment. Despite a decline in exports to China, the results reflect the competitive advantage of the Timber Segment and the positive contribution of the recent strategic additions. In addition, the weaker exchange rate supported revenue and profit. The second part was impacted by a lag in unprecedented economy recovery and unanticipated levels of cost inflation. This was compounded by certain supply constraints because of global and local supply chain challenges and margin pressure in the fertiliser segment as the prices constantly declined.

The new financial year started with abundant uncertainties in the sector as well as in the local and global economy. Our disciplined approach, focused strategy and business model ensured success, although lower than the record achieved in 2022. Building on a robust balance sheet, market penetration, disciplined cost control, the improvement of operational efficiencies the investment in strategic business opportunities and the divestment of non-performing and non-core assets were the key features of the Group during the year under review. TWK continued with the growth strategy with a focus on our core business, without losing sight on capital management.

The negative impact of the fertiliser business unit was to an extent negated by the solid performance of the other segments. It underlines the effectiveness and importance of our diversified business model and paves the way for stronger growth prospects.

By year-end 2023, we were in a net cash position of R113,43 million compared to R214,92 million which was supported by effective working capital management but offset by a decrease in profit before tax. Net cash from operating activities increased by R251,75 million to R293,88 million (2022: R42,13 million). Stock levels at CTC, grain and mechanisation were higher in preparation for the new agricultural season. Having cash on hand remains one of the focal areas within TWK from a financial perspective and enables us to execute on our strategic goals.

As part of our path to maintain a sustainable capital structure for the business and continue to grow profits, we have focused on exiting non-performing and non-core businesses. It was therefore decided to dispose of certain assets especially in the Renewable energy and the Motors segment. During the year the Group disposed of the shares held in Roofspace Rental Group and it was also resolved to dispose of the business operations of TWK Motors (Pty) Ltd. The funds realised from selling the assets will be utilised to expand in strategic business operations.

The negative impact of the fertiliser business unit performance resulted in a decrease in gross profit, EBITDA and operating profit margins. We have however continued to focus on doing good business with a focus on sustainability that will ultimately deliver shareholder value.

Notwithstanding exceptional performance in the Timber segment, the unfavourable market conditions in the fertiliser business unit translated to a profit from continuing operations for the period of R299,50 million compared to R369,05 million for the 2022 financial year. Gross profit margins have decreased from 16,85% in 2022 to 15,77% in 2023 and operating margins have decreased from 6,60% in 2022 to 5,27% in 2023.

In the 2023 financial year revenue is up by 4,56%, profit before tax is down by 18,29% and headline earnings per share decline by 35,92% from 875,71 cents to 561,12 cents. The net asset value per share of TWK Agriculture Holdings increased from R107,48 in 2022 to R117,83 in 2023.

During the financial year we have focused on our key financial indicators namely revenue growth, operating profit growth, return on total assets, return on equity and consistent headline earnings per share growth.

REVENUE GROWTH

Revenue is up due to favourable timber market conditions, increased volume in timber sales, increased volume grain marketed and an increase in grain commodity prices. We expect a further growth in revenue during 2024 because of increased woodchip export and a recovery in the fertiliser business unit. We will increase quality revenue by optimising existing operations, increasing product offerings, and expanding our footprint through acquisitions.

OPERATING PROFIT GROWTH

The ability to convert revenue growth into operating profit growth is a critical measure of our success. This indicates the effectiveness of cost control, unlocking of synergies and the effectiveness of production and procurement. The focus will be to further unlock synergies within the different business units and segments. This will also be achieved through the planned acquisitions of new business units and to benefit from economies of scale.

RETURN ON TOTAL ASSETS

Assets should be utilised effectively to generate earnings. Assets that do not yield the desired returns will be disposed. We will focus on effective inventory management which will increase the return on total assets and lower the dependency on revolving loan facilities.

RETURN ON EQUITY

Shareholders rightfully expect consistent returns on capital provided. We believe that return on equity is a true bottom-line profitability indicator and therefore strive to invest in opportunities that will yield returns above our internal rate of return threshold. Investments that do not yield the desired returns are closely monitored and, where necessary, corrective actions are taken.

CONSISTENT EPS GROWTH

The effective management of the financial indicators as discussed above will result in EPS growth.

FIVE-YEAR REVIEW

The summary of the five-year review is as follows:

Figures in Rand	2023	2022 Restated*	2021	2020	2019
Revenue	**9 652 116 774**	9 231 264 667	8 453 017 036	7 680 515 445	7 753 615 098
Operating profit	**508 842 510**	609 317 764	610 224 208	314 961 108	443 139 157
EBITDA	**613 935 258**	658 061 212	530 678 293	347 852 981	431 543 364
Finance cost paid	**168 291 962**	94 257 695	98 100 944	102 788 223	114 807 056
Interest cover — EBITDA (times)	**3,65**	6,98	5,41	3,38	3,76
Net profit before tax	**411 696 357**	503 831 376	393 569 060	179 427 766	293 056 830
Total assets	**6 399 110 013**	6 209 539 140	5 409 444 901	4 568 023 111	4 463 962 280
Return on total assets — EBIT (%)	**8,52**	9,67	8,51	6,18	9,14
Current ratio	**1,17**	1,11	1,14	1,27	1,22
Gearing ratio (%)	**113,13**	116,66	125,25	119,66	114,82
Earnings per share (cent)	**1 170,75**	1 694,75	1 343,61	674,33	925,64
Return on opening equity (%)	**10,86**	17,54	15,27	8,28	13,01
Price earnings	**5,09**	3,18	3,42	5,93	4,00
Dividend per share (cent) (declared post year-end)	**2,00**	2,50	1,74	1,07	1,39
Net asset value per share	**117,83**	107,48	97,66	88,45	83,11
Market cap 31 August	**790 717 980**	711 525 711	600 729 134	519 735 760	471 029 240

* The prior year comparatives have been restated for the effect of the reclassification of discontinued operations. Refer to note 22 of the financial statements.

FINANCIAL PERFORMANCE

The following review of the Group's financial performance for the year ended 31 August 2023 focuses on the key line items of the statements of comprehensive income and financial position which management considers material to the Group's performance.

The following review should be considered in conjunction with the annual financial statements.

REVENUE

Group revenue increased by 4,56% to R9,65 billion (2022: R9,23 billion). Revenue in the trade segments decreased by 8,29% due to continuous declines in fertiliser product prices and sales volumes. Revenue was however supported by an increase in Revenue in the Timber segment by 35,80% due to increased sales in woodchip export market and increase sales from own plantations. The woodchip export revenue was also supported by the weaker Rand.

OPERATING EXPENDITURE

The Group's operating expenses increased marginally by 0,42%. High fuel prices and the impact of loadshedding had a direct effect on operating expenses. Operating expenditure as a percentage of turnover was 10,74% (2022: 11,18%) and is in line with our commitment to maintain disciplined expense management and to improve operational efficiency especially during the year under review.

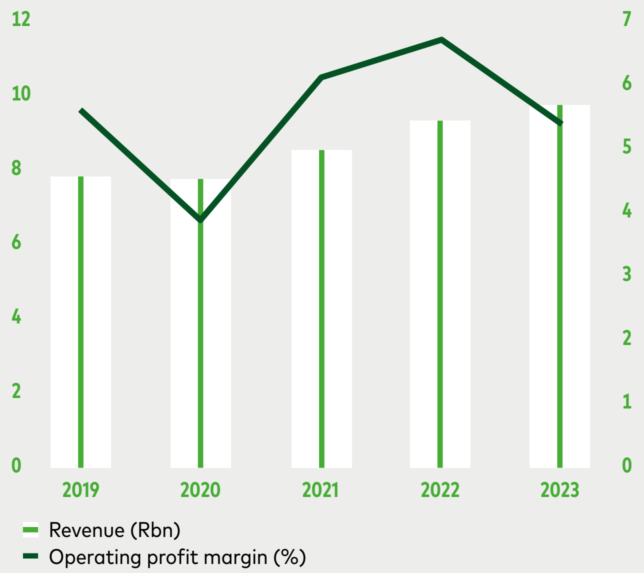
OPERATING PROFIT

Operating profit decreased by 16,49% to R508,84 million (2022: R609,32 million) as the Retail and Mechanisation segment which include the fertiliser business unit experienced difficult trading conditions. This was however negated by the Timber segment which experienced growth in sales, operational efficiency and supported by the weak Rand. The profit on sale of the Roofspace Rental Group business also supported operating profit.

Diligent cost management during the year reduced the negative impact of the difficult trading condition in the Fertiliser business unit.

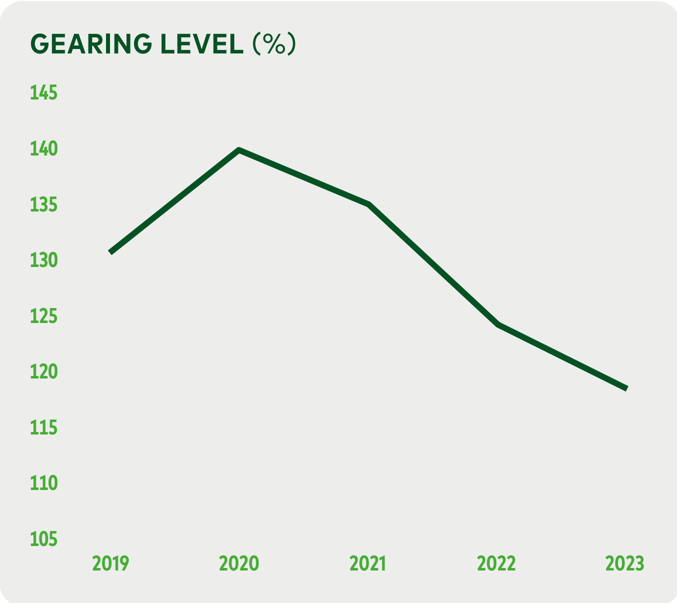
The Group operating margin weakened to 5,27% from 6,60% due to reasons mentioned above.

OPERATING PROFIT MARGIN



STATEMENT OF FINANCIAL POSITION

The ratio of shareholders' interest to total assets improved further to 24,27% (2022: 23,02%) and the gearing level decreased to 113,13% at year-end (2022: 116,66%) Even though the increase in inventory levels do have a direct impact on the gearing level, the loan repayments, and the disposal of the Roofspace assets reduced the gearing level. The level is comfortably within our internal thresholds with sufficient headroom available to meet the coming year's requirements. The planned capital raise by means of a share issue will further improve liquidity and gear the Group for planned expansions.



We aim to manage our cost of capital by maintaining an appropriate capital structure, with a balance between equity and debt. The primary sources of the Group's net debt include long-term borrowings and a syndicated revolving credit facility, financing from various banks, thus providing us with access to diverse sources of debt financing with varying debt maturities.

The ratio of current assets to current liabilities at year-end was consistent at 1,08 times (2022: 1,09 times), indicating that working capital remains adequately funded and closely monitored. The continued financial discipline includes a sharp focus on working capital management as part of overall liquidity management. While we have continued to manage collection closely in the current economic climate, the net investment in working capital has increased slightly to R1,85 billion at the end of the year from R1,78 billion in 2022, which is still within our expected range. Although well managed with quality security in place we have seen an increase in our credit risk with our expected credit loss provisions increasing from R52,36 million in 2022 to R61,39 million in 2023. Our debtors' days remain stable in the region of 48 days and we don't expect that the credit risk will increase any further.

The disposals of the held for sale assets will reduce debt and enhance the capital structure. Once these are concluded, the cash of approximately R70 million from the sales is expected to flow before the end of the 2024 calendar year.

INVENTORY

Inventory was tightly managed and Group inventory days was consistent at 59 days. Inventory levels were 9,89% higher, which is in line with the rate of sales growth. Inventory levels were also higher at year-end in preparation for the new season.

TRADE AND OTHER RECEIVABLES

Trade receivables continued to be well managed. The stratification of the client base relative to credit extended is at 98,46% between R1 and R5 000 000. The average utilisation during peak season as well as the balance of seasonal facilities on 31 August 2023 were higher than the previous year, resulting in good interest earnings, however lower than the previous year due to early settlement of production accounts. The total bridging facilities decreased to R6,6 million from R15,8 million. There was also a decrease in handed over facilities from R53,16 million to R40,11 million. Securities are held to mitigate risk where appropriate and we believe we are suitably provided for when considering the health of the debtors' book. Low levels of bad debt permanently written off were still maintained, and the bad debt ratio was 0,75% for the Group's total debtors' book.

CASH AND CAPITAL MANAGEMENT

Net cash from operating activities after taking working capital movement into account increased from R42,13 million to R293,88 million. Cash resources were offset against investing activities and repayment of borrowings.

The Group's capital management strategy is focused on investing in the organic and inorganic growth of the business and returning surplus funds to shareholders through dividends.

Capital is mainly allocated to production facilities extended to producers, inventory, capital projects, working capital for expansion and for mergers and acquisitions. Additions to Property, plant and equipment was R151,08 million.

Own equity increased by R123,33 million, while long and short-term loans decreased by R36,23 million. Long-term borrowings increased by R94,96 million due to advances. The short-term borrowings decreased by R118,83 million. The unutilised short-term facility of R673,79 million (2022 R353,62 million) ensures adequate liquidity.

We are well positioned as a leading agriculture and forestry group with a strong platform for growth. In pursuing opportunities to grow, we are committed to maintaining discipline around expansionary capital expenditure and acquisitions.

ACCOUNTING POLICIES AND ESTIMATES

The TWK Group objective is to ensure that appropriate, understandable, and sustainable accounting policies are adopted, implemented, and aligned to the Group's commercial realities, risks and strategies to the greatest extent possible.

Significant accounting policies adopted in preparation of the financial statements are appropriately described in the financial statements section of the Integrated Report. The Board and senior management are confident that TWK's internal control system is adequate for preparing accurate financial statements in accordance with IFRS and the requirements of the Companies Act.

TWK's Board and management believe the financial statements published in this Integrated Report present fairly, in all material respects, the financial position, financial performance and cash flows of TWK in accordance with IFRS and without any material misstatements.

AUDIT REPORT

The auditors issued an unmodified audit opinion for the financial year.

LOOKING AHEAD

We have proven our ability to succeed within the sector we operate in and are capable to adapt and move forward with our strategic objectives.

One of the key focus areas for TWK is to create sustainable shareholder value. We are constantly looking for expansion opportunities and are already in advanced negotiation stages in a couple of exciting opportunities which promise to enhance profitability. We remain focused on our strategy and will continue to evaluate the return on investments and will act in the appropriate manner where desired results are not achieved.

We continue to focus on good, ethical and sustainable business at the right margins, while continuing to focus on our liquidity and working capital management.

Management will continue to drive volumes and market share and expand our value-added product portfolio which is a core business focus. We will also explore further cost efficiencies and synergistic opportunities to leverage TWK's asset base and infrastructure.

Our investment in Information Technology remains a priority, which will enable improved reporting functionality, improved data quality, optimised decision making and improved information to clients and suppliers.

APPRECIATION

I would like to thank all the employees of TWK that demonstrated courage, strength, and character during this unpredicted year. I am truly grateful for the commitment, passion and diligence received from the finance team. I also extend my appreciation to the executive management team for their passion and drive to win, and to my fellow Board members for their sound advice and valued guidance.

My gratitude towards Standard Bank, ABSA and FNB for their continued support and understanding of our business needs.

I recognise that all grace comes from the Heavenly Father, without which our results and growth are impossible. To Him be all glory and thanks for the blessings that are generously showered upon us.

JEW Fivaz
Financial Director

8 November 2023

Preparation of the annual financial statements

The consolidated financial statements have been prepared by MJ van Tonder AGA(SA) and CJ Lange CA(SA) under the supervision of JEW Fivaz — Group Financial Director.

Statement by the Company Secretary

In terms of section 88(2)(e) of the Companies Act, I certify that, to the best of my knowledge and belief, TWK has, in respect of the financial year ended 31 August 2023, lodged with CIPC all returns and notices required of a public company in terms of the Companies Act, and that all such returns and notices are true, correct and up to date.

MJ Potgieter

Company Secretary

8 November 2023

Directors responsibilities and approval

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. In conducting this responsibility, they rely on the information, assessments and estimates of management. The fair presentation and integrity of the Company and Group financial statements are also evaluated based on accounting systems and internal financial control measures which are monitored on an ongoing basis during the financial period.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies, consistently applied, and supported by reasonable and prudent judgements and estimates. Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS), the IFRS Interpretations Committee interpretations, the requirements of the Companies Act (No. 71 of 2008), as amended, the SAICA Financial Reporting Guide issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. These financial statements incorporate accounting policies that have been consistently applied to all periods presented and are consistent with those applied in the previous financial year.

The directors acknowledge that they are ultimately responsible for the system of internal financial control, established by the Group, and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board of Directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that, in all reasonable circumstances, is beyond reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements that are free from material misstatements, whether due to fraud or error. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group's cash flow forecast for the year to 31 August 2024 and, in light of this review and the current financial position, they are satisfied that the Group has access to adequate resources to continue in operational existence for the foreseeable future. Management is comfortable to conclude that the business will continue as a going concern and is very satisfied with the results the Group has. Based on the Group and Company financial statements, the present position of the Company and the Group, budgets for the coming year and available financing facilities, the directors have no reason to believe that the Company and Group will not be a going concern. The going concern principle is therefore accepted and applied in the preparation of the Group and Company financial statements.

The external auditor is responsible for independently auditing and reporting on the Group's financial statements. The financial statements have been examined by the Group's external auditor and their report is presented on pages 81 to 82. The auditors had unrestricted access to all financial records and related information, minutes of shareholders, directors and Board committee meetings. The directors are of the opinion that all submissions and management declarations presented to the auditors were correct, valid and relevant.

The Directors hereby confirm that: (a) the Group Annual Financial Statements set out on page 83 to 155 fairly present in all material respects the financial position, financial performance and cash flows of the Group in terms of IFRS; (b) no facts have been omitted or untrue statements made that would make the Group Annual Financial Statements false or misleading; (c) internal financial controls have been put in place to ensure that material information relating to the Company and its consolidated subsidiaries have been provided to effectively prepare the Group Annual Financial Statements; and (d) the internal financial controls are adequate and effective and can be relied upon in compiling the Group Annual Financial Statements.

The financial statements have been prepared on the going concern basis, were approved by the Board of Directors on 8 November 2023 and were signed on their behalf by:

JS Stapelberg
Chairman

AS Myburgh
Managing Director

Audit and Risk Committee report

This report is provided by the Audit and Risk Committee for the financial year ended 31 August 2023.

The audit and risk committee ("the committee") has an independent role with accountability to both the board and to shareholders. The committee's responsibilities include the statutory duties prescribed by the Companies Act 71 of 2008, activities recommended by King IV as well as additional responsibilities assigned by the board.

COMPOSITION

The Committee comprise of at least three non-executive directors, elected annually by the shareholders of the Company on recommendation of the Board.

The Committee hold sufficient scheduled meetings to discharge all its duties as set out in the terms of reference but subject to a minimum of three meetings per year.

The managing director, financial director, external and internal auditors, together with the appropriate Board members, attend the meetings on invitation. The internal and external auditors have unrestricted access to the committee.

The membership of the committee comprises of three non-executive directors, two of whom are independent. HJK Ferreira retired as director on 11 January 2023.

An effectiveness evaluation was performed in terms of which the Board satisfied itself that each Audit Committee member has the suitable skill and experience to serve on the Audit Committee.

The committee met four times during the period under review.

Director	2 Nov 2022	1 Mar 2023	18 Apr 2023	27 Jun 2023	30 Aug 2023
HJK Ferreira	✓	N/A	N/A	N/A	N/A
CA du Toit	✓	✓	✓	✓	✓
HG Hiestermann	✓	✓	✓	✓	✓
WJ Steenkamp	✓	✓	✓	✓	✓

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

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

MANDATE DELEGATED BY THE BOARD

The responsibilities of the audit committee are set out in a formal charter which is revised regularly by the Board. In terms of the charter, the following is expected of the committee:

1. Performing its statutory duties as prescribed by the Companies Act, with specific reference to the audit quality, audited independence and financial policies and reporting concerns;
2. Satisfied itself of the suitability, independence, effectiveness and the quality of the external auditors and its audit partner;
3. Recommendation regarding the appointment of an independent external auditor (including the audit partner) in accordance with the provisions of the Companies Act;
4. Approval of fees payable to auditors and the terms and conditions of the appointment;
5. Consideration of any non-audit work by such auditors, and determining whether the provision of such services will materially affect their independence;
6. Review the Audit Committee charter to be in line with the recommendations of King IV;
7. Held separate meetings with management and the external and internal auditors to discuss relevant matters;
8. Receiving and handling any concerns or complaints regarding accounting practices, internal audit work and internal financial control in an appropriate manner;
9. Consider incidents reported on the whistle-blowing platform and monitor actions taken;
10. Reporting to the Board on matters relating to accounting policies, financial controls, financial records and financial reporting;
11. Evaluation of the annual audit plan;
12. Review and recommend for adoption by the Board the Group's consolidated interim results for the six months ended 28 February 2023 and the consolidated annual financial statements for the year ended 31 August 2023;
13. Consideration and review of the accounting practices, policies and procedures, as well as the effectiveness of internal financial controls;
14. Ensure that the financial planning, management and reporting of the business is conducted in accordance with the applicable accounting policies and international financial reporting standards;
15. Monitoring compliance with applicable legislation and regulatory aspects;
16. Evaluation of the effectiveness of management information and internal control systems;
17. Ensure that the internal control function is effective and that the internal auditor has unrestricted access to the chairman of the Audit and Risk Committee and the chairman of the Board;
18. Confirming and monitoring the internal audit process and assessing the effectiveness of the internal audit function;
19. Granting assistance to the Board in order to ensure that the business implements an effective risk management policy and plan and risk disclosure is complete, timely and relevant;
20. Consider the skills and capacity of the finance function in general and the financial director in particular;
21. Recommending the interim and annual financial statements to the Board for approval;
22. Considered the Group's liquidity and solvency;
23. Ensure risk management is integrated into business operations;
24. Perform an assessment of risks and opportunities emanating from the triple context within which the Group operates with reference to the capitals that the Group uses and affects;
25. Ensure risk management assessments are conducted on a continuous basis;
26. Ensure that management considers and implements appropriate risk responses; and
27. Ensure risk management reporting in the annual report is comprehensive and relevant.

INTERNAL FINANCIAL CONTROLS:

Based on the results of the formally documented review of the design, implementation and effectiveness of the TWK Group's internal financial control system conducted by the internal audit function during the 2023 financial year and, in addition, after considering information and explanations provided by management and discussions with the external auditor about the results of their audit, the committee believes that the TWK Group's internal financial control system is effective and provides a basis for preparing reliable financial statements.

EXTERNAL AUDIT

The external auditors of the Company are PKF Pretoria Inc., headed by Mr Brendan Robinson. The auditors regularly attend the Audit and Risk Committee meetings.

The committee is satisfied that the external auditor is independent of the Group in accordance with the Companies Act, which includes consideration of compliance with the independence or conflict of interest criteria as prescribed by the Independent Regulatory Council for Auditors.

The committee in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the 2023 financial year.

The committee approved the terms regarding the non-audit services by the external auditor, and the nature and scope of the non-audit services that may be provided by the external auditor. No material non-audit services were provided by the external auditors during the year under review.

INTERNAL AUDIT

The internal audit function provides information to assist in the establishment and maintenance of an effective system of internal control to manage the risks associated with the business.

The Internal audit is responsible for the following:

- evaluating governance processes, including ethics;
- assessing the effectiveness of the risk methodology and internal financial controls; and
- evaluating business processes and associated controls in accordance with the annual audit plan

The internal audit function is established by the board. The committee is responsible for overseeing Internal Audit, in particular in respect of:

- Oversee the functioning of the internal audit department;
- Satisfy itself of the competence of the internal auditors and adequacy of internal audit resources;
- Approve the annual internal audit plan;
- Reviewing the functioning of the internal audit programme and department to ensure co-ordination between the internal and external auditor; and
- Ensure the internal audit function is subject to independent quality review as appropriate.

The internal auditor has unrestricted access to the chairman of the Audit and Risk Committee and the chairman of the Board.

The Company has a formal risk management process in terms of which financial and control risks are identified, analysed, and updated, and internal audits concentrate, inter alia, on these risks.

EVALUATION OF CHIEF FINANCIAL OFFICER AND FINANCE FUNCTION

The committee is satisfied that the expertise and experience of the financial director is appropriate to meet the responsibilities of the position. This is based on the qualifications, levels of experience, and the board's assessment of the financial knowledge of the financial director. The committee is also satisfied as to the appropriateness, expertise and adequacy of resources of the finance function and the experience of senior members of management responsible for the finance function.

ANNUAL INTEGRATED REPORT AND THE GROUP ANNUAL FINANCIAL STATEMENTS

The committee has evaluated the Annual Integrated Report, incorporating the Group Annual Financial Statements, for the period ending 31 August 2023 and believes that the Group has complied with the requirements of the Companies Act, 2008, as well as International Financial Reporting Standards (IFRS) in all material respects. The committee is also satisfied that the financial statements reflect the position of the Company and Group correctly, that all factors that may have an impact on the integrity of the report have been taken into account, and that the reporting of risk management, as included in this report, is complete and applicable.

