RCL FOODS LIMITED
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

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 are of the opinion, based on the information and explanations given by management and the internal auditors, 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 30 June 2016 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 8 to 111, which have been prepared on the going concern basis, were approved by the Board of directors on 30 August 2016 and are signed on its behalf by:

JJ Durand
Non-executive Chairman
30 August 2016

M Dally
Chief Executive Officer

CERTIFICATE BY THE COMPANY SECRETARY

I hereby certify that in respect of the year ended 30 June 2016, 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
30 August 2016

REPORT OF THE AUDIT COMMITTEE

This report sets out how the Audit Committee discharged its responsibilities during the financial year ended 30 June 2016 as required in terms of section 94 of the Companies Act of South Africa (the "Act").

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 at www.rclfoods.com.

AUDIT COMMITTEE MEMBERSHIP AND RESOURCES

The Audit Committee consists of three 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. The Chairman of the Board, Chief Executive Officer, Chief Financial Officer, Group Audit and Risk Manager (GARM) 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 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.

Committee members	31 August 2015	25 November 2015	22 February 2016
NP Mageza ACCA (UK) Appointed: September 2009	Present	Present	Present
DTV Msibi BBusSc, BCom (Hons), MCom, CA(SA) Appointed: August 2013	Present	Present	Present
RV Smither (Committee Chairman) BCom (Hons) CA(SA) Appointed: December 2008	Present	Present	Present

ELECTION OF COMMITTEE MEMBERS

In terms of section 94 (2) of the Act, it is proposed in the notice of the annual general meeting to be held on 8 November 2016 that Messrs RV Smither, NP Mageza and DTV Msibi be re-appointed as members of the Audit Committee until the next annual general meeting in 2017.

ROLES AND RESPONSIBILITIES

The Audit Committee's roles and responsibilities include its statutory duties per the Act and the responsibilities assigned to it by the Board. The Audit Committee fulfils an oversight role regarding financial reporting risks, internal financial controls, fraud risk and Information Technology 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 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); and
  - considered and, when appropriate, made recommendations on financial statements, accounting practices and internal financial controls;
- Confirmed the Internal Audit charter and audit plan and revised structure;
- Evaluated the effectiveness of internal 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.

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

REPORT OF THE AUDIT COMMITTEE
CONTINUED

EXPERTISE AND EXPERIENCE OF THE CFO AND FINANCE FUNCTION

The Audit Committee performed an assessment of the Chief Financial Officer (CFO), Robert Field and the finance function. Based on the 2016 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 (PwC) are the incumbent auditors for all the Group companies. The Audit Committee continually monitors the independence and objectivity of the external auditors and satisfied itself with the ethical requirements regarding independence. The external auditors 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.

During the period PwC provided certain non-audit services, including tax services and a review of the Group commodity procurement process. Total fees incurred during the 2016 financial year to PwC totalled R21,3 million of which R1,6 million related to non-audit services.

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 2017 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 GARM. To ensure independence, the GARM reports functionally to the Audit Committee and, only from an administration perspective, to the CEO.

INTERNAL FINANCIAL CONTROLS

The Audit Committee is satisfied that the Group's 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 Audit 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 Group will be a going concern in the foreseeable future.

R Smither
Chairman of the Audit Committee

30 August 2016

REPORT OF THE DIRECTORS

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 2 085 188 (2015: 2 755 789) ordinary shares during the year due to share incentive schemes being exercised. At the reporting date there were no unexercised share options (2015: 100 355) in the Rainbow Share Incentive Scheme as this scheme has now run its course. At the reporting date unexercised share appreciation rights totalling 69 162 282 (2015: 60 400 318) had been granted to participants. At reporting date the unexercised options relating to the Conditional Share Plan was 6 326 704 (2015: 2 961 982). These options and 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 unissued shares of the company to remain under the control of the directors until the following annual general meeting.

FINANCIAL RESULTS

The profit for the year attributable to owners of the Company amounted to R210,8 million (2015: R848,1 million). This translates into a headline earnings per share from continuing operations of 98,5 cents (2015: 112,2 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 82 amounting to 15,0 cents per ordinary share declared on 23 February 2016 and paid on 25 April 2016.

FINAL DIVIDEND

Number 83 amounting to 15,0 cents per ordinary share declared on 30 August 2016 and payable on 24 October 2016.

The salient dates of the declaration and payment of dividend number 83 are as follows:

Last date to trade ordinary shares "cum dividend"	Tuesday, 18 October 2016
Ordinary shares trade "ex dividend"	Wednesday, 19 October 2016
Record date	Friday, 21 October 2016
Payment date	Monday, 24 October 2016

BEE TRANSACTIONS

RCL FOODS BEE transactions were concluded during the 2014 financial year resulting in the issues of 44 681 162 shares to the RCL Employee Trust, 19 149 069 shares to Business Venture Investments 1763 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.

REPORT OF THE DIRECTORS CONTINUED

SUBSIDIARIES

Details of RCL FOODS' interest in its subsidiaries are set out in note 34 of the notes to the consolidated financial statements.

HOLDING COMPANY

Remgro Limited is the ultimate holding company of RCL FOODS.

DIRECTORS

The names of the directors are:

JJ Durand (Non-executive Chairman)
M Dally (CEO)*
HJ Carse
RH Field*
PR Louw
NP Mageza
DTV Msibi
MN Nhlanhla
RV Smither
GM Steyn
GC Zondi

**Executive director*

DIRECTORS' SHAREHOLDINGS

At the date of this report, the directors in aggregate held direct beneficial interests in 1 651 653 (2015: 1 451 653) ordinary shares in the company and had indirect beneficial interests in 4 481 038 (2015: 4 481 038) ordinary shares. Details of directors' shareholdings are set out in note 30 of the notes to the consolidated financial statements.

SUBSEQUENT EVENTS

No material change has taken place in the affairs of the Group between the end of the financial year and the date of this report.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF RCL FOODS LIMITED

REPORT ON THE FINANCIAL STATEMENTS
We have audited the consolidated and separate financial statements of RCL Foods Limited set out on pages 8 to 111, which comprise the statements of financial position as at 30 June 2016, and the income statement, statements of comprehensive income, statements of changes in equity and cash flow statements for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS
The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

OPINION
In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of RCL Foods Limited as at 30 June 2016, 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.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT
As part of our audit of the consolidated and separate financial statements for the year ended 30 June 2016, we have read the Report of the Directors, the Report of the Audit Committee and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

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 12 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: S Randelhoff
Registered Auditor

