

SIX-YEAR FINANCIAL REVIEW

Summarised results for the year	Variance 2014 vs 2013	2014 R'000	2013 Restated R'000	2012 R'000	2011 R'000	2010 R'000	2009 R'000
Revenue	8,9%	8 530 237	7 832 911	7 223 863	6 542 321	@6 161 483	+5 475 800
Operating profit	24,0%	282 276	371 624	371 232	319 019	**558 970	*664 338
Net financing cost							
Current and long-term liabilities	23,7%	(57 809)	(46 717)	(1 855)	(16 081)	(41 228)	(103 501)
Debt portion of preference share capital	0%	–	–	(22 007)	(21 359)	(22 290)	(32 248)
Profit before tax from continuing operations	(30,9%)	224 467	324 907	347 370	281 579	495 452	528 589
Taxes	49,7%	(49 791)	(99 022)	(137 654)	(97 534)	(191 662)	(29 239)
Share of profit of a joint venture	2,4%	14 306	13 974	–	–	–	–
Profit after tax from discontinued operations	–	–	–	–	–	32 123	39 560
Non-controlling interest	87,8%	(2 316)	(1 233)	(4 426)	(4 446)	(5 094)	(11 740)
Profit attributable to equity holders of the parent	(21,8%)	186 666	238 626	205 290	179 599	**330 820	*527 170
Headline earnings attributable to equity holders of the parent	(12,8%)	187 464	214 894	207 800	175 177	19 000	(104 300)
Normalised earnings	Variance 2014 vs 2013	2014 R'000	2013 R'000	2012 R'000	2011 R'000	2010 R'000	2009 R'000
Operating profit		282 276	371 624	371 232	319 019	558 970	664 338
Adjusted for exceptional items:							
(Profit)/loss on sale and scrapping of property plant and equipment		5 102	(11 680)	(878)	(7 277)	940	(3 830)
Gain on fair valuing of existing investment in joint venture due to acquiring control		–	(16 747)	–	–	–	–
Profit on the sale of Boksburg factory		–	–	–	–	(50 818)	–
Discount on acquisition of PPE by Clover Waters through issue of shares		(20 716)	–	–	–	–	–
Profit on deconsolidation of Danone Clover		–	–	–	–	–	(637 518)
Profit on sale of Danone Clover		–	–	–	–	(337 682)	–
Retrenchment costs		7 174	17 184	3 629	6 628	84 900	17 200
Option fee paid to HCI on capital restructuring		–	–	–	–	11 400	–
Legal and professional services costs associated with the listing		141	49	–	8 499	–	–
Legal and professional services costs associated with the capital restructuring		–	–	–	–	5 300	–
SAR bonuses paid to Executives on capital restructuring		–	–	–	–	37 100	–
Other restructuring cost		8 721	18 517	5 944	1 780	10 700	8 400
Normalised operating profit		282 698	378 947	379 927	328 649	320 810	48 590
Net financing cost		(57 809)	(46 716)	(23 862)	(37 440)	(63 518)	(135 749)
Tax expense							
Total tax expense		(49 791)	(99 022)	(137 654)	(97 534)	(191 662)	(29 239)
Other non-recurring tax adjustments		–	–	18 254	–	–	–
STC paid on capital restructuring		–	–	–	–	52 200	–
Taxation adjustment on exceptional items		(4 286)	(8 453)	(2 745)	(1 845)	69 765	33 206
Share of profit of a joint venture		14 306	13 974	–	–	–	–
Non-controlling interest		(2 316)	(1 233)	(4 426)	(4 446)	(5 094)	(11 740)
Non-controlling interest's portion in discount on acquisition of PPE by Clover Waters through issue of shares		6 215	–	–	–	–	–
Non-controlling interest's portion of restructuring cost of subsidiary		(741)	–	–	–	–	–
Normalised profit attributable to equity holders of the parent		188 276	237 497	229 493	187 384	182 501	(94 932)

@ During the first six months of the prior year raw milk sales to Danone Clover, an associated company at the time, were set off against cost of sales. To facilitate comparability to the current year that period's sales are now shown as revenue and the cost of sales and revenue figures were regrouped accordingly. It has no effect on profits.

