

ANNUAL FINANCIAL STATEMENTS

The audited financial statements contained in this section were prepared under the supervision of Louis Jacques Botha, CA(SA), in his capacity as Chief Financial Officer of the Group.

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee has pleasure in submitting this report as required by Section 94(7)(f) of the Companies Act. The Audit and Risk Committee has adopted detailed terms of reference which comply with the Companies Act No 71 of 2008 ("Act"), and King III and have been approved by the Board of Directors of the Company ("Board").

AUDIT AND RISK COMMITTEE MEMBERSHIP AND ATTENDANCE AT MEETINGS

The Audit and Risk Committee comprises only Independent Non-executive Directors. The Chief Executive, Chief Financial Officer and other executives attend meetings of the Audit and Risk Committee by invitation and actively engage in these meetings. Other Non-executive Directors also attend by invitation. The Audit and Risk Committee was duly appointed by the shareholders at the Annual General Meeting on 28 November 2014. Shareholders will again be asked to approve the appointment of the members of the Audit and Risk Committee for the 2015/16 financial year at the Annual General Meeting scheduled for 27 November 2015. Details of the members of the Audit and Risk Committee and the number of meetings (including the attendance of the members) held for the financial year are set out on page 49 to 50 in the Report on Governance, Risk and Compliance.

FUNCTION OF THE AUDIT AND RISK COMMITTEE

The functions of the Audit and Risk Committee are as follows:

- to perform all of the duties required of it by the Act, in respect of the Company and all of its subsidiary companies;
- to assist the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control and reporting processes, the maintenance of accurate and complete accounting records and the preparation of financial statements in compliance with the applicable legal requirements, King III code of governance principles and applicable accounting standards;
- to review the Group's Annual Integrated Report, including the annual financial statements, as well as its interim report and any other public reports or announcements containing financial information;
- to provide management, External Auditors and the Internal Auditors with access to the Chairman or any other member of the Audit and Risk Committee to discuss any matter within the Audit and Risk Committee's scope;
- to meet separately with the External and Internal Auditors at least once a year;

- to provide a forum for discussing business risk and control issues and developing recommendations for consideration by the Board;
- to monitor enterprise-wide, operational, market, regulatory, safety and other risks, and to monitor controls designed to minimise risk;
- to consider and recommend to the Board whether external assurance should be provided on the Report on Six Capitals and to ensure that the report is consistent with the annual financial statements;
- to perform the functions required in terms of the JSE Listings Requirements;
- to perform the matters required by the Act, in respect of the Company and all its subsidiary companies incorporated in South Africa;
- to oversee the activities of, and ensure co-ordination, between the activities of Internal and External Audit; and
- to review the Audit and Risk Committee's work plan and terms of reference annually and make recommendations to Board to ensure its effectiveness.

Duties carried out

The Audit and Risk Committee confirms that it has performed its duties and responsibilities during the financial year in accordance with the Act, its terms of reference and work-plan.

External audit

During the year under review, the Audit and Risk Committee undertook the following:

- nominated Ernst & Young Inc. as the External Auditor, with Sarel Strydom as the designated auditor to the shareholders for appointment as auditor for the financial year ended 30 June 2015, and ensured that the appointment complied with all legal and regulatory requirements for the appointment of an auditor;
- confirmed that the auditor and the designated auditor are accredited by the JSE;
- approved the External Audit engagement letter, the plan and the budgeted audit fees payable to the External Auditor;
- reviewed the audit and evaluated the effectiveness of the auditor;
- obtained a statement from the auditor confirming that its independence was not impaired;
- determined the nature and extent of all non-audit services provided by the External Auditor and pre-approved all non-audit services undertaken;
- obtained assurances from the External Auditor that adequate accounting records were being maintained;

- confirmed that no reportable irregularities had been identified or reported by the auditors under the Auditing Profession Act; and
- nominated the External Auditor and the designated independent auditor for each of the South African subsidiary companies for the financial year ended 30 June 2015.

FINANCIAL STATEMENTS

During the year under review, the Audit and Risk Committee:

- confirmed, based on managements' review that the interim and annual financial statements were drawn up on the going concern basis;
- examined the published interim and annual financial statements and other financial information, prior to the Board's approval;
- considered the accounting treatment of significant or unusual transactions and accounting judgements by management;
- considered the appropriateness of accounting policies and any changes made;
- reviewed the audit report on the annual financial statements;
- reviewed the representation letter relating to the annual financial statements signed by management;
- considered any problems identified as well as any legal and tax matters that could materially affect the financial statements;
- met separately with management, the External Auditor and Internal Auditor; and
- concluded that the annual financial statements fairly present the financial position of the Group and Company at the end of the financial year and the results of operations and cash flows for the financial year.

RISK MANAGEMENT AND INFORMATION TECHNOLOGY

During the year under review, the Audit and Risk Committee:

- reviewed and approved the Group's Enterprise Wide Risk Management Framework defining Clover's risk management methodology;
- reviewed quarterly risk reports containing pertinent risks and opportunities aligned to the Group's vision and mission, emerging events and reportable incidents;
- reviewed the Group's policies on risk assessment and risk management, including fraud risks and information technology risks and found them to be sound;
- reviewed the Group's insurance cover based on the advice of the Group's insurance broker and confirmed that all significant insurable risks are appropriately covered; and

- received a limited assurance report on management's assessment of the effectiveness of the Group's system of internal controls over financial reporting from the External Auditors, Ernst & Young Inc.

INTERNAL CONTROL AND INTERNAL AUDIT

During the year under review, the Audit and Risk Committee:

- reviewed and approved the annual Internal Audit plan and evaluated the independence, effectiveness and performance of the Internal Audit providers;
- considered the reports of the Internal and External Auditors on the Group's systems of internal control, including financial controls, business risk management and maintenance of effective internal control systems;
- received assurances that proper accounting records were maintained and that the systems safeguarded the Group's assets against unauthorised use or disposal;
- reviewed issues raised by Internal Audit and the adequacy of corrective action taken by management in response; and
- assessed the adequacy of the performance of the Internal Audit function and found it satisfactory.

Taking into account all information received from management as well as the Internal and External Auditors, nothing has come to the attention of the Audit and Risk Committee that indicates a material breakdown in the internal controls of the Group.

SUSTAINABILITY

During the year under review, the Audit and Risk Committee:

- reviewed the Report on Six Capitals included in the Group's Integrated Annual Report and satisfied itself that it is consistent with the annual financial statements; and
- obtained partial assurance over the six capitals to the extent disclosed in the combined assurance framework as reflected in the Report on Six Capitals. It is the Group's intention to enhance qualitative and quantitative information as systems are progressively bedded down. All material risks concerning the sustainability of Clover's business model and in complying with the requirements of Regulation 43 of the Companies Act, as well as King III are incorporated into Clover's risk universe and are monitored under Clover's risk management process as described more comprehensively under the Governance section of the Integrated Report.

LEGAL AND REGULATORY REQUIREMENTS

During the year under review, the Audit and Risk Committee:

- reviewed with management all legal matters that could have a material impact on the Group;
- reviewed with the Group's internal legal counsel the adequacy and effectiveness of the Group's procedures to ensure compliance with legal and regulatory responsibilities;
- monitored complaints received via the Group's ethics line or otherwise, including complaints or concerns regarding accounting matters, Internal Audit, internal accounting controls, contents of the financial statements, potential violations of the law and questionable accounting or auditing matters; and
- considered reports provided by management, Internal Audit and the External Auditor regarding compliance with legal and regulatory requirements.

COMBINED ASSURANCE

The Audit and Risk Committee reviewed the Group's combined assurance plan together with the reports of the respective assurance providers, including External and Internal Auditors, and concluded that the material financial and governance controls within the business were satisfactory.

CHIEF FINANCIAL OFFICER AND FINANCE FUNCTION

As required by the JSE Listings Requirements 3.84(h), the Audit and Risk Committee has:

- considered the experience and expertise of the Chief Financial Officer and concluded that these were satisfactory; and
- considered the expertise, resources and experience of the finance function and concluded that these were satisfactory.

INDEPENDENCE OF EXTERNAL AUDITOR

The Audit and Risk Committee is satisfied that Ernst & Young Inc. is independent of the Group after taking the following factors into account:

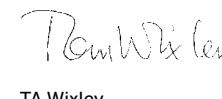
- representations made by Ernst & Young Inc. to the Audit and Risk Committee;
- the auditor does not, except as External Auditor or in rendering permitted non-audit services, receive any remuneration or other benefit from the Group;
- the auditor's independence was not impaired by any consultancy, advisory or other work undertaken;
- the auditor's independence was not prejudiced as a result of any previous appointment as auditor; and
- the criteria specified for independence by the Independent Regulatory Board of Auditors and international regulatory bodies.

ANNUAL FINANCIAL STATEMENTS

Following the review by the Audit and Risk Committee of the consolidated and separate annual financial statements of Clover Industries Limited for the year ended 30 June 2015 and the opinion of the External Auditor, the Audit and Risk Committee is of the view that they fairly present, in all material aspects, the financial position at that date and the results of operations and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the requirements of the Companies Act. The Audit and Risk Committee has satisfied itself of the integrity of the remainder of the Integrated Annual Report.

Having achieved its objectives for the financial year, the Audit and Risk Committee has recommended the annual financial statements and Integrated Annual Report for the year ended 30 June 2015 for approval to the Clover Industries Limited Board. The Board has subsequently approved the financial statements, which will be open for discussion at the forthcoming Annual General Meeting.

For and on behalf of the Audit and Risk Committee.



TA Wixley
Chairman of the Audit and Risk Committee

15 September 2015

APPROVAL OF THE FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2008 to maintain adequate accounting records and to prepare financial statements for each year which fairly present the state of affairs of the Company and the Group at the end of the financial year and of the profit and cash flows for the period. In preparing the accompanying financial statements, International Financial Reporting Standards have been applied, suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. Any changes to accounting policies are approved by the Board and the effects thereof are fully explained in the annual financial statements. The financial statements incorporate full and relevant disclosure. 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 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 above 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, based on the information and explanations given by management and the Internal Auditors that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate annual financial statements. 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 and Company's budget and cash flow forecast up to 30 June 2016. On the basis of this review and in the light of the current financial position and existing borrowing facilities, the Directors are satisfied that Clover Industries Limited is a going concern and have therefore continued to adopt the going-concern basis in preparing the financial statements.

The Group's External Auditors, Ernst & Young Incorporated, have audited the financial statements and their unqualified report appears on page 137.

The consolidated and separate annual financial statements, set out on pages 140 to 218, which have been prepared on the going concern basis, were approved by the Board of directors on 15 September 2015 and were signed on their behalf by:



Werner Büchner
Chairman



Johann Vorster
Chief Executive

CERTIFICATE BY COMPANY SECRETARY – (IN TERMS OF SECTION 88(2)E OF THE COMPANIES ACT)

The Secretary of Clover Industries Limited, Jacques van Heerden, certifies that Clover Industries Limited has complied with all the requirements of the Companies Act and more specifically that all such returns as required by a public company in terms of the Companies Act 2008, as amended, have been lodged with the Registrar of Companies and that such returns are true, correct and up to date.



Jacques van Heerden
Company Secretary

15 September 2015

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF CLOVER INDUSTRIES LIMITED

We have audited the consolidated and separate annual financial statements of Clover Industries Limited set out on pages 140 to 218, which comprise the consolidated and separate statements of financial position as at 30 June 2015, and the consolidated and separate statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate 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 and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated and separate annual financial statements present fairly, in all material respects, the financial position of Clover Industries Limited as at 30 June 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate annual financial statements for the year ended 30 June 2015, we have read the Directors' Report, the Audit and Risk Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Ernst & Young Inc.

Ernst & Young Incorporated

Director – Sarel Jacobus Johannes Strydom

Registered Auditor

Chartered Accountant (SA)

102 Rivonia Road
Sandton
Johannesburg

15 September 2015

DIRECTORS' REPORT

The Directors present their report on the activities and the financial statements for Clover Industries Ltd ("CIL") and the Group in respect of the year ended 30 June 2015.

NATURE OF BUSINESS

The procurement, production, marketing, sales and distribution of branded consumer goods to customers on the African continent.

Group results

The Group's results for the year are as follows:

	2015 R'm	2014 R'm
Revenue	9 266,3	8 530,2
Total comprehensive income attributable to equity holders of the parent Company	353,6	189,2

More detailed financial information can be found in the Financial Report which forms part of the Integrated Annual Report.

SUBSIDIARY COMPANIES AND INTERESTS IN JOINT VENTURES

Details of subsidiary companies are reflected in note 30 to the financial statements and business combinations and interests in joint ventures in note 3 and 4 to the financial statements.

During the year under review The Real Beverages Company Proprietary Limited ("Real Beverages") (a wholly-owned subsidiary of the Company) has acquired the following two businesses from Dairybelle Proprietary Limited ("Dairybelle"):

- the UHT milk manufacturing, marketing and distribution business ("UHT Milk Business") for a cash consideration of R30 million, effective 1 December 2014; and
- the yoghurt manufacturing, marketing and distribution business ("Yoghurt Business") for a cash consideration of R107,1 million, effective 1 January 2015.

These transactions are in line with the Company's stated strategy to expand its portfolio of value added and branded consumer products.

The acquisition of the assets comprising the Yoghurt Business will provide the Company with access to the yoghurt market, in which Dairybelle has a meaningful presence. Additionally, the location of Dairybelle's UHT production facilities in the Western Cape allows the Company to improve efficiencies through the more effective utilisation of its raw milk supply in the region.

Furthermore, as communicated in earlier SENS announcements Clover S.A. Proprietary Limited ("Clover") (a wholly-owned subsidiary of the Company) has purchased from Nkunzi MilkyWay Proprietary Limited ("Nkunzi") its business and assets effectively 1 June 2015 for a cash consideration of R48,7 million.

The acquisition will see Clover entering the Ayrshire and Organic milk markets, where it will manufacture and pack fresh milk and cream in addition to other dairy products for Woolworths Holdings Limited ("Woolworths") at the acquired Nkunzi facility as well as its Clayville plant in Midrand, Gauteng. Clover will take over existing Nkunzi supply agreements with producers on the same terms and conditions, or renegotiate supply agreements on an individual basis with producers.

SHARE CAPITAL

Details of the authorised and issued share capital are disclosed in note 19 to the financial statements.

A general authority to repurchase ordinary shares of the Company was granted to the Directors by way of a special resolution adopted on 28 November 2014 and is valid until 27 November 2015. Such authority is subject to the Companies Act and the Listings Requirements of the JSE. The Listings Requirements of the JSE limit repurchases during any one year to a maximum of 20% of the issued ordinary shares at the time.

On 17 March 2015 the company issued 5 252 549 (2014: 1 260 440) ordinary Clover Industries shares to members of senior management to settle part of its obligation under the Clover Share Appreciation Rights Plan.

Except for the above no shares were issued or repurchased during the year ending 30 June 2015.

DIVIDENDS

Dividends declared and paid by CIL during the year:

	2015 R'000	2014 R'000
Ordinary dividends		
Declared	71 624	69 342
Paid	71 624	69 342

The Board declared and paid an interim cash dividend of (R42,4 million) 22,6 cents per ordinary share during April 2015. It further declared a final dividend of R62,7 million or 33,4 cents per ordinary share, bringing the total dividend for the year to R105,1 million (2014: R58,4 million) or 56,0 cents (2014: 32 cents) per ordinary share.

DECLARATION OF DIVIDEND NUMBER 11

Notice is hereby given that the directors have declared a final gross cash dividend of R62,7 million or 33,40000 cents (28,39000 cents net of dividend withholding tax) per ordinary share for the year ended 30 June 2015.

The dividend has been declared from income reserves.

A dividend withholding tax of 15% will be applicable to all shareholders who are not exempt.

The Company income tax number is 9657/002/71/4.

