

GROUP			COMPANY	
2014 R'000	2013 R'000		2014 R'000	2013 R'000
		19.3 Total issued ordinary and preference share capital		
9 124	9 061	Total issued ordinary share capital	9 124	9 061
734 414	713 263	Total ordinary share premium	734 414	713 263
		Shares were issued as follows during the year		
		Ordinary shares:		
63	105	Ordinary shares of 0,5 cents (2013: 0,5 cents) each	63	105
21 151	38 629	Ordinary share premium of R16,78 (2013: R18,34) per share	21 151	38 629
21 214	38 734	Total ordinary share capital raised during the year	21 214	38 734
		20. OTHER RESERVES		
73 267	62 247	Share-based payments reserve	28 720	35 051
209 958	209 958	Other capital reserves	478	478
283 225	272 205	Total at the end of the year	29 198	35 529
		21. FOREIGN CURRENCY TRANSLATION RESERVE		
(5 582)	(8 147)	Foreign currency translation reserve related to Clover Botswana and Clover West Africa		



GROUP		COMPANY	
2014 R'000	2013 Restated R'000	2014 R'000	2013 R'000
22. INTEREST-BEARING LOANS AND BORROWINGS			
22.1 Secured liabilities			
650 000	650 000		
		<p>(a) Secured by securitisation of trade debtors (refer to note 17). The first tranche of R250 million is repayable on 30 June 2016, and is charged a floating interest rate of 185 bps above 3 month Jibar. The second tranche of R400 million is repayable 30 June 2018, and is charged a fixed interest rate of 9,28%.</p>	
22 003	24 236		
		<p>(b) Secured by plant and equipment with a book value of R30,5 million (2013: R26,4 million). Repayable in monthly instalments. Payments due within the next year are R11,4 million (2013: R10,57 million). Variable interest rate portion: 6,05% (2013: 7,55% – 10,0%). Maturity: between July 2014 and March 2022. Fixed interest rate portion 9,0% and 10,5% (2013: 9,0% and 10,5%).</p>	
672 003	674 236		
Total secured liabilities			
22.2 Unsecured liabilities			
3 348	5 824		
		<p>(a) Unsecured loan from Merchant West, interest is charged at 6,96%, and is repayable in quarterly instalments with a final payment on 1 October 2015.</p>	
6 476	17 262		
		<p>(b) Bank overdraft Repayable on demand. The full outstanding amount is repayable within one year. Variable interest rate: 9% (2013: 8,5%).</p>	
195 025	141 964		
		<p>(c) Call loans Variable interest rate: 6,25% – 6,8% (2013: 5,75% – 6,85%).</p>	
204 849	165 050		
Total unsecured liabilities			
Total secured and unsecured liabilities			
Current portion transferred to current liabilities:			
		<ul style="list-style-type: none"> ● Secured liabilities ● Unsecured liabilities 	
9 646	9 848		
204 849	162 798		
Total current portion transferred to current liabilities			
214 495	172 646		
662 357	666 640		
Total non-current interest-bearing borrowings			
876 852	839 286		
Total current and non-current interest-bearing loans and borrowings			

GROUP		COMPANY	
2014 R'000	2013 Restated R'000	2014 R'000	2013 R'000
23. PROVISIONS			
23.1 Long-service bonus			
The projected-credit method is used for the calculation of the long-service bonus provision. Payments are recognised as utilisations.			
The determination of the long-service bonus is based on the following assumptions:			
		Active members	
6 435	6 474	Salary escalation ratio	
8,2%	8,3%	Discounting rate	
9,0%	8,5%	Normal retirement age	
65	65		
28 909	30 903	Balance at the beginning of the year	
5 224	7 682	Amounts provided	
(7 757)	(9 676)	Amounts utilised	
26 376	28 909	Total long-service bonus provision	
Refer to note 33 for further detail on the long-service bonus provision.			
23.2 Leave pay			
A provision for leave pay is recognised for the number of days leave due to employees at 30 June valued at a rate per day based on the basic salary of each employee at 30 June. Leave payments are recognised as utilisations.			
		Balance at the beginning of the year	
51 918	42 561	Amounts provided	
15 609	15 190	Acquisition of subsidiary	
–	517	Amounts utilised	
(6 276)	(6 350)		
61 251	51 918	Total leave pay provision	
23.3 Total provisions			
		Long-term portion	
67 615	60 814	Short-term portion transferred to current liabilities	
20 013	20 011		
87 628	80 825	Total long-term and short-term provisions	