+ Following the sale of the Group's interest in Danone Clover, the Group's share of Danone Clover's income was classified as income from discontinued operations. The 2009 comparative figures were restated accordingly.

* Includes R637,5 million (R599,5 million after tax) profit on deconsolidation of Danone Clover.

** Includes R337,7 million (R227,1 million after tax) profit on sale of Danone Clover.

*** Figures from 2009 to 2012 has not been restated for the equity accounting of CFI and Clover Manhattan.

	Variance 2014 vs 2013	2014 R'000	2013 Restated R'000	2012 R'000	2011 R'000	2010 R'000	2009 R'000
Dividends							
Equity dividends – ordinary shares		69 342	41 912	53 734	58 720	–	1 000
Equity dividends – preference shares		–	–	–	–	370 030	28 984
Preference dividends recognised as interest		–	20 346	22 007	21 359	22 290	32 248
Earnings and dividends per share							
		Cents	Cents	Cents	Cents	Cents	Cents
Equity dividends per ordinary share – Interim		16,0	10,0	15,0	10,0	–	–
Equity dividends per ordinary share – Final		16,0	22,0	13,4	15,0	32,95	–
Equity dividends per preference share		–	–	–	–	–	33,5
Special dividend on the buy-back of the equity rights of preference shares per preference share		–	–	–	–	413,7	–
Preference dividend recognised as interest per preference share		–	22,7	24,6	23,9	24,9	37,3
Earnings per ordinary share		102,3	133,1	114,6	116,7	**214,0	***22,3
Diluted earnings per ordinary shares		97,3	123,8	107,4	108,9	**214,0	***22,3
Headline earnings/(loss) per ordinary share		102,7	119,9	116,0	113,8	**33,1	***82,2
Diluted headline earnings/(loss) per ordinary share		97,8	111,5	108,7	106,2	**33,1	***82,2
Normalised earnings/(loss) per share, calculated by dividing the normalised profit/(loss) by the weighted average number of ordinary shares net of treasury shares		103,2	132,5	128,1	121,8	*118,1	*(120,6)
Summarised statement of financial position							
		R'000	R'000	R'000	R'000	R'000	R'000
Non-current assets		2 302 052	1 997 482	1 526 306	1 361 355	1 202 482	1 823 620
Deferred taxation asset		8 919	6 722	492	3 262	18 840	110 449
Current assets		2 298 621	2 413 733	2 336 745	2 180 874	1 710 880	1 651 408
Total assets		4 609 592	4 417 937	3 863 543	3 545 491	2 932 202	3 585 477
Shareholders' funds		2 252 270	2 113 116	1 894 244	1 742 362	1 048 358	1 440 122
Non-controlling interest		20 471	2 309	1 796	9 443	28 108	40 886
Non-current portion of interest-bearing borrowings		662 357	666 640	21 686	432 833	592 504	761 425
Non-current portion of provisions		67 615	60 814	61 637	62 522	50 457	60 464
Non-current portion of trade and other payables		4 351	9 267	6 904	13 357	6 320	–
Deferred taxation liability		179 023	137 313	116 950	32 015	6 363	6 292
Current portion of interest-bearing borrowings		214 495	172 646	421 376	173 828	66 947	234 809
Current liabilities		1 209 010	1 255 832	1 338 950	1 079 131	1 133 145	1 041 479
Total equity and liabilities		4 609 592	4 417 937	3 863 543	3 545 491	2 932 202	3 585 477
Net assets							
Replacement value of property, plant and machinery ^(a)		2 272 741	2 115 425	1 896 040	1 751 805	1 076 466	1 481 008
		7 577 153	6 106 300	5 746 800	5 445 700	5 112 800	4 927 000

@ Replacement value of property, plant and machinery is determined by an external valuator.