The issued share capital at the declaration date is 187 731 138 ordinary shares. The salient dates will be as follows:

Last day to trade to receive a dividend	Friday, 2 October 2015
Shares commence trading "ex" dividend	Monday, 5 October 2015
Record date	Friday, 9 October 2015
Payment date	Monday, 12 October 2015

Share certificates may not be dematerialised or rematerialised between Monday, 5 October 2015 and Friday, 9 October 2015, both days inclusive.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS AND COMPANY SECRETARY

Particulars of the present Directors and company secretary are listed on pages 16 and 17 and page 136.

SHARE-BASED COMPENSATION

On 26 September 2014, 501 425 SARs were issued to an executive at an issue price of R17,55 and on 30 June 2015 a further 3 656 212 SARs were issued to executives at an issue price of R17,34. These SARs will vest three years after the issue date and are subject to vesting conditions. SARs not exercised will be cancelled seven years after the issue date.

On exercise Executives will be entitled to a payment equal to the increase in the CIL ordinary share price over the issue price of the SARs. Such payment can at the election of the Group be either in cash or by way of the issue to the member of a number of ordinary shares equal in value to such cash amount. Details of SAR issued and vested in terms of the plan are given in the Remuneration Policy and Remuneration Report contained in the Integrated Annual Report.

INSURANCE AND RISK MANAGEMENT

The Group follows a policy of reviewing the risks relating to assets and commitments that might flow from the use thereof with its insurers on an annual basis. Wherever possible, assets are automatically included. There is also a continuous asset risk control programme, which is carried out in conjunction with the Group's insurance brokers. For further information on the Group's risk management process please refer to the Report on Governance, Risk and Compliance on pages 51 to 54.

PROPERTY, PLANT AND EQUIPMENT

There was no change in the nature of the property, plant and equipment of the Group or in the policy regarding their use. Capital expenditure on tangible assets was R468,1 million (2014: R375,0 million) and R21,6 million (2014: R13, 0 million) on intangible assets.

EVENTS AFTER THE REPORTING PERIOD

No significant events occurred subsequent to the year-end that would require disclosure or amendment to these financial statements.

SPECIAL RESOLUTIONS

The following special resolutions were adopted at the Annual General Meeting of Clover Industries Limited held on 28 November 2014:

A general authority was given to the Board of Directors to repurchase shares in the Company subject to the Companies Act and the JSE Listings Requirements;

The remuneration of the Non-executive Directors with effect from 1 July 2014 was approved; and

The Company and/or subsidiaries was given authority by way of general authority to provide, from time to time, subject to Section 45 of the Companies Act, financial assistance to related and inter-related companies on the terms and conditions that the Board of Directors deem appropriate.

ACKNOWLEDGEMENTS

We express our thanks and appreciation to:

- our shareholders for their support during the year;
- our staff for their dedication to the Clover brand;
- all our suppliers for their support in reducing the costs in the supply chain;
- the retail and wholesale trade for their support; and
- the consumers who support the Clover brand.



Werner Büchner
Chairman



Johann Vorster
Chief Executive Officer

15 September 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

GROUP				COMPANY	
2015	2014			2015	2014
R'000	R'000		Notes	R'000	R'000
8 272 084	7 192 650	Sales of products			
838 112	822 040	Rendering of services			
152 822	511 485	Sale of raw milk			
3 233	4 062	Rental income			
9 266 251	8 530 237	Revenue			
(6 482 147)	(6 291 191)	Cost of sales	6.1		
2 784 104	2 239 046	Gross profit			
58 039	48 916	Other operating income	6.2	49 369	45 934
–	–	Dividends received		50 000	45 000
(1 996 467)	(1 770 510)	Selling and distribution costs		(13 415)	(11 211)
(309 041)	(195 567)	Administrative expenses		(75)	(49)
(8 472)	(16 036)	Restructuring expenses	6.7		
(19 091)	(23 573)	Other operating expenses	6.3		
509 072	282 276	Operating profit	6.4	85 879	79 674
9 041	7 234	Finance income	6.5	2 784	3 193
(83 105)	(65 043)	Finance cost	6.6	(56)	–
10 939	14 306	Share of profit in joint ventures after tax	4		
445 947	238 773	Profit before tax		88 607	82 867
(100 286)	(49 791)	Taxes	7	(10 430)	(10 603)
345 661	188 982	Profit for the year		78 177	72 264
3 268	2 565	Other comprehensive income to be reclassified to profit or loss in future			
		Exchange differences on translations of foreign operations			
348 929	191 547	Total comprehensive income for the year, net of tax		78 177	72 264
350 345	186 666	Profit attributable to:		78 177	72 264
(4 684)	2 316	Equity holders of the parent			
		Non-controlling interests			
345 661	188 982			78 177	72 264
353 613	189 231	Total comprehensive income attributed to:		78 177	72 264
(4 684)	2 316	Equity holders of the parent			
		Non-controlling interests			
348 929	191 547			78 177	72 264
190,4	102,3	Earnings per share (cents)			
182,0	97,3	Basic profit for the year attributable to ordinary equity holders of the parent	8		
		Diluted profit for the year attributable to ordinary equity holders of the parent	8		

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

GROUP			COMPANY		
2015	2014		2015	2014	
R'000	R'000		R'000	R'000	Notes
		Assets			
		Non-current assets			
2 153 451	1 818 113	Property, plant and equipment	234	664	11
23	1 380	Investment properties			12
567 557	447 493	Intangible assets			13
		Investment in subsidiaries	334 819	353 286	30
31 625	35 066	Investment in joint ventures			30
32 696	8 919	Deferred tax assets	77	77	15
2 785 352	2 310 971		335 130	354 027	
		Current assets			
940 181	567 892	Inventories			16
1 215 579	1 022 993	Trade and other receivables	522 335	418 745	17
17 530	16 194	Prepayments			
40 330	33 877	Income tax receivable	2 157	1 328	25
475 436	653 889	Cash and short-term deposits	40 015	35 237	18
2 689 056	2 294 845		564 507	455 310	
429	3 776		429	-	10
5 474 837	4 609 592		900 066	809 337	
		Assets classified as held-for-sale			
		Total assets			
		Equity and liabilities			
		Equity			
9 387	9 124	Issued share capital	9 387	9 124	19
838 363	734 414	Share premium	838 363	734 414	19
72 880	283 225	Other reserves	10 252	29 198	20
(2 314)	(5 582)	Foreign currency translation reserve			21
1 653 022	1 231 089	Retained earnings	31 991	24 350	
2 571 338	2 252 270	Equity attributable to equity holders of the parent	889 993	797 086	
13 510	20 471	Non-controlling interests			
2 584 848	2 272 741	Total equity	889 993	797 086	
		Liabilities			
		Non-current liabilities			
681 601	662 357	Interest-bearing loans and borrowings			22
74 901	67 615	Employee-related obligations			23
188 253	179 023	Deferred tax liability			15
21 459	4 351	Trade and other payables			24
2 716	-	Other non current financial liabilities			14.1
968 930	913 346				
		Current liabilities			
1 330 385	1 186 674	Trade and other payables	10 073	12 251	24
573 576	214 495	Interest-bearing loans and borrowings			22
2 670	2 323	Other current financial liabilities			14.1
14 428	20 013	Employee-related obligations			23
1 921 059	1 423 505		10 073	12 251	
2 889 989	2 336 851	Total liabilities	10 073	12 251	
5 474 837	4 609 592	Total equity and liabilities	900 066	809 337	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

Notes	GROUP							
	Ordinary share capital	Ordinary share premium	Other capital reserves	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Balance at 30 June 2013	9 061	713 263	272 205	(8 147)	1 126 734	2 113 116	2 309	2 115 425
Profit for the year					186 666	186 666	2 316	188 982
Other comprehensive income				2 565		2 565		2 565
Total comprehensive income				2 565	186 666	189 231	2 316	191 547
Non-controlling interest allocated in Clover Waters acquisition							16 807	16 807
Discount on acquisition of Clover Waters					4 218	4 218		4 218
Share appreciation rights exercised	19	63	21 151	(6 331)	(18 220)	(3 337)		(3 337)
Share-based payment reserve			17 351			17 351		17 351
Dividends of subsidiaries							(961)	(961)
Dividends forfeited					1 033	1 033		1 033
Dividends declared and paid					(69 342)	(69 342)		(69 342)
Balance at 30 June 2014	9 124	734 414	283 225	(5 582)	1 231 089	2 252 270	20 471	2 272 741
Profit for the year					350 345	350 345	(4 684)	345 661
Other comprehensive income				3 268		3 268		3 268
Total comprehensive income				3 268	350 345	353 613	(4 684)	348 929
Share appreciation rights exercised	19	263	103 949	(18 468)	(64 132)	21 612		21 612
Share-based payment reserve			18 080			18 080		18 080
Other capital reserves transferred to retained earnings	20		(209 957)		209 957			
Acquisition of non-controlling interest in Lactolab (Pty) Ltd					(3 223)	(3 223)	(2 277)	(5 500)
Dividends forfeited					610	610		610
Dividends declared and paid	9				(71 624)	(71 624)		(71 624)
Balance at 30 June 2015	9 387	838 363	72 880	(2 314)	1 653 022	2 571 338	13 510	2 584 848

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

FOR THE YEAR ENDED 30 JUNE 2015

	Notes	COMPANY				Total equity R'000
		Ordinary share capital R'000	Ordinary share premium R'000	Other capital reserves R'000	Retained earnings R'000	
Balance at 30 June 2013		9 061	713 263	35 529	20 693	778 546
Profit for the year					72 264	72 264
Other comprehensive income						
Total comprehensive income					72 264	72 264
Share appreciation rights exercised	19	63	21 151	(6 331)		14 883
Dividends forfeited					735	735
Dividends declared and paid	9				(69 342)	(69 342)
Balance at 30 June 2014		9 124	734 414	29 198	24 350	797 086
Profit for the year					78 177	78 177
Other comprehensive income						
Total comprehensive income					78 177	78 177
Share appreciation rights exercised	19	263	103 949	(18 468)		85 744
Other capital reserves transferred to retained earnings	20			(478)	478	
Dividends forfeited					610	610
Dividends declared and paid					(71 624)	(71 624)
Balance at 30 June 2015		9 387	838 363	10 252	31 991	889 993

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

GROUP			COMPANY	
2015	2014		2015	2014
R'000	R'000	Notes	R'000	R'000
445 947	238 773	Operating activities		
		Profit before tax	88 607	82 867
445 947	238 773	Profit before tax	88 607	82 867
		Adjustments to reconcile profit before tax to net cash flow		
		<i>Adjustment for non-cash items:</i>		
160 490	120 869	Depreciation and impairment of property, plant and equipment	1	1
17 048	10 695	Amortisation and impairment of intangible assets		
132	624	Depreciation of investment properties		
(38 950)	5 101	(Profit)/Loss on disposal and scrapping of assets		
–	3 920	Impairment and scrapping of plant included in restructuring cost		
3 063	2 073	Unrealised loss on financial instruments		
2 999	–	Unrealised foreign exchange loss	6	
(9 966)	4 241	Realised foreign exchange (gain)/loss	6	
–	(20 716)	Discount on acquisition of property, plant and equipment by Clover Waters	3.5	
–	(4 218)	Discount on acquisition of property, plant and equipment by Clover Waters – recognised in equity		
3 282	(14 306)	Share of profit of joint venture (net of dividend paid)	4	
1 701	6 798	Movement in provisions		
18 080	17 392	Share appreciation rights recognised over vesting period		
		<i>Other adjustments:</i>		
83 105	65 043	Finance cost	6.6	56
(9 041)	(7 234)	Finance income	6.5	(3 193)
–	–	Dividends received		(45 000)
(3 330)	(10 397)	Share appreciation rights settled in cash		
(1 582)	–	Government grants		
(106 254)	(80 239)	Taxes paid	25	(11 173)
		<i>Working capital adjustments</i>		
(372 289)	115 267	(Increase)/decrease in inventories		
(193 922)	(13 662)	(Increase)/decrease in trade and other receivables		(3 116)
159 672	(36 957)	Increase/(decrease) in trade and other payables		19 030
160 185	403 067	Net cash flow from operating activities		23 674
				34 388

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED 30 JUNE 2015

GROUP				COMPANY	
2015	2014			2015	2014
R'000	R'000		Notes	R'000	R'000
		Investing activities			
61 684	1 166	Proceeds from sale of property, plant and equipment and other assests			
9 966	(4 241)	Realised foreign exchange gain/(loss)	6		
9 041	7 234	Interest received	6.5	2 784	3 193
(30 000)		Acquisition of Dairybelle UHT Milk business	3.1		
(107 131)	–	Acquisition of Dairybelle Yoghurt business	3.2		
(48 684)		Acquisition of Nkunzi MilkyWay business	3.3		
–	–	Dividends received		50 000	45 000
38 055	32 106	Government grants received recognised against property, plant and equipment and expenses	11		
(468 106)	(374 988)	Capital expenditure: tangible assets			
(21 647)	(13 011)	Capital expenditure: intangible assets			
(556 822)	(351 734)	Net cash flows (used in)/from investing activities		52 784	48 193
		Financing activities			
(83 105)	(65 043)	Interest paid	6.6	(56)	–
(71 624)	(69 342)	Dividends paid		(71 624)	(69 342)
	(961)	Dividends paid to non-controlling interest holders			
(5 500)		Non-controlling interest acquired in Lactolab (Pty) Ltd	3.4		
378 326	37 566	Proceeds from borrowings			
218 097	(97 780)	Net cash flows from/(used in) financing activities		(71 680)	(69 342)
(178 540)	(46 447)	Net (decrease)/increase in cash and cash equivalents		4 778	13 239
87	(4 223)	Net foreign exchange difference			
653 889	704 559	Cash and cash equivalents at the beginning of the year		35 237	21 998
475 436	653 889	Cash and cash equivalents at the end of the year	18	40 015	35 237

1 CORPORATE INFORMATION

Clover Industries Limited (the "Company") is a company incorporated and domiciled in South Africa. The consolidated financial statements of the Group for the year ended 30 June 2015 comprise the Company and its subsidiary companies (together referred to as the "Group") and the Group's interest in jointly controlled entities. The companies within the Group have co-terminous year-ends. The consolidated financial statements of Clover Industries Limited for the year ended 30 June 2015 were authorised for issue in accordance with a resolution of the Directors on 15 September 2015. The Group's operations and principal activities are set out in the Directors' report.

2 BASIS OF ACCOUNTING

2.1 Basis of preparation

a. Statement of compliance

The consolidated and separate financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and Interpretations of those standards as issued by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council and the South African Companies Act of 2008.

b. Preparation

The consolidated and separate financial statements are presented in Rands, which is the Group's functional currency, rounded to the nearest thousand. They are prepared on the historical-cost basis unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ significantly from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 2.3. The accounting policies set out below have been applied consistently to all periods presented in these financial statements unless stated otherwise.

c. Basis of consolidation

Subsidiaries and business combinations

Subsidiaries are entities controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and

has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Transactions eliminated on consolidation

Intra-group balances and unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains,

but only to the extent that there is no evidence of impairment. Impairment losses on transactions are recognised immediately if the loss provides evidence of a reduction in the recoverable amount of related assets.

Non-controlling interest

Non-controlling interest represents the portion of profit or loss and the net assets not held by the Group and are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

Investment in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in joint ventures are accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as 'Share of profit of a joint venture' in the statement of profit or loss.

Upon loss of the joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

d. Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended IFRS and IFRIC interpretations adopted by the Group during the year:

The following items didn't have a significant impact on the financial statements or disclosure of the Group.