GROUP			COMPANY	
2014 R'000	2013 Restated R'000		2014 R'000	2013 R'000
24. TRADE AND OTHER PAYABLES				
1 000 205	1 067 875	Trade payables	9 883	17 339
157 300	136 633	Other payables	1 359	1 394
1 009	1 662	Interest payable	1 009	1 662
32 511	21 945	Payable to joint ventures		
1 191 025	1 228 115	Total trade and other payables	12 251	20 395
4 351	9 267	Non-current portion included in other payables transferred to non-current liabilities	–	–
1 186 674	1 218 848	Current portion	12 251	20 395
1 191 025	1 228 115	Total trade and other payables	12 251	20 395

The terms for trade payables range from seven days after date of invoice to 45 days after month-end.

Interest is payable on a monthly basis. Payables to joint ventures range from 30 days to 45 days after the end of the month in which the transaction took place.

GROUP			COMPANY	
2014 R'000	2013 Restated R'000		2014 R'000	2013 R'000
25. NOTES TO THE STATEMENT OF CASH FLOWS				
25.1 Tax paid				
(16 723)	(5 604)	Amount unpaid at the beginning of the year	807	(333)
(36 717)	(83 853)	Taxation charged in statement of comprehensive income and other adjustments, excluding deferred taxation	(10 652)	(10 979)
7 078	12 035	Taxation charged through statement of changes in equity, excluding deferred taxation		
(33 877)	16 723	Amount (receivable)/due at the end of the year	(1 328)	(807)
(80 239)	(60 699)	Total tax paid	(11 173)	(12 119)
26. PENSIONS AND OTHER POST-EMPLOYMENT BENEFIT PLANS				
26.1 Defined-benefit fund				
15 613	13 520	Value of fund assets		
(10 839)	(7 096)	Value of fund liabilities		
4 774	6 424	Net surplus		
Funding level				
All of the fund's assets are indirectly invested in a quoted market by the utilisation of unit trusts.				
9,0%	8,6%	Expected rate of return		
9,0%	8,6%	Discount rate		
8,2%	7,7%	Future salary increases		
1,9	3,3	Expected average remaining working life in years		
<p>The fund is a defined-benefit fund and was actuarially valued on 30 June 2014. The actuarial method used in determining the cost of the retirement benefits is the same as those used in previous calculations. The assumptions regarding deaths, interest rates, salary increases, retirements, resignations and administration costs were all based on generally accepted standards for the industry.</p> <p>In the previous financial periods the net surplus was not accounted for, however, the fund is in the process of converting all members to the Group's defined contribution pension fund. As per the fund rules the net surplus of the fund will be available to the Group to be utilised as a reduction of future company contributions towards the defined contribution pension fund. The Group policy is still to fund any deficit in accordance with the Pension Fund Act of 1956 and published regulations issued by the Registrar of Financial Services from time to time. The fund is subject to the same Act which requires an actuarial valuation every three years. Number of members on 30 June 2014: 5 (30 June 2013: 5). The fund closed for new entrants on 1 July 1994.</p>				



GROUP			COMPANY	
2014 R'000	2013 Restated R'000		2014 R'000	2013 R'000
		26.2 Defined-contribution funds		
		26.2.1 Clover SA pension fund		
		This is a defined-contribution fund. The value of this fund determines the benefits which accrue to members. The Group has no obligation other than its normal contributions. Number of members on 30 June 2014: 990 (30 June 2013: 966).		
		26.2.2 Clover SA provident fund		
		This is a defined-contribution fund. The value of the fund determines the benefits which accrue to members. The Group has no obligation other than its normal contributions. Number of members on 30 June 2014: 5 415 (2013: 5 546).		
		26.3 Amounts recognised in profit or loss		
		Contributions for the Group for the current year:		
		Defined-benefit fund		
		Pension fund		
		Provident fund		
101	96			
32 008	30 626			
44 856	45 553			
76 965	76 275	Total contributions recognised in profit or loss		