Durban
30 August 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2016 R'000	2015 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	1	**5 696 096**	5 193 089
Intangible assets	2	**4 942 492**	5 675 862
Biological assets	7	**624 917**	549 608
Investment in joint ventures	3	**206 036**	416 626
Investment in associates	4	**485 054**	406 250
Deferred income tax asset	17	**19 658**	8 320
Loan receivable	5	**1 555**	1 555
Trade and other receivables	8	**12 288**	
		11 988 096	12 251 310
Current assets			
Inventories	6	**2 940 337**	2 761 151
Biological assets	7	**611 760**	548 525
Trade and other receivables	8	**3 926 404**	3 156 670
Derivative financial instruments	9	**8 036**	10 438
Tax receivable		**30 210**	9 923
Loan receivable	5	**41 342**	5 239
Cash and cash equivalents		**744 639**	873 397
Assets of disposal group classified as held for sale	10		76 542
		8 302 728	7 441 885
Total assets		**20 290 824**	19 693 195
EQUITY			
Stated capital	11	**10 023 804**	9 992 815
Share-based payments reserve	12	**434 863**	391 716
Other reserves	13	**25 517**	24 447
Common control reserve		**(1 919 832)**	(1 919 832)
Retained earnings		**1 432 329**	1 545 571
Equity attributable to equity holders of the company		**9 996 681**	10 034 717
Non-controlling interests		**93 529**	78 782
Total equity		**10 090 210**	10 113 499
LIABILITIES			
Non-current liabilities			
Deferred income	19	**734**	1 849
Interest-bearing liabilities	15	**3 598 846**	3 511 271
Deferred income tax liabilities	17	**1 370 009**	1 458 933
Retirement benefit obligations	14	**165 354**	187 656
Trade and other payables	16	**5 716**	8 567
		5 140 659	5 168 276
Current liabilities			
Trade and other payables	16	**4 514 392**	4 184 985
Deferred income	19	**3 928**	5 239
Interest-bearing liabilities	15	**112 402**	131 559
Derivative financial instruments	9	**38 828**	16 277
Current income tax liabilities		**8 966**	52 680
Bank overdraft		**381 439**	2 891
Liabilities of disposal group classified as held for sale	10		17 789
		5 059 955	4 411 420
Total liabilities		**10 200 614**	9 579 696
Total equity and liabilities		**20 290 824**	19 693 195

CONSOLIDATED INCOME STATEMENT

	Note	2016 R'000	2015 R'000
Continuing operations			
Revenue		**25 025 159**	23 428 206
Operating profit before depreciation, amortisation and impairment (EBITDA)		**1 766 500**	2 224 045
Depreciation, amortisation and impairment		**(1 388 287)**	(771 654)
Operating profit	18	**378 213**	1 452 391
Finance costs	20	**(365 194)**	(373 607)
Finance income	21	**38 361**	52 056
Share of profits of joint ventures	3	**44 527**	38 004
Share of profit of associates	4	**64 796**	84 178
Profit before tax		**160 703**	1 253 022
Income tax credit/(charge)	22	**65 892**	(359 160)
Profit after tax from continuing operations		**226 595**	893 862
Loss for the year from discontinued operation	10		(31 905)
Profit for the year		**226 595**	861 957
Profit for the year attributable to:			
Equity holders of the company		**210 849**	848 121
Non-controlling interests		**15 746**	13 836
		226 595	861 957
Earnings per share from continuing and discontinued operations attributable to equity holders of the company	23		
Basic earnings per share			
From continuing operations	(cents)	**24,4**	102,4
From discontinued operation	(cents)		(3,7)
From profit for the year attributable to equity holders of the company	(cents)	**24,4**	98,7
Diluted earnings per share			
From continuing operations	(cents)	**24,4**	101,7
From discontinued operation	(cents)		(3,7)
From profit for the year	(cents)	**24,4**	98,0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2016 R'000	2015 R'000
Profit for the year		**226 595**	861 957
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurement of retirement medical aid obligations		**154**	(4 299)
Share of associates other comprehensive income		**(3 286)**	854
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges	13	**(17 598)**	28 114
Currency translation differences	13	**18 668**	(6 129)
Share of associates other comprehensive income		**(1 867)**	
Other comprehensive income for the year net of tax		**(3 929)**	18 540
Total comprehensive income for the year		**222 666**	880 497
Total comprehensive income for the year attributable to:			
Equity holders of the company		**206 920**	866 661
Non-controlling interests		**15 746**	13 836
		222 666	880 497
Total comprehensive income/(loss) attributable to equity holders of the company arises from:			
– Continuing operations		**206 920**	898 566
– Discontinued operation			(31 905)
		206 920	866 661

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 13 to the consolidated financial statements. The tax relating to the remeasurement of medical aid obligations was R0,06 million, (2015: R1,7 million).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to 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 2014	9 955 700	330 338	2 462	(1 919 832)	1 005 921	9 374 589	61 697	9 436 286
Profit for the year					848 121	848 121	13 836	861 957
Other comprehensive income			21 985		(3 445)	18 540		18 540
Transfer of non-controlling interests to retained earnings					(4 063)	(4 063)	4 063	
BEE share-based payments charge		17 600				17 600		17 600
Employee Share Incentive Scheme:								
– proceeds from shares issued	37 115					37 115		37 115
– value of employee services		43 778				43 778		43 778
Ordinary dividends paid					(300 963)	(300 963)	(814)	(301 777)
Balance at 30 June 2015	9 992 815	391 716	24 447	(1 919 832)	1 545 571	10 034 717	78 782	10 113 499
Profit for the year					**210 849**	**210 849**	**15 746**	**226 595**
Other comprehensive income			**1 070**		**(4 999)**	**(3 929)**		**(3 929)**
BEE share-based payments charge		**17 600**				**17 600**		**17 600**
Employee Share Incentive Scheme:								
– proceeds from shares issued	**30 989**					**30 989**		**30 989**
– value of employee services		**55 259**				**55 259**		**55 259**
– exercise of employee share schemes		**(29 712)**				**(29 712)**		**(29 712)**
Ordinary dividends paid					**(319 092)**	**(319 092)**	**(999)**	**(320 091)**
Balance at 30 June 2016	**10 023 804**	**434 863**	**25 517**	**(1 919 832)**	**1 432 329**	**9 996 681**	**93 529**	**10 090 210**

