RCL FOODS LIMITED
ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 2018

CONTENTS

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 2018

The directors are responsible for the preparation and integrity of the annual financial statements of the company and the Group and other information included in this report which has been prepared in accordance with International Financial Reporting Standards. The directors are also responsible for the systems of internal control.

The directors, supported by the Audit Committee, are of the opinion, based on the information and explanations given by management and the internal auditors and on comment by the independent external auditors on the results of their statutory audit, that the Group's internal accounting controls are adequate, so that the financial records may be relied upon for preparing the financial statements and maintaining accountability for assets and liabilities. The directors believe that the Group's assets are protected and used as intended in all material respects with appropriate authorisation. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the period.

In preparing the annual financial statements, the Group has used appropriate accounting policies, supported by reasonable judgements and estimates, and has complied with all applicable accounting standards. The directors are of the opinion that the annual financial statements present fairly the financial position of the company and the Group at June 2018 and the results of its operations for the year then ended. The directors are also of the opinion that the Group will continue as a going concern in the year ahead.

The annual financial statements set out on pages 12 to 97, which have been prepared on the going concern basis, were approved by the Board of directors on 28 August 2018 and are signed on its behalf by:

JJ Durand
Non-executive Chairman

M Dally
Chief Executive Officer

28 August 2018

CERTIFICATE BY THE COMPANY SECRETARY

FOR THE YEAR ENDED JUNE 2018

I hereby certify that in respect of the year ended June 2018, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of section 88(2) of the Companies Act of South Africa and that all such returns are true, correct and up to date.

JMJ Maher
Company Secretary

28 August 2018

REPORT OF THE AUDIT COMMITTEE

FOR THE YEAR ENDED JUNE 2018

This report sets out how the Audit Committee discharged its responsibilities during the financial year ended June 2018 as required in terms of section 94 of the Companies Act of South Africa.

MANDATE AND TERMS OF REFERENCE

The responsibilities of the Audit Committee are incorporated into the Committee's charter which is reviewed annually and approved by the Board. The Committee has conducted its affairs in compliance with this charter and has discharged its responsibilities contained therein.

A copy of the charter can be found on our website www.rclfoods.com/node/rcl-foods-charters

AUDIT COMMITTEE MEMBERSHIP AND RESOURCES

The Audit Committee consists of four independent non-executive directors. All members of the Committee have the requisite financial knowledge and commercial skills and experience to contribute effectively to committee deliberations.

The Committee met three times during the year as per the Audit Committee charter. A representative of the Chairman of the Board, Chief Executive Officer (CEO), Chief Financial Officer (CFO), Group Services Audit and Risk Director (GARD) and representatives from the external auditors attend meetings by invitation. Other members of the Board and management team attend as required. The Committee meets separately with the external auditors and internal auditors at least once a year without management present, to ensure that all relevant matters have been identified and discussed without undue influence.

Members		Appointed	28/08/2017	22/02/2018	20/06/2018
CJ Hess*	BCom (UWC), PGDA (UCT), CA(SA)	June 2018	**N/A**	**N/A**	**N/A**
NP Mageza	ACCA (UK)	September 2009	**Present**	**Present**	**Present**
DTV Msibi	BBusSc, BCom (Hons), MCom, CA(SA)	August 2013	**Present****	**Present**	**Present**
RV Smither	(Committee Chairman), CA(SA)	December 2008	**Present**	**Present**	**Present**

* *Appointed 21 June 2018.*

** *Via teleconference.*

ELECTION OF COMMITTEE MEMBERS

In terms of section 94 (2) of the Companies Act, it was resolved at the Annual General Meeting, held on 8 November 2017, that RV Smither, NP Mageza and DTV Msibi be re-appointed as members of the Audit Committee until the next Annual General Meeting on 20 November 2018. CJ Hess was appointed as a member of the Audit Committee during the Board meeting held on 21 June 2018.

ROLES AND RESPONSIBILITIES

The Audit Committee's roles and responsibilities include its statutory duties per the Companies Act of South Africa and the responsibilities assigned to it by the Board. The Audit Committee fulfils an oversight role regarding financial reporting risks, internal financial controls and fraud risk and Information Technology (IT) risks as it relates to financial reporting.

The Audit Committee has discharged its key responsibilities as follows:

- Reviewed the interim results, period-end financial statements, sustainability disclosure and integrated annual report, culminating in a recommendation to the Board. In the course of its review, the committee:
  - took appropriate steps to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards (IFRS);
  - considered and, when appropriate, made recommendations on financial statements, accounting practices and internal financial controls;
- Confirmed the Internal Audit charter and audit plan;
- Evaluated the effectiveness of risk management, controls and governance processes and satisfied itself about the adequacy and effectiveness of the Group's system of internal financial controls;
- Reviewed the appropriateness of the combined assurance model in addressing all significant risks facing the Group;
- Considered and recommended to the Board the appointment and retention of external auditors;
- Approved the audit fees and engagement terms of the external auditors; and
- Determined the nature and extent of allowable non-audit services and approved the terms for the provision of non-audit services by the external auditors.

REPORT OF THE AUDIT COMMITTEE CONTINUED

FOR THE YEAR ENDED JUNE 2018

In addition, in fulfilling its key responsibilities, the Audit Committee placed specific focus on the following areas in the 2018 financial year:

- Review of the annual impairment testing of indefinite useful life intangible assets, which remains an area of significant judgement. Refer to page 38 and 39 of the Annual Financial Statements for the results of the testing; and
- In light of the recent drought and imports impact in the local sugar market, the Audit Committee placed focus on the financial standing of the small-scale cane growers that we operate in partnership with.

The role of the Audit Committee applies to all the divisions of the Group.

EXPERTISE AND EXPERIENCE OF THE CFO AND FINANCE FUNCTION

The Audit Committee performed an assessment of the CFO, Robert Field and the Finance function. Based on the 2018 assessment, the Audit Committee is satisfied that Robert Field and his management team have the appropriate expertise and experience to service the Group's finance function. It further considered and satisfied itself of the overall appropriateness of the expertise and adequacy of resources of the Group's finance function. The Annual Financial Statements were compiled under the supervision of Robert Field, CA(SA).

EXTERNAL AUDIT

PricewaterhouseCoopers Inc. (PwC) are the incumbent auditors for all the Group companies. The Committee continually monitors the independence and objectivity of the external auditors and satisfied itself with the ethical requirements regarding independence, and were considered independent with respect to the Group as required by the Codes endorsed and administered by the Independent Regulatory Board for Auditors and the South African Institute of Chartered Accountants. The committee has satisfied itself that the external auditors' appointment and the reappointment of Sharalene Randelhoff as the audit partner complies with the JSE Listing's Requirements and that the designated registered auditor is within their tenure and rotation requirements.

The Committee has reviewed the audit process and has satisfied itself with the performance of the external auditors.

During the period, PwC provided certain non-audit services, including tax services and agreed-upon procedures compliance audits. Total fees incurred during the 2018 financial year to PwC were R21,7 million of which R2,1 million related to non-audit services.

The Group has defined levels of authority which require final approval for all non-audit services by the Audit Committee.

The Audit Committee has nominated, for election at the Annual General Meeting, PwC as the external audit firm responsible for performing the functions of auditor for the 2019 financial year. The Audit Committee has satisfied itself that the audit firm and designated auditor are accredited as such on the JSE list of auditors.

INTERNAL AUDIT

The Audit Committee is responsible for ensuring that the RCL FOODS' Internal Audit function is independent and has the necessary resources and authority to enable it to discharge its duties.

Internal Audit comprises a dedicated team of appropriately qualified and technically experienced personnel. Where necessary, certain audits are outsourced to consultants with appropriate skills and technical expertise. The activities of the Internal Audit function are co-ordinated by the GARD. To ensure independence, the GARD reports functionally to the Audit Committee and, only from an administrative perspective, to the CEO. The Committee reviewed the performance of the GARD and was satisfied that he has the necessary expertise and experience to fulfil this role and that he had performed appropriately during the year under review.

INTERNAL FINANCIAL CONTROLS

The Committee is satisfied that the system of internal financial controls is effective and forms a basis for the preparation of reliable financial statements, which is based on the review of the design, implementation and effectiveness of the Group's system of internal financial controls conducted by the Internal Audit function during the year under review, and reports made by the independent external auditors on the results of their audit and management reports. No findings have come to the attention of the Committee to indicate that any material breakdown in internal controls has occurred during the past financial year.

GOING CONCERN ASSESSMENT

The Audit Committee reviewed a documented assessment by management of the going concern premise of the Group before concluding to the Board that the company will be a going concern in the foreseeable future.

RV Smither
28 August 2018

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED JUNE 2018

NATURE OF BUSINESS

RCL Foods Limited's ("RCL FOODS") ambition is to build a profitable business of scale by creating food brands that matter.

It is the holding company of three principal operating subsidiaries, RCL FOODS Consumer Proprietary Limited, RCL FOODS Sugar & Milling Proprietary Limited and Vector Logistics Proprietary Limited.

STATED CAPITAL

The issued share capital increased by 2 520 527 (2017: 1 156 309) ordinary shares during the year due to share appreciation rights and conditional shares being exercised. At the reporting date unexercised share appreciation rights totalling 80 290 193 (2017: 79 098 590) had been granted to participants. At the reporting date the unexercised rights relating to the Conditional Share Plan totalled 23 584 587 (2017: 23 831 071). These rights are granted at the discretion of the Remuneration and Nominations Committee.

Refer below for impact of BEE transactions on stated capital.

Shareholders will be asked to consider an ordinary resolution at the forthcoming Annual General Meeting for the authorised but unissued shares of the company to remain under the control of the directors until the following Annual General Meeting.

PRESENTATION DATE OF FINANCIAL RESULTS

The results for the current year have been reported on the retail calendar of trading weeks, which treats each financial year as an exact 52-week period.

FINANCIAL RESULTS

The profit for the year attributable to owners of the parent amounted to R922,4 million (2017: R515,7 million). This translates into headline earnings per share of 96,8 cents (2017: 63,5 cents) based on the weighted average shares in issue during the year.

DIVIDENDS

Ordinary dividends declared in respect of the year under review are as follows:

Interim dividend

Number 86 amounting to 15,0 cents per ordinary share declared on 23 February 2018 and paid on 23 April 2018.

Final dividend

Number 87 amounting to 25,0 cents per ordinary share declared on 28 August 2018 and payable on 22 October 2018.

The salient dates of the declaration and payment of dividend number 87 are as follows:

Last date to trade ordinary shares "cum dividend"	Tuesday, 16 October 2018
Ordinary shares trade "ex dividend"	Wednesday, 17 October 2018
Record date	Friday, 19 October 2018
Payment date	Monday, 22 October 2018

BEE TRANSACTIONS

RCL FOODS BEE transactions were concluded during the 2014 financial year resulting in the issue of 44 681 162 shares to the RCL Employee Share Trust, 19 149 069 shares to Business Venture Investments 1763 (RF) Proprietary Limited and 6 928 406 shares to Malongoana Investments (RF) Proprietary Limited.

These transactions are treated as options and therefore have no impact on the per share calculations. The above transactions have impacted the current financial year, through the recurring employee portion of the option charge. Refer to note 31 of the consolidated financial statements for further details.

SUBSIDIARIES

Details of RCL FOODS' interest in its subsidiaries are set out in note 33 of the consolidated financial statements.

HOLDING COMPANY

Remgro Limited is the ultimate holding company of RCL FOODS.

DIRECTORS

The names of the directors are listed on pages 44 and 45 of the Abridged Integrated Annual Report, available at www.rclfoods.com/financial-results-and-investor-presentations-2018

DIRECTORS' SHAREHOLDINGS

At the date of this report, the directors in aggregate held direct beneficial interests in 1 738 268 (2017: 1 724 343) ordinary shares of the company and had indirect beneficial interests in 3 161 949 (2017: 3 161 949) ordinary shares. Details of directors' shareholdings are set out in note 30 of the consolidated financial statements.

SUBSEQUENT EVENTS

With effect from 2 July 2018, RCL FOODS Sugar & Milling Proprietary Limited acquired an effective holding of 100% of the Driehoek Voere operation for a consideration of R60,9 million. Driehoek Voere's main operations include manufacturing and selling high roughage animal feed products from its mill situated in Vaalwater, Limpopo. The location is strategically placed to access the game market, cattle farms and informal broiler markets of Limpopo and Mpumalanga.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF RCL FOODS LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OUR OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of RCL FOODS Limited (the Company) and its subsidiaries (together the Group) as at 1 July 2018, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

WHAT WE HAVE AUDITED

RCL Foods Limited's consolidated and separate financial statements set out on pages 12 to 97 comprise:

- the consolidated statement of financial position as at 1 July 2018 and the separate statement of financial position as at 1 July 2018;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended and the separate statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended and the separate statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended and the separate cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

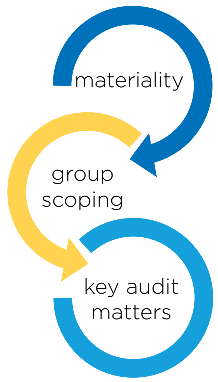
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of the Group in accordance with the *Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B).

OUR AUDIT APPROACH

OVERVIEW



Overall Group materiality

- *R54 900 000, which represents 5% of profit before tax*

Group audit scope

- *The Group financial statements are comprised of a holding company, 25 subsidiaries, four joint ventures, two associates, three controlled contract growers and one trust. For 23 entities full scope audits were carried out and specified audit procedures were performed at a further nine entities and analytical procedures for four entities.*

Key audit matter

- *Impairment assessment of goodwill and trademarks with an indefinite useful life*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

MATERIALITY

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall Group materiality	R54 900 000
How we determined it	5% of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

HOW WE TAILORED OUR GROUP AUDIT SCOPE

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group financial statements comprise the Group's operating divisions in the Consumer, Sugar & Milling and Logistics segments, and centralised functions. Each operating division is an aggregation of a number of business units. The Group operates predominantly within South Africa, but also within Botswana, Namibia, Swaziland and Uganda.

The Group's accounting processes are structured around finance functions within the operating divisions which report to the Group through a consolidation system.

Our scoping assessment included consideration of financially significant entities as well as taking into consideration the sufficiency of work performed over material line items in the financial statements. The audits undertaken for Group reporting purposes include the financially significant entities of the Group based on indicators such as the contribution to consolidated assets, consolidated revenue and consolidated profit before tax.

Based on our scoping assessment, full scope audits were performed at 23 entities and specified audit procedures over significant balances and transactions were performed at a further nine entities. In addition, analytical procedures were performed by the Group and component engagement teams on the financial information of the equity-accounted entities HMH Rainbow Limited, Akwandze Agricultural Finance Proprietary Limited, Mananga Sugar Packers Proprietary Limited and Senn Foods Logistics Proprietary Limited. This gave us the audit evidence we needed for our opinion on the consolidated financial statements as a whole.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by the Group engagement team, component auditors from the local PwC network firm, other PwC network firms and one non-PwC firm operating under our instruction. The Group engagement team was directly responsible for the audit of the Group consolidation, the Consumer operating division and the centralised functions. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole.

We had various interactions with our component teams in which we discussed and evaluated recent developments, the scope of the audits, audit risks, materiality and our audit approaches. We discussed the reports of the component teams, the findings of their procedures and other matters which could be of relevance for the consolidated financial statements.

In the current year the Group engagement leader visited the component audit teams responsible for the audit of the Sugar & Milling and Logistics operating divisions.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We communicate the key audit matter that relates to the audit of the consolidated financial statements of the current period in the table below. We have determined that there are no key audit matters to communicate in our report with regard to the audit of the separate financial statements of the Company for the current period.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill and trademarks with an indefinite useful life	
Refer to the accounting policy note on intangible assets and note 2 to the consolidated financial statements for the related disclosures. Included in the Group's net assets is a significant amount of goodwill (R2,7 billion) and trademarks (R1,5 billion). Certain trademarks are considered to be intangible assets that have an indefinite useful life. The carrying value of trademarks is included in the following cash generating units (CGUs), within the Consumer and Sugar & Milling segments: • Grocery • Beverages • Pies • Sugar • Milling • Baking In addition to the above-listed CGUs, goodwill is also allocated to the following CGUs within the Consumer and Logistics segments: • Speciality • Logistics Trademarks with indefinite lives are not amortised but are reviewed annually to determine whether the indefinite life assessment continues to be supportable. Impairment reviews of goodwill and trademarks with an indefinite useful life are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU is compared to the recoverable amount, which is the higher of value-in-use and the fair value less costs to sell. Any impairment loss is recognised immediately as an expense. Management performed their annual impairment test on trademarks with indefinite lives and on goodwill based on value-in-use calculations. These calculations used cash flow projections based on financial budgets approved by the Board, which included assumptions on profit before interest and tax, depreciation, working capital movements and capital maintenance expenditure. Cash flows beyond a five-year period were extrapolated using estimated growth rates. Management's assessment indicated that sufficient headroom existed for each CGU and therefore no impairment charge was recognised. Management performed a sensitivity analysis by varying the key assumptions used (discount rate and perpetuity growth rate) to assess the impact on the valuations. Refer to note 2 to the consolidated financial statements for the results of management's sensitivity analysis. We considered these impairment assessments to be a matter of most significance to our audit due to the size of the related goodwill and trademarks with indefinite useful lives, the extensive applicable disclosure requirements and the judgement involved in determining the key assumptions (discount rate and perpetuity growth rate) and forecast cash flows used by management in the impairment assessments.	We obtained an understanding of the methodology applied by management in performing its impairment test for each of the relevant CGUs and we found the approach adopted by management in the valuation models to be consistent with the market practice and the applicable requirements of IAS 36: *Impairment of Assets.* For each relevant CGU, we performed detailed testing to critically assess and corroborate the key inputs to the valuations, including: • analysing the historical accuracy of Board approved budgets to actual results to determine whether forecast cash flows are reliable based on past experience. We obtained management explanations for variances above a set threshold. We also inspected corroborating evidence regarding variances, and found the budgeting inputs to be reasonable; • assessing the discount rate by utilising our valuation experts to independently calculate the inputs with reference to market data. This included risk-free rates, betas and market risk premiums. We found the discount rate applied by management to be within an acceptable range; and • assessing the reasonableness of the growth rates assumed by comparing them to economic and industry forecasts. We found them to be reasonable. As a reasonableness test of the recoverable amount of the CGUs, we calculated the degree by which the key inputs and assumptions would need to fluctuate before an impairment was triggered and we considered the likelihood of this occurring. We performed our own sensitivities on the CGU forecasts and determined whether adequate headroom remained. We assessed the disclosures in note 2 against the requirements of IAS 36: *Impairment of Assets,* focusing on the requirement to disclose sensitivities for CGUs where a reasonably possible change in a key assumption would cause an impairment.

INDEPENDENT AUDITOR'S REPORT CONTINUED

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the *2018 RCL FOODS Limited Integrated Annual Report,* which includes the Report of the Directors, the Report of the Audit Committee and the Certificate by the Company Secretary as required by the Companies Act of South Africa. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the 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.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT CONTINUED

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of RCL Foods Limited for 14 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: SF Randelhoff
Registered Auditor

Durban
28 August 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT

	Note	1 July 2018 R'000	2 July 2017 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	1	**5 922 829**	5 720 285
Intangible assets	2	**4 695 990**	4 881 405
Investment in joint ventures	3	**248 570**	227 366
Investment in associates	4	**526 437**	513 323
Deferred income tax asset	17	**28 448**	6 876
Loan receivable	5	**35 920**	1 555
Trade and other receivables	8	**58 010**	12 788
		11 516 204	11 363 598
Current assets			
Inventories	6	**2 926 748**	2 666 622
Biological assets	7	**807 331**	791 469
Trade and other receivables	8	**4 254 014**	3 452 331
Derivative financial instruments	9	**5 031**	1 339
Tax receivable		**32 953**	70 410
Loan receivable	5	**29 072**	17 200
Cash and cash equivalents		**1 263 364**	1 056 660
		9 318 513	8 056 031
Assets of disposal group classified as held for sale	10	**156 580**	88 685
Total assets		**20 991 297**	19 508 314
EQUITY			
Stated capital	11	**10 087 241**	10 041 690
Share-based payments reserve	12	**632 920**	513 536
Other reserves	13	**(5 806)**	4 672
Common control reserve		**(1 919 832)**	(1 919 832)
Retained earnings		**2 336 451**	1 708 703
Equity attributable to the equity holders of the company		**11 130 974**	10 348 769
Non-controlling interests		**48 729**	37 984
Total equity		**11 179 703**	10 386 753
LIABILITIES			
Non-current liabilities			
Deferred income	18	**22**	141
Interest-bearing liabilities	15	**1 965 983**	3 078 822
Deferred income tax liabilities	17	**1 253 584**	1 248 056
Retirement benefit obligations	14	**135 072**	136 668
Trade and other payables	16	**6 410**	3 157
		3 361 071	4 466 844
Current liabilities			
Trade and other payables	16	**5 116 615**	4 398 538
Deferred income	18	**7 835**	8 338
Interest-bearing liabilities	15	**1 282 673**	226 383
Derivative financial instruments	9	**31 056**	12 995
Current income tax liabilities		**12 344**	4 190
Bank overdraft			2 878
		6 450 523	4 653 322
Liabilities of disposal group classified as held for sale	10		1 395
Total liabilities		**9 811 594**	9 121 561
Total equity and liabilities		**20 991 297**	19 508 314

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED JUNE 2018

	Note	2018 R'000	2017 R'000
Revenue		**24 425 996**	24 950 655
Operating profit before depreciation, amortisation and impairment (EBITDA)		**2 045 984**	1 747 633
Depreciation, amortisation and impairment		**(775 640)**	(971 125)
Operating profit	19	**1 270 344**	776 508
Finance costs	20	**(315 104)**	(373 741)
Finance income	21	**62 624**	40 999
Share of profits of joint ventures	3	**28 268**	48 577
Share of profits of associates	4	**51 834**	109 516
Profit before tax		**1 097 966**	601 859
Income tax charge	22	**(219 589)**	(125 552)
Profit after tax		**878 377**	476 307
Profit for the year		**878 377**	476 307
Profit for the year attributable to:			
Equity holders of the company		**922 439**	515 657
Non-controlling interests		**(44 062)**	(39 350)
		878 377	476 307
Earnings per share attributable to equity holders of the company	23		
Basic earnings per share	(cents)	**106,6**	59,7
Diluted earnings per share	(cents)	**104,1**	59,2

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 2018

	Note	2018 R'000	2017 R'000
Profit for the year		**878 377**	476 307
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurement of retirement medical aid obligations		**9 041**	7 713
Share of associates other comprehensive income	4	**(664)**	(2 090)
Items that may subsequently be reclassified to profit or loss:			
Cash flow hedges	13	**(467)**	(9 194)
Currency translation differences	13	**(10 011)**	(11 651)
Other comprehensive income for the year		**(2 101)**	(15 222)
Total comprehensive income for the year		**876 276**	461 085
Total comprehensive income for the year attributable to:			
Equity holders of the company		**920 338**	500 435
Non-controlling interests		**(44 062)**	(39 350)
		876 276	461 085

Items in the statement above are disclosed net of tax. The income tax relating to cash flow hedges and currency translation differences is disclosed in note 13 to the consolidated financial statements. The tax relating to the remeasurement of medical aid obligations was R3 515 119 (2017: R2 999 360).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 2018