GROUP		COMPANY	
2014 R'000	2013 Restated R'000	2014 R'000	2013 R'000
27. COMMITMENTS AND CONTINGENCIES			
27.1 Commitments			
27.1.1 Operating lease commitments – Group as lessee			
The Group entered into an outsourcing agreement whereby the Group is provided with distribution and milk collection vehicles. The Group also entered into commercial leases on motor vehicles and machinery. These leases have an average life of between three and ten years, with renewal options included on some of the contracts. There are no restrictions placed upon the lessee by entering into these lease contracts.			
Future minimum lease payments are as follows:			
Within one year			
After one year but not more than five years			
More than five years			
286 374	262 844		
1 003 852	926 760		
1 450 868	1 591 345		
2 741 094	2 780 949		
Total lease payments payable			
27.1.2 Operating lease commitments – Group as lessor			
The Group has entered into commercial property leases on its investment property portfolio, consisting of the Group's surplus offices and manufacturing buildings. These non-cancellable leases have remaining terms of between one and five years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.			
Future minimum rentals receivable under non-cancellable operating leases as at 30 June 2014 are as follows:			
Within one year			
After one year, but not more than five years			
2 993	3 253		
9 387	9 731		
12 380	12 984		
Total minimum lease payments			



GROUP 2014			GROUP 2013 Restated	
Minimum payments R'000	Present value of payments R'000		Minimum payments R'000	Present value of payments R'000
		27.1.3 Finance leases and hire purchase agreements		
		The Group has finance leases and hire purchase contracts for various items of plant, machinery and vehicles. These leases have no terms of renewal, purchase options or escalation clauses.		
		Future minimum lease payments with the present value of the net minimum lease payments are as follows:		
		Within one year	14 852	13 420
		After one year but not more than five years	19 003	16 640
14 195	12 752	Total minimum lease payments	33 855	30 060
17 836	12 599	Less: Amounts representing finance charges	(3 795)	–
32 031	25 351	Present value of minimum lease payments	30 060	30 060
(6 680)	–			
25 351	25 351			

GROUP			COMPANY	
2014 R'000	2013 Restated R'000		2014 R'000	2013 R'000
		27.1.4 Capital commitments		
		Capital expenditure authorised and contracted for		
		Capital expenditure authorised but not contracted for		
286 966	127 854	Total capital commitments		
53 787	84 126			
340 753	211 980			

Commitments will be spent within the next three to four years. The capital expenditure will be funded from Group funds. Included in capital expenditure authorised and contracted for is R150 million for the acquisition of Dairy Belle. Refer to page 112 on the directors report for more detail.

27.1.5 Contingencies

Clover S.A. (Proprietary) Limited is currently party to a contractual dispute, which is subject to arbitration. The outcome of arbitration is expected during October 2014. The estimated potential exposure to the company amounts to R24 million, if unsuccessful in arbitration.

GROUP		COMPANY	
2014 R'000	2013 Restated R'000	2014 R'000	2013 R'000
28. RELATED PARTY DISCLOSURE			
Transactions with related parties are made at market related prices. Outstanding balances at the year-end are unsecured. No interest is paid on current accounts. Interest is payable on borrowings by the holding company from subsidiary companies at prime. Where the holding company lends money to subsidiary companies interest is charged at prime plus 1%. There have been no guarantees provided or received for any related party receivables or payables except for a sub-ordination agreement with Clover Namibia. During the year under review, additional impairments were raised on the loans from Clover SA to Clover West Africa of R9,1 million (2013: R35,6 million) and to Clover Namibia of R5,4 million (2013: R4 million). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.			
28.1 With regard to operating activities with subsidiaries and joint ventures, the following transactions took place during the year:			
		(a) Fees earned by CIL for services rendered to Group Companies Clover SA – Subsidiary	
45 892	45 411		45 892 45 411
45 892	45 411	Total fees earned by CIL for services rendered to Group Companies	45 892 45 411
		(b) Fees earned by Clover SA for services rendered to Group Companies Clover Waters – Subsidiary Clover Botswana – Subsidiary Clover Fonterra – Joint venture Clover Manhattan – Joint venture Real Beverage Company – Subsidiary	
79 405	–		
5 458	3 957		
5 218	5 723		
–	14 973		
12 127	–		
102 208	24 653	Total fees earned by Clover SA for services rendered to Group Companies	
		(c) Finance income received by Clover SA from Group Companies Clover West Africa – Subsidiary Clover Namibia – Subsidiary Clover Fonterra – Joint venture Clover Waters – Subsidiary	
–	3 855		
199	178		
–	47		
2 157	–		
2 356	4 080	Total finance income received by Clover SA from Group Companies	
		(d) Amounts owing by Clover SA to Group Companies Clover Industries – Holding company Clover Fonterra – Joint venture Lactolab – Subsidiary Real Beverage Company – Subsidiary Clover Waters – subsidiary	
401 925	380 789		401 925 380 789
20 853	34 777		
100	102		
15 156	17 299		
26 872	–		
464 906	432 967	Total amounts owing by Clover SA to Group Companies	401 925 380 789