The committee and the Board have considered the annual report on correctness and integrity and believe that the report is in all material respects a fair representation of the Group's activities and performance.

The committee has therefore recommended the Annual Integrated Report and the Group Annual Financial Statements for approval to the board. The board subsequently approved the report and the Group Financial Statements, which will be open for discussion at the Annual General Meeting.

Based on the results of the formal documented review of the group's system of internal controls for the year, which was performed by the internal audit function and the CEO and CFO internal control confirmation, nothing has come to the attention of the committee to indicate that the internal financial controls were not operating effectively.

APPROVAL OF THE AUDIT AND RISK COMMITTEE REPORT

The committee confirms that it has functioned in accordance with its terms of reference for the 2023 financial year and that its report to shareholders has been approved by the board.

WJ Steenkamp
Chairman: Audit and Risk Committee

Directors' report

The Directors have pleasure in presenting their report for the year ended August 2023.

1. OVERVIEW OF ACTIVITIES

TWK is involved in agricultural services and is incorporated and domiciled in the Republic of South Africa. The activities of the Company, its subsidiaries and associates are as follows:

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

With its strategic footprint, infrastructure, facilities and client network, it follows a differentiated market approach.

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

2. FINANCIAL RESULTS

The Group achieved a profit before tax of R411,70 million (2022: R503,83 million) and total assets increased to R6,4 billion (2022: R6,21 billion).

The operating results and financial position of the Group are set out in detail in the financial statements, and are explained in the chairman's report, the managing director's report and the financial 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 2024, the Board has satisfied itself that the Company is a going concern and that it complies with the solvency and liquidity requirements of the Companies Act. The financial statements have therefore been prepared on a going concern basis.

4. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of matters or circumstances that occurred between the end of the financial year and the date on which the financial statements were approved that have not been dealt with in the Group and Company financial statements and which may have a significant influence on the activities of the Group and Company or results of those activities.

5. INTEREST OF DIRECTORS IN CONTRACTS

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

6. BORROWING POWERS

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

7. DIVIDENDS

Dividends already been declared and paid to shareholders during the 12 months is set out in the attached statement of changes in equity after approval has been granted by the Board in this regard. Dividends are recommended and approved by the Board of Directors, based on the financial year-end statements. TWK is of the opinion that there will be continued payment of dividends, although no assurance can be given that dividends will be paid in the future or in respect of the amounts to be paid from year to year. The payment of future dividends will depend on the Board's ongoing evaluation of TWK's earnings, after providing for long-term growth, cash and debt resources, and reserves available for payment of a dividend based on the evaluation of the going concern and other factors.

8. DIRECTORS

Full details of the directors appear in the integrated report.

9. DIRECTORS' INTERESTS

The directors' interest in shares of the company appear in the integrated report.

10. DIRECTORS' LIABILITIES

Directors and executive officers of the group are covered by directors' and officers' liability insurance.

11. SECRETARY

The Company Secretary is MJ Potgieter.

Business address:

11 De Wet Street

Piet Retief

2380

12. INTEREST IN SUBSIDIARIES AND OTHER FINANCIAL ASSETS

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

13. AUDITORS

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

14. AUTHORISED AND ISSUED SHARE CAPITAL

Refer to note 23 of the financial statements for detail on the movement in the issued share capital. The unissued ordinary shares are the subject of a general authority granted to the directors in terms of section 38 of the Companies Act 71 of 2008. As this general authority remains valid only until the next AGM, the shareholders will be asked at that meeting to consider an ordinary resolution placing the said unissued ordinary shares under the control of the directors until the next AGM.

Independent auditor's report

PKF Pretoria Incorporated

PKF
chartered accountants & business advisers

Independent Auditor's report

To the Shareholders of TWK Agriculture Holdings (Pty) Ltd

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of TWK Agriculture Holdings (Pty) Ltd and it's subsidiaries (the group) set out on pages 83 to 155, which comprise the consolidated Statements of Financial Position as at 31 August 2023, the consolidated Statement of Profit or Loss and Other Comprehensive Income, the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant account policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of TWK Agriculture Holdings (Pty) Ltd and it's subsidiaries as at 31 August 2023, and its consolidated financial performance and consolidated cashflows for the year ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa.

We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "TWK Agriculture Holdings (Pty) Ltd Integrated Report 2023" which includes the Audit and Risk Committee Report, the Directors' Report and Statement by the Company Secretary as required by the Companies Act of South Africa, as well as the Chairman's Report, Managing Director's Report, Corporate Governance Report, Social & Ethics Committee Report and Report by the Financial Director. The other information does not include the consolidated financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Consolidated Financial Statements

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

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Postnet Suite 322, Private Bag X37 | Lynnwood Ridge, Pretoria, Gauteng, 0040 | South Africa

Members: P R Smith – B Robinson – S Fernandes

PKF PRETORIA INC.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

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

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

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

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

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

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

PKF PRETORIA INC.

PKF Pretoria Incorporated
Per: Brendan Robinson
Director
Registered Auditor
15 November 2023

Emwil House West
Ground Floor
15 Pony Street
Tijger Vallei Office Park
Silver Lakes
0081

Statement of financial position

As at 31 August 2023

Figures in Rand	Notes	2023	2022*
ASSETS			
Non-current assets			
Property, plant and equipment	5	**1 292 877 120**	1 169 435 561
Right-of-use assets	7	**77 601 262**	61 647 127
Investment property	6	**6 200 000**	7 113 435
Biological assets	8	**1 230 312 170**	1 133 353 031
Goodwill and intangible assets	9	**184 960 728**	199 081 390
Investments in associates and joint ventures	11	**24 468 631**	18 922 078
Loans to associate companies	12	**8 923 935**	11 259 666
Loans receivable	17	**62 920 332**	79 027 829
Investments at fair value	19	**12 216 054**	25 300 768
Finance lease receivables	13	**14 456 631**	11 007 356
Deferred tax asset	15	**42 716 635**	19 590 852
		2 957 653 498	2 735 739 093
Current assets			
Biological assets	8	**374 322 409**	319 224 705
Inventories	16	**1 308 906 702**	1 212 458 814
Loans receivable	17	**154 498 070**	34 296 655
Trade and other receivables	18	**1 282 063 807**	1 302 687 263
Derivative financial instruments	20	**2 340 276**	9 202 622
Finance lease receivables	13	**14 167 647**	8 458 672
Current tax receivable		**18 872 023**	32 244 988
Cash and cash equivalents	21	**113 922 349**	215 030 213
		3 269 093 283	3 133 603 932
Non-current assets held for sale and assets of disposal groups	22	**172 363 232**	340 196 115
Total assets		**6 399 110 013**	6 209 539 140
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	23	**31 329 099**	38 541 723
Reserves		**459 471 142**	465 082 067
Retained income		**1 061 993 021**	925 842 508
Own equity		**1 552 793 262**	1 429 466 298
Non-controlling interest		**676 890 646**	611 404 346
Total equity		**2 229 683 908**	2 040 870 644

* The prior year comparatives have been restated for the effect of the reclassification of discontinued operations. Refer to note 22.

Statement of financial position

As at 31 August 2023 continued

Figures in Rand	Notes	2023	2022*
LIABILITIES			
Non-current liabilities			
Other loans payable	27	**–**	1 041 661
Borrowings	28	**876 668 467**	809 827 554
Lease liabilities	7	**59 877 830**	44 478 858
Retirement benefit obligation	14	**4 076 000**	4 585 000
Deferred tax liabilities	15	**316 351 424**	254 615 633
		1 256 973 721	1 114 548 706
Current liabilities			
Trade and other payables	30	**1 002 719 086**	997 968 582
Other loans payable	27	**700 696**	1 009 644
Borrowings	28	**1 721 526 706**	1 764 308 117
Derivative financial instruments	20	**5 600 677**	16 224 000
Lease liabilities	7	**24 974 655**	21 445 116
Contract liabilities	31	**2 196 920**	1 353 726
Current tax payable		**8 844 720**	1 463 324
Provisions	29	**11 111 565**	8 456 961
Dividend payable		**22 438 233**	13 915 743
Bank overdraft	21	**488 628**	106 192
		2 800 601 886	2 826 251 405
Liabilities of disposal groups	22	**111 850 498**	227 868 385
Total liabilities		**4 169 426 105**	4 168 668 496
Total equity and liabilities		**6 399 110 013**	6 209 539 140

* The prior year comparatives have been restated for the effect of the reclassification of discontinued operations. Refer to note 22.

Statement of profit or loss and other comprehensive income

For the year ended 31 August 2023

Figures in Rand	Notes	2023	2022*
Continuing operations			
Revenue		**9 535 220 056**	9 139 423 111
Finance income		**116 896 718**	91 841 556
Total revenue	32	**9 652 116 774**	9 231 264 667
Cost of sales	33	**(8 130 394 535)**	(7 675 607 250)
Gross profit		**1 521 722 239**	1 555 657 417
Other operating income	34	**99 008 743**	103 094 297
Other operating gains/(losses)	35	**(12 454 209)**	33 370 203
Other operating expenses		**(1 099 434 263)**	(1 082 804 153)
Operating profit	36	**508 842 510**	609 317 764
Investment income	37	**12 119 970**	4 753 403
Finance costs	38	**(168 291 962)**	(94 257 695)
Share of profit from associates		**6 331 657**	3 741 443
Other non-operating gains/(losses)	39	**79 094 182**	(4 600 062)
Profit before loyalty scheme payments		**438 096 357**	518 954 853
Loyalty scheme expenses		**(26 400 000)**	(15 123 477)
Profit before taxation		**411 696 357**	503 831 376
Taxation	40	**(112 200 431)**	(134 781 548)
Profit from continuing operations		**299 495 926**	369 049 828
Discontinued operations			
(Loss)/profit from discontinued operations	22	**(51 291 650)**	(4 287 277)
Profit for the year		**248 204 276**	364 762 551
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurements on net defined benefit liability		**188 668**	252 152
(Losses)/gains on property revaluation		**38 845 018**	(4 510 987)
Changes in fair value of equity investments at fair value through other comprehensive income		**584 677**	(14 765 780)
Income tax relating to items that will not be reclassified		**(2 918 654)**	5 752 249
Total items that will not be reclassified to profit or loss		**36 699 709**	(13 272 366)
Other comprehensive income for the year net of taxation	41	**36 699 709**	(13 272 366)
Total comprehensive income for the year		**284 903 985**	351 490 185
Profit attributable to:			
Owners of the parent:			
From continuing operations		**206 539 230**	228 027 385
From discontinued operations		**(51 291 650)**	(4 287 277)
		155 247 580	223 740 108
Non-controlling interest:			
From continuing operations		**92 956 696**	141 022 443
Total comprehensive income attributable to:			
Owners of the parent		**181 075 723**	213 692 233
Non-controlling interest		**103 828 262**	137 797 952
		284 903 985	351 490 185
EARNINGS PER SHARE			
From continuing operations			
Basic earnings per share (c)	42	**1 557,55**	1 727,22
Diluted earnings per share (c)	42	**1 475,28**	1 640,20
From discontinued operations			
Basic loss per share (c)	42	**(386,80)**	(32,47)
Diluted loss per share (c)	42	**(366,37)**	(30,84)

* The prior year comparatives have been restated for the effect of the reclassification of discontinued operations. Refer to note 22.

Statement of changes in equity

For the year ended 31 August 2023

Figures in Rand	Share capital	Revaluation reserve	Restructuring reserve
Balance at 1 September 2021	28 257 332	398 036 696	75 137 000
Profit for the year	–	–	–
Other comprehensive income	–	(1 630 818)	–
Total comprehensive income for the year	–	(1 630 818)	–
Treasury shares	10 284 491	–	–
Transfer between reserves	–	(22 357 477)	(1 703 112)
Change of ownership due to loss of control	–	–	–
Interest in subsidiaries sold	–	–	–
Share-based payments	–	–	–
Dividends	–	–	–
Changes in ownership interest	–	–	–
Business combinations	–	–	–
Total contributions by and distributions to owners of company recognised directly in equity	10 284 491	(22 357 477)	(1 703 112)
Balance at 1 September 2022	38 541 823	374 048 401	73 433 888
Profit for the year	–	–	–
Other comprehensive income	–	25 407 789	–
Total comprehensive income for the year	–	25 407 789	–
Treasury shares	(7 212 724)	–	–
Transfer between reserves	–	–	–
Transfer of reserve upon impairment of investment in subsidiary	–	–	–
Prior year corrections directly through equity	–	–	–
Share-based payments	–	–	–
Interest in subsidiaries sold	–	–	–
Dividends	–	–	–
Changes in ownership interest	–	–	–
Total contributions by and distributions to owners of company recognised directly in equity	(7 212 724)	–	–
Balance at 31 August 2023	**31 329 099**	**399 456 190**	**73 433 888**
Note(s)	23	25, 41	41

Statement of changes in equity

For the year ended 31 August 2023 continued

Share-based payments reserve	Reserve for investments at fair value through OCI	Change of ownership reserve	Total reserves	Retained income	Total attributable to equity holders of the Group/ Company	Non-controlling interest	Total equity
4 356 262	25 394 273	(4 455 800)	498 468 431	748 625 634	1 275 351 397	494 076 863	1 769 428 260
–	–	–	–	223 740 108	223 740 108	141 022 443	364 762 551
–	(8 669 209)	–	(10 300 027)	252 152	(10 047 875)	(3 224 491)	(13 272 366)
–	(8 669 209)	–	(10 300 027)	223 992 260	213 692 233	137 797 952	351 490 185
–	–	–	–	–	10 284 491	(10 483 056)	(198 565)
–	7 359 534	–	(16 701 055)	(21 932 011)	(38 633 066)	38 633 066	–
–	–	–	–	–	–	(8 107 214)	(8 107 214)
–	–	–	–	–	–	(20 146 023)	(20 146 023)
1 199 642	–	–	1 199 642	–	1 199 642	–	1 199 642
–	–	–	–	(24 843 234)	(24 843 234)	(20 432 816)	(45 276 050)
–	–	(7 584 924)	(7 584 924)	–	(7 584 924)	(3 105 009)	(10 689 933)
–	–	–	–	–	–	3 170 582	3 170 582
1 199 642	7 359 534	(7 584 924)	(23 086 337)	(46 775 245)	(59 577 091)	(20 470 470)	(80 047 561)
5 555 904	24 084 598	(12 040 724)	465 082 067	925 842 649	1 429 466 539	611 404 345	2 040 870 884
–	–	–	–	155 247 580	155 247 580	92 956 696	248 204 276
–	323 425	–	25 731 214	96 929	25 828 143	10 871 566	36 699 709
–	323 425	–	25 731 214	155 344 509	181 075 723	103 828 262	284 903 985
–	–	–	–	–	(7 212 724)	(6 778 887)	(13 991 611)
–	(14 896 469)	–	(14 896 469)	14 896 469	–	–	–
–	–	(15 673 756)	(15 673 756)	6 863 297	(8 810 459)	–	(8 810 459)
–	–	–	–	(7 201 277)	(7 201 277)	–	(7 201 277)
2 366 647	–	–	2 366 647	–	2 366 647	996 168	3 362 815
–	–	–	–	–	–	(6 392 079)	(6 392 079)
–	–	–	–	(34 200 934)	(34 200 934)	(22 342 632)	(56 543 566)
–	–	(3 138 561)	(3 138 561)	44 308	(2 690 253)	(3 824 531)	(6 514 784)
2 366 647	(14 896 469)	(18 812 317)	(31 342 139)	(19 194 137)	(57 749 000)	(38 341 961)	(96 090 961)
7 922 551	**9 511 554**	**(30 853 041)**	**459 471 142**	**1 061 993 021**	**1 552 793 262**	**676 890 646**	**2 229 683 908**
		26		41			

Statement of cash flows

For the year ended 31 August 2023

Figures in Rand	Notes	2023	2022*
Cash flows from operating activities			
Cash generated from operations	43	**615 189 302**	328 390 049
Income tax paid	44	**(63 341 663)**	(117 181 321)
Finance cost paid		**(270 083 396)**	(173 829 295)
Interest received		**11 770 395**	3 339 102
Dividends received		**349 575**	1 414 301
Net cash from operating activities		**293 884 213**	42 132 836
Cash flows from investing activities			
Purchase of property, plant and equipment	5	**(151 075 281)**	(221 722 409)
Sale of property, plant and equipment	5	**12 465 321**	26 717 907
Sale of insurance rights	9	**1 304 913**	–
Consideration paid for business combinations	10	**(40 385 132)**	(21 036 742)
Purchase of other intangible assets	9	**(2 523 006)**	(92 074)
Agency insurance rights acquired	9	**(525 000)**	(13 536 111)
Sale of other intangible assets	9	**–**	194 234
Receipts from finance lease receivables	13	**–**	11 120 222
Advances to finance lease receivables		**(9 158 249)**	(11 901 142)
Purchase of investments at fair value		**(301 869)**	–
Sale of investments at fair value		**13 971 287**	–
Purchase and establishment of biological assets	8	**(242 557 333)**	(203 239 349)
Post retirement benefits paid		**(841 332)**	(787 848)
Receipts from forestry and term loans		**16 108 064**	93 784 526
Advances on forestry and term loans		**(999 977)**	(56 848 892)
Proceeds from non-current assets held for sale		**68 550 000**	57 083 776
Net cash from investing activities		**(335 967 595)**	(340 263 902)
Cash flows from financing activities			
Proceeds on share issue	23	**(7 212 724)**	10 284 391
Borrowings raised in current year		**238 357 211**	709 786 057
Borrowings repaid in the current year		**(205 653 467)**	(366 831 843)
Proceeds from other loans		**–**	1 330 347
Repayment of other loans		**(1 350 609)**	(6 418 542)
Lease liability payments		**(37 861 985)**	(34 690 907)
Dividends paid		**(48 021 076)**	(39 835 421)
Proceeds from loans from group companies		**2 335 731**	2 516 235
Net cash from financing activities		**(59 406 919)**	276 140 417
Total cash movement for the year		**(101 490 300)**	(21 990 650)
Cash at the beginning of the year		**214 924 021**	236 914 671
Total cash at end of the year	21	**113 433 721**	214 924 021

* The prior year comparatives have been restated for the effect of the reclassification of discontinued operations. Refer to note 22.

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

1.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Standards Interpretations Committee ("IFRS IC") interpretations issued and effective at the time of preparing these consolidated financial statements and the Companies Act of South Africa as amended.

These consolidated financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The consolidated financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the Group's functional currency.

These accounting policies are consistent with the previous period.

1.2 SEGMENTAL REPORTING

The Group determines and presents operating segments based on the information that is internally provided to the Group's Executive Management.

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and in which it may incur expenditure.

Segment results that are reported to the decision makers include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly of corporate assets, head office expenses and income tax, and is allocated to the Corporate segment.

The basis of segmental reporting has been set out in note 4.

1.3 CONSOLIDATION

Basis of consolidation

Subsidiaries

A Subsidiary is a company that is owned or controlled by the Group. The Group has control of an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and it has the ability to affect those returns through its power over the entity.

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

All inter-company transactions, balances, and unrealised gains on transactions between Group companies are eliminated in full on consolidation.

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

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

Business combinations

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

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

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

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

On acquisition, the acquiree's assets and liabilities are reassessed in terms of classification and are reclassified where the classification is inappropriate for Group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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. If, in the case of a bargain purchase, the result of this formula is negative, then the difference is recognised directly in profit or loss.

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.

1.4 JOINT ARRANGEMENTS

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is either a joint operation or a joint venture.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Joint ventures

An interest in a joint venture 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, interests in joint ventures are carried in the statement of financial position at cost adjusted for post acquisition changes in the company's share of net assets of the joint venture, less any impairment losses.

The group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. Losses in a joint venture in excess of the group's interest in that joint venture, including any other unsecured receivables, are recognised only to the extent that the group has incurred a legal or constructive obligation to make payments on behalf of the joint venture.

Any goodwill on acquisition of a joint venture is included in the carrying amount of the investment, however, a gain on acquisition is recognised immediately in profit or loss.

Profits or losses on transactions between the group and a joint venture are eliminated to the extent of the group's interest therein. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the group.

When the company loses joint control, the company proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

1.5 INVESTMENTS IN ASSOCIATES

An associate is an entity over which the group has significant influence and which is neither a subsidiary nor a joint arrangement. 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.

Investments in associates are accounted for using the equity method after initially being measured at cost, 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.

For associates with different year-ends, the Group uses independently reviewed 12 month management accounts in the preparation of the consolidated financial statements.

1.6 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of consolidated annual financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts represented in the consolidated 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 annual financial statements. Significant judgements include:

Key sources of estimation uncertainty

Trade receivables

The Group assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. Refer to note 18 for details regarding the impairment of trade receivables.

Trade receivables are subject to the impairment provisions of IFRS 9 — Financial Instruments, which requires a loss allowance to be recognised for all exposures to credit risk. The assessment is done at initial recognition of the trade receivables. Further the impairment provision is monitored at the end of each reporting period. The company measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Allowance for slow moving, damaged and obsolete inventory

Inventory is valued at the lower of cost and net realisable value. A provision is raised against inventory according to nature, condition and age.

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 indicators that an impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows are used to determine the value in use of tangible and intangible assets, as well as goodwill, and 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.

Property, plant and equipment

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

Provisions

Provisions were raised and management determined an estimate based on information available. Additional disclosure of these estimates of provisions are included in note 30.

Biological assets

Refer to note 8 for details regarding calculations and assumptions.

Deferred tax asset

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profits will be available against which the loss can be utilised. Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of taxable future profits, together with future tax planning strategies.

Post-retirement medical benefit

Refer to note 14 for details regarding calculations and assumptions.

Share-based payments

Refer to note 24 for details regarding calculations and assumptions.

1.7 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 exclude bearer plants, which are included in property, plant and equipment. Forestry assets consists of own plantations and plantations bought on a standing timber basis.

Forestry assets as well as seedlings are measured on initial recognition and at subsequent reporting dates at fair value less costs to sell and is a Level 3 measure in terms of the fair value measurement hierarchy as established by IFRS 13 – Fair Value Measurement. Costs to sell include the incremental selling costs necessary to get the biological assets ready to sell, including the estimated costs of transport to the market, but excludes finance costs and income taxes.

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. Initial and subsequent expenditure incurred for the establishment and conservation of biological assets are capitalised as costs directly attributable to the biological transformation required to obtain the fair value at which biological assets are valued.

The Group uses the income approach in determining the fair value of plantations as it believes that this method yields the most appropriate valuation. In arriving at plantation fair values, the key inputs are market prices, costs to sell, discount rates and volume and growth estimations. Of these key inputs, discount rates, and the volume and growth estimations are key assumptions that have significant estimation and judgement. All changes in fair value are recognised in profit or loss in the period in which they arise. The impact that changes in market prices, costs to sell, discount rates, and volume and growth assumptions may have on the calculated fair value on plantations is disclosed in the notes to the consolidated financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.8 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 entity, 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 net profit or loss for the period in which it arises.

1.9 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 flowing from the item for more than one period of use in the production or supply of goods or services, or for administrative purposes, and are not acquired for resale purposes will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes site preparation, the purchase price of the equipment and directly attributable labour, installation and other costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to or replace part of 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.

Borrowing costs are capitalised on qualifying assets. The capitalisation of borrowing costs ceases when the asset is in the location and condition necessary for it to be capable of commercial operation. Start-up and ongoing maintenance costs are not capitalised.

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

Bearer plants are included in property, plant and equipment. Bearer plants are living plants which are used in the production or supply of agricultural produce and are expected to bear produce for more than one period. They only qualify as bearer plants if there is only a remote likelihood of them being sold as agricultural produce.

Land and buildings are subsequently carried at fair value based on periodic, but at least quadrennial, valuations by external independent valuers, less subsequent accumulated depreciation for buildings. Land is not depreciated as it is deemed to have an unlimited useful life.

An increase in an asset's carrying amount, as a result of a revaluation, is recognised in 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 to the extent that no credit balance exists 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 land and buildings is transferred directly to retained income when the asset is derecognised.

Depreciation is calculated to write off the asset's cost amount over its estimated useful life to its estimated 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 depreciable amount of property, plant and equipment, i.e. the cost (or revalued amount) less the residual value as defined, is allocated on a straight line basis over its useful life.

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

Leasehold Improvements are written off over the period of the lease agreement. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the line item will flow to the Group, and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they incur.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

The estimated useful lives of items of property, plant and equipment are within the following intervals:

Item	Average useful life
Buildings and structures	20 to 50 years
Plant and machinery	4 to 22 years
Furniture and fixtures	3 to 8 years
Motor vehicles	3 to 6 years
IT equipment	2 to 4 years
Bearer plants	5 years

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.

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

An intangible asset is recognised when:

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

Goodwill and intangible assets are initially recognised at cost. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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.

Goodwill and intangible assets except computer software, is regarded as having an indefinite useful life because there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The useful life and residual values of computer software are reviewed at the beginning of each reporting period and adjusted if appropriate. The evaluation regarding the useful lives and residual values of computer software can only be established with certainty when the item of asset is near the end of their useful life. The estimated useful life of computer software is 4 years.

Amortisation is calculated on a straight line basis to write of computer software's cost amount over its estimated useful life to its estimated residual value.

1.11 FINANCIAL INSTRUMENTS

Financial instruments held by the Group are classified in accordance with the provisions of IFRS 9 Financial Instruments. The classification of financial instruments, which are adopted by the Group are as follows:

Financial assets which are equity instruments:

- Designated as at fair value through other comprehensive income (OCI).