	Attributable to the equity holders of the company							
	Stated capital R'000	Share-based payments reserve R'000	Other reserves R'000	Common control reserve R'000	Retained earnings R'000	Total R'000	Non-controlling interests R'000	Total R'000
Balance at 1 July 2016	10 023 804	434 863	25 517	(1 919 832)	1 403 502	9 967 854	78 402	10 046 256
Profit/(loss) for the year					515 657	515 657	(39 350)	476 307
Other comprehensive income			(20 845)		5 623	(15 222)		(15 222)
BEE share-based payments charge		17 600				17 600		17 600
Employee Share Incentive Scheme:								
– proceeds from shares issued	17 886					17 886		17 886
– value of employee services		78 959				78 959		78 959
– exercise of employee share schemes		(17 886)				(17 886)		(17 886)
Ordinary dividends paid					(216 079)	(216 079)	(1 068)	(217 147)
Balance at 2 July 2017	10 041 690	513 536	4 672	(1 919 832)	1 708 703	10 348 769	37 984	10 386 753
Profit/(loss) for the year					**922 439**	**922 439**	**(44 062)**	**878 377**
Other comprehensive income			**(10 478)**		**8 377**	**(2 101)**		**(2 101)**
Acquisition of subsidiary*							**56 349**	**56 349**
BEE share-based payments charge		**17 600**				**17 600**		**17 600**
Employee Share Incentive Scheme:								
– proceeds from shares issued	**45 551**					**45 551**		**45 551**
– value of employee services		**134 330**				**134 330**		**134 330**
– equity component of deferred tax on share-based payments		**13 005**				**13 005**		**13 005**
– exercise of employee share schemes		**(45 551)**				**(45 551)**		**(45 551)**
Ordinary dividends paid					**(303 068)**	**(303 068)**	**(1 542)**	**(304 610)**
Balance at 1 July 2018	**10 087 241**	**632 920**	**(5 806)**	**(1 919 832)**	**2 336 451**	**11 130 974**	**48 729**	**11 179 703**

* *Refer to note 34 for further details.*

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 2018

	Note	2018 R'000	2017 R'000
Cash flows from operating activities			
Cash generated by operations	A	1 784 617	2 293 683
Finance income received		57 203	40 999
Finance costs paid		(315 104)	(366 080)
Tax paid	B	(180 351)	(262 030)
Cash available from operating activities		1 346 365	1 706 572
Dividends received		62 394	93 522
Dividends paid		(304 610)	(217 147)
Net cash inflow from operating activities		1 104 149	1 582 947
Cash flows from investing activities			
Replacement property, plant and equipment		(521 798)	(401 882)
Expansion property, plant and equipment		(293 150)	(391 333)
Intangible asset additions		(34 108)	(41 326)
Acquisition of businesses	C	(72 542)	
Additional investment in associate		(26 352)	
Realised FEC loss on acquisition of associate		(934)	
Advances of interest-bearing loans		(11 872)	(5 293)
Advances of loans		(35 920)	
Receipts of interest-bearing loans		1 555	29 435
Proceeds on disposal of non-current assets held for sale		41 583	
Proceeds on disposal of Zambian operations			289 468
Proceeds on disposal of property, plant and equipment and intangible assets		115 520	34 609
Net cash outflow from investing activities		(838 018)	(486 322)
Cash flows from financing activities			
Repayment of interest-bearing liabilities	D	(189 389)	(639 329)
Advances of interest-bearing liabilities	D	132 840	233 286
Net cash outflow from financing activities		(56 549)	(406 043)
Net movement in cash and cash equivalents		209 582	690 582
Cash and cash equivalents at the beginning of the year		1 053 782	363 200
Cash and cash equivalents at the end of the year (net of overdrafts)	E	1 263 364	1 053 782

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 2018

	2018 R'000	2017 R'000
A. CASH GENERATED BY OPERATIONS		
Operating profit	**1 270 344**	776 508
Adjusted for:		
Depreciation, amortisation and impairment	**775 640**	971 125
Deferred income	**(622)**	3 817
(Profit)/loss on disposal of property, plant and equipment and intangible assets	**(83 076)**	1 879
Profit on disposal of assets held for sale	**(1 117)**	
Movement in retirement benefit obligations	**10 960**	(17 972)
Movement in derivative financial instruments – non-cash flow hedges	**16 103**	(28 381)
Fair value adjustment on biological assets*	**(369 773)**	(363 993)
Foreign currency translation reserve released		(1 414)
Unrealised foreign exchange losses		2 713
Realised foreign exchange losses		26 951
Share-based payments – BEE charge	**17 600**	17 600
Share-based payments – Employee Share Incentive Scheme	**134 330**	78 959
Cash flow hedges and other reserves released		(11 187)
Lease smoothing – non-cash accounting adjustment	**12 644**	9 585
Other non-cash flow items	**(3)**	(13)
	1 783 030	1 466 177
Working capital changes:		
Movement in inventories	**(263 713)**	271 030
Movement in biological assets*	**353 911**	525 924
Movement in trade and other receivables	**(797 237)**	157 175
Movement in trade and other payables	**708 626**	(126 623)
	1 587	827 506
	1 784 617	2 293 683

* *The movement in biological assets is represented by the non-cash fair value adjustment on biological assets and the movement included in working capital changes.*

	2018 R'000	2017 R'000
B. TAX PAID		
Amount refundable at the beginning of the year	**66 220**	21 244
Charged to the income statement	**(225 962)**	(217 054)
Normal tax	**(241 894)**	(250 002)
Prior year over provision	**15 932**	32 948
Amount refundable at the end of the year	**(20 609)**	(66 220)
	(180 351)	(262 030)
C. ACQUISITION OF BUSINESSES		
Cash paid for business	**(72 542)**	
Matzonox	**(56 349)**	
Sweetener operation	**(16 193)**	

D. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Movements in net debts for the year ended June 2018 are as follows:

	3 July 2017 R'000	Cash flows R'000	Non-cash flows R'000	1 July 2018 R'000
Institutional borrowings	49 311	(5 859)		43 452
Finance lease liabilities	179 614	(4 744)		174 870
Term-funded debt package	2 852 000			2 852 000
Loan from Ingwenyama Simhulu Trust	8 000			8 000
Loans from Akwandze Agricultural Finance Proprietary Limited	216 280	(45 946)		170 334
	3 305 205	(56 549)		3 248 656

E. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include restricted balances of R74,5 million (2017: R60,1 million). Restricted cash balances consist of initial margin balances with the JSE Limited and SAFEX deposits with various financial institutions which serve as collateral for derivative positions held at year-end. This cash will only be accessible by the Group when the related derivative positions are closed.

Restricted cash balances also consist of funds received of R0,9 million (2017: R0,9 million) from the National Department of Rural Development and Land Reform which is required to be administered and spent for the benefit of third party beneficiaries in terms of a mentorship agreement.

The carrying amount of cash and cash equivalents approximates their fair value.

Cash and cash equivalents include amounts denominated in the following currencies:

	2018 R'000	2017 R'000
Rand	1 255 883	1 034 370
USD	5 779	10 864
GBP	57	7
Euro	155	345
Namibian Dollar	1 438	8 141
Other currencies	52	55
Total	1 263 364	1 053 782

ACCOUNTING POLICIES

FOR THE YEAR ENDED JUNE 2018

BASIS OF PREPARATION

The Group and company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), IFRIC interpretations, SAICA Financial Reporting guides and circulars, the requirements of the Companies Act of South Africa and the Listings Requirements of the JSE Limited under the supervision of the Chief Financial Officer, Robert Field CA(SA) and were authorised for issue on 28 August 2018 by the Board of directors. The financial statements have been prepared using the historical cost convention except for biological assets and financial instruments at fair value through profit and loss. The accounting policies comply with IFRS and have been consistently applied to all years presented, apart from the adoption of the disclosure amendments to IAS 7 Statement of Cash Flows, effective 3 July 2017, which resulted in additional disclosures in the Notes to the Cash Flow Statement, refer to page 18.

The Group reports on the retail calendar of trading weeks which treats each financial year as an exact 52-week period, incorporating trade from Monday to Sunday each week. This treatment effectively results in the loss of a day (or two in a leap year) per calendar year. These days are brought to account approximately every six years by including a 53rd week. Accordingly the results for the financial year ended June 2018, and all references thereto within the results, are presented for the period ended 1 July 2018, a 364-day period compared to 367-day period in the previous financial year.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity or where assumptions and estimates are significant to the consolidated financial statements are disclosed on pages 29 and 30.

BASIS OF CONSOLIDATION

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a charge to other comprehensive income. Any contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred over the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of all the identifiable assets and liabilities and contingent liabilities acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised in profit and loss.

Acquisitions by the Group of entities which are under common control are accounted for using predecessor accounting. The assets and liabilities of the acquired entity are recognised at the predecessor values; therefore no restatement of the acquiree's assets and liabilities to fair value is required. The difference between the consideration transferred and the carrying value of the net assets is recorded in equity in a common control reserve; as a result no goodwill is recognised on acquisition. The consolidated financial statements incorporate the acquired entity's results from the first day of the month in which the transaction took place. Consequently, the consolidated financial statements do not reflect the results of the acquired entity for the period before the transaction occurred. The corresponding amounts for the prior period are also not restated.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Changes in ownership in subsidiaries without change in control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains and losses on disposals to non-controlling interests are also recorded in equity.

ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED JUNE 2018

BASIS OF CONSOLIDATION CONTINUED

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit and loss. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit and loss.

Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the after-tax profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit and loss where appropriate.

The Group's share of the post-acquisition after-tax profit or loss is recognised in the income statement, and its share of post-acquisition after-tax movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the associate is impaired. If this is the case, the Group calculates the amount of the impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit or loss of associates in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

Joint arrangements

The Group applies IFRS 11 to all joint arrangements. Investments in joint arrangements are classified as either joint operations or joint ventures, depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains or losses on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Accounting treatment for subsidiaries in company financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

Dividend income from subsidiaries is recognised in the income statement when the right to receive payment is established.

FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Rands, which is the Group's presentation currency.

FOREIGN CURRENCY TRANSLATION CONTINUED

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. Foreign exchange gains and losses that relate to borrowings, cash and cash equivalents, remeasurement of forward exchange contracts and participation hedges related to borrowings and cash and cash equivalents are presented in the income statement within "finance income or cost". All other foreign exchange gains and losses are presented in the income statement within operating profit.

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented is translated at the closing rate at the date of that statement of financial position.
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).
- All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation less impairment losses, except for land and capital work-in-progress which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of the assets. Costs may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

The Group's sugarcane roots, litchi trees and banana plants are bearer plants under the definition in IAS 41 Agriculture and are therefore accounted for under the rules for property, plant and equipment.

Depreciation is provided on property, plant and equipment at rates that reduce the cost thereof to estimated residual values over the expected useful lives of the asset on a straight-line basis. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Where assets are identified as being impaired, that is when the recoverable amount has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement as part of operating profit.

Depreciation is calculated over the following estimated useful lives:

Buildings	15 to 50 years
Leasehold improvements	Shorter of useful life of 20 years or period of lease
Plant and equipment	
– Capitalised and owned	1 to 40 years
Vehicles	
– Capitalised and owned	3 to 12 years
Furniture	6 to 20 years
Aircraft	8 to 20 years
Bearer plants	10 years

Capital work-in-progress is not depreciated until such time as the asset is available for use.

Land is not depreciated.

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to prepare for its intended use is added to the cost of the asset, until such time as the asset is substantially complete. A substantial period of time is considered to be a period exceeding 12 months. Capitalisation is suspended during extended periods in which active development is interrupted. All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

INTANGIBLE ASSETS

Trademarks and customer relationships

Separately acquired trademarks are shown at historical cost. Trademarks and customer relationships acquired in a business combination are recognised at fair value at the acquisition date.

The useful lives of trademarks are assessed to be either finite or indefinite. The useful lives of customer relationships are considered to be finite. Trademarks with finite lives and customer relationships are amortised over the useful life on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation periods and amortisation methods are reviewed annually.

The useful lives of intangible assets are as follows:

Trademarks	Indefinite/15 to 20 years
Customer relationships	10 to 20 years

Trademarks with indefinite lives are not amortised but are reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment to a finite life is made on a prospective basis.

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. It is reported in the statement of financial position as a non-current asset and carried at cost less accumulated impairment losses. Goodwill is allocated to each of the Cash Generating Units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at a CGU level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value-in-use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Computer software

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product to use;
- There is an ability to use or sell the software product;
- The software product will generate probable future economic benefits;
- Adequate technical, financial and other resources are available to complete the development and to use the software product; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development, employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed 20 years and are stated at cost less accumulated amortisation.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life, for example goodwill and certain trademarks, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGU). Non-financial assets other than goodwill that were impaired, are reviewed for possible reversal of the impairment at each reporting date.

DISPOSAL GROUPS HELD FOR SALE

Disposal groups are classified as assets and liabilities held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

INVENTORIES

Finished goods, raw materials, ingredients and consumables are valued at the lower of cost and net realisable value. Finished goods are determined on a first-in first-out basis for all Group divisions except for the Sugar business unit, within RCL FOODS Sugar & Milling, and the Speciality business unit, within RCL FOODS Consumer, where inventory is valued at weighted average cost. Raw materials, ingredients and consumables are determined on a weighted average cost basis.

Costs include expenditure incurred in acquiring the inventories and bringing them to their present location and condition, all direct production costs and an appropriate portion of overheads based on normal capacity. Slaughtered chickens and sugar are transferred to inventory at fair value less estimated point-of-sale costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

BIOLOGICAL ASSETS

The fair value of the biological assets is determined on the following basis:

Consumable biological assets, comprising standing sugarcane, litchi fruit and bananas, are measured at their fair value, determined on current estimated market prices less estimated harvesting, transport, packing and point-of-sales costs;

- Standing cane is valued at estimated sucrose content, age and market price.
- Growing fruit is valued at estimated yield, quality standard, age and market price.

The sugar cane roots, litchi trees and banana plants are bearer plants and are therefore presented and accounted for as property, plant and equipment. However, the standing cane and fruit growing on the plants are accounted for as biological assets until the point of harvest. Sugarcane, litchi fruit and bananas are transferred to inventory at fair value less costs to sell when harvested. Changes in fair value of sugarcane, litchi fruit and bananas are recognised in the statement of profit or loss.

Live broiler birds and breeding stock are measured at fair value less estimated point-of-sale costs at reporting dates. Fair value is determined based on market prices.

The fair values of biological assets are level 3 fair values as defined in note 27 of the consolidated financial statements.

Breeding stock includes the Cobb grandparent breeding and the parent rearing and laying operations. Broiler hatching eggs are included in breeding stock.

Gains and losses arising on the initial recognition of biological assets at fair value less estimated point-of-sale costs and from a change in fair value less estimated point-of-sale costs are recognised in the income statement in the period in which they arise.

STATED CAPITAL

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

CURRENT AND DEFERRED TAX

The tax expense for the period comprises current and deferred tax.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the company and the company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. Interest and penalties are included as part of other payables.

CURRENT AND DEFERRED TAX CONTINUED

Deferred tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date in the countries where the company and the company's subsidiaries operate and generate taxable income, and that are expected to apply to the period when the liability is settled or asset realised. Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax value used in the computation of taxable income. Deferred tax assets are raised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

A deferred tax liability is recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates, unless there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

CAPITAL GAINS TAX (CGT)

CGT is levied when capital assets are disposed of or deemed to be disposed of. CGT is levied on the difference between the proceeds on the sale of capital assets and the base cost (tax value) of the capital asset. The capital gain is included at a rate of 80,0% in the taxable income of the company. Capital losses are ring-fenced.

EMPLOYEE BENEFITS

Retirement funds

The Group operates defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The assets of the plans are held in separate trustee-administered funds. These plans are funded by payments from the employees and the Group, taking into account recommendations of independent qualified actuaries.

The Group's contributions to the defined contribution pension plans are charged to the income statement in the period to which they relate. The Group has no defined benefit pension plans in operation.

Post-retirement medical benefits – defined benefit plan

For RCL FOODS Consumer Proprietary Limited and Vector Logistics Proprietary Limited employees engaged pre-October 2003 and January 1997 respectively, the Group provides post-retirement medical benefits to its retirees. Foodcorp Proprietary Limited and RCL FOODS Sugar & Milling Proprietary Limited provide post-retirement medical benefits to certain retired employees. The entitlement to post-retirement medical benefits is based on the employees remaining in service up to retirement age. The projected unit credit method of valuation is used to calculate the liability for post-retirement medical benefits and is calculated annually by independent actuaries.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded immediately in other comprehensive income, in the financial year in which they arise. Past service costs are recognised immediately in the income statement.

Incentive plan

The Group recognises a liability where contractually obliged or where there is past practice that has created a constructive obligation. Management participates in an incentive plan whereby bonuses are paid in respect of out-performance against targets. All bonuses are authorised by the Remuneration and Nominations Committee.

Share-based payments

The Group operates share-based compensation plans under which the Group receives services from employees as consideration for equity instruments (rights) of the Group. The fair value of the employees' services received in exchange for the grant of the rights is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the rights granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

EMPLOYEE BENEFITS CONTINUED

Share-based payments continued

Non-market performance and service conditions are included in assumptions about the number of rights that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are satisfied.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity, and is based on the Group's estimate of rights that will eventually vest. Fair value is measured by the use of a binomial model excluding non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of rights that are expected to vest.

At each reporting date, the Group revises its estimates of the number of rights that are expected to vest based on non-market vesting conditions. The Group recognises the impact on the original estimates, if any, in the income statement with a corresponding adjustment to equity.

When the rights are exercised, the company issues new shares. The proceeds received, net of any directly attributable transaction costs, are credited to share capital when the rights are exercised.

The grant by the Group of rights over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

BEE TRANSACTIONS

BEE transactions where the Group receives or acquires goods or services as consideration for the issue of equity instruments of the Group are treated as share-based payment transactions.

BEE transactions, where employees are involved, are measured and accounted for on the same basis as share-based payments, as disclosed above.

Transactions in which share-based payments are made to parties other than employees are measured by reference to the fair value of equity instruments granted if no specific goods or services are received. Vesting of the equity instrument occurs immediately and an expense and related increase in equity is recognised on the date that the instrument is granted. No further measurement or adjustments are required as it is presumed that the BEE credentials are received upfront. Incremental costs that are directly associated with the BEE transaction are expensed immediately in the income statement.

LEASES

Leases of property, plant and equipment where the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. Finance leased assets are capitalised at the lease's commencement at the lower of the fair value of the leased asset and the present value of the future minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in non-current liabilities. The assets are depreciated over the shorter of the period of the lease or the period over which the particular category of asset is otherwise depreciated.

Leases where the lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

The Group ensures that the following two requirements are met in order for an arrangement transacted by the Group to be classified as a lease:

- Fulfilment of the arrangement is dependent on the use of an asset or assets, and this fact is not necessarily explicitly stated by the contract but rather implied.
- The arrangement in substance conveys a right to use the asset.

The Group's assessment of whether an arrangement contains a lease is made at the inception of the arrangement, with reassessment occurring in the event of limited changes in circumstances.

Where the Group concludes that it is impracticable to separate payments for the lease from other payments required by the arrangement:

- In the case of a finance lease, the Group recognises an asset and a liability at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate of interest.
- In the case of an operating lease, all payments under the arrangement are treated as lease payments.

REVENUE

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is disclosed net of value added tax, returns, rebates and discounts and after eliminating sales within the Group.

Sales of goods comprise the sale of milling, agricultural produce and consumer goods. Sales of services comprise logistics and distribution services where the Group acts as an agent on behalf of a principal and earns commission.

Consulting services are recorded in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Revenue is recognised when a Group entity has delivered products to the customer (in the case of services when the underlying products have been delivered), the customer has accepted the products, the amount of revenue can be reliably measured and collectability of the related receivable is reasonably assured.

The Group bases its estimates of incentive rebates and settlement discounts on historical results.

INTEREST INCOME

Interest income is recognised using the effective interest rate method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate. Interest income is disclosed under finance income in the income statement.

DIVIDEND INCOME

Dividend income is recognised when the right to receive payment is established. Dividend income is included in operating profit in the income statement as part of other income, except when received from associates and joint ventures accounted for under the equity method, in which case the dividend income is credited to the investment.

FINANCIAL INSTRUMENTS

Financial instruments recognised on the statement of financial position include short- and long-term loans and receivables, derivative instruments, trade and other receivables, cash and cash equivalents, trade and other payables and interest-bearing debt.

The Group classifies its financial assets at fair value through profit and loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The Group classifies its financial liabilities apart from derivatives as other financial liabilities. Derivative financial liabilities are classified as financial liabilities at fair value through profit and loss.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss comprise derivative instruments, unless designated as hedges and are financial assets held-for-trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit and loss are recognised in the income statement in the period in which they arise.

Financial assets carried at fair value through profit and loss are initially recognised at fair value and transaction costs are expensed in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise long- and short-term loans, trade and other receivables and cash and cash equivalents in the statement of financial position.

Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss comprise derivative instruments unless designated as hedges. Gains or losses arising from changes in the fair value of the derivatives at fair value through profit and loss are recognised in the income statement in the period in which they arise.

Financial liabilities carried at fair value through profit and loss are initially recognised at fair value and transaction costs are expensed in the income statement.

Other financial liabilities

Other financial liabilities consist of trade and other payables and interest-bearing borrowings. These represent financial liabilities which are not classified as financial liabilities at fair value through profit and loss. They are included in current liabilities, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current liabilities.

FINANCIAL INSTRUMENTS CONTINUED

Derecognition

Financial assets (or a portion thereof) are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Group has substantially transferred all risks and rewards of ownership. On derecognition, the difference between the carrying amount of the financial asset and the proceeds receivable is included in the income statement.

Financial liabilities (or a portion thereof) are derecognised when the obligation specified in the contract is discharged, cancelled or expires. On derecognition, the difference between the carrying amount of the financial liability, and any amount paid is included in the income statement.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets and liabilities at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and other financial liabilities are carried at amortised cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit and loss" category are presented in the income statement in the period in which they arise. Dividend income from these assets is recognised in the income statement when the Group's right to receive payment is established.

Accounting for derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either a) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); b) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in notes 9 and 27. Movements on the hedging reserve are recorded in other comprehensive income.

Trading derivatives are classified as a current asset or liability. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months after the end of the reporting period and, as a current asset or liability, if the maturity of the hedged item is less than 12 months after the end of the reporting period.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Group applies fair value hedge accounting for hedging foreign currency risk on certain foreign currency denominated balances. The gain or loss relating to the effective and ineffective portion is recognised in the income statement under foreign exchange gains or losses. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedge item, for which the effective interest rate method is used, is amortised to profit and loss over the period to maturity.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are reclassified in the income statement in the periods when the hedged item will affect profit and loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of fixed assets. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

FINANCIAL INSTRUMENTS CONTINUED

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting and are accounted for at fair value through profit and loss. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement. Changes in the fair value of derivatives that are utilised for financing activities are recorded in finance costs or finance income.

Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or 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 where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, 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 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 and the amount of the loss is recognised in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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 (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

Fair value estimation

The fair value of financial instruments and non-financial assets traded in active markets (such as publicly traded derivatives) is based on quoted market prices at the statement of financial position date. The quoted market price used for assets held by the Group is the current market price; the appropriate quoted market price for liabilities is the current ask price. These comprise level 1 fair values. The Group did not have any level 1 financial instruments or non-financial assets in the current and previous financial year.

The fair value of financial instruments and non-financial assets that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group used a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. The fair value of forward exchange contracts is determined using forward exchange market rates at the statement of financial position date. These comprise level 2 fair values.

Other financial instruments and non-financial assets are valued using other techniques, such as estimated discounted cash flows. This relates to the fair values of the Group's biological assets, the term-funded debt package and assets classified as held for sale which are level 3 fair values.

Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest rate method, less accumulated impairment losses. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are included in current liabilities on the statement of financial position.

Trade and other payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

FINANCIAL INSTRUMENTS CONTINUED

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Deferred income

Deferred income represents interest income not yet earned on loans received from the Land Bank as a result of the interest rate charged being below market-related rates and unearned income received from AgriSETA for training purposes. The deferred income is recorded in the income statement over the period of the loan in the same manner that the effective interest expense on the loan is charged to the income statement, in the case of the Land Bank, and when the training has been completed, in the case of the AgriSETA income.

DIVIDEND DISTRIBUTION

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's Board.

OPERATING SEGMENTS

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

STATEMENT OF COMPREHENSIVE INCOME LINE ITEMS

The following additional line items, headings and subtotals are presented on the face of the statement of comprehensive income as management believes them to be relevant to the understanding of the Group's financial performance:

- Operating profit before depreciation, amortisation and impairment being the trading income of the Group.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions and sources of estimation uncertainty at the reporting date that could have significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the new financial year are listed below:

Useful lives and residual values of assets

Items of property, plant and equipment and intangible assets are depreciated over their useful lives taking into account residual values, where applicable. Useful lives and residual values are reviewed annually, taking into account factors such as the expected usage, physical output, market demand for the output of the assets and legal or similar limits on the assets. Intangible assets with indefinite useful lives are reviewed annually to determine whether events and circumstances exist that continue to support an indefinite useful life assessment for that asset.