- **IFRS 10, IFRS 12 and IAS 27** Investment Entities – Amendments
- **IAS 32** Offsetting Financial Assets and Financial Liabilities – Amendments
- **IAS 39** Novation of Derivatives and Continuation of Hedge Accounting – Amendments
- **IFRIC 21** Levies
- **IAS 19** Defined Benefit Plans: Employee Contributions – Amendments
- **IFRS 2** Share based payments – Definition of vesting conditions – AIP*
- **IFRS 3** Business Combinations – Accounting for contingent consideration in a business combination – AIP*
- **IFRS 8** Operating Segments – Aggregation of operating Segments – AIP*
- **IFRS 8** Operating Segments – Reconciliation of the total of the reporting segment's assets to the entity's assets – AIP*
- **IAS 16** Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method – proportionate restatement of accumulated depreciation/amortisation – AIP*
- **IAS 24** Related Party Disclosures – Key management personnel – AIP*
- **IFRS 3** Business Combinations – Scope exceptions for joint ventures – AIP*
- **IFRS 13** Fair Value Measurement – Scope of paragraph 52 (portfolio exception) – AIP*
- **IAS 40** Investment Property – Interrelationship between IFRS 3 and IAS 40 (ancillary services) – AIP*

The following items affected the disclosure of the Group, but not significantly, and the relevant disclosure has been included in the relevant notes.

- **IAS 36** Disclosure requirements for the recoverable amount of impaired assets – Amendments

In addition to removing the requirement to disclose recoverable amounts when there has been no impairment or reversal of impairment, the amendments require the following additional disclosures when an impairment is recognised or reversed and recoverable amount is based on fair value less costs of disposal:

- The level of the IFRS 13 "fair value hierarchy" within which the fair value measurement of the asset or CGU has been determined.
- For fair value measurements at Level 2 or Level 3 of the fair value hierarchy:
 - A description of the valuation techniques used and any changes in that valuation technique

- Key assumptions used in the measurement of fair value, including the discount rate(s) used in the current measurement and previous measure if fair value less costs of disposal is measured using a present value technique

These amendments have no significant impact on the Group as the Group has not impaired or reversed an impairment on an assets or CGU based on fair value less costs of disposal.

* AIP – Annual Improvement Project

2.2 Standards, interpretations and amendments issued that are not yet effective

At the date of authorisation of the Group annual financial statements for the year ended 30 June 2015, the following standards and interpretations were in issue but not yet effective:

- IAS 1 Disclosure Initiative – Amendments
- IAS 27 – Equity Method in Separate Financial Statements – Amendments to IAS 27
- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- Annual Improvement Plan – issued in 2014.

The standards must be implemented for annual periods beginning on or after the effective dates.

The Directors are of the opinion that the impact of the application of the standards will be as follows:

- IAS 1 Disclosure Initiative – Amendments:**
The amendments to IAS 1 Presentation of Financial Statements clarify rather than significantly changes, existing IAS 1 requirements.

The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional sub-totals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income.

The amendment is effective for annual periods beginning on or after 1st January 2016.

The amendments to this standard are expected to have an impact on the presentation and disclosures of the Group in future periods.

- IAS 27 – Separate Financial Statements – Amendments:**

The amended IAS 27 allows an entity to use the equity method to account for its investments in subsidiaries, joint venture and associates in its separate financial statements. Consequently, an entity is permitted to account for these investments either:

- at cost; or
- In accordance with IFRS 9 (IAS 39); or
- using the equity method.

This is an accounting policy choice for each category of investment.

The amendment is effective for annual periods beginning on or after 1 January 2016.

This amendment is not expected to have a material impact on the financial statements of the company or the group as the company and group are not considering a change to its current accounting policy choice.

- IFRS 9 Financial Instruments (Amendment)**

The International Accounting Standards Board (IASB) has published the final version of IFRS 9 'Financial Instruments' bringing together the classification and measurement, impairment and general hedge accounting phases of the IASB's project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. This version adds a new expected loss impairment model and limited amendments to classification and measurement for financial assets. The Standard supersedes all previous versions of IFRS 9 and is effective for periods beginning on or after 1 January 2018. The Group is currently assessing the full impact of the amendments but due to the limited types of financial instruments entered into by the Group only the disclosure is expected to be impacted.

- IFRS 15 – Revenue from Contracts with Customers**

IFRS 15 replaces all existing revenue requirements in IFRS (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services) and applies to all revenue arising from contracts with customers. It also provides a model for the recognition and measurement of disposal of certain non-financial assets including property, equipment and intangible assets.

The standard outlines the principles an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 will be applied using a five-step model:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The new standard is effective for annual periods beginning on or after 1 January 2018, therefore this standard will be effective for the 30 June 2019 financial year.

The company is still in the process of assessing the full impact of the standard. However, from preliminary evaluations the impact is not expected to be significant on the measurement and recognition of Revenue but additional disclosure will be required.

- **Annual Improvement Project – Released in 2014 – effective 1 January 2016**

IAS 34 Interim Financial Reporting – Disclosure of information ‘elsewhere in the interim financial report’

Disclosure of information ‘elsewhere in the interim financial report’

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. The amendment must be applied retrospectively.

This clarification will be applied in the interim financial statements but the impact is not expected to be material.

IFRS 5 Non-current Assets Held-for-Sale and Discontinued Operations – Changes in methods of disposal

The amendment clarifies that changing from held for disposal to held for distribution to owners or vice versa would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. The amendment must be applied prospectively and is not expected to impact significantly.

2.3 Significant accounting judgements and estimates and assumptions

The preparation of the Group’s consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that might require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

In the process of applying the Group’s consolidated accounting policies, management has made judgements, which may have significant effects on the amounts recognised in the financial statements. Such judgements are disclosed in the relevant notes to the consolidated financial statements.

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, that it retains the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a risk of causing an adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Property, plant and equipment

The carrying values of property, plant and equipment are based on management’s estimates of the useful lives and residual values. These estimates are based on product life cycles and assessments by engineering and other specialist staff. Refer to note 11.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Refer to note 13.

Share-based payments – equity

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. The Group is currently using the Hull-White Trinomial Lattice model. This also requires determining the most appropriate inputs to the valuation model and making assumptions about them. Refer to note 31.

Share-based payments – cash-settled

The cost of cash-settled transactions is measured initially at fair value at the grant date using a modified version of the Hull-White Trinomial Lattice model, taking into account the terms and conditions upon which the instruments were granted. This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is

re-measured at each reporting date up to and including the settlement date with changes in fair value recognised in profit or loss.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Income tax expense

Taxes are a matter of interpretation and subject to changes. The Group makes use of tax experts to advise on all tax matters. Estimations of normal company tax and Capital Gains Tax ("CGT") are based on the advice and management's interpretation thereof.

Long-service bonus provision and defined-benefit pension plan

The cost of the long service bonus provision and defined-benefit pension plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Refer to note 33.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow ("DCF") model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See note 29 for further disclosures.

Contingent consideration

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently re-measured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor (refer to notes 3 and 13 for details).

Leave pay provision

Management applied their judgement to perform the current, non-current split regarding the leave pay provision. This judgement is based on management's best estimate of the pattern of leave usage over the last five years per the leave management system as well as expected future developments. Consenting that legally, though unlikely, the full leave balance may be called upon in the next 12 months. The leave entitlement regulation limits the number of leave days that can be carried forward, this was also factored in to determine those leave days expected to be taken in the next 12 months

2.4 Summary of significant accounting policies

a. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets include, in particular, cash and cash equivalents, trade receivables and other originated loans and receivables as well as derivative and non-derivative financial assets held for trading. Financial liabilities generally substantiate claims for repayment in cash or another financial asset. In particular, this includes interest-bearing loans and borrowings, trade payables, liabilities to banks, finance lease payables and derivative financial liabilities.

Measurement

Financial instruments are generally recognised as soon as the Group becomes a party under the contractual regulations of the financial instruments. In general, financial assets and financial liabilities are offset and the net amount presented in the statement of financial position, when and only when, the entity currently has a legally enforceable right to set-off the recognised amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously. No set-off has occurred during the current and previous financial year.

Derecognition

A financial asset (or, where applicable a part of financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass through" arrangement; or
- The Group has transferred its right to receive cash flows from the asset and either:
 - has transferred substantially all the risks and rewards of the asset; or
 - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement with the asset. Continuing involvement that takes a form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred

'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed the amortised cost that would have been recognised had no impairment been recognised in the past. Any subsequent reversal of an impairment loss is recognised in profit or loss. In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectable.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. If an available-for-sale asset is impaired the cumulative loss (an amount comprising the difference between its cost, net of any principal payment and amortisation, and its current fair value, less any impairment loss previously recognised in profit or loss) is transferred from other comprehensive income to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognised in profit or loss; increases in their fair value after impairment are recognised in OCI. Reversals of impairment losses on debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

a. (i) Financial assets

Initial recognition

When financial assets are recognised initially, they are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end. All regular-way purchases and sales of financial assets are recognised on the trade date, i.e. the date that the Group becomes a party to the transaction. Regular-way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention within the marketplace.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held-for-trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments or a financial guarantee contract. Gains and losses on investments held-for-trading are recognised in profit or loss.

Loans and accounts receivables

Loans and accounts receivables are non-derivative financial assets with fixed determinable payments that are not quoted in an active market. After initial measurement loans and receivables are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees and transaction costs that are an integral part of the effective interest rate. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial investments

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the two preceding categories. After initial measurement, available-for-sale financial assets are measured at fair value with unrealised gains or losses recognised directly in other comprehensive income until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recorded in equity is recognised in profit or loss.

Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less and which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts.

a. (ii) Financial liabilities

Trade and other payables

Short-term trade payables are non-interest-bearing and carried at the original invoice amount.

Interest-bearing loans and borrowings

All loans, borrowings and financial liabilities are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process. Finance cost are expensed through profit or loss as incurred.

b. Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to rand at foreign exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated to rand at rates approximating the foreign exchange rates ruling at the date of the transaction.

c. Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to rand at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Exchange differences arising on translation of foreign subsidiaries during consolidation are recognised in OCI.

d. Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are re-measured at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. The fair value of forward exchange contracts is their quoted market price at the reporting date, being the present value of the quoted forward price for contracts with similar maturity profiles. The change in the fair value of the hedging derivative is recognised in profit or loss.

e. Property, plant and equipment

Owned assets

Plant and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing significant parts of such plant and equipment when that cost is incurred if the recognition criteria are met. When each major service and/

or inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. The carrying amount of the replaced part or service is derecognised. All buildings are measured at cost less accumulated depreciation and accumulated impairment losses. The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the asset is derecognised. The asset's residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, at each financial year-end.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the item of property, plant and equipment. Significant parts and inspections are separately depreciated. Land is not depreciated. The estimated useful lives are as follows:

Buildings: 10 to 50 years

Plant: 3 to 30 years

Furniture and equipment: 3 to 20 years

Vehicles: 5 to 20 years

f. Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable value. An asset's recoverable value is the higher of an asset's or cash-generating unit's fair value less cost of disposal and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in previous years. Such a reversal is

recognised in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

g. Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset.

Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term. Operating lease (those leases that do not transfer substantially all the risks and rewards) payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Group as a lessor

Leases where the Group retains substantially all the risks and benefits incidental to ownership of the asset are classified as operating leases.

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

h. Investment properties

Investment properties are properties which are held either to earn rental income or capital appreciation or both. Investment properties are initially measured at cost, including transaction costs. Investment properties are subsequently measured at cost less accumulated depreciation and accumulated impairment. They are tested for impairment if there is an indication of impairment. The estimated useful lives of investment properties are 10 to 50 years and are depreciated using the straight-line basis. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. The carrying amount of the replaced part or service is derecognised. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal. Transfers are made to investment property when, and only when, there is a change in use, evidenced by the ending of owner-occupation, commencement of an operating lease to another party or construction or development. Transfers are made from investment property when,

and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

i. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated intangible assets are not capitalised and expenditure is charged in profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset. Intangible assets with indefinite useful lives are tested for impairment annually, either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Trademarks, patents, customer lists and software licences

Trademarks, patents, customer lists and software licences are measured on initial recognition at cost. Following initial recognition they are amortised on a straight-line basis over a period of five to fifteen years. Impairment testing is done annually or more frequently when an indication of impairment exists. Gains or losses arising from the de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

Research and development cost

Research and development costs are recognised in profit or loss as incurred.

j. Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials: purchase cost on a first-in, first-out basis. Finished goods and work in progress: cost of direct materials and labour and a portion of manufacturing overheads, based on normal operating capacity but excluding finance cost.

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

k. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and 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 amount of the obligation. To reflect the time value of money the group recognises the present value of the expected outflows required to settle the obligation using a current pre-tax discounting rate that reflects the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost.

l. Employee-related obligations

It is the policy of the Group to provide for pension liabilities by payments to separate funds, independent of the Group, and contributions are recognised in profit or loss. Surpluses are not accounted for if they accrue to members of the fund.

Defined benefit fund

The Group operates a defined benefit pension plan in South Africa, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Group recognises restructuring-related costs.
- Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'cost of sales', 'administration expenses' and 'selling and distribution expenses' in consolidated statement of profit or loss (by function):
- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

Defined contribution funds

Obligations for contributions to defined contribution pension and provident plans are recognised as an expense in profit or loss as incurred. A corresponding liability is included in trade payables for unpaid contributions at year end.

Leave pay

Employees' entitlement to annual leave is recognised when the service is rendered and the obligation accrues. A provision is made on the estimated liability for annual leave

as a result of services rendered by employees up to the amount of the accumulated leave obligation.

m. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account discounts or rebates.

Revenue consists of distribution, sales and marketing services rendered; contract manufacturing; and rental income. The following specific recognition criteria must also be met before revenue is recognised:

Sales of products

Invoiced product sales are recognised as revenue, excluding value-added taxation. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue comprises invoiced gross sales of products, less discounts and provisions for product claims.

Services rendered

Revenue from the rendering of services is recognised based on the stage of completion of the service. Services are recognized once the delivery has been made and the performance obligations have been met.

Finance income

Revenue is recognised as interest accrues (using the effective interest rate – i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset). The Group deposits surplus funds at financial institutions and does not act as a supplier of finance to third parties. Interest received is recognised as finance income.

Dividends received

Dividends are recognised when the right to receive payment is established.

Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the rental income. To optimise the Group's return on the vast number of properties it owns the Group enters into rental agreements from time to time.. Income in this regard is recognised as revenue.

n. Cost of sales

Cost of sales consists of the following:

- Cost of raw milk, ingredients and packaging;
- Milk collection cost;
- Manufacturing direct and indirect costs;
- Primary distribution costs; and
- Charges against sales (i.e. Co-op advertising, agent commission, border levies, etc.).

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FOR THE YEAR ENDED 30 JUNE 2015

o. Finance costs

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as available-for-sale, interest income is recorded using the effective interest rate (EIR). EIR 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 income is included in finance income in the statement of profit or loss.

p. Taxes

Current taxation

Current taxation assets and liabilities for the current and previous periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The taxation rates and taxation laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred taxation

Deferred tax is provided using the statement of financial position method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
- Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:
- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Value-added taxation (VAT)

Revenues, expenses, assets and liabilities are recognised net of the amount of VAT, except where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated with the amount of VAT included. The net amount of VAT recoverable from or payable to the taxation authority is included as part of receivables or payables in the statement of financial position.

q. Segment reporting

The operating segments are based on the Group's management and internal reporting structure. Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

r. Share-based compensation

The Group operates an equity-settled, as well as a cash-settled share-based compensation plan.

