

GROUP		COMPANY	
2014 R'000	2013 R'000	2014 R'000	2013 R'000
<p><b>31. SHARE-BASED PAYMENTS</b></p> <p><b>31.1 Equity-settled share appreciation rights scheme</b>            – Clover Share Appreciation Rights Plan (2010) (ordinary shares in CIL)</p> <p>On 31 May 2010 the ordinary and preference shareholders approved the Clover Share Appreciation Rights Plan (SAR) as well as the placement of 8 million unissued ordinary shares under the control of the Directors to fulfil the Group's potential future obligations in terms of the plan. The main rules of the scheme are as follows:</p> <p>The Group's obligations in terms of this plan can at the election of the Group be settled in cash or by the issue of ordinary shares.</p> <p>New SAR may be encashed at the election of the participants, at any time after they have vested, provided that the participant concerned is still in the employment of Clover. On encashment employees will be paid an amount equal to the difference between the fair market value of ordinary shares on the date of issue of the new SAR in question and the fair market value of the ordinary shares on the date of encashment.</p> <p>Further details on the scheme are available in the detailed circular issued to shareholders on 7 May 2010 and the remuneration report on pages 54 to 69.</p> <p>The SAR granted are expensed over their vesting period in terms of IFRS 2. The estimated fair value of these SAR was calculated using the Hull-White Trinomial Lattice valuation model. The following inputs were used for the calculation of the fair value:</p> <p>Initial allocation – Expected volatility of 30,3%, risk free rate of 8,90% and a dividend yield of 2,34%.</p> <p>Second allocation – Expected volatility of 14,9%, risk free rate of 8,90% and a dividend yield of 2,34%.</p> <p>Third allocation – Expected volatility of 19,9%, risk free rate of 8,55% and a dividend yield of 3,33%.</p> <p>Allocation to new Executive Committee member – Expected volatility of 17,4%, risk free rate of 7,94% and a dividend yield of 2,00%.</p> <p>Fourth allocation – Expected volatility of 17,4%, risk free rate of 7,94% and a dividend yield of 2,00%.</p> <p>Allocation to new Executive Committee member – Expected volatility of 24,3%, risk free rate of 7,94% and a dividend yield of 2,18%.</p> <p>Fifth allocation – Expected volatility of 24,3%, risk free rate of 6,67% and dividend yield of 1,74%.</p> <p>Sixth allocation – Expected volatility of 21,4%, risk free rate of 7,01% and dividend yield of 1,80%.</p>			



Share appreciation rights								
Description	Grant date	Weighted average remaining contractual life (years)	Exercise price	SAR granted not yet exercised	Estimated weighted average fair value per right at grant date (Adjusted for 2 for 1 share split)	Vesting period		
Clover's Share Appreciation Rights Plan (2010) – Initial allocation	31 May 2010	*Till employment terminates	R4,67	10 932 272 (2013: 12 676 780)	R2,11	One-third on 31 May 2013, a further third on 31 May 2014 and a final third on 31 May 2015		
Clover's Share Appreciation Rights Plan (2010) – Second allocation	18 August 2010	*Till employment terminates	R0,00	186 667 (2013: 933 335)	R4,31	One-third on 18 August 2011, a third on 18 August 2012 and final third on 18 August 2013		
Clover's Share Appreciation Rights Plan (2010) – Third allocation	1 July 2011	Four years	R11,00	1 614 939 (2013: 1 614 939)	R3,11	Full allocation vest on 1 July 2014		
Clover's Share Appreciation Rights – Allocation to Executive Committee member ER Bosch	1 June 2012	Five years	R13,50	953 620 (2013: 953 620)	R4,03	One-third on 1 June 2015, one-third on 1 June 2016 and a final third on 1 June 2017		
Clover's Share Appreciation Rights Plan (2010) – Fourth allocation	1 July 2012	Five years	R13,73	2 737 742 (2013: 2 737 742)	R3,70	Full allocation vest on 1 July 2015		
Clover's Share Appreciation Rights Plan (2010) – Allocation to Executive Committee member MM Palmeiro	1 October 2012	Five years	R15,15	925 500 (2013: 925 500)	R3,95	One-third on 1 October 2015, a third on 1 October 2016 and a final third on 1 October 2017		
Clover's Share Appreciation Rights Plan (2010) – Fifth allocation	1 July 2013	Six years	R16,83	3 041 063 (2013: Nil)	R4,97	Full allocation vest on 1 July 2016		
Clover's Share Appreciation Rights Plan (2010) – Sixth allocation	30 June 2014	Seven years	R17,31	3 134 141 (2013: Nil)	R4,83	Full allocation vest on 30 June 2017		
GROUP							COMPANY	
2014 R'000	2013 R'000						2014 R'000	2013 R'000
<b>17 351</b>	18 407	<b>Provision against income</b> Share-based payment reserve						