Financial assets are classified and measured at amortised cost only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Financial assets are classified and measured at fair value through OCI only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

- Amortised cost

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Group are presented below:

Loans receivable

Classification

Loans receivable are classified as financial assets at amortised cost when both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans receivable are recognised when the Group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The Group recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The Group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the Group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 18).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the Group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The Group recognises a loss allowance for expected credit losses on trade and other receivables and prepayments. The amount of expected credit losses is updated at each reporting date.

The Group measures the loss allowance for trade and other receivables by applying the simplified approach which is presented by IFRS 9. In accordance with this approach, the expected credit losses are estimated using a provision matrix. The provision matrix has been developed by making use of an internal risk rating which is mapped to the indicative mapping methodology for corporate exposure based on information published by rating agencies. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. A comprehensive Probability of Default (PD) rating of an external source is used as reference point for forward looking information. Trade receivables is grouped in categories based on shared characteristics to measure the expected credit losses.

Measurement and recognition of expected credit losses

The Group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 18.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 36).

Credit risk

Details of credit risk are included in the trade and other receivables note (note 18) and the financial instruments and risk management note (note 50).

Investments in equity instruments

Classification

Investments in equity instruments are presented in note 19. They are classified as mandatorily at fair value through OCI. As an exception to this classification, the Group may make an irrevocable election, on an instrument by instrument basis, and on initial recognition, to designate certain investments in equity instruments as at fair value through other comprehensive income.

The designation as at fair value through other comprehensive income is never made on investments which are either held for trading or contingent consideration in a business combination.

Recognition and measurement

Investments in equity instruments are recognised when the Group becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition, at fair value. Transaction costs are added to the initial carrying amount for those investments which have been designated as at fair value through other comprehensive income. All other transaction costs are recognised in profit or loss.

Investments in equity instruments are subsequently measured at fair value with changes in fair value recognised either in profit or loss or in other comprehensive income, depending on their classification. Details of the valuation policies and processes are presented in note 19.

Dividends received on equity investments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in investment income (note 37).

Non-hedging derivatives

Classification

Non-hedging derivatives are classified as mandatorily at fair value through profit or loss.

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. (Note 20).

Recognition and measurement

Derivatives are recognised when the Group becomes a party to the contractual provisions of the instrument. They are measured, at initial recognition and subsequently, at fair value. Transaction costs are recognised in profit or loss.

Transactions in foreign currencies are translated to the functional currency of the Group at the rate of exchange ruling on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the rates of exchange ruling at the reporting date. Any foreign exchange differences are recognised in profit or loss in the year in which the difference occurs. The profit or loss are included under other operating gains and losses. (Note 35).

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Borrowings and loans from related parties

Classification

Other loans payable (note 27) and borrowings (note 28) are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Borrowings and loans from related parties are recognised when the Group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 38.)

Borrowings expose the Group to liquidity risk and interest rate risk. Refer to note 50 for details of risk exposure and management thereof.

Trade and other payables

Classification

Trade and other payables (note 30), excluding VAT and amounts received in advance, are classified as financial liabilities 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.

Cash and cash equivalents are measured at amortised cost.

Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost.

Fair value determination

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

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

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

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

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

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

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.12 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 and 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 of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits 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.

1.13 LEASES

The Group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense (note 36) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the Group has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the Group is a lessee are presented in note 7 Right-of-use assets and Lease liabilities (Group as lessee).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the Group under residual value guarantees;
- the exercise price of purchase options, if the Group is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 36).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 38).

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the Group will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of- use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the Group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

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

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described previously, then it classifies the sub-lease as an operating lease.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15.

Finance leases

Amounts due from lessees are recognised from commencement date at an amount equal to the Group net investment in the lease. They are presented as lease receivables (note 13) on the statement of financial position.

The interest rate implicit in the lease is used to measure the net investment in the lease. If the interest rate implicit in a sublease cannot be readily determined for a sublease, then the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease) is used to measure the net investment in the sublease.

The interest rate implicit in the lease is defined in a manner which causes the initial direct costs to be included in the initial measurement of the net investment in the lease.

Lease payments included in the measurement of the net investment in the lease comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives payable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be receivable by the Group from the lessee, a party related to the lessee or a third party unrelated to the Group under residual value guarantees (to the extent of third parties, this amount is only included if the party is financially capable of discharging the obligations under the guarantee);
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

The Group recognises finance income over the lease term, based on a pattern that reflects a constant periodic rate of return on the net investment in the lease. Finance income recognised on finance leases is included in investment income in profit or loss (note 37).

The Group applies the impairment provisions of IFRS 9 to lease receivables. Refer to the accounting policy for trade and other receivables as lease receivables are impaired on a consistent basis with that accounting policy.

1.14 INVENTORIES

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

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

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

When inventories are sold, the carrying amount of those inventories are 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.

1.15 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 (or disposal group) 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 (or disposal groups) held for sale (distribution to owners) are measured at the lower of their carrying amount and fair value less costs to sell (distribute).

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

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.16 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 test 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.

1.17 SHARE CAPITAL AND EQUITY

Ordinary shares are classified as equity.

If the Group reacquires its own equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) on those instruments are deducted from equity until the shares are cancelled or reissued. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Consideration paid or received shall be recognised directly in equity.

Ordinary shares in TWK Investments Ltd which have been acquired by the TWK Agri Aandele Aansporings Trust, are classified as treasury shares. The cost of these shares is deducted from equity and the number of shares is deducted from the total number of shares.

1.18 SHARE-BASED PAYMENTS

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

1.19 EMPLOYEE BENEFITS

Short-term employee benefits

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

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

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

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the Group's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

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

Actuarial valuations are conducted on an annual basis by independent actuaries and any gains or losses 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 actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.20 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

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

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

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

Provisions are not recognised for future operating losses.

1.21 GOVERNMENT GRANTS

Government grants are recognised when there is reasonable assurance that:

- the Group will comply with the conditions attaching to them; and
- the grants will be received.

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

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

1.22 REVENUE RECOGNITION

The Group recognises revenue from the following major sources:

- Sales of agricultural products and produce; and
- Sales and servicing of farming equipment;
- Income from contract fertiliser sales;
- Sale, storage and handling of grain related products;
- Sale of motor vehicles and related items; fuel and servicing of motor vehicles;
- Commission income
- Finance income

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties, and represents the amounts receivable for goods and services provided in the normal cause of business, net of trade discounts and volume rebates, as well as value added tax. The Group assesses all revenue agreements in order to determine if it is acting as principal or agent. All intergroup sales are eliminated in full on consolidation.

Revenue from contracts with customers

Sale of agricultural products and produce

The Group offers a large variety of products that cater for the different agricultural and related industries. Our products include farming equipment, fertiliser, seed, livestock products, hardware, building material, fuel, fencing, spares, processed and unprocessed timber products and grain products, motor vehicles and related items.

The revenue from the sale of goods without a warranty is recognised when control of the goods has been transferred to the customer being at the point in time, and depends on the ability to direct the use and transfer the benefits to the customer.

The ability to direct the use and transfer the benefits will depend on certain circumstances which include the liability to make payment, transfer of legal title, physical possession and transfer of significant risk and rewards of ownership.

Sale and servicing of farming equipment

The Group supplies New Holland Farming equipment, which include a warranty.

Customers are being charged for the cost of goods sold and servicing of these items based on the time spent and parts used. The revenue for the servicing of these items will be recognised when the service is complete if the service does not take a significant period of time. If, however, the service does take a significant period of time, revenue will be recognised as the customer's asset is enhanced and TWK obtains a right to payment. In the event that it is not possible to complete the service due to further faults, the client is liable for the charges for time spent and materials used to the point when the service ceases.

The warranty is provided by the product supplier and administrated by the Group.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

As the warranty obligation is on the product supplier, the Group does not recognise any provision for the cost involved with this liability.

Income from contract fertiliser sales

For contract fertiliser sales the Group recognise the revenue for goods as the goods are being delivered. Due to the nature of the transaction and the timing difference between the date of the contract and the expected date of the delivery, the obligation is performed over time and gives rise to a contract liability. Revenue is recognised on the basis of the value of product delivered to date relative to the total value of product delivered.

Sale of motor vehicles and related items, fuel and servicing of motors vehicles

The Group owns a variety of Motor dealerships where revenue is generated through the sale and servicing of vehicles and trucks. Revenue is recognised at the point of delivery of the vehicle.

Where applicable, warranties are provided by the product supplier and administered by the Group. As the warranty obligation is on the product supplier, The Group does not recognise any provision for the cost involved with this liability.

The Group also owned tyre fitment centres where revenue is earned through the sale and fitment of tyres along with other ancillary services related to the sale of tyres. The tyre fitment centres have been sold effective 31 August 2022.

The Group also owns filling stations where revenue is earned through the sale of fuel and related products.

Storage and handling of grain related products

The storage of grain is seen as a single performance obligation which is satisfied by the Group over a period of time as the customer receives and consumes the benefit of being able to store the product at the grain storage facility. The revenue from the storage of grain is recognised as the grain is stored over time. The revenue from the sale of grain is recognised at the point of delivery of the grain.

An output-based method is being followed to measure the completion of the service, as the customer only pays for specific activities to be performed which entails that revenue is recognised on the basis of the value of services transferred to date relative to the total service promised.

The revenue from the handling of grain is seen as a single performance obligation which is satisfied by the Group at a point in time. The revenue from the handling of grain is recognised upon completion of the handling activity by the Group.

Commission income

The Group offers a variety of insurance products and services to a diverse client base of which it acts as agent. The main products offered are:

- Short-term insurance;
- Crop insurance;
- Plantation insurance
- Long-term insurance
- Medical aids;
- Funeral insurance; and
- Alternative Risk Transfer

Commission income is recognised at a point in time in the accounting period in which the services are being rendered.

Financial income

Financial income comprises of interest income and dividend income.

The Group offers its clients with a variety of products to assist with their financing requirements which include month accounts, term loan facilities, forestry loans, asset financing and production facilities. Interest income is earned on these products.

Interest income is recognised, in profit or loss, using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Interest accrues daily and is recognised on a monthly basis.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.23 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.

1.24 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.

1.25 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 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.

1.26 LOYALTY SCHEME PAYMENTS

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

2. CHANGES IN ACCOUNTING POLICY

The accounting policy adopted in the preparation of the Group annual financial statements is consistent with the policy followed in the preparation of the Group annual financial statements for the previous financial year. No new standards have been adopted in the current financial year.

3. NEW STANDARDS AND INTERPRETATIONS

3.1 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 1 September 2023 or later periods:

Standard/interpretation	Effective date: Years beginning on or after	Expected impact
→ Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Unknown	Unlikely there will be a material impact
→ Lease liability in a sale and leaseback	1 January 2024	Unlikely there will be a material impact
→ Initial application of IFRS 17 and IFRS 9 — Comparative information	1 January 2023	Unlikely there will be a material impact
→ Deferred tax related to assets and liabilities arising from a single transaction — Amendments to IAS 12	1 January 2023	Unlikely there will be a material impact
→ Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023	Unlikely there will be a material impact
→ Definition of accounting estimates: Amendments to IAS 8	1 January 2023	Unlikely there will be a material impact
→ Classification of Liabilities as Current or Non-Current — Amendment to IAS 1	1 January 2023	Unlikely there will be a material impact
→ IFRS 17 Insurance Contracts	1 January 2023	Unlikely there will be a material impact

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

4. SEGMENTAL INFORMATION

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

The reportable segments are divided into business units based on the products and services offered and the economic sector in which they operate. The geographical area in which the operating segments operate are of secondary concern, with the associated cost to develop considered excessively.

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

Reportable segment	Products and services
Timber	Establishment, maintenance and harvesting of plantations, market access of timber as well as value adding and marketing of timber and timber-related products.
Retail and Mechanisation	Sales and retail outlets, direct sales of farming input requirements and sales of mechanisation goods, as well as production and marketing of fertilizer and related products.
Financial Services	Credit extension to agricultural producers and corporate clients. Insurance includes commission received on short-term-, crop-, and life insurance premiums and administration fees.
Grain	Income received from handling and storage of agricultural produce, production and marketing of maize meal and animal feeds and commission earned on marketing of grain.
Motors	Sale of motor vehicles, trucks and related products as well as fuel stations.
Renewable Energy	Supply of electricity via solar energy. The underlying business of the segment has been classified as held for sale in the previous year and sold in the current year.
Corporate	Head office services, information technology, human resources, properties, corporate marketing, internal audit and group financing.

4. SEGMENTAL INFORMATION CONTINUED

SEGMENTAL REVENUE AND RESULTS

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

The segment information provided to Management is presented below:

Figures in Rand	Total segment revenue	Inter-segment revenue	Revenue from external customers	Profit before depreciation and amortisation	Depreciation and amortisation*	Operating profit
2023						
Continuing operations						
Timber	3 543 922 236	(586 112 759)	2 957 809 477	388 727 188	(21 981 485)	366 745 703
Retail and Mechanisation	7 957 655 086	(3 315 010 878)	4 642 644 208	47 997 214	(28 604 835)	19 392 379
Financial Services	274 012 058	(2 305 795)	271 706 263	108 381 260	(3 167 148)	105 214 112
Grain	2 415 007 059	(654 987 380)	1 760 019 679	56 747 261	(4 787 955)	51 959 306
Motors	–	–	–	1 344 723	–	1 344 723
Corporate	94 312 876	(74 375 729)	19 937 147	(31 677 999)	(4 135 715)	(35 813 713)
Total	**14 284 909 315**	**(4 632 792 541)**	**9 652 116 774**	**571 519 647**	**(62 677 138)**	**508 842 510**

* An amount of R6 099 750 has been reclassified to discontinued operations and does not for part of the segment detail.

Figures in Rand	Investment income	Impairment and other non-cash items	Interest expense	Income from equity-accounted investments	Profit before loyalty scheme payments and tax
2023					
Continuing operations					
Timber	2 268 706	–	(60 799 449)	1 821 841	310 036 801
Retail and Mechanisation	1 046 667	(1 353 046)	(26 835 318)	3 494 997	(3 804 321)
Financial Services	883 488	–	(56 449 546)	–	49 648 054
Grain	1 890 626	–	(7 507 561)	–	46 342 371
Motors	–	–	–	–	1 344 723
Corporate	6 030 483	80 447 228	(17 150 088)	1 014 819	34 528 729
Total	**12 119 970**	**79 094 182**	**(168 741 962)**	**6 331 657**	**438 096 357**
Reconciling items					
Discontinued operations**					(51 291 650)
Loyalty scheme payments					(26 400 000)
Taxation					(112 200 431)
Profit after discontinued operations, loyalty scheme payments and tax					**248 204 276**

** The value reported under Discontinued Operations have been isolated from the main segments before taking into account intercompany eliminations, as follows:

Figures in Rand	2023
Timber	(41 981 532)
Motors	(6 730 634)
Retail and Mechanisation	(3 173 732)
Renewable Energy	594 248
Total	**(51 291 650)**

4. SEGMENTAL INFORMATION CONTINUED

Figures in Rand	Total segment revenue	Inter-segment revenue	Revenue from external customers	Profit before depreciation and amortisation	Depreciation and amortisation*	Operating profit
2022						
Continuing operations						
Timber	2 382 918 002	(204 822 764)	2 178 095 238	353 964 871	(16 158 773)	337 806 098
Retail and Mechanisation	9 718 536 475	(4 656 295 526)	5 062 240 949	227 196 112	(23 066 510)	204 129 602
Financial Services	222 274 525	(1 940 845)	220 333 680	89 456 002	(1 875 611)	87 580 391
Grain	2 059 467 582	(314 704 513)	1 744 763 069	50 402 795	(4 461 254)	45 941 541
Motors	5 617 300	(1 006 080)	4 611 220	87 739	(87 739)	–
Corporate	86 281 548	(65 061 037)	21 220 511	(61 412 439)	(61 412 439)	(66 139 868)
Total	14 475 095 432	(5 243 830 765)	9 231 264 667	659 695 080	(107 062 326)	609 317 764

* An amount of R7 099 798 has been reclassified to discontinued operations and does not form part of the segment detail.

Figures in Rand	Investment income	Impairment and other non-cash items	Interest expense	Income from equity-accounted investments	Profit before loyalty scheme payments and tax
2022					
Continuing operations					
Timber	789 563	(19 665)	(50 777 522)	–	287 818 139
Retail and Mechanisation	653 352	–	(23 073 207)	2 865 517	184 575 264
Financial Services	556 996	–	(52 062 798)	–	36 074 589
Grain	1 239 546	–	(6 544 717)	–	40 636 370
Motors	–	–	–	–	–
Corporate	375 850	(4 580 397)	38 200 549	875 926	(30 149 509)
Total	3 615 307	(4 600 062)	(94 257 695)	3 741 443	518 954 853
Reconciling items					
Discontinued operations**					(4 287 277)
Loyalty scheme payments					(15 123 477)
Taxation					(134 781 548)
Profit after discontinued operations, loyalty scheme payments and tax					364 762 551

** The value reported under Discontinued Operations have been isolated from the main segments before taking into account intercompany eliminations, as follows:

Figures in Rand	2022
Timber	(28 770 760)
Motors	25 815 121
Retail and Mechanisation	(1 984 997)
Renewable Energy	653 359
Total	(4 287 277)

4. SEGMENTAL INFORMATION CONTINUED

SEGMENT ASSETS AND LIABILITIES

Segment assets and liabilities are measured in a manner consistent with that of the annual financial statements. These assets and liabilities are allocated based on the operations of the segment and the physical location of the assets and liability.

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

Figures in Rand	Capital expenditure	Total assets	Total liabilities	Net assets
2023				
Continuing operations				
Timber	**63 201 069**	**2 811 750 667**	**(1 751 350 882)**	**1 060 399 785**
Retail and Mechanisation	**14 399 483**	**811 039 446**	**(698 945 225)**	**112 094 221**
Financial Services	**3 101 823**	**1 127 860 208**	**(1 098 214 179)**	**29 646 029**
Grain	**5 581 588**	**493 344 557**	**(412 837 564)**	**80 506 993**
Motors	**1 637 447**	**215 079 412**	**(163 434 614)**	**51 644 798**
Corporate	**48 284 431**	**940 035 723**	**(44 643 641)**	**895 392 082**
Total	**136 205 841**	**6 399 110 013**	**(4 169 426 105)**	**2 229 683 908**
2022				
Continuing operations				
Timber	116 559 239	2 551 186 890	(1 617 331 693)	933 855 197
Retail and Mechanisation	10 271 215	1 081 401 412	(897 773 511)	183 627 901
Financial Services	28 567 505	1 090 889 983	(1 053 216 403)	37 673 580
Grain	7 340 840	364 452 002	(295 010 586)	69 441 416
Motors	2 727 625	175 541 244	(126 361 688)	49 179 556
Renewable Energy	26 201 548	191 897 754	(171 628 067)	20 269 687
Corporate	52 952 838	754 169 855	(7 346 548)	746 823 307
Total	244 620 810	6 209 539 140	(4 168 668 496)	2 040 870 644

5. PROPERTY, PLANT AND EQUIPMENT

	2023			2022		
Figures in Rand	**Cost or revaluation**	**Accumulated depreciation**	**Carrying value**	Cost or revaluation	Accumulated depreciation	Carrying value
Land and buildings	**1 004 586 834**	**(9 971 051)**	**994 615 783**	923 358 195	(9 987 966)	913 370 229
Plant and machinery	**307 280 087**	**(154 836 461)**	**152 443 626**	277 401 839	(146 620 434)	130 781 402
Furniture and fixtures	**32 854 771**	**(19 514 792)**	**13 339 979**	27 450 531	(17 979 813)	9 470 718
Motor vehicles	**164 976 390**	**(78 517 737)**	**86 458 653**	147 959 219	(71 914 008)	76 045 211
IT equipment	**31 468 182**	**(18 875 955)**	**12 592 227**	29 384 832	(18 145 490)	11 239 342
Bearer plants	**4 883 809**	**(660 881)**	**4 222 928**	3 081 732	(969 265)	2 112 467
Structures	**41 880 208**	**(12 676 284)**	**29 203 924**	36 933 246	(10 517 054)	26 416 192
Total	**1 587 930 281**	**(295 053 161)**	**1 292 877 120**	1 445 569 594	(276 134 030)	1 169 435 561

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT

Figures in Rand	**Opening balance**	**Additions**	**Disposals**	**Revaluations**	**Depreciation**	**Total**
2023						
Land and buildings	**913 370 229**	**42 535 764**	**(127 721)**	**38 845 017**	**(7 506)**	**994 615 783**
Plant and machinery	**130 781 405**	**41 402 796**	**(5 416 263)**	**–**	**(14 324 312)**	**152 443 626**
Furniture and fixtures	**9 470 718**	**5 900 847**	**(149 112)**	**–**	**(1 882 474)**	**13 339 979**
Motor vehicles	**76 045 211**	**26 194 576**	**(4 778 501)**	**–**	**(11 002 633)**	**86 458 653**
IT equipment	**11 239 342**	**5 831 781**	**(152 905)**	**–**	**(4 325 991)**	**12 592 227**
Bearer plants	**2 112 467**	**4 423 274**	**(1 833 949)**	**–**	**(478 864)**	**4 222 928**
Structures	**26 416 192**	**5 231 350**	**(6 806)**	**–**	**(2 436 812)**	**29 203 924**
Total	**1 169 435 564**	**131 520 388**	**(12 465 257)**	**38 845 017**	**(34 458 592)**	**1 292 877 120**

Figures in Rand	Opening balance	Additions	Disposals	Classified as held for sale	Transfers
2022					
Land and buildings	843 442 642	90 514 531	(7 550 747)	(1 730 000)	(6 642 184)
Plant and machinery	126 031 956	32 166 965	(7 870 398)	(1 893 496)	1 429 806
Furniture and fixtures	7 653 555	4 749 088	(110 859)	(1 257 237)	9 012
Motor vehicles	60 264 558	30 250 770	(4 632 822)	(374 221)	–
IT equipment	8 708 563	7 052 700	(223 949)	(726 988)	102 176
Bearer plants	2 396 443	1 043 285	(339 539)	–	–
Structures	49 119 014	55 807 743	(47 405)	(75 207 400)	(2 012 246)
Total	1 097 616 731	221 585 082	(20 775 719)	(81 189 342)	(7 113 436)

Figures in Rand	Revaluations	Borrowing costs capitalised	Depreciation	Impairment loss	Total
2022					
Land and buildings	(4 510 987)	–	(153 026)	–	913 370 229
Plant and machinery	–	–	(15 025 199)	(4 058 232)	130 781 402
Furniture and fixtures	–	–	(1 572 841)	–	9 470 718
Motor vehicles	–	–	(9 463 074)	–	76 045 211
IT equipment	–	–	(3 673 160)	–	11 239 342
Bearer plants	–	–	(174 673)	(813 049)	2 112 467
Structures	–	1 022 192	(2 265 706)	–	26 416 192
Total	(4 510 987)	1 022 192	(32 327 679)	(4 871 281)	1 169 435 561

5. PROPERTY, PLANT AND EQUIPMENT CONTINUED

PROPERTY, PLANT AND EQUIPMENT ENCUMBERED AS SECURITY

Certain property, plant and equipment with a carrying value of R808 580 638 (2022: R703 532 796), have been pledged to secure borrowings. Refer to note 28.

REVALUATIONS

Land and buildings are carried at fair value. On a yearly basis, the Directors evaluate on a critical basis, after all known market factors are taken into consideration, if there is any indication of a material increase or decrease on an individual basis of all land and buildings. If such indication exists, the identified land and buildings are valued by an external independent valuer.

However, land and buildings are valued at least quadrennial by external independent valuers. A rotation schedule applies to identify properties falling due for revaluation. The board would also include other properties for valuation, sooner than required, if indicators exist that requires the same.

The last valuation on selected assets was on 31 August 2023. Valuations were performed by independent valuers, Mr. C. Winckler and Mr. N. Martins of Valuers Africa (Pty) Ltd. The valuers are registered professional valuers and are not connected to the Group.

Where no comparable information is available, the income capitalisation method of valuation is being used to revalue land and buildings. Where comparable information is available, the comparable sales method is used and for specialised property, the depreciated replacement cost is being used.

Valuation reports on valuations performed by the independent valuer for the 2023 and 2022 financial year, utilised vacancy and capitalisation rates ranging from:

Capitalisation rate	10% to 14%
Vacancy rate	1,67% to 12%
Average market rental growth rate	4%

SENSITIVITY ANALYSIS

As changes to the capitalisation, vacancy rates and average market rental growth rate may impact the calculated fair value, the effect of an increase of 1% and the effect of a decrease of 1% in each of the assumptions, while keeping the other constant, is as follow:

	2023		2022	
Figures in Rand	**1%**	**-1%**	1%	-1%
1% change in capitalisation rate	**(12 602 968)**	**15 094 024**	(9 392 706)	11 254 443
1% change in vacancy rate	**2 350 500**	**(2 350 500)**	210 359	(210 359)
1% change in average market rental growth rate	**2 117 517**	**(2 117 517)**	930 747	(930 747)
	(8 134 951)	**10 626 007**	(8 251 600)	10 113 337

The carrying value of the revalued assets under the cost model, excluding assets classified as held for sale, would have been:

Figures in Rand	**2023**	2022
Land and buildings	**536 631 161**	512 304 274

FAIR VALUE INFORMATION

The fair value measurement of Land and Buildings have been categorised as a Level 3 measure in terms of the fair value measurement hierarchy as established by IFRS 13, which is consistent with the prior year.