GROUP			COMPANY	
2014 R'000	2013 Restated R'000		2014 R'000	2013 R'000
152 470	286 264	(e) Amounts due to Clover SA from Group Companies		
64 278	52 306	Clover Capital – Subsidiary		
190 642	178 363	Clover West Africa – Subsidiary		
21	52	Real Beverage Company – Subsidiary		
1 427	1 695	Lactolab – Subsidiary		
593	30 221	Clover Swaziland – Subsidiary		
19 508	43 691	Clover Fonterra – Joint venture		
17 378	28 241	Clover Botswana – Subsidiary		
34 855	–	Clover Namibia – Subsidiary		
		Clover Waters – Subsidiary		
481 172	620 833	Total amounts due to Clover SA from Group Companies		
401 925	380 789	(f) Amounts due to CIL from Group Companies		
7	6	Clover SA – Subsidiary	401 925	380 789
		CIL Share Purchase Trust	7	6
401 932	380 795	Total amounts due to CIL from Group Companies	401 932	380 795
12 297	3 296	(g) Clover SA received the following dividends during the year from Group Companies		
1 040	780	Clover Fonterra Ingredients – Joint venture		
–	18 274	Lactolab – Subsidiary		
4 106	–	Clover Manhattan – Joint venture		
		Real Beverage Company – Subsidiary		
17 443	22 350	Total dividends received by Clover SA from Group Companies		
45 000	–	(h) CIL received the following dividends during the year from Group Companies		
45 000	–	Clover SA – Subsidiary	45 000	–
		Total dividends received by CIL from Group Companies	45 000	–

GROUP			COMPANY	
2014 R'000	2013 Restated R'000		2014 R'000	2013 R'000
92 041	127 512	28.2		
9 793 387	10 351 193	The following transactions regarding the securitisation of debtors took place during the year between Clover SA and Clover Capital:		
(9 839 186)	(10 335 343)	Net finance cost paid by Clover SA to Clover Capital		
		Debtors sold to Clover Capital		
		Receipts from Clover Capital		
		28.3		
		With regard to business done with Non-executive Directors or legal entities that are related to them, the following transactions took place:		
		Milk purchased from the following Non-executive Directors by Clover SA:		
–	2 624	JAH Bredin (resigned 30 November 2012)		
–	3 427	HPF Du Preez (resigned 30 November 2012)		
2 009	4 223	MG Elliott (resigned 26 November 2013)		
20 078	26 290	JC Hendriks (Dr) (resigned 13 March 2014)		
92 409	71 273	WI Büchner		
31 527	27 797	NA Smith		
3 598	–	PR Griffin (appointed 13 March 2014)		
149 621	135 634	Total milk purchased from Non-executive Directors		
		Refer to note 32 for more information regarding compensation of Directors and key management personnel.		
		28.4		
		Loans outstanding to Directors and senior management		
		Executive Director		
14 238	25 538	JH Vorster	14 238	25 538
–	6 774	CP Lerm (Dr)	–	6 774
		Other Executives		
2 573	2 536	JHF Botes (Dr)	2 573	2 536
16 811	34 848	Total	16 811	34 848
		Refer to note 17 for more details around the terms of the loans.		

29. FINANCIAL INSTRUMENTS

The Group treasury function does not operate as a profit centre, but rather provides financial services to the divisions and Group companies, coordinates access to credit and loan facilities and manages the financial risks relating to the Group's operations. The Group's objective in using financial instruments is to reduce the uncertainty over future cash flows arising from movement in currency and interest rates. Currency and interest rate exposure is managed within Board-approved policies and guidelines which restrict the use of derivatives to the hedging of specific underlying currency and interest rate exposures.