Impairment of assets other than goodwill and trademarks

Due to the prior year restructure of the Chicken business unit an indicator of impairment was present. In accordance with IAS 36 an impairment assessment was performed and as a result assets within the Consumer segment were impaired. Further details on the impairment are provided in note 1 to the financial statements. For the year ended June 2018, the indicators were assessed and no further impairments were considered necessary.

Goodwill and trademarks

Goodwill and indefinite life trademarks are considered for impairment at least annually.

Determining whether goodwill is impaired requires an estimation of the value-in-use of the CGUs to which goodwill has been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value of future cash flows. Management estimates the discount rate using pre-tax rates that reflect current market assessments of the time value of money and risks specific to the CGUs. The growth rates are based on industry and customer growth forecasts.

ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED JUNE 2018

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY CONTINUED

Goodwill and trademarks continued

Determining whether trademarks are impaired requires an estimation of the value-in-use of the trademark. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the trademark and a suitable discount rate in order to calculate the present value of future cash flows. Management estimates the discount rate using pre-tax rates that reflect current market assessments of the time value of money and risks specific to the CGUs. The growth rates are based on industry and customer growth forecasts.

The key assumptions used in the calculations and a sensitivity analysis are disclosed in note 2 to the consolidated financial statements.

If a component of the CGU is being disposed of, goodwill is allocated to the component, based on the relative fair values of the component and remaining operations of the CGU, unless a more appropriate basis is applicable.

Fair value assessment of biological assets

The key assumptions used in the calculation of the fair value of chicken, banana and sugarcane biological assets and a sensitivity analysis are disclosed in note 27 to the consolidated financial statements.

Provision for sugar shortage

The provision relates to the sugar shortage at year-end, the purpose of the provision is to calculate on an acceptable method the handling losses in those stockholding areas where accurate stock counts cannot be performed and reliance is placed on the work of quantity surveyors.

Liability for post-retirement medical benefits

The liability is determined by annual actuarial valuations. The key assumptions relating to the actuarial valuations and a sensitivity analysis are disclosed in note 14 to the consolidated financial statements.

Share-based payments and BEE share-based payment awards

The key assumptions used in the calculation of the fair value of grant date options awarded for share appreciation rights conditional share plans and options awarded in terms of the Group BEE transaction is disclosed in note 11 and note 31 to the consolidated financial statements.

Valuation of financial instruments

The value of the derivative instruments fluctuates on a daily basis and the actual amounts realised may differ materially from their value at the statement of financial position date. A sensitivity of movements in commodity prices and its impact on our open derivative positions is shown in note 27 to the consolidated financial statements.

IMPACT OF FUTURE AMENDMENTS TO ACCOUNTING STANDARDS AND INTERPRETATIONS

Management has considered all standards, interpretations and amendments that are in issue but not yet effective.

The standards, interpretations and amendments that are relevant to the Group but which the Group has not early adopted are as follows:

IFRS 9 Financial instruments

The complete version of IFRS 9 replaces most of the guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets; amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39.

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss.

IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

The standard is effective 1 January 2018, and will be applied for the first time in the Group's 2019 financial year.

IMPACT OF FUTURE AMENDMENTS TO ACCOUNTING STANDARDS AND INTERPRETATIONS CONTINUED

IFRS 9 Financial instruments continued

Management have reviewed the Group's financial assets and liabilities with the following impacts expected:

- Hedging – no impact is expected. The Group makes limited use of hedge accounting currently and hence no material change in the results is expected from the adoption of IFRS 9. The Group will reassess should there be a material change in the use of hedge accounting going forward.
- Classification – apart from derivative financial assets, all financial assets of the Group are carried at amortised cost. No material change is expected from the adoption of IFRS 9.
- Investment in subsidiaries – In the Company financial statements, investments in subsidiaries are carried at cost. No change to the classification and measurement of investments in subsidiary will be required with the adoption of IFRS 9, as IAS 27 provides the option to carry investments in subsidiaries at either cost or in accordance with IFRS 9. No impact is expected in the consolidated financial statements.
- The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15 'Revenue from Contracts with Customers' loan commitments and certain financial guarantee contracts. The ECL model will apply to the Group's trade and other receivables (financial instruments), cash and cash equivalents and loans receivable. The Group has a history of minimal bad debt write-offs and has credit insurance in place over a majority of its trade debtors (refer note 27 to the consolidated financial statements). The Group will apply the matrix approach in its assessment of expected credit losses on trade debtors. Based on the ECL assessments undertaken to date, the financial impact of the new model is not expected to be material on the trade and other receivables or cash and cash equivalent impairment provisions. The assessment of the impact on loans receivable is still ongoing.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

IFRS 15 Revenue from contracts with customers

This is the converged standard on revenue recognition. It replaces IAS 11, "Construction contracts", IAS 18, "Revenue" and related interpretations.

Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

IFRS 15 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard is effective 1 January 2018, and will be applied for the first time in the Group's 2019 financial year.

Management have assessed the effects of applying IFRS 15 on the Group's financial statements and has identified that the application of IFRS 15 will result in the disclosure of additional revenue, in limited instances within the Sugar & Milling division, relating to transport income which has been identified as an additional separate performance obligation to the sale of goods. The change will impact the classification of transport income and will not impact timing or measurement. No impact on net profit of the Group is expected.

The Group intends to apply the full retrospective approach and will restate comparative amounts for the year prior to first adoption.

IMPACT OF FUTURE AMENDMENTS TO ACCOUNTING STANDARDS AND INTERPRETATIONS CONTINUED

IFRS 16 Leases

IFRS 16 replaces IAS 17, "Leases"and has a significant impact on the accounting treatment of leases for lessees.

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the term is 12 months or less or the underlying asset has a low value.

IFRS 16's approach to lessor accounting remains substantially unchanged from IAS 17, "Leases".

IFRS 16 provides disclosure requirements to allow for information to be provided in the notes that, together with information in the statement of financial position, statement of comprehensive income and the statement of cash flows, gives a basis for users to assess the effect that leases have.

The standard is effective 1 January 2019, and will be applied for the first time in the Group's 2020 financial year.

The standard will affect the accounting for the Group's operating leases and arrangements containing a lease, which will result in right of use assets and lease liabilities being recognised. Management has identified an ERP system for managing the accounting of leases going forward and is still in the process of assessing the quantitative impact on the Group.

Amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures

The amendments affect how an entity should determine any gain or loss it recognises when assets are sold or contributed between the entity and an associate or joint venture in which it invests.

The amendments are not yet effective and have been postponed.

IFRIC 23 Uncertainty over income tax treatments

The interpretation specifies how an entity should reflect the effects of uncertainties in accounting for income taxes.

The amendments are effective for the annual periods beginning 1 January 2019, will be effective for the Group from the 2020 financial year. IFRIC 23 is not expected to have a material impact on the Group.

Improvements to IFRS 2015 to 2017

The amendments below are effective for the annual period beginning 1 January 2019, will be effective for the Group from the 2020 financial year and are not expected to have a material impact on the Group.

Amendments to IFRS 3 Business Combinations

The amendments clarify that when an entity obtains control of a business that is a joint operation, it is required to remeasure previously held interests in that business.

Amendments to IFRS 11 Joint Arrangements

The amendments clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business.

Amendments to IAS 12 Income Taxes

The amendments clarify that all income tax consequences of dividends should be recognised in profit and loss, regardless how the tax arises.

Amendments to IAS 23 Borrowing costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 2018

1. PROPERTY, PLANT AND EQUIPMENT

June 2018	Land and buildings R'000	Plant, equipment and furniture R'000	Aircraft R'000	Vehicles R'000	Capitalised leased assets: Plant R'000	Capitalised leased assets: Vehicles R'000	Capitalised leased assets: Buildings R'000	Leasehold improve ments R'000	Bearer Plants R'000	Capital work-in-progress R'000	Total R'000
Cost											
At the beginning of the year	**2 744 972**	**6 265 454**	**41 400**	**772 873**	**57 638**		**119 138**	**72 474**	**314 912**	**382 365**	**10 771 226**
Transfers between categories and intangible assets	3 412	23 080		(27)				(26 465)		(21 273)	(21 273)
Additions*	82 036	491 640	3 733	82 016	2 274	3 507		627	48 689	99 872	814 394
Disposals	(28 354)	(136 188)		(32 093)				(295)	(15 263)		(212 193)
Acquisition of businesses**		115 466		144							115 610
Transferred (to)/from held for sale	(4 373)	(27 217)		2 287							(29 303)
At the end of the year	**2 797 693**	**6 732 235**	**45 133**	**825 200**	**59 912**	**3 507**	**119 138**	**46 341**	**348 338**	**460 964**	**11 438 461**
Accumulated depreciation											
At the beginning of the year	980 939	3 443 777	920	397 996	10 494		16 298	7 842	96 958	95 717	5 050 941
Transfers between categories and intangible assets	3 020	(1 206)		(24)				(1 781)			9
Impairment loss	3 418	5 519									8 937
Impairment loss reversed		(455)									(455)
Transferred to/(from) held for sale	(2 861)	(14 411)		1 537							(15 735)
Disposals	(15 861)	(127 672)		(25 099)				(295)	(10 834)		(179 761)
Depreciation	87 482	433 463	1 915	67 821	11 837	533	7 912	4 801	35 932		651 696
At the end of the year	**1 056 137**	**3 739 015**	**2 835**	**442 231**	**22 331**	**533**	**24 210**	**10 567**	**122 056**	**95 717**	**5 515 632**
Net book amount	**1 741 556**	**2 993 220**	**42 298**	**382 969**	**37 581**	**2 974**	**94 928**	**35 774**	**226 282**	**365 247**	**5 922 829**

* *Transfers out of capital work-in-progress have been disclosed within additions of each of the appropriate individual categories.*

** *Refer to note 34 for details of acquisitions.*

1. PROPERTY, PLANT AND EQUIPMENT CONTINUED

June 2017	Land and buildings R'000	Plant, equipment and furniture R'000	Aircraft R'000	Vehicles R'000	Capitalised leased assets: Plant R'000	Capitalised leased assets: Vehicles R'000	Capitalised leased assets: Buildings R'000	Leasehold improve ments R'000	Bearer Plants R'000	Capital work-in-progress R'000	Total R'000
Cost											
At the beginning of the year	2 688 917	6 011 055	25 341	751 589	69 619	4 514	119 138	25 496	264 405	452 266	10 412 340
Transfers between categories and intangible assets	108	26 992		4 514	(27 100)	(4 514)				(14 661)	(14 661)
Additions*	113 796	466 909	50 926	73 688	15 119			52 543	72 933	(52 699)	793 215
Disposals	(6 891)	(130 198)		(34 049)				(5 565)	(22 426)	(2 541)	(201 670)
Transferred to held for sale	(50 958)	(108 254)	(34 867)	(22 869)							(216 948)
Exchange differences on translation of foreign operations		(1 050)									(1 050)
At the end of the year	2 744 972	6 265 454	41 400	772 873	57 638		119 138	72 474	314 912	382 365	10 771 226
Accumulated depreciation											
At the beginning of the year	893 154	3 063 581	6 316	362 819	12 061	2 254	7 988	7 949	56 935	95 717	4 508 774
Transfers between categories and intangible assets	31	13 513	5 000	(2 746)	(13 544)	(2 254)					
Impairment loss	4 961	167 324	8 468	896							181 649
Impairment loss reversed		(3 100)									(3 100)
Transferred to held for sale	(7 396)	(97 141)	(21 827)	(19 341)							(145 705)
Disposals	(3 795)	(117 464)		(25 183)				(5 533)	(13 208)		(165 183)
Depreciation	93 984	418 063	2 963	81 551	11 977		8 310	5 426	53 231		675 505
Exchange differences on translation of foreign operations		(999)									(999)
At the end of the year	980 939	3 443 777	920	397 996	10 494		16 298	7 842	96 958	95 717	5 050 941
Net book amount	1 764 033	2 821 677	40 480	374 877	47 144		102 840	64 632	217 954	286 648	5 720 285

* *Transfers out of capital work-in-progress have been disclosed within additions of each of the appropriate individual categories.*

	2018 R'000	2017 R'000
1. PROPERTY, PLANT AND EQUIPMENT CONTINUED		
Capital commitments:		
Contracted and committed	**327 259**	155 492
Approved but not contracted	**586 140**	354 869

Capital commitments include all projects for which specific Board approval has been obtained up to reporting date. The capital expenditure will be financed from available resources.

A register of land and buildings is available for inspection at the registered office of RCL Foods Limited.

The Group leases various plant and machinery, vehicles and buildings under finance lease arrangements. The lease terms are between three and 15 years. The net book value of the assets leased amounts to R135,5 million (2017: R150,0 million).

Impairments

Impairment losses of R8,9 million were recognised during the current financial year. An impairment loss of R8,5 million in the Consumer segment relates to assets at the Speciality business unit's Centurion site, which was damaged in a fire. An impairment loss of R0,4 million in the Sugar & Milling segment relates to certain assets becoming redundant during the year. In addition, a reversal of impairment losses previously recognised of R0,4 million (2017: R3,1 million) was recorded during the year due to certain assets being brought back into use, in the Sugar & Milling segment.

During the previous financial year, a specific impairment of R171,8 million was recognised within the Consumer segment. The impairment was due to the implementation of a revised business model within the Chicken business unit and related to specific assets identified as redundant, which were fully impaired.

The Group has assessed whether there is any indication that the previous impairment losses no longer exists or have decreased. At June 2018, there were no indications that any previously recognised impairment losses should be reversed, apart from those reversed in the year.

2. INTANGIBLE ASSETS

	Software R'000	Trademarks R'000	Customer relation-ships R'000	Goodwill R'000	Capital work-in -progress R'000	Total R'000
June 2018						
Opening net book amount	89 427	1 521 455	586 650	2 658 493	25 380	4 881 405
Acquisition of business*				4 648		4 648
Additions**	62 406				(28 298)	34 108
Disposals	(12)					(12)
Transfers from property, plant and equipment					21 282	21 282
Transfers to held for sale				(129 979)		(129 979)
Amortisation charge	(24 968)	(50)	(90 444)			(115 462)
Closing net book amount	126 853	1 521 405	496 206	2 533 162	18 364	4 695 990
Cost	263 176	1 838 259	941 027	2 910 491	18 364	5 971 317
Accumulated amortisation and impairment	(136 323)	(316 854)	(444 821)	(377 329)		(1 275 327)
Net book amount	126 853	1 521 405	496 206	2 533 162	18 364	4 695 990
June 2017						
Opening net book amount	80 869	1 521 505	681 625	2 658 493		4 942 492
Additions**	28 167				13 159	41 326
Disposals	(2)					(2)
Transfers from property, plant and equipment	2 440				12 221	14 661
Amortisation charge	(22 047)	(50)	(94 975)			(117 072)
Closing net book amount	89 427	1 521 455	586 650	2 658 493	25 380	4 881 405
Cost	205 191	1 838 259	941 027	3 035 822	25 380	6 045 679
Accumulated amortisation and impairment	(115 764)	(316 804)	(354 377)	(377 329)		(1 164 274)
Net book amount	89 427	1 521 455	586 650	2 658 493	25 380	4 881 405

* *Refer to note 34 for further details.*
** *Transfers out of capital work-in-progress have been disclosed within additions of each of the appropriate individual categories.*

The remaining useful lives on intangible assets is between 1 and 19 years.

	2018	2017
SOFTWARE		
Finite life		
Amortisation period	3 – 20 years	3 – 20 years
Method of amortisation	Straight-line	Straight-line
Is intangible title restricted in any way	No	No

	2018 R'000	2017 R'000
TRADEMARKS		
The carrying value of trademarks are included in the following cash-generating units (CGU's), within the Consumer and Sugar & Milling segments.		
CGU		
Grocery	438 600	438 600
Beverages	176 540	176 540
Pies	260 000	260 000
Total Consumer Segment	875 140	875 140
Sugar	104	154
Milling	315 141	315 141
Baking	331 020	331 020
Total Sugar & Milling Segment	646 265	646 315
Total Trademarks	1 521 405	1 521 455

	2018	2017
2. INTANGIBLE ASSETS CONTINUED		
TRADEMARKS CONTINUED		
Finite life		
Amortisation period	**15 – 20 years**	15 – 20 years
Method of amortisation	**Straight-line**	Straight-line
Is intangible title restricted in any way	**No**	No

Trademarks comprise Farmer Brown, Bonny Bird, FarmFare and Epol, all of which were acquired on acquisition of Bonny Bird Farms Proprietary Limited and Epol Proprietary Limited in 1991 and Selati which was acquired on acquisition of TSB Sugar RSA Proprietary Limited in 2014.

	2018	2017
Indefinite life		
Is intangible title restricted in any way	**No**	No

Significant trademarks comprise Ouma, Nola, Yum Yum, Nutso, Bobtail, Catmor, Dogmor, Sunbake, Ultra dog, Canine Cuisine, Mageu Number 1, Monati, Optimizer, 5 Star, Mnandi, Supreme, Tafelberg, Safari, Piemans, Feline Cusine and A1 acquired on the acquisition of New Foodcorp Holdings Proprietary Limited (indirectly Foodcorp) in 2013.

The above trademarks are considered to have an indefinite useful life as there is no foreseeable limit to the period over which they are expected to generate cash inflows for the respective CGU's. The assessment was based on a consideration of the underlying products that these trademarks represent which are not subject to obsolescence.

	2018	2017
CUSTOMER RELATIONSHIPS		
Finite life		
Amortisation period	**5 – 20 years**	5 – 20 years
Method of amortisation	**Straight-line**	Straight-line
Is intangible title restricted in any way	**No**	No

Customer relationships arose on the acquisition of New Foodcorp Holdings Proprietary Limited in the 2013 financial year.

GOODWILL

Goodwill relates to the acquisition of Vector Logistics Proprietary Limited in 2005, New Foodcorp Holdings Proprietary Limited in 2013, purchased goodwill which arose on the common control acquisition of RCL FOODS Sugar & Milling Proprietary Limited in the 2014 financial year and goodwill on the acquisition of the sweetener division in the current year (included in Sugar). Refer to note 34 for details of acquisition.

	2018	2017
Goodwill is made up as follows:		
Goodwill arising from a business combination	**2 519 832**	2 645 163
Acquired goodwill	**13 330**	13 330
Total	**2 533 162**	2 658 493

2. INTANGIBLE ASSETS CONTINUED

GOODWILL CONTINUED

	Opening R'000	Additions R'000	Transferred to held for sale R'000	Closing R'000
2018				
Grocery	191 205			**191 205**
Pies	588 615			**588 615**
Speciality	631 110		**(129 979)**	**501 131**
Beverages	258 689			**258 689**
Sugar	13 330	**4 648**		**17 978**
Baking	688 100			**688 100**
Logistics	287 444			**287 444**
Total	2 658 493	**4 648**	**(129 979)**	**2 533 162**

	Opening and closing R'000
2017	
Grocery	191 205
Pies	588 615
Speciality	631 110
Beverages	258 689
Sugar	13 330
Baking	688 100
Logistics	287 444
Total	2 658 493

IMPAIRMENT TEST FOR INDEFINITE USEFUL LIFE INTANGIBLE ASSETS AND GOODWILL

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by the Board, which include assumptions on profit before interest and tax, depreciation, working capital movements and capital maintenance expenditure. Cash flows beyond a five-year period are extrapolated using the estimated growth rates stated below.

	Discount rate pre-tax %	Perpetuity growth rate %	Period Years
2018			
Grocery	**14,9**	**6,0**	**5**
Pies	**14,5**	**6,0**	**5**
Speciality	**14,6**	**6,0**	**5**
Beverages	**14,5**	**6,0**	**5**
Sugar	**14,1**	**6,0**	**5**
Milling	**14,4**	**6,0**	**5**
Baking	**14,3**	**6,0**	**5**
Logistics	**17,6**	**5,0**	**5**
2017			
Grocery	15,0	6,0	5
Pies	14,8	6,0	5
Speciality	14,7	6,0	5
Beverages	14,4	6,0	5
Sugar	13,8	5,0	5
Milling	14,4	6,0	5
Baking	14,2	6,0	5
Logistics	17,8	5,0	5

The perpetuity growth rate is consistent with long-term industry growth forecasts.

2. INTANGIBLE ASSETS CONTINUED

IMPAIRMENT TEST FOR INDEFINITE USEFUL LIFE INTANGIBLE ASSETS AND GOODWILL CONTINUED

Sensitivity analysis of assumptions used in the indefinite useful life intangible assets and goodwill impairment tests:

	Discount rate		Perpetuity growth rate	
	Movement (%)	Impairment (Rm)	Movement (%)	Impairment (Rm)
2018				
Grocery	**+2,0**	**Nil**	**(0,5)**	**Nil**
Pies	**+2,0**	**Nil**	**(0,5)**	**Nil**
Speciality	**+2,0**	**200,3**	**(0,5)**	**41,6**
Beverages	**+2,0**	**64,8**	**(0,5)**	**Nil**
Sugar	**+2,0**	**Nil**	**(0,5)**	**Nil**
Milling	**+2,0**	**252,1**	**(0,5)**	**46,1**
Baking	**+2,0**	**Nil**	**(0,5)**	**Nil**
Logistics	**+2,0**	**Nil**	**(0,5)**	**Nil**
2017				
Grocery	+2,0	Nil	(0,5)	Nil
Pies	+2,0	43,4	(0,5)	Nil
Speciality	+2,0	61,1	(0,5)	Nil
Beverages	+2,0	Nil	(0,5)	Nil
Sugar	+2,0	Nil	(0,5)	Nil
Milling	+2,0	211,8	(0,5)	14,9
Baking	+2,0	Nil	(0,5)	Nil
Logistics	+2,0	Nil	(0,5)	Nil

CAPITAL WORK-IN-PROGRESS

Intangible capital work-in-progress relates mainly to software which is still in the development phase.

	2018 R'000	2017 R'000
3. INVESTMENT IN JOINT VENTURES		
Opening balance	**227 366**	206 036
Share of profits of joint ventures	**28 268**	48 577
Dividends received from joint venture	**(2 591)**	(24 405)
Exchange differences on translation of joint venture	**(4 473)**	(2 842)
Balance at June	**248 570**	227 366

Set out below are the joint ventures of the Group as at June 2018. The joint ventures listed below have share capital consisting solely of ordinary shares, which is held directly by the Group in the ownership percentages indicated below.

Name of entity	Place of business/ country of incorporation	% Ownership interest	Nature of relationship
Akwandze Agricultural Finance Proprietary Limited (Akwandze)	**South Africa**	**50,0***	**note 1**
Mananga Sugar Packers Proprietary Limited (Mananga)	**Swaziland**	**50,0***	**note 2**
Senn Foods Logistics Proprietary Limited (Senn Foods)	**Botswana**	**49,0***	**note 3**
TSGRO Farming Service Proprietary Limited (TSGRO)	**South Africa**	**50,0***	**note 4**

* *In accordance with the agreements under which the relationships are established, parties to the agreement share control of the joint venture through equal contractual representation and voting rights for decisions made by the board of directors.*

Note 1: Akwandze's main activities are to provide production finance and management services to Sugar cane growers. This is a strategic partnership for the Group as it allows the Group to manage the process with Sugar cane growers more effectively. The year-end date of Akwandze is June 2018.

Note 2: Mananga is a sugar packaging and selling company which sells sugar under the First brand in Swaziland as well as in South Africa. Its primary business activity is to purchase sugar from the Swaziland Sugar Association, pack it and sell it as a branded product. This is a strategic partnership for the Group as it allows the Group to access the Swaziland sugar market. The year-end date of Mananga is June 2018.

Note 3: Senn Foods is involved in the trading and distribution of dry, frozen and chilled food. This is a strategic partnership for the Group as the investment extends the Group's footprint into Botswana's distribution market. The year-end date of Senn Foods is March 2018. The use of the different date in applying the equity method is due to the practicality of obtaining the audited June 2018 results timeously.