6. INVESTMENT PROPERTY

	2023			2022		
Figures in Rand	**Cost/ valuation**	**Accumulated depreciation**	**Carrying value**	Cost/ valuation	Accumulated depreciation	Carrying value
Investment property	**6 200 000**	**–**	**6 200 000**	7 113 435	–	7 113 435

RECONCILIATION OF INVESTMENT PROPERTY

Figures in Rand	**Opening balance**	**Fair value adjustments**	**Total**
2023			
Investment property	**7 113 435**	**(913 435)**	**6 200 000**

Figures in Rand	Opening balance	Classified as held for sale	Total
2022			
Investment property	8 043 435	(930 000)	7 113 435

DETAILS OF VALUATION

Investment property is carried at fair value. On a yearly basis, the Directors evaluate on a critical basis, after all known market factors are taken into consideration, if there is any indication of a material increase or decrease in the fair value of investment property. If such indication exists, investment property is valued by an external independent valuer.

However, investment property is valued at least quadrennial by external independent valuers. A rotation schedule applies to identify properties falling due for revaluation. The board would also include other properties for valuation, sooner than required, if indicators exist that requires the same.

The last valuation on investment property was on 31 August 2023. Valuations were performed by independent valuer's, Mr. C. Winckler and Mr. N. Martins of Valuers Africa (Pty) Ltd. The valuers are registered professional valuers and are not connected to the Group.

Where no comparable information is available, the income capitalisation method of valuation is being used to revalue land and buildings. Where comparable information is available, the comparable sales method is used and for specialised property, the depreciated replacement cost is being used.

Valuation reports utilised vacancy and capitalisation rates ranging from:

Capitalisation rate	12%
Vacancy rate	5%

AMOUNTS RECOGNISED IN PROFIT AND LOSS FOR THE YEAR

Figures in Rand	**2023**	2022
Rental income from investment property	**1 164 304**	988 857
Direct operating expenses arising from investment property	**(344 154)**	(212 865)
Changes in fair value recognised in profit/(loss)	**(913 435)**	–
	(93 285)	775 992

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group leases several assets including land and buildings, motor vehicles and equipment. The average lease term is:

Land and buildings	7 years
Motor vehicles	4 years
Equipment	5 years

The Group also has certain lease terms of 12 months or less and leases of low value. The Group applies the recognition exemption for these leases. The Group has the option to purchase some of these assets at a nominal amount on completion of the lease term.

Details pertaining to leasing arrangements, where the group is the lessee, are presented below:

RECONCILIATION OF MOVEMENT ON RIGHT-OF-USE ASSETS

Figures in Rand	**Opening balance**	**Additions**	**Termination/ cancellation of leases**	**Remeasure-ment**	**Depreciation**	**Total**
2023						
Land and buildings	**53 171 043**	**39 143 715**	**(145 068)**	**1 907 290**	**(24 055 809)**	**70 021 171**
Motor vehicles	**2 586 991**	**633 212**	**(30 745)**	**204 900**	**(1 436 074)**	**1 958 284**
Equipment	**5 889 093**	**–**	**–**	**906 143**	**(1 173 429)**	**5 621 807**
	61 647 127	**39 776 927**	**(175 813)**	**3 018 333**	**(26 665 312)**	**77 601 262**

Figures in Rand	Opening balance	Additions	Termination/ cancellation of leases	Classified as held for sale	Remeasure-ment	Depreciation	Total
2022							
Land and buildings	94 460 238	111 997 316	(23 700 627)	(100 968 578)	(4 858 115)	(23 759 191)	53 171 043
Motor vehicles	8 672 964	7 354 951	(3 403 848)	(6 845 686)	916 593	(4 107 983)	2 586 991
Equipment	–	6 615 402	–	–	–	(726 309)	5 889 093
	103 133 202	125 967 669	(27 104 475)	(107 814 264)	(3 941 522)	(28 593 483)	61 647 127

LEASE LIABILITIES

Reconciliation of movement on lease liabilities

Figures in Rand	**Opening balance**	**Additions**	**Interest**	**Termination/ cancellation of leases**	**Remeasure-ment**	**Payments**	**Total**
2023							
Land and buildings	**59 148 822**	**36 180 064**	**4 480 939**	**(285 115)**	**1 907 290**	**(26 058 406)**	**75 373 594**
Motor vehicles	**894 817**	**5 616 568**	**148 640**	**(33 488)**	**204 900**	**(2 118 135)**	**4 713 302**
Equipment	**6 018 456**	**–**	**347 934**	**–**	**–**	**(1 600 801)**	**4 765 589**
Total	**66 062 095**	**41 796 632**	**4 977 513**	**(318 603)**	**2 112 190**	**(29 777 342)**	**84 852 485**

Figures in Rand	Adoption of IFRS 16	Additions	Interest	Termination/ cancellation of leases	Remeasure-ment	Payments	Classified as held for sale	Total
2022								
Land and buildings	102 905 959	111 859 196	11 947 174	(28 175 841)	(4 199 586)	(29 246 871)	(106 079 330)	59 010 701
Motor vehicles	8 890 696	7 354 951	658 579	(3 474 424)	(870 840)	(4 590 803)	(7 073 342)	894 817
Equipment	–	6 615 401	256 288	–	–	(853 233)	–	6 018 456
Total	111 796 655	125 829 548	12 862 041	(31 650 265)	(5 070 426)	(34 690 907)	(113 152 672)	65 923 974

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES CONTINUED

The maturity analysis of lease liabilities is as follows:

Figures in Rand	**2023**	2022
Within one year	**28 383 304**	25 719 340
One to five years	**59 086 146**	56 943 485
More than five years	**5 240 485**	5 485 449
Total	**92 709 935**	88 148 274

8. BIOLOGICAL ASSETS

Figures in Rand	**Carrying value 2023**	Carrying value 2022
Forestry assets	**1 573 132 821**	1 425 914 491
Seedlings	**24 624 380**	20 114 389
Livestock	**6 877 378**	6 548 855
Total	**1 604 634 579**	1 452 577 735
Immature (classified as non-current assets)	**1 230 312 170**	1 133 353 031
Mature (classified as current assets)	**374 322 409**	319 224 705
	1 604 634 579	1 452 577 736

Mature forestry assets are those plantations that are harvestable, while immature forestry assets have not yet reached that stage of growth. Timber is harvested according to a rotation plan, once trees reach maturity. This period ranges from 7 to 25 years, depending on species, climate and location.

All seedlings are classified as current assets as they are expected to be sold within 1 year.

RECONCILIATION OF BIOLOGICAL ASSETS

Figures in Rand	**Opening balance**	**Additions due to planted and purchased**	**Additions through business combinations**	**Decreases due to harvest/sales**	**Gains/(losses) arising from changes in fair value**	**Borrowing cost capitalised**	**Total**
2023							
Forestry assets	**1 425 914 492**	**172 186 126**	**–**	**(129 086 694)**	**(1 277 605)**	**105 396 502**	**1 573 132 821**
Livestock	**6 548 855**	**943 406**	**–**	**(614 883)**	**–**	**–**	**6 877 378**
Seedlings	**20 114 389**	**69 427 801**	**2 664 792**	**(69 930 661)**	**2 348 059**	**–**	**24 624 380**
	1 452 577 736	**242 557 333**	**2 664 792**	**(199 632 238)**	**1 070 454**	**105 396 502**	**1 604 634 579**

Figures in Rand	Opening balance	Additions due to planted and purchased	Decreases due to harvest/sales	Gains/(losses) arising from changes in fair value	Borrowing cost capitalised	Total
2022						
Forestry assets	1 270 398 715	195 968 555	(153 011 200)	27 656 599	84 901 823	1 425 914 492
Livestock	6 730 634	–	(1 534 572)	1 352 793	–	6 548 855
Seedlings	19 539 092	7 270 794	(6 425 069)	(270 428)	–	20 114 389
	1 296 668 441	203 239 349	(160 970 841)	28 738 964	84 901 823	1 452 577 736

8. BIOLOGICAL ASSETS CONTINUED

NON-FINANCIAL INFORMATION

	Pine	Eucalyptus	Wattle	Total
2023				
Hectares of each own plantation				
Balance as at 31 August 2022	**5 946**	**24 107**	**2 570**	**32 624**
Planted during the year	**455**	**1 992**	**92**	**2 539**
Harvested during the year	**(44)**	**(2 089)**	**(248)**	**(2 381)**
Adjusted measurement	**50**	**(132)**	**(29)**	**(111)**
Delineations and fire	**(14)**	**2**	**(20)**	**(32)**
Balance as at 31 August 2023	**6 394**	**23 881**	**2 364**	**32 639**
2022				
Hectares of each forestry asset				
Balance as at 31 August 2021	5 784	23 847	2 486	32 117
Planted during the year	254	2 919	345	3 520
Harvested during the year	(29)	(2 449)	(235)	(2 713)
Adjusted measurement	(13)	14	21	22
Delineations and fire	(50)	(224)	(47)	(322)
Balance as at 31 August 2022	5 946	24 107	2 570	32 624

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

Own plantations comprised of 32 639 (2022: 32 624) hectares of tree plantations on land that the Group owns which range from newly established plantations to plantations that are approximately 24 years old. Standing timber comprised of 48,76 (2022: 29,5) hectares of tree plantations of which the Group has only the marketing rights. During the year the Group harvested 439 794 (2022: 470 756) tonnes of timber on land that the Group owns, as well as plantations bought on a standing timber basis.

The Group 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 and as such, increases by means of growth are negated by fellings for sales over the rotation period.

PLEDGED AS SECURITY

Plantations with a carrying value of R835 903 730 (2022: R727 534 086) have been pledged to secure borrowings. Refer to note 28.

OWN PLANTATIONS

Methods and assumptions used in determining fair value

Own plantations are measured at fair value less costs 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. Standing timber are measured at cost.

The Group uses the income approach in determining fair value of plantations. The approach makes use of market prices and cost to sell, discount rate as well as volume and growth estimates as key inputs. The valuation does not take replanting into account and is based on a finite period derived from the expected rotation of the different plantation species.

Market prices and costs to sell

The fair value is derived by using market prices less costs to sell. Costs to sell include all costs associated with getting the harvested agricultural produce to the market, including harvesting, loading, transport and allocated fixed overheads. The net selling price is influenced by the species, maturity profile and location of timber. Mature timber that is expected to be felled within 12 months from the end of the reporting period is valued using current market prices less costs to sell. Such timber is expected to be used in the short term and, consequently, current selling prices are considered an appropriate reflection of fair value. Selling prices are adjusted with an expected increase at date of maturity for younger timber. Future log prices were adjusted upwards with 4,8% for the following year, 4,4% for the year thereafter and 4,6% over the long term.

Discount rate

The fair value of the biological assets has been calculated using an after tax discount rate. The cost of equity derivations is incorporated within Weighted Average Cost of Capital (WACC), along with the cost of debt, to reflect the blended cost of both equity and debt capital.

The cost of capital derivations is determined by using an appropriate risk-free rate, determined Beta and adjusted with a risk premium.

The cost of debt is the cost of funds attributable to the assets. The discount rate used is the applicable real after tax discount rate.

8. BIOLOGICAL ASSETS CONTINUED

Volume and growth estimations

The Group focuses on good forestry techniques which include ensuring that the rotation of plantations is met with adequate planting activities for future harvesting. The age threshold used for quantifying immature timber is dependent on the rotation period of the specific timber. Trees are generally felled at the optimum age when ready for intended use. The Group has projected growth estimation over the period of rotation based on historical data which is representative of the species and sites on which trees are grown. Periodic adjustments are made to existing models for new genetic material. Volume and growth assumptions are used in determining standing tons at valuation date.

The fair value of plantations has been calculated using a real after tax discount rate of 9,41% (2022: 9,38%). The Group currently values approximately 7 029 870 (2022: 7 026 639) tons of timber using market prices and costs to sell that are in line with industry norms. The average annual growth is measured at approximately 12,48 (2022: 12,18) tons of timber per hectare while immature timber comprises approximately 24 052 (2022: 25 834) hectares of plantations. As changes to market prices, costs to sell, the discount rate, and volume and growth assumptions applied in the valuation of plantations may impact the calculated fair value, the Group has calculated the sensitivity of a change in each of these assumptions as tabled below:

	%	Changes in fair value (R)
Market price changes		
1% increase in market prices	2,35	36 824 862
1% decrease in market prices	(2,32)	(36 460 260)
Discount rate		
1% increase in discount rate	(5,12)	(80 275 953)
1% decrease in discount rate	5,75	90 247 641
Growth assumptions		
1% increase in growth rate	1,12	17 647 058
1% decrease in growth rate	(1,11)	(17 472 334)
Harvest and transportation cost		
1% increase in costs	(1,07)	(16 727 637)
1% decrease in cost	1,06	16 562 017

SEEDLINGS

Seedlings are measured at fair value less costs to sell based on the age of the seedlings 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.

The Group uses the income approach in determining fair value of seedlings. The approach makes use of market prices and cost to sell as well as volume and growth estimates as key inputs.

Market prices and costs to sell

The fair value of seedlings is derived by using market prices less costs to sell. Costs to sell include all costs associated with getting the harvested agricultural produce to the market, including harvesting, loading, transport and allocated fixed overheads.

The net selling price is influenced by the species and maturity of seedlings. All seedlings are expected to be sold within 12 months from the end of the reporting period and are therefore valued using current market prices less costs to sell. As seedlings are expected to be sold in the short term, current market prices are considered an appropriate reflection of fair value. Selling prices are adjusted for the maturity of the seedlings.

Volume and growth estimations

The age of seedlings has been determined by the order or sow date of the seedlings, to determine their maturity. As changes to market prices, costs to sell, volume and growth assumptions applied in the valuation of seedlings may impact the calculated fair value, the Group has calculated the sensitivity of a change in each of these assumptions as tabled below:

	%	Changes in fair value (R)
Market price changes		
1% increase in market prices	1,00	292 530
1% decrease in market prices	(1,00)	(292 530)
Growth assumptions		
1% increase in growth rate	1,00	206 396
1% decrease in growth rate	(1,00)	(206 396)

LIVESTOCK

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

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

8. BIOLOGICAL ASSETS CONTINUED

RISK MANAGEMENT STRATEGY RELATED TO BIOLOGICAL ASSETS

The Group is exposed to the following risks relating to biological assets:

Regulatory and environmental risk

Non-compliance could have a negative effect on sales prices and volumes sold to optimal markets. The Group has established environmental policies and procedures aimed at compliance with environmental legislation. Regular reviews are performed to ensure that systems in place is adequate, The Group manages its plantations with FSC requirements.

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. This could have a direct impact on the annual growth rate which will negatively impact the fair value of Biological assets. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including fire protection, forest health inspections and industry pest and disease surveys. The Group is also insured against fire and other forces of nature.

9. GOODWILL AND INTANGIBLE ASSETS

	2023			2022		
Figures in Rand	**Cost/ valuation**	**Accumulated amortisation**	**Carrying value**	Cost/ valuation	Accumulated amortisation	Carrying value
Patents and trademarks	**200 000**	**(15 832)**	**184 168**	200 000	(15 832)	184 168
Sole distributor rights	**3 000 000**	**–**	**3 000 000**	3 000 000	–	3 000 000
Computer software	**20 106 743**	**(10 603 810)**	**9 502 933**	18 755 026	(10 221 801)	8 533 225
Goodwill	**102 834 312**	**–**	**102 834 312**	117 144 770	–	117 144 770
Agency insurance rights	**69 439 315**	**–**	**69 439 315**	70 219 227	–	70 219 227
Total	**195 580 370**	**(10 619 642)**	**184 960 728**	209 319 023	(10 237 633)	199 081 390

RECONCILIATION OF INTANGIBLE ASSETS

Figures in Rand	**Opening balance**	**Additions**	**Disposals**	**Amortisation**	**Impairment loss**	**Total**
2023						
Patents and trademarks	**184 168**	**–**	**–**	**–**	**–**	**184 168**
Sole distributor rights	**3 000 000**	**–**	**–**	**–**	**–**	**3 000 000**
Computer software	**8 533 225**	**2 523 006**	**(64)**	**(1 553 234)**	**–**	**9 502 933**
Goodwill	**117 144 770**	**–**	**–**	**–**	**(14 310 458)**	**102 834 312**
Agency insurance rights	**70 219 228**	**525 000**	**(1 304 913)**	**–**	**–**	**69 439 315**
	199 081 391	**3 048 006**	**(1 304 977)**	**(1 553 234)**	**(14 310 458)**	**184 960 728**

Figures in Rand	Opening balance	Additions	Additions through business combinations	Disposals	Classified as held for sale	Amortisation	Impairment loss	Total
2022								
Patents and trademarks	523 458	–	–	(194 234)	(145 056)	–	–	184 168
Sole distributor rights	3 000 000	–	–	–	–	–	–	3 000 000
Computer software	17 586 101	92 074	–	–	–	(1 719 446)	(7 425 504)	8 533 225
Goodwill	117 144 770	–	–	–	–	–	–	117 144 770
Agency insurance rights	47 375 930	13 536 111	9 307 186	–	–	–	–	70 219 227
	185 630 259	13 628 185	9 307 186	(194 234)	(145 056)	(1 719 446)	(7 425 504)	199 081 390

9. GOODWILL AND INTANGIBLE ASSETS CONTINUED

OTHER INFORMATION

During the prior year the Group acquired insurance agency rights to the value of R13 536 111 to further expand the insurance business. During the prior year, the Group also acquired 60% interest in Executive Underwriting Managers (Pty) Ltd. The total insurance agency rights of R9 307 186 represents the excess of the cost of the acquisition over the fair value of the net identifiable assets and liabilities assumed of the acquired business. Refer to note 10.

During the current year the Group acquired insurance agency rights to the value of R525 000.

REVIEW OF USEFUL LIFE ASSESSMENT AND IMPAIRMENT

Amortisation is calculated to write off computer software's carrying amount over its estimated useful life to its estimated residual value. The useful life and residual values are reviewed at the beginning of each reporting period and adjusted if appropriate.

The evaluation regarding the useful life and residual values of computer software can only be established with certainty when the item of asset is near the end of their useful life. The estimated useful lives of items of computer software is 4 years.

Goodwill, agency insurance rights and sole distributor rights is regarded as having an indefinite useful life because there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. Management review Goodwill annually to determine whether events and circumstances continue to support an indefinite useful life and review for impairment by comparing its recoverable amount to its carrying amount.

Goodwill and agency insurance rights is allocated to the Group's cash generating units based on the different business segments. The recoverable amount of a cash generating unit is based on the calculation of the value in use. The calculation uses cashflow forecasts prepared by management for the next seven years. Due to the nature of and the strategic objectives of the cash generating units, a longer than 5 years cashflow forecasts was used.

Figures in Rand	**2023**	2022
Intangible assets with indefinite lives are allocated to the following cash generating units:		
Agency insurance rights relating to the insurance business unit	**69 439 315**	70 219 228
Goodwill relating to the trade business unit	**–**	8 810 458
Goodwill relating to the timber business unit	**102 834 312**	108 334 312
Sole distributor rights relating to the trade business unit	**3 000 000**	3 000 000

The following assumptions were used in the determination of the recoverable amounts of each cash generating unit:

Discount rates:

Agency insurance rights	13,78%
Trade business unit	14,03%
Timber business unit	13,53%
Sole distributor rights	14,28%

Using the budget as base data, growth was increased by 5,90%.

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

DETAILS OF IMPAIRMENT LOSS

During the current year, goodwill to the value of R8 810 458, relating to the Trade business unit, was impaired. The impairment is due to a decline on the discounted future cash flow expected to be generated by Gromor (Pty) Ltd for the next 5 years. The impairment has been set off against the change of ownership reserve available for Gromor (Pty) Ltd. Refer to note 26.

During the current year, goodwill to the value of R5 500 000, relating to the Timber business unit, was impaired. The impairment is due to a decline on the discounted future cash flow expected to be generated by Bedrock (Pty) Ltd for the next 5 years. The impairment has been included in other operating losses. Refer to note 37.

10. INTERESTS IN SUBSIDIARIES

Name of company	Held by	Country of incorporation and principal operation	**% holding 2023**	% holding 2022
TWK Autospares (Pty) Ltd	TWK Motors (Pty) Ltd	South Africa	**100,00**	100,00
The Lionsriver Farmers Exchange (Pty) Ltd	TWK Motors (Pty) Ltd	South Africa	**100,00**	100,00
Rothman Motors (Pty) Ltd	TWK Motors (Pty) Ltd	South Africa	**100,00**	100,00
TWK Agri Collections (Pty) Ltd	TWK Agri (Pty) Ltd	South Africa	**100,00**	100,00
Constantia Kunsmis (Pty) Ltd	TWK Agri (Pty) Ltd	South Africa	**100,00**	100,00
TWK Insurance Brokers (Pty) Ltd	TWK Agri (Pty) Ltd	South Africa	**100,00**	100,00
TWK Motors (Pty) Ltd	TWK Agri (Pty) Ltd	South Africa	**100,00**	100,00
TWK Rekenaardienste (Pty) Ltd	TWK Agri (Pty) Ltd	South Africa	**100,00**	100,00
Lydenburg Saagmeule (Pty) Ltd	TWK Agri (Pty) Ltd	South Africa	**100,00**	100,00
BedRock Mining Support (Pty) Ltd	TWK Agri (Pty) Ltd	South Africa	**100,00**	100,00
Machrie Korttermyn (Pty) Ltd	TWK Agri (Pty) Ltd	South Africa	**100,00**	100,00
Fidesure Brokers (Pty) Ltd	TWK Agri (Pty) Ltd	South Africa	**100,00**	100,00
Sunshine Seedling Services (Pty) Ltd	TWK Agri (Pty) Ltd	South Africa	**71,00**	61,00
Executive Underwriting Managers (Pty) Ltd	TWK Agri (Pty) Ltd	South Africa	**60,00**	60,00
Roofspace Rental Group (Pty) Ltd	TWK Agri (Pty) Ltd	South Africa	**–**	85,00
Gromor (Pty) Ltd	Constantia Kunsmis (Pty) Ltd	South Africa	**100,00**	100,00
Farmyard Organics (Pty) Ltd	Gromor (Pty) Ltd	South Africa	**100,00**	100,00
Castle Walk Property Investments (Pty) Ltd	TWK Investments Ltd	South Africa	**100,00**	100,00
TWK Agri (Pty) Ltd	TWK Investments Ltd	South Africa	**75,00**	75,00
Arrowfeeds (Pty) Ltd	TWK Investments Ltd	Eswatini	**100,00**	100,00
Shiselweni Forestry Company Ltd	TWK Investments Ltd	Eswatini	**100,00**	100,00
TWK Swaziland (Pty) Ltd	TWK Investments Ltd	Eswatini	**100,00**	100,00
Nhlangano Timber Company (Pty) Ltd	Shiselweni Forestry Company Ltd	Eswatini	**100,00**	100,00
Olmacs (Pty) Ltd	Shiselweni Forestry Company Ltd	Eswatini	**100,00**	100,00
SAWCO Mining Timber (Pty) Ltd	Shiselweni Forestry Company Ltd	Eswatini	**100,00**	100,00
SAWCO Treated Timber (Pty) Ltd	Shiselweni Forestry Company Ltd	Eswatini	**100,00**	100,00
Rudamans Nelspruit (Pty) Ltd	TWK Agri (Pty) Ltd	South Africa	**100,00**	–
TWK Investments Ltd	TWK Agriculture Holdings (Pty) Ltd	South Africa	**70,38**	70,77

During the prior year, the Group acquired 60% of the issued share capital of Executive Underwriting Managers (Pty) Ltd.

During the current year the Group also acquired an additional 10% (2022: 10%) of the issued share capital of Sunshine Seedlings Services (Pty) Ltd.

During the year the Group sold its shares held in Roofspace Rental Group (Pty) Ltd. On 28 February 2023, a sale of share transaction was concluded. Refer to note 22. The proceeds on the sale of shares of Roofspace Rental Group has been included in other non-operating gains. Refer to note 39.

The Group also decided to sell its shares held in TWK Motors (Pty) Ltd. Due to advanced negotiations relating to the sale of shares. The operations of TWK Motors (Pty) Ltd is therefore disclosed as discontinued operations for the current and comparative period, and all assets and liabilities have been classified as held for sale. Refer to note 22.

During the year, the Group also acquired 100% of the issued share capital of Rudamans Nelspruit (Pty) Ltd.

SUBSIDIARIES PLEDGED AS SECURITY

TWK Agriculture Holdings (Pty) Ltd, TWK Investments Ltd and TWK Agri (Pty) Ltd signed unlimited suretyship as guarantee for the loan facilities. Refer to note 28.

Shiselweni Forestry Company Ltd signed a suretyship limited to an amount of R250 000 000 for the Standard Bank overdraft facility. Refer to note 21 and 28.

The shares of Castle Walk Property Investments (Pty) Ltd serves as security for the loan facilities granted by ABSA Bank to TWK Investments Ltd.