## 32. DIRECTORS' REMUNERATION AND INTERESTS

### 32.1 Directors' remuneration

	2014								Share appreciation rights exercised R'000
	Basic salary R'000	Fees for services as Director R'000	Car allowance R'000	Individual performance bonus R'000	Profit share bonus	Retirement and medical contributions R'000	Other benefits* R'000	Total R'000	
<b>Executive Directors</b>									
JH Vorster	3 945		1 083	1 436		622	52	7 138	4 464
LJ Botha	2 690		758	797		407	56	4 708	1 338
CP Lerm(Dr)	2 329		673	913		375	47	4 337	743
<b>Total remuneration of Executive Directors</b>	<b>8 964</b>	<b>–</b>	<b>2 514</b>	<b>3 146</b>	<b>–</b>	<b>1 404</b>	<b>155</b>	<b>16 183</b>	<b>6 545</b>
<b>Non-executive Directors</b>									
WI Büchner		1 038					–	1 038	
MG Elliot		144					7	151	
JC Hendriks (Dr)		254					–	254	
TA Wixley		783					–	783	
SF Booysen (Dr)		710					15	725	
NP Mageza		203					–	203	
JNS Du Plessis (Adv)		478					14	492	
NA Smith		340					7	347	
N Mokhesi		254					–	254	
B Ngonyama		275					–	275	
PR Griffin		72					–	72	
<b>Total remuneration of Non-executive Directors</b>	<b>–</b>	<b>4 551</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>43</b>	<b>4 594</b>	<b>–</b>
<b>Total Directors' remuneration</b>	<b>8 964</b>	<b>4 551</b>	<b>2 514</b>	<b>3 146</b>	<b>–</b>	<b>1 404</b>	<b>198</b>	<b>20 777</b>	<b>6 545</b>
<b>Other Executives (prescribed officers)</b>									
H Lubbe	2 346		677	913		377	256	4 569	743
JHF Botes (Dr)	2 357		678	923		380	252	4 590	743
ER Bosch	2 375		650	1 141		403	84	4 653	
MM Palmeiro	1 934		545	811		355	699	4 344	
<b>Total remuneration of other Executives</b>	<b>9 012</b>	<b>–</b>	<b>2 550</b>	<b>3 788</b>	<b>–</b>	<b>1 515</b>	<b>1 291</b>	<b>18 156</b>	<b>1 486</b>

\* Travel and accommodation expenses, fees paid for directorships held in subsidiaries.