Note 4: TSGRO's main activities are to provide farm management, development, engineering and procurement services to the small scale sugarcane farmers in the Nkomazi area. The year-end date of TSGRO is June 2018.

There are no quoted market prices available for the joint ventures listed above.

There are no significant restrictions on the ability of the joint ventures to transfer funds to the Group.

The following commitments relate to the Group's interest in the joint ventures:

	2018 R'000	2017 R'000
Guarantee:		
Long-term Loan Guarantee in favour of the Land Bank on behalf of Akwandze	**150 000**	150 000

No losses are expected as the risk of default of debtors are limited due to the fact that some debtors are related to the Group with no history of default. The loans of the debtors not relating to the Group are supported by external suretyships.

3. INVESTMENT IN JOINT VENTURES CONTINUED

Set out below is the summarised financial information for the joint ventures on which equity accounting is applied:

	Akwandze June 2018 R'000	Mananga June 2018 R'000	Senn Foods March 2018 R'000	TSGRO June 2018 R'000	Total 2018 R'000
2018					
Summarised statement of financial position					
Current					
Cash and cash equivalents	44 110	2 472	59 577	2 388	108 547
Other current assets	238 280	244 814	89 719	20 585	593 398
Total current assets	282 390	247 286	149 296	22 973	701 945
Financial liabilities (excluding trade payables)	209 531			3	209 534
Other current liabilities (including trade payables)	17 591	82 990	60 819	8 880	170 280
Total current liabilities	227 122	82 990	60 819	8 883	379 814
Non-current					
Assets (including customer relationships)	59 116	60 731	27 522	12 355	159 724
Financial liabilities	57 940			29 089	87 029
Other liabilities		8 674	551		9 225
Total non-current liabilities	57 940	8 674	551	29 089	96 254
Net assets	56 444	216 353	115 448	(2 644)	385 601

	Akwandze June 2017 R'000	Mananga June 2017 R'000	Senn Foods March 2017 R'000	TSGRO June 2017 R'000	Total 2017 R'000
2017					
Summarised statement of financial position					
Current					
Cash and cash equivalents	61 177	38 164	48 097	1 391	148 829
Other current assets	253 326	209 982	79 481	15 338	558 127
Total current assets	314 503	248 146	127 578	16 729	706 956
Financial liabilities (excluding trade payables)	241 790		1 058	2	242 850
Other current liabilities (including trade payables)	10 420	106 616	61 859	7 410	186 305
Total current liabilities	252 210	106 616	62 917	7 412	429 155
Non-current					
Assets (including customer relationships)	32 359	64 222	36 143	5 101	137 825
Financial liabilities	46 671			17 219	63 890
Other liabilities		8 907	89		8 996
Total non-current liabilities	46 671	8 907	89	17 219	72 886
Net assets	47 981	196 845	100 715	(2 801)	342 740

The above reflects the amounts presented in the financial statements of the joint ventures.

3. INVESTMENT IN JOINT VENTURES CONTINUED

	Akwandze June 2018 R'000	Mananga June 2018 R'000	Senn Foods March 2018 R'000	TSGRO June 2018 R'000	Total 2018 R'000
2018					
Summarised statement of comprehensive income					
Revenue	27 555	940 681	409 817	34 073	1 412 126
Depreciation and amortisation	(42)	(4 666)	(2 137)	(729)	(7 574)
Finance costs	(33 851)	(1 010)		(1 923)	(36 784)
Finance income	18 201	1 446	88	1 043	20 778
Profit before tax	18 940	27 396	32 201	264	78 801
Income tax expense	(5 295)	(7 888)	(8 340)	(107)	(21 630)
Profit after tax	13 645	19 508	23 861	157	57 171
Total comprehensive income	13 645	19 508	23 861	157	57 171
Dividends received from joint ventures	2 591				2 591

	Akwandze June 2017 R'000	Mananga June 2017 R'000	Senn Foods March 2017 R'000	TSGRO June 2017 R'000	Total 2017 R'000
2017					
Summarised statement of comprehensive income					
Revenue	33 256	967 617	388 024	36 766	1 425 663
Depreciation and amortisation	(39)	(4 916)	(2 548)	(559)	(8 062)
Finance costs	(36 443)			(1 562)	(38 005)
Finance income	18 950	2 497	124	800	22 371
Profit before tax	23 949	83 365	27 342	694	135 350
Income tax expense	(6 705)	(23 354)	(7 038)	(159)	(37 256)
Profit after tax	17 244	60 011	20 304	535	98 094
Total comprehensive income	17 244	60 011	20 304	535	98 094
Dividends received from joint ventures	1 312	18 664	4 429		24 405

The above reflects the amounts presented in the financial statements of the joint ventures.

3. INVESTMENT IN JOINT VENTURES CONTINUED

	Akwandze June 2018 R'000	Mananga June 2018 R'000	Senn Foods March 2018 R'000	TSGRO June 2018 R'000	Total 2018 R'000
2018					
Reconciliation of summarised financial information presented to the carrying amount of the joint ventures					
Opening net assets	47 981	196 845	100 715	(2 801)	342 740
Profit for the period	13 645	19 508	23 861	157	57 171
Dividends paid	(5 182)				(5 182)
Exchange differences on translation of joint venture			(9 128)		(9 128)
Closing net assets	56 444	216 353	115 448	(2 644)	385 601
Interest in joint venture (%)	50	50	49	50	
Losses deferred to future reporting periods*				1 322	1 322
Goodwill	4 937	93	50 572	773	56 375
Carrying value	33 159	108 270	107 141		248 570

	Akwandze June 2017 R'000	Mananga June 2017 R'000	Senn Foods March 2017 R'000	TSGRO June 2017 R'000	Total 2017 R'000
2017					
Reconciliation of summarised financial information presented to the carrying amount of the joint ventures					
Opening net assets	33 362	174 161	95 248	(3 336)	299 435
Profit for the period	17 244	60 011	20 304	535	98 094
Dividends paid	(2 625)	(37 327)	(9 038)		(48 990)
Exchange differences on translation of joint venture			(5 799)		(5 799)
Closing net assets	47 981	196 845	100 715	(2 801)	342 740
Interest in joint venture (%)	50	50	49	50	
Losses deferred to future reporting periods*				628	628
Goodwill	4 937	93	50 572	773	56 375
Carrying value	28 928	98 516	99 922		227 366

* *The carrying amount of the investment in TSGRO is Rnil (2017: Rnil), hence profits will only be recognised once cumulative losses have been recouped.*

	2018 R'000	2017 R'000
4. INVESTMENT IN ASSOCIATES		
Opening balance	**513 323**	485 054
Additional investment in Royal Swaziland Sugar Corporation Limited*	**27 286**	
Share of profits of associates	**51 834**	109 516
Dividends received from associate	**(59 803)**	(69 117)
Share of associates other comprehensive income	**(664)**	(2 090)
Exchange differences on translation of associates	**(5 539)**	(10 040)
Balance at June	**526 437**	513 323

* *Includes R0,9 million FEC loss capitalised to the cost of the investment.*

Set out below are the associates of the Group as at June 2018. The associates listed below have share capital consisting solely of ordinary shares, which are held directly by the Group in the ownership percentages indicated below.

Name of entity	Place of business/ country of incorporation	% ownership Interest	Nature of relationship
Royal Swaziland Sugar Corporation Limited (RSSC)	**Swaziland**	**29,1846**	**note 1**
HMH Rainbow Limited (HMH)	**Uganda**	**33,5**	**note 2**

Note 1: RSSC's principal activities are the growing and milling of sugarcane, the manufacture of sugar and the manufacture of ethanol from molasses. RSSC is a strategic partnership for the Group as it provides access into the Swaziland market. In the current financial year a 1,76% additional stake in RSSC was purchased.

The year-end date of RSSC is March 2018, however the Group has equity accounted the results for the year ended June 2018.

As at June 2018 the shares had a fair value of €14,00 (2017: €13,70) per share on the Swaziland Stock Exchange, at a total market value for the Group's investment in RSSC of R393,7 million (2017: R361,9 million). The fair value of the share is a Level 1 input.

Note 2: HMH's principal activities are the rearing and processing of chicken and the production of feed used in the rearing process. HMH is a strategic partnership of the Group as it provides access into the Ugandan market.

There are no quoted market prices available for the investment in HMH.

There are no significant restrictions on the ability of the associate to transfer funds to the Group.

	2018 R'000	2017 R'000
As part of the banking facilities, RSSC and its subsidiary company are liable for the following guarantees:		
Customs and Excise	**10 500**	10 000
Swaziland Government – Labour	**60**	60
Swaziland Government – Sales Tax	**275**	275
Swaziland Government – General Bond	**70**	70
South African Revenue Service – VAT	**550**	550
European Union	**67 708**	69 248
Transnet	**50**	

RSSC is defending a number of actions brought by former employees and suppliers. Liability is not admitted and the RSSC will defend itself against the actions. Due to the nature of the claims a realistic estimate of the potential liability and legal costs is not practical. The directors of RSSC are of the opinion that the total costs, if any, would not be material.

RSSC's bank overdraft facilities are secured by cross guarantees for an unlimited amount between RSSC, Mhlume (Swaziland) Sugar Company Limited and Royal Swazi Distillers Proprietary Limited.

RSSC issued a financing guarantee in favour of the European Union for the repayment of grant funds received for managing the development of approximately 930 hectares of irrigated sugar fields on behalf of two farm organisations. A cash receipt of 4,7 million Euro was received from the European Union with RSSC being obligated to repay the funds if no proof is submitted that the funds have been utilised for the purposes as defined in the grant agreement.

There are no other material contingent liabilities or commitments in associates.

4. INVESTMENT IN ASSOCIATES CONTINUED

Set out below is the summarised financial information for associates:

	RSSC June 2018 R'000	HMH June 2018 R'000	Total June 2018 R'000
2018			
Summarised statement of financial position			
Current			
Cash and cash equivalents	112 233	846	113 079
Other current assets	851 254	31 643	882 897
Total current assets	963 487	32 489	995 976
Financial liabilities (excluding trade payables)	129 065	32 616	161 681
Other current liabilities (including trade payables)	233 202	19 217	252 419
Total current liabilities	362 267	51 833	414 100
Non-current			
Assets	1 590 165	128 656	1 718 821
Total non-current assets	1 590 165	128 656	1 718 821
Financial liabilities	132 857		132 857
Other liabilities	410 080	19 373	429 453
Total non-current liabilities	542 937	19 373	562 310
Net assets	1 648 448	89 939	1 738 387

	RSSC June 2017 R'000	HMH June 2017 R'000	Total June 2017 R'000
2017			
Summarised statement of financial position			
Current			
Cash and cash equivalents	294 577	4 490	299 067
Other current assets	893 252	18 120	911 372
Total current assets	1 187 829	22 610	1 210 439
Financial liabilities (excluding trade payables)	172 598	14 895	187 493
Other current liabilities (including trade payables)	336 984	12 572	349 556
Total current liabilities	509 582	27 467	537 049
Non-current			
Assets	1 412 248	115 905	1 528 153
Total non-current assets	1 412 248	115 905	1 528 153
Financial liabilities	8 571		8 571
Other liabilities	421 846	7 395	429 241
Total non-current liabilities	430 417	7 395	437 812
Net assets	1 660 078	103 653	1 763 731

The above reflects the amounts presented in the financial statements of the associates.

4. INVESTMENT IN ASSOCIATES CONTINUED

	RSSC June 2018 R'000	HMH June 2018 R'000	Total June 2018 R'000
2018			
Summarised statement of comprehensive income			
Revenue	2 807 754	163 359	2 971 113
Depreciation and amortisation	(175 525)	(8 594)	(184 119)
Finance expense	(5 196)	(2 332)	(7 528)
Finance income	39 786		39 786
Profit before tax	260 161	4 029	264 190
Income tax expense	(57 543)	(1 209)	(58 752)
Profit after tax	202 618	2 820	205 438
Other comprehensive income	(2 274)		(2 274)
Total comprehensive income	200 344	2 820	203 164
Dividends received from associate	59 803		59 803

	RSSC June 2017 R'000	HMH June 2017 R'000	Total June 2017 R'000
2017			
Summarised statement of comprehensive income			
Revenue	2 952 355	112 480	3 064 835
Depreciation and amortisation	(178 174)	(7 918)	(186 092)
Finance expense	(6 786)	(2 341)	(9 127)
Finance income	35 248		35 248
Profit/(loss) before tax	560 644	(3 204)	557 440
Income tax expense	(157 327)		(157 327)
Profit/(loss) after tax	403 317	(3 204)	400 113
Other comprehensive income	(7 620)		(7 620)
Total comprehensive income	395 697	(3 204)	392 493
Dividends received from associate	69 117		69 117

The above reflects the amounts presented in the financial statements of the associates.

			Total RSSC June 2018 R'000	RCL Share RSSC June 2018 R'000
Reconciliation of summarised financial information presented to the carrying amount of the associate				
Opening net assets	(%)	27,4202	1 660 078	455 194
Total comprehensive income to date of acquisition of additional interest			467 229	128 114
Dividends paid to date of acquisition of additional interest			(116 591)	(31 966)
Closing net assets at date of acquisition of additional interest			2 010 716	551 342
Carrying value at date of acquisition of additional interest			2 010 716	551 342
Carrying value of 1,76% acquired*				27 286
Carrying value post acquisition	(%)	29,1846		578 628
Total comprehensive income for the period post acquisition of additional interest			(266 885)	(77 889)
Dividends paid post date of acquisition of additional interest			(95 383)	(27 837)
Carrying value				472 902

** Cash proceeds of R26,3 million and foreign exchange loss of R0,9 million.*

4. INVESTMENT IN ASSOCIATES CONTINUED

		HMH June 2018 R'000
Reconciliation of summarised financial information presented to the carrying amount of the associate		
Opening net assets		103 653
Total comprehensive income for the year		2 820
Exchange differences on translation of associates		(16 535)
Closing net assets		89 938
Interest in associate	(%)	33,5
Goodwill		23 406
Carrying value		53 535

		RSSC June 2017 R'000	HMH June 2017 R'000	Total June 2017 R'000
Reconciliation of summarised financial information presented to the carrying amount of the associate				
Opening net assets		1 526 092	128 933	1 655 025
Total comprehensive income for the year		395 697	(3 204)	392 493
Exchange differences on translation of associate		(9 642)	(22 076)	(31 718)
Dividends paid		(252 069)		(252 069)
Closing net assets		1 660 078	103 653	1 763 731
Interest in associate	(%)	27,4202	33,5	
Goodwill			23 406	23 406
Carrying value		455 193	58 130	513 323

	2018 R'000	2017 R'000
5. LOANS RECEIVABLE		
Non-current		
Loans at the beginning of the year	1 555	1 555
Loans advanced during the year	35 920	
Loans repaid during the year	(1 555)	
Loans at the end of the year	35 920	1 555
Secured loans granted to TSGRO Farming Services Proprietary Limited in the amount of R1,6 million were repaid during the year.		
The long-term loan to Siyathuthuka Sugar Estate Proprietary Limited of R35,9 million (2017: Rnil) was granted during the year and is unsecured, interest free with no fixed terms of repayment. These loans have been provided to black owned medium-scale growers.		
Current		
Loans at the beginning of the year	17 200	41 342
Loans advanced during the year	11 872	5 293
Loans repaid during the year		(29 435)
Loans at the end of the year	29 072	17 200

The loan granted to TSGRO Farming Services Proprietary Limited is unsecured and accrues interest at 9,0% (2017: 9,5%) per annum. The loan is repayable on demand.

No amounts included above are past due or impaired.

	2018 R'000	2017 R'000
6. INVENTORIES		
Finished goods	2 136 809	1 770 160
Work-in-progress	11 642	18 115
Raw materials and ingredients	447 558	576 576
Consumables and maintenance spares	330 739	301 771
At the end of the year	**2 926 748**	**2 666 622**
Carrying value of inventory written down to net realisable value	197 899	102 937
Amount expensed as write-down to net realisable value	65 026	35 015

7. BIOLOGICAL ASSETS

	Breeding stock R'000	Broiler stock R'000	Sugarcane plants R'000	Banana fruit R'000	Total R'000
2018					
At the beginning of the year at fair value	273 264	192 132	319 195	6 878	791 469
Gains arising from cost inputs	860 865	2 888 297			3 749 162
Decrease due to harvest/ Transferred to cost of sales	(851 029)	(2 917 732)	(327 434)	(6 878)	(4 103 073)
Fair value adjustments recorded in profit or loss	25 877	13 800	321 271	8 825	369 773
At the end of the year at fair value	**308 977**	**176 497**	**313 032**	**8 825**	**807 331**

	Breeding stock R'000	Broiler stock R'000	Sugarcane plants R'000	Banana fruit R'000	Total R'000
2017					
At the beginning of the year at fair value	348 983	262 777	352 695	3 704	968 159
Gains arising from cost inputs	914 841	3 828 769			4 743 610
Decrease due to harvest/ Transferred to cost of sales	(1 016 404)	(3 897 877)	(351 550)	(3 704)	(5 269 535)
Fair value adjustments recorded in profit or loss	25 844	13 221	318 050	6 878	363 993
Transferred to assets held for sale		(14 758)			(14 758)
At the end of the year at fair value	273 264	192 132	319 195	6 878	791 469

	2018 R'000	2017 R'000
8. TRADE AND OTHER RECEIVABLES		
Non-current		
Other receivables	58 010	12 788
Total	58 010	12 788

Other receivables relate to:

- a deposit made on a finance lease which is only receivable on termination of the lease. The period of the lease is 15 years; and
- the balance of the proceeds on the sale of the Tzaneen operation of R42,2 million, which is repayable over a period of three years. The receivable will be settled in quarterly payments, with interest accruing at 6,80% per annum. Refer to note 10.

	2018 R'000	2017 R'000
Current		
Trade receivables	3 481 763	2 829 908
Less: provision for impairment of trade receivables	(35 656)	(40 000)
Net trade receivables	3 446 107	2 789 908
Prepayments	80 037	64 448
Other receivables*	727 870	597 975
At the end of the year	4 254 014	3 452 331

A summary of the Group's trade receivables covered by insurance or secured by collateral is as follows:

	2018 R'000	2017 R'000
Terms (days)	7 to 90	7 to 120**
Collateral held/insurance	Yes	Yes
Debtors covered by Lombard insurance***	3 348 031	2 463 155
Mortgage bonds – registered value	48 800	48 800
Notarial bonds – registered value	1 450	1 950
Cessions – book value	950	950
Bank guarantees – actual value	1 500	2 900
Total	3 400 731	2 517 755

* *Other receivables include receivables in respect of certain distribution contracts in the Logistics division of R442,1 million (2017: R354,4 million).*

** *Credit terms of 120 days were previously given to certain pre-season Animal Feed customers. The value of these debtors amounted to R0,5 million in the prior year.*

*** *The maximum claim as a result of default on any single claim is R1,35 billion (2017: R1,32 billion).*

	2018 R'000	2017 R'000
Provision for impairment movement		
At the beginning of the year	(40 000)	(59 233)
Receivables impaired	(13 907)	(12 153)
Impairments utilised	5 049	983
Unused amounts reversed	13 202	12 526
Disposal of subsidiary		14 699
Exchange differences		3 178
At the end of the year	(35 656)	(40 000)

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2018 R'000	2017 R'000
Rand	4 221 586	3 429 162
USD	4 362	207
Namibian Dollar	28 066	22 383
GBP		579
Total	4 254 014	3 452 331

All current trade and other receivables are due within one year of the reporting date.

The carrying amount of trade and other receivables approximates their fair values.

9. DERIVATIVE FINANCIAL INSTRUMENTS

	Assets 2018 R'000	Liabilities 2018 R'000	Assets 2017 R'000	Liabilities 2017 R'000
Derivative financial assets and liabilities				
Soya oil options	13			
Soyabean meal options		17 993		757
Maize options		2 603		
Forward exchange contracts	5 018	6 317		
Forward exchange contracts – cash flow hedge			1 339	693
Embedded derivative rentals		3 757		8 779
Interest rate collar option		386		2 766
Total	5 031	31 056	1 339	12 995

The amounts above represent the fair value of the derivative instruments which represent the maximum exposure to credit risk at June 2018.

10. NON-CURRENT ASSETS HELD FOR SALE

	2018 R'000	2017 R'000
Non-current assets held for sale relate to the following segments:		
Assets		
Consumer	156 580	71 102
Sugar & Milling		15 936
Logistics		1 647
Total assets	156 580	88 685
Liabilities		
Consumer		1 221
Logistics		174
Total liabilities		1 395

CURRENT YEAR – CONSUMER

Prepared Lines Operation

Due to declines in profitability within the Speciality business unit, particularly within the Prepared lines, a decision was taken in the current year to exit the Prepared lines and focus on driving growth in the Bakery lines. The assets relating to the Prepared lines have been classified as held for sale as the disposal is expected to be completed in the 2019 financial year.

	2018 R'000	2017 R'000
Assets		
Property, plant and equipment	12 806	
Goodwill*	129 979	
Inventory	12 283	
Total assets	155 068	

* *Goodwill has been allocated from the Speciality CGU, based on the relative fair values of the Prepared lines operation and the remaining operations.*

The Prepared lines operation did not represent a separate major line of business or geographical area and hence have not been presented separately as a discontinued operation.

Chicken Farms

During the 2017 financial year a decision was taken to reduce commodity chicken volumes, which resulted in certain chicken farms becoming dormant. These farms are being marketed for sale and are expected to be sold in the 2019 financial year.

The carrying value is as follows:

	2018 R'000	2017 R'000
Assets		
Property, plant and equipment	1 512	
Total assets	1 512	

	2018 R'000	2017 R'000

10. NON-CURRENT ASSETS HELD FOR SALE CONTINUED

PRIOR YEAR

Tzaneen Operation

During the previous financial year, a decison was taken to dispose of our Tzaneen operation in its entirety. The sale of the operation was concluded in the current financial year. The carrying values of the assets and liabilities disposed of, which belonged to the Consumer and Logistics segments, are as follows:

	2018 R'000	2017 R'000
Assets		
Property, plant and equipment		55 306
Biological assets		14 758
Inventory		2 685
Total assets		72 749
Liabilities		
Trade and other payables		1 395
Total liabilities		1 395

The Tzaneen operation did not represent a separate major line of business or geographical area and hence have not been presented separately as a discontinued operation.

	2018 R'000	2017 R'000
Reconciliaton of carrying amount of Tzaneen operation		
Proceeds*	71 354	
Carrying amount of disposal group	(71 354)	
Profit/(loss) recognised on sale of disposal group		

* *Consists of cash received during the year of R24,7 million and amounts still to be received reported in non-current trade and other receivables (R42,2 million) and current trade and other receivables (R4,4 million). Refer to note 8.*

Sugar & Milling

During the previous financial year, the Group replaced its existing corporate plane. The existing plane was subsequently classified as held for sale. The sale of the plane was concluded in the current financial year.

In addition, certain cane trucks and a premix plant within the Sugar & Milling segment were also classified as held for sale. The sale of these assets was concluded in the current financial year.

Details of the assets classified as held for sale were as follows:

	2018 R'000	2017 R'000
Assets		
Property, plant and equipment		15 936
Total assets		15 936
Reconciliaton of carrying amount of Sugar & Milling assets classified as held for sale		
Proceeds	16 857	
Additions to disposal group	(554)	
Carrying amount of disposal group	(15 936)	
Transferred to Property, plant and equipment	750	
Profit recognised on sale of disposal group	1 117	

		2018 R'000	2017 R'000
11. STATED CAPITAL			
Authorised			
2 000 000 000 (2017: 2 000 000 000) ordinary shares of no par value.			
Issued ordinary shares of no par value:			
	Number of shares		
At the beginning of the year	864 807 445	10 041 690	10 023 804
Shares issued in terms of share incentive schemes	2 520 527	45 551	17 886
At the end of the year	867 327 972	10 087 241	10 041 690
Shares in issue for accounting purposes – June 2018	867 327 972		
Add: shares issued in terms of BEE scheme*	70 758 637		
Statutory shares in issue – June 2018	938 086 609		

* *On 26 May 2014, 44 681 162 shares were issued to the RCL Employee Share Trust, 19 149 069 to Business Venture Investments 1763 (RF) Proprietary Limited and, on 3 April 2014, 6 928 406 shares were issued to Malongoana Investments (RF) Proprietary Limited in terms of a BEE transaction. For accounting purposes these shares are not treated as issued (refer to note 31 for further details).*

The unissued ordinary shares are under the control of the directors until the forthcoming Annual General Meeting.