Equity-settled share-based compensation plan

The cost of equity-settled transactions is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The profit or loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period, and that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. When the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based

payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. When an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Cash-settled share-based compensation plan

The cost of a cash-settled transaction is measured initially at fair value at the grant date using a modified version of the Hull-White Trinomial Lattice model taking into account the terms and conditions upon which the instruments were granted. This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is re-measured at each reporting date up to and including the settlement date with changes in fair value recognised in profit or loss.

s. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

t. Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 29. Non-financial assets such as investment properties are measured at cost less accumulated depreciation and accumulated impairment. Its fair values however, are also disclosed in Note 12. 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 absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

External valuers are involved for valuation of significant assets, such as properties. Involvement of external valuers is decided upon by management after discussion with and approval by the Company's audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Management, in conjunction with the Group's external valuers, also compares each change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

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.

u. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is used to reduce the cost of the asset.

v. Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

w. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

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.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

	2015 R'000	2014 R'000
3 BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTEREST		
3.1 Acquisition of the Dairybelle UHT Milk Business		
As communicated in earlier SENS and cautionary announcements The Real Beverages Company Proprietary Limited ("Real Beverages") (a wholly-owned subsidiary of the Company) has purchased from Dairybelle Proprietary Limited ("Seller") the Dairybelle UHT Milk Business effectively 1 December 2014. According to the "UHT Sale of Business Agreement" Real Beverages has bought all of the consumables, raw materials, finished goods, equipment and material contracts of the Seller in relation to the UHT Milk Business on the effective date. The location of the Dairybelle UHT milk production facilities in the Western Cape will allow the Group to improve efficiencies through the more effective utilisation of its raw milk supply in the region.		
The plant and machinery's fair values were determined by calculating the net replacement value of the plant and machinery. This was calculated by obtaining gross replacement values for the plant and machinery and adjusting it to take into consideration the expected useful lives of the plant and machinery and its current condition.		
The discounted cash flow valuation of the intangible assets were based on the following inputs; estimated annual free cash flow of R864 000; free cash flow reduction per annum of 5% and a discount rate of 17,5%.		
The fair value of the identifiable assets and liabilities of the Dairybelle UHT Milk Business as at the date of acquisition were:		
Assets		
Property, plant and equipment	17 200	
Intangible assets	3 949	
	21 149	
	–	
Liabilities		
Total identifiable net assets at fair value	21 149	
Goodwill arising on acquisition	8 851	
Purchase consideration settled in cash	30 000	
Cash flow on acquisition		
Net cash acquired with business	–	
Cash paid	(30 000)	
Net cash flow	(30 000)	
Goodwill arising on acquisition represents the value paid for the Dairybelle UHT business in excess of the fair value of its net assets at acquisition date. Synergies are expected from the combination of operations, which include production, milk transport and distribution efficiencies.		
The business contributed R95,0 million of revenue and R19,0 million of margin on material to the Group results since acquisition. These amounts would have been R162,8 million and R32,6 million respectively if annualised for the full period.		

3.2 Acquisition of the Dairybelle Yoghurt Business

As communicated in earlier SENS and cautionary announcements The Real Beverages Company Proprietary Limited ("Real Beverages") (a wholly-owned subsidiary of the Company) has purchased from Dairybelle Proprietary Limited ("Seller") the Dairybelle Yoghurt Business effectively 1 January 2015.

According to the "Yoghurt Sale of Business Agreement" Real Beverages has bought all of the consumables, raw materials, finished goods, fixed assets (property, plant and equipment), intellectual property (for example certain trademarks) and material contracts of the Seller in relation to the Yoghurt Business on the effective date. The transaction is in line with the Group's stated strategy to expand its portfolio of value added and branded consumer products. The acquisition of the assets comprising the Yoghurt Business will provide the Group with access to the yoghurt market, in which Dairybelle had a meaningful presence.

The plant and machinery's fair values were determined by calculating the net replacement value of the plant and machinery. This was calculated by obtaining gross replacement values for the plant and machinery and adjusting it to take into consideration the expected useful lives of the plant and machinery and its current condition.

The discounted cash flow valuation of the intangible assets were based on the following inputs; estimated annual free cash flow of R3,6 million; free cash flow growth per annum of 11% and a discount rate of between 16,7% - 17,2%.

The fair value of the identifiable assets and liabilities of the Dairybelle Yoghurt Business as at the date of acquisition were:

Assets

Property, plant and equipment
Intangible assets

Liabilities

Deferred tax liability

Total identifiable net assets at fair value

Goodwill arising on acquisition

Purchase consideration settled in cash

Cash flow on acquisition

Net cash acquired with business
Cash paid

Net cash flow

Goodwill arising on acquisition represents the value paid for the Dairybelle Yoghurt business in excess of the fair value of its net assets at acquisition date. Synergies are expected from the combination of operations, which include production, milk transport and distribution efficiencies.

The business contributed R100,9 million of revenue and R25,2 million of margin on material to the Group results since acquisition. These amounts would have been R201,8 million and R50,4 million respectively if annualised for the full period.

	2015 R'000	2014 R'000
Property, plant and equipment	43 100	
Intangible assets	39 335	
	82 435	
Deferred tax liability	(1 961)	
Total identifiable net assets at fair value	80 474	
Goodwill arising on acquisition	26 657	
Purchase consideration settled in cash	107 131	
Net cash acquired with business	–	
Cash paid	(107 131)	
Net cash flow	(107 131)	

3.3 Acquisition of Nkunzi MilkyWay Proprietary Limited's business and assets

Clover MilkyWay Proprietary Limited ("MilkyWay") (a wholly-owned subsidiary of the Company) has purchased from Nkunzi MilkyWay Proprietary Limited ("Nkunzi") its business and assets effectively 1 June 2015.

The acquisition saw Clover entering the Ayrshire and Organic milk markets, where it will manufacture and pack fresh milk and cream in addition to other dairy products for Woolworths Holdings Limited ("Woolworths") at the acquired Nkunzi facility as well as its Clayville plant in Midrand, Gauteng. Clover will take over existing Nkunzi supply agreements with producers on the same terms and conditions, or renegotiate supply agreements on an individual basis with producers.

The plant and machinery's fair values were determined by calculating the net replacement value of the plant and machinery. This was calculated by obtaining gross replacement values for the plant and machinery and adjusting it to take into consideration the expected useful lives of the plant and machinery and its current condition.

The discounted cash flow valuation of the intangible assets were based on the following inputs; estimated annual free cash flow of R3,9 million; free cash flow growth per annum of between 7% – 23% and a discount rate of 16,5%.

The fair value of the identifiable assets and liabilities of the Nkunzi MilkyWay Business as at the date of acquisition were:

Assets

Property, plant and equipment
Intangible assets

19 997
25 770

45 767

Liabilities

Instalment sale agreement
Deferred tax liability

(814)
(7 216)

(8 030)

Total identifiable net assets at fair value

Goodwill arising on acquisition

37 737
10 947

48 684

Cash flow on acquisition

Net cash acquired with business
Cash paid

–
(48 684)

(48 684)

Goodwill arising on acquisition represents the value paid for the Nkunzi business in excess of the fair value of its net assets at acquisition date. Synergies are expected from the combination of operations, which include production and milk transport efficiencies.

The business contributed R19,9 million of revenue and R5,7 million of margin on material, to the Group results since acquisition. These amounts would have been R238,9 million and R68,4 million respectively if annualised for the full period.

	2015 R'000	2014 R'000
3.4 Acquisition of non-controlling interests in Lactolab Proprietary Limited		
With effect 1 July 2014 Clover S.A. Proprietary Limited ("Clover") bought the remaining 48% issued ordinary shares of Lactolab Proprietary Limited ("Lactolab") from Taurus Stock Improvement Co-operative Ltd for an amount of R5,5 million.		
Lactolab is a leading analytical laboratory serving the South African dairy and dairy-related industries. Lactolab is located in Irene and its main focus is the analysis of raw milk and dairy products for composition, hygienic quality and various other quality parameters.		
No goodwill may be recognised because of this transaction as Clover already had a controlling interest, holding 52% of the issued ordinary shares in Lactolab prior to this transaction.		
The carrying amounts of the identifiable assets and liabilities of Lactolab as at the effective date were:		
Assets		
Property, plant and equipment	2 665	
Other current assets	3 541	
	6 206	
Liabilities		
Interest bearing borrowings	297	
Deferred tax liabilities	362	
Other current liabilities	803	
	1 462	
Total identifiable net assets at carrying amount	4 744	
Non-controlling interest at carrying amount	2 277	
Additional consideration paid to non-controlling equity holders	3 223	
Purchase consideration settled in cash	5 500	

3.5 Acquisition of interest in Clover Waters Proprietary Limited

Clover entered into an agreement with Nestlé (South Africa) Proprietary Limited to form a new entity, Clover Waters Proprietary Limited, that acquired Nestlé's Gauteng-based Doornkloof property, bottled water manufacturing facility and water rights. This newly formed entity has the right by way of licence, to manufacture, distribute, market and sell bottled mineral water under Nestlé's Puralife, Valvita and Schoonspruit brands as well as Iced Tea under the Nestea brand. These brands complement Clover SA's Aquartz bottled water and Manhattan Iced Tea brands which are also manufactured, distributed and sold by Clover Waters.

Clover SA effectively holds 70% of the shares in Clover Waters and Nestlé (South Africa) 30%. The effective date of the transaction was 1 August 2013, and was funded by means of an assets for share swap arrangement to the value of R35,0 million.

The Group has elected to measure the non-controlling interest in Clover Waters Proprietary Limited at fair value on initial recognition.

Non-controlling interest has been classified as a Level 3 fair value.

The fair value of non-controlling interest has been determined by obtaining an independent valuation on the property, plant and equipment and by utilising the discounted cash flow (DCF) method to value the intangible assets.

The independent valuers ("The Property Partnership") determined the fair value of land and buildings by using the capitalisation of future rentals technique. It was based on an expected net annual rental income of R3,7 million and a rental capitalisation into perpetuity factor of 12,5%.

The plant and machinery's fair values were determined by calculating the net replacement value of the plant and machinery. This was calculated by obtaining gross replacement values for the plant and machinery and adjusting it to take into consideration the expected useful lives of the plant and machinery and its current condition.

The discounted cash flow valuation of the intangible assets were based on the following inputs: estimated annual free cash flow of R3,9 million, free cash flow growth per annum of 7,5% and a discount rate of 15,36%.

The fair value of the identifiable assets and liabilities of Clover Waters Proprietary Limited as at the date of acquisition were:

Assets

Property, plant and equipment

Intangible assets

Liabilities

Deferred tax liability

Income tax payable

Total identifiable net assets at fair value

Non-controlling interest measured at fair value

Discount on acquisition

Purchase consideration transferred

Purchase consideration transferred

Net cash acquired with subsidiary

Net assets transferred as consideration

Total consideration

2015	2014
R'000	R'000

58 445

39 287

97 732

(14 009)

(6 985)

(20 994)

76 738

(21 025)

(20 716)

34 997

–

34 997

34 997

No goodwill was recognised on the acquisition, however, expected synergies include supply chain efficiencies, administration and shared service efficiencies, optimisation of sourcing arrangements and distribution channels. Refer to note 30 for additional information.

4 INTEREST IN JOINT VENTURES

Clover Industries indirectly holds a 51% interest in Clover Fonterra through Clover SA. Clover Fonterra is involved in the marketing and distribution of dairy-related products.

The Group has classified the interest in Clover Fonterra as a joint venture despite the fact that the Group owns more than 50% of the issued share capital. The shareholder's agreement is set out in such a way that unanimous consent between the two shareholders is required for any decisions regarding the relevant activities of the investee. Therefore the Group concluded that they have joint control over the investee.

Summarised financial information of the joint venture, based on its IFRS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

GROUP			COMPANY	
2015	2014		2015	2014
R'000	R'000		R'000	R'000
		Clover Fonterra		
		Joint venture's statement of financial position		
128 355	139 494	Current assets including cash and cash equivalents R3,9 million (2014: R10,2 million) and inventory R89,8 million (2014: R105,2 million)		
1 305	1 453	Non-current assets including deferred tax of R1,3 million (2014: R1,4 million)		
(67 154)	(72 191)	Current liabilities including trade and other payables of R61,3million (2014: R71,3 million)		
62 506	68 756	Equity (Net asset value)		
51%	51%	Portion of the Group's ownership		
31 878	35 066	Carrying amount of the investment		
		Joint venture's revenue and profit		
358 315	380 453	Revenue		
(303 046)	(316 544)	Cost of sales		
(24 898)	(25 012)	Sales, marketing, distribution and administrative expenses		
133	(59)	Other operating income/(expenses)		
(25)	123	Net finance income/(cost)		
30 479	38 961	Profit before taxation		
(8 534)	(10 909)	Income tax expense		
21 945	28 052	Profit for the year		
51%	51%	Portion of the Group's ownership		
11 192	14 306	Group's share of profit for the year after tax		
(14 221)	(12 297)	Dividend received		
(3 029)	2 009	Net movement		

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On 1 May 2014, Clover S.A. Proprietary Limited (holding 50% of the entire issued share capital) and Futurelife Health Products cc (holding 50% of the entire issued share capital) formed a new company called Clover Futurelife Proprietary Limited ("Clover Futurelife"). Clover Futurelife intends to manufacture, distribute, sell and market a range of functional food products using trademarks under licence from Clover and Futurelife.

GROUP			COMPANY	
2015	2014		2015	2014
R'000	R'000		R'000	R'000
		Clover Future Life		
		Joint venture's statement of financial position		
		Current assets		
		Current liabilities		
		Equity		
1				
(507)				
(506)				
50%		Portion of Group's ownership		
(253)		Carrying amount of investment		
		Joint venture's revenue and profit		
		Revenue		
		Cost of sales		
		Sales, marketing, distribution and administrative expenses		
(506)		Other operating costs		
		Finance income		
(506)		Loss before tax		
		Income tax expense		
(506)		Loss for the period		
50%		Portion of the Group's ownership		
(253)		Group's share of loss for the year		
		Total interest in profits from joint ventures		
10 939	14 306	Total Group share of profit after tax		
31 625	35 066	Total investments in joint ventures		

5 SEGMENT REPORTING

The Group's manufacturing, distribution, other assets and liabilities are totally integrated between the different product groups. The Executive Directors (the Chief Operating Decision Maker) are of the opinion that the operations for individual manufacturing, distribution and product groups are substantially similar to one another and that the risks and returns are likewise similar. As a result thereof, the business of the Group is considered to be a single segment, namely Clover Industries Limited ("CIL").

Group operations outside of South Africa are not material and therefore not disclosed separately.

The following information regarding the Group's product groups, for which no discrete financial information is available, are presented on a voluntary basis. The Group comprises the following main product groups:

- The dairy fluids products is focused on providing the market with quality dairy fluid products;
- The dairy concentrated products consist of cheese, butter, condensed milk and retail milk powders;
- The ingredients products consist of bulk milk powders, bulk butter, bulk condensed milk, bulk creamers, calf feed substitutes, whey powder and buttermilk powder;
- The non-alcoholic beverages products focus on the development and marketing of non-alcoholic, value-added branded beverages products;
- The fermented products and desserts consist of yoghurt, maas and desserts. In the 2014 Integrated Annual Report, maas was included as part of dairy fluid products, however, in the 2015 Integrated Annual Report, maas is disclosed under fermented products and desserts;
- Other consists of Clover Industries Ltd holding company and Lactolab (Pty) Ltd that render laboratory services.