* The earnings/(loss) per share from continuing operations adjusted for exceptional items for years 2009 to 2010 are presented for illustrative purposes only to indicate what the earnings per share would have been if ordinary shareholders had been entitled to all equity earnings and if the two-for-one share split (4 November 2010) is taken into consideration.

** Earnings per share for the 2010 financial year has been recalculated to account for the two-for-one share split.

*** Earnings per share has not been adjusted for the two-for-one share split as at 4 November 2010.

**** Figures from 2009 to 2012 has not been restated for the equity accounting of CFI and Clover Manhattan.

A list of all definitions used in the above calculation is set out on page 199.

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	2014	2013 Restated	2012	2011	2010	2009
Number of shares in issue						
Number of ordinary shares in issue at year-end	182 478 589	181 218 149	179 111 867	179 111 867	123 849 962	88 485 311
Weighted average number of ordinary shares net of treasury shares	182 478 589	179 267 674	179 111 867	153 882 447	154 595 442	78 711 534
Weighted average number of ordinary shares for calculation of diluted earnings	191 767 408	192 750 186	191 127 152	164 890 519	154 595 442	78 711 534
Number of preference shares in issue at year-end	–	–	89 442 022	89 442 022	89 442 022	86 492 589
Weighted average number of preference shares net of treasury shares	–	–	89 442 022	89 442 022	87 516 207	85 442 022
Cash flow	R'000	R'000	R'000	R'000	R'000	R'000
Cash flow from operating activities	403 067	219 198	417 910	256 927	347 077	79 696
Cash (used in)/from investment activities	(351 734)	(515 811)	(256 150)	(253 323)	1 005 113	(186 391)
Net cash (outflow)/inflow before financing activities	(97 780)	297 159	161 760	3 604	1 352 190	(106 695)
Cash flow from operating activities per share (cents)	220,9	122,3	233,3	167,0	224,5	101,3
Ratios and returns	%	%	%	%	%	%
Operating profit to revenue	3,3	4,7	5,1	4,9	**9,1	*12,1
Normalised operating profit	3,3	4,8	5,3	5,0	5,2	0,9
Return on net assets	8,6	13,1	14,9	15,0	**27,1	*27,7
Return on net assets excluding exceptional items	8,6	13,4	15,2	15,4	15,5	2,0
Return on equity holders' funds	8,6	11,9	11,3	12,9	**26,6	*44,3
Return on equity holders' funds excluding exceptional items	8,6	11,9	12,6	13,7	15,1	(8,0)
Gearing percentage	9,8	6,4	(14,2)	(12,4)	21,4	48,8
Effective tax rate	20,9	29,3	39,6	34,6	38,7	5,5
	Times	Times	Times	Times	Times	Times
Net asset turn	5,6	6,2	6,8	8,3	6,9	6,5
Current ratio	1,6	1,7	1,3	1,7	1,4	1,3
Employees statistics	Number	Number	Number	Number	Number	Number
Average number of employees	6 393	6 519	6 555	6 353	6 362	6 579
	R'000	R'000	R'000	R'000	R'000	R'000
Revenue per employee	1 334,3	1 201,6	1 102	1 030	968	832
Operating profit per employee	44,2	57,0	57	50	88	101
Normalised operating profit	44,2	58,0	58	52	50	7
Average net assets per employee	343,2	307,7	278	223	201	188

The number of ordinary shares have been adjusted for the two-for-one share split (4 November 2010).

* Includes R637,5 million (R599,5 million after tax) profit on deconsolidation of Danone Clover.

** Includes R337,7 million (R227,1 million after tax) profit on sale of associate Danone Clover.

*** Figures from 2009 to 2012 has not been restated for the equity accounting of CF and Clover Manhattan.

A list of all definitions used in the above calculation is set out on page 199.