Issued shares have been fully paid up.

RCL FOODS Share Appreciation Rights Scheme

Details of share appreciation rights awarded under the scheme are as follows:

Award price (cents)	Date rights awarded	Rights at June 2017	Rights awarded during the year	Rights exercised during the year	Rights forfeited during the year	Rights at June 2018	Rights exercisable at June 2018
1 645	1 June 2011	5 160 175		(5 149 547)	(10 628)		
1 415	1 December 2011	117 047		(117 047)			
1 400	1 January 2012	178 529				178 529	178 529
1 436	1 April 2012	287 328				287 328	287 328
1 320	5 September 2012	4 715 523		(3 266 976)		1 448 547	1 448 547
1 458	27 February 2013	126 961		(99 056)		27 905	27 905
1 612	1 June 2013	967 742		(638 709)		329 033	329 033
1 654	4 September 2013	7 619 299		(1 262 154)	(30 798)	6 326 347	3 766 549
1 738	1 December 2013	379 747				379 747	250 633
1 404	1 March 2014**	4 878 385		(1 994 785)	(702 171)	2 181 429	924 319
1 593	4 September 2014***	16 555 805		(2 124 701)	(27 943)	14 403 161	3 844 481
1 796	1 March 2015	2 438 172		(147 690)	(321 750)	1 968 732	550 724
1 592	9 September 2015	11 327 415		(78 165)	(190 413)	11 058 837	
1 366	2 March 2016	1 634 569				1 634 569	
1 405	7 September 2016	19 683 139		(16 355)	(482 601)	19 184 183	
1 556	3 March 2017	3 028 754			(826 376)	2 202 378	
1 536	6 September 2017		18 023 859		(105 971)	17 917 888	
1 677	5 March 2018		761 580			761 580	
		79 098 590	18 785 439	(14 895 185)	(2 698 651)	80 290 193	11 608 048

** *Includes rights awarded to Foodcorp management who joined the scheme for the first time.*

*** *Includes rights awarded to TSB management who joined the scheme for the first time.*

The RCL FOODS Share Appreciation Rights Scheme provides executive directors and selected employees with conditional rights to receive RCL FOODS ordinary shares, referred to as Share Appreciation Rights (SAR).

Within the limits imposed by the company's shareholders and the JSE Limited, the Remuneration and Nominations Committee approves and awards SAR on an annual basis, as well as periodically when either an employee is promoted or a new appointment is made to an appropriate management position. Recipients of SAR become entitled to RCL FOODS shares having a value equal to the increase in the market value of a number of notional RCL FOODS shares. The market value of RCL FOODS shares for the purposes of determining award prices and exercise prices is the volume-weighted average price of all RCL FOODS shares traded on the JSE for the five business days immediately preceding the award dates and exercise dates approved by the Remuneration and Nominations Committee.

11. STATED CAPITAL CONTINUED

SAR awards vest after stipulated periods and are exercisable up to a maximum of seven years from the award dates.

SAR awards vest as follows:

- 33% – third anniversary of award date
- 33% – fourth anniversary of award date
- 34% – fifth anniversary of award date

On resignation, SAR awards which have not yet vested will lapse and SAR awards which have vested may be exercised before the last day of employment. On retirement, unvested SAR awards vest immediately and all SAR awards may be exercised within 12 months from the date of retirement. On death, unvested SAR awards vest immediately and all SAR awards may be exercised by beneficiaries within 12 months from the date of death.

The weighted average fair value of rights awarded during the year was R3,43 (2017: R3,13).

	2018 Rand	2017 Rand
Weighted average award price of rights in issue at the beginning of the year	**15,27**	15,52
Weighted average award price of rights in issue at the end of the year	**15,30**	15,27
Weighted average award price of rights exercised during the year	**15,31**	14,44
Weighted average award price of rights forfeited during the year	**15,22**	15,35
Weighted average award price of rights awarded during the year	**15,42**	14,25
Weighted average share price at date rights exercised during the year	**18,08**	15,60

RCL FOODS Conditional Share Plan
Details of the conditional shares awarded under this scheme are as follows:

Date conditional shares awarded	Conditional shares at June 2017	Conditional shares settled during the year	Conditional shares at June 2018
4 September 2014	246 484	**(246 484)**	
14 December 2015	5 481 764		**5 481 764**
1 March 2017	18 102 823		**18 102 823**
Total	23 831 071	**(246 484)**	**23 584 587**

The weighted average fair value of conditional shares awarded during the prior year was R15,40.

The RCL FOODS Conditional Share Plan (CSP) operates in conjunction with the current Share Appreciation Rights Scheme (SARs). The company only uses CSP to make *ad hoc* allocations as and when deemed necessary and in exceptional circumstances.

Under the CSP, participants will receive a conditional award of shares on the award date at Rnil strike price, provided that they remain in the employment of the company over the vesting period and meet certain performance conditions attached to the award. Shares will be settled to the participants on the vesting date. Participants will have no shareholder or dividend rights before the vesting date.

The fair values of the SAR's and CSP's were calculated using the binomial options pricing model. The inputs into the model for awards issued during the year were as follows:

		2018	2017
Expected volatility	(%)	**24,4 – 26,3**	22,8 – 27,2
Risk-free rate	(%)	**7,2 – 7,8**	7,6 – 8,3
Expected dividend yield	(%)	**3,0**	4,0
Contractual life	(years)	**7,0**	7,0
Weighted average contractual life – rights	(years)	**4,5**	4,5

	2018 R'000	2017 R'000
12. SHARE-BASED PAYMENTS RESERVE		
Employee share scheme		
At the beginning of the year	285 037	223 964
Settlement of exercised rights	(45 551)	(17 886)
Equity component of deferred tax on share-based payments	13 005	
Value of employee services expensed during the year	134 330	78 959
At the end of the year	386 821	285 037
BEE transaction		
At the beginning of the year	228 499	210 899
Employee portion – recurring*	17 600	17 600
At the end of the year	246 099	228 499
Total at the end of the year	632 920	513 536

* *Refer to note 31 for further details.*

	2018 R'000	2017 R'000
13. OTHER RESERVES		
Cash flow hedges		
At the beginning of year	467	9 661
Recycling of cash flow hedges		(11 183)
Revaluation of cash flow hedges	(1 582)	(1 583)
Capitalised to investment (refer to note 4)	934	
Taxation impact	181	3 572
At the end of year		467
Foreign currency translation reserve		
At the beginning of year	4 205	15 856
Currency translation on foreign joint ventures and associates	(10 011)	(10 237)
Recycling of foreign currency translation reserve		(1 414)
At the end of year	(5 806)	4 205
Total at the end of the year	(5 806)	4 672

	2018 R'000	2017 R'000
14. RETIREMENT BENEFIT OBLIGATIONS		
Post-retirement medical benefits	**135 072**	136 668
Post-retirement medical obligation		
The obligation of the Group to pay certain medical aid benefits after retirement is no longer part of the conditions of employment. A number of pensioners and current employees, however, remain entitled to this benefit. The entitlement to this benefit is dependent upon the employee remaining in service until retirement age. The Group also provides certain medical aid benefits to certain retired employees of Foodcorp Proprietary Limited and RCL FOODS Sugar & Milling Proprietary Limited. The last valuation date was June 2018. The unfunded liability for post-retirement medical aid benefits is determined actuarially each year and comprises:		
At the beginning of the year	**136 668**	165 354
Recognised as expense/(income) in the current year	**15 946**	(11 264)
Interest costs	**12 956**	16 141
Past service credit and settlements*		(30 547)
Current service costs	**2 990**	3 142
Remeasurements:	**(12 556)**	(10 712)
Gain from change in financial assumptions	**(8 235)**	(2 998)
Experience gain recognised	**(4 321)**	(7 714)
Benefits paid	**(4 986)**	(6 710)
At the end of the year (and balance per actuarial valuation)	**135 072**	136 668

* *During the previous financial year, the obligation relating to certain pensioners were transferred to an insurer resulting in a settlement reduction of the post-retirement medical aid liability through a voluntary buy-out process.*

		2018	2017
The principal actuarial assumptions are:			
Discount rate	(%)	**7,9 – 8,9**	8,9 – 9,8
Health care cost inflation	(%)	**7,4 – 8,1**	8,3 – 9,1
Mortality – pre-retirement		**	**
Mortality – post-retirement		***	***
Expected contributions for the year ending June 2019		**5 560**	

** *SA85/90 (light) ultimate.*

*** *PA(90) ultimate table rated down two years plus 1,0% improvement per annum from 2006.*

The weighted average duration of the liability is between 6 and 30 years (2017: 5 and 30 years).

14. RETIREMENT BENEFIT OBLIGATIONS CONTINUED

The sensitivity of the obligation to changes in the principal assumptions is:

	Impact on obligation		
	Change in assumption %	Increase in assumption R'000	Decrease in assumption R'000
Discount rate	0,5	(7 741)	9 202
Health care cost inflation	1,0	17 141	(16 423)

Retirement contribution plans

Pension and provident fund schemes

The Group contributes towards retirement funds for all permanent employees who are required to be a member of a Group implemented scheme. These schemes, detailed below are governed by the Pension Funds Act, 1956. Their assets consist primarily of listed shares, fixed income securities, property investments and money market instruments and are held separately from those of the Group. Each of the schemes' assets are administered by a Board of trustees, each of which includes elected employee representatives.

Defined contribution pension and provident fund schemes

The latest audited financial information of the schemes that are administered by the Group all reflect a satisfactory state of affairs. Amounts charged to the income statement are as follows:

	2018 R'000	2017 R'000
Defined contribution pension and provident schemes*:		
– RCL FOODS Pension Fund	46 510	42 277
– RCL FOODS Provident Fund	120 502	100 815
– Namflex Pension Fund	602	568
– TSB ABSA Retirement Fund	18 105	20 564
– SATAWU Provident Fund	3 759	3 220
– TSB Agricultural Provident Fund	3 720	3 566
– TSB ABSA Pension Fund	8 279	9 925
– TSB NBC Provident Fund	25 367	23 387
– Foodcorp Provident Fund	11 956	17 195
– Foodcorp Provident Fund – disability	1 934	1 167
– Momentum Employee Benefits	889	2 165
– Sanlam (TSB Pension Fund)	5	15
– Alexander Forbes	23 836	20 054
– Borwa	67	412
– Liberty Life	224	492
– Old Mutual – SACCAWU	6 768	7 496
– Setshaba	1 274	1 606
– FAWU	2 952	3 015
– Sanlam Group Life	22	33
Total	276 771	257 972

* *The Group is currently in the process of reducing the number of pension and provident funds invested in.*

	2018 R'000	2017 R'000
15. INTEREST-BEARING LIABILITIES		
Long-term		
Institutional borrowings	**37 593**	43 452
Finance lease liabilities	**163 131**	169 962
Term-funded debt package	**1 755 000**	2 852 000
Loan from Ingwenyama Simhulu Trust	**8 000**	8 000
Loans from Akwandze Agricultural Finance Proprietary Limited	**2 259**	5 408
Total	**1 965 983**	3 078 822
Short-term		
Institutional borrowings	**5 859**	5 859
Finance lease liabilities	**11 739**	9 652
Current portion of term-funded debt package	**1 097 000**	
Current portion of long-term loan from Akwandze Agricultural Finance Proprietary Limited	**5 547**	18 023
Short-term loans from Akwandze Agricultural Finance Proprietary Limited	**162 528**	192 849
Total	**1 282 673**	226 383

Institutional borrowings

Institutional borrowings are loans from Futuregrowth Asset Management Proprietary Limited with a carrying value in non-current liabilities of R37,6 million (2017: R43,5 million) and an amount of R5,9 million included in short-term institutional borrowings (2017: R5,9 million). These loans were used to fund new contract grower operations in the Chicken business unit. These loans bear interest at the three month JIBAR with a margin of between 1,5% and 4,25% per annum (2017: 1,5% and 4,25% per annum). The outstanding loan together with the accrued interest is required to be repaid in instalments based on the contract growers operating cycle at intervals of between 40 to 50 days between payments.

The carrying amount of institutional borrowings approximate their fair values.

Finance lease liabilities

The finance lease liabilities bear interest at a rate between 7,0% and 10,0% per annum (2017: 7,0% and 10,0% per annum).

Finance lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

The carrying amount of the finance lease liabilities approximates their fair values.

Term-funded debt package

During the 2015 financial year, the RMB bridging loan was replaced with a term-funded debt package.

The loans bear interest at a floating rate (JIBAR) plus a margin of between 1,80% and 2,25% per annum (2017: between 1,65% and 2,25%).

The details of the loans and the effective interest rate for the year is shown below:

Type	Amount R'000	Term	Effective interest rate
Bullet loan (A)	**1 755 000**	**5 years**	**9,30%**
Bullet loan (B)	**1 097 000**	**4 years**	**9,11%**
Total	**2 852 000**		

Bullet B is payable on 25 February 2019.

In the event that the Net Senior Debt to EBITDA ratio exceeds 2,7 times on a measurement date, the applicable interest rate will be increased by 0,25% until the cover is restored. Net Senior Debt represents all unsubordinated debt less cash and cash equivalents and any investment in money market fund.

15. INTEREST-BEARING LIABILITIES CONTINUED

The terms of the term-funded debt package require lender pre-approval for the following specified events:

- Any acquisition funded from internally generated cash in excess of R250,0 million per annum;
- Any loan or investment in a joint venture in excess of R600,0 million over the period of the debt package;
- More than two dividends paid in a financial year;
- Entering into acquisitions and the payment of dividends requires the Group to meet the financial covenants specified in the term-funded debt package agreement both immediately after the proposed transaction and on a look forward basis for the next interim and year-end reporting date after the proposed transaction; and
- In addition, there are various transactions in the normal course of business which require that the Group remain within the specified financial covenants.

The term-funded debt package requires that the Group comply with the following financial covenants:

	June 2018	June 2017
Senior leverage ratio	**<2,75:1**	<2,75:1
Senior interest cover	**>3,5:1**	>3,5:1

For the year ended June 2018, the Group was within the limits of its financial covenants.

The obligations in respect of the debt package discussed above, have been guaranteed by each of Foodcorp Proprietary Limited, RCL Foods Limited, New Foodcorp Holdings Proprietary Limited, RCL FOODS Sugar & Milling Proprietary Limited, RCL FOODS Consumer Proprietary Limited, Rainbow Farms Investments Proprietary Limited, RCL Group Services Proprietary Limited and Vector Logistics Proprietary Limited.

The above loans of the term-funded debt package are unsecured.

The fair value of the term-funded debt package at June 2018 amounted to R2,85 billion (2017: R2,98 billion). The fair value is calculated using cash flows discounted at a rate based on the ZAR Swap Curve over the period of the loan and are within level 3 of the fair value hierarchy.

Loans from Ingwenyama Simhulu Trust

Libuyile Farming Services Proprietary Limited is a 50% held subsidiary of the Group, which farms sugarcane.

Libuyile Farming Services Proprietary Limited obtained a shareholder loan from Ingwenyama Simhulu Trust during the 2016 financial year. No interest is payable within the first three years. A rate of 4% interest will be charged from years three to five. A prime less 1% interest will be charged after year five. The repayment of the shareholder loan will be considered after year five at a Libuyile Farming Services Proprietary Limited board meeting.

Loans from Akwandze Agricultural Finance Proprietary Limited

Akwandze Agricultural Finance Proprietary Limited is a joint venture of the Group, which provides production finance and management services to Sugar cane growers. Certain funding has been channelled through the Group to small scale growers.

The long-term loans from Akwandze Agricultural Finance Proprietary Limited, amounting to R7,8 million, are repayable annually, over a maximum remaining period of three years. These loans bear interest at a fixed rate of 4% per annum and are secured by a cession over Libuyile Farming Services Proprietary Limited, Mgubho Farming Services Proprietary Limited and Sivunosetfu Proprietary Limited rights and interest in the gross revenue accruing to these companies from all sugarcane cut and delivered to any mill, including revenue from any seed cane sold or disposed otherwise. These loans have been guaranteed by RCL FOODS Sugar & Milling Proprietary Limited.

Various short-term loans amounting to R128,6 million from Akwandze Agricultural Finance Proprietary Limited are repayable within one year. These loans bear interest at prime less 3,75% per annum and are secured by a cession over Libuyile Farming Services Proprietary Limited, Mgubho Farming Services Proprietary Limited and Sivunosetfu Proprietary Limited rights and interest in the gross revenue accruing to these companies from all sugarcane cut and delivered to any mill, including revenue from any seed cane sold or disposed otherwise. These loans have been guaranteed by RCL FOODS Sugar & Milling Proprietary Limited.

The remaining short-term loans from Akwandze Agricultural Finance Proprietary Limited, amounting to R33,9 million, are unsecured, payable on demand and bear interest at a variable rate of 9,0% (2017: 9,5%) per annum.

The carrying amount of these loans approximate their fair values.

16. TRADE AND OTHER PAYABLES

	2018 R'000	2017 R'000
Long-term		
Other payables	6 410	3 157
Total	6 410	3 157
Short-term		
Trade payables	3 269 507	2 313 836
Accruals	1 085 591	1 097 384
Other payables	699 517	987 318
Retrenchment provision*	62 000	
Total	5 116 615	4 398 538

* *The retrenchment provision of R62,0 million relates to retrenchment packages for affected employees in respect of the Speciality Prepared lines exit. Refer to note 10.*

Other long-term payables relate to various deferred bonus and retention schemes within the Group.

The carrying amount of trade and other payables approximate their fair values.

Included in accruals and other payables above are non-financial instruments of R427,8 million (2017: R384,5 million).

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	2018 R'000	2017 R'000
Rand	5 098 384	4 384 419
USD	187	573
Namibian Dollar	14 409	12 879
GBP	52	278
EUR	3 583	389
Total	5 116 615	4 398 538

	2018 R'000	2017 R'000
17. DEFERRED INCOME TAX		
Deferred income tax liability movement:		
At the beginning of the year	**1 248 056**	1 352 915
Charge for the year – income statement	**15 506**	(129 070)
Charge for the year – equity component of deferred tax on share based payments	**(13 005)**	
Charge/(credit) for the year – other comprehensive income	**3 329**	(863)
Prior year (over)/under provision	**(302)**	25 074
At the end of the year	**1 253 584**	1 248 056
Deferred income tax liability comprises:		
Trademarks, property, plant and equipment	**1 383 174**	1 411 488
Inventories and biological assets	**196 352**	221 769
Provisions	**(171 490)**	(197 901)
Derivative financial instruments	**(7 461)**	(2 390)
Investment in associate	**19 640**	21 410
Losses available for set-off against future taxable income	**(122 247)**	(179 420)
Other	**(44 384)**	(26 900)
Total	**1 253 584**	1 248 056
Deferred tax liability due after 12 months	**1 138 568**	1 171 960
Deferred tax liability due within 12 months	**115 016**	76 096
Total	**1 253 584**	1 248 056
Deferred income tax asset movement:		
At the beginning of the year	**6 876**	19 658
Credit/(charge) for the year – income statement	**22 949**	(10 866)
Charge for the year – other comprehensive income	**(5)**	(288)
Prior year under provision	**(1 372)**	(1 628)
At the end of the year	**28 448**	6 876
Deferred income tax asset comprises:		
Provisions	**18 863**	18 536
Derivative financial instruments	**1 943**	2 787
Trademarks, property, plant and equipment	**(12 917)**	(7 637)
Inventories and biological assets	**(24 814)**	
Losses available for set-off against future taxable income	**37 649**	216
Other	**7 724**	(7 026)
Total	**28 448**	6 876
Deferred tax assets due after 12 months	**11 736**	19 443
Deferred tax assets due within 12 months	**16 712**	(12 567)
Total	**28 448**	6 876

Deferred tax is calculated on all temporary differences under the liability method using a principal tax rate of 28,0% (2017: 28,0%) and 33,0% (2017: 33,0%) for Vector Namibia.

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

No deferred tax asset has been recognised for assessed losses amounting to R1,3 million (2017: R1,2 million) and capital losses of R74,0 million (2017: R74,0 million) as it is not envisaged that there will be future taxable profits in the foreseeable future against which the deferred tax asset can be utilised. The assessed losses do not have an expiry date.

	2018 R'000	2017 R'000
18. DEFERRED INCOME		
Non-current liabilities		
Deferred income	22	141
Current liabilities		
Deferred income	7 835	8 338

Libuyile Farming Services Proprietary Limited, Mgubho Farming Services Proprietary Limited and Sivunosetfu Proprietary Limited obtained long-term and short-term loans from Akwandze Agricultural Finance Proprietary Limited which bears interest at 4% and prime less 3,75% per annum. The fair values of these loans were calculated on initial recognition based on market related interest rates that varies between 8,5% and 10,25% per annum in terms of IAS 39. The difference between fair value and cash balance received was recognised as deferred income.

Included in the current portion is unearned funding from AGRISETA amounting to R3,7 million (2017: R2,6 million) which will be utilised to offer apprentices bursaries and for staff development.

	2018 R'000	2017 R'000
19. OPERATING PROFIT		
Revenue	**24 425 996**	24 950 656
Cost of sales	**(18 207 915)**	(19 328 356)
Gross profit	**6 218 081**	5 622 300
Administration expenses	**(1 906 075)**	(1 703 954)
Selling and marketing expenses	**(1 100 240)**	(1 010 749)
Distribution expenses	**(2 598 263)**	(2 808 030)
Other income	**656 841**	676 941
Operating profit	**1 270 344**	776 508
Material and disclosable items – other income:		
Profit on disposal of property, plant and equipment	**103 204**	14 812
Profit on disposal of assets held for sale	**1 117**	
Profit on disposal of subsidiary		4 512
Fair value adjustment on biological assets	**369 773**	363 993
Fair value adjustment on derivatives	**30 403**	411
Bagasse and electricity income	**76 311**	62 529
Foreign exchange gains	**28 170**	12 051
Impairment loss reversed	**455**	3 100
Insurance proceeds	**41 137**	162 388
Rental income	**19 226**	15 326
Material and disclosable items – expenses:		
Operating lease and rental charges	**368 822**	378 539
– land and buildings	**227 694**	227 648
– plant, machinery and equipment	**70 300**	74 632
– vehicles	**39 699**	46 440
– office equipment	**19 621**	12 907
– computer equipment	**11 508**	16 912
Arrangements containing an operating lease*	**626 014**	685 404
– contract grower fees	**272 831**	281 095
– outsourced transport	**353 183**	404 309
Technical consultants and legal fees	**88 711**	92 128
Fair value adjustment on derivatives	**29 581**	328 957
Impairment of property, plant and equipment	**8 937**	181 649
Foreign exchange losses	**26 456**	34 142
Inventory expense	**13 899 569**	14 585 076
Utilities	**1 282 879**	1 235 838
Repairs and maintenance expense	**880 085**	791 106
Loss on disposal of property, plant and equipment	**20 128**	16 692
Directors' remuneration	**31 063**	22 041
– executive	**26 316**	18 046
– non-executive	**4 747**	3 995
Staff costs	**4 402 224**	4 184 550
– salaries and wages	**3 631 769**	3 514 028
– share-based payments	**134 330**	78 959
– retirement benefit costs	**276 771**	256 970
– other post-employment benefits	**15 946**	21 136
– retrenchment costs	**64 472**	58 022
– other	**278 936**	255 435
BEE expense	**17 600**	17 600
Administration fee paid to Group holding company	**21 471**	20 066
Auditors' remuneration	**21 680**	20 305
– fees for the audit	**19 778**	18 488
– prior year overprovision	**(1 249)**	(195)
– disbursements	**1 025**	617
– fees for other services	**2 126**	1 395

** It is not practical to separate the lease element from the total costs paid in respect of these arrangements and accordingly only total costs have been disclosed.*

	2018 R'000	2017 R'000
20. FINANCE COSTS		
Interest – financial institutions	285 987	306 689
Fair value adjustment on interest rate collar option	355	7 661
Transaction costs on term-funded debt	3 392	4 031
Foreign exchange losses		2 334
Interest – Holding company, joint ventures and associates	16 279	36 598
Interest – other	9 091	16 428
Total	315 104	373 741
21. FINANCE INCOME		
Interest – financial institutions	42 371	29 134
Fair value adjustment on interest rate collar option	2 380	
Interest – Holding company, joint ventures and associates	7 771	9 533
Interest – other	10 102	2 332
Total	62 624	40 999
22. INCOME TAX EXPENSE		
Current tax	225 962	217 054
South African	235 914	242 928
Foreign	5 980	7 074
Prior year overprovision	(15 932)	(32 948)
Deferred tax	(6 373)	(91 502)
South African	(7 392)	(117 941)
Foreign	(51)	(263)
Prior year underprovision	1 070	26 702
Total	219 589	125 552
Reconciliation of tax rate:		
Profit before tax	1 097 966	601 859
Tax expense at 28%	307 431	168 521
– capital gains tax	(16 359)	(1 834)
– recognition of previously unrecognised capital losses		(28 916)
– foreign taxation	135	6 613
– share of associates profit	(15 057)	(30 965)
– share of joint ventures profit	(7 915)	(13 602)
– non-taxable income	(6 605)	(4 055)
– prior year over/(under) provision – current	3 241	(32 948)
– prior year overprovision – Section 12L	(19 173)	
– prior year underprovision – deferred	1 072	26 702
– non-deductible impairment of assets	(28)	
– unrecognised deferred tax on losses made	1 317	1 227
– withholding tax on undistributed profits of associate	1 769	3 938
– non-deductible IFRS 2 charges	6 300	14 937
– non-deductible depreciation and amortisation	7 631	7 480
– exercise and settlement of Zambian option		7 460
– Section 12L deduction – energy efficiency	(45 149)	
– other non-deductible items	979	994
Tax charge	219 589	125 552

The tax effects relating to items of other comprehensive income are disclosed in note 13 and on the face of the statement of comprehensive income to the consolidated financial statements.