	2013							Total R'000	Share apprecia- tion rights exercised R'000
	Basic salary R'000	Fees for services as Director R'000	Car allowance R'000	Individual performance bonus R'000	Profit share bonus	Retirement and medical contri- butions R'000	Other benefits* R'000		
<b>Executive Directors</b>									
JH Vorster	3 778		1 048	1 454	1 615	761	57	8 713	8 498
HB Roode (retired 30 June 2012)	2 863		816	931	1 034	541	43	6 228	11 967
LJ Botha	2 587		733	832	925	487	51	5 615	–
CP Lerm (Dr.)	2 240		664	975	696	438	41	5 054	11 852
<b>Total remuneration of Executive Directors</b>	<b>11 468</b>	<b>–</b>	<b>3 261</b>	<b>4 192</b>	<b>4 270</b>	<b>2 227</b>	<b>192</b>	<b>25 610</b>	<b>32 317</b>
<b>Non-executive Directors</b>									
JAH Bredin (resigned 30 November 2012)		490					9	499	
HPF du Preez (resigned 30 November 2012)		136					–	136	
WI Büchner		747					–	747	
MG Elliot		272					46	318	
JC Hendriks (Dr.)		342					26	368	
TA Wixley		739					–	739	
SF Booysen (Dr.)		513					17	530	
NP Mageza		383					–	383	
JNS Du Plessis (Adv.)		435					34	469	
NA Smith		272					16	288	
<b>Total remuneration of Non-executive Directors</b>	<b>–</b>	<b>4 329</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>148</b>	<b>4 477</b>	<b>–</b>
<b>Total Directors' remuneration</b>	<b>11 468</b>	<b>4 329</b>	<b>3 261</b>	<b>4 192</b>	<b>4 270</b>	<b>2 227</b>	<b>340</b>	<b>30 087</b>	<b>32 317</b>
<b>Other Executives (prescribed officers)</b>									
H Lubbe	2 256		655	975	696	440	55	5 077	9 897
JHF Botes (Dr.)	2 266		657	975	696	441	46	5 081	6 895
ER Bosch	2 283		629	1 219	580	456	70	5 237	–
MM Palmeiro (appointed 1 October 2012)	930		264	398	190	172	336	2 290	–
<b>Total remuneration of other Executives</b>	<b>7 735</b>	<b>–</b>	<b>2 205</b>	<b>3 567</b>	<b>2 162</b>	<b>1 509</b>	<b>507</b>	<b>17 685</b>	<b>16 792</b>

\* Travel and accommodation expenses, fees paid for directorships held in subsidiaries.

## 32.2 Interest of Directors and other Executives in share appreciation rights

The interest of executive and Non-executive Directors in the shares of the company provided for in the form of share appreciation rights are set out in the table below:

	Number of rights as at 30 June 2013	Share appreciation rights granted during the year	Number of rights exercised/ cancelled during the year	Number of rights as at 30 June 2014	Share price on date exercised	Grant price	Date from which exercisable
JH Vorster	4 587 200			<b>4 587 200</b>		R4,67	One-third on 31 May 2013, a further third on 31 May 2014 and a final third on 31 May 2015.
	266 667		266 667	–	16,74	R0,00	One-third on 18 August 2011, a third on 18 August 2012 and final third on 18 August 2013.
	821 256			<b>821 256</b>		R11,00	All on 1 July 2014.
	1 036 716			<b>1 036 716</b>		R13,73	All on 1 July 2015.
		879 589		<b>879 589</b>		R16,83	All on 1 July 2016.
		906 510		<b>906 510</b>		R17,31	All on 30 June 2017.
CP Lerm (Dr)	1 636 505			<b>1 636 505</b>		R4,67	One-third on 31 May 2013, a further third on 31 May 2014 and a final third on 31 May 2015.
	44 445		44 445	–	16,72	R0,00	One-third on 18 August 2011, a third on 18 August 2012 and final third on 18 August 2013.
	1 119			<b>1 119</b>		R11,00	All on 1 July 2014.
	389 123			<b>389 123</b>		R13,73	All on 1 July 2015.
		332 135		<b>332 135</b>		R16,83	All on 1 July 2016.
		342 300		<b>342 300</b>		R17,31	All on 30 June 2017.
LJ Botha	2 443 140			<b>2 443 140</b>		R4,67	One-third on 31 May 2013, a further third on 31 May 2014 and a final third on 31 May 2015.
	266 667		80 000	<b>186 667</b>	16,73	R0,00	One-third on 18 August 2011, a third on 18 August 2012 and final third on 18 August 2013.
	404 063			<b>404 063</b>		R11,00	All on 1 July 2014.
	533 657			<b>533 657</b>		R13,73	All on 1 July 2015.
		452 775		<b>452 775</b>		R16,83	All on 1 July 2016.
		466 633		<b>466 633</b>		R17,31	All on 30 June 2017.
<b>Total Executive Directors</b>	12 430 558	3 379 942	391 112	<b>15 419 388</b>			