CONSOLIDATED CASH FLOW STATEMENT

	Note	2016 R'000	2015 R'000
Cash flows from operating activities			
Cash generated by operations	A	**1 440 395**	2 066 115
Finance income received		**38 361**	52 056
Finance costs paid		**(363 831)**	(374 614)
Net cash inflows from operating activities – discontinued operation			54 275
Tax paid	B	**(254 560)**	(280 896)
Cash available from operating activities		**860 365**	1 516 936
Dividends received		**68 595**	46 955
Dividends paid		**(320 091)**	(301 777)
Net cash inflow from operating activities		**608 869**	1 262 114
Cash flows from investing activities			
Replacement property, plant and equipment		**(451 716)**	(476 459)
Expansion property, plant and equipment		**(561 010)**	(280 161)
Intangible asset additions		**(14 608)**	(6 927)
Acquisition of joint ventures			(45 791)
Acquisition of associate		**(61 549)**	
Proceeds on disposal of fishing division	C	**25 000**	251 096
Proceeds on disposal of non-current assets held for sale		**26 406**	
Proceeds on disposal of subsidiary	D		(58)
Proceeds on disposal of property, plant and equipment and intangible assets		**43 484**	31 580
Investment in money market fund			446 000
Net cash outflow from investing activities – discontinued operation			(17 510)
Net cash outflow from investing activities		**(993 993)**	(98 230)
Cash flows from financing activities			
Repayment of interest-bearing liabilities		**(88 773)**	(4 790 229)
Advances of interest-bearing liabilities			3 432 489
Advances of interest-bearing assets		**(36 102)**	
Issue of shares		**1 422**	37 115
Net cash outflow from financing activities – discontinued operation			(1 455)
Net cash outflow from financing activities		**(123 453)**	(1 322 080)
Net movement in cash and cash equivalents		**(508 577)**	(158 196)
Cash and cash equivalents at the beginning of the year		**870 506**	1 026 717
Exchange rate translation		**1 271**	1 985
Cash and cash equivalents at the end of the year (net of overdrafts)	E	**363 200**	870 506

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

	2016 R'000	2015 R'000
A. CASH GENERATED BY OPERATIONS		
Operating profit	**378 213**	1 452 391
Adjusted for:		
Depreciation, amortisation and impairment	**1 388 287**	771 654
Deferred income	**(2 426)**	(1 124)
Profit on disposal of property, plant and equipment and intangible assets	**(16 469)**	(5 227)
Loss on disposal of biological assets	**9 438**	
Loss on disposal of assets held for sale	**7 479**	
Movement in retirement benefit obligations	**(22 088)**	(44 090)
Movement in derivative financial instruments – non-cash flow hedges	**25 282**	7 390
Gain in Zambian option exercise	**(126 097)**	
Fair value adjustment in biological assets*	**(421 455)**	(358 166)
Foreign currency translation reserve released	**51 163**	(727)
Profit on sale of investment		(1 546)
Unrealised foreign exchange gains	**(2 443)**	(3 298)
Unrealised foreign exchange losses	**7 192**	
Share-based payments – BEE charge	**17 600**	17 600
Share-based payments – Employee Share Incentive Scheme	**55 114**	43 778
Cash flow hedges released	**(26 135)**	36 205
Other non-cash flow items	**(851)**	(1)
	1 321 804	1 914 839
Working capital changes:		
Movement in inventories	**(179 186)**	(603 917)
Movement in biological assets*	**273 463**	267 402
Movement in trade and other receivables	**(465 605)**	(67 973)
Movement in trade and other payables	**489 919**	555 764
	118 591	151 276
	1 440 395	2 066 115

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

	2016 R'000	2015 R'000
B. TAX PAID		
Amount payable at the beginning of the year	**(42 757)**	(11 481)
Charged to the income statement	**(34 584)**	(312 172)
Normal tax	**(194 512)**	(299 394)
Prior year under provision	**(3 366)**	(12 778)
Release of provision for uncertain tax position (refer note 22)	**163 294**	
Release of provision for uncertain tax position and tax on hedging reserve – non-cash flow item	**(155 975)**	
Amount (refundable)/payable at the end of the year	**(21 244)**	42 757
	(254 560)	(280 896)

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT CONTINUED

	2016 R'000	2015 R'000
C. PROCEEDS ON DISPOSAL OF FISHING DIVISION		
Cash guaranteed as per sale agreement	**25 000**	395 000
Less portion of cash not yet received		(51 000)
Less cash and cash equivalents disposed as part of sale		(92 904)
	25 000	251 096
D. PROCEEDS ON DISPOSAL OF SUBSIDIARY		
Cash received on sale of subsidiary		
Less cash and cash equivalents disposed as part of sale		(58)
		(58)

E. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are reported net of bank overdrafts of R381,4 million (2015: R2,9 million) on the cash flow statement. The bank overdraft relates to overdrafts obtained from ABSA (current and prior year), Standard Bank (current and prior year) and FNB (current year only) for the purpose of working capital, which are unsecured and payable on demand. The overdrafts bear interest at prime.

Cash and cash equivalents include restricted balances of R208,7 million (2015: R80,3 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 R1,0 million (2015: R1,2 million) from the National Department of Rural Development and Land Reform in terms of a Mentorship agreement which is required to be administered and spent for the benefit of third party beneficiaries in terms of the 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:

	2016 R'000	2015 R'000
Rand	**316 675**	818 056
USD	**21 131**	8 465
GBP	**13 608**	25 826
Namibian Dollar	**9 100**	5 552
Mozambique Metical	**709**	9 520
Indonesian Rupee	**1 950**	3 045
Other currencies	**27**	42
	363 200	870 506

ACCOUNTING POLICIES

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, 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 30 August 2016 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.

RCL Foods Limited has not adopted any revised accounting standards for the first time for the financial year beginning on 1 July 2015.

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 page 26.

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 remeasured 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 remeasured, 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 are 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.

ACCOUNTING POLICIES CONTINUED

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.

Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is remeasured 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/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/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.

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 remeasured. 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 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 "other losses/gains''.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss, are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

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:

(a) 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.

(b) 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).

(c) 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.

ACCOUNTING POLICIES CONTINUED

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation less impairment losses, except for land 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.

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	3 to 40 years
Vehicles	
– Capitalised and owned	3 to 8 years
Furniture	6 to 20 years
Aircraft	8 to 20 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 or 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 to complete the development and to use are available.
- 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 (CGUs). 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.

ACCOUNTING POLICIES CONTINUED

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 Sugar & Milling where the Sugar business unit's 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:

Growing crops and orchards comprise two elements:

- bearer biological assets – sugar cane roots and banana plants.
- consumable biological assets – standing sugar cane and bananas.

Bearer biological assets are valued at fair value based on the current replacement cost of planting and establishment, subsequently reduced in value over their productive lives.

Consumable biological assets 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.

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.

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.

Treasury shares

Shares in the company held by Group companies are classified as treasury shares and are held at cost. These shares are treated as a deduction from the issued number of shares and taken into account in the calculation of the weighted average number of shares. The cost price of the shares is deducted from the Group's equity.

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.

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 66,6% 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.

ACCOUNTING POLICIES CONTINUED

Post-retirement medical benefits-defined benefit plan

For RCL Foods Consumer Proprietary Limited (formerly Rainbow Farms 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 (Formerly TSB Sugar RSA 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 (options and rights) of the Group. The fair value of the employees' services received in exchange for the grant of the options or rights is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options 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.

Non-market performance and service conditions are included in assumptions about the number of options 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 options 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 options and rights that are expected to vest.