		2018 R'000	2017 R'000

23. EARNINGS AND HEADLINE EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of shares in issue during the year.

Diluted

Diluted earnings are calculated using the fully diluted weighted average ordinary shares in issue. Dilution is due to shares offered, but not paid and delivered to participants in the BEE transaction, the RCL FOODS Share Appreciation Rights Scheme and RCL FOODS Conditional Share Plan (refer to notes 11 and 31). A calculation is performed to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to outstanding scheme shares. The number of shares calculated below is compared with the number of shares that would have been issued assuming the exercise of the share scheme options.

		2018 R'000	2017 R'000
Earnings			
Profit attributable to equity holders of the company		922 439	515 657
Weighted average number of ordinary shares in issue			
Weighted average number of ordinary shares in issue – basic earnings per share	('000)	865 649	864 167
Share option dilution impact	('000)	20 837	6 321
Weighted average number of shares – diluted earnings per share	('000)	886 486	870 488

	Gross R'000	Net R'000
Headline earnings – June 2018		
Headline earnings reconciliation:		
Profit for the year attributable to equity holders of the company		922 439
Net impairments	8 482	6 107
Insurance proceeds	(15 462)	(11 931)
Profit on disposal of property, plant and equipment	(103 204)	(91 271)
Profit on disposal of assets held for sale	(1 117)	(804)
Loss on disposal of property, plant and equipment	20 128	14 492
Insurance proceeds included in equity-accounted earnings of associates	(3 232)	(2 344)
Loss on disposal of property, plant and equipment included in equity-accounted earnings of associates	1 444	1 047
Headline earnings		837 735
Headline earnings – June 2017		
Headline earnings reconciliation:		
Profit for the year attributable to equity holders of the company		515 657
Gain on disposal of subsidiary	(4 512)	(4 512)
Net impairments	178 549	128 554
Insurance proceeds	(113 172)	(87 735)
Profit on disposal of property, plant and equipment	(14 812)	(12 430)
Loss on disposal of property, plant and equipment	16 692	9 007
Headline earnings		548 541

	2018 cents	2017 cents
Earnings per share		
– basic	106,6	59,7
– diluted	104,1	59,2
Headline earnings per share		
– basic	96,8	63,5
– diluted	94,5	63,0

	2018 R'000	2017 R'000
24. DIVIDENDS PER SHARE		
Interim – paid: 15,0 cents (2017: 10,0 cents)	**130 055**	86 481
Final* – declared: 25,0 cents (2017: paid 20,0 cents)	**216 832**	172 961
Total: 40,0 cents (2017: 30,0 cents)	**346 887**	259 442

A final dividend of 25,0 cents per share was declared for the financial period ended June 2018. The dividend will be paid on 22 October 2018. The last date to trade *"cum"* dividend will be 16 October 2018. The RCL FOODS share will commence trading *"ex"* dividend from the commencement of business on 17 October 2018 and the record date will be 19 October 2018.

Since the final dividend was declared subsequent to year-end, it has not been provided for in the consolidated financial statements.

* *The dividend of R216,8 million represents the dividend based on the shares in issue for accounting purposes. The total dividend based on the statutory shares in issue is R234,5 million. The difference of R17,7 million in the dividend amount is due to 70 758 637 shares issued in terms of the BEE transaction. These shares are not considered to be issued for accounting purposes and thus the related dividend is not disclosed. Refer to notes 11 and 31 for further details.*

	2018 R'000	2017 R'000
25. LEASE COMMITMENTS		
Operating leases:		
Due within one year	**174 332**	81 765
Due within two to five years	**518 260**	193 018
Due later than five years	**204 072**	232 504
Total	**896 664**	507 287
In respect of:		
– property	**867 254**	479 858
– plant and equipment	**18 914**	7 033
– other	**10 496**	20 396
Total	**896 664**	507 287
Finance leases:		
Gross finance lease liabilities – minimum lease payments	**284 581**	303 947
Due within one year	**26 586**	25 269
Due within two to five years	**88 995**	92 164
Due later than five years	**169 000**	186 514
Future finance charges on finance lease liabilities	**(109 711)**	(124 332)
Present value of finance lease liabilities	**174 870**	179 615
Due within one year	**11 739**	9 652
Due within two to five years	**40 236**	40 411
Due later than five years	**122 895**	129 552
Total	**174 870**	179 615

In addition, the Group has operating lease commitments with rentals determined in relation to volumes of activity. It is not possible to accurately quantify future rentals payable under such lease arrangements.

26. OPERATING SEGMENTS

The Chief Executive Officer (CEO) is the Chief Operating Decision Maker. The CEO assesses the performance of the operating segments based on operating profit before depreciation, amortisation and impairment (EBITDA) and operating profit (EBIT) and for joint ventures and associates based on their earnings after tax.

The Consumer segment produces a wide range of quality culinary, pet food and beverage products through its five business units – Chicken, Grocery, Pies, Beverages and Speciality. The Sugar & Milling segment produces a number of consumer staples and animal feed products within its three business units – Sugar, Millbake and Animal Feed. The Logistics segment provides RCL FOODS and numerous third parties with multi-temperature warehousing and distribution, supply chain intelligence and sales solutions. In addition to facilitating the RCL FOODS integrated supply chain, the Logistics segment has partnered with several leading food manufacturers, foodservice customers and retailers to distribute food products on their behalf across Southern Africa. Ugandan operations refer to chicken producers situated in Uganda.

Transactions between segments are accounted for under IFRS in the individual segments.

26. OPERATING SEGMENTS CONTINUED

	2018 R'000	2017 R'000
Revenue	**24 425 996**	24 950 655
Consumer	12 752 874	13 474 031
Sugar & Milling	13 566 850	14 467 407
Logistics	1 979 958	2 033 102
Sales between segments:		
Consumer to Sugar & Milling	(136 392)	(230 274)
Sugar & Milling to Consumer	(2 727 031)	(3 713 778)
Logistics to Consumer	(977 755)	(1 050 894)
Logistics to Sugar & Milling	(32 508)	(28 939)
Operating profit before depreciation, amortisation and impairment (EBITDA)		
Consumer	985 205	506 485
Sugar & Milling	869 037	1 036 072
Logistics	204 341	203 117
Unallocated Group (losses)/gains*	(12 599)	1 959
Operating profit before depreciation, amortisation and impairment (EBITDA)	**2 045 984**	1 747 633
Depreciation, amortisation and impairment	(775 640)	(971 125)
Operating profit/(loss)		
Consumer	654 055	(7 404)
Sugar & Milling	521 204	669 184
Logistics	131 054	121 776
Unallocated Group losses*	(35 969)	(7 048)
Operating profit	**1 270 344**	776 508
Finance costs	(315 104)	(373 741)
Finance income	62 624	40 999
Share of profits of joint ventures	**28 268**	48 577
Sugar & Milling	16 576	38 628
Logistics	11 692	9 949
Share of profits/(loss) of associates	**51 834**	109 516
Sugar & Milling	50 889	110 590
Ugandan operations	945	(1 074)
Profit before tax	**1 097 966**	601 859
Assets		
Consumer	8 426 106	8 363 089
Sugar & Milling	8 918 780	8 208 674
Logistics	3 748 581	3 307 004
Unallocated Group assets**	1 062 404	833 157
Ugandan operation	53 535	58 146
Set-off of inter-segment balances	(1 218 109)	(1 261 756)
Total per statement of financial position	**20 991 297**	19 508 314
Liabilities		
Consumer	2 783 814	2 693 566
Sugar & Milling	2 788 927	2 484 827
Logistics	2 499 840	2 235 929
Unallocated Group liabilities**	2 957 122	2 968 995
Set-off of inter-segment balances	(1 218 109)	(1 261 756)
Total per statement of financial position	**9 811 594**	9 121 561

* *The unallocated Group (losses)/gains include the operating costs of RCL Foods Limited and RCL Group Services Proprietary Limited, (losses)/gains on the Group's self insurance arrrangement as well as a foreign exchange loss on settlement of the Zambian option in the prior year.*

** *Includes assets and liabilities of the Group treasury company, Matzonox and consolidation entries*

	2018 R'000	2017 R'000
26. OPERATING SEGMENTS CONTINUED		
Additions to property, plant and equipment and intangible assets		
Consumer		
Property, plant and equipment	**280 195**	226 166
Intangible assets	**5 594**	32 050
Sugar & Milling		
Property, plant and equipment	**450 652**	333 025
Intangible assets	**22 134**	5 959
Logistics		
Property, plant and equipment	**66 911**	107 680
Intangible assets	**1 009**	626
Impairment losses		
Consumer	**8 583**	171 829
Sugar & Milling	**354**	9 820
Impairment losses reversed		
Sugar & Milling	**455**	3 100
Depreciation and amortisation		
Consumer	**322 567**	342 059
Sugar & Milling	**347 933**	355 171
Logistics	**73 287**	81 343
Unallocated segment	**23 371**	14 005
Major customers		
Revenue from the Group's top five customers is:		
– customer A	**2 658 000**	3 218 833
– customer B	**2 314 156**	2 403 856
– customer C	**1 606 617**	1 645 208
– customer D	**1 674 809**	1 631 761
– customer E	**1 589 543**	1 628 428
The above revenue is included in the Consumer, Sugar & Milling and Logistics segments.		
Analysis of revenue		
Sale of food products	**21 455 687**	21 761 458
Sale of feed	**1 978 709**	2 199 643
Sale of services	**991 600**	989 554
Total	**24 425 996**	24 950 655
Revenue outside of South Africa		
Vector Logistics Limited (Namibia)	**18 646**	19 362

27. FINANCIAL RISK MANAGEMENT

Financial risk factors

This note presents information about the Group's exposure to financial risks, the Group's objectives, policies and processes for measuring and managing these risks and the Group's management of capital.

The Group's financial instruments consist primarily of cash and cash equivalents, derivatives, loans receivable, trade and other receivables and payables and interest-bearing liabilities. In the normal course of business, the Group is exposed to credit, liquidity and market risk. In order to manage certain of these risks, the Group may enter into transactions which make use of derivatives. These include forward exchange contracts, options and commodity futures and options. A separate committee is used to manage the risks and the hedging activities of the Group. The Group does not speculate in derivative instruments. Certain of the Group's forward exchange contracts qualified as designated hedges for accounting purposes in the prior year. Their fair values are disclosed in note 9.

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Risk Committee which is responsible for developing and monitoring the Group's risk management policies. The Risk Committee reports regularly to the Board 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, management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

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. Credit risk primarily relates to trade and other receivables, loans receivable, cash and cash equivalents and derivative financial instruments.

The Group's exposure to credit risk with regards to trade and other receivables is influenced mainly by the individual characteristics of each customer and there is no significant concentration of risk related to industry segments. The granting of credit is controlled by well-established criteria that are reviewed on a regular basis. The terms granted to trade debtors are determined by the respective credit policies of each operating subsidiary. The maximum exposure to credit risk at the reporting date is the carrying amount of each trade receivable (refer to note 8) and amounts guaranteed as disclosed in this note.

In the current year, 97,2% (2017: 88,3%) of the Group's unimpaired trade debtors have been covered by credit insurance. Logistics segment debtors in excess of R75 000 are selected for insurance cover with Lombard Insurance which covered 97,0% of their trade debtors in the current financial year (2017: 98,0%). Sugar & Milling segment trade debtors are covered by Lombard Insurance on all debtors balances in excess of R75 000 for Sugar, EPOL and Millbake which covered 77,0% of their debtors in the current financial year (2017: 55,9%). Consumer segment trade debtors represent large retail customers assessed as being a low risk of default. Consumer segment trade debtors are managed by the Logistics segment and subject to the covers that Logistics has in place. Credit insurance premiums are paid on a monthly basis based on net invoiced sales. The credit policy requires each new customer to be analysed individually for creditworthiness before delivery and payment terms are offered. The Group's review includes external ratings where available and in some cases bank references. Limits are established for each customer which represents the maximum trading amount without requiring further approval. These limits are reviewed on an ongoing basis. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group on a cash basis. Customers that default on payments are closely monitored and put on "stop supply" if required.

	2018 R'000	2017* R'000
27. FINANCIAL RISK MANAGEMENT CONTINUED		
Past due receivables, not impaired, relate to a number of independent customers for whom there is no recent history of default. The ageing relating to these trade receivables is as follows:		
30 to 90 days**	**714 534**	273 999
Over 90 days**	**37 750**	32 456
Total***	**752 284**	306 455
The individually impaired receivables relate mainly to customers in unexpected difficult economic situations. The ageing of these receivables is as follows:		
30 to 90 days**	**(6 055)**	(10)
Over 90 days**	**(29 601)**	(39 990)
Total	**(35 656)**	(40 000)

* *2017 disclosure restated to align with 2018 grouping of receivables*

** *Represents days exceeding credit terms for each operating subsidiary*

*** *The past due receivables in the 30 to 90 days category are inflated due to the calendar month-end of 30 June falling over a weekend in the current year. Receipts of R542,7 million, received late post the year-end cut-off, were included in the past due category above.*

	2018 R'000	2017* R'000
The credit quality of trade debtors that are neither past due nor impaired, is as follows:		
External customers (history of six months +) – no past defaults	**2 538 809**	2 453 622
External customers (history of six months +) – with past defaults	**95 044**	20 687
New customers (history of less than six months)	**59 970**	9 144
Total	**2 693 823**	2 483 453

Other receivables consist primarily of VAT receivable and amounts due in respect of certain distribution contracts in the Logistics segment. The risk of default on the distribution contracts is considered low as the counterparties represent large, well-established trading companies within South Africa.

The Group deposits cash surpluses with financial institutions of high quality and standing. The table below shows the cash and cash equivalents allocated in terms of bank rating. These ratings are based on Moody's bank ratings.

	2018 R'000	2017* R'000
Rating****		
P-3	**1 262 850**	1 055 849
Cash on hand	**514**	811
Total	**1 263 364**	1 056 660

**** *The prior year information has been updated to reflect the short-term bank ratings.*

Derivative instruments are limited to transactions with financial institutions with an acceptable credit rating.

27. FINANCIAL RISK MANAGEMENT CONTINUED

Liquidity risk

The Group actively monitors its cash flows to ensure there is sufficient cash available to meet its working capital requirements. Its unutilised borrowing capacity is R1 925,0 million (2017: R2 148,0 million). Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Group's cash and cash equivalents on the basis of expected cash flow.

The Group's derivative financial liabilities, and current trade and other payables are all due within one year and the impact of discounting them is not significant.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	Carrying value R'000	Less than one year R'000	One to two years R'000	Two to three years R'000	Greater than three years R'000	Total R'000
2018						
Interest-bearing liabilities – current	**1 282 673**	**1 378 576**				**1 378 576**
Interest-bearing liabilities – non-current	**1 965 983**	**186 861**	**1 906 893**	**31 734**	**232 494**	**2 357 982**
Trade and other payables	**4 688 795**	**4 688 795**				**4 688 795**
Derivative financial liabilities	**31 056**	**31 056**				**31 056**
Total	**7 968 507**	**6 285 288**	**1 906 893**	**31 734**	**232 494**	**8 456 409**
2017						
Interest-bearing liabilities – current	226 383	257 267				257 267
Interest-bearing liabilities – non-current	3 078 822	347 998	1 528 900	1 881 108	58 796	3 816 802
Bank overdraft	2 878	2 878				2 878
Trade and other payables	4 014 038	4 014 038				4 014 038
Derivative financial liabilities	12 995	12 995				12 995
Total	7 335 116	4 635 176	1 528 900	1 881 108	58 796	8 103 980

27. FINANCIAL RISK MANAGEMENT CONTINUED

Market risk

Interest rate risk

The Group is exposed to interest rate risk on its cash and cash equivalents, loans receivable and interest-bearing liabilities, which can have an impact on the cash flows of these instruments. The exposure to interest rate risk is managed through the Group's Board as well as the respective subsidiary companies by using counterparties that offer the best rates which enables the Group to maximise returns whilst minimising risk. The effective interest rate excluding the impact of foreign exchange revaluations for the year was 9,21% (2017: 8,92%).

The impact of a 3,0% increase in interest rates based on balances at year-end which are subject to variable interest rates would result in an additional net finance cost of R42,2 million for the forthcoming financial year (2017: R51,9 million). In response to interest rate risk on the variable rate portion of the term-funded debt, the Group has entered into an interest rate collar to hedge R1,5 billion of the debt package. The interest rate collar consists of a "cap" rate of 8,5% and a "floor" rate of 7,0% for a notional R1,0 billion and a further "cap" rate of 8,0% and a "floor" rate of 6,5% for a further notional R500,0 million. The collar is effective for the period 25 February 2017 to 25 February 2019. The fair value of the collar is included in note 9 to the consolidated financial statements.

A 3,0% increase in interest rates will result in a R11,0 million increase in profit before tax (2017: R38,1 million), and a 3,0% decrease in interest rates will result in a R15,6 million decrease in profit before tax for the year (2017: R50,4 million) resulting from fair value movements in the collar derivative.

Foreign currency risk

In the normal course of business the Group enters into transactions denominated in foreign currencies. Trade and other payables include net payables of R18,2 million (2017: R14,1 million), trade and other receivables include net receivables of R32,4 million (2017: R23,2 million) in respect of sales and purchases in foreign currencies and cash and cash equivalents include cash balances of R7,5 million (2017: R19,4 million) relating to cash denominated in foreign currency. The currencies predominantly traded in by the Group are USD, GBP, Namibian Dollar and EUR. As a result, the Group is subject to exposure from fluctuations in foreign currency exchange rates. The Group utilises forward exchange contracts, futures and currency options to minimise foreign currency exchange risk in terms of its risk management policy. All forward exchange contracts, futures and currency options are supported by underlying transactions.

Forward exchange contracts, futures and currency options that do not constitute designated hedges of currency risk at the end of the year are summarised as follows:

	Average rate R	Foreign contract amount '000	Fair value of FEC's R'000
June 2018			
USD FECs – assets*	13,96	1 177	283
USD Futures – assets*	13,85	18 227	
ZMW FECs - assets*	1,36	34 000	4 735
EUR Futures – liabilities*	16,26	253	
EUR FECs – liabilities*	16,15	348	246
USD FECs – liabilities*	13,87	5 237	6 071
June 2017			
USD FECs – assets*	13,45	1 450	
USD Futures – assets*	13,30	15 437	
EUR Futures – assets*	15,17	292	

* *Certain of these contracts and options have a zero fair value at year end as they are settled daily on Yield-X.*

Forward exchange contracts that constitute designated hedges of currency risk at the end of the prior year are summarised as follows:

	Average rate R	Foreign contract amount '000	Fair value of FEC's R'000
June 2017			
USD FECs – liabilities	13,03	2 399	(394)
USD FECs – liabilities	13,35	2 100	(299)
USD FECs – assets	13,51	4 800	1 339

The notional principal amounts of the outstanding forward foreign exchange contracts at June 2017 was R124,1 million.

There were no forward foreign exchange contracts that constituted cash flow hedges at June 2018.

27. FINANCIAL RISK MANAGEMENT CONTINUED

Foreign currency risk continued

Refer to the following table for sensitivity of future (post-tax) income statement impacts arising on the maturity of forward exchange contracts, currency futures, trade payables, trade receivables and cash and cash equivalents:

Profit/(loss) as a result of a movement of the USD, GBP, EUR and ZMW at June assuming the spot price remains constant thereafter until the maturity of the contracts and balances:

	2018 R'000	2017 R'000
Forward exchange contracts and currency futures		
10% increase in the value of the USD against the rand	**14 139**	16 187
10% decrease in the value of the USD against the rand	**(14 139)**	(16 187)
10% increase in the value of the EUR against the rand	**700**	319
10% decrease in the value of the EUR against the rand	**(700)**	(319)
10% increase in the value of the ZMW against the rand	**3 329**	
10% decrease in the value of the ZMW against the rand	**(3 329)**	
Trade receivables		
10% increase in the value of the USD against the rand	**436**	21
10% decrease in the value of the USD against the rand	**(436)**	(21)
10% increase in the value of the GBP against the rand		513
10% decrease in the value of the GBP against the rand		(513)
Cash and cash equivalents		
10% increase in the value of the USD against the rand	**578**	510
10% decrease in the value of the USD against the rand	**(578)**	(510)
10% increase in the value of the GBP against the rand	**6**	1
10% decrease in the value of the GBP against the rand	**(6)**	(1)
10% increase in the value of the EUR against the rand	**15**	32
10% decrease in the value of the EUR against the rand	**(15)**	(32)
Maturity of trade payables		
10% increase in the value of the USD against the rand	**(19)**	(57)
10% decrease in the value of the USD against the rand	**19**	57
10% increase in the value of the EUR against the rand	**(268)**	(39)
10% decrease in the value of the EUR against the rand	**268**	39
10% increase in the value of the GBP against the rand	**(5)**	(28)
10% decrease in the value of the GBP against the rand	**5**	28

No sensitivity has been performed for the Namibian Dollar as the currency is pegged to the Rand.

27. FINANCIAL RISK MANAGEMENT CONTINUED

Commodity price and procurement risk

Commodity price risk arises from the risk of an adverse effect on current or future earnings from fluctuations in the prices of commodities. To stabilise prices for the Group's substantial commodity requirements, derivative instruments including forward contracts, commodity options and futures contracts are used to hedge its exposure to commodity price risk.

The overriding directive is to procure commodities at the lowest cost to meet forecast requirements, both internally and for external sales. Call and put options are utilised within this framework to manage commodity requirements and supply. The use of written options is restricted to the hedging of existing long positions and is limited to put options.

The overall procurement strategy and net positions are reported monthly to the Board and the oversight committees. The oversight committees are responsible for the setting of the monthly company view with regard to future price movements. The daily trading by the procurement teams are restricted in terms of this company view, unless prior approval is obtained from the Procurement Committees.

Wheat, sunflower, maize, soya and soya oil*

Refer to the table below for sensitivity of future (post-tax) income statement impact arising on the maturity of wheat, sunflower, maize, soya oil and soya derivative contracts.