	Number of rights as at 30 June 2013	Share appreciation rights granted during the year	Number of rights exercised/cancelled during the year	Number of rights as at 30 June 2014	Share price on date exercised	Grant price	Date from which exercisable
<b>Other Executives (prescribed officers)</b>							
H Lubbe	1 351 491			<b>1 351 491</b>		R4,67	One-third on 31 May 2013, a further third on 31 May 2014 and a final third on 31 May 2015.
	44 444		44 444	–	16,72	R0	One-third on 18 August 2011, a third on 18 August 2012 and final third on 18 August 2013.
	57 778			<b>57 778</b>		R11	All on 1 July 2014.
	389 123			<b>389 123</b>		R13,73	All on 1 July 2015.
		332 135		<b>332 135</b>		R16,83	All on 1 July 2016.
		342 301		<b>342 301</b>		R17,31	All on 30 June 2017.
JHF Botes (Dr)	913 936			<b>913 936</b>		R4,67	One-third on 31 May 2013, a further third on 31 May 2014 and a final third on 31 May 2015.
	44 444		44 444	–	16,72	R0	One-third on 18 August 2011, a third on 18 August 2012 and final third on 18 August 2013.
	330 723			<b>330 723</b>		R11	All on 1 July 2014.
	389 123			<b>389 123</b>		R13,73	All on 1 July 2015.
		332 135		<b>332 135</b>		R16,83	All on 1 July 2016.
		342 301		<b>342 301</b>		R17,31	All on 30 June 2017.
E Bosch	953 620			<b>953 620</b>		R13,50	One-third on 1 June 2015, a third on 1 June 2016 and final third on 1 June 2017.
		332 135		<b>332 135</b>		R16,83	All on 1 July 2016.
		342 301		<b>342 301</b>		R17,31	All on 30 June 2017.
MM Palmeiro	925 500			<b>925 500</b>		R15,15	One-third on 1 October 2015, a third on 1 October 2016 and final third on 1 October 2017.
		380 159		<b>380 159</b>		R16,83	All on 1 July 2016.
		391 795		<b>391 795</b>		R17,31	All on 30 June 2017.
<b>Total other Executives</b>	5 400 182	2 795 262	88 888	<b>8 106 556</b>			
<b>Total</b>	17 830 740	6 175 204	480 000	<b>23 525 944</b>			

Number of shares at 30 June 2014			Number of shares at 30 June 2013		
Direct	Indirect	Associates	Direct	Indirect	Associates
<b>32.3 Interest of Directors and other Executives of the Company in ordinary share capital</b>					
<b>Executive Directors</b>					
<b>7 575 496</b>	–	<b>398 315</b>	JH Vorster	7 575 496	– 398 315
–	–	–	HB Roode (Retired 30 June 2013)	3 346 547	– –
<b>2 919 804</b>	–	–	CP Lerm (Dr)	3 919 804	– –
<b>1 568 707</b>	–	–	LJ Botha	1 887 768	– –
<b>12 064 007</b>	–	<b>398 315</b>		<b>16 729 615</b>	– <b>398 315</b>
<b>Non-executive Directors</b>					
–	<b>710 400</b>	–	WI Büchner*	–	480 400 –
<b>241 689</b>	–	–	MG Elliot* (Resigned 26 November 2013)	241 689	– –
<b>1 112 892</b>	–	–	JC Hendriks (Dr)* (Resigned 13 March 2014)	1 112 892	– –
–	<b>1 227 586</b>	–	NA Smith	–	1 337 586 –
<b>47 619</b>	–	–	TA Wixley	47 619	– –
<b>95 000</b>	–	–	PR Griffin (Appointed 13 March 2014)	–	– –
<b>5 977</b>	–	–	NP Mageza (Resigned 26 November 2013)	–	– –
<b>1 503 177</b>	<b>1 937 986</b>	–		<b>1 402 200</b>	<b>1 817 986</b> –
<b>13 567 184</b>	<b>1 937 986</b>	<b>398 315</b>	<b>Total Directors' interests in ordinary share capital</b>	<b>18 131 815</b>	<b>1 817 986</b> <b>398 315</b>
<b>Other Executives (prescribed officers)</b>					
<b>752 222</b>	–	–	H Lubbe	771 632	– –
<b>738 543</b>	–	–	JHF Botes (Dr)	738 543	– –
<b>1 490 765</b>	–	–	<b>Total interest of other Executives in ordinary share capital</b>	<b>1 510 175</b>	– –