At each reporting date, the Group revises its estimates of the number of options or 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 options or 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 options or rights are exercised.

The grant by the Group of options 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 determination of profit or loss.

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.

ACCOUNTING POLICIES CONTINUED

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, as well as consulting services.

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.

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.

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

Interest income

Interest income is recognised using the effective interest 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.

FINANCIAL INSTRUMENTS

Financial instruments recognised on the statement of financial position include investments, long-term loans and receivables, preference shares, 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 investment in money market fund and derivative instruments, unless designated as hedges, 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-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.

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.

ACCOUNTING POLICIES CONTINUED

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 and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

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/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 or 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.

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.

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 indicate 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. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. 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 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.

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 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.

ACCOUNTING POLICIES CONTINUED

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. 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.

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 are depreciated over their useful lives taking into account residual values. 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.

Impairment of assets other than goodwill and trademarks

The RCL FOODS Boards continue to assess the need for impairment of assets based on objective indicators. As at 30 June 2016 the indicators were assessed and no significant impairment was required.

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.

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 financial statements.

Fair value assessment of biological assets

The key assumptions used in the calculation of the fair value of chicken, banana and cane stock and a sensitivity analysis are disclosed in note 27 to the 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 assumptions. The key assumptions relating to the actuarial calculation and a sensitivity analysis are disclosed in note 14 to the 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 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.

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. Management has considered that these standards do not, with the exception of amendments to IAS 16, “Property, plant and equipment”, IAS 41, “Agriculture” regarding bearer plants and IFRS 16, “Leases”, have a significant impact on the Group’s financial statements. Management are still determining the impact of the amendments to IAS 16, “Property, Plant and Equipment”, IAS 41, “Agriculture” and IFRS 16, “Leases”. 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 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 loss 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.

ACCOUNTING POLICIES CONTINUED

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 July 2018.

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 July 2018.

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 profit and loss 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.

The amendments below are effective for the annual period beginning 1 July 2016.

Amendment to IFRS 11, "Joint arrangements" regarding acquisition of an interest in a joint operation

This amendment provides new guidance on how to account for the acquisition of an interest in a joint venture operation that constitutes a business. The amendments require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a "business". The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not remeasured when the acquisition of an additional interest in the same joint operation results in retaining joint control.

Amendment to IAS 16, "Property, plant and equipment" and IAS 38, "Intangible assets" regarding depreciation and amortisation

This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

This has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The presumption may only be rebutted in certain limited circumstances. These are where the intangible asset is expressed as a measure of revenue; or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to IAS 16, "Property, plant and equipment" and IAS 41, "Agriculture" regarding bearer plants

These amendments change the reporting for bearer plants, such as grape vines, rubber trees and oil palms. Bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. The amendments include them in the scope of IAS 16 rather than IAS 41. The produce on bearer plants will remain in the scope of IAS 41.

Amendments to IFRS 10 and IAS 28 regarding the sale or contribution of assets between an investor and its associate or joint venture

These amendments address an inconsistency between IFRS 10 and IAS 28 in the sale or contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary.

Amendment to IAS 27, "Separate financial statements" regarding the equity method

The amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

Amendments to IAS 1, "Presentation of financial statements" disclosure initiative

This amendment clarifies guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Improvements to IFRS 2012 – 2014

The amendments below are effective for the annual period beginning 1 July 2016.

Amendment to IFRS 5, "Non-current assets held for sale and discontinued operations"

The amendment clarifies that, when an asset (or disposal group) is reclassified from "held for sale" to "held for distribution", or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. This means that the asset (or disposal group) does not need to be reinstated in the financial statements as if it had never been classified as "held for sale" or "held for distribution" simply because the manner of disposal has changed. The amendment also explains that the guidance on changes in a plan of sale should be applied to an asset (or disposal group) which ceases to be held for distribution but is not reclassified as 'held for sale'.

Amendments to IFRS 7, "Financial instruments: Disclosures"

Servicing contracts – If an entity transfers a financial asset to a third party under conditions which allow the transferor to derecognise the asset, IFRS 7 requires disclosure of all types of continuing involvement that the entity might still have in the transferred assets. The standard provides guidance about what is meant by continuing involvement. The amendment is prospective with an option to apply retrospectively. There is a consequential amendment to IFRS 1 to give the same relief to first time adopters.

Interim financial statements – The amendment clarifies that the additional disclosure required by the amendments to IFRS 7, "Disclosure – Offsetting financial assets and financial liabilities" is not specifically required for all interim periods unless required by IAS 34. This amendment is retrospective.

ACCOUNTING POLICIES CONTINUED

Amendment to IAS 19, "Employee benefits"
The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used. The amendment is retrospective but limited to the beginning of the earliest period presented.

Amendment to IAS 34, "Interim financial reporting"
The amendment clarifies what is meant by the reference in the standard to "information disclosed elsewhere in the interim financial report". The amendment also amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information. The amendment is retrospective.

Amendments to IFRS 10, IFRS 12 and IAS 28 for investment entities
The amendment clarifies the exemption from preparing consolidated financial statements for intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, the use of the fair value measure to account for the investment in subsidiaries and the required disclosure requirements when using the fair value measure.

The amendments below are effective for the annual period beginning 1 July 2017.

Amendments to IAS 12, "Income taxes"
Debt instruments measured at fair value – Unrealised losses on debt instruments give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.

Future taxable profits – The carrying amount of an asset does not limit the estimate of future taxable profits, and such estimates must exclude tax deductions resulting from the reversal of deductible temporary differences.

Amendment to IAS 7, "Statement of cash flows"
The amendment clarifies that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The amendments below are effective for the annual period beginning 1 January 2018.

Amendments to IFRS 2, "Classification and measurement of share-based payment transactions"
The amendments clarify that the accounting for the effect of vesting and non-vesting conditions on cash-settled share-based payments should follow the same approach as for equity-settled share-based payments.

The amendments provide guidance in situations where tax law or regulation requires an entity to withhold on behalf of their employees a specified number of equity instruments to meet the employee's tax liability which is then remitted to the tax authority (typically in cash). The amendments state that such an arrangement should be classified as equity–settled in its entirety, provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

The amendment clarifies that a modification of a share-based payment that changes from cash-settled to equity-settled should be accounted for by derecognising the liability on modification date, recognising the equity-settled share-based payment at the modification date fair value of the equity instrument granted to the extent that services have been rendered and any difference between the carrying amount of the liability at modification date and the amount recognised in equity should be recognised in profit and loss immediately.

The amendment below is effective for the annual period beginning 1 July 2018.