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30 June 2015 Segment report	Dairy fluids R'000	Dairy concentrated products R'000	Ingredients R'000	Non-alcoholic beverages R'000	Fermented products and desserts R'000	Other R'000	CIL Group R'000
External revenue							
Sale of products	4 396 169	1 259 208	274 860	2 065 101	269 782	6 964	8 272 084
Sale of raw milk	152 822	–	–	–	–	–	152 822
Charges against sales	(85 491)	(27 634)	(10 231)	(50 825)	(5 137)	–	(179 318)
Cost of material and packaging	(2 495 270)	(773 658)	(164 461)	(906 026)	(187 328)	(1 632)	(4 528 375)
Milk collection cost	(229 948)	(54 846)	(11 688)	(8 628)	(9 021)	–	(314 131)
Margin on material	1 738 282	403 070	88 480	1 099 622	68 296	5 332	3 403 082
Reconciliation of margin on material to operating profit							
Margin on material							3 403 082
Revenue from rendering of services							838 112
Rental income							3 233
Direct and indirect manufacturing cost							(1 063 341)
Primary distribution cost							(396 982)
Gross profit							2 784 104
Net other costs							(2 266 560)
Restructuring cost							(8 472)
Operating profit							509 072
Net financing cost							(74 064)
Tax expense							(100 286)
Depreciation and amortisation							(177 587)
Assets and liabilities							
Assets							5 474 837
Liabilities							2 889 989

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30 June 2014 Segment report	Dairy fluids R'000	Dairy concentrated products R'000	Ingredients R'000	Non-alcoholic beverages R'000	Fermented products and desserts R'000	Other R'000	CIL Group R'000
External revenue							
Sale of products	3 765 162	1 128 758	265 599	1 930 094	93 679	9 358	7 192 650
Sale of raw milk	511 485	–	–	–		–	511 485
Charges against sales	(71 643)	(28 281)	(9 934)	(38 240)	(2 888)	–	(150 986)
Cost of material and packaging	(2 546 994)	(716 398)	(160 253)	(901 316)	(62 824)	(2 012)	(4 389 797)
Milk collection cost	(236 534)	(64 420)	(26 534)	(17 063)	(10 187)	–	(354 738)
Margin on material	1 421 476	319 659	68 878	973 475	17 780	7 346	2 808 614
Reconciliation of margin on material to operating profit							2 808 614
Margin on material							2 808 614
Revenue from rendering of services							822 040
Rental income							4 062
Direct and indirect manufacturing cost							(962 982)
Primary distribution cost							(432 688)
Gross profit							2 239 046
Net other costs							(1 940 734)
Restructuring cost							(16 036)
Operating profit							282 276
Net financing cost							(57 809)
Tax expense							(49 791)
Depreciation and amortisation							(124 244)
Assets and liabilities							
Assets							4 609 592
Liabilities							2 336 851

GROUP			COMPANY	
2015	2014		2015	2014
R'000	R'000		R'000	R'000
6 INCOME AND EXPENSES				
6.1 Cost of sales				
(179 318)	(150 986)	Charges against sales		
(3 472 187)	(3 443 072)	Cost of raw materials		
(1 056 188)	(946 725)	Packaging costs		
(314 131)	(354 738)	Milk collection cost		
(1 063 341)	(962 982)	Manufacturing direct and indirect cost		
(396 982)	(432 688)	Primary distribution cost		
(6 482 147)	(6 291 191)	Total cost of sales		
Included in cost of sales are operating expenses as indicated below:				
Depreciation, amortisation and impairment				
(94 380)	(75 756)	• Depreciation and impairment of property, plant and equipment		
(1 376)	(2 967)	• Amortisation and impairment of trademarks, patents and licences		
(95 756)	(78 723)	Total depreciation, impairment and amortisation included in cost of sales		
(20 744)	(19 617)	Total inventories, raw material and finished product written off or provided for included in cost of sales		
6.2 Other operating income				
38 950	–	Profit on sale of property, plant and equipment		
9 966	21 279	Realised foreign exchange gains		
5 967	4 775	Scrap sales and sales to staff		
–	20 716	Discount on acquisition of property, plant and equipment by Clover Waters through issue of shares		
549	430	Consulting income for IT services rendered		
		Fees for the cession of milk rights		
2 607	1 716	Sundry*		
58 039	48 916	Total other operating income	49 369	45 892
			–	42
			49 369	45 934

* Sundry income consist of a number of immaterial items.

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GROUP			COMPANY	
2015	2014		2015	2014
R'000	R'000		R'000	R'000
		6.3 Other operating expenses		
(5 465)	(5 449)	Provision for consumable stock obsolescence (engineering spares)		
–	(5 102)	Loss on sale of property, plant and equipment		
(1 355)	(1 860)	Loss on share appreciation rights forward purchases		
(209)	(2 433)	Movement in provision on impairment of trade receivables		
–	(4 241)	Realised foreign exchange loss		
(2 999)	–	Unrealised foreign exchange loss		
(1 761)	–	Loss on diesel hedge		
(6 231)	(4 488)	Royalties		
(1 071)	–	Sundry*		
(19 091)	(23 573)	Total other operating expenses		
		6.4 Operating profit		
		Operating profit before finance income/(cost) has been determined after taking into account the following expenses:		
		Other expenses		
(25 184)	(23 796)	Development expenses		
(35 025)	(26 261)	Rentals		
(39 616)	(29 918)	<ul style="list-style-type: none"> land and buildings equipment vehicles machines other 		
(329 804)	(312 636)	Direct operating expenses of investment properties earning rental income		
(970)	(1 864)	<ul style="list-style-type: none"> maintenance 		
(2 933)	(1 106)			
(22)	(171)			
(433 554)	(395 752)	Total other expenses		
		Personnel expenses		
(1 556 894)	(1 375 415)	Wages, salaries, bonuses and car allowances		
(22 615)	(21 446)	Company contributions		
(88 839)	(76 964)	Pension contributions		
(31 786)	(29 568)	Medical aid fund contributions		
(71 283)	(46 959)	Other personnel expenses		
(8 156)	(7 174)	Retrenchment cost		
(1 779 573)	(1 557 526)	Total personnel expenses		

* Sundry operating expenses consist of a number of immaterial items.

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GROUP			COMPANY	
2015	2014		2015	2014
R'000	R'000		R'000	R'000
(10 087)	(9 173)	Auditors' remuneration		
(216)	(350)	Audit fees current year	(1 810)	(1 890)
(635)	(330)	Prior year under provision		
		Other fees		
(10 938)	(9 853)	Total auditors' remuneration	(1 810)	(1 890)
		Depreciation, amortisation and impairment		
(66 110)	(45 113)	Depreciation and impairment of property, plant and equipment	(1)	(1)
(132)	(624)	Depreciation of investment properties		
(15 672)	(7 728)	Amortisation and impairment of trademarks, patents and licences		
(186)	(3 920)	Scrapping and impairment of property, plant and equipment		
(82 100)	(57 385)	Total depreciation and amortisation included in selling, distribution, restructuring and administrative expenses	(1)	(1)
		6.5 Finance income		
329	275	Bank interest	1 414	1 593
5 148	5 079	Interest received on call deposits	–	–
3 564	1 880	Other	1 370	1 600
9 041	7 234	Total finance income	2 784	3 193
		6.6 Finance cost		
(17 505)	(7 863)	Bank loans and overdrafts	(56)	–
(61 387)	(54 859)	Debtors' securitisation		
(4 213)	(2 321)	Other		
(83 105)	(65 043)	Total finance cost	(56)	–
		6.7 Restructuring cost		
(8 156)	(7 174)	Restructuring cost has been determined after taking into account the following expenses:		
(55)	(4 801)	Retrenchment cost		
(75)	(141)	Relocation of existing assets as part of Cielo Blu	(75)	(49)
(186)	(3 920)	Listing fees for new shares issue		
		Scrapping and impairment of property, plant and equipment		
(8 472)	(16 036)	Total restructuring cost	(75)	(49)

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GROUP			COMPANY	
2015	2014		2015	2014
R'000	R'000		R'000	R'000
7 TAXES				
7.1 The major components of the tax expense are:				
Local income tax				
		Current income tax		
(88 549)	(8 861)	• current year	(10 954)	(10 652)
–	8 921	• previous year		
		Deferred income tax		
(4 453)	(30 636)	• current year	–	49
2 381	(5 873)	• previous year	524	–
(636)	(915)	Withholding tax on foreign income		
Foreign taxation				
		Current income tax		
(10 457)	(12 179)	• current year		
–	(160)	• previous year		
		Deferred taxation		
1 451	(88)	• current year		
(23)	–	• previous year		
(100 286)	(49 791)	Total income tax expense	(10 430)	(10 603)
211 247	91 579	Estimated taxation losses available for reduction of future taxable income	%	%
%	%	7.2 Reconciliation of income tax rate	28,00	28,00
28,00	28,00	Standard income tax rate		
		Adjusted for:		
(2,06)	(3,02)	Non taxable income*	(15,80)	(15,20)
2,30	3,07	Non deductible expenses#	0,16	–
0,55	1,40	Tax losses of foreign subsidiaries not deductible		
(0,68)	(1,35)	Effect of foreign jurisdictions tax at lower rates		
(0,53)	(1,47)	Prior year adjustments: over provision	(0,59)	–
(0,69)	(1,67)	Share of joint venture profit equity accounted		
(2,97)	(2,58)	Additional deferred tax asset recognised on assessed loss		
(0,24)	–	Utilisation of assessed loss not previously recognised		
(1,16)	(1,74)	Tax deduction realised on share appreciation rights exercised		
(0,03)	0,22	Other		
22,49	20,86	Effective income tax rate	11,77	12,80
* Learnership allowances; employment tax incentive; accounting capital profits.				
# Professional and legal fees; non-deductible depreciation; share-based payment expense.				

GROUP			COMPANY	
2015	2014		2015	2014
8 EARNINGS AND HEADLINE EARNINGS PER SHARE				
8.1 Diluted weighted average number of ordinary shares				
183 989 596	182 478 589	Weighted average number of issued ordinary shares		
8 477 179	9 288 819	Increase in number of shares as a result of unexercised share appreciation rights		
192 466 775	191 767 408	Diluted weighted average number of ordinary shares		
<hr/>				
R'000	R'000		R'000	R'000
350 345	186 666	8.2 Profit for the year		
		Profit for the year attributable to equity holders of the parent company		
<hr/>				
Cents per share	Cents per share		Cents per share	Cents per share
190,4	102,3	8.3 Earnings per share		
		Basic		
		Attributable to equity holders of the parent		
182,0	97,3	Diluted		
		Attributable to equity holders of the parent		

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GROUP			COMPANY	
2015	2014		2015	2014
R'000	R'000		R'000	R'000
		8.4		
		Headline earnings per share		
		Headline earnings attributable to equity holders of the parent company		
350 345	186 666	Profit for the year attributable to equity holders of the parent company		
		Gross remeasurements excluded from headline earnings		
(38 950)	5 102	(Profit)/Loss on sale of property, plant and equipment and gains on other assets		
–	(20 716)	Discount on acquisition of property, plant and equipment by Clover Waters through issue of shares		
–	6 215	Non-controlling interest's portion in discount on acquisition of PPE by Clover Waters through issue of shares		
–	11 915	Impairment and scrapping of plant and equipment		
		Taxation effects of remeasurements		
7 948	(505)	Profit/(Loss) on sale of property, plant and equipment and gains on other assets		
–	(1 213)	Impairment and scrapping of plant and equipment		
319 343	187 464	Headline earnings attributable to equity holders of the parent company		
Cents per share	Cents per share		Cents per share	Cents per share
		Headline earnings per share		
		Basic		
173,6	102,7	Attributable to equity holders of the parent		
		Diluted		
165,9	97,8	Attributable to equity holders of the parent		

GROUP			COMPANY	
2015	2014		2015	2014
R'000	R'000		R'000	R'000
9 DIVIDENDS DECLARED AND PAID				
During the year equity dividends were declared as follows:				
		To ordinary shareholders		
71 624	69 342		71 624	69 342
Cents per share	Cents per share		Cents per share	Cents per share
38,6	38,0	To ordinary shareholders	38,6	38,0
R'000	R'000		R'000	R'000
10 ASSETS CLASSIFIED AS HELD-FOR-SALE				
3 776	359	Net book value at the beginning of the year		
1 740	3 417	Transfers from property, plant and equipment, and investment property	429	-
(5 087)	-	Disposals		
429	3 776	Carrying value	429	-

Certain properties are classified as assets held-for-sale following the decision of the Group's Management to sell certain properties no longer required for Group operations. The fair value of the disposal group exceeds the carrying value.

Sales are expected to be realised within the next six months.

There are existing sales agreements for vacant plots in Carletonville and the properties are in the process of being registered in the purchasers' names.

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GROUP			COMPANY	
2015	2014		2015	2014
R'000	R'000		R'000	R'000
11 PROPERTY, PLANT AND EQUIPMENT				
11.1 Freehold land and buildings				
Cost				
774 526	589 920	Balance at the beginning of the year	679	679
73 801	179 242	Additions capitalised		
(18 237)	(13 117)	Government grant received		
23 983	25 238	Acquisition through business combinations		
(429)	(6 757)	Transfer to assets classified as held-for-sale	(429)	
(14)	–	Disposals		
(286)	–	Reclassification between asset classes		
853 344	774 526	Balance at the end of the year	250	679
Accumulated depreciation and impairment				
(194 993)	(180 901)	Balance at the beginning of the year	(15)	(14)
(22 103)	(18 145)	Depreciation for the year	(1)	(1)
–	(40)	Impairment		
8	1	Disposals		
(68)	–	Reclassification between asset classes		
–	4 092	Transfer to assets classified as held-for-sale		
(217 156)	(194 993)	Balance at the end of the year	(16)	(15)
Carrying amounts				
579 533	409 019	Balance at the beginning of the year	664	665
636 188	579 533	Balance at the end of the year	234	664
11.2 Leasehold properties				
Cost				
29 765	26 956	Balance at the beginning of the year		
1 032	1 464	Additions capitalised		
233	1 345	Foreign exchange translations		
31 030	29 765	Balance at the end of the year		
Accumulated depreciation and impairment				
(3 956)	(3 038)	Balance at the beginning of the year		
(1 160)	(768)	Depreciation for the year		
(29)	(150)	Foreign exchange translations		
(5 145)	(3 956)	Balance at the end of the year		
Carrying amounts				
25 809	23 918	Balance at the beginning of the year		
25 885	25 809	Balance at the end of the year		

GROUP			COMPANY	
2015	2014		2015	2014
R'000	R'000		R'000	R'000
		11.3 Plant, equipment and vehicles		
		Cost		
1 762 564	1 515 344	Balance at the beginning of the year		
195 280	290 037	Additions capitalised		
(17 089)	(18 989)	Government grant received		
56 314	33 207	Acquisition through business combinations		
298	–	Reclassification between asset classes		
(50 726)	(56 323)	Disposals		
–	(3 301)	Transfer to assets classified as held-for-sale		
452	2 589	Foreign exchange translations		
1 947 093	1 762 564	Balance at the end of the year		
		Accumulated depreciation and impairment		
(678 887)	(625 250)	Balance at the beginning of the year		
(137 227)	(94 012)	Depreciation for the year		
–	(11 875)	Impairment		
(8)	–	Reclassification between asset classes		
33 089	50 166	Disposals		
–	2 550	Transfer to assets classified as held-for-sale		
(90)	(466)	Foreign exchange translations		
(783 123)	(678 887)	Balance at the end of the year		
		Carrying amounts		
1 083 677	890 094	Balance at the beginning of the year		
1 163 970	1 083 677	Balance at the end of the year		

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GROUP			COMPANY	
2015	2014		2015	2014
R'000	R'000		R'000	R'000
		11.4 Total property, plant and equipment		
		Cost		
2 566 855	2 132 220	Balance at the beginning of the year	679	679
270 113	470 743	Additions capitalised		
(35 326)	(32 106)	Government grants received		
(429)	(10 058)	Transfer to assets classified as held-for-sale	(429)	
80 297	58 445	Acquisition through business combinations		
(50 740)	(56 323)	Disposals	-	-
685	3 934	Foreign exchange translations		
12	-	Reclassification between asset classes		
2 831 467	2 566 855	Balance at the end of the year	250	679
		Accumulated depreciation and impairment		
(877 836)	(809 189)	Balance at the beginning of the year	(15)	(14)
(160 490)	(112 925)	Depreciation for the year	(1)	(1)
-	(11 915)	Impairment	-	-
-	6 642	Transfer to assets classified as held-for-sale		
(76)	-	Reclassification between asset classes		
33 097	50 168	Disposals	-	-
(119)	(617)	Foreign exchange translations		
(1 005 424)	(877 836)	Balance at the end of the year	(16)	(15)
		Capital work-in-progress		
129 094	194 202	Balance at the beginning of the year		
121	(1 459)	Foreign exchange translations		
513 277	374 988	Additions: current year		
35 326	32 106	Government grants received		
(350 410)	(470 743)	Assets brought into use		
327 408	129 094	Balance at the end of the year		
		Total property, plant and equipment including work-in-progress		
		Carrying amounts		
1 818 113	1 517 233	Total property, plant and equipment at the beginning of the year	664	665
2 153 451	1 818 113	Total property, plant and equipment at the end of the year	234	664

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GROUP			COMPANY	
2015	2014		2015	2014
R'000	R'000		R'000	R'000
		<p>Registers containing details of land are available for inspection at the registered office. The carrying value of plant and equipment held under finance leases and hire purchase contracts at 30 June 2015 was R31,9 million (2014: R30,5 million). Additions during the year were R27,3 million (2014: R Nil million) of plant and equipment held under finance lease and hire purchase agreements. Leased assets and assets bought under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.</p> <p>Government grants have been received in terms of the DTI's Manufacturing Competitive Enhancement Programme for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.</p> <p>Assets with an original cost price of R83,1 million (2014: R53,0 million) are still in use, although it has been fully depreciated.</p>		

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GROUP			COMPANY	
2015	2014		2015	2014
R'000	R'000		R'000	R'000
12 INVESTMENT PROPERTIES				
Cost				
6 096	6 096	Balance at the beginning of the year		
(5 826)	–	Transfer to assets held-for-sale		
270	6 096	Balance at the end of the year		
Accumulated depreciation				
(4 716)	(4 093)	Balance at the beginning of the year		
(132)	(623)	Depreciation for the year		
76	–	Reclassification between asset classes		
4 525	–	Transfer to assets held-for-sale		
(247)	(4 716)	Balance at the end of the year		
Carrying amounts				
1 380	2 003	Balance at the beginning of the year		
23	1 380	Balance at the end of the year		
272	555	Rental income derived from investment properties		
–	(171)	Direct operating expenses generating rental income		
272	384	Net profit arising from investment properties carried at net book value		

The fair value of the property is R1,1 million (2014: R3,4 million).