BUSINESS COMBINATIONS

New business combinations during 2023 impacted the Group's profit and revenue numbers as follows:

Revenue:	R143 075 371	(2022: R5 199 034)
Profit/(loss) before tax:	(R5 521 224)	(2022: R1 652 727)

10. INTERESTS IN SUBSIDIARIES CONTINUED

RUDAMANS NELSPRUIT (PTY) LTD

On 1 November 2022 the Group acquired 100% shareholding in Rudamans Nelspruit (Pty) Ltd. The interest was acquired to further expand the retail business of the Group.

The excess of the cost of the acquisition of the shareholding over the fair value of the Group's share of the net identifiable assets and liabilities assumed of the acquired business at the date of acquisition amounted to R0. On 31 August 2023, all operations of Rudamans Nelspruit (Pty) Ltd have been sold to TWK Agri (Pty) Ltd.

Fair value of assets acquired and liabilities assumed:

Figures in Rand	2023	2022
Property, plant and equipment	**9 652 346**	–
Inventory	**28 206 144**	–
Deferred tax	**230 078**	–
Trade and other receivables	**9 593 512**	–
Cash and cash equivalents	**2 397 894**	–
Total assets	**50 079 974**	–
Trade and other payables	**(9 252 111)**	–
Bank overdraft	**(9 246 039)**	–
Other current liabilities	**(2 017 104)**	–
Total liabilities	**(20 515 254)**	–
Net identifiable assets acquired	**29 564 720**	–
Less: Non-controlling interest in net identifiable assets on date of acquisition	**–**	–
Net identifiable assets acquired attributable to the parent	**29 564 720**	–
Less: Cash consideration paid	**(29 564 720)**	–
Goodwill	**–**	–

The acquisition was funded from operating cashflows.

SUNSHINE SEEDLINGS SERVICES (PTY) LTD

On 1 September 2022, the Group acquired an additional 10% (2022: 10%) shareholding in Sunshine Seedling Services (Pty) Ltd. The interest was acquired to further expand the timber business of the Group. The acquisition was funded from operating cashflow.

The excess of the cost of the acquisition of the shareholding over the fair value of the group's share of the net identifiable assets and liabilities assumed of the acquired business at the date of acquisition amounted to R5 783 163 (2022: R7 553 752) and have been accounted for as a change in ownership interest. The Group has the irrevocable right to acquire a further 29% of the shares in Sunshine Seedling Services (Pty) Ltd over the next 3 years at agreed terms and financial ratios. The estimate of the range for the outstanding 29% of the shares is between R23,5 million an R28,7 million.

Fair value of assets acquired and liabilities assumed:

Figures in Rand	2023	2022
Property, plant and equipment	**7 049 768**	6 798 606
Right-of-use assets	**10 175 621**	6 176 951
Biological assets	**19 611 530**	19 539 092
Inventories	**14 524 614**	13 715 404
Trade and other receivables	**3 879 655**	5 157 229
Cash and cash equivalents	**9 487 392**	11 627 816
Other current assets	**844 782**	1 747 966
Total assets	**65 573 362**	64 763 064
Borrowings and other loans	**(2 336 753)**	(4 381 533)
Lease liabilities	**(6 696 450)**	(4 395 664)
Deferred tax	**(9 508 077)**	(7 902 479)
Trade and other payables	**(11 370 224)**	(14 537 797)
Other current liabilities	**(4 594 227)**	(2 969 275)
Total liabilities	**(34 505 731)**	(34 186 748)
Net identifiable assets acquired	**31 067 631**	30 576 316
Less: Non-controlling interest in net identifiable assets on date of acquisition	**(16 264 056)**	(12 363 563)
Net identifiable assets acquired attributable to the parent	**14 803 575**	18 212 753
Less: Cash consideration paid	**(9 020 412)**	(10 659 001)
Change of ownership interest recognised on date of acquisition by controlling shareholder	**5 783 163**	7 553 752

10. INTERESTS IN SUBSIDIARIES CONTINUED

The fair value of trade and other receivables acquired of R3 879 655 (2022: R5 157 229) included a provision of R179 268 (2022: R3 602 200) which was not expected to be collected.

EXECUTIVE UNDERWRITING MANAGERS (PTY) LTD

On 1 June 2022 the Group acquired a 60% controlling share in Executive Underwriting Managers (Pty) Ltd. The interest was acquired to further expand the insurance business of the Group.

The excess of the cost of the acquisition of the shareholding over the fair value of the Group's share of the net identifiable assets and liabilities assumed of the acquired business at the date of acquisition amounted to R0.

Fair value of assets acquired and liabilities assumed:

Figures in Rand	**2023**	2022
Property, plant and equipment	**–**	217 959
Deferred tax	**–**	56 717
Trade and other receivables	**–**	2 605 866
Cash and cash equivalents	**–**	6 313 949
Agency insurance rights	**–**	9 307 186
Total assets	**–**	18 501 677
Trade and other payables	**–**	(2 747 914)
Other current liabilities	**–**	(2 206 028)
Total liabilities	**–**	(4 953 942)
Net identifiable assets acquired	**–**	13 547 735
Less: Non-controlling interest in net identifiable assets on date of acquisition	**–**	(1 847 735)
Net identifiable assets acquired attributable to the parent	**–**	11 700 000
Less: Cash consideration paid	**–**	(11 700 000)
Bargain purchase	**–**	–

The acquisition was funded from operating cashflows.

TOP CROP NURSERY PARTNERSHIP

On 1 March 2023 the Group acquired certain assets from Top Crop Nursery Partnership, as a going concern for a total consideration of R1 800 000. The interest was acquired to further expand the timber business of the Group. The assets comprised of the moveable nursery assets and inventory. A bargain purchase was recognised as a result of the net assets purchased at fair value exceeding the consideration paid and have been included in other operating income. Refer to note 34.

Fair value of assets acquired and liabilities assumed:

Figures in Rand	**2023**	2022
Property, plant and equipment	**2 071 999**	–
Biological assets	**2 695 907**	–
Inventory	**2 314 869**	–
	7 082 775	–
Less: Trade and other payables	**(4 275 474)**	–
Net identifiable assets acquired	**2 807 301**	–
Less: Cash consideration paid	**(1 800 000)**	–
Gain on a bargain purchase in a business combination included in other operating income	**1 007 301**	–

The acquisition was funded from operating cashflows.

10. INTERESTS IN SUBSIDIARIES CONTINUED

SUMMARISED FINANCIAL INFORMATION OF MATERIAL SUBSIDIARIES DISCLOSED ON A STANDALONE BASIS (I.E. BEFORE INTERGROUP ELIMINATIONS)

Summarised statement of financial position

Figures in Rand	Non-current assets	Current assets	Total assets	Non-current liabilities	Current liabilities	Total liabilities
2023						
Constantia Kunsmis (Pty) Ltd	**97 197 302**	**459 045 084**	**556 242 386**	**52 428 717**	**411 280 147**	**463 708 864**
BedRock Mining Support (Pty) Ltd	**69 272 714**	**106 975 375**	**176 248 089**	**296 709**	**47 070 283**	**47 366 992**
TWK Agri (Pty) Ltd	**1 235 872 808**	**3 407 823 766**	**4 643 696 574**	**1 066 946 474**	**3 248 154 057**	**4 315 100 531**
Shiselweni Forestry Company Ltd	**1 529 168 284**	**454 767 611**	**1 983 935 895**	**684 050 226**	**520 605 996**	**1 204 656 222**
Gromor (Pty) Ltd	**11 726 840**	**9 383 544**	**21 110 384**	**6 909 644**	**28 158 666**	**35 068 310**
SAWCO Mining Timber (Pty) Ltd	**59 689 624**	**63 160 395**	**122 850 019**	**7 128 261**	**119 596 987**	**126 725 248**
SAWCO Treated Timber (Pty) Ltd	**5 541 105**	**31 954 640**	**37 495 745**	**–**	**41 684 379**	**41 684 379**
Sunshine Seedling Services (Pty) Ltd	**19 118 510**	**54 794 076**	**73 912 586**	**19 583 943**	**21 956 953**	**41 540 896**
Executive Underwriting Managers (Pty) Ltd	**4 492 708**	**9 516 734**	**14 009 442**	**21 852**	**2 599 001**	**2 620 853**
TWK Investments Ltd	**1 908 635 056**	**89 711 908**	**1 998 346 964**	**484 023 151**	**79 768 722**	**563 791 873**
Total	**4 940 714 951**	**4 687 133 133**	**9 627 848 084**	**2 321 388 977**	**4 520 875 191**	**6 842 264 168**

Summarised statement of profit or loss and other comprehensive income

Figures in Rand	Revenue	Profit/(loss) before tax	Tax expense	Profit/(loss)	Other comprehensive income	Total comprehensive income
2023						
Constantia Kunsmis (Pty) Ltd	**2 030 191 916**	**(47 230 244)**	**13 144 890**	**(34 085 354)**	**–**	**(34 085 354)**
BedRock Mining Support (Pty) Ltd	**466 249 958**	**8 179 120**	**(2 883 134)**	**5 295 986**	**–**	**5 295 986**
TWK Agri (Pty) Ltd	**8 951 832 979**	**244 324 870**	**(48 901 253)**	**157 738 547**	**69 142**	**157 807 689**
Shiselweni Forestry Company Ltd	**428 743 623**	**122 275 910**	**(54 188 631)**	**68 087 279**	**17 649 252**	**85 736 531**
Gromor (Pty) Ltd	**39 067 750**	**6 851 471**	**(1 849 897)**	**5 001 574**	**–**	**5 001 574**
SAWCO Mining Timber (Pty) Ltd	**231 713 376**	**(22 200 690)**	**6 057 264**	**(16 143 426)**	**4 324 250**	**(11 819 176)**
SAWCO Treated Timber (Pty) Ltd	**44 225 884**	**(4 037 912)**	**1 109 576**	**(2 928 336)**	**–**	**(2 928 336)**
Sunshine Seedling Services (Pty) Ltd	**72 713 329**	**13 927 021**	**(3 453 965)**	**10 473 056**	**–**	**10 473 056**
Executive Underwriting Managers (Pty) Ltd	**22 713 940**	**8 504 660**	**(2 277 597)**	**6 227 063**	**–**	**6 227 063**
TWK Investments Ltd	**61 764 653**	**125 675 679**	**(26 690 651)**	**98 985 028**	**–**	**98 985 028**
Total	**12 349 217 408**	**456 269 885**	**(119 933 398)**	**298 651 417**	**22 042 644**	**320 694 061**

Summarised statement of financial position

Figures in Rand	Non-current assets	Current assets	Total assets	Non-current liabilities	Current liabilities	Total liabilities
2022						
Constantia Kunsmis (Pty) Ltd	106 684 288	685 155 179	791 839 467	83 993 979	581 226 615	665 220 594
BedRock Mining Support (Pty) Ltd	79 173 925	114 726 054	193 899 979	976 655	69 338 213	70 314 868
TWK Agri (Pty) Ltd	1 502 712 511	3 087 886 702	4 590 599 213	1 208 950 708	3 013 473 378	4 222 424 086
Shiselweni Forestry Company Ltd	1 410 698 733	384 255 993	1 794 954 726	667 010 616	434 043 522	1 101 054 138
Gromor (Pty) Ltd	13 941 585	10 101 610	24 043 195	22 999 345	19 967 324	42 966 669
SAWCO Mining Timber (Pty) Ltd	50 974 791	52 623 685	103 598 476	7 469 423	88 185 104	95 654 527
SAWCO Treated Timber (Pty) Ltd	4 950 745	30 782 122	35 732 867	–	36 993 163	36 993 163
Sunshine Seedling Services (Pty) Ltd	17 225 388	48 347 973	65 573 361	18 541 280	15 964 451	34 505 731
Executive Underwriting Managers (Pty) Ltd	4 057 983	11 114 179	15 172 162	2 624 298	7 386 338	10 010 636
TWK Investments Ltd	2 416 798 182	203 420 237	2 620 218 419	665 254 578	73 196 312	738 450 890
Total	5 607 218 131	4 628 413 734	10 235 631 865	2 677 820 882	4 339 774 420	7 017 595 302

10. INTERESTS IN SUBSIDIARIES CONTINUED

Summarised statement of profit or loss and other comprehensive income

Figures in Rand	Revenue	Profit before tax	Tax expense	Profit/(loss)	Other comprehensive income	Total comprehensive income
2022						
Constantia Kunsmis (Pty) Ltd	2 740 360 132	105 745 754	(29 151 269)	76 594 485	–	76 594 485
BedRock Mining Support (Pty) Ltd	391 412 099	11 640 511	(2 240 049)	9 400 462	(2 930 447)	6 470 015
TWK Agri (Pty) Ltd	9 122 696 251	160 866 934	(45 674 977)	115 191 957	36 751 754	151 943 711
Shiselweni Forestry Company Ltd	399 762 241	120 083 227	(32 652 025)	87 431 202	–	87 431 202
Gromor (Pty) Ltd	131 728 691	1 164 317	(1 026 602)	137 715	–	137 715
SAWCO Mining Timber (Pty) Ltd	216 805 716	(7 537 629)	1 842 493	(5 695 136)	–	(5 695 136)
SAWCO Treated Timber (Pty) Ltd	29 965 984	12 582	(725 577)	(712 995)	–	(712 995)
Sunshine Seedling Services (Pty) Ltd	73 873 488	18 022 956	(4 924 642)	13 098 314	–	13 098 314
Executive Underwriting Managers (Pty) Ltd	5 199 034	1 652 728	(479 226)	1 173 502	–	1 173 502
TWK Investments Ltd	55 171 369	98 235 725	(13 623 035)	84 612 690	230 438 449	315 051 139
Total	13 166 975 005	509 887 105	(128 654 909)	381 232 196	264 259 756	645 491 952

The net assets recognised in the individual financial statements of the acquired companies are at fair value as at the acquisition date and due to the fact that no other identifiable assets were identified, goodwill was recognised were applicable.

The goodwill has been tested for impairment and the headroom was sufficient.

NATURE OF BUSINESS AND NON-CONTROLLING INFORMATION OF SUBSIDIARIES

Company	Nature of business	Proportion of non-controlling interest and their voting rights %	Non-controlling interest result for the year R	Accumulated non-controlling interest R
TWK Investments Ltd	Property Holding	29,62	65 960 748	622 128 140
TWK Motors (Pty) Ltd	Sale of motor vehicles and related services	n/a	n/a	n/a
Constantia Kunsmis (Pty) Ltd	Manufacturing and distribution of fertilizer	n/a	n/a	n/a
Shiselweni Forestry Company Ltd	Growing of timber and other related operations	n/a	n/a	n/a
SAWCO Mining Timber (Pty) Ltd	Production and supply of timber related products	n/a	n/a	n/a
TWK Agri (Pty) Ltd	Agricultural products and services	25	20 984 913	59 518 348
BedRock Mining Support (Pty) Ltd	Timber-based underground support to South African mines	n/a	n/a	n/a
Sunshine Seedling Services (Pty) Ltd	Production and marketing of agricultural products	29	3 037 186	9 387 790
Lionsriver Farmers Exchange (Pty) Ltd	Fuel service stations including convenience stores, food outlets and related business	n/a	n/a	n/a
Executive Underwriting Managers (Pty) Ltd	Funeral insurance and underwriters	40	2 490 826	4 555 436
Roofspace Rental Group (Pty) Ltd	Supply of electricity via solar energy	–	483 023	–

A total dividend of R2 659 010 (2022: R6 152 516) was paid to the non-controlling shareholders of Sunshine Seedling Services (Pty) Ltd and R0 (2022: R89 291) to the non-controlling shareholders of Protea Versoolwerke Ermelo (Pty) Ltd. The shares of Protea Versoolwerke Ermelo (Pty) Ltd has been sold in the previous year.

11. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The following table lists all of the associates and joint ventures in the company:

Name of Company	Associate or joint venture	Held by	% ownership interest 2023	% ownership interest 2022	Carrying amount 2023	Carrying amount 2022
Henleo 1080 (Pty) Ltd	Associate	Constantia Kunsmis (Pty) Ltd	**45,00**	45,00	**11 360 711**	7 865 714
Silulu Forestry Company (Pty) Ltd	Associate	Shiselweni Forestry Company Ltd	**45,00**	45,00	**4 982 570**	3 030 832
African Collateral Management (Pty) Ltd	Associate	TWK Agri (Pty) Ltd	**45,00**	45,00	**162 771**	–
Canyon Springs Investments 140 (Pty) Ltd	Joint venture	TWK Investments Ltd	**50,00**	50,00	**7 962 579**	8 025 532
					24 468 631	18 922 078

The percentage ownership interest of the above associates and joint ventures is equal to the percentage voting rights.

Henleo 1080 (Pty) Ltd is incorporated in South Africa with interest in the manufacturing and distribution of fertilizer. The issued share capital of Henleo 1080 (Pty) Ltd is R100. No dividends have been declared or paid by Henleo 1080 (Pty) during the current or previous year. The financial year-end of Henleo 1080 (Pty) Ltd is 28 February. The financial information above is based on independently reviewed 12 month management accounts.

Silulu Royal Forestry Company (Pty) Ltd is incorporated in Eswatini with an interest in agricultural activities. The interest was acquired to further expand the timber business of the TWK Group. The issued share capital of Silulu Royal Forestry Company (Pty) Ltd is R100. A dividend of R255 366 has been declared and paid by Silulu Royal Forestry Company (Pty) Ltd during the year. The financial year-end of Silulu Royal Forestry Company (Pty) Ltd is 31 August. The financial information above is based on 12 month audited financial statements.

African Collateral Management (Pty) Ltd is incorporated in South Africa with an interest in grain storage. The interest was acquired to further expand the grain business of the TWK Group. The issued share capital of African Collateral Management (Pty) Ltd is R120. No dividends have been declared or paid by African Collateral Management (Pty) Ltd during the year. The financial year-end of African Collateral Management (Pty) Ltd is 31 March. The financial information above is based on 12 month management accounts.

Canyon Springs Investments 140 (Pty) Ltd is incorporated in South Africa with an interest in the rental of property industry. The interest was acquired to further expand the corporate business of the TWK Group. The issued share capital of Canyon Springs Investments 140 (Pty) Ltd is R100. A dividend of R915 000 (2022: R957 609) have been declared and paid by Canyon Springs Investments 140 (Pty) Ltd during the year. The financial year-end of Canyon Springs Investments 140 (Pty) Ltd is 31 August. The financial information above is based on 12 month audited financial statements.

The Group accounts for its investments in associates and joint ventures using the equity method.

SUMMARISED FINANCIAL INFORMATION OF MATERIAL ASSOCIATES AND JOINT VENTURES

Summarised statement of profit or loss and other comprehensive income

Figures in Rand	Revenue	Profit/(loss) from continuing operations	Total comprehensive income
2023			
Henleo 1080 (Pty) Ltd	**23 697 988**	**7 628 048**	**7 628 048**
Silulu Royal Forestry Company (Pty) Ltd	**1 287 291**	**4 048 535**	**4 048 535**
African Collateral Management (Pty) Ltd	**14 211 365**	**2 031 547**	**2 031 547**
Canyon Springs Investments 140 (Pty) Ltd	**2 882 604**	**1 704 096**	**1 704 096**
	42 079 248	**15 412 226**	**15 412 226**

Summarised statement of financial position

Figures in Rand	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Total net assets
2023					
Henleo 1080 (Pty) Ltd	**26 254 320**	**9 770 819**	**9 960 457**	**818 659**	**25 246 023**
Silulu Royal Forestry Company (Pty) Ltd	**54 352 283**	**3 361 914**	**40 184 958**	**6 456 859**	**11 072 380**
African Collateral Management (Pty) Ltd	**11 393 416**	**3 411 608**	**12 898 176**	**1 545 134**	**361 714**
Canyon Springs Investments 140 (Pty) Ltd	**18 500 000**	**38 754**	**2 548 246**	**65 351**	**15 925 157**
	110 500 019	**16 583 095**	**65 591 837**	**8 886 003**	**52 605 274**

11. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES CONTINUED

Reconciliation of net assets to equity-accounted investments

Figures in Rand	Total net assets	Interest in investment at % ownership	Investment
2023			
Henleo 1080 (Pty) Ltd	**25 246 023**	**11 360 711**	**11 360 711**
Silulu Royal Forestry Company (Pty) Ltd	**11 072 380**	**4 982 570**	**4 982 570**
African Collateral Management (Pty) Ltd	**361 714**	**162 771**	**162 771**
Canyon Springs Investments 140 (Pty) Ltd	**15 925 157**	**7 962 579**	**7 962 579**
	52 605 274	**24 468 631**	**24 468 631**

Reconciliation of movement in equity-accounted investments

Figures in Rand	Investment at beginning of year	Share of profit	Dividends received	Investment at end of year
2023				
Henleo 1080 (Pty) Ltd	**7 865 714**	**3 494 997**	**–**	**11 360 711**
Silulu Royal Forestry Company (Pty) Ltd	**3 030 832**	**2 207 104**	**(255 366)**	**4 982 570**
African Collateral Management (Pty) Ltd	**–**	**162 771**	**–**	**162 771**
Canyon Springs Investments 140 (Pty) Ltd	**8 025 532**	**852 047**	**(915 000)**	**7 962 579**
	18 922 078	**6 716 919**	**(1 170 366)**	**24 468 631**

Summarised statement of profit or loss and other comprehensive income

Figures in Rand	Revenue	Profit/(loss) from continuing operations	Total comprehensive income
2022			
Henleo 1080 (Pty) Ltd	26 009 238	8 167 954	8 167 954
Silulu Royal Forestry Company (Pty) Ltd	3 199 144	2 693 340	2 693 340
African Collateral Management (Pty) Ltd	11 194 666	1 239 121	1 239 121
Canyon Springs Investments 140 (Pty) Ltd	2 851 416	1 751 752	1 751 752
	43 254 464	13 852 167	13 852 167

Summarised statement of financial position

Figures in Rand	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Total net assets
2022					
Henleo 1080 (Pty) Ltd	28 602 977	4 875 240	15 669 948	328 905	17 479 364
Silulu Royal Forestry Company (Pty) Ltd	35 582 686	4 655 874	7 572 540	25 930 837	6 735 183
African Collateral Management (Pty) Ltd	11 217 916	2 665 264	14 428 112	1 124 899	(1 669 831)
Canyon Springs Investments 140 (Pty) Ltd	18 500 000	52 695	2 427 435	74 199	16 051 061
	93 903 579	12 249 073	40 098 035	27 458 840	38 595 777

Reconciliation of net assets to equity-accounted investments

Figures in Rand	Total net assets	Interest in associate at % ownership	Accumulated unrecognised losses	Investment
2022				
Henleo 1080 (Pty) Ltd	17 479 364	7 865 714	–	7 865 714
Silulu Royal Forestry Company (Pty) Ltd	6 735 183	3 030 832	–	3 030 832
African Collateral Management (Pty) Ltd	(1 669 831)	(751 424)	751 424	–
Canyon Springs Investments 140 (Pty) Ltd	16 051 061	8 025 532	–	8 025 532
	38 595 777	18 170 654	751 424	18 922 078

11. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES CONTINUED

Reconciliation of movement in equity-accounted investments

Figures in Rand	Investment at beginning of year	Share of profit	Dividends received	Investment at end of year
2022				
Henleo 1080 (Pty) Ltd	5 000 196	2 865 518	–	7 865 714
Silulu Royal Forestry Company (Pty) Ltd	3 030 832	–	–	3 030 832
Canyon Springs Investments 140 (Pty) Ltd	8 107 264	875 877	(957 609)	8 025 532
	16 138 292	3 741 395	(957 609)	18 922 078

12. LOANS TO ASSOCIATE COMPANIES

ASSOCIATES

Figures in Rand	2023	2022
Henleo 1080 (Pty) Ltd	**3 302 990**	5 368 866
Subject to the availability of funds of the Company, the loans shall be repaid from time to time as agreed between the Company and all its Shareholders with reasonable terms of at least 18 months. The unsecured loan bears interest at a prime linked rate.		
African Collateral Management (Pty) Ltd	**5 620 945**	5 890 800
Subject to the availability of funds of the Company, the loan shall be repaid from time to time as agreed between the Company and all its Shareholders with reasonable terms of at least 18 months. The unsecured loan bears interest at a prime linked rate.		
	8 923 935	11 259 666

SPLIT BETWEEN NON-CURRENT AND CURRENT PORTIONS

Figures in Rand	2023	2022
Non-current assets	**8 923 935**	11 259 666

EXPOSURE TO CREDIT RISK

Loans receivable are subject to the impairment provisions of IFRS 9 Financial Instruments, which requires a loss allowance to be recognised for all exposures to credit risk. Refer to note 18 for guidance on how expected credit losses is calculated.

In determining the amount of expected credit losses, the Group has taken into account any historic default experience, the financial positions of the counterparties as well as the future prospects in the industries in which the counterparties operate. The expected loss rate percentage for loans to Group companies is zero.

FAIR VALUE OF GROUP LOANS RECEIVABLE

The carrying value of group loans receivable approximates its fair value, with only impairment adjustments effected where applicable.