Amendments to IFRS 15, "Revenue from contracts with customers"
The amendments clarify three aspects of the standard, identifying performance obligations, principal versus agent considerations and licensing. The amendments also provide some transition relief for modified contracts and completed contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. PROPERTY, PLANT AND EQUIPMENT

	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 improvements R'000	Capital work-in-progress R'000	Total R'000
30 June 2016										
Cost										
At the beginning of the year	2 453 669	5 374 607	25 341	666 399	38 888	43 950		26 632	519 641	9 149 127
Transfers between categories and intangible assets	10 782	(21 193)		38 645		(39 894)		(86)	(2 677)	(14 423)
Additions*	237 358	743 676		92 072	38 649	901	119 138	1 260	(63 137)	1 169 917
Disposals	(12 892)	(86 389)		(46 146)	(7 918)	(443)		(2 310)	(1 561)	(157 659)
Transferred from held for sale				619						619
Exchange differences on translation of foreign operations		354								354
At the end of the year	2 688 917	6 011 055	25 341	751 589	69 619	4 514	119 138	25 496	452 266	10 147 935
Accumulated depreciation										
At the beginning of the year	801 477	2 737 483	5 132	307 937	8 947	7 331		7 253	80 478	3 956 038
Transfers between categories	8 264	(10 995)		8 208		(9 470)		(81)		(4 074)
Impairment loss		4 537							15 239	19 776
Impairment loss reversed		(19)								(19)
Transferred from held for sale				285						285
Disposals	(11 422)	(71 361)		(37 601)	(7 915)	(232)		(2 194)		(130 725)
Depreciation	94 835	403 661	1 184	83 990	11 029	4 625	7 988	2 971		610 283
Exchange differences on translation of foreign operations		275								275
At the end of the year	893 154	3 063 581	6 316	362 819	12 061	2 254	7 988	7 949	95 717	4 451 839
Net book amount	1 795 763	2 947 474	19 025	388 770	57 558	2 260	111 150	17 547	356 549	5 696 096

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

1. PROPERTY, PLANT AND EQUIPMENT CONTINUED

	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	Leasehold improve-ments R'000	Capital work-in-progress R'000	Total R'000
30 June 2015									
Cost									
At the beginning of the year	2 323 710	5 010 733	25 341	621 814	69 143	51 454	29 792	473 121	8 605 108
Transfers between categories	42 099	75 035		21 131	(35 793)	(10 401)		(99 345)	(7 274)
Transfers to non-current assets held for sale	(191)	(1 115)		(733)					(2 039)
Disposal of subsidiary**				(1 429)					(1 429)
Additions*	105 997	427 977		63 309	5 538	2 944	1 519	147 848	755 132
Disposals	(17 946)	(138 322)		(37 625)		(47)	(4 679)	(869)	(199 488)
Exchange differences on translation of foreign operations		299		(68)				(1 114)	(883)
At the end of the year	2 453 669	5 374 607	25 341	666 399	38 888	43 950	26 632	519 641	9 149 127
Accumulated depreciation									
At the beginning of the year	713 441	2 472 156	3 948	256 225	13 220	6 712	6 517		3 472 219
Transfers between categories	8 883	86		5 474	(11 178)	(5 474)			(2 209)
Transfers to non-current assets held for sale	(8)	(255)		(317)					(580)
Disposal of subsidiary**				(156)					(156)
Impairment loss	683	9 608		547				80 478	91 316
Disposals	(11 570)	(127 683)		(30 104)		(47)	(3 731)		(173 135)
Depreciation	90 048	383 148	1 184	76 316	6 905	6 140	4 467		568 208
Exchange differences on translation of foreign operations		423		(48)					375
At the end of the year	801 477	2 737 483	5 132	307 937	8 947	7 331	7 253	80 478	3 956 038
Net book amount	1 652 192	2 637 124	20 209	358 462	29 941	36 619	19 379	439 163	5 193 089

* *The previously disclosed "Transferred out of capital work-in-progress" has been collapsed into "Additions". Work-in-progress additions are disclosed net of the respective transfer.*

** *Refer to note 35.*

1. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Capital commitments:

	2016 R'000	2015 R'000
Continuing operations		
Contracted and committed	323 299	461 742
Approved but not contracted	227 199	460 658

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 the respective subsidiary company, apart from RCL Foods Consumer Proprietary Limited and Vector Logistics Proprietary Limited which are kept at RCL Foods Limited.

The Group leases various plant and machinery, vehicles and buildings under finance lease arrangements. The lease terms are between 3 and 15 years. The net book value of the assets leased amounts to R171,0 million (2015: R66,6 million).

During the current financial year, impairment losses of R9,5 million (2015: R7,3 million) were recognised due to assets becoming redundant. It is expected that no future economic benefits will be derived from these assets. For a number of reasons, Massingir, the greenfield sugar project in Mozambique has been terminated and a R10,2 million (2015: R84,0 million) final impairment has been raised.

Impairment losses of R1,8 million (2015: R4,2 million) have been allocated to the Consumer segment and R17,2 million (2015: R87,1 million) have been allocated to the Sugar & Milling segment.

The Group capitalised borrowing costs amounting to Rnil (2015: R21,2 million) on qualifying assets. Borrowing costs were capitalised at the weighted average rate of 7,9%.

Impairment assessment

An oversupplied chicken market as a result of excess local supply and record levels of dumped imports, as well as the impact of the drought has resulted in the Chicken operations achieving actual results significantly lower than budgeted.

In accordance with IAS 36 this is an indicator of impairment and the recoverable amount of the CGU was calculated. No impairment charge was necessary in the current financial year.

A restoration of normal trading conditions within the South African poultry market is expected and should the supply/demand equilibrium not be restored an impairment charge may be necessary in the future. A normalisation of rainfall patterns is anticipated in South Africa which should also provide relief on commodity raw material inputs.

The recoverable amount of the CGU has been determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management, which include assumptions on profit before tax, depreciation, working capital and capital maintenance expenditure. Cash flows beyond the five-year period are extrapolated using the long-term projected growth rate of 6,0%.