The fair value of investment properties has been determined based on valuations performed by 'The Property Partnership', an accredited independent valuer, 'The Property Partnership' is an industry specialist in valuing investment properties.

The valuation was determined by using the capitalisation of future rentals technique. It was based on a net annual rental income of R157 376 and a rental capitalisation into perpetuity factor of 14% and is considered to be a level 3 fair value disclosure.

GROUP			COMPANY	
2015	2014		2015	2014
R'000	R'000		R'000	R'000
13 INTANGIBLE ASSETS				
13.1 Goodwill				
Cost				
328 750	328 750	Balance at the beginning of the year		
46 455	–	Acquisition through business combinations		
375 205	328 750	Balance at the end of the year		
Impairment losses				
(1 311)	(1 311)	Balance at the beginning of the year		
(1 311)	(1 311)	Balance at the end of the year		
Carrying amounts				
327 439	327 439	Balance at the beginning of the year		
373 894	327 439	Balance at the end of the year		
13.2 Trademarks, patents and customer lists				
Cost				
69 003	69 004	Balance at the beginning of the year		
69 054	–	Acquisitions through business combinations		
–	(1)	Disposals		
138 057	69 003	Balance at the end of the year		
Accumulated amortisation and impairment				
(9 452)	(4 637)	Balance at the beginning of the year		
(7 325)	(4 815)	Amortisation for the year		
(16 777)	(9 452)	Balance at the end of the year		
Carrying amounts				
59 551	64 367	Balance at the beginning of the year		
121 280	59 551	Balance at the end of the year		

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GROUP			COMPANY	
2015	2014		2015	2014
R'000	R'000		R'000	R'000
		13.3 Software licences		
		Cost		
86 483	85 109	Balance at the beginning of the year		
44 161	2 150	Additions		
(417)	(776)	Disposals		
(12)	–	Reclassification between asset classes		
130 215	86 483	Balance at the end of the year		
		Accumulated amortisation and impairment		
(56 234)	(51 025)	Balance at the beginning of the year		
(9 723)	(5 880)	Amortisation for the year		
403	671	Disposals		
(65 554)	(56 234)	Balance at the end of the year		
		Carrying amounts		
30 249	34 084	Balance at the beginning of the year		
64 661	30 249	Balance at the end of the year		

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GROUP			COMPANY	
2015	2014		2015	2014
R'000	R'000		R'000	R'000
		13.4 Total intangible assets		
		Cost		
484 236	482 863	Balance at the beginning of the year		
44 161	2 150	Additions		
115 509	–	Additions through business combinations		
(417)	(777)	Disposals		
(12)	–	Reclassification between asset classes		
643 477	484 236	Balance at the end of the year		
		Accumulated amortisation and impairment		
(66 997)	(56 973)	Balance at the beginning of the year		
(17 048)	(10 695)	Amortisation for the year		
403	671	Disposals		
(83 642)	(66 997)	Balance at the end of the year		
		Capital work-in-progress – Software		
30 254	19 393	Balance at the beginning of the year		
137 138	13 011	Additions		
(159 670)	(2 150)	Amounts capitalised		
7 722	30 254	Balance at the end of the year		
		Carrying amounts		
447 493	445 283	Total intangible assets at the beginning of the year		
567 557	447 493	Total intangible assets at the end of the year		
		<p>An impairment test is done annually at the Group's financial year end on goodwill acquired through business combinations. The value in use of the businesses are represented by the present value of future cash flows generated by the businesses estimated for a five-year period and is based on:</p>		
		<p>Current net profit before tax, projected forward at an average growth of 6% (2014: 6%) and adjusted for non-cash items; an effective tax rate of 28%; required capital expenditure; movements in working capital; and a before tax discount rate of 17,19% (2014: 19,24%).</p>		
		<p>Goodwill has been allocated to Clover Industries Group excluding Clover Waters and then to Clover Waters (Iced Tea business) as the smallest separately identifiable cash-generating units due to income, cost, assets and liabilities not being possible to be split into smaller cash-generating units. The calculated recoverable amount exceeds the carrying amount of the cash-generating unit. No reasonably possible change will result in the carrying amount exceeding the recoverable amount of the cash-generating unit.</p>		
		<p>Goodwill has been allocated to the following cash-generating units for purposes of the impairment review:</p>		
349 928	303 473	Clover Industries		
23 966	23 966	Clover Waters (Iced Tea business)		
373 894	327 439	Clover Industries Group		

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GROUP			COMPANY	
2015	2014		2015	2014
R'000	R'000		R'000	R'000
14 OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES				
14.1 Other financial liabilities				
Financial liabilities at fair value through profit or loss				
Derivatives not designated as hedges				
1 761	–	Diesel hedge		
3 625	2 323	Clover Industries shares forward purchases		
5 386	2 323	Total financial instruments at fair value		
5 386	2 323	Total other financial liabilities		
2 670	2 323	Total current		
2 716	–	Total non-current		

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GROUP		COMPANY	
2015	2014	2015	2014
R'000	R'000	R'000	R'000

Clover Industries shares forward purchase

The Group had entered into a forward contract to purchase 2 132 695 Clover Industries shares at R17,90 per share on 30 June 2014. This transaction was entered into to hedge a portion of the share appreciation rights issued to management. At 3 June 2014 it was decided to roll the current hedge into a new hedge programme and was structured as follows:

The fair value of the shares forward purchases was determined by Investec Bank Limited. The fair value was determined by making use of the Black Scholes model. The following inputs were taken into consideration with applying the model, a dividend yield of 2,16%, a credit spread of 2,75%, a spot rate of R17,60 and a swap interest rate reflecting the term of each tranche of the hedge.

Expiry date	2015		2014	
	Number of forwards	Forward price (Rand)	Number of forwards	Forward price (Rand)
1 June 2015			158 937	19,19
1 July 2015			253 575	19,36
1 October 2015	308 500	19,80	308 500	19,80
1 June 2016	158 937	20,87	158 937	20,87
3 October 2016	308 500	21,40	308 500	21,40
1 June 2017	158 936	22,40	158 936	22,40
2 October 2017	308 500	23,20	308 500	23,20
3 June 2019	476 810	26,48	476 810	26,48
30 June 2017	158 937	22,29		
30 June 2017	253 575	22,46		
Total	2 132 695		2 132 695	

Diesel hedge

Due to the Group being exposed to changes in the price of diesel, it has entered into a diesel hedge with RMB in the form of a long-futures contract, at a forward price of R11,76 per litre. The futures contract does not result in physical delivery of diesel.

The Group hedged 18 150 000 litres of diesel, this equals its diesel usage for 11 months. The hedge commenced on 26 June 2015 and expires on 26 May 2016.

14.2 Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted prices in active market for identical assets or liabilities.

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 30 June 2015, the Group held the following financial instruments carried at fair value in the statement of financial position:

	GROUP			
	30 June 2015 R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000
Liabilities measured at fair value				
Derivatives not designated as hedging instruments:				
Diesel hedge	1 761	–	1 761	–
Clover Industries shares forward purchases	3 625	–	3 625	–
During the reporting period ended 30 June 2015, there were no transfers between Level 1 and Level 2 fair value measurements.				
	30 June 2014 R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000
Liabilities measured at fair value				
Derivatives not designated as hedging instruments:				
Clover Industries shares forward purchases	2 323	–	2 323	–
During the reporting period ended 30 June 2014, there were no transfers between Level 1 and Level 2 fair value measurements				

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GROUP			COMPANY	
2015	2014		2015	2014
R'000	R'000		R'000	R'000
15 DEFERRED TAXATION				
(170 104)	(130 591)	Balance at the beginning of the year	77	28
14 547	(39 513)	Movements during the year	–	49
(155 557)	(170 104)	Balance at the end of the year	77	77
The balance is constituted as follows:				
		Deferred tax assets		
694	1 755	Doubtful debts provision	77	77
5 818	3 953	Credit note accrual		
1 382	1 767	Leases straight-lined		
61 570	42 014	Employee related expenses that are only deductible when paid		
9 194	7 565	Income received in advance		
7 416	8 200	Other accruals		
40 709	14 625	Assessed loss carried forward		
624	–	Foreign tax credits		
1 854	2 874	Other		
129 261	82 753	Total deferred tax assets	77	77

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GROUP			COMPANY	
2015	2014		2015	2014
R'000	R'000		R'000	R'000
		Deferred tax liabilities		
(277 314)	(244 419)	Property, plant and equipment	-	-
(3 873)	(2 240)	Prepayments	-	-
(1 615)	(2 666)	Consumable stores		
(1 320)	(1 320)	Pension fund asset		
-	(1 931)	Lease straight-lined		
(696)	(281)	Other		
(284 818)	(252 857)	Total deferred tax liabilities	-	-
(155 557)	(170 104)	Net deferred tax (liability)/asset	77	77
		Reflected in the statement of financial position as follows:		
32 696	8 919	Deferred tax assets	77	77
(188 253)	(179 023)	Deferred tax liabilities		
(155 557)	(170 104)	Net deferred tax (liability)/asset	77	77
		In assessing the availability of sufficient future taxable profit for utilisation against unused tax losses, cognisance was taken of the Group's vision, goals and strategies. The Board is of the opinion that future taxable profits would be adequate to utilise the unused tax losses.		
		The statement of financial position disclosure for deferred tax assets is the total amount for all Group companies with net deferred tax assets. Likewise the deferred tax liability represents the total of all companies with net deferred tax liabilities. Note 15 however groups all deferred tax assets and liabilities in the Group, irrespective of the net position of individual Group companies.		
		No deferred tax asset has been provided on the tax loss of entities which are loss making since inception of business to date to the value of R69 million (2014: R73,5 million). In addition no deferred tax asset has been provided on tax losses amounting to Rnil million (2014: R39,3 million) which have no expiry date.		

GROUP			COMPANY	
2015	2014		2015	2014
R'000	R'000		R'000	R'000
16 INVENTORIES				
5 800	5 800	Delivery agreements		
127 986	109 827	Raw materials		
100 422	97 071	Work-in-progress		
91 517	88 172	Consumable stores		
614 456	267 022	Finished goods		
940 181	567 892	Total inventories		
<p>The amount of the write-down of inventories recognised as an expense is R20,7 million (2014: R19,6 million). This expense is included in the cost of sales line item as a cost of inventories.</p>				
17 TRADE AND OTHER RECEIVABLES				
1 137 640	870 514	Trade receivables	4 170	3 837
86 406	153 730	Other receivables and advance payments	489	277
15 644	16 811	Loans to Executive Directors and other Executives	15 644	16 811
		Inter-company loan: Clover SA	502 298	398 088
		Loan: CIL Share Purchase Plan Trust	9	7
(2 525)	(3 849)	Allowance for impairment	(275)	(275)
(21 586)	(14 213)	Credit note accrual		
1 215 579	1 022 993	Total trade and other receivables	522 335	418 745

Clover SA securitised its trade debtors, excluding debtors generated from export sales, through a special-purpose entity, Clover Capital. Clover Capital is consolidated into the results of the Group.

The loans to Directors and other Executives were made to finance ordinary shares in CIL issued to them on 31 May 2010. The terms of the loans are as follows: they will bear interest at 90% of the prime rate of Absa Bank, interest will be capitalised on a monthly basis, repayable by management on the sale of the ordinary shares or within two months of leaving the employment of Clover or within six months in the case of death. All proceeds of the ordinary shares are ceded to CIL as security for the loans. The loan agreements have been amended to make provision for a final repayment date of the respective loans linked to the normal retirement date for each of the Executives. See note 28.4 for further details.

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GROUP			COMPANY	
2015	2014		2015	2014
R'000	R'000		R'000	R'000
		See note 29.5 for age analysis on trade receivables and on credit risk of trade receivables to understand how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.		
		Trade receivables are non-interest-bearing and the payment terms are 30 days after the end of the month in which the goods were delivered.		
		As at 30 June 2015, trade receivables of an initial value of R2,5 million (2014: R3,8 million) were impaired and fully provided for. See below for the movement in the provision for impairment of receivables.		
3 849	3 309	Balance at the beginning of the year	275	317
–	2 428	Charge for the year	–	(42)
(1 324)	(1 888)	Impairment loss written off		
2 525	3 849	Balance at the end of the year	275	275
18 CASH AND SHORT-TERM DEPOSITS				
		Cash at bank earns interest at floating rates based on daily deposit rates. Short-term deposits are made for periods varying between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. At 30 June 2015, the Group had available R30 million (2014: R120 million) of unutilised committed borrowing facilities in respect of which all conditions precedent had been met.		
		For the purpose of the consolidated cash flow statements, cash and short-term deposits comprise the following:		
		Cash at bank and on hand		
255	304	On hand		
82 154	294 333	Outstanding deposits		
979	78 459	Call deposits and money market investments	590	24 741
392 048	280 793	Cash in banks	39 425	10 496
475 436	653 889	Total cash and short-term deposits	40 015	35 237
		Included in prior year under Call deposits is R46 million relating to the deposit paid (into an attorney's Escrow account) for the Dairybelle transaction. Refer to note 29.1 for guarantees issued.		