13. FINANCE LEASE RECEIVABLES

Figures in Rand	2023	2022
Maturity analysis of lease payments receivable		
– within one year	**14 188 660**	10 295 012
– in second to fifth year inclusive	**18 968 506**	14 775 621
Gross investment in leases	**33 157 166**	25 070 633
Less: Unearned interest income	**(4 510 891)**	(4 255 544)
Present value of minimum lease payments receivable	**28 646 275**	20 815 089
Less: Loss allowance	**(21 997)**	(1 349 061)
Net investment in the lease	**28 624 278**	19 466 028
Non-current assets	**14 456 631**	11 007 356
Current assets	**14 167 647**	8 458 672
	28 624 278	19 466 028

13. FINANCE LEASE RECEIVABLES CONTINUED

Finance lease receivables represent items sold over varying terms of up to 60 months. The underlying asset serves as security for the lease agreement. Interest rates are market related and both variable and fixed depending on the specific agreement.

The carrying value of finance lease receivables have been pledged to secure borrowings (see note 28).

EXPECTED CREDIT LOSSES

Finance lease receivable inherently exposes the Group to credit risk, being the risk that the Group will incur financial loss if counterparties fail to make payments as they fall due.

In order to mitigate the risk of financial loss from defaults, the Group only deals with reputable counterparties with consistent payment histories. Credit risk is mitigated by holding the leased assets as collateral. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Finance lease receivables are subject to the impairment provisions of IFRS 9 Financial Instruments, which requires a loss allowance to be recognised for all exposures to credit risk. Refer to note 17 for guidance on how expected credit losses is calculated.

Finance lease receivables are classified into the following categories:

Figures in Rand	Total exposure to credit risk	Expected loss rate (%)	Loss allowance
2023			
Category 1	**12 172 130**	**0,09**	**10 955**
Category 2	**–**	**31,07**	**–**
Category 3	**11 042**	**100,00**	**11 042**
Total	**12 183 172**		**21 997**
2022			
Category 1	6 927 673	0,06	4 157
Category 2	–	31,07	–
Category 3	1 582 240	85,00	1 344 904
Total	8 509 913		1 349 061

14. RETIREMENT BENEFITS

DEFINED BENEFIT PLAN

The Group's policy is not to provide post-retirement medical aid benefits to its employees. However, a provision is made for a closed group of former employees in respect of post retirement medical scheme contributions. The last valuation was on 31 August 2023. An independent actuary, Mr D Freidus of Five 2 Two Actuaries determined the value of the obligation and the annual cost of such benefits.

At year-end the number of members consisting of former employees was 7 (2022: 9).

CARRYING VALUE

Figures in Rand	2023	2022
Present value of the defined medical benefit obligation	**(4 076 000)**	(4 585 000)

MOVEMENTS FOR THE YEAR

Figures in Rand	2023	2022
Opening balance	**(4 585 000)**	(5 096 000)
Actuarial gains and losses	**188 668**	252 152
Benefits paid on behalf of members	**841 332**	787 848
Interest cost	**(521 000)**	(529 000)
	(4 076 000)	(4 585 000)

14. RETIREMENT BENEFITS CONTINUED

KEY ASSUMPTIONS USED

The liability as at 31 August 2023 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.

Figures in Rand	**2023**	2022
Mortality tables	**PA(90)**	PA(90)
Discount rates used (%)	**12,70**	12,50
Healthcare inflation rate (%)	**9,35**	9,75

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:

Figures in Rand	**2023**	2022
Increase of 1%	**156 000**	184 000
Decrease of 1%	**(147 000)**	(172 000)

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:

Figures in Rand	**2023**	2022
Increase of 1%	**157 000**	184 000
Decrease of 1%	**(170 000)**	(201 000)

15. DEFERRED TAX

DEFERRED TAX LIABILITY

Figures in Rand	**2023**	2022
Property plant and equipment	**(20 846 625)**	(24 131 318)
Revaluation of land and buildings	**(40 005 205)**	(39 779 952)
Prepayments	**(5 301 153)**	(4 874 306)
Biological assets	**(343 937 033)**	(302 783 410)
Total deferred tax liability	**(410 090 016)**	(371 568 986)

DEFERRED TAX ASSET

Figures in Rand	**2023**	2022
Fair value adjustments on investments	**6 724 367**	2 359 520
Income received in advance	**1 139 645**	916 073
Accruals and provisions	**39 736 801**	43 879 825
Right of use assets	**6 514 846**	3 556 053
Deferred tax balance from temporary differences other than unused tax losses	**54 115 659**	50 711 471
Tax losses available for set off against future tax income	**82 339 568**	85 832 734
	136 455 227	136 544 205
Total deferred tax asset	**136 455 227**	136 544 205

The deferred tax assets and the deferred tax liability consist of income tax in South Africa and Eswatini and therefore relates to different jurisdictions.

15. DEFERRED TAX CONTINUED

The deferred tax relating to the South African companies is as follows:

Figures in Rand	2023	2022
Deferred tax liability	**(127 437 166)**	(121 322 494)
Deferred tax asset	**82 068 748**	67 467 081
Total net deferred tax liability	**(45 368 418)**	(53 855 413)

The deferred tax relating to Eswatini companies is as follows:

Figures in Rand	2023	2022
Deferred tax liability	**(299 371 174)**	(258 974 817)
Deferred tax asset	**71 104 803**	77 805 449
Total net deferred tax liability	**(228 266 371)**	(181 169 368)

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

Figures in Rand	2023	2022
Deferred tax liability	**(316 351 424)**	(254 615 633)
Deferred tax asset	**42 716 635**	19 590 852
Total net deferred tax liability	**(273 634 789)**	(235 024 781)

It should be noted that this summary disclosure has been prepared in accordance with the requirements of IAS 12 par.74, and further to align the note disclosure with presentation on the face of the Statement of Financial Position.

RECONCILIATION OF DEFERRED TAX ASSET/(LIABILITY)

Figures in Rand	2023	2022
At beginning of year	**(235 024 781)**	(213 337 142)
Increases/(decrease) in tax loss available for set off against future taxable income	**(3 493 165)**	28 976 880
Taxable/(deductible) temporary difference on right of use assets	**2 958 793**	1 930 286
Taxable/(deductible) temporary difference movement on property, plant and equipment	**3 284 693**	(11 670 318)
Temporary difference on revaluation of land and buildings	**(225 253)**	642 176
Taxable/(deductible) temporary difference on accruals and provisions	**(4 143 021)**	10 516 793
Taxable/(deductible) temporary difference on fair value adjustments on investments	**4 364 847**	5 287 845
Taxable/(deductible) temporary difference on biological assets	**(41 153 626)**	(55 235 229)
Taxable/(deductible) temporary difference on income received in advance	**223 571**	(910 853)
Taxable/(deductible) temporary difference on prepayments	**(426 847)**	(4 339 146)
Taxable/(deductible) temporary difference on effect of rate change	**–**	3 113 927
	(273 634 789)	(235 024 781)

16. INVENTORIES

Figures in Rand	2023	2022
Raw materials	**34 452 115**	43 568 442
Work in progress	**4 247 387**	5 230 134
Finished goods	**717 882 171**	601 358 706
Agricultural products	**200 222 041**	412 684 973
Grain inventory at fair value	**366 932 416**	152 333 780
	1 323 736 130	1 215 176 035
Inventories (write-downs)	**(14 829 428)**	(2 717 220)
	1 308 906 702	1 212 458 814

16. INVENTORIES CONTINUED

INVENTORY PLEDGED AS SECURITY

Inventory with a carrying value of R1 188 745 591 (2022: R1 097 012 968) have been pledged to secure borrowings granted to the Group, as set out in note 28.

The price of grain inventory is hedged in terms of the Group's grain policy on the South African Future Exchange (Safex). Variance margins are also set off against these items and consequently the carrying value is equal to the fair value thereof. Inputs used in the valuation include the Safex price, differential, premium, storage and handling, interest, commission and the spreads.

SENSITIVITY ANALYSIS

As changes to the Safex prices may impact the calculated fair value of grain commodities, the effect of an increase of R1 in the Safex price and the effect of a decrease of R1 in the Safex price on the calculated fair value is as follow:

	2023		2022	
Figures in Rand	**1,00**	**(1,00)**	1,00	(1,00)
Grain commodities	**76 383**	**(76 383)**	33 961	(33 961)
	76 383	**(76 383)**	33 961	(33 961)

17. LOANS RECEIVABLE

Loans receivable are presented at amortised cost, which is net of loss allowance, as follows

Figures in Rand	**2023**	2022
Forestry and term loans	**217 434 249**	113 340 897
The Forestry and term loans bears interest at a prime-linked rate and is granted over a period between 5 and 10 years to clients which are repayable in monthly or annual instalments. The Group holds collateral as security.		
Loss allowance	**(15 847)**	(16 413)
	217 418 402	113 324 484
Split between non-current and current portions		
Non-current assets	**62 920 332**	79 027 829
Current assets	**154 498 070**	34 296 655
Total in loans receivable before provisions	**217 418 402**	113 324 484

LOANS PLEDGED AS SECURITY

Loans with a carrying amount of R217 418 402 (2022: R113 324 484) have been pledged to secure borrowings. Refer to note 28.

EXPOSURE TO CREDIT RISK

Loans receivable inherently exposes the Group to credit risk, being the risk that the Group will incur financial loss if counterparties fail to make payments as they fall due.

The maximum exposure to credit risk without taking credit enhancements and collateral into account is equal to the total carrying value of the asset. The actual exposure to credit risk at the reporting date is the carrying amount of loans mentioned above, less securities held by the Group.

Loans receivable are subject to the impairment provisions of IFRS 9 Financial Instruments, which requires a loss allowance to be recognised for all exposures to credit risk.

Loans receivables are classified into the following stages, in accordance with IFRS 9 Financial instruments, for impairment purposes, considering changes in credit risk since initial recognition and risk characteristics on initial recognition for impairment purposes as follows:

Stage 1: the loss allowance measured at an amount equal to 12-month expected credit losses.

This represent loans where there has not been a significant increase in credit risk since initial recognition. For the portfolio impairment assessment, the loans are not individually assessed but grouped to perform a grouped assessment.

Stage 2: the loss allowance measured at an amount equal to lifetime expected credit losses.

Loans whose credit risk have increased significantly since initial recognition as well as loans with higher risk characteristics on initial recognition. For the portfolio impairment assessment loans are not individually considered, but loans with similar credit risks and characteristics are grouped together and assessed for impairment. These loans have not been handed over to the legal department for collections, but there is an indicator of impairment.

17. LOANS RECEIVABLE CONTINUED

Stage 3: loans that are credit-impaired

Loans whose credit risk have increased significantly since initial recognition. These debtors are handed over to the legal department for recovery. The specific impairment represents the actual risk for bad debt determined by the legal department, taking into account the recovery possibility, all securities, the clients' financial situation and the expected realisation of securities held for the specific customers. A portfolio portion is provided for debtors where a recovery possibility exists.

The amount of the provision for impairment losses is determined using the following formula:

Impairment = Total book x probability of Default % (PD%) x Loss Given Default % (LGD%)

On that basis the loss allowance was determined as follows for loans receivables:

CREDIT LOSS ALLOWANCES

Figures in Rand	Total exposure to credit risk	Expected loss rate (%)	Loss allowance
2023			
Category 1	**17 607 886**	**0,09**	**15 847**
Category 2	**–**	**1,00**	**–**
Category 3	**–**	**85,00**	**–**
Total	**17 607 886**		**15 847**
2022			
Category 1	27 354 287	0,06	16 413
Category 2	–	1,00	–
Category 3	–	85,00	–
Total	27 354 287		16 413

CREDIT LOSS ALLOWANCE RECONCILIATION

Figures in Rand	2023	2022
Opening balance	**16 413**	96 372
Remeasurement of loss allowance	**(566)**	(79 959)
Amount written off	**–**	–
	15 847	16 413

EXPOSURE TO INTEREST RATE RISK

Refer to note 50 for details of interest rate risk management for investments in loans receivable.

FAIR VALUE OF LOANS RECEIVABLE

The amortised cost of the loans is R217 418 402 (2022: R113 324 484) and approximates the fair value of these loans.

18. TRADE AND OTHER RECEIVABLES

Figures in Rand	2023	2022
Financial instruments:		
Trade receivables	**1 234 094 281**	1 168 573 588
Loss allowance	**(61 390 679)**	(52 356 902)
Trade receivables at amortised cost	**1 172 703 602**	1 116 216 686
Deposits	**23 766 397**	22 885 664
Other receivable	**29 025 657**	65 349 107
Non-financial instruments:		
VAT	**34 199 987**	77 911 375
Employee costs in advance	**95 925**	145 654
Prepayments	**22 272 239**	20 178 777
Total trade and other receivables	**1 282 063 807**	1 302 687 263

18. TRADE AND OTHER RECEIVABLES CONTINUED

Financial instrument and non-financial instrument components of trade and other receivables

Figures in Rand	2023	2022
At amortised cost	**1 225 495 656**	1 204 451 457
Non-financial instruments	**56 568 151**	98 235 806
	1 282 063 807	1 302 687 263

Trade receivables consist mainly of production accounts and current accounts.

Production accounts mainly include the extension of credit to producers on a seasonal basis for purpose of procuring inputs and/or mechanisation purchases from or via the Group. 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 arrear accounts is levied at guideline rates as determined by the National Credit Act.

TRADE AND OTHER RECEIVABLES PLEDGED AS SECURITY

Trade and other receivables with a carrying value of R1 031 458 219 (2022: R995 013 705) have been pledged to secure the borrowings as set out in note 28.

The maximum exposure to credit risk without taking credit enhancement and collateral into account is equal to the total carrying value of the trade receivables. The actual exposure to credit risk at the report date is the carrying amount of receivables mentioned above less securities held by the Group.

EXPOSURE TO CREDIT RISK

Trade receivables inherently expose the Group to credit risk, being the risk that the Group will incur financial loss if customers fail to make payments as they fall due.

Before accepting new and existing customers the Group uses firm assessing procedures, according to the approved credit policy, to assess the customer's credit quality and defines credit limits by customer. The actual exposure to credit risk at the reporting date is the carrying amount of receivables mentioned above less securities held by the Group. In addition to the above, credit guarantee insurance cover is purchased on a portion of the debtors book to compensate for possible non-payments.

The Group has no significant concentration of credit risk due to its wide spread of customers. The Group has policies in place to ensure that sales of products and services are only made to customers with an appropriate credit history, within approved credit limits and against appropriate securities.

Management believes that credit risk inherent in trade receivables has sufficiently been accounted for through the provision of impairment. Refer to note 50 for details on credit risk.

Deposits and other receivables are also subject to the impairment provision of IFRS 9. In determining the amount of expected credit losses, the Group has taken into account any historic default experience, the financial position of counterparties, as well as future prospects. The expected loss rate percentage for these accounts is zero.

EXPECTED CREDIT LOSSES

Financial assets are subject to the impairment provisions of IFRS 9 Financial Instruments, which requires a loss allowance to be recognised for all exposures to credit risk. The impairment provision is monitored at the end of each reporting period, taking into account all reasonable and supportive information, including that which is forward-looking. The basis of impairment of a financial asset is dependent on the risk profile on initial recognition and on whether the credit risk of the financial asset has increased significantly since initial recognition. The Group measures the loss allowance by applying the simplified approach which is presented by IFRS 9 and determined on the following basis:

The payment period of production accounts and current accounts must be settled within 12 months and therefore lifetime expected credit losses are based in the guidance of IFRS 9.

In accordance with this approach, the expected credit losses are estimated using a provision matrix, which is presented below:

The provision matrix has been developed by making use of the Group's internal risk rating grade which is mapped to the indicative mapping methodology for corporate exposure based on information published for receivables with similar characteristics. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Drivers such as prime rate, GDP growth, CPI and credit growth are taken into account. TWK has identified a comprehensive probability of Default (PD) rating of an external source with reference to similar portfolios as reference point for forward looking information. To measure the expected credit losses, trade receivables have been grouped based on the Group share credit risk characteristics.

18. TRADE AND OTHER RECEIVABLES CONTINUED

The different categories in trade debtors are defined as follows:

- **Performing —** Clients with an excellent credit history, financial position, cash flow and repayment ability.
- **Increased risk —** Client with good repayment ability and security without any indicator of non-performance, but without a strong financial position and balance sheet. TWK do not have a long-term relationship or credit history with the client.
- **Underperforming —** Clients with payments being overdue for a short period of time, but with stable financial position and good securities in place.
- **High risk —** Clients with payments being overdue for a longer period, but with stable financial position and good securities in place.
- **Non-performing —** Clients with history of non-performing and financial distress.
- **Default —** Mostly accounts that have been handed over to the attorneys for collections.

The categories are grouped together based on the risk profile and the days past due on the following basis:

- **Category 1:** Performing
- **Category 2:** Increased risk, Underperforming, High risk, Non-performing
- **Category 3:** Default

The amount of the provision for impairment losses is determined using the following formula:

Impairment = Total book x probability of Default % (PD%) x Loss Given Default % (LGD%)

On that basis the loss allowance was determined as follows for trade receivables:

Figures in Rand	Total exposure to credit risk	Expected loss rate (%)	Loss allowance
2023			
Category 1	**439 632 886**	**0,09**	**395 670**
Category 2	**125 962 662**	**9,73**	**12 254 564**
Category 3	**25 583 930**	**99,68**	**25 502 711**
Total	**591 179 478**		**38 152 945**
2022			
Category 1	348 110 000	0,06	208 866
Category 2	935 463	4,02	3 760 560
Category 3	33 659 621	85,00	28 610 678
Total	382 705 084		32 580 104

Figures in Rand	2023	2022
Specific impairment		
Opening balance	**(19 776 798)**	(25 365 740)
Decrease/(increase) in provision during the year	**(15 672 765)**	(8 777 037)
Amounts written off	**12 211 829**	14 365 979
Closing balance	**(23 237 734)**	(19 776 798)
Portfolio impairment		
Opening balance	**(32 580 104)**	(6 486 376)
Remeasurement of loss allowance	**(5 572 841)**	(26 093 728)
Closing balance	**(38 152 945)**	(32 580 104)
Total loss allowance	**(61 390 679)**	(52 356 902)

In addition to the loss allowance, trade receivables are written of when there is no reasonable expectation of recovery.

FAIR VALUE OF TRADE AND OTHER RECEIVABLES

The fair value of trade and other receivables, after taking into account the specific and portfolio impairments, approximates the carrying value of trade and other receivables.

19. INVESTMENTS AT FAIR VALUE

Investments at fair value through other comprehensive income comprise of equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

Figures in Rand	2023	2022
Equity investments at fair value through other comprehensive income:		
Listed and unlisted shares	**12 216 054**	25 300 768
	12 216 054	25 300 768

FAIR VALUE INFORMATION

The fair value measurement of financial assets at fair value have been categorised as follows in terms of the fair value measurement hierarchy:

- **Level 1:** The listed shares held in BKB Limited are measured based on the latest share trading price. The share price used was R5,50 (2022: R8,50).
- **Level 1:** The listed shares held by Castle Walk Property Investments (Pty) Ltd in York Timber Holdings Limited are measured at fair value based on the market share price. The share price used was R1,83 (2022: R2,75).
- **Level 3:** The unlisted shares held in NTE Company (Pty) Ltd and UCL Company (Pty) Ltd are valued based on the normalised earnings per share relative to the price-to-earnings ratio for similar assets. The price earnings ratio used is 2,40 (2022: 3,25) and 2,60 (2022: 3,50) respectively.
- **Level 3:** The unlisted shares held by TWK Agriculture Holdings (Pty) Ltd in Eswatini Meat Industries (Pty) Ltd are measured based on the interest the Group holds in the assets and liabilities. The unlisted shares have been sold during the current year.

EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments held at reporting date

	2023		2022	
Figures in Rand	**Fair value**	**Dividends received**	Fair value	Dividends received
Listed shares – BKB Limited shares – Held by TWK Investments Ltd	**12 650**	**3 613**	19 550	736
Unlisted shares – UCL Company (Pty) Ltd shares – Held by a nominee of TWK Investments Ltd	**894 296**	**40 779**	877 537	–
Unlisted shares – NTE Company (Pty) Ltd shares – Held by TWK Investments Ltd	**10 261 411**	**308 796**	9 332 394	63 524
Unlisted shares – Eswatini Meat Industries (Pty) Ltd – Held by TWK Agriculture Holdings (Pty) Ltd	**–**	**–**	13 971 287	–
Listed shares – York Timber Holdings Limited – Held by Castle Walk Property Investment (Pty) Ltd	**1 047 697**	**–**	1 100 000	–
Total	**12 216 054**	**353 188**	25 300 768	64 260

SENSITIVITY ANALYSIS

As changes to the Price/Earnings ratio may impact the calculated fair value, the effect of a increase of 0,25 in the Price/Earnings ratio and the effect of a decrease of 0,25 in the Price/Earnings ratio on the calculated fair value is as follows:

	2023		2022	
Figures in Rand	**0,25**	**(0,25)**	0,25	(0,25)
NTE Company (Pty) Ltd	**1 068 897**	**(1 068 897)**	666 600	(666 600)
UCL Company (Pty) Ltd	**85 990**	**(85 990)**	67 503	(67 503)
	1 154 887	**(1 154 887)**	734 103	(734 103)

19. INVESTMENTS AT FAIR VALUE CONTINUED

RECONCILIATION OF INVESTMENTS AT FAIR VALUE

Figures in Rand	Opening balance	Purchases	Gains/(losses) in other comprehensive income	Sales	Total
2023					
Listed shares – BKB Limited shares – Held by TWK Investments Ltd	**19 550**	**–**	**(6 900)**	**–**	**12 650**
Unlisted shares – NTE Company (Pty) Ltd shares – Held by TWK Investments Ltd	**9 332 394**	**–**	**929 018**	**–**	**10 261 412**
Unlisted shares – UCL Company (Pty) Ltd shares – Held by a nominee of TWK Investments Ltd	**877 537**	**–**	**16 758**	**–**	**894 295**
Unlisted shares – Eswatini Meat Industries (Pty) Ltd – Held by TWK Agriculture Holdings (Pty) Ltd	**13 971 287**	**–**	**–**	**(13 971 287)**	**–**
Listed shares – York Timber Holdings Limited – Held by Castle Walk Property Investments (Pty) Ltd	**1 100 000**	**301 896**	**(354 199)**	**–**	**1 047 697**
	25 300 768	**301 896**	**584 677**	**(13 971 287)**	**12 216 054**

Figures in Rand	Opening balance	Gains/(losses) in other comprehensive income	Total
2022			
Listed shares – BKB Limited shares – Held by TWK Investments Ltd	20 700	(1 150)	19 550
Unlisted shares – NTE Company (Pty) Ltd shares – Held by TWK Investments Ltd	22 684 819	(13 352 425)	9 332 394
Unlisted shares – UCL Company (Pty) Ltd shares – Held by a nominee of TWK Investments Ltd	1 344 339	(466 802)	877 537
Unlisted shares – Eswatini Meat Industries (Pty) Ltd – Held by TWK Agriculture Holdings (Pty) Ltd	14 591 474	(620 187)	13 971 287
Listed shares – York Timber Holdings Limited – Held by Castle Walk Property Investments (Pty) Ltd	1 520 000	(420 000)	1 100 000
	40 161 332	(14 860 564)	25 300 768

NUMBER OF SHARES IN LISTED AND UNLISTED COMPANIES

Figures in Rand	2023	2022
Listed shares – BKB Limited shares – Held by TWK Investments Ltd	**2 300**	2 300
Unlisted shares – NTE Company (Pty) Ltd shares – Held by TWK Investments Ltd	**3 431 064**	3 431 064
Unlisted shares – UCL Company (Pty) Ltd shares – Held by a nominee of TWK Investments Ltd	**514 888**	514 888
Unlisted shares – Eswatini Meat Industries (Pty) Ltd – Held by TWK Agriculture Holdings (Pty) Ltd	**–**	800 000
Listed shares – York Timber Holdings Limited – Held by Castle Walk Property Investments (Pty) Ltd	**572 512**	400 000
	4 520 764	5 148 252

20. DERIVATIVE FINANCIAL INSTRUMENTS

Figures in Rand	2023	2022
Hedging derivatives		
Commodity forward contract assets	**560 676**	6 826 722
Commodity forward contract liabilities	**(4 143 977)**	(6 830 600)
The forward purchase contracts represents contracts with producers for the procurement of physical commodities in the future. The forward sale contracts represents contracts with millers and other clients. It is against Group policy to have speculative positions.		
US Dollar forward contract asset	**1 779 600**	2 375 900
US Dollar forward contract liabilities	**(1 456 700)**	(9 393 400)
The Group's US Dollar forward contracts relates to cash flows that are expected to occur during the period September – December 2024.		
Split between non-current and current portions		
Current assets	**2 340 276**	9 202 622
Current liabilities	**(5 600 677)**	(16 224 000)
	(3 260 401)	(7 021 378)

The fair value measurement of forward contracts are determined by applying the market values of Safex and the foreign exchange markets, and therefore categorised as Level 1 in terms of the fair value measurement hierarchy.

21. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Figures in Rand	2023	2022
Cash on hand	**4 073 534**	422 081
Bank balances	**58 451 793**	178 995 897
Short-term deposits	**43 787 569**	35 094 602
Deposit call account	**353 702**	201 903
Other cash and cash equivalents	**7 255 751**	315 730
Bank overdraft	**(488 628)**	(106 192)
	113 433 721	214 924 021
Current assets	**113 922 349**	215 030 213
Current liabilities	**(488 628)**	(106 192)
	113 433 721	214 924 021

CASH AND CASH EQUIVALENTS PLEDGED AS SECURITY

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 R440 000 000 (2022: R340 000 000) and is secured by a guarantee issued by the Security SPV Guarantor (TWK Guarantee company (Pty) Ltd (RF). TWK Agri (Pty) Ltd and Constantia (Pty) Ltd indemnify the security SPV against all claims in terms of the SPV Guarantee. As security for performing their indemnity obligation to the Security SPV, cessions over debtors month accounts is bonded in security to the Security SPV.