Key assumptions used in the impairment test are as follows:

		2016
Discount rate – pre-tax	(%)	17,9
Discount rate – post-tax	(%)	12,9
Perpetuity growth rate	(%)	6,0
Period	(years)	5
Sensitivity analysis of assumptions used in the impairment test:		
Discount rate		
– movement	(%)	+2
– impairment	(Rm)	nil
Perpetuity growth rate		
– movement	(%)	(0,5)
– impairment	(Rm)	nil

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. INTANGIBLE ASSETS

	Software R'000	Trademarks R'000	Customer relationships R'000	Goodwill R'000	Total R'000
30 June 2016					
Opening net book amount	**76 450**	**1 786 989**	**776 600**	**3 035 823**	**5 675 862**
Additions	**14 608**				**14 608**
Disposal	**(76)**				**(76)**
Transfers from property, plant and equipment	**10 345**				**10 345**
Amortisation charge	**(18 776)**	**(50)**	**(94 975)**		**(113 801)**
Impairment charge	**(1 683)**	**(265 434)**		**(377 329)**	**(644 446)**
Closing net book amount	**80 868**	**1 521 505**	**681 625**	**2 658 494**	**4 942 492**
Cost	**178 296**	**1 838 259**	**941 027**	**3 035 823**	**5 993 405**
Accumulated amortisation and impairment	**(97 428)**	**(316 754)**	**(259 402)**	**(377 329)**	**(1 050 913)**
Net book amount	**80 868**	**1 521 505**	**681 625**	**2 658 494**	**4 942 492**
30 June 2015*					
Opening net book amount	81 604	1 787 040	871 574	3 035 823	5 776 041
Additions	6 927				6 927
Disposal of subsidiary**	(41)				(41)
Transfers from property, plant and equipment	5 065				5 065
Amortisation charge	(17 105)	(51)	(94 974)		(112 130)
Closing net book amount	76 450	1 786 989	776 600	3 035 823	5 675 862
Cost	160 310	1 838 259	941 027	3 035 823	5 975 419
Accumulated amortisation and impairment	(83 860)	(51 270)	(164 427)		(299 557)
Net book amount	76 450	1 786 989	776 600	3 035 823	5 675 862

* *Comparative information has been restated to correctly allocate the cost and accumulated depreciation of a customer relationship. The customer relationship had a Rnil carrying amount.*

** *Refer to note 35*

The remaining useful lives on intangible assets is between 2 and 17 years.

	2016	2015
2. INTANGIBLE ASSETS CONTINUED		
SOFTWARE		
Finite life		
Amortisation period	**3 to 20 years**	3 to 20 years
Method of amortisation	**Straight-line**	Straight-line
Is intangible title restricted in any way	**No**	No

	2016 R'000	2015 R'000
TRADEMARKS		
The carrying value of Trademarks are included in the following CGUs, within the Consumer and Sugar & Milling segments.		
CGU		
Grocery	**438 600**	438 600
Beverage	**176 540**	176 540
Pie	**260 000**	260 000
Total Consumer segment	**875 140**	875 140
Sugar	**204**	254
Milling	**315 141**	580 575
Baking	**331 020**	331 020
Total Sugar & Milling segment	**646 365**	911 849
Total Trademarks	**1 521 505**	1 786 989

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

		2016 R'000	2015 R'000
2. INTANGIBLE ASSETS CONTINUED			
TRADEMARKS continued			
Finite life			
Amortisation period	(years)	**15 to 20**	15 to 20
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.

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 live 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.

Impairment test for indefinite life intangible assets

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 management, which include assumptions on profit before interest and tax, depreciation, working capital movements and capital maintenance expenditure. Cash flows have been forecasted to grow at 6,0%. Cash flows beyond a five-year period are extrapolated using the estimated growth rates stated below.

Key assumptions used in the impairment test:			
Discount rate – pre-tax	(%)	**16,4**	15,4
Discount rate – post-tax	(%)	**11,8**	11,1
Perpetuity growth rate	(%)	**6,0**	6,0
Period	(years)	**5**	5

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

The discount rate reflects specific risks relating to the CGUs.

An impairment charge of R265,4 million (2015: Rnil) was recognised on the indefinite life intangible assets associated with the Milling CGU which forms part of the Sugar & Milling segment.

		2016 R'000	2015 R'000
2. INTANGIBLE ASSETS CONTINUED			
TRADEMARKS continued			
Sensitivity analysis of assumptions used in the impairment test:			
Discount rate			
– movement	(%)	**+2**	+2
– impairment*	(Rm)	**328,4**	180,6
Perpetuity growth rate			
– movement	(%)	**(0,5)**	(0,5)
– impairment	(Rm)	**78,1**	nil
CUSTOMER RELATIONSHIPS			
Finite life			
Amortisation period	(years)	**5 to 20**	5 to 20
Method of amortisation		**Straight-line**	Straight-line
Is intangible title restricted in any way		**No**	No

** The comparative sensitivity disclosures have been restated to reflect a reclassification of potential impairments between intangibles and goodwill.*

Customer relationships arose on the acquisition of New Foodcorp Holdings Proprietary Limited (indirectly the legacy Foodcorp group) in the 2013 financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. INTANGIBLE ASSETS CONTINUED

Goodwill

Goodwill relates to the acquisition of Vector Logistics Proprietary Limited in 2005, New Foodcorp Holdings Proprietary Limited (indirectly the legacy Foodcorp group) in 2013 and purchased goodwill which arose on the common control acquisition of RCL Foods Sugar & Milling Proprietary Limited (previously TSB Sugar RSA Proprietary Limited) in the 2014 financial year.

	2016 R'000	2015* R'000
Goodwill is made up as follows:		
Goodwill arising from a business combination	2 645 164	3 022 493
Acquired goodwill	13 330	13 330
Total	2 658 494	3 035 823

During the current financial year an impairment charge of R377,3 million (2015: Rnil) was recognised on the goodwill associated with the Milling CGU which forms part of the Sugar & Milling segment.

The recoverable amount decreased due to the competitive trading environment restricting forecasted cash flows and the impact of recent political instability driving up the discount rate.

Impairment tests for goodwill

Management monitors goodwill at a level which is lower than that of an operating segment as identified in note 26. Goodwill is monitored at the CGU level. The following is a summary of goodwill allocation for each CGU.

	Opening R'000	Additions R'000	Disposals R'000	Impairment R'000	Other adjustments R'000	Closing R'000
2016						
Grocery	191 205					191 205
Pie	588 615					588 615
Speciality	631 110					631 110
Beverage	258 689					258 689
Sugar	13 330					13 330
Milling	377 329			(377 329)		
Baking	688 101					688 101
Logistics	287 444					287 444
Total	3 035 823			(377 329)		2 658 494
2015*						
Grocery	191 205					191 205
Pie	588 615					588 615
Speciality	631 110					631 110
Beverage	258 689					258 689
Sugar	13 330					13 330
Milling	377 329					377 329
Baking	688 101					688 101
Logistics	287 444					287 444
Total	3 035 823					3 035 823

** Comparative financial disclosure has been amended to reflect goodwill by nature and CGU instead of by legal entity acquisition.*

2. INTANGIBLE ASSETS CONTINUED

The recoverable amount of all CGUs has been determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management, which include assumptions on profit before 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.