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GROUP			COMPANY	
2015	2014		2015	2014
Number of shares	Number of shares		Number of shares	Number of shares
19 SHARE CAPITAL AND SHARE PREMIUM				
19.1 Ordinary shares				
Authorised				
2 billion (2014: 2 billion) ordinary shares with a par value of 5 cents (2014: 5 cents) each				
Shares issued				
182 478 589	181 218 149	Ordinary shares in issue at the beginning of the year	182 478 589	181 218 149
5 252 549	–	Issued on 17 March 2015	5 252 549	–
–	1 260 440	Issued on 1 July 2013	–	1 260 440
187 731 138	182 478 589	Ordinary shares in issue at the end of the year	187 731 138	182 478 589
20 OTHER RESERVES				
72 880	73 267	Share-based payments reserve	10 252	28 720
209 957	209 958	Other capital reserves	478	478
(209 957)	–	Other capital reserves transferred to retained earnings	(478)	–
72 880	283 225	Total at the end of the year	10 252	29 198
21 FOREIGN CURRENCY TRANSLATION RESERVE				
(2 314)	(5 582)	Foreign currency translation reserve related to Clover Botswana and Clover West Africa		

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GROUP		COMPANY	
2015 R'000	2014 R'000	2015 R'000	2014 R'000
22 INTEREST-BEARING LOANS AND BORROWINGS			
22.1 Secured liabilities			
900 000	650 000		
36 247	22 003		
936 247	672 003		
Total secured liabilities			
22.2 Unsecured liabilities			
688	3 348		
1 938	6 476		
316 304	195 025		
318 930	204 849		
1 255 177	876 852		
Total unsecured liabilities			
Total secured and unsecured liabilities			
Current portion transferred to current liabilities:			
254 646	9 646		
318 930	204 849		
573 576	214 495		
681 601	662 357		
1 255 177	876 852		
Total current and non-current interest-bearing loans and borrowings			

GROUP			COMPANY	
2015	2014		2015	2014
R'000	R'000		R'000	R'000
23 EMPLOYEE-RELATED OBLIGATIONS				
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:				
6 976	6 435	Active members		
6,8%	8,2%	Salary escalation ratio		
7,8%	9,0%	Discounting rate		
65	65	Normal retirement age		
26 376	28 909	Balance at the beginning of the year		
9 198	5 224	Amounts provided		
(10 706)	(7 757)	Amounts utilised		
24 868	26 376	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 and leave days taken are recognised as utilisations.				
61 251	51 918	Balance at the beginning of the year		
10 413	15 609	Amounts provided		
(7 203)	(6 276)	Amounts utilised		
64 461	61 251	Total leave pay provision		
23.3 Total provisions				
74 901	67 615	Long-term portion		
14 428	20 013	Short-term portion transferred to current liabilities		
89 329	87 628	Total long-term and short-term provisions		

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GROUP			COMPANY	
2015	2014		2015	2014
R'000	R'000		R'000	R'000
24 TRADE AND OTHER PAYABLES				
1 072 019	1 000 205	Trade payables	8 392	9 883
230 972	157 300	Other payables	1 335	1 359
346	1 009	Interest payable	346	1 009
48 507	32 511	Payable to joint ventures		
1 351 844	1 191 025	Total trade and other payables	10 073	12 251
21 459	4 351	Non-current portion included in other payables transferred to non-current liabilities	–	–
1 330 385	1 186 674	Current portion	10 073	12 251
1 351 844	1 191 025	Total trade and other payables	10 073	12 251
<p>The terms for trade payables and other 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.</p>				
25 NOTES TO THE STATEMENT OF CASH FLOWS				
25.1 Tax paid				
33 877	(16 723)	Amount receivable/(due) at the beginning of the year	1 328	807
(124 741)	(36 717)	Taxation charged in statement of comprehensive income and other adjustments, excluding deferred taxation	(10 434)	(10 652)
24 940	7 078	Taxation charged through statement of changes in equity, excluding deferred taxation		
(40 330)	(33 877)	Amount (receivable)/due at the end of the year	(2 157)	(1 328)
(106 254)	(80 239)	Total tax paid	(11 263)	(11 173)

GROUP			COMPANY	
2015	2014		2015	2014
R'000	R'000		R'000	R'000
26 PENSIONS AND OTHER POST-EMPLOYMENT BENEFIT PLANS				
26.1 Defined-benefit fund				
9 277	15 613	Value of fund assets		
(4 452)	(10 839)	Value of fund liabilities		
4 825	4 774	Net surplus (recognised in other receivables)		
Funding level				
All of the fund's assets are indirectly invested in a quoted market by the utilisation of unit trusts.				
8,8%	9,0%	Expected rate of return		
8,8%	9,0%	Discount rate		
8,1%	8,2%	Future salary increases		
6,8	1,9	Expected average remaining working life in years		
<p>The fund is a defined-benefit fund and was actuarially valued on 30 June 2015. 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>During the current financial year the Board of Clover and the Trustees of the Clover Pension fund approved the move of the Clover Pension fund to the Sanlam Umbrella fund, with effect from 1 July 2015. As part of this transfer, all defined benefit members will become defined contribution members. 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. Accordingly a pre-payment asset was raised during the 2014 financial year for R4,8 million. 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 2015: 4 (30 June 2014: 5). The fund closed for new entrants on 1 July 1994.</p>				

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GROUP			COMPANY	
2015	2014		2015	2014
R'000	R'000		R'000	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 2015: 1 102 (30 June 2014: 990).		
		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 2015: 6 143 (2014: 5 415).		
		26.3 Amounts recognised in profit or loss		
		Contributions for the Group for the current year:		
		Defined-benefit fund		
105	101	Pension fund		
34 985	32 008	Provident fund		
53 749	44 856			
88 839	76 965	Total contributions recognised in profit or loss		

GROUP			COMPANY	
2015	2014		2015	2014
R'000	R'000		R'000	R'000
27 COMMITMENTS AND CONTINGENCIES				
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		
289 823	286 374	After one year but not more than five years		
847 451	1 003 852	More than five years		
535 302	1 450 868			
1 672 576	2 741 094	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 2015 are as follows:				
		Within one year		
7 609	2 993	After one year, but not more than five years		
8 607	9 387			
16 216	12 380	Total lease payments receivable		

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GROUP 2015			GROUP 2014	
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	14 195	12 752
		After one year but not more than five years	17 836	12 599
8 248	5 196			
41 488	31 739			
49 736	36 935	Total minimum lease payments	32 031	25 351
(12 801)		<i>Less: Amounts representing finance charges</i>	(6 680)	
36 935	36 935	Present value of minimum lease payments	25 351	25 351
GROUP			COMPANY	
2015 R'000	2014 R'000		2015 R'000	2014 R'000
		27.1.4 Capital commitments		
		Capital expenditure authorised and contracted for		
		Capital expenditure authorised but not contracted for		
146 225	286 966			
29 305	53 787	Total capital commitments		
175 530	340 753			
		Commitments will be spent within the next three to four years. The capital expenditure will be funded from Group funds. Included in the prior year capital expenditure authorised and contracted for is R150 million for the acquisition of Dairybelle.		

GROUP		COMPANY	
2015	2014	2015	2014
R'000	R'000	R'000	R'000
<p>28 RELATED PARTY DISCLOSURE</p> <p>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. There have been no guarantees provided or received for any related party receivables or payables except for a sub-ordination agreement with Clover Namibia and Clover West Africa. During the year under review, additional impairment was raised on the loan from Clover SA to Clover West Africa of R5,9 million (2014: R9,1 million) and a reversal of the prior year impairments on the loan to Clover Namibia of R5,5 million (2014: R5,4 million – impairment). 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.</p>			
<p>28.1 With regard to operating activities with subsidiaries and joint ventures, the following transactions took place during the year:</p>			
	(a) Fees earned by CIL for services rendered to Group Companies Clover SA – Subsidiary	49 369	45 892
	Total fees earned by CIL for services rendered to Group Companies	49 369	45 892
	(b) Amounts due to CIL from Group Companies Clover SA – Subsidiary	502 298	401 925
	Total amounts due to CIL from Group Companies	502 298	401 932
	(c) CIL received the following dividends during the year from Group Companies Clover SA – Subsidiary	50 000	45 000
	Total dividends received by CIL from Group Companies	50 000	45 000

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 Deloitte Risk Management. 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 79.5% (2014: 73.6%) 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.

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.

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% (2014: 25%) of long-term borrowings should mature in the next 12-month period. In less than one year, the Group's long-term debt of 20.3% (2014: 1.5%) will mature 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.

The following guarantees were in place:

Guarantees	2015 Rm	2014 Rm
Municipalities	15,60	15,29
Other	0,42	0,35
	16,02	15,64

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 Naira. Certain exchange rate exposures are hedged through the use of forward exchange contracts. No forward exchange contracts were in place at year end.

The Group hedges amounts greater than R2 million (2014: R2 million) denominated in a foreign currency. Forward exchange contracts are used to hedge currency risk, when applicable, 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.

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Change in rate	GROUP 2015			GROUP 2014	
	Effect on profit before tax R'000	Effect on equity R'000		Change in rate	Effect on profit before tax R'000
+10%		(17 134)	Foreign subsidiaries – equity Rand – strengthening	+10%	
	5 066		Loss on Pulas		(13 078)
-10%		17 134	Profit on Naira	-10%	4 472
	(5 066)		Rand – weakening		
		(5 066)	Profit on Pulas		13 078
			Loss on Naira		(4 472)

(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 2015 R'000		GROUP 2014 R'000
400 000	At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:	
855 177	Fixed-rate instruments	416 755
	Variable-rate instruments	460 097
1 255 177		876 852
	Interest rate sensitivity	
	An increase/decrease of 100 basis points (2014: 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.	
(8 552)	Increase of 100 basis points Decrease in profit before tax	(4 601)
8 552	Decrease of 100 basis points Increase in profit before tax	4 601

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GROUP 2015 R'000		GROUP 2014 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 (2014: 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>3 585</p> <p>(3 585)</p>
3 754		3 585
(3 754)		(3 585)
	<p>(iv) Fuel price risk management</p> <p>The Group is effected by the volatility of the diesel price. Its operating activities require the ongoing purchase of diesel for logistic puposes.</p> <p>Based on an 11 month forecast about the required diesel supply, the Group hedged the purchase price of diesel using a futures contract linked to the Rand Ice Gas Oil Price. The Group hedged 18 150 000 litres of diesel, which is equivalent to 11 months diesel usage. The hedge commenced on 26 June 2015 and expires on 26 May 2016.</p> <p>Diesel hedge sensitivity</p> <p>An increase/decrease of 10 percent in the diesel price at the reporting date would have effected profit before taxation, by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for the prior year.</p> <p>Increase of 10 percent in diesel price</p> <p>Increase in profit before tax</p> <p>Decrease of 10 percent in diesel price</p> <p>Decrease in profit before tax</p>	<p>–</p> <p>–</p>
21 344		–
(21 344)		–
	<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, 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 R900 million (2014: R650 million). The securitisation provides access to senior debt equal to 74,5% (2014: 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 14,5% (2014: 8,6%) was achieved. In comparison the weighted average interest expense on interest-bearing borrowings was 7,8% (2014: 7,6%).</p>	
	<p>29.3 Fair value</p> <p>The carrying amount of financial assets and liabilities are a reasonable approximation of fair value due to the short-term maturities of these financial statements.</p> <p>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.</p>	

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GROUP 2015					
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
3 812	3 732	7 502	23 455	11 235	49 736
37 212	36 903	557 851	437 323	–	1 069 289
317 008	–	–	–	–	317 008
–	16 023	–	–	–	16 023
2 338	–	–	–	–	2 338
598	2 118	2 670	–	–	5 386
1 284 506	45 878	10 730	10 730	–	1 351 844
1 645 474	104 654	578 753	471 508	11 235	2 811 624

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

Financial liabilities

Trade and other payables

Total financial liabilities

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

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 2015, the Group had available R30 million (2014: R120 million) of unutilised committed borrowing facilities in respect of which all conditions precedent had been met.

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COMPANY 2015						
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	
10 073	–	–	–	–	10 073	The maturity profile of the financial instruments is summarised as follows for the Company: Financial liabilities Trade and other payables
10 073	–	–	–	–	10 073	Total financial liabilities
COMPANY 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	
12 251	–	–	–	–	12 251	Financial liabilities Trade and other payables
12 251	–	–	–	–	12 251	Total financial liabilities

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GROUP			COMPANY	
Carrying value 2015 R'000	Carrying value 2014 R'000		Carrying value 2015 R'000	Carrying value 2014 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		
1 137 640	870 514	Trade receivables	–	–
95 469	168 673	Other receivables	522 334	418 745
475 436	653 889	Cash and short-term deposits	40 015	35 237
1 708 545	1 693 076	Total financial assets	562 349	453 982
		Trade receivables		
		The maximum exposure to credit risk for trade receivables at the reporting date by customer type was as follows:		
904 841	640 624	Retail chain stores		
68 246	71 987	Wholesale chain stores		
164 553	157 903	Industrial/Catering/General trade		
1 137 640	870 514	Total		
		The ageing of trade receivables at the reporting date is as follows:		
1 059 421	821 246	Neither past due not impaired		
56 454	40 324	Past due, but not impaired 0 – 30 days		
12 157	6 084	Past due but not impaired 31 – 120 days		
9 608	2 860	Past due but not impaired 120 days		
1 137 640	870 514	Total		
		The movement in the allowance for impairment in respect of trade receivables during the year was as follows:		
3 849	3 309	Balance at the beginning of the year		
–	2 428	Increases in impairments		
(1 324)	(1 888)	Impairment loss written off		
2 525	3 849	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.		

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GROUP		COMPANY	
2015	2014	2015	2014
R'000	R'000	R'000	R'000
30 INVESTMENT IN SUBSIDIARY AND JOINT VENTURE			
Investment in subsidiary company			
		326 735	326 735
		8 084	26 551
		334 819	353 286
Total investment in subsidiary			
Share of investment in a joint venture			
(253)	–		
31 878	35 066		
31 625	35 066		

Subsidiary and joint venture Name of company	Country of incorporation	Nature of business	Effective interest in capital		Gross investment in subsidiaries and joint ventures ¹		Profit/(loss) after taxation ³	
			2015 %	2014 %	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Clover SA ²	South Africa	Dairy manufacturing, distribution, sales	100	100	334 818	353 286	282 443	97 405
Real Beverage Company	South Africa	Manufacturing and sales of fruit juices	100	100	361 458	190 642	(3 231)	12 581
Clover Botswana	Botswana	Dairy manufacturing, distribution, sales	100	100	23 111	23 111	39 488	41 892
Clover MilkyWay	South Africa	Dairy manufacturing and sales	100	–	50 050	–	615	–
Clover Swaziland	Swaziland	Distribution and sales of dairy products in Swaziland	100	100	1	1	561	1 964
Lactolab	South Africa	Testing of dairy products	100	52	5 500	*	1 317	1 935
Clover Fonterra [#]	South Africa	Marketing, selling and distribution of dairy and related ingredient products	51	51	31 878	35 066	11 192	14 306
Clover West Africa	Nigeria	Marketing of non-alcoholic beverage products	100	100	468	468	(8 139)	(7 871)
Clover Namibia	Namibia	Distribution and sales of dairy products in Namibia	100	100	*	*	5 641	(4 169)
Clover Waters	South Africa	Marketing, sales, distribution and production of water and Iced Tea	70	70	69 392	34 997	(15 939)	4 811
Clover Futurelife ^{##}	South Africa	Manufactures, distributes, sells and markets a range of functional food products	50	50	(253)	–	(253)	–

[#] Joint venture.

* 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.