Profit/(loss) as a result of a movement in the spot price of the underlying commodity at June and assuming the spot price remains constant thereafter until the maturity of the contracts.

	2018 R'000
Sunflower seeds – 20% increase	32 908
Sunflower seeds – 20% decrease	(32 908)
Wheat – 10% increase	9 629
Wheat – 10% decrease	(9 629)
Maize – 25% increase	86 836
Maize – 25% decrease	(109 943)
Soya Oil – 10% increase	4 554
Soya Oil – 10% decrease	(4 429)
Soya – 10% increase	53 683
Soya – 10% decrease	(54 108)

Percentages used in the sensitivity analysis are based on the average movement of the commodity during the year, thus different percentages have been used to the prior year.

	2017 R'000
Sunflower seeds – 10% increase	15 894
Sunflower seeds – 10% decrease	(15 894)
Maize – 15% increase	25 206
Maize – 15% decrease	(25 206)
Soya Oil – 15% increase	741
Soya Oil – 15% decrease	(741)
Soya – 15% increase	33 297
Soya – 15% decrease	(26 750)

* *Certain of these contracts and options have a zero fair value at year-end as they are settled daily on SAFEX.*

RCL FOODS Consumer Proprietary Limited has entered into contract grower agreements with various counterparties to procure broiler chickens for the forthcoming financial year.

Fees payable to the contract growers are accrued for based on the stage of completion of the broiler cycle at year-end. The commitment value as at June 2018 was R14,8 million (2017: R9,9 million).

Embedded derivative

The Group has a lease contract with the Matsamo Communal Property Association which contains a fixed to variable rental swap. Accordingly the Group has separated the embedded derivative from a host lease contract and recognised a financial liability of R3,8 million at June 2018 (2017: R8,8 million).

Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain shareholder, creditor and market confidence and to sustain the future development needs of the business.

The Group's target is to achieve a return on invested capital (ROIC) in excess of its weighted average cost of capital. In 2018 the return was 8,1% (2017: 4,8%).

There were no changes to the Group's approach to capital management during the year.

27. FINANCIAL RISK MANAGEMENT CONTINUED

Fair value estimation

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at June.

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
June 2018				
Assets				
Breeding stock – chicken (refer to note 7)			308 977	308 977
Broiler stock – chicken (refer to note 7)			176 497	176 497
Banana fruit (refer to note 7)			8 825	8 825
Sugarcane plants (refer to note 7)			313 032	313 032
Derivatives (refer to note 9)		5 031		5 031
Assets held for sale (refer to note 10)			144 297	144 297
Total assets		5 031	951 628	956 659
Liabilities				
Derivatives (refer to note 9)		31 056		31 056
Total liabilities		31 056		31 056
June 2017				
Assets				
Breeding stock – chicken (refer to note 7)			273 264	273 264
Broiler stock – chicken (refer to note 7)			192 132	192 132
Banana fruit (refer to note 7)			6 878	6 878
Sugarcane plants (refer to note 7)			319 195	319 195
Derivatives (refer to note 9)		1 339		1 339
Assets held for sale (refer to note 10)			88 685	88 685
Total assets		1 339	880 154	881 493
Liabilities				
Derivatives (refer note 9)		12 995		12 995
Total liabilities		12 995		12 995

27. FINANCIAL RISK MANAGEMENT CONTINUED

The fair value of trading derivatives is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

Specific valuation techniques used to value the derivatives include:

The fair value of forward foreign exchange contracts is determined using forward exchange rates at the statement of financial position date with the resulting value discounted back to present value.

The fair value of options are determined using appropriate option pricing models which take into account the volatility of the underlying instrument.

The following valuation techniques and significant inputs were used to measure the level 3 inputs. These techniques are consistent with those of the prior year.

Description	Fair value at June 2018	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable input to fair value
Chicken stock	**485 474**	Replacement costs of the components of growing the stock	Eggs per hen	147 to 174 per hen	The higher the eggs per hen, the higher the fair value
			Cost of a day-old breeder bird	R56,56 to R71,75 per chick	The higher the cost per chick, the higher the fair value
			Mortality rates	3,3% to 6,1%	The higher the mortality,the lower the fair value
			Average live mass	1,49kg to 1,89kg per bird	The higher the average live mass, the higher the fair value
			Feed cost	R4 581 to R5 354 per ton	The higher the feed cost per ton, the higher the fair value
Banana fruit	**8 825**	Recoverable value	Market related selling price per ton bananas less harvesting,transport and other costs to sell	R3 364 per ton	The higher the market related selling price value less harvesting, transport and other costs to sell per ton of bananas, the higher the value of banana fruit
Sugarcane plants	**313 032**	Recoverable value	Recoverable value price per ton of sucrose less harvesting, transport and other costs to sell	R2 818 to R3 101 per ton	The higher the recoverable value of sucrose less harvesting, transport and other costs to sell per ton, the higher the value of sugar standing cane

Sensitivity analysis

A sensitivity analysis is shown for the significant unobservable inputs below:

Input	Sensitivity
Recoverable value price per ton – sugarcane plants	A change of 1,0% in recoverable value would result in a R4,2 million change in fair value (2017: R4,3 million).
Feed cost – chicken stock	A 5,0% change in feed cost would result in a R5,1 million change in fair value (2017: R5,5 million).

27. FINANCIAL RISK MANAGEMENT CONTINUED

Description	Fair value at June 2017	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable input to fair value
Chicken stock	465 396	Replacement costs of the components of growing the stock	Eggs per hen	163 to 174 per hen	The higher the eggs per hen, the higher the fair value
			Cost of a day-old breeder bird	R58,08 to R66,33 per chick	The higher the cost per chick, the higher the fair value
			Mortality rates	2,9% to 7,8%	The higher the mortality, the lower the fair value
			Average live mass	1,51kg to 1,79kg per bird	The higher the average live mass, the higher the fair value
			Feed cost	R5 115 to R6 634 per ton	The higher the feed cost per ton, the higher the fair value
Banana fruit	6 878	Recoverable value	Market related selling price per ton bananas less harvesting, transport and other costs to sell	R3 874 per ton	The higher the market related selling price value less harvesting, transport and other costs to sell per ton of bananas, the higher the value of banana fruit
Sugarcane plants	319 195	Recoverable value	Recoverable value price per ton of sucrose less harvesting, transport and other costs to sell	R3 269 to R3 841 per ton	The higher the recoverable value less harvesting, transport and other costs to sell per ton of sucrose, the higher the fair value

28. FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	Loans and receivables R'000	Assets at fair value through profit or loss R'000	Derivatives used for hedge accounting R'000	Total R'000
Assets per the statement of financial position				
June 2018				
Trade and other receivables	**4 011 218**			**4 011 218**
Loans receivable	**64 992**			**64 992**
Derivative financial instruments		**5 031**		**5 031**
Cash and cash equivalents	**1 263 364**			**1 263 364**
At the end of the year	**5 339 574**	**5 031**		**5 344 605**
June 2017				
Trade and other receivables	3 299 346			3 299 346
Loans receivable	18 755			18 755
Derivative financial instruments			1 339	1 339
Cash and cash equivalents	1 056 660			1 056 660
At the end of the year	4 374 761		1 339	4 376 100

	Other financial liabilities R'000	Liabilities at fair value through profit or loss R'000	Derivatives used for hedge accounting R'000	Total R'000
Liabilities per the statement of financial position				
June 2018				
Interest-bearing liabilities – Long-term	**1 965 983**			**1 965 983**
Interest-bearing liabilities – Short-term	**1 282 673**			**1 282 673**
Derivative financial instruments		**31 056**		**31 056**
Trade and other payables	**4 688 795**			**4 688 795**
At the end of the year	**7 937 451**	**31 056**		**7 968 507**
June 2017				
Interest-bearing liabilities – Long-term	3 078 822			3 078 822
Interest-bearing liabilities – Short-term	226 383			226 383
Bank overdraft	2 878			2 878
Derivative financial instruments		12 302	693	12 995
Trade and other payables	4 014 087			4 014 087
At the end of the year	7 322 170	12 302	693	7 335 165

29. RELATED PARTY TRANSACTIONS

Related party relationships exist between RCL Foods Limited, its subsidiaries, associates, joint ventures and Remgro Limited and its subsidiaries, associates and joint ventures. Remgro Management Services Limited provides treasury services to the Group.

The ultimate controlling party of the Group is Remgro Limited.

Group
The following transactions were concluded with related parties:

	2018 R'000	2017 R'000
Transactions and balances with ultimate holding company		
Interest paid	1 405	16 336
Administration and other fees paid	21 471	20 496
Amounts owing included in trade and other payables	5 155	103
Directors' fees	1 131	931
Purchases of property, plant and equipment		41 400
Purchases	3 179	
Transactions and balances with associates of the holding company		
Bank charges paid	2 787	3 492
Bank balances included in cash and cash equivalents	106 893	220 277
Interest paid	86 652	95 490
Interest received	382	4 185
Amounts owing included in trade and other payables	46 311	16 586
Amounts owing by associates of the holding company included in trade and other receivables	1 982	
Interest payable included in trade and other payables	476	
Commitment, settlement and facility fees paid	5 708	2 677
Amounts owing included in short-term interest-bearing liabilities	369 196	497
Amounts owing included in long-term interest-bearing liabilities	587 000	954 000
Purchases	292 358	153 268
Sales	21 048	52
Transactions and balances with associates and joint ventures within the Group		
Interest paid	11 096	20 262
Interest received	1 896	9 533
Management fees received	1 448	1 366
Service fees received		2 382
Service fees paid	8 661	8 473
Commitment, settlement and facility fees paid	1 170	
Dividends received	62 394	89 093
Sales	61 379	4 206
Purchases	932 323	843 864
Amounts owing by associates and joint ventures within the Group included in trade and other receivables	8 388	1 132
Amounts owing to associates and joint ventures within the Group included in interest-bearing liabilities	170 334	157 683
Amounts owing to associates and joint ventures within the Group included in trade and other payables	107 694	86 428
Key management of RCL Foods Limited		
In terms of IAS 24 "Related Party Disclosures", key management are considered to be related parties.		
Executive management and the senior leadership team are classified as key management.		
The following transactions were carried out with key management individuals within the Group:		
– short-term employment benefits	550 097	434 022
– post-employment benefits	37 435	26 592
– termination benefits	3 117	2 477
– share-based payments	134 330	78 959
Total	724 979	542 050

30. DIRECTORS' EMOLUMENTS

	Basic salary R'000	Pension contribution R'000	Bonus* R'000	Other benefits** R'000	Total R'000
2018					
M Dally	**8 445**	**509**	**8 225**	**352**	**17 531**
RH Field	**4 263**	**463**	**3 737**	**322**	**8 785**
Total	**12 708**	**972**	**11 962**	**674**	**26 316**
2017					
M Dally	7 954	569	3 114	182	11 819
RH Field	3 939	434	1 519	335	6 227
Total	11 893	1 003	4 633	517	18 046

* *Bonus payments in 2018 relate to the 2017 financial year. An amount of R5,5 million has been accrued for the 2018 financial year.*
** *Other benefits include company contributions to disability insurance, medical aid and UIF.*

	2018 R'000	2017 R'000
Non-executives (for services as a director)		
Present directors		
HJ Carse***	**342**	282
JJ Durand***	**447**	368
CJ Hess	**113**	
PR Louw***	**342**	282
NP Mageza	**654**	538
DTV Msibi	**425**	400
MM Nhlanhla	**363**	342
RV Smither	**733**	690
GM Steyn	**553**	455
GC Zondi****	**775**	638
Total	**4 747**	3 995

*** *Paid to Remgro Management Services Limited.*
**** *Paid to Imbewu Capital Partners Management Services Proprietary Limited.*

30. DIRECTORS' EMOLUMENTS CONTINUED

Interests of directors of the company in share appreciation rights awarded in terms of the RCL FOODS Share Appreciation Rights Scheme

Share appreciation rights awarded to executive directors and unexpired or unexercised as at June 2018 are as follows:

	Award price Rand	Rights at June 2017	Rights awarded during the year	Rights exercised during the year	Rights at June 2018	Fair value of rights awarded* R'000	Rights exercisable at June 2018	Gain on rights exercised during the year R'000
M Dally	16,45	714 572		(714 572)				664
	13,20	768 117		(768 117)				4 277
	16,54	1 240 943			1 240 943	4 054	819 022	
	15,93	1 014 820			1 014 820	2 760	334 890	
	15,92	540 869			540 869	1 698		
	14,05	1 962 930			1 962 930	6 007		
	15,36		1 284 422		1 284 422	4 367		
Subtotal		6 242 251	1 284 422	(1 482 689)	6 043 984	18 886	1 153 912	4 941
RH Field	16,45	364 999		(364 999)				373
	13,20	374 505		(123 586)	250 919	649	250 919	687
	16,54	621 765			621 765	2 031	410 364	
	15,93	559 397			559 397	1 522	184 601	
	15,92	319 448			319 448	1 003		
	14,05	1 087 325			1 087 325	3 327		
	15,36		669 653		669 653	2 277		
Subtotal		3 327 439	669 653	(488 585)	3 508 507	10 809	845 884	1 060
Total		9 569 690	1 954 075	(1 971 274)	9 552 491	29 695	1 999 796	6 001

* *Fair value of rights awarded represents the total fair value of all rights outstanding at the end of the year. This cost is expensed over the rights' vesting period.*

30. DIRECTORS' EMOLUMENTS CONTINUED

Interests of directors of the company in share appreciation rights awarded in terms of the RCL FOODS Share Appreciation Rights Scheme continued

Share appreciation rights awarded to executive directors and unexpired or unexercised as at June 2017 are as follows:

	Award price Rand	Rights at June 2016	Rights awarded during the year	Rights exercised during the year	Rights forfeited during the year	Rights at June 2017	Fair value of rights awarded* R'000	Rights exercisable at June 2017	Gain on rights exercised during the year R'000
M Dally	14,27	908 945		(279 074)	(629 871)				137
	14,73	929 256		(929 256)					883
	16,45	714 572				714 572	2 738	714 572	
	13,20	768 117				768 117	1 984	506 957	
	16,54	1 240 943				1 240 943	4 054	409 511	
	15,93	1 014 820				1 014 820	2 760		
	15,92	540 869				540 869	1 698		
	14,05		1 962 930			1 962 930	6 007		
Subtotal		6 117 522	1 962 930	(1 208 330)	(629 871)	6 242 251	19 241	1 631 040	1 020
RH Field	14,27	427 702		(427 702)					210
	14,73	431 618		(431 618)					747
	16,45	364 999				364 999	1 399	364 999	
	13,20	374 505				374 505	968	247 173	
	16,54	621 765				621 765	2 031	205 182	
	15,93	559 397				559 397	1 522		
	15,92	319 448				319 448	1 003		
	14,05		1 087 325			1 087 325	3 327		
Subtotal		3 099 434	1 087 325	(859 320)		3 327 439	10 250	817 354	957
Total		9 216 956	3 050 255	(2 067 650)	(629 871)	9 569 690	29 491	2 448 394	1 977

Interests of directors of the company in conditional shares awarded in terms of the RCL FOODS Conditional Share Plan

	Conditional shares at June 2017	**Conditional shares at June 2018**	**Fair value of rights awarded* R'000**
June 2018			
M Dally	4 485 987	**4 485 987**	**51 250**
RH Field	2 097 293	**2 097 293**	**23 599**
Total	6 583 280	**6 583 280**	**74 849**

	Conditional shares at June 2016	Conditional shares awarded during the year	Conditional shares at June 2017	Fair value of rights awarded* R'000
June 2017				
M Dally	865 422	3 620 565	4 485 987	51 250
RH Field	649 067	1 448 226	2 097 293	23 599
Total	1 514 489	5 068 791	6 583 280	74 849

* *Fair value of rights awarded represents the total fair value of all rights outstanding at the end of the year. This cost is expensed over the rights' vesting period.*

30. DIRECTORS' EMOLUMENTS CONTINUED

Interests of directors of the company in stated capital

The aggregate beneficial holdings as at June of those directors of the company holding issued ordinary shares are detailed below:

	2018 Direct beneficial	2018 Indirect beneficial	2017 Direct beneficial	2017 Indirect beneficial
Executive directors				
M Dally	1 250 997		1 212 372	
RH Field	487 271		511 971	
Non-executive directors				
NP Mageza		386		386
MM Nhlanhla*		229 559		229 559
GC Zondi*		2 932 004		2 932 004
Total	1 738 268	3 161 949	1 724 343	3 161 949

* *Assumes 100% vesting in terms of BEE transaction.*

There has been no change in the interests of the directors in the stated capital of the company since the end of the financial year to the date of this report.

The above interests of directors represents the aggregate interests of directors. No interest is held by a director's associate.

Directors' emoluments paid by Remgro Limited

	Fees R'000	Salaries R'000	Retirement fund R'000	Other benefits** R'000	Total R'000
June 2018					
Executive					
HJ Carse		2 160	428	272	2 860
JJ Durand	345	10 482	2 147	349	13 323
PR Louw		2 585	513	361	3 459
Subtotal	345	15 227	3 088	982	19 642
Independent non-executive					
NP Mageza	533				533
Subtotal	533				533
Total	878	15 227	3 088	982	20 175
June 2017					
Executive					
HJ Carse		1 972	391	258	2 621
JJ Durand	321	10 506	2 147	344	13 318
PR Louw		2 399	476	339	3 214
Subtotal	321	14 877	3 014	941	19 153
Independent non-executive					
NP Mageza	455				455
Subtotal	455				455
Total	776	14 877	3 014	941	19 608

*** Other benefits include medical aid contributions and vehicle benefits.*

30. DIRECTORS' EMOLUMENTS CONTINUED

Variable pay – long-term incentive plans

Remgro Equity Settled Share Appreciation Rights Scheme (SARs) – 2018

Participant	Balance of SARs accepted as at June 2017	SARs accepted during the period	Offer date	Offer price Rand	Balance of SARs accepted as at June 2018	Fair value of SARs granted* R'000
Executive						
HJ Carse	18 062			92,83		
	7 546			142,04	7 546	299
	11 767			185,07	11 767	640
	17 775			245,53	17 775	1 219
	8 273			262,77	8 273	669
	9 988			209,11	9 988	699
		16 972	2017/12/14	206,35	16 972	1 245
JJ Durand	157 262			92,83		
	271 258			142,04	271 258	10 763
	93 128			185,07	93 128	5 064
	108 468			245,53	108 468	7 442
	192 676			262,77	192 676	15 591
	150 872			209,11	150 872	10 553
		132 309	2017/12/14	206,35	132 309	9 705
PR Louw	27 432			92,83		
	22 646			142,04	22 646	899
	12 944			185,07	12 944	704
	5 952			245,53	5 952	408
	9 497			262,77	9 497	768
	91 120			209,11	91 120	6 374
		20 301	2017/12/14	206,35	20 301	1 489
Total	1 216 666	169 582			1 183 492	74 531

** Fair value of rights awarded represents the total fair value of all rights outstanding at the end of the year. This cost is expensed over the rights' vesting period.*

30. DIRECTORS' EMOLUMENTS CONTINUED

Remgro Equity Settled Share Appreciation Rights Scheme (SARs) – 2017

Participant	Balance of SARs accepted as at June 2016	SARs accepted during the period	Offer date	Offer price Rand	Balance of SARs accepted as at June 2017	Fair value of SARs granted* R'000
Executive						
HJ Carse	18 062			92,83	18 062	602
	7 546			142,04	7 546	299
	11 767			185,07	11 767	640
	17 775			245,53	17 775	1 219
	8 273			262,77	8 273	669
		9 988	2016/12/01	209,11	9 988	699
JJ Durand	157 262			92,83	157 262	5 245
	271 258			142,04	271 258	10 763
	93 128			185,07	93 128	5 064
	108 468			245,53	108 468	7 442
	192 676			262,77	192 676	15 591
		150 872	2016/12/01	209,11	150 872	10 553
PR Louw	27 432			92,83	27 432	915
	22 646			142,04	22 646	899
	12 944			185,07	12 944	704
	5 952			245,53	5 952	408
	9 497			262,77	9 497	768
		91 120	2016/12/01	209,11	91 120	6 374
Total	964 686	251 980			1 216 666	68 854

** Fair value of rights awarded represents the total fair value of all rights outstanding at the end of the year. This cost is expensed over the rights' vesting period.*

31. BEE TRANSACTION

On 16 January 2014, shareholders approved a new Broad-based Black Economic Empowerment (BEE) transaction. The participants in the BEE transaction are the Imbewu Consortium, Ikamva Labantu Empowerment Trust (a Corporate and Social Investment Community Trust), the RCL Employee Share Trust, Mrs MM Nhlanhla a non-executive director of RCL Foods Limited (RCL), Malongoana Investments (RF) Proprietary Limited, MTM Family Trust and Nakedi Mathews Phosa (collectively the BEE partners).

Details of the transaction

In terms of the transaction, three separate issues of shares occurred.

In terms of the first issue, the RCL Employee Share Trust and a special purpose vehicle, Business Venture Investments No 1763 (RF) Proprietary Limited (BVI 1763), acquired 13 962 863 and 5 984 084 shares for R241,8 million and R103,6 million respectively in RCL. The purchase price was settled by BVI 1763 and Business Venture Investments No 1762 (RF) Proprietary Limited (BVI 1762), a separate special purpose vehicle, issuing variable rate (prime) cumulative redeemable preference shares in BVI 1762 and BVI 1763 to RCL.

Ordinary dividends paid to BVI 1762 and BVI 1763 will be applied to reduce the outstanding preference shares dividends and the outstanding redemption amount.

In terms of the second issue, the RCL Employee Share Trust and BVI 1763, acquired 30 718 299 and 13 164 985 shares in RCL for R0,01 respectively in terms of a notional vendor financing (NVF) mechanism. The NVF facilitation was based on a share price of R17,32 per share, increasing at a variable rate (prime).

In terms of the third issue, a special purpose vehicle Malongoana Investments (RF) Proprietary Limited, owned by the MTM Family Trust, acquired 6 928 406 shares in RCL for R0,01 in terms of a NVF mechanism. The NVF facilitation was based on a share price of R17,32 per share, increasing at a variable rate (prime plus 1,0%).

The ordinary shares issued to BVI 1763, BVI 1762 and Malongoana Investments (RF) Proprietary Limited have been pledged in favour of RCL.

The terms of the first issue of ordinary shares and acquisition of the preference shares are deemed for accounting purposes to constitute the issuance of an option in RCL shares granted to BVI 1763 and RCL Employee Share Trust, effective on 17 January 2014. Accordingly, the issuance of the shares and the subscription by RCL to the BVI 1763 and BVI 1762 preference shares, was not recognised.

The terms of the second and third issue of ordinary shares are deemed for accounting purposes to constitute the issuance of an option in RCL shares granted to BVI 1763 and RCL Employee Share Trust and Malongoana Investments (RF) Proprietary Limited, effective on 17 January 2014. Accordingly, the issuance of the shares was not recognised.

The options were accounted for in terms of IFRS 2. The options issued to the strategic equity partners were expensed in full in preceding financial years (R88,5 million) as these options were fully vested on grant date. The options issued to the RCL Employee Share Trust, resulted in a service condition vesting period of eight years from 17 January 2014.

		2018 R'000	2017 R'000
Total amount expensed related to the BEE scheme		**17 600**	17 600
The fair value of the options were determined on a Black Scholes option pricing model. Expected volatility was calculated on an equally weighted basis based on the historical RCL Foods Limited share price data relating to the respective valuation dates.			
The following inputs to the model were used:			
Expected volatility	(%)	**30,0**	30,0
Dividend yield	(%)	**4,33**	4,33
Risk-free interest rate	(%)	**4,8 to 8,22**	4,8 to 8,22
Vesting period	(years)	**8**	8

32. SUBSEQUENT EVENTS

With effect from 2 July 2018, RCL FOODS Sugar & Milling Proprietary Limited acquired an effective holding of 100% of the Driehoek Voere operation for a consideration of R60,9 million. Driehoek Voere's main operations include manufacturing and selling high roughage animal feed products from its mill situated in Vaalwater, Limpopo. The location is strategically placed to access the game market, cattle farms and informal broiler markets of Limpopo and Mpumalanga.