29.1 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk: foreign currency, interest rate and share price risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated and separate financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Audit and Risk Committee, is responsible for developing and monitoring the Group's risk management policies. The Committee reports regularly to the Board of Directors on its activities.

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

The Audit and Risk Committee is assisted in its oversight role by Clover Risk Management, assisted by KPMG Services (Pty) Ltd. Risk Management undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Committee.

a. Credit risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities.

Credit risk primarily relates to potential exposure on bank and cash balances, investments, derivatives and trade receivables. The Group limits its exposure arising from money market and derivative instruments by only dealing with well-established financial institutions of high credit standing. The Group is exposed to credit risk in the form of trade receivables. The maximum exposure is the carrying amount as disclosed in note 29.5. Historically, Group bad debts have been negligible and the management of debtors payment terms have been very successful. Trade receivables comprise a large number of debtors, but with significant concentration in value on the country's major retail and wholesale chains, credit is extended in terms of the Group's credit policies. In the opinion of the Board there was no significant credit risk at year-end which had not been adequately provided for.

The Group limits its exposure to credit risk by only investing in reputable institutions with high credit ratings.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. Approximately 73,6% (2013: 72,5%) of the Group's credit sales is attributable to sales transactions with the major national chain stores of good credit standing. However, geographically there is no concentration of credit risk.

The responsibility for effective credit management rests with the Chief Financial Officer. The granting of credit is governed by a policy for the approval and authorisation levels for new credit applications and revision of credit limits.

The credit policy requires that each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Any variations in authorisation levels must be approved in terms of the credit policy. The review includes obtaining and evaluating trade references, bank codes, financial statements and trade history. Depending on the customer profile and credit limit required, further information on Directors and a credit bureau report will be obtained. With the exception of the major national chain stores, where credit risks are assessed as low, credit limits are established for each customer, which represents the maximum open amounts.

Most of the Group's customers have been transacting with the Group for many years and the Group has had a steady customer base. In monitoring customer credit risk, customers are grouped accordingly to their credit characteristics, including whether they are chain stores, general trade or wholesalers.

Additional credit is withheld from customers, excluding the major national chain stores, that have defaulted on their payments, until the situation has been resolved.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main component of this allowance is a specific loss component that relates to individually significant exposures.



As a general rule, sureties must be obtained for all new accounts, unless the Group waives its rights in this regard, backed by a low credit risk assessment.

Guarantees	2014 Rm	2013 Rm
Municipalities	15,29	16,13
Other	0,35	0,48
	15,64	16,61

b. Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. Refer to note 29.4 for detailed analysis of liquidity exposure.

The Group manages liquidity risk by monitoring actual and budgeted cash flows and ensuring that adequate borrowing facilities are maintained.

The Group ensures that it has sufficient cash on demand to meet expected operational demands, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition the Group maintains the lines of credit as can be viewed in note 22.2.

The Group monitors the liquidity risk using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases, funding through securitisation of debtors book and hire purchase contracts. The Group's policy is that not more than 25% (2013: 25%) of long-term borrowings should mature in the next 12-month period. 1,5% (2013: 1,6%) of the Group's long-term debt will mature in less than one year at year-end based on the carrying value of borrowings reflected in the financial statements.

Trade creditors form an important part of the short-term financing of the Group's working capital. Careful management and control of trade creditors is applied to ensure maximum use of what is viewed as interest-free debt.

c. Market risk management

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return of risk.

The Group buys and sells derivatives in the ordinary course of business in order to manage market risks. All such transactions are carried out within the guidelines set by the Risk Management Policy.

(i) Foreign currency risk management

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. Currencies primarily exposed to from time to time are the Euro, US Dollar, Botswana Pula, British Pound and the Nigerian Niara. Certain exchange rate exposures are hedged through the use of forward exchange contracts. The Group has entered into certain forward exchange contracts on foreign commitments not yet due.

The Group hedges amounts greater than R2 million (2013: R2 million) denominated in a foreign currency. Forward exchange contracts are used to hedge currency risk, most with a maturity of less than one year from the reporting date. When necessary, forward exchange contracts are rolled over at maturity.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in exchange rates of the Euro, US Dollar and the Pula. The Group's exposure to foreign currency changes for all other currencies is not material.