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GROUP			COMPANY	
2015	2014		2015	2014
R'000	R'000		R'000	R'000
		Lactolab		
		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. Therefore, in the 2015 financial year, Clover SA held the entire equity stake in Lactolab and there was no non-controlling interest.		
		Subsidiary's statement of financial position		
	3 541	Current assets including cash and cash equivalents R1,9 million and inventory R0,3 million		
	2 665	Non-current assets including property, plant and equipment R2,6 million		
	(1 462)	Current liabilities including trade and other payables of R0,6 million		
	4 744	Equity (Net asset value)		
	52%	Portion of the Group's ownership		
	2 467	Net asset value of the investment		
		Subsidiary's revenue and profit		
	9 358	Revenue		
	(2 012)	Cost of sales		
	(4 259)	Sales, marketing, distribution and administrative expenses		
	(325)	Other operating income/(expenses)		
	(63)	Net finance income/(cost)		
	2 699	Profit before taxation		
	(764)	Income tax expense		
	1 935	Profit for the year		
	52%	Portion of the Group's ownership		
	1 006	Group's share of profit for the year		
	1 040	Dividend received		

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GROUP			COMPANY	
2015	2014		2015	2014
R'000	R'000		R'000	R'000
		Clover Waters		
		Subsidiary's statement of financial position		
83 513	62 383	Current assets including cash and cash equivalents Rnil (2014: R11,5 million) and inventory R28,3 million (2014: R23,0 million)		
89 149	93 395	Non-current assets including property, plant and equipment R52,8 million (2014: R55,5 million)		
(5 887)	(10 319)	Non-current liabilities including deferred tax R3,9 million (2014: R10,3 million)		
(121 882)	(84 626)	Current liabilities including trade and other payables of R121,4 million (2014: R84,6 millions)		
44 893	60 833	Equity (Net asset value)		
70%	70%	Portion of the Group's ownership		
31 425	42 583	Net asset value of the investment		
		Subsidiary's revenue and profit		
255 730	215 609	Revenue		
(174 730)	(103 951)	Cost of sales		
(85 231)	(117 183)	Sales, marketing, distribution and administrative expenses		
(14 578)	6 773	Other operating (expenses)/income		
(3 500)	(2 629)	Net finance cost		
(22 309)	(1 381)	Loss before taxation		
6 370	6 192	Income tax		
(15 939)	4 811	(Loss)/profit for the year		
70%	70%	Portion of the Group's ownership		
(11 157)	3 368	Group's share of (loss)/profit for the year		
-	-	Dividend received		

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

GROUP		COMPANY	
2015	2014	2015	2014
R'000	R'000	R'000	R'000
<p>31 SHARE-BASED PAYMENTS</p> <p>31.1 Equity-settled share appreciation rights scheme – 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 16 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 exercised 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 exercise employees will be awarded shares to the value 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 exercise.</p> <p>Further details on the scheme are available in the detailed circular issued to shareholders on 7 May 2010 and the Report on Remuneration on page 60 to 75.</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> <p>Allocation to new Executive Committee member – Expected volatility of 22,7%, risk free rate of 7,45% and a dividend yield of 2,14%.</p> <p>Seventh allocation – Expected volatility of 26,9%, risk free rate of 7,37% and dividend yield of 1,92%.</p> <p>Expected volatility is calculated based on the average share price per day and the intra-day share price movements since listing.</p>			

32 DIRECTORS' REMUNERATION AND INTERESTS

32.1 Directors' remuneration

	2015								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 R'000	Retirement and medical contributions R'000	Other benefits* R'000	Total R'000	
Executive Directors									
JH Vorster	4 204		1 147	1 615	6 446	1 376	55	14 843	53 652
LJ Botha	2 879		801	1 210	3 406	874		9 170	31 610
CP Lerm(Dr)	2 524		712	1 059	2 996	762		8 053	12 423
Total remuneration of Executive Directors	9 607		2 660	3 884	12 848	3 012	55	32 066	97 685
Non-executive Directors									
WI Büchner		1 111						1 111	
TA Wixley		897						897	
SF Booysen (Dr)		743						743	
JNS Du Plessis (Adv)		512					54	566	
NA Smith		330					5	335	
N Mokhesi		359						359	
B Ngonyama		432						432	
PR Griffin		299						299	
Total remuneration of Non-executive Directors		4 683					59	4 742	
Total Directors' remuneration	9 607	4 683	2 660	3 884	12 848	3 012	114	36 808	97 685
Other Executives (prescribed officers)									
H Lubbe	2 511		714	1 091	2 995	782		8 093	
JHF Botes (Dr)	2 522		716	1 094	3 002	780		8 114	9 856
ER Bosch	2 515		682	1 039	3 002	830		8 068	
MM Palmeiro	2 070		594	1 259	2 235	626	600	7 384	
J van Heerden	1 463		443	475	915	391		3 687	
Total remuneration of other Executives	11 081		3 149	4 958	12 149	3 409	600	35 346	9 856

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

** All share appreciation rights exercised by Executives as part of the MPCRE (refer to page 75;-- legacy scheme SARS issues) were settled in shares.

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	2014								
	Basic salary	Fees for services as Director	Car allowance	Individual performance bonus	Profit share bonus	Retirement and medical contributions	Other benefits*	Total	Share appreciation rights exercised
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Executive Directors									
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
Total remuneration of Executive Directors	8 964		2 514	3 146		1 404	155	16 183	6 545
Non-executive Directors									
WI Büchner		1 038						1 038	
MG Elliot (resigned 24 November 2013)		144					7	151	
JC Hendriks (Dr) (resigned 13 March 2014)		254						254	
TA Wixley		783						783	
SF Booysen (Dr)		710					15	725	
NP Mageza (resigned 26 November 2013)		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	
Total remuneration of Non-executive Directors		4 551					43	4 594	
Total Directors' remuneration	8 964	4 551	2 514	3 146		1 404	198	20 777	6 545
Other Executives (prescribed officers)									
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	
Total remuneration of other Executives	9 012		2 550	3 788		1 515	1 291	18 156	1 486

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

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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:

	Allocation of rights	Number of rights as at 30 June 2014	Share appreciation rights granted during the year	Number of rights exercised/ cancelled during the year	Number of rights as at 30 June 2015	Share price on date exercised	Grant price	Date from which exercisable	
JH Vorster	First	4 587 200		3 058 133	1 529 067	R 19,84	R4,67	One-third on 31 May 2013, a further third on 31 May 2014 and a final third on 31 May 2015.	
	Third	821 256		821 256	–	R 19,84	R11,00	All on 1 July 2014.	
	Fourth	1 036 716			1 036 716		R13,73	All on 1 July 2015.	
	Fifth	879 589			879 589		R16,83	All on 1 July 2016.	
	Sixth	906 510			906 510		R17,31	All on 30 June 2017.	
	Seventh			975 927		975 927		R17,34	All on 30 June 2018.
	CP Lerm (Dr)	First	1 636 505		818 253	818 252	R 19,84		One-third on 31 May 2013, a further third on 31 May 2014 and a final third on 31 May 2015.
Third		1 119		1 119	–	R 19,84		All on 1 July 2014.	
Fourth		389 123			389 123			All on 1 July 2015.	
Fifth		332 135			332 135			All on 1 July 2016.	
Sixth		342 300			342 300			All on 30 June 2017.	
Seventh				371 109		371 109			All on 30 June 2018.
LJ Botha		First	2 443 140		1 628 760	814 380	R 19,84	R4,67	One-third on 31 May 2013, a further third on 31 May 2014 and a final third on 31 May 2015.
	Second	186 667		186 667	–	R 17,84	R0,00	One-third on 18 August 2011, a third on 18 August 2012 and final third on 18 August 2013.	
	Third	404 063		404 063	–	R 19,84	R11,00	All on 1 July 2014.	
	Fourth	533 657			533 657		R13,73	All on 1 July 2015.	
	Fifth	452 775			452 775		R16,83	All on 1 July 2016.	
	Sixth	466 633			466 633		R17,31	All on 30 June 2017.	
	Seventh			505 334		505 334		R17,34	All on 30 June 2018.
Total Executive Directors		15 419 388	1 852 370	6 918 251	10 353 507				

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	Allocation of rights	Number of rights as at 30 June 2014	Share appreciation rights granted during the year	Number of rights exercised/cancelled during the year	Number of rights as at 30 June 2015	Share price on date exercised	Grant price	Date from which exercisable
Other Executives (prescribed officers)								
H Lubbe	First	1 351 491			1 351 491	R4,67		One-third on 31 May 2013, a further third on 31 May 2014 and a final third on 31 May 2015.
	Third	57 778			57 778	R11,00		All on 1 July 2014.
	Fourth	389 123			389 123	R13,73		All on 1 July 2015.
	Fifth	332 135			332 135	R16,83		All on 1 July 2016.
	Sixth	342 301			342 301	R17,31		All on 30 June 2017.
	Seventh		370 992		370 992	R17,34		All on 30 June 2018.
JHF Botes (Dr)	First	913 936		456 968	456 968	R 19,84	R4,67	One-third on 31 May 2013, a further third on 31 May 2014 and a final third on 31 May 2015.
	Third	330 723		330 723	–	R 19,84	R11,00	All on 1 July 2014.
	Fourth	389 123			389 123	R13,73		All on 1 July 2015.
	Fifth	332 135			332 135	R16,83		All on 1 July 2016.
	Sixth	342 301			342 301	R17,31		All on 30 June 2017.
	Seventh		372 023		372 023	R17,34		All on 30 June 2018.
E Bosch	Allocation of newly appointed	953 620			953 620	R13,50		One-third on 1 June 2015, a third on 1 June 2016 and final third on 1 June 2017.
	Fifth	332 135			332 135	R16,83		All on 1 July 2016.
	Sixth	342 301			342 301	R17,31		All on 30 June 2017.
	Seventh		371 988		371 988	R17,34		All on 30 June 2018.
MM Palmeiro	Allocation of newly appointed	925 500			925 500	R14,15		One-third on 1 October 2015, a third on 1 October 2016 and final third on 1 October 2017.
	Fifth	380 159			380 159	R16,83		All on 1 July 2016.
	Sixth	391 795			391 795	R17,31		All on 30 June 2017.
	Seventh		417 246		417 246	R17,34		All on 30 June 2018.
J van Heerden	Allocation of newly appointed		501 425		501 425	R17,55		One third on 26 September 2017, a third on 26 September 2018 and final third on 26 September 2019.
	Seventh		271 593		271 593	R17,34		All on 30 June 2018.
Total other Executives		8 106 556	2 305 267	787 691	9 624 132			
Total		23 525 944	4 157 637	7 705 942	19 977 639			

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Number of shares at 30 June 2015			Number of shares at 30 June 2014		
Direct	Indirect	Associates	Direct	Indirect	Associates
32.3 Interest of Directors and other Executives of the Company in ordinary share capital					
Executive Directors					
8 346 599	–	398 315	7 575 496	–	398 315
3 294 122	–	–	2 919 804	–	–
2 318 014	–	–	1 568 707	–	–
13 958 735	–	398 315	12 064 007	–	398 315
Non-executive Directors					
–	628 400	–	–	710 400	–
–	997 586	–	–	1 227 586	–
47 619	–	–	47 619	–	–
53 245	–	–	95 000	–	–
–	–	–	241 689	–	–
–	–	–	1 112 892	–	–
–	–	–	5 977	–	–
100 864	1 625 986	–	1 503 177	1 937 986	–
14 059 599	1 625 986	398 315	13 567 184	1 937 986	398 315
Other Executives (prescribed officers)					
459 712	–	–	752 222	–	–
951 998	–	–	738 543	–	–
1 411 710	–	–	1 490 765	–	–

There have been no changes in directors' interests in the share capital of the Company between the end of the financial year and the date of the approval of the annual financial statements.

* These Directors are trustees of the Clover Milk Producer Trust that holds 22 553 000 (2014: 21 932 000) ordinary shares in the Company.

GROUP		COMPANY	
2015 R'000	2014 R'000	2015 R'000	2014 R'000
33 LONG-SERVICE BONUS			
33.1 Introduction			
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:			
33.2 Background			
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:			
Employees with an employment date before 1 January 2001			
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.			
Employees with an employment date after 1 January 2001			
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.			
33.3 Valuation method			
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.			
33.4 Valuation results			
Past service liability			
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			
22 963	24 906		
1 905	1 470		
24 868	26 376		
Total past service liability			
The valuation results as at 30 June 2015 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 2014 are based on the previous best estimates.			

ABBREVIATIONS

The following abbreviations are used in the financial statements

Company names

Clover Beverages Limited:	Clover Beverages
Clover Botswana (Pty) Limited (incorporated in Botswana):	Clover Botswana
Clover Capital (Pty) Limited:	Clover Capital
Clover Fonterra Ingredients (Pty) Limited:	CFI/Clover Fonterra
Clover Industries Limited:	CIL
Clover Industries Limited and subsidiaries:	The Group/Clover
Clover Manhattan (Pty) Limited:	Clover Manhattan
Clover Manhattan Unincorporated Joint Venture:	Clover Manhattan J.V.
Clover S.A. (Pty) Limited:	Clover SA
Clover Swaziland (Pty) Limited (incorporated in Swaziland):	Clover Swaziland
Danone Southern Africa (Pty) Limited (formerly Danone Clover (Pty) Limited):	Danone Clover/Danone SA
Fonterra Limited:	Fonterra
The Real Juice Company (Pty) Limited:	RJC/RBC
Clover West Africa Limited:	Clover West Africa
Clover Dairy (Namibia) (Pty) Limited:	Clover Namibia
Clover Waters (Pty) Limited:	Clover Waters
Clover MilkyWay (Pty) Limited:	Clover MilkyWay
Clover Futurelife (Pty) Limited:	Clover Futurelife

The following abbreviations are used in the financial statements

Other

Branded Consumer Goods:	BCG
Broad-based Black Economic Empowerment:	B-BBEE
Capital Gains Tax:	CGT
Department of Trade and Industry:	DTI
Depreciated Replacement Cost:	DRC
Essentials of Management and Leadership:	EML
Further Education and Training:	FET
Further Education and Training Certificate:	FETC
Good Manufacturing Practices:	GMP
Hazard Analysis Critical Control Points:	HACCP
International Accounting Standards:	IAS
International Organisation for Standardisation:	ISO
International Financial Reporting Standards:	IFRS
Johannesburg Stock Exchange:	JSE
Margin on Material:	MOM
Net Current Replacement Cost:	NCRC
Nomination Committee:	Nomco
Property, plant and equipment:	PP&E
Quality Council for Trade and Occupations:	QCTO
Rand Merchant Bank:	RMB
Remuneration Committee:	Remco
Share appreciation rights:	SAR
Supplier Ethical Data Exchange:	SEDEX

DEFINITIONS

Dividend per ordinary share

Dividend paid to ordinary shareholders is the actual dividend per share declared and paid.

Earnings and diluted earnings per ordinary share

Earnings per ordinary share

Profit attributable to ordinary shareholders, divided by the weighted average number of ordinary shares net of the weighted average number of treasury shares in issue at the end of the year.

Diluted earnings per ordinary share

Profit attributable to ordinary shareholders, divided by the weighted average number of ordinary shares, adjusted for share appreciation rights issued, net of the weighted average number of treasury shares at the end of the year.

Net assets

Total assets less total liabilities.

Cash flow

Cash flow from operating activities.

Cash flow per ordinary share

Cash flow divided by the weighted average number of ordinary shares in issue at the end of the year.

Net asset turnover

Turnover divided by average net assets less average cash on hand.

Return on net assets

Operating profit as a percentage of average assets less average current liabilities excluding current interest-bearing loans and borrowings.

Return on equity holders' funds

Profit attributable to shareholders as a percentage of average shareholders' funds, before minority interest.

Gearing percentage

Interest-bearing loans and borrowings reduced by cash funds, as a percentage of total shareholders' interest, including minority interest.

Current ratio

Current assets divided by current liabilities.

Activities pertaining to cash flow

Operating activities

All transactions and other events that are not investing or financing activities.

Financing activities

Activities that result in changes in the size and composition of the capital structures of the Group. This includes both the equity and debt not falling within the definition of cash and cash equivalents.

Investing activities

Activities relating to the acquisition, holding and disposal of long-term assets.

Cash and cash equivalents

Cash on hand and in current bank accounts.

Restructuring cost

Restructuring cost consists of costs incurred in order to streamline operations of the Group.

Normalised earnings

Normalised earnings consists of earnings for the period adjusted for the after tax effect of capital profits/losses from the sale/acquisition of property, plant and equipment or businesses, restructuring cost and costs relating to the capital structure of the company.