Key assumptions used in the goodwill impairment test below have been further disaggregated from prior year reported numbers to provide enhanced disclosure:

	Discount rate – pre tax %	Discount rate – post tax %	Perpetuity growth rate %	Period years
2016				
Grocery	**16,4**	**11,8**	**6,0**	**5**
Pie	**16,4**	**11,8**	**6,0**	**5**
Speciality	**16,4**	**11,8**	**6,0**	**5**
Beverage	**16,4**	**11,8**	**6,0**	**5**
Sugar	**14,4**	**10,4**	**6,0**	**5**
Milling	**16,4**	**11,8**	**6,0**	**5**
Baking	**16,4**	**11,8**	**6,0**	**5**
Logistics	**21,0**	**15,1**	**5,0**	**5**
2015				
Grocery	15,4	11,1	6,0	5
Pie	15,4	11,1	6,0	5
Speciality	15,4	11,1	6,0	5
Beverage	15,4	11,1	6,0	5
Sugar	14,4	10,4	5,0	5
Milling	15,4	11,1	6,0	5
Baking	15,4	11,1	6,0	5
Logistics	19,7	14,2	5,0	5

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. INTANGIBLE ASSETS CONTINUED

Sensitivity analysis of assumptions used in the goodwill impairment test:

	Discount rate		Perpetuity growth rate	
	Movement %	Impairment Rm	Movement %	Impairment Rm
2016				
Grocery	**+2,0**	**nil**	**(0,5)**	**nil**
Pie	**+2,0**	**180,1**	**(0,5)**	**nil**
Speciality	**+2,0**	**nil**	**(0,5)**	**nil**
Beverage	**+2,0**	**nil**	**(0,5)**	**nil**
Sugar	**+2,0**	**nil**	**(0,5)**	**nil**
Milling	**+2,0**	**nil**	**(0,5)**	**nil**
Baking	**+2,0**	**nil**	**(0,5)**	**nil**
Logistics	**+2,0**	**nil**	**(0,5)**	**nil**
2015*				
Grocery	+2,0	191,2	(0,5)	nil
Pie	+2,0	69,3	(0,5)	nil
Speciality	+2,0	221,6	(0,5)	26,8
Beverage	+2,0	nil	(0,5)	nil
Sugar	+2,0	nil	(0,5)	nil
Milling	+2,0	377,3	(0,5)	160,1
Baking	+2,0	nil	(0,5)	nil
Logistics	+2,0	nil	(0,5)	nil

** The comparative sensitivity disclosures have been restated to reflect a reclassification of potential impairments between intangibles and goodwill.*

	2016 R'000	2015 R'000
3. INVESTMENT IN JOINT VENTURES		
Amounts recognised in the statement of financial position and the statement of comprehensive income are as follows:		
Balance at 1 July	**416 626**	347 819
Investment in Zamhatch		45 791
Share of profit of joint ventures	**44 527**	38 004
Dividends received from joint ventures	**(14 927)**	(11 214)
Exchange differences on translation of joint ventures	**(41 362)**	(3 774)
Disposal of investments in Zambian operations	**(198 828)**	
Balance at 30 June	**206 036**	416 626

On 23 March 2016 the Group exercised the put option held as part of the Group's investment in the Zambian joint ventures, Zamhatch and Zam Chick. The exercise of the put options resulted in a loss of joint control resulting in a disposal for accounting purposes. Consequently the foreign currency translation reserve has been recycled from other reserves to profit and loss, refer to note 13.

Refer to note 8 for information about the consideration receivable in respect of this disposal.

Set out below are the joint ventures of the Group as at 30 June 2016. 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 (Pty) Ltd (Senn Foods)	Botswana	**49,0***	**note 3**
TSGRO Farming Service Proprietary Limited (TSGRO)	South Africa	**50,0***	**note 4**

Note 1: *Akwandze's main activities are to provide production finance and management services to sugarcane growers. This is a strategic partnership for the Group as it allows the Group to manage the process with sugarcane growers more effectively. The year-end date of Akwandze is 30 June 2016.*

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 30 June 2016.*

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 of Senn Foods is 31 March 2016. The use of the different date in applying the equity method is due to the practicality of obtaining the audited June 2016 results timeously.*

Note 4: *TSGRO was previously a 100%-owned subsidiary of the Group. During the prior financial year 50% of the investment was disposed of. Refer to note 35 for further details. 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 of TSGRO is 30 June 2016.*

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.

There are no contingent liabilities or commitments relating to the Group's interest in the joint ventures.

* *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.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

3. INVESTMENT IN JOINT VENTURES CONTINUED

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

Summarised statement of financial position	Akwandze 30 June 2016 R'000	Mananga 30 June 2016 R'000	Senn Foods 31 March 2016 R'000	TSGRO 30 June 2016 R'000	Total 2016 R'000
Current					
Cash and cash equivalents	36 558	47 106	58 731	1 174	143 569
Other current assets	150 382	177 502	70 840	10 466	409 190
Total current assets	186 940	224 608	129 571	11 640	552 759
Financial liabilities (excluding trade payables)	138 973	39	32 757	2	171 771
Other current liabilities (including trade payables)	13 784	107 702	33 483	7 703	162 672
Total current liabilities	152 757	107 741	66 240	7 705	334 443
Non-current					
Assets (including customer relationships)	75 072	66 912	31 917	4 837	178 738
Total non-current assets	75 072	66 912	31 917	4 837	178 737
Financial liabilities	75 893			11 929	87 822
Other liabilities		9 618		179	9 797
Total non-current liabilities	75 893	9 618		12 108	97 619
Net assets	33 362	174 161	95 248	(3 336)	299 435

3. INVESTMENT IN JOINT VENTURES CONTINUED

Summarised statement of financial position	Akwandze 30 June 2015 R'000	Mananga 30 June 2015 R'000	Senn Foods 31 March 2015 R'000	TSGRO 30 June 2015 R'000	Zam Chick* 31 March 2015 R'000	Zamhatch* 31 March 2015 R'000	Total 2015 R'000
Current							
Cash and cash equivalents	51 298	40 362	47 490	1 112	586	18 158	159 006
Other current assets	119 205	175 067	58 180	5 164	123 412		481 028
Total current assets	170 503	215 429	105 670	6 276	123 998	18 158	640 034
Financial liabilities (excluding trade payables)	72 696	3 718	38 766	5 240	75 374		195 794
Other current liabilities (including trade payables)	29 743	112 711	18 983	5 706	9 564	468	177 175
Total current liabilities	102 439	116 429	57 749	10 946	84 938	468	372 969
Non-current							
Assets (including customer relationships)	38 404	69 290	36 259	2 467	76 260	148 906	371 586
Financial liabilities	79 111			23			79 134
Other liabilities		10 513	6 474		2 215	35	19 237
Total non-current liabilities	79 111	10 513	6 474	23	2 215	35	98 371
Net assets	27 357	157 777	77 706	(2 226)	113 105	166 561	540 280

* *During the current financial year the Group exercised the put option held in Zam Chick and Zamhatch resulting in a disposal for accounting purposes.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