Change in rate	GROUP 2014 Effect on profit before tax R'000	Effect on equity R'000		Change in rate	GROUP 2013 Effect on profit before tax R'000	Effect on equity R'000
+30%	–		Forward exchange contracts open on reporting date	+30%		
	–		Rand – strengthening		306	
			Profit on Euro		–	
-30%	–		Rand – weakening	-30%		
	–		Loss on Euro		(306)	
	–		Loss on US Dollar		–	
			Foreign subsidiaries – equity			
+10%			Rand – strengthening	+10%		
		(13 078)	Loss on Pulas			(8 452)
-10%			Rand – weakening	-10%		
		13 078	Profit on Pulas			8 452

(ii) Interest rate risk management

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing loans and borrowings with fixed and variable rates. The risk is managed by maintaining an appropriate mix of fixed and floating rates.

GROUP 2014 R'000		GROUP 2013 R'000
	At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:	
416 755	Fixed-rate instruments	413 396
460 097	Variable-rate instruments	425 890
876 852		839 286
	Interest rate sensitivity	
	An increase/decrease of 100 basis points (2013: 100 basis points) in interest rates at the reporting date would have affected profit before taxation, by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for the prior year.	
	Increase of 100 basis points	
(4 601)	Decrease in profit before tax	(4 259)
	Decrease of 100 basis points	
4 601	Increase in profit before tax	4 259

GROUP 2014 R'000		GROUP 2013 R'000
	<p>(iii) Share price risk management</p> <p>The Group is affected by the movement in its share price due to the share appreciation rights issued to management. The Group entered into forward share purchases to hedge 2 132 695 of the share appreciation right issued to management. Refer to note 14 for more detail.</p> <p>Forward share purchases sensitivity</p> <p>An increase/decrease of 10 percent (2013: 10 percent) in the share price at the reporting date would have affected profit before taxation by the amounts shown below. This analysis assumes that all other variables remain constant.</p> <p>Increase of 10 percent in share price</p> <p>Increase in profit before tax</p> <p>Decrease of 10 percent in share price</p> <p>Decrease in profit before tax</p>	<p>3 551</p> <p>(3 551)</p>
3 585		
(3 585)		
	<p>29.2 Capital management</p> <p>Capital consists of ordinary share capital, as well as ordinary share premium.</p> <p>A combination of retained earnings, senior debt, preference shares, term asset finance, commodity finance and general banking facilities are used to fund the business. The bulk of the Group's debtors forms part of a securitisation programme. This programme came into effect during 2001. Senior debt raised by the programme currently amounts to R650 million (2013: R650 million). The securitisation provides access to senior debt equal to 74,5% (2013: 74,5%) of the debtors' book.</p> <p>The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings. The Group's target is to achieve a return on shareholders' equity of at least 20% in the medium to long term. A return of 8,6% (2013: 11,9%) was achieved. In comparison the weighted average interest expense on interest-bearing borrowings was 7,6% (2013: 8,8%).</p>	



GROUP 2014			COMPANY 2014	
Carrying amount R'000	Fair value R'000		Carrying amount R'000	Fair value R'000
		29.3 Fair value		
		The fair value of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:		
		Financial assets		
1 039 187	1 039 187	Loans and receivables	418 745	418 745
653 889	653 889	Cash and short-term deposits	35 237	35 237
1 693 076	1 693 076	Total financial assets	453 982	453 982
		Financial liabilities		
2 067 879	2 067 879	Loans, trade and other payables	12 251	12 251
2 067 879	2 067 879	Total financial liabilities	12 251	12 251
GROUP 2013 Restated			COMPANY 2013	
Carrying amount R'000	Fair value R'000		Carrying amount R'000	Fair value R'000
		Financial assets		
1 025 525	1 025 525	Loans and receivables	415 827	415 827
132	132	Derivatives not designated as hedges	–	–
704 559	704 559	Cash and short-term deposit	21 998	21 998
1 730 216	1 730 216	Total financial assets	437 825	437 825
		Financial liabilities		
2 067 401	2 067 401	Loans, trade and other payables	20 395	20 395
		The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair value due to the short-term maturities of these financial statements.		
		Long-term fixed-rate and variable-rate borrowings are evaluated by the Group based on parameters such as interest rates and repayment periods as at year-end, the carrying amounts of the borrowings are not materially different from the calculated fair value.		