The following table summarises the consideration paid for the fair value of assets acquired.

	2018 R'000
Cash	60 947
Total consideration	**60 947**
Recognised amounts of identifiable assets acquired and liabilities assumed	
Unallocated intangible assets*	17 121
Inventory	6 397
Property, plant and equipment	37 429
Total identifiable net assets	**60 947**

* *The purchase price allocation is still in the process of being finalised. The allocation of consideration paid to the fair values of assets acquired and liabilities assumed is still considered provisional.*

Acquisition related costs of R0,4 million have been incurred as at year-end.

33. INTEREST IN SUBSIDIARIES

The Group has the following subsidiaries at June 2018:

Name	Country of incorporation and place of business	Nature of business	Proportion of ordinary shares directly held by parent %	Proportion of ordinary shares directly held by the Group %	Proportion of ordinary shares directly held by non-controlling interest %
Directly owned					
Rainbow Farms Investments	South Africa	Investment holding	100		
RCL FOODS Consumer	South Africa	Food producer and manufacturer	100		
Vector Logistics	South Africa	Logistics provider	100		
RCL FOODS Sugar & Milling	South Africa	Sugar, animal feed and baking operations supported by a milling division	100		
RCL FOODS Treasury	South Africa	Treasury company	100		
RCL Group Services	South Africa	Shared services company for the RCL Foods Limited Group	100		
Matzonox	South Africa	Waste-to-value operation		50	50
Epol	South Africa	Dormant	100		
Farmer Brown	South Africa	Dormant	100		
New Foodcorp Holdings	South Africa	Dormant		100	
Indirectly owned					
Vector Logistics (Namibia)	Namibia	Logistics provider		100	
Foodcorp	South Africa	Food producer and manufacturer		100	
TSB Sugar International	South Africa	International investments		100	
Makhalempongo Chicken	South Africa	Chicken grower			100
Fieldsend Farming	South Africa	Chicken grower			100
Valleychicks	South Africa	Chicken grower			100
Quality Sugars	South Africa	Marketing		75	25
TSB Sugar Mozambique	South Africa	Green Field Sugar Mill Feasibility Project		100	
Sivunosetfu	South Africa	Farming		50	50
Libuyile Farming Services	South Africa	Farming		50	50
Mgubho Farming Services	South Africa	Farming		50	50
Rainbow Chicken Foods	South Africa	Dormant		100	
Astoria Bakery Lesotho	Lesotho	Dormant		100	
Foodcorp Consumer Brands	South Africa	Dormant		100	
Mkhuhlu Bakery	South Africa	Dormant		100	
NIB 5 Share Block	South Africa	Dormant		100	
NIB 6 Share Block	South Africa	Dormant		100	
Selati Sugar	South Africa	Dormant		100	

33. INTEREST IN SUBSIDIARIES CONTINUED

Contract growers

The Group has entered into contractual funding arrangements with certain contract growers. The Group has a 0% equity interest and no voting rights in these entities.

As the Group may step in, in the event of non-payments by the contract growers to the providers of funding, the contractual agreements effectively provide the Group with rights to direct the relevant activities of certain of these entities, which results in the Group having effective control over these contract growers for as long as the growers loan balance is outstanding. As a result, three contract growers have been consolidated.

The Group is contractually obligated to ensure that the above growers remain operational for as long as the loan balance is outstanding.

	2018 R'000	2017 R'000
Outstanding loan balance as at June	**43 452**	49 311

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

The non-controlling interests relating to the contract growers is not considered material and hence no additional disclosures were deemed necessary.

	Statement of financial position 2018 R'000	**Income statement (share of profit/(loss)) 2018 R'000**	Statement of financial position 2017 R'000	Income statement (share of profit/(loss)) 2017 R'000
Non controlling interests				
Quality Sugars Proprietary Limited	**9 402**	**2 484**	8 460	3 083
Sivunosetfu Proprietary Limited	**(9 369)**	**(13 915)**	4 545	(16 402)
Libuyile Farming Services Proprietary Limited	**2 684**	**(12 981)**	15 666	(13 086)
Mgubho Farming Services Proprietary Limited	**(12 281)**	**(21 546)**	9 264	(12 946)
Matzonox Proprietary Limited	**58 244**	**1 896**		

Significant restrictions

There are no significant restrictions regarding the use of assets or on the ability to settle liabilities in the subsidiaries.

Set out on pages 89 to 90 are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. This summarised information is before inter-company eliminations.

33. INTEREST IN SUBSIDIARIES CONTINUED

Summarised statement of financial position

	Current			Non-current			
	Assets R'000	Liabilities R'000	Total current net assets (liabilities) R'000	Assets R'000	Liabilities R'000	Total non-current net assets R'000	Net assets/ (liabilities) R'000
As at June 2018							
Quality Sugars Proprietary Limited	661 358	(627 439)	33 919	4 732	(1 034)	3 698	37 617
Libuyile Farming Services Proprietary Limited*	126 093	(214 042)	(87 949)	118 905	(25 586)	93 319	5 370
Mgubho Farming Services Proprietary Limited*	89 329	(206 633)	(117 304)	92 913	(168)	92 745	(24 559)
Sivunosetfu Proprietary Limited*	67 469	(164 695)	(97 226)	84 362	(5 872)	78 490	(18 736)
Matzonox Proprietary Limited	8 240	(1 034)	7 206	110 764	(1 482)	109 282	116 488
Total	952 489	(1 213 843)	(261 354)	411 676	(34 142)	377 534	116 180
As at June 2017							
Quality Sugars Proprietary Limited	595 917	(566 410)	29 507	4 961	(622)	4 339	33 846
Libuyile Farming Services Proprietary Limited	144 617	(190 497)	(45 880)	113 169	(35 956)	77 213	31 333
Mgubho Farming Services Proprietary Limited	102 162	(145 665)	(43 503)	70 347	(8 315)	62 032	18 529
Sivunosetfu Proprietary Limited	88 893	(134 386)	(45 493)	65 296	(10 714)	54 582	9 089
Total	931 589	(1 036 958)	(105 369)	253 773	(55 607)	198 166	92 797

* *The Group has issued a letter confirming that it will not recall the outstanding loans of these companies within the next financial year.*

Summarised statement of comprehensive income

	Quality Sugars Proprietary Limited R'000	Libuyile Farming Services Proprietary Limited R'000	Mgubho Farming Services Proprietary Limited R'000	Sivunosetfu Proprietary Limited R'000	Matzonox Proprietary Limited R'000	Total R'000
For the year ended June 2018						
Revenue	166 341	218 036	136 418	130 297	13 993	665 085
Profit/(loss) before tax	13 973	(34 752)	(58 355)	(37 489)	5 272	(111 351)
Income tax (expense)/income	(4 036)	8 790	15 265	9 659	(1 482)	28 196
Profit/(loss) after tax	9 937	(25 962)	(43 090)	(27 830)	3 790	(83 155)
Total comprehensive income	9 937	(25 962)	(43 090)	(27 830)	3 790	(83 155)
Total comprehensive income allocated to non-controlling interests	2 484	(12 981)	(21 545)	(13 915)	1 895	(44 062)
Dividends paid to non-controlling interest	1 542					1 542
For the year ended June 2017						
Revenue	186 590	155 575	142 316	133 829		618 310
Profit/(loss) before tax	16 511	(37 690)	(36 814)	(46 689)		(104 682)
Income tax (expense)/income	(4 177)	11 518	10 922	13 885		32 148
Profit/(loss) after tax	12 334	(26 172)	(25 892)	(32 804)		(72 534)
Total comprehensive income	12 334	(26 172)	(25 892)	(32 804)		(72 534)
Total comprehensive income allocated to non-controlling interests	3 083	(13 086)	(12 946)	(16 402)		(39 351)
Dividends paid to non-controlling interest	1 068					1 068

33. INTEREST IN SUBSIDIARIES CONTINUED

Summarised cash flows

	Quality Sugars Proprietary Limited R'000	Libuyile Farming Services Proprietary Limited R'000	Mgubho Farming Services Proprietary Limited R'000	Sivunosetfu Proprietary Limited R'000	Matzonox Proprietary Limited R'000	Total R'000
For the year ended June 2018						
Cash generated/(utilised) from operations	**(6 799)**	**29 263**	**(10 679)**	**5 108**	**7 806**	**24 699**
Interest paid	**(41)**	**(15 927)**	**(14 380)**	**(12 416)**	**(2)**	**(42 766)**
Interest received					**99**	**99**
Income tax paid	**(4 571)**					**(4 571)**
Net cash generated/(utilised) from operating activities	**(11 411)**	**13 336**	**(25 059)**	**(7 308)**	**7 903**	**(22 539)**
Net cash (utilised)/generated in investing activities	**11 499**	**(22 416)**	**(24 982)**	**(23 494)**	**(114 658)**	**(174 051)**
Net cash generated in financing activities		**12 047**	**49 931**	**30 894**	**112 697**	**205 569**
Net increase/(decrease) in cash and cash equivalents	**88**	**2 967**	**(110)**	**92**	**5 942**	**8 979**
For the year ended June 2017						
Cash (utilised)/generated from operations	(42 482)	(27 641)	15 268	10 269		(44 586)
Interest paid	(132)	(10 136)	(11 216)	(9 004)		(30 488)
Income tax paid	(3 230)					(3 230)
Net cash (utilised)/generated from operating activities	(45 844)	(37 777)	4 052	1 265		(78 304)
Net cash generated/(utilised) from investing activities	45 961	(41 750)	(23 234)	(19 654)		(38 677)
Net cash generated from financing activities		79 395	19 191	18 430		117 016
Net increase/(decrease) in cash and cash equivalents	117	(132)	9	41		35

34. ACQUISITIONS

BUSINESS COMBINATIONS

Matzonox Proprietary Limited (Matzonox)
On 1 October 2017 the Group acquired an effective holding of 50,0% in Matzonox, a waste-to-value operation based at our Worcester Chicken site. The purchase consideration paid by RCL Foods Limited was R56,3 million. Matzonox's main operations include the processing of waste-water from the chicken plant to generate electricity and to reduce effluent charges, and it forms part of the Group's overall sustainability drive.

The directors have concluded that the Group controls Matzonox, even though it only holds 50,0% of the voting rights of this subsidiary. Control was obtained due to the dependence of Matzonox on RCL FOODS for its operations, including all waste-water inputs required for processing as well as RCL FOODS being the sole customer for the output of Matzonox which represents an indicator of control in terms of IFRS 3.

The following table summarises the consideration paid for the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

	2018 R'000
Cash	56 349
Total consideration	**56 349**
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	112 698
Total identifiable net assets	**112 698**
Non-controlling interest	**(56 349)**

The fair value of the non-controlling interest in the unlisted company is the purchase price paid upon acquisition for the 50,0% share held by the non-controlling interest.

Sweetener operation
On 28 February 2018 the Group acquired the operating assets and liabilities of the Sweetener operation of Nutri Pharma Solutions Proprietary Limited. The purchase consideration paid by RCL FOODS Sugar & Milling was R16,2 million. The Sweetener operation is a manufacturer and distributor of sweeteners products in South Africa.

The Group controls the Sweetener operation as a result of RCL FOODS Sugar & Milling acquiring the entire business, with no outside shareholder involvement in its operations.

Goodwill of R4,6 million arose from the acquisition. Goodwill represents the expected synergies from the combined business of scale. None of the goodwill recognised is deductible for tax purposes.

The following table summarises the consideration paid for the fair value of assets acquired, liabilities assumed at the acquisition date.

	2018 R'000
Cash	16 193
Total consideration	**16 193**
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	2 912
Inventories	8 693
Trade and other payables	(60)
Total identifiable net assets	**11 545**
Goodwill	4 648

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT

	Note	1 July 2018 R'000	2 July 2017 R'000
ASSETS			
Non-current assets			
Investment in subsidiaries	1	**4 770 393**	4 752 793
Loan to Group companies	1	**4 237 504**	4 507 270
		9 007 897	9 260 063
Current assets			
Cash and cash equivalents		**2 852**	2 688
		2 852	2 688
Total assets		**9 010 749**	9 262 751
EQUITY			
Stated capital	2	**10 087 241**	10 041 690
Share-based payments reserve		**312 539**	294 939
Accumulated loss		**(1 395 710)**	(1 080 766)
Total equity		**9 004 070**	9 255 863
LIABILITIES			
Current liabilities			
Trade and other payables		**6 679**	6 888
Total current liabilities		**6 679**	6 888
Total equity and liabilities		**9 010 749**	9 262 751

COMPANY STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 2018

	Note	2018 R'000	2017 R'000
(Loss)/profit before tax	3	**(11 876)**	230 407
(Loss)/profit for the year		**(11 876)**	230 407
Total comprehensive income for the year		**(11 876)**	230 407

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 2018

	Stated capital R'000	Share-based payments reserve R'000	Accumulated loss R'000	Total R'000
Balance at 1 July 2016	10 023 804	277 339	(1 095 094)	9 206 049
Total comprehensive income for the year			230 407	230 407
Dividends paid			(216 079)	(216 079)
BEE share-based payments charge		17 600		17 600
Employee share option scheme:				
– proceeds from shares issued	17 886			17 886
Balance at 2 July 2017	10 041 690	294 939	(1 080 766)	9 255 863
Total comprehensive income for the year			**(11 876)**	**(11 876)**
Dividends paid			**(303 068)**	**(303 068)**
BEE share-based payments charge		**17 600**		**17 600**
Employee share option scheme:				
– proceeds from shares issued	**45 551**			**45 551**
Balance at 1 July 2018	**10 087 241**	**312 539**	**(1 395 710)**	**9 004 070**

COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 2018

	Note	2018 R'000	2017 R'000
Cash flows from operating activities			
Cash utilised by operations	A	**(11 876)**	(10 897)
Movement in share-based payments reserve		**17 600**	17 600
Dividends received			241 304
Dividends paid		**(303 068)**	(216 079)
Movement in trade and other payables		**(209)**	(4 884)
Net cash (outflow)/inflow from operating activities		**(297 553)**	27 044
Cash flows from investing activities			
Additional investment in subsidiaries		**(17 600)**	(17 600)
Net movement in loans to Group companies*		**326 115**	(27 342)
Acquisitions of business		**(56 349)**	
Net cash inflow/(outflow) from investing activities		**252 166**	(44 942)
Cash flows from financing activities			
Issue of shares		**45 551**	17 886
Net cash inflow from financing activities		**45 551**	17 886
Movement in cash and cash equivalents		**164**	(12)
Cash and cash equivalents at the beginning of the year		**2 688**	2 700
Cash and cash equivalents at the end of the year		**2 852**	2 688

** The net movement in loans to Group companies has been shown as it is not practicable to show advances and repayments of these loans during the year.*

NOTES TO THE COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 2018

	2018 R'000	2017 R'000
A. CASH GENERATED BY OPERATIONS		
(Loss)/profit before tax	**(11 876)**	230 407
Adjusted for:		
Dividend income		(241 304)
	(11 876)	(10 897)

	Issued share capital		Effective holding	
	2018 R	2017 R	2018 %	2017 %
1. INVESTMENT IN SUBSIDIARIES AND GROUP COMPANIES				
Effective holding				
Directly owned				
Rainbow Farms Investments	99 900	99 900	100	100
RCL FOODS Consumer	40 000	40 000	100	100
Vector Logistics	50	50	100	100
RCL FOODS Sugar & Milling	10	10	100	100
RCL FOODS Treasury	1	1	100	100
RCL Group Services	312	312	100	100
Matzonox	120		50	
Epol	78 000	78 000	100	100
Farmer Brown	1	1	100	100
New Foodcorp Holdings	1	1	100	100
Capitau Investment Management – Deregistered in 2018 financial year		1 000		100
Indirectly owned				
Vector Logistics (Namibia)*	100 000	100 000	100	100
Foodcorp	1	1	100	100
TSB Sugar International	100	100	100	100
Quality Sugars	300	300	75	75
TSB Sugar Mozambique	100	100	100	100
Sivunosetfu	100	100	50	50
Libuyile Farming Services	100	100	50	50
Mgubho Farming Services	100	100	50	50
Rainbow Chicken Foods	100	100	100	100
Astoria Bakery Lesotho**	100	100	100	100
Foodcorp Consumer Brands	1	1	100	100
Mkhuhlu Bakery**	450 000	450 000	100	100
NIB 5 Share Block	1	1	100	100
NIB 6 Share Block	1	1	100	100
Selati Sugar	300	300	100	100

* *Incorporated in Namibia.*

** *Incorporated in Lesotho.*

All other subsidiaries listed are incorporated in the Republic of South Africa.

1. INVESTMENT IN SUBSIDIARIES AND GROUP COMPANIES CONTINUED

	Shares 2018 R'000	Shares 2017 R'000	Indebtedness 2018 R'000	Indebtedness 2017 R'000	Total 2018 R'000	Total 2017 R'000
Share and indebtedness						
Rainbow Farms Investments	100	100	100	100	200	200
RCL FOODS Consumer	1 142	1 142	1 507 926	1 493 327	1 509 068	1 494 469
RCL FOODS Sugar & Milling	3 121 356	3 121 356	26 004	20 629	3 147 360	3 141 985
Vector Logistics	456 612	456 612	6 838	864	463 450	457 476
Foodcorp			2 376 179	2 375 835	2 376 179	2 375 835
TSB Sugar International	878 644	878 644			878 644	878 644
RCL FOODS Treasury*			182 665	551 761	182 665	551 761
RCL Group Services*			81 443	64 754	81 443	64 754
Matzonox	56 349				56 349	
	4 514 203	4 457 854	4 181 155	4 507 270	8 695 358	8 965 124
Subsidiary portion of share-based payments reserve	312 539	294 939			312 539	294 939
	4 826 742	4 752 793	4 181 155	4 507 270	9 007 897	9 260 063

* *RCL Foods Limited value of shareholding in RCL Foods Treasury is R1 (2017: R1), and RCL Group Services R312 (2017: R312).*

The above loans are unsecured, interest-free and repayable at an unspecified date.

None of the above companies are listed as they are all "Proprietary Limited".

2. STATED CAPITAL

Authorised

2 000 000 000 (2017: 2 000 000 000) ordinary shares of no par value.

Issued ordinary shares of no par value:

	Number of shares	2018 R'000	2017 R'000
At the beginning of the year	864 807 445	10 041 690	10 023 804
Shares issued in terms of share incentive plans	2 520 527	45 551	17 886
At the end of the year	867 327 972	10 087 241	10 041 690
Shares in issue for accounting purposes – 1 July 2018	867 327 972		
Add: shares issued in terms of BEE scheme*	70 758 637		
Statutory shares in issue – 1 July 2018	938 086 609		

* *On 26 May 2014, 44 681 162 shares were issued to the RCL Employee Share Trust, 19 149 069 to Business Venture Investments No 1763 (RF) Proprietary Limited and on 3 April 2014, 6 928 406 shares were issued to Malongoana Investments (RF) Proprietary Limited in terms of a BEE transaction. For accounting purposes these shares are not treated as issued (refer to note 31 of the consolidated financial statements for further details).*

The unissued ordinary shares are under the control of the directors until the forthcoming Annual General Meeting.

3. PROFIT BEFORE TAX

	2018 R'000	2017 R'000
Dividends received from subsidiaries		241 304
Non-executive directors' fees	**(4 747)**	(4 267)
Consultancy expenses	**(702)**	(453)
Listed company expenses	**(4 573)**	(6 282)
Audit fees – Other services	**(488)**	
Legal fees	**(1 303)**	
Interest received – bank		186
Other expenses	**(63)**	(81)
Total	**(11 876)**	230 407

4. CONTINGENCIES

Banking and loan facilities are renewed annually and are subject to floating interest rates. RCL Foods Limited and its operating subsidiaries bind themselves in favour of various financial institutions as surety in solidium for and co-principal debtor jointly and severally for each others debt facilities. At year-end the facilities granted amounted to R2,85 billion in respect of the debt package implemented in the 2015 financial year (refer to note 15 of the consolidated financial statements) and a R1,9 billion unutilised general banking facility (2017: R2,1 billion).

In addition RCL Foods Limited has provided a guarantee to the financial institutions involved in the term-funded debt package in respect of the fulfilment of RCL FOODS Treasury Proprietary Limited's obligations in terms of the debt agreements.

The maximum exposure as at June 2018 is R2,85 billion (2017: R2,1 billion).

5. DIVIDENDS PER SHARE

Refer to note 24 of the consolidated financial statements.

6. FINANCIAL RISK MANAGEMENT

Credit risk

The company has guaranteed a loan of a subsidiary. The maximum exposure to credit risk at the reporting date is R2,85 billion, (2017: R2,85 billion).

Liquidity risk

The table below summarises the maturity profile of the guaranteed loan.

	Less than one year R'000	One to two years R'000	Two to three years R'000	Greater than three years R'000	Total R'000
2018	**1 097 000**	**1 755 000**			**2 852 000**
2017		1 097 000	1 755 000		2 852 000

SHARE AND SHAREHOLDER INFORMATION

FOR THE YEAR ENDED JUNE 2018

Stated capital

Authorised	2 000 000 000
Issued*	938 086 609
Number of shareholders	5 044

	Number of shareholders	%	Number of shares	%
Shareholder spread				
1 – 1 000	3 488	69,15	747 162	0,08
1 001 – 10 000	1 168	23,16	4 255 230	0,46
10 001 – 100 000	276	5,47	7 906 925	0,84
100 001 – 1 000 000	85	1,68	28 730 464	3,06
1 000 001 and over	27	0,54	896 446 828	95,56
Total	5 044	100,00	938 086 609	100,00
Distribution of shareholders				
Banks	28	0,56	17 049 749	1,82
Brokers	19	0,38	2 886 809	0,31
Close Corporations	33	0,65	1 120 036	0,12
Empowerment	3	0,06	70 758 637	7,54
Endowment Funds	8	0,16	1 011 825	0,11
Holding Company	2	0,04	667 500 750	71,16
Individuals	4 336	85,96	8 660 100	0,92
Insurance Companies	32	0,63	3 810 582	0,41
Investment Companies	8	0,16	45 026	
Mutual Funds	121	2,40	121 854 720	12,99
Nominees and Trusts	269	5,33	3 221 063	0,34
Other Corporations	18	0,36	87 220	0,01
Pension Funds	87	1,72	38 036 997	4,05
Private Companies	80	1,59	2 043 095	0,22
Total	5 044	100,0	938 086 609	100,0
Public and non-public shareholders				
Holding Company	2	0,04	667 500 750	71,16
Empowerment	3	0,06	70 758 637	7,54
Directors and associates of the company holdings	6	0,12	1 935 052	0,20
Total non-public shareholders	11	0,22	740 194 439	78,90
Public shareholders	5 033	99,78	197 892 170	21,10
Total	5 044	100,00	938 086 609	100,00
Beneficial shareholders' holdings of 1% or more				
Remgro Limited			667 344 936	71,14
RCL Employee Share Trust			44 681 162	4,76
Oasis Crescent Equity Fund			38 884 263	4,15
Government Employees Pension Fund			24 659 886	2,63
Business Venture Investments No 1763 (RF) Proprietary Limited			19 149 069	2,04
Old Mutual Symmetry Satellite Equity Fund No 3			14 751 203	1,57
Alexander Forbes Investments			14 617 772	1,56
Government of Norway			10 713 361	1,14
Prudential Core Value Fund			16 319 787	1,74
Fund managers holdings of 1% or more				
Remgro Limited			667 500 750	71,16
Oasis Asset Management Limited			72 733 391	7,75
RCL Employee Share Trust			44 681 162	4,76
Prudential Portfolio Managers (SA) Proprietary Limited			52 761 812	5,62
Public Investment Corporation Limited			19 226 464	2,05
Business Venture Investments No 1763 (RF) Proprietary Limited			19 149 069	2,04
All Weather Capital Proprietary Limited			11 977 428	1,28

* *Includes 44 681 162 shares issued to RCL Employee Share Trust, 19 149 069 shares issued to Business Venture Investments No 1763 (RF) Proprietary Limited and 6 928 406 shares issued to Malongoana Investments (RF) Proprietary Limited in terms of the BEE scheme (refer to note 31 of the consolidated financial statements for details).*

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TO MORE
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