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

22. DISCONTINUED OPERATIONS OR DISPOSAL GROUPS OR NON-CURRENT ASSETS HELD FOR SALE

The Group as the legal and beneficial owner of a 60% shareholding in Protea Versoolwerke Ermelo (Pty) Ltd disposed of its shares in the prior year. The operations of Protea Versoolwerke Ermelo (Pty) Ltd is therefore disclosed as discontinued for the comparative financial period. These operations formed part of the Motors segment.

The Group as the legal and beneficial owner of the 100% shareholding of Lionsriver Farmers Exchange (Pty) Ltd disposed of its operations at the Carolina and Elukwatini Filling stations, as well as the Wesselton Mall in the previous financial year. The Group also decided to reclassify the property, plant and equipment of the Wesselton filling station and Welgekozen filling station as held for sale. These operations of Lionsriver Farmers Exchange (Pty) Ltd are therefore disclosed as discontinued for the current and comparative financial period. These operations formed part of the Motors segment.

22. DISCONTINUED OPERATIONS OR DISPOSAL GROUPS OR NON-CURRENT ASSETS HELD FOR SALE
CONTINUED

During the previous year, the Group made a decision to classify the assets and liabilities of Roofspace Rental Group (Pty) Ltd as held for sale due to advanced negotiations relating to the sale of the assets. The Group disposed of its shareholding in Roofspace Rental Group (Pty) Ltd in the current financial year, and the profit on sale of shares have been included in other non-operating gains. Refer to note 39.

Furthermore, the Group also decided to close down all operations at the Glenthorpe Sawmill in the previous financial year, operating under TWK Agri (Pty) Ltd. These operations form part of the Timber segment.

In the current financial year, the Group as the legal and beneficial owner of a 100% shareholding in TWK Motors (Pty) Ltd made a decision to classify the assets and liabilities of TWK Motors (Pty) Ltd as held for sale due to advanced negotiations relating to the sale of the group's shareholding. The operations of TWK Motors (Pty) Ltd is therefore disclosed as discontinued operations, and all assets and liabilities as held for sale for the current and comparative financial period. These operations forms part of the Motors segment.

The Group also decided to close down the Transport business unit in the current financial year which forms part of the Timber segment, as well as the Perfect Water and Potgietersrus trade branches which forms part of the Retail and Mechanisation segment.

The financial performance of these discontinued operations is as follows:

SUMMARISED STATEMENT OF PROFIT AND LOSS

Figures in Rand	**2023**	2022
Revenue	**929 486 402**	1 265 093 790
Cost of sales	**(849 760 803)**	(1 070 305 710)
Gross profit	**79 725 599**	194 788 080
Operating expenses	**(114 555 548)**	(192 293 053)
Profit before tax	**(34 829 949)**	2 495 027
Taxation	**(16 461 701)**	(6 782 304)
Profit after tax	**(51 291 650)**	(4 287 277)

SUMMARISED STATEMENT OF FINANCIAL POSITION

Figures in Rand	**2023**	2022
Property, plant and equipment	**20 098 765**	253 483 294
Deferred tax	**3 331 770**	10 755 483
Other non-current assets	**–**	9 199 045
Inventory	**130 790 072**	44 710 966
Trade and other receivables	**14 810 485**	15 600 460
Other current assets	**3 332 140**	6 446 867
Total assets	**172 363 232**	340 196 115
Lease liabilities	**15 480 161**	110 425 660
Deferred tax	**–**	–
Other non-current liabilities	**–**	51 525 678
Trade and other payables	**96 730 337**	55 344 055
Other current liabilities	**–**	10 572 992
Total liabilities	**111 850 498**	227 868 385

SUMMARISED STATEMENT OF CASH FLOW

Figures in Rand	**2023**	2022
Net cash from operating activities	**9 810 905**	(31 108 512)
Net cash from investing activities	**(1 379 772)**	24 402 055
Net cash from financing activities	**(9 324 320)**	(13 818 820)
Total cash movement for the year	**(893 187)**	(20 525 277)

23. SHARE CAPITAL

Figures in Rand	**2023**	2022
Authorised		
50 000 000 (2022: 50 000 000) no par-value ordinary shares		
Issued		
13 178 633 (2022: 13 299 546) no par-value ordinary shares	**31 329 099**	38 541 723
Reconciliation of number of shares issued:		
Non par-value ordinary shares	**14 000 000**	14 000 000
Less: Treasury shares	**(821 367)**	(700 454)
	13 178 633	13 299 546
Reconciliation of value of shares issued:		
Non par-value ordinary shares	**45 624 970**	45 624 970
Less: Treasury shares at cost	**(14 295 871)**	(7 083 147)
	31 329 099	38 541 823

Certain rights, preferences and restrictions are attached to the ordinary shares as described in the TWK Agriculture Holdings (Pty) Ltd Memorandum of Incorporation.

The total issued shares are 14 000 000 (2022: 14 000 000). At year-end, TWK Motors (Pty) Ltd, a subsidiary of the company, held 653 056 (2022: 653 056) shares and the TWK Group Customer Loyalty Scheme Trust held 168 311 (2022: 47 398) shares.

24. SHARE-BASED PAYMENTS

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

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

The scheme is treated as an equity and cash settled scheme. The scheme is valued at the reporting date in terms of IFRS 2 by using the Black-Scholes model. The valuation was performed by an independent actuary, Mr R Immermann of Five 2 Two Actuaries.

The total expense recognised for the year amounts to R12 569 775 (2022: R8 096 993). The accumulated equity-settled reserve amounts to R8 918 719 (2022: R5 555 904).

	LTI5	LTI6	LTI7	LTI8	LTI9
Key assumptions used (%)					
Discount rate	7,62	7,21	4,73	9,29	9,71
Dividend yield	5,00	5,00	5,00	2,90	2,90
Share volatility	75,00	40,60	38,00	25,80	25,80

24. SHARE-BASED PAYMENTS CONTINUED

SHARE-BASED PAYMENTS

Figures in Rand	**Total**	**Cash provision**	**Share-based payment reserve**
2023			
Opening balance	**12 551 887**	**6 995 983**	**5 555 904**
Expense recognised for the period	**12 569 775**	**6 647 626**	**5 922 149**
Vesting during the period/rights awarded	**(2 559 334)**	**–**	**(2 559 334)**
Cash payments	**(3 730 592)**	**(3 730 592)**	**–**
	18 831 736	**9 913 017**	**8 918 719**
2022			
Opening balance	10 336 198	5 979 936	4 356 262
Expense recognised for the period	8 096 993	4 347 932	3 749 061
Vesting during the period/rights awarded	(2 549 419)	–	(2 549 419)
Cash payments	(3 331 885)	(3 331 885)	–
	12 551 887	6 995 983	5 555 904

SHARES GRANTED

Figures in Rand	LTI5	LTI6	LTI7	LTI8	LTI9	Total
Outstanding at the beginning of the year	224 922	422 620	586 400	879 500	–	2 113 442
Granted during the period	–	–	–	–	991 500	991 500
Vesting during the period	(224 922)	(192 100)	(183 250)	(175 900)	–	(776 172)
Outstanding at end of year	–	230 520	403 150	703 600	991 500	2 328 770
Grant date	22 Oct 2018	17 Oct 2019	20 Oct 2020	6 Oct 2021	9 Nov 2023	
Share price at grant date	R17,90	R28,70	R30,50	R36,00	R51,00	
Exercise price	R13,88	R17,92	R26,17	R29,45	R37,79	
End date of contractual life	2 Jan 2023	2 Jan 2024	2 Jan 2025	2 Jan 2026	2 Jan 2027	

Share-based payments awarded to executive directors:

Figures in Rand	**Shares vested 2023**	Shares vested 2022	Options outstanding	**Value of benefit at grant date 2023**	Value of benefit at grant date 2022
AS Myburgh	**100 000**	100 000	285 000	**629 350**	592 200
JEW Fivaz	**60 000**	58 500	174 000	**377 610**	348 540
	160 000	158 500	459 000	**1 006 960**	940 740

25. REVALUATION RESERVE

In terms of the Memorandum of Incorporation, the revaluation reserve is non-distributable and relates to the revaluation of land and buildings included in property, plant and equipment as indicated in note 5.

Figures in Rand	2023	2022
Fair value balance at beginning of year	**374 048 399**	398 036 696
Fair value adjustment for the year	**38 845 018**	(4 510 987)
Deferred tax	**(2 742 598)**	1 053 392
Attributable to non-controlling interest	**(10 694 630)**	1 826 777
Transfers directly to equity	**–**	(22 357 479)
	399 456 189	374 048 399

26. CHANGE IN OWNERSHIP RESERVE

The excess of the cost of the acquisition of the additional shareholding in subsidiaries to further expand certain business units, 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 is accounted for as a change in ownership interest directly in equity in accordance with IFRS 10 (Consolidated Financial Statements):

Figures in Rand	2023	2022
Reserves relating to the timber business unit	**(20 472 162)**	(14 688 999)
Reserves relating to the trade business unit	**–**	15 673 756
Reserves relating to the fuel and oil business unit	**(720 718)**	(720 718)
Reserves relating to the repurchasing of group shares	**(9 660 161)**	(12 304 763)
	(30 853 041)	(12 040 724)

27. OTHER LOANS PAYABLE

Figures in Rand	2023	2022
Other loans	**700 696**	700 696
The unsecured loans to previous members of Gromor (Pty) Ltd is interest free and have no fixed terms of repayment. No arrangement has been made for the repayment of the loans within the next 12 months.		
Future Gen Investments (Pty) Ltd	**–**	1 350 609
The unsecured loan bears interest at prime + 1%. The loan was settled during the year.		
	700 696	2 051 305
Split between non-current and current portions		
Non-current liabilities	**–**	1 041 661
Current liabilities	**700 696**	1 009 644
	700 696	2 051 305

FAIR VALUE OF GROUP LOANS PAYABLE

The carrying amount of other loans payable approximates its fair value.

28. BORROWINGS

HELD AT AMORTISED COST

Figures in Rand	2023	2022
Held at amortised cost		
→ Standard Bank of South Africa: Term loan	**149 200 000**	166 000 000
The facility is secured by a first continuing covering mortgage bond over the immovable property and notarial general bond to the maximum of R25 000 000 over the movable assets (wood chips and wood logs) of Shiselweni Forestry Company Limited. The loan carries interest at a prime linked rate with monthly capital instalments of R1 400 000 plus interest with a residual amount of R144 400 0000, payable on 31 December 2024.		
→ First National Bank: Revolving loan facility	**115 000 000**	115 000 000
The facility is secured by a guarantee issued by the Security SPV Guarantor, TWK Guarantee Company (Pty) Ltd (RF). TWK indemnify the Security SPV against all claims in terms of the SPV guarantee. As security for TWK performing their indemnity obligation to the Security SPV, own plantations of TWK Agri (Pty) Ltd (refer to note 8) is bonded in security to the Security SPV. The loan bears interest at the prime linked rate. The loan is repayable on 31 December 2023 provided that the lender shall, following a written request by the borrower be entitled, in its sole discretion, to extend the final repayment date.		
→ Standard Bank of South Africa: Term loan	**340 000 016**	382 500 008
The loan bears interest at a prime linked rate and is repayable over a remaining period of 108 months. The facility is secured by a bond over certain fixed property (refer to note 5) and plantations of Shiselweni Forestry Company Limited (refer to note 8).		
→ First National Bank: Term Loan	**38 921 972**	41 967 244
The loan bears interest at a prime linked rate and is repayable over a remaining period of 107 months. The facility is secured by a bond over certain fixed property of Shiselweni Forestry Company Limited (refer to note 5). TWK Agriculture Holdings (Pty) Ltd provided a limited guarantee of R45 500 000 for the loan.		
→ Land and Agricultural Bank of South Africa: Term Loan	**18 750 000**	37 500 000
The loan was granted to the company for the financing of loans to emerging farmers for production credit and establishment finance. The loan has a final repayment date of 5 years from the month following the month in which the first advance was made. The loan is repayable on 30 September 2023. No interest is payable on the loan.		
→ Rand Merchant Bank: Revolving loan facility	**325 194 681**	136 497 864
The loan facility is secured by cessions over grain inventory (refer to note 16) and the loan bears interest at a prime-linked rate. The loan balance fluctuates with the amount of grain financed.		
→ Standard Bank of South Africa: Term loan	**–**	60 276 921
The loan is secured by certain moveable assets which relates to the renewable energy segment, and bears interest at a prime linked rate, and is repayable between 8 and 10 years.		
→ First National Bank: Revolving loan facility	**193 691 146**	204 916 995
The facility is secured by a guarantee issued by the Security SPV Guarantor (TWK Guarantee Company (Pty) Ltd RF). TWK indemnify the security SPV against all claims in terms of the SPV Guarantee. As security for TWK performing their indemnity obligations to the Security SPV, mortgage and notarial bonds over plant and equipment and computer software of TWK Agri (Pty) Ltd (refer to note 5 and 9), cessions over inventory of TWK Agri (Pty) Ltd and Constantia Kunsmis (Pty) Ltd (refer to note 16), standing timber (refer to note 8), certain debtors of TWK Agri (Pty) Ltd (refer to note 18) and finance lease receivables of TWK Agri (Pty) Ltd (refer to note 13), is bonded in security to the Security SPV. The loan bears interest at the prime linked rate. The loan is repayable on 31 December 2023 provided that the lender shall, following a written request by the borrower be entitled, in its sole discretion, to extend the final repayment date.		
→ First National Bank: Term loan	**20 949 940**	22 523 503
The loan bears interest at a prime linked rate and is repayable over a remaining period of 94 months. The facility is secured by a guarantee issued by the Security SPV Guarantor TWK Guarantee Company (Pty) Ltd (RF). TWK indemnify the security SPV against all claims in terms of the SPV guarantee. As security for TWK performing their indemnity obligation to the security SPV, certain fixed property of TWK Investments Ltd (refer to note 5) is bonded in security to the security SPV.		
→ ABSA Bank Limited: Term loan	**371 836 025**	378 857 143
The facility is secured by a guarantee issued by the Security SPV Guarantor, TWK Guarantee Company (Pty) Ltd (RF). TWK indemnify the Security SPV against all claims in terms of the SPV guarantee. As security for TWK performing their indemnity obligation to the Security SPV, term loans of TWK Agri (Pty) Ltd (refer to note 17) and fixed property of TWK Investments Ltd (refer to note 5) is bonded in security to the Security SPV. The loan bears interest at the prime linked rate. The loan is repayable over a remaining period of 19 months with a residual value of R312 000 000.		
→ Springbank Farm CC: Sunshine Seedling Services (Pty) Ltd	**2 225 196**	2 038 883
The loan is unsecured and bears interest at a prime linked rate. Repayment will occur as agreed between the parties with a minimum of 30 days' notice. The maturity date of the loan is 31 December 2023.		

28. BORROWINGS CONTINUED

Figures in Rand	2023	2022
→ ABSA Bank Limited: Revolving loan facility	**193 848 629**	204 965 113
The facility is secured by a guarantee issued by the Security SPV Guarantor (TWK Guarantee Company (Pty) Ltd RF). TWK indemnify the security SPV against all claims in terms of the SPV Guarantee. As security for TWK performing their indemnity obligations to the Security SPV, mortgage and notarial bonds over plant and equipment and computer software of TWK Agri (Pty) Ltd (refer to note 5 and 9), cessions over inventory of TWK Agri (Pty) Ltd and Constantia Kunsmis (Pty) Ltd (refer to note 16), standing timber (refer to note 8), certain debtors of TWK Agri (Pty) Ltd (refer to note 18) and finance lease receivables of TWK Agri (Pty) Ltd (refer to note 13), is bonded in security to the Security SPV. The loan bears interest at the prime link rate. The loan is repayable on 31 December 2023 provided that the lender shall, following a written request by the borrower be entitled, in its sole discretion, to extend the final repayment date.		
→ First National Bank: Term loan	**57 637 479**	60 547 504
The facility is secured by property of TWK Investments Limited. The loan bears interest at a prime linked rate. The loan has a residual value of R48 000 000 and is repayable on 31 December 2025.		
→ Standard Bank of South Africa	**7 464 266**	9 821 414
The facility bears interest at a prime linked rate and is repayable over a remaining period of 38 months. The facility is secured by certain fixed assets owned by the Group (refer to note 5). TWK Agri (Pty) Ltd signed a limited guarantee of R16 500 000 for the loan facility.		
→ Standard Bank of South Africa: Revolving loan facility	**763 475 823**	811 000 000
The facility is secured by a guarantee issued by the Security SPV Guarantor (TWK Guarantee Company (Pty) Ltd RF). TWK indemnify the security SPV against all claims in terms of the SPV Guarantee. As security for TWK performing their indemnity obligations to the Security SPV, mortgage and notarial bonds over plant and equipment and computer software of TWK Agri (Pty) Ltd (refer to note 5 and 9), cessions over inventory of TWK Agri (Pty) Ltd and Constantia Kunsmis (Pty) Ltd (refer to note 16), standing timber (refer to note 8), certain debtors of TWK Agri (Pty) Ltd (refer to note 18) and finance lease receivables of TWK Agri (Pty) Ltd (refer to note 13), is bonded in security to the Security SPV. The loan bears interest at the prime linked rate. The loan is repayable on 31 December 2023 provided that the lender shall, following a written request by the borrower be entitled, in its sole discretion, to extend the final repayment date.		
	2 598 195 173	2 634 412 592
Borrowings held for sale — Standard Bank of South Africa: Term loans relating to the renewable energy segment.	**–**	(60 276 921)
	2 598 195 173	2 574 135 671
Split between non-current and current portions		
Non-current liabilities	**876 668 467**	809 827 554
Current liabilities	**1 721 526 706**	1 764 308 117
	2 598 195 173	2 574 135 671

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

TWK Agri (Pty) Ltd signed a guarantee in favour of Standard Bank of South Africa for the punctual and full payment of all the debts which Roofspace Rental Group (Pty) Ltd owes to the Bank in terms of agreements concluded between Roofspace Rental Group (Pty) Ltd and the Bank.

FNB, ABSA and Standard Bank facilities are further restricted to the following loan conditions (covenants) based on a TWK Agriculture Holdings (Pty) Ltd level:

- → Interest cover ratio of greater than or equal to 2,3 to 1;
- → Total debt to equity ratio of smaller than 250%;
- → Long-term debt to equity smaller than 80%;
- → Cumulative debt service cover ratio of equal or greater than 1,2;
- → Security cover ratio of greater than 1 to 1.

The Group provides the FNB, ABSA and Standard Bank of South Africa with a compliance certificate on a yearly basis, and during the year, no event or potential event of default occurred.

FAIR VALUE OF BORROWINGS

The carrying amount of borrowings approximates the fair value.

29. PROVISIONS

RECONCILIATION OF PROVISIONS

Figures in Rand	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
2023					
Provisions	**1 460 979**	**480 007**	**–**	**(742 437)**	**1 198 549**
Share-based payments	**6 995 982**	**6 647 626**	**(3 730 592)**	**–**	**9 913 016**
	8 456 961	**7 127 633**	**(3 730 592)**	**(742 437)**	**11 111 565**

Figures in Rand	Opening balance	Additions	Utilised during the year	Total
2022				
Provisions	901 237	559 742	–	1 460 979
Share-based payments	5 979 936	4 347 931	(3 331 885)	6 995 982
	6 881 173	4 907 673	(3 331 885)	8 456 961

The provisions consist mainly of severance pay of one of the TWK Group's grain segment companies, Arrowfeeds (Pty) Ltd. The severance pay is payable to certain employees on retirement.

The provision for share based payments relates to the estimated value of the employees that selected cash payments instead of shares as part of the share-based payment scheme. (Refer to note 24).

The provision for share-based payments are expected to be utilised as follows:

2 January 2024	R4 671 123
2 January 2025	R2 842 844
2 January 2026	R1 762 797
2 January 2027	R636 252
	R9 913 016

30. TRADE AND OTHER PAYABLES

Figures in Rand	2023	2022
Financial instruments:		
Trade payables	**694 352 025**	722 616 359
Deposits received	**4 791 468**	712 920
Other payables	**209 064 165**	164 630 237
	908 207 658	887 959 516
Non-financial instruments:		
Accrued leave and bonus	**88 871 234**	109 216 730
VAT	**5 640 194**	792 336
	94 511 428	110 009 066
	1 002 719 086	997 968 582

FAIR VALUE OF TRADE AND OTHER PAYABLES

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

31. CONTRACT LIABILITIES

SUMMARY OF CONTRACT LIABILITIES

Figures in Rand	2023	2022
Storage and handling of grain	**2 196 920**	1 353 726

Contract liabilities include advances received for the storage and handling of grain, as well as for the future supply of fertilizer products. All contract liabilities are short-term in nature. These liabilities will subsequently realise to Grain Storage and Handling income as well as Fertilizer sales.

32. REVENUE

Figures in Rand	2023	2022
Revenue from contracts with customers		
Sale of goods	**9 370 001 224**	9 004 656 479
Rendering of services	**22 776 188**	5 235 464
Commissions received	**142 442 644**	129 531 168
	9 535 220 056	9 139 423 111
Revenue other than from contracts with customers		
Rental income	**1 949 358**	2 164 815
Interest received (trading)	**114 947 360**	89 676 741
	116 896 718	91 841 556
	9 652 116 774	9 231 264 667

33. COST OF SALES

Figures in Rand	2023	2022
Sale of goods	**8 040 037 276**	7 605 981 622
Rendering of services	**18 386 265**	18 517 248
Discount received	**(222 639)**	(45 312)
Labour costs included in manufactured goods:	**72 193 633**	51 153 692
	8 130 394 535	7 675 607 250

34. OTHER OPERATING INCOME

Figures in Rand	2023	2022
Administration and management fees received	**2 934 166**	1 469 491
Commissions received	**4 886 789**	2 396 996
Rental income	**10 553 997**	7 678 907
Bad debts recovered	**692 295**	400 599
Recoveries	**12 093 825**	9 064 976
Gain on bargain purchase in a business combination	**1 007 301**	–
Interest received	**7 208 939**	2 405 791
Insurance claims	**11 381 922**	14 706 852
Other income	**32 965 878**	42 483 840
Rebates received	**15 245 333**	22 449 865
Government grants	**38 298**	36 980
	99 008 743	103 094 297

35. OTHER OPERATING GAINS/(LOSSES)

Figures in Rand	Notes	2023	2022
Gains/(losses) on disposals, scrapings and settlements			
Biological assets	8	**2 079 826**	–
Property, plant and equipment	5	**(670 574)**	4 214 551
Right-of-use assets	7	**(394 100)**	1 677 410
		1 015 152	5 891 961
Foreign exchange gains/(losses)			
Net foreign exchange gains		**(14 539 815)**	(1 260 722)
Fair value gains/(losses)			
Biological assets	8	**1 070 454**	28 738 964
Total other operating gains/(losses)		**(12 454 209)**	33 370 203

36. OPERATING PROFIT/(LOSS)

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

Figures in Rand	2023	2022
Auditor's remuneration – external		
Audit fees	**3 395 203**	3 227 298
Expenses	**220 387**	224 302
	3 615 590	3 451 600
Employee costs		
Salaries, wages, bonuses and other benefits	**608 089 307**	569 259 430
Retirement benefit plans: defined contribution expense	**2 489 319**	1 494 456
Share-based payments	**12 569 775**	8 096 993
Total employee costs	**623 148 401**	578 850 879
Less: Employee costs included in cost of merchandise sold and inventories	**(72 193 633)**	(51 153 692)
Total employee costs expensed	**550 954 768**	527 697 187
Leases		
Variable lease payments	**17 358 053**	22 236 694
Short-term leases	**1 103 878**	1 199 677
Total lease expenses	**18 461 931**	23 436 371
Depreciation and amortisation		
Depreciation of property, plant and equipment	**34 458 592**	27 603 643
Depreciation of right-of-use assets	**26 665 312**	21 054 227
Amortisation of intangible assets	**1 553 234**	1 719 446
Total depreciation and amortisation	**62 677 138**	50 377 316
Impairment losses		
Investment property	**913 435**	–
Property, plant and equipment	**–**	(1 244 212)
Goodwill and intangible assets	**5 500 000**	22 581 283
	6 413 435	21 337 071

37. INVESTMENT INCOME

Figures in Rand	2023	2022
DIVIDEND INCOME		
Equity instruments at fair value through profit or loss:		
Unlisted investments — Local	**349 575**	1 414 301
INTEREST INCOME		
From investments in financial assets:		
Bank and other cash	**1 161 217**	474 048
Finance lease receivables	**46 023**	–
Other receivables	**1 323 832**	620 324
Other financial assets	**8 785 198**	1 746 119
Loans to group companies:		
Associates	**454 125**	498 611
Total interest income	**11 770 395**	3 339 102
Total investment income	**12 119 970**	4 753 403

38. FINANCE COSTS

Figures in Rand	2023	2022
Trade and other payables	**425 686**	16 428
Lease liabilities	**5 158 363**	5 330 222
Current borrowings	**269 657 710**	173 812 867
Total finance costs	**275 241 759**	179 159 517
Less: Capitalised to qualifying assets	**(106 949 797)**	(84 901 822)
Total finance costs expensed	**168 291 962**	94 257 695

39. OTHER NON-OPERATING GAINS/(LOSSES)

Figures in Rand	Notes	2023	2022
Gains/(losses) on disposals, scrapings or settlements			
Other financial assets		**–**	2 762 780
Investments in subsidiaries	10	**80 447 228**	(7 362 842)
		80 447 228	(4 600 062)
Fair value gains/(losses)			
Investments in subsidiaries	10	**(1 353 046)**	–
Total other non-operating gains/(losses)		**79 094 182**	(4 600 062)

40. TAXATION

MAJOR COMPONENTS OF THE TAX EXPENSE

Figures in Rand	2023	2022
Current		
Local income tax — current period	**84 096 065**	103 149 408
Deferred		
Originating and reversing temporary differences	**33 200 970**	31 924 695
Benefit of unrecognised tax loss/tax credit	**(4 984 024)**	(369 417)
Foreign originating and reversing temporary differences	**(112 580)**	76 862
	28 104 366	31 632 140
	112 200 431	134 781 548

40. TAXATION CONTINUED

RECONCILIATION OF THE TAX EXPENSE

Reconciliation between applicable tax rate and average effective tax rate.