\* These Directors are trustees of the Clover Milk Producer Trust that holds 21 932 000 (2013: 21 932 000) ordinary shares in the Company.



GROUP		COMPANY	
2014 R'000	2013 Restated R'000	2014 R'000	2013 R'000
<b>33. LONG-SERVICE BONUS</b>			
<b>33.1 Introduction</b>			
The Group rewards employees with long service by remunerating them with a lump sum after a specific number of service years. Assumptions and valuation methods are as follows:			
<b>33.2 Background</b>			
The long-service bonuses which employees receive differ between employees whose employment date were before 1 January 2001 and employees whose employment date was after 1 January 2001. The benefit is as follows:			
<i>Employees with an employment date before 1 January 2001</i>			
Employees receive a bonus of three times their monthly basic salary after 15 years service and one time their monthly basic salary every five years thereafter.			
<i>Employees with an employment date after 1 January 2001</i>			
Employees receive a bonus of 10% of their monthly basic salary after 10 years' service, 15% after 15 years' service, 20% after 20 years' service, 25% after 25 years' service, etc.			
<b>33.3 Valuation method</b>			
The projected unit credit method is used in the calculations. The values of the past service liabilities and the future service liabilities are given separately. The past service liability is the value of the accumulated liability as at the calculation date in respect of service already rendered. The future service liability is the value of the liability from service after the calculation date until the next date the employee is entitled to receive a bonus payment. The total liability is evenly distributed over the period since service inception until the date when the benefit is payable.			
<b>33.4 Valuation results</b>			
<i>Past service liability</i>			
The total past service liability in respect of long-service bonuses is set out as follows:			
Employees with employment date before 01/01/2001			
Employees with employment date after 01/01/2001			
<b>24 906</b>	27 622		
<b>1 470</b>	1 287		
<b>26 376</b>	28 909		
<b>Total past service liability</b>			
The valuation results as at 30 June 2014 are based on best estimate assumptions. The valuation is very sensitive to the real return rate assumed. For every 1% variance in the assumed rate of return, the liability varies by approximately R1 million. The results as at 30 June 2013 are based on the previous best estimates.			

GROUP			COMPANY	
2014	2013		2014	2013
%	%		%	%
		<b>33.5 Past service liability build-up</b>		
		The build-up of the total past service liability for the past year, using the best estimate assumptions are as follows:		
<b>8,5</b>	8,9	a) The following discount rate per annum was used for the calculation of interest cost		
<b>8,3</b>	7,7	b) The following salary escalation rate per annum and merit increases were used		
		c) For current service cost an assumption is made that there are no withdrawals during the financial year		
		d) For benefits paid it is assumed that all benefits were paid as estimated by Clover		
R'000	R'000		R'000	R'000
		<b>The increase in the past service liability is summarised as follows:</b>		
		<b>Past services liability build-up</b>		
<b>28 909</b>	30 901	Opening balance		
<b>2 370</b>	2 685	Plus: Interest cost		
<b>1 608</b>	1 703	Current service cost		
<b>(7 747)</b>	(9 670)	Less: Benefits paid		
<b>1 236</b>	3 290	Actuarial loss		
<b>26 376</b>	28 909	<b>Closing balance</b>		

## 34. EVENTS AFTER THE REPORTING PERIOD

With effect 1 July 2014 Clover SA bought the remaining 48% issued ordinary shares of Lactolab from Taurus Stock Improvement Co-operative Ltd for an amount of R5,5 million.

Other than the above, no significant events occurred subsequent to the year-end.