GROUP 2014					
0-6 months R'000	6-12 months R'000	1-2 years R'000	2-5 years R'000	5 years R'000	Total R'000
6 058	5 320	1 899	7 531	7 831	28 639
28 207	27 850	307 768	474 443	–	838 268
196 434	1 408	704	–	–	198 546
–	15 632	–	–	–	15 632
6 476	–	–	–	–	6 476
1 140 089	46 585	4 351	–	–	1 191 025
1 377 264	96 795	314 722	481 974	7 831	2 278 586

29.4 Liquidity risk profile

Maturity profile of financial instruments

The maturity profile of the financial instruments is summarised as follows for the Group:

Financial liabilities

Secured loans

Secured by securitisation of trade debtors

Unsecured loans

Guarantees

Bank overdrafts

Trade and other payables

Total financial liabilities

GROUP 2013 Restated					
0-6 months R'000	6-12 months R'000	1-2 years R'000	2-5 years R'000	5 years R'000	Total R'000
6 274	5 734	9 791	3 724	343	25 866
27 385	27 133	54 620	780 651	–	889 789
143 366	1 402	3 505	–	–	148 273
–	16 610	–	–	–	16 610
17 262	–	–	–	–	17 262
1 221 910	12 185	8 238	1 029	–	1 243 362
1 416 197	63 064	76 154	785 404	343	2 341 162

Financial liabilities

Secured loans

Secured by securitisation of trade debtors

Unsecured loans

Guarantees

Bank overdrafts

Trade and other payables

Total financial liabilities

At 30 June 2014, the Group had available R120 million (2013: R100 million) of unutilised committed borrowing facilities in respect of which all conditions precedent had been met.



COMPANY 2014						29.4 Liquidity risk profile (continued)
0-6 months R'000	6-12 months R'000	1-2 years R'000	2-5 years R'000	5 years R'000	Total R'000	
12 251	–	–	–	–	12 251	The maturity profile of the financial instruments is summarised as follows for the Company:
12 251	–	–	–	–	12 251	Financial liabilities
						Trade and other payables
						Total financial liabilities

COMPANY 2013						Financial liabilities
0-6 months R'000	6-12 months R'000	1-2 years R'000	2-5 years R'000	5 years R'000	Total R'000	
20 395	–	–	–	–	20 395	Trade and other payables
20 395	–	–	–	–	20 395	Total financial liabilities

GROUP		COMPANY	
Carrying value 2014 R'000	Carrying value 2013 Restated R'000	Carrying value 2014 R'000	Carrying value 2013 R'000
29.5 Credit risk			
Exposure to credit risk			
The carrying amount of financial assets represents the maximum exposure to credit risk.			
Financial assets per class			
870 514	906 677	–	–
168 673	118 848	418 745	415 827
653 889	704 559	35 237	21 998
1 693 076	1 730 084	453 982	437 825
Trade receivables			
The maximum exposure to credit risk for trade receivables at the reporting date by customer type was as follows:			
640 624	657 254		
71 987	101 956		
157 903	147 467		
870 514	906 677		
Total			
The ageing of trade receivables at the reporting date is as follows:			
821 246	851 958		
40 324	43 654		
6 084	7 893		
2 860	3 172		
870 514	906 677		
Total			
The movement in the allowance for impairment in respect of trade receivables during the year was as follows:			
3 309	1 539		
2 428	2 555		
(1 888)	(785)		
3 849	3 309		
Balance at the end of the year			
The allowance accounts in respect of trade receivables are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off against the financial asset directly.			
The impairment loss written off relates to customers defaulting on payments and being handed over to lawyers for recovery.			