%	2023	2022
Applicable tax rate	27,00	28,00
Impairment of goodwill	0,52	–
Dividends received	(0,18)	(0,08)
Profit from equity accounted investments	(0,26)	(0,16)
Capital gains tax rate differences	(0,51)	0,81
Profit/(loss) from discontinued operations	–	0,01
Disallowable charges	5,37	–
Other	(1,81)	(0,25)
Effect of rate change for deferred tax movements	–	(1,56)
Deemed dividend on disposal of shares	–	0,27
	30,13	27,04

41. OTHER COMPREHENSIVE INCOME

COMPONENTS OF OTHER COMPREHENSIVE INCOME

Figures in Rand	Gross	Tax	Net before non-controlling interest	Non-controlling interest	Net
2023					
Items that will not be reclassified to profit/(loss)					
Remeasurements on net defined benefit liability/asset					
Remeasurements on net defined benefit liability/asset	188 668	(50 940)	137 728	(40 799)	96 929
Movements on revaluation					
Gains on property revaluation	38 845 018	(2 742 598)	36 102 420	(10 694 631)	25 407 789
Changes in fair value of equity investments at fair value through other comprehensive income					
Gains arising during the year	584 677	(125 116)	459 561	(136 136)	323 425
Total items that will not be reclassified to profit/(loss)	39 618 363	(2 918 654)	36 699 709	(10 871 566)	25 828 143

Figures in Rand	Gross	Tax	Net before non-controlling interest	Non-controlling interest	Net
2022					
Items that will not be reclassified to profit/(loss)					
Remeasurements on net defined benefit liability/asset					
Remeasurements on net defined benefit liability/asset	252 152	–	252 152	–	252 152
Movements on revaluation					
Gains/(losses) on property revaluation	(4 510 987)	1 053 392	(3 457 595)	1 826 777	(1 630 818)
Changes in fair value of equity investments at fair value through other comprehensive income					
Losses arising during the year	(14 765 780)	3 279 624	(11 486 156)	1 397 714	(10 088 442)
Effect of tax rate changes	–	1 419 233	1 419 233	–	1 419 233
	(14 765 780)	4 698 857	(10 066 923)	1 397 714	(8 669 209)
Total items that will not be reclassified to profit/(loss)	(19 024 615)	5 752 249	(13 272 366)	3 224 491	(10 047 875)

42. EARNINGS AND DIVIDENDS PER SHARE

Figures in Rand	2023	2022
Basic earnings per share (based on weighted average number of shares)		
From continuing operations (c per share)	**1 557,55**	1 727,22
From discontinued operations (c per share)	**(386,80)**	(32,47)
	1 170,75	1 694,75
Reconciliation of profit/(loss) for the year to basic earnings		
Profit for the year	**248 204 276**	364 762 551
Adjusted for:		
Non-controlling interest	**(92 956 696)**	(141 022 443)
Profit attributable to the owners of the parent	**155 247 580**	223 740 108
Weighted average number of shares issued	**13 260 472**	13 201 939
Basic earnings per share (c) (based on weighted average number of shares)	**1 170,75**	1 694,75

DILUTED EARNINGS PER SHARE

In the determination of diluted earnings per share, profit or loss attributable to the equity holders of the parent and the number of ordinary shares are adjusted for the effects of all dilutive potential ordinary shares.

Where there is a discontinued operation, diluted earnings per share is determined for both continuing and discontinued operations.

Figures in Rand	2023	2022
Diluted earnings per share		
From continuing operations (c per share)	**1 475,28**	1 640,20
From discontinued operations (c per share)	**(366,37)**	(30,84)
	1 108,91	1 609,36

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.

Figures in Rand	2023	2022
Reconciliation of basic earnings to earnings used to determine diluted earnings per share		
Basic earnings	**1 170,75**	1 694,75
Adjusted for:		
Shares held by intergroup trust to be distributed to customers and personnel	**(61,84)**	(85,39)
	1 108,91	1 609,36
Reconciliation of weighted average number of ordinary shares used for earnings per share to weighted average number of ordinary shares used for diluted earnings per share		
Weighted average number of ordinary shares used for basic earnings per share	**13 260 472**	13 201 939
Adjusted for:		
Shares held by intergroup trust to be distributed to customers and personnel	**739 528**	700 454
	14 000 000	13 902 393

DIVIDENDS PER SHARE

Figures in Rand	2023	2022
Total (c)	**200,00**	250,00

Dividends payable are not accounted for until they have been declared by the Board of directors.

43. CASH (USED IN)/GENERATED FROM OPERATIONS

Figures in Rand	2023	2022
Profit before taxation	**411 696 357**	503 831 376
Adjustments for non-cash items:		
Depreciation and amortisation	**62 677 135**	62 640 608
(Gains)/losses on disposal, scrapings and settlements of assets and liabilities	**(1 015 152)**	(10 492 023)
Foreign exchange (gain)/losses	**14 539 815**	2 341 523
Income from equity-accounted investments	**(6 331 657)**	(3 741 443)
Right-of-use assets and lease liabilities non-cash movements	**(2 323 216)**	(5 066 092)
Loss on sale of assets held for sale	**–**	149 376
(Profit)/loss on sale of subsidiaries	**(80 447 228)**	9 402 817
Fair value adjustments	**(2 423 500)**	(28 738 964)
Movements in provisions	**2 654 604**	1 575 788
Movements in retirement benefit assets and liabilities	**(509 000)**	529 000
Impairment losses	**6 413 435**	21 337 071
Expected credit loss allowance	**9 033 777**	20 504 786
Gain from a bargain purchase	**(1 007 301)**	–
Movement in derivative liabilities	**(3 760 977)**	5 714 781
Movement in contract assets/liabilities	**843 194**	(1 311 846)
Profit/(loss) from discontinued operations	**(51 291 650)**	(4 287 277)
Provision for inventory write-downs	**12 112 208**	(2 501 197)
Adjust for items which are presented separately:		
Interest income	**(11 770 395)**	(3 339 102)
Dividends received	**(349 575)**	(1 414 301)
Finance costs	**168 291 962**	94 257 695
Changes in working capital:		
Inventories	**(164 118 189)**	(346 670 314)
Trade and other receivables	**25 068 893**	(229 504 757)
Biological assets	**199 632 238**	160 970 841
Trade and other payables	**27 573 524**	82 201 703
	615 189 302	328 390 049

44. TAX PAID

Figures in Rand	2023	2022
Balance at beginning of the year	**30 781 696**	16 749 783
Current tax recognised in profit or loss	**(84 096 065)**	(103 149 408)
Balance at end of the year	**(10 027 294)**	(30 781 696)
	(63 341 663)	(117 181 321)

45. DIVIDENDS PAID

Figures in Rand	2023	2022
Balance at beginning of the year	**(13 915 743)**	(8 475 114)
Dividends	**(56 543 566)**	(45 276 050)
Balance at end of the year	**22 438 233**	13 915 743
	(48 021 076)	(39 835 421)

46. LOYALTY SCHEME PAYMENTS

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

47. COMMITMENTS

CAPITAL COMMITMENTS

Capital commitments include all projects for which specific board approval has been obtained. Projects still under investigation for which specific board approvals have not yet been obtained are excluded.

Figures in Rand	2023	2022
Already contracted for but not provided for		
– Property, plant and equipment	**30 245 111**	28 840 971

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

Figures in Rand	2023	2022
Not yet contracted for and authorised by directors		
– Property, plant and equipment	**120 974 244**	190 269 447

Capital commitments are based on the budget approved by the Board. Major capital projects require further approval before they commence and will be financed by available bank facilities, retained profits, mortgage facilities or existing cash resources.

48. FAIR VALUE INFORMATION

FAIR VALUE HIERARCHY

Levels of fair value measurement

Figures in Rand	Carrying amount	Level 1	Level 2	Level 3
2023				
Assets				
Land and buildings	**994 615 783**	**–**	**–**	**994 615 783**
Biological assets	**1 597 757 201**	**–**	**–**	**1 597 757 201**
Grain commodities	**366 932 416**	**366 932 416**	**–**	**–**
Investments at fair value	**12 216 054**	**1 060 347**	**–**	**11 155 707**
Derivatives	**2 340 276**	**2 340 276**	**–**	**–**
Livestock	**6 877 378**	**–**	**6 877 378**	**–**
Total assets	**2 980 739 108**	**370 333 039**	**6 877 378**	**2 603 528 691**
Liabilities				
Derivatives	**5 600 677**	**5 040 001**	**–**	**–**
Retirement benefit obligation	**4 076 000**	**–**	**–**	**4 076 000**
Total liabilities	**9 676 677**	**5 040 001**	**–**	**4 076 000**
2022				
Land and buildings	913 370 229	–	–	913 370 229
Biological assets	1 446 028 881	–	–	1 446 028 881
Grain commodities	152 333 780	152 333 780	–	–
Investments at fair value	25 300 768	1 119 550	–	24 181 218
Derivatives	9 202 622	9 202 622	–	–
Livestock	6 548 855	–	6 548 855	–
Total assets	2 552 785 135	162 655 952	6 548 855	2 383 580 328
Liabilities				
Derivatives	16 224 000	16 224 000	–	–
Retirement benefit obligation	4 585 000	–	–	4 585 000
Total liabilities	20 809 000	16 224 000	–	4 585 000

49. RELATED PARTIES

Relationships	
Members of key management	Directors and related businesses
Subsidiaries	Refer to note 10
Associates	Refer to note 11

RELATED PARTY BALANCES

Figures in Rand	**2023**	2022
Amounts included in Trade receivables regarding related parties		
Directors and related businesses	**36 497 713**	37 784 319
Related party transactions		
Interest paid to/(received from) related parties		
Interest received from directors and related businesses	**(5 480 064)**	(4 650 813)
Purchases from/(sales to) related parties		
Purchases from directors and related businesses	**113 210 281**	7 660 515
Sales to directors and related businesses	**(113 069 304)**	(53 642 836)

Total number of shares held by the directors and related shareholders in which they have declared a personal financial interest:

	Direct		Indirect		Related trusts*	
	Shares	%	Shares	%	Shares	%
Non-executive						
CA du Toit	110	–	7 567	0,05	6 984	0,05
HG Hiestermann	295 812	2,13	–	–	9 018	0,06
HW Küsel	72 713	0,52	–	–	–	–
JCN Wartington	1 000	0,01	–	–	1 719	0,01
JS Stapelberg	–	–	–	–	262 159	1,88
KP Paul	–	–	–	–	18 178	0,13
TI Ferreira	–	–	25 876	0,18	27 942	0,20
WJ Steenkamp	–	–	–	–	–	–
Executive						
AS Myburgh	74 568	0,53	–	–	–	–
JEW Fivaz	2 000	0,01	–	–	–	–
Subtotal for directors	446 203	3,19	33 443	0,23	326 000	2,33
Other shareholders	13 553 797	96,81				
Total	14 000 000	100,00				

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

50. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

This note presents information about the Group's financial risk management framework, objectives, policies and processes for measuring and managing risk and the Group's exposure to these financial risks.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by management in close co- operation with the Group's operating units, through identifying, evaluating and hedging financial risk where needed.

In combination with the audit committee, the Board have conducted a robust assessment of the principal risks to which the Group is exposed, and they are satisfied that the Group has effective systems and controls in place to manage its principal risks.

The Board of Directors have overall responsibility for monitoring and maintaining the effectiveness of the Group's risk management activities and internal control processes. The Group's executives are responsible for developing and monitoring the Group's risk management policies. The Group's executives report regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group. Top risks are identified through an enterprise risk management process, whereby the top risks are identified, assessed, quantified and prioritised. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

The Group monitors its forecast financial position on a regular basis. The Group's executive members meet regularly and consider financial performance and cash flow projections, taking into consideration market conditions and new developments.

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

Financial risks are those risks that require specific and ongoing operational, governance and strategic management. They differ from top risks as financial risks are anticipated to be ongoing due to the strategy and business model of the Group. The top risks are identified through the enterprise risk management process.

The Group's financial risks are as follows:

a) Liquidity risk;
b) Market risk (including interest rate, price risk and currency risk); and
c) Credit risk.

A) LIQUIDITY RISK

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

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

Liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities. 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 risk to liquidity is a result of the funds available to cover future commitments. The Group manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised and unutilised borrowing facilities are monitored. Consequently, the Group ensure that sufficient borrowing facilities are available to exceed projected peak borrowings.

The Group's management of liquidity and funding includes:

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

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

50. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

Borrowings disclosed in note 28 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 borrowing (excluding revolving loan facilities) into relevant maturity groupings based on the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

The Group tends to have significant fluctuations in short term borrowings due to the seasonal nature of the agricultural business. The Group has sufficient borrowings facilities to exceed projected peak borrowings. The Group's unutilised borrowing facilities are as follows:

Figures in Rand	**2023**	2022
Total short-term facilities	**2 265 000 000**	1 826 000 000
Utilised at year-end	**(1 591 210 279)**	(1 472 379 971)
Unutilised at year-end	**673 789 721**	353 620 029

Figures in Rand	**Less than 1 year**	**More than 1 year**	**3 to 5 years**	**More than 5 years**	**Total**
AT 31 AUGUST 2023					
Borrowings	**1 858 736 744**	**599 375 836**	**254 134 098**	**164 923 611**	**2 877 170 289**
Trade and other payables	**908 207 658**	**–**	**–**	**–**	**908 207 658**
Lease liabilities	**28 383 304**	**19 866 449**	**39 219 697**	**5 240 485**	**92 709 935**
Derivative financial instruments	**5 600 677**	**–**	**–**	**–**	**5 600 677**
AT 31 AUGUST 2022					
Borrowings	680 896 282	1 365 381 988	582 511 139	198 812 082	2 827 601 491
Trade and other payables	887 959 516	–	–	–	887 959 516
Lease liabilities	25 719 340	18 160 787	38 782 698	5 485 449	88 148 274
Derivative financial instruments	16 224 000	–	–	–	16 224 000

Any part of the revolving loan facilities disclosed in note 28 which is repaid, may be re-borrowed. The Group may in its sole discretion extend the final repayment date of 31 December 2023 by written request.

B) MARKET RISK

i) Interest rate risk

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

Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's borrowings are denominated in Rand.

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

Figures in Rand	**2023**	2022
Interest-bearing liabilities	**2 579 445 173**	2 596 912 592
Interest-bearing assets	**887 298 990**	881 894 246
Net interest-bearing liabilities	**1 692 146 183**	1 715 018 346
Half a percentage point increase in interest rates	**(8 460 731)**	(8 575 092)
Half a percentage point decrease in interest rates	**8 460 731**	8 575 092

50. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

ii) Currency risk

The Group imports and exports products and is exposed to currency risk arising from various currency exposures, mainly the US Dollar. The Group sells to foreign customers in USD and collects money in the USD denominated bank account. Future commitments as well as recognised assets and liabilities that are denominated in a currency that is not the functional currency, expose the Group to currency risk. Most of the Group's purchases are denominated in SA Rand. However certain fertilizer raw material denominated in USD was purchased during the year. This exposed the Group to changes in the foreign exchange rates. The functional currency is ZAR and management has prepared a policy stipulating how the foreign exchange risk be managed. To manage the foreign exchange rate risk the Group makes use of exchange rate hedging instruments which commence when predetermined exchange rate levels are reached. The exchange rate hedging instruments are concluded with a financial institution. The USD spot rate as at 31 August 2023 amounted to R18,69 (31 August 2022: R17,03). The Swaziland Emalangeni and South African Rand were at par.

The following information present the sensitivity to an increase or decrease in respective to the USD on the total revenue on exports.

Figures in Rand	**2023**	2022
Total revenue on exports	**1 382 286 493**	1 060 796 773
50c increase in exchange rate	**36 979 307**	31 144 943
50c decrease in exchange rate	**(36 979 307)**	(31 144 943)

The total amounts converted into ZAR based on the year-end spot rate included in trade and other receivables and trade and other payables as at 31 August are as follows:

Figures in Rand	**2023**	2022
Trade and other receivables	**652 887**	5 098 163
50c increase in exchange rate	**17 469**	148 205
50c decrease in exchange rate	**(17 469)**	(148 205)

Figures in Rand	**2023**	2022
Trade and other payables	**(18 214 219)**	(122 718 964)
50c increase in exchange rate	**(487 350)**	(3 567 474)
50c decrease in exchange rate	**487 350**	3 567 474

iii) Price risk

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

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

The Group's sensitivity to share prices has not changed significantly from the prior year. As changes to the share prices may impact the calculated fair value, the Group has calculated the sensitivity as tabled below:

	2023		2022	
Figures in Rand	**1%**	**-1%**	1%	-1%
BKB Limited	**127**	**(127)**	196	(196)
York Timber Holdings Limited	**10 477**	**(10 477)**	10 920	(10 920)
	10 604	**(10 604)**	11 116	(11 116)

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

The procurement of grain commodities for utilisation by the Group and the subsidiaries is subject to the hedging policy approved by the Board of Directors, and uses financial instruments such as commodity futures and option contracts, and other derivative instruments to reduce the volatility of input prices of these raw materials and therefore mitigate against market risk. The monitoring and management of the risk mitigation strategies is performed on a daily basis to ensure that all trades are within the approved exposure limits. The Group also offers broking services to producers and consumers of agricultural commodities such as maize and soybeans. This offering generates limited exposure to market risk due to the back-to-back nature of the transactions.

50. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

c) Credit risk

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

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

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas, mainly Mpumalanga and 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 mitigate of credit risk. Seasonal loans are usually secured by a combination of mortgage bonds, notarial bonds over moveable assets and a cession of crops.

The Group considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in the borrower's ability to meet its obligations
- significant changes in the value of the collateral supporting the obligation
- significant changes in the expected performance and behaviour of the borrower

Regardless of the analysis above, debtors are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company and handed over to the legal department. Where loans or receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The different internal risk rating in trade debtors is defined as follows:

- **Performing —** Clients with an excellent credit history, financial position, cash flow and repayment ability.
- **Increased risk —** Client with good repayment ability and security without any indicator of non-performance, but without a strong financial position and balance sheet. TWK don't have a long term relationship or credit history with the client.
- **Underperforming —** Clients with payments being overdue for a short period of time, but with stable financial position and good securities in place.
- **High risk —** Clients with payments being overdue for a longer period of time, but with stable financial position and good securities in place.
- **Non-performing —** Clients with history of non performing and financial distress.
- **Default —** Mostly accounts that have been handed over to the attorneys for collections.

The concentration across the different internal risk rating for trade and other receivables is as follows:

Category (%)	Performing	Increased risk	Under-performing	High risk	Non-performing	Default
Risk	76,32	11,02	2,07	0,09	8,19	2,32

The table below illustrates the stratification of the clients base relative to credit extended:

	Exposure to the book (%) 2023	Exposure to the book (%) 2022
R1 – R500 000	**92,43**	92,00
R500 001 – R1 250 000	**3,23**	3,81
R1 250 001 – R5 000 000	**2,80**	3,01
R5 000 001 – R8 000 000	**0,59**	0,58
R8 000 001 – R12 000 000	**0,35**	0,25
Above R12 000 000	**0,59**	0,36

50. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

The concentration across the different internal risk rating for loans and finance lease receivables is as follow:

Category (%)	Performing	Increased risk	Under-performing	High risk	Non-performing	Default
Risk	29,81	–	–	9,49	60,68	0,02

The table below illustrates the stratification of the clients base relative to credit extended:

	Exposure (%) 2023	Exposure (%) 2022
R1 – R500 000	**59,74**	57,28
R500 001 – R1 250 000	**18,83**	12,62
R1 250 001 – R5 000 000	**18,83**	23,30
R5 000 001 – R8 000 000	**0,65**	3,88
R8 000 001 – R12 000 000	**0,65**	0,97
Above R12 000 000	**1,30**	1,94

The amount of the provision for portfolio impairment losses is determined by using the following formula:

Portfolio impairment = Total book x Probability of Default % x (PD%) x Loss Given Default % (LGD%).

The Group has identified a comprehensive Probability of Default rating of an external source with reference to similar portfolios as reference point for forward looking information. The Loss Given Default is calculated as the Gross exposure, by decreasing the total debtor balance by the security value held or ceded to the Group.

The Group uses three categories for loans which reflect their credit risk and how the loan loss provision is determined for each of those categories. The internal credit risk ratings are aligned to external credit rating companies, such as Standard and Poor. To measure the expected credit losses. trade receivables have been grouped in categories based on shared characteristics. Refer to note 18. Trade and other receivables for the details regarding categories.

The default rate of bad debt written off was 0,75% in 2023, 0,99% in 2022, 0,33% in 2021, 0,64% in 2020, 0,48% in 2019, 0,20% in 2018 and 0,26% in 2017. This also lowers the credit risk as the history shows that the provision raised would be sufficient based on the trend of bad debt written off over the past few years.

Capital risk management

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

The capital structure of the Group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 28, cash and cash equivalents disclosed in note 20, and equity as disclosed in the statement of financial position.

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

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

Figures in Rand	**2023**	2022
Total equity	**2 229 683 908**	2 040 870 644
Interest-bearing liabilities less cash	**2 522 350 360**	2 380 798 637
Subtotal	**4 752 034 268**	4 421 669 281
Calculated rate (times)	**1,13**	1,17
Calculated rate (%)	**113,13**	116,66
Target band (%)	**100 – 200**	100 – 200

51. DIRECTORS' EMOLUMENTS

Figures in Rand	Travelling and accommodation expenses	Remuneration	Short-term incentives	Long-term incentives
2023				
CA du Toit	**21 277**	**475 994**	**–**	**–**
TI Ferreira	**19 051**	**441 976**	**–**	**–**
HW Küsel	**22 288**	**387 653**	**–**	**–**
AS Myburgh	**52 282**	**5 372 177**	**3 755 000**	**3 178 350**
JS Stapelberg	**4 666**	**573 295**	**–**	**–**
JCN Wartington	**21 013**	**332 785**	**–**	**–**
HJK Ferreira	**–**	**162 099**	**–**	**–**
HG Hiestermann	**19 379**	**352 536**	**–**	**–**
JEW Fivaz	**143 245**	**3 554 141**	**2 485 000**	**1 907 010**
KP Paul	**10 562**	**230 764**	**–**	**–**
WJ Steenkamp	**12 984**	**475 960**	**–**	**–**
Subtotal	**326 747**	**12 359 380**	**6 240 000**	**5 085 360**
2022				
CA du Toit	18 398	395 697	–	–
TI Ferreira	12 344	367 417	–	–
HW Küsel	19 720	322 259	–	–
AS Myburgh	91 489	4 790 582	3 530 000	2 727 200
JS Stapelberg	443	550 100	–	–
JCN Wartington	13 754	276 646	–	–
HJK Ferreira	20 553	436 300	–	–
GB Prinsloo	4 387	193 056	–	–
HG Hiestermann	12 167	293 066	–	–
JEW Fivaz	94 255	3 274 658	2 365 000	1 584 540
WJ Steenkamp	–	25 002	–	–
Subtotal	287 510	10 924 783	5 895 000	4 311 740

General information

COMPANY

TWK Agriculture Holdings (Pty) Ltd and its subsidiaries

COUNTRY OF INCORPORATION AND DOMICILE

South Africa

NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES

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

DIRECTORS

JS Stapelberg (Chairman)
TI Ferreira (Vice-chairman)
AS Myburgh (Managing Director)
JEW Fivaz (Financial Director)
CA du Toit
HG Hiestermann
HW Küsel
KP Paul
JCN Wartington

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BUSINESS ADDRESS

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Piet Retief
2380

POSTAL ADDRESS

PO Box 128
Piet Retief
2380

BANKERS

First National Bank of South Africa, ABSA Group Limited, Standard Bank Group Limited

AUDITORS

PKF Pretoria Incorporated

COMPANY SECRETARY

MJ Potgieter

COMPANY REGISTRATION NUMBER

1997/003334/07

INCOME TAX NUMBER

9475026713

LEVEL OF ASSURANCE

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

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