GROUP		COMPANY	
2014 R'000	2013 Restated R'000	2014 R'000	2013 R'000
30. INVESTMENT IN SUBSIDIARY AND JOINT VENTURE			
Investment in subsidiary company			
		326 735	326 735
		26 551	32 881
		353 286	359 616
Total investment in subsidiary			
Share of investment in a joint venture			
35 066	32 963		

Subsidiary and joint venture Name of company	Country of incorporation	Nature of business	Effective interest in capital		Investment in subsidiaries and joint ventures ¹		Profit/(loss) after taxation ³	
			2014 %	2013 %	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Clover SA ²	South Africa	Dairy manufacturing, distribution, sales	100	100	353 286	359 616	97 405	99 763
Real Beverage Company	South Africa	Manufacturing and sales of fruit juices	100	100	190 642	174 627	12 581	22 188
Clover Botswana	Botswana	Dairy manufacturing, distribution, sales	100	100	23 111	23 111	41 892	24 940
Clover Manhattan [®]	South Africa	Distribution and sales of Iced Tea and health related products	–	–	–	–	–	863
Clover Swaziland	Swaziland	Distribution and sales of dairy products in Swaziland	100	100	1	1	1 964	(869)
Lactolab	South Africa	Testing of dairy products	52	52	*	*	1 936	2 568
Clover Capital	South Africa	Finance	100	100	426 785	434 744	–	–
Clover Fonterra [®]	South Africa	Marketing, selling and distribution of dairy and related ingredient products	51	51	35 170	32 963	14 259	14 221
Clover West Africa	Nigeria	Marketing of non-alcoholic beverage products	100	100	468	468	(7 871)	(9 841)
Clover Namibia	Namibia	Distribution and sales of dairy products in Namibia	100	100	*	*	(4 169)	(13)
Clover Waters	South Africa	Marketing, sales, distribution and production of water and Iced Tea	70	–	34 997	–	4 810	–
Clover Futurelife ^{5#}	South Africa	Manufactures, distributes, sells and markets a range of functional food products	50	–	–	–	–	–

[#] Joint venture.

[®] In the process of deregistration.

* Amounts less than R1 000.

⁵ The company has not yet commenced trading.

¹ Held by Clover SA.

² Held by CIL.

³ Before inter company eliminations.

GROUP			COMPANY	
2014 R'000	2013 R'000		2014 R'000	2013 R'000
		Lactolab		
		Subsidiary's statement of financial position		
		Current assets including cash and cash equivalents R1,9 million (2013: R2,6 million) and inventory R0,3 million (2013: R0,4 million)		
3 541	4 552			
2 665	3 258	Non-current assets including property, plant and equipment R2,6 million (2013: R3,2 million)		
(1 462)	(3 002)	Current liabilities including trade and other payables of R0,6 million (2013: R1,3 million)		
4 744	4 808	Equity (Net asset value)		
52%	52%	Portion of the Group's ownership		
2 467	2 500	Net asset value of the investment		
		Subsidiary's revenue and profit		
9 358	10 572	Revenue		
(2 012)	(2 415)	Cost of sales		
(4 259)	(4 466)	Sales, marketing, distribution and administrative expenses		
(325)	–	Other operating income/(expenses)		
(63)	(118)	Net finance income/(cost)		
2 699	3 573	Profit before taxation		
(764)	(1 004)	Income tax expense		
1 935	2 569	Profit for the year		
52%	52%	Portion of the Group's ownership		
1 006	1 336	Group's share of profit for the year		
1 040	780	Dividend received		



GROUP			COMPANY	
2014	2013		2014	2013
R'000	R'000		R'000	R'000
		Clover Waters		
		Subsidiary's statement of financial position		
62 383		Current assets including cash and cash equivalents R11,5 million and inventory R23,0 million		
93 395		Non-current assets including property, plant and equipment R55,5 million		
(10 319)		Non-current assets liabilities including deferred tax R10,3 million		
(84 626)		Current liabilities including trade and other payables of R84,6 million		
60 833		Equity (Net asset value)		
70%		Portion of the Group's ownership		
42 583		Net asset value of the investment		
		Subsidiary's revenue and profit		
215 609		Revenue		
(103 951)		Cost of sales		
(117 183)		Sales, marketing, distribution and administrative expenses		
6 773		Other operating income/(expenses)		
(2 629)		Net finance income/(cost)		
(1 381)		Profit before taxation		
6 192		Income tax expense		
4 811		Profit for the year		
70%		Portion of the Group's ownership		
3 368		Group's share of profit for the year		
-		Dividend received		

Refer to note 4 for the joint ventures namely Clover Fonterra Ingredients and Clover Manhattan.