3. INVESTMENT IN JOINT VENTURES CONTINUED

Summarised statement of comprehensive income	Akwandze 30 June 2016 R'000	Mananga 30 June 2016 R'000	Senn Foods 31 March 2016 R'000	TSGRO 30 June 2016 R'000	Total 2016 R'000
Revenue	17 820	846 577	273 974	28 987	1 167 358
Depreciation and amortisation	(53)	(4 863)	(2 000)	319	(6 597)
Finance costs	(10 551)	(171)	115	(789)	(11 396)
Finance income	33 976	2 477	(2)	360	36 811
Profit/(loss) before tax	12 151	50 961	22 853	(1 416)	84 549
Income tax expense	(3 402)	(14 392)	(5 795)	435	(23 154)
Profit/(loss) after tax	8 749	36 569	17 058	(981)	61 395
Other comprehensive income				(129)	(129)
Total comprehensive income	8 749	36 569	17 058	(1 110)	61 266
Dividends received from joint venture	1 372	10 092	3 463		14 927

Summarised statement of comprehensive income	Akwandze 30 June 2015 R'000	Mananga 30 June 2015 R'000	Restated* Senn Foods 31 March 2015 R'000	TSGRO 30 June 2015 R'000	Zam Chick** 31 March 2015 R'000	Total 2015 R'000
Revenue	15 968	837 040	268 288	4 602	260 501	1 386 399
Depreciation and amortisation	(32)	(4 859)	(8 411)	(61)	(4 335)	(17 698)
Finance costs	(7 577)	(646)		(112)		(8 335)
Finance income	9 760	735	122	82		10 699
Profit/(loss) before tax	12 705	45 530	19 768	(952)	24 220	101 271
Income tax expense	(3 558)	(15 046)	(4 322)	272	(2 546)	(25 200)
Profit/(loss) after tax	9 147	30 484	15 446	(680)	21 674	76 071
Total comprehensive income	9 147	30 484	15 446	(680)	21 674	76 071
Dividends received from joint venture	999	10 215				11 214

The above reflects the amounts presented in the financial statement of the joint venture.

* *Senn Foods restated comparative financial information in the current year to correctly present revenue on a net basis as it is acting as an agent rather than principal in certain transactions. The adjustment has Rnil profit impact.*

** *During the current financial year the Group exercised its put option held in Zam Chick and Zamhatch resulting in a disposal for accounting purposes.*

3. INVESTMENT IN JOINT VENTURES CONTINUED

Reconciliation of summarised financial information presented to the carrying amount of the joint venture	**Akwandze 30 June 2016 R'000**	**Mananga 30 June 2016 R'000**	**Senn Foods 31 March 2016 R'000**	**TSGRO 30 June 2016 R'000**	**Total 2016 R'000**
Opening net assets	**27 357**	**157 777**	**77 706**	**(2 226)**	**260 614**
Profit/(loss) for the period	**8 749**	**36 569**	**17 058**	**(1 110)**	**61 266**
Dividends paid	**(2 744)**	**(20 185)**	**(7 065)**		**(29 994)**
Exchange differences on translation of joint venture			**7 549**		**7 549**
Closing net assets	**33 362**	**174 161**	**95 248**	**(3 336)**	**299 435**
Interest in joint venture (%)	**50**	**50**	**49**	**50**	
Losses deferred to future reporting periods				**895**	**895**
Goodwill	**4 937**	**93**	**50 572**	**773**	**56 375**
Carrying value	**21 618**	**87 174**	**97 244**		**206 036**

Reconciliation of summarised financial information presented to the carrying amount of the joint venture	Akwandze 30 June 2015 R'000	Mananga 30 June 2015 R'000	Senn Foods 31 March 2015 R'000	TSGRO 30 June 2015 R'000	Zam Chick 31 March 2015 R'000	Zamhatch 31 March 2015 R'000	Total 2015 R'000
Opening net assets	20 208	147 724	62 099		92 929	82 890	405 850
Profit/(loss) for the period	9 147	30 484	15 446	(680)	21 674		76 071
Dividends paid	(1 998)	(20 431)					(22 429)
Acquisition of joint venture				(1 546)		89 788	88 242
Exchange differences on translation of joint venture			161		(1 498)	(6 117)	(7 454)
Closing net assets	27 357	157 777	77 706	(2 226)	113 105	166 561	540 280
Interest in joint venture (%)	50	50	49	50	49	51	
Losses deferred to future reporting periods				340			340
Goodwill	4 937	93	50 572	773	90 013		146 388
Carrying value	18 616	78 982	88 648		145 434	84 946	416 626

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

	2016 R'000	2015 R'000
4. INVESTMENT IN ASSOCIATES		
Amounts recognised in the statement of financial position and the statement of comprehensive income are as follows:		
Balance at 1 July	**406 250**	356 013
Investment in HMH Rainbow Limited	**61 549**	
Share of profit of associates	**64 796**	84 178
Dividends received from associate	**(53 669)**	(35 741)
Share of associates other comprehensive income	**(5 153)**	854
Exchange differences on translation of associates	**11 281**	946
Balance at 30 June	**485 054**	406 250

Set out below are the associates of the Group as at 30 June 2016. 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
The Royal Swaziland Sugar Corporation Limited (RSSC)	Swaziland	**27,42**	**note 1**
HMH Rainbow Limited (HMH)	Uganda	**33,50**	**note 2**

Note 1: *The RSSC's principal activities are the growing and milling of sugarcane, the manufacture of sugar, and the manufacture of ethanol from molasses. The RSSC is a strategic partnership for the Group as it provides access into the Swaziland market.*

The year-end date of RSSC is 31 March 2016, however the Group has equity accounted the results for the year-ended 30 June 2016.

As at 30 June 2016 the shares had a fair value of E13,55 (2015: E13,00) per share on the Swaziland Stock Exchange, at a total market value for the Group's investment in RSSC of R358,0 million (2015: R343,4 million). The fair value of the share is a Level 1 input.

Note 2: *The Group acquired a 33,5% interest in HMH for R61,5 million on 18 September 2015. 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.*

This is the first year that HMH has been equity accounted in the Group results. The year-end date of HMH is 30 June 2016.

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.

There are no contingent liabilities or commitments relating to the Group's interest in Associates.

	2016 R'000	2015 R'000
As part of the banking facilities RSSC and its subsidiary company are liable for the following guarantees:		
Customs and Excise	**10 000**	2 000
Swaziland Government – Labour	**60**	60
Swaziland Government – Sales Tax	**775**	275
Swaziland Government – General Bond	**70**	70
South African Revenue Service – VAT	**550**	550

4. INVESTMENT IN ASSOCIATES CONTINUED

Set out below is the summarised financial information for associates:

Summarised statement of financial position	RSSC 31 March 2016 R'000	HMH 30 June 2016 R'000	Total 30 June 2016 R'000
Current			
Cash and cash equivalents	169 468	18 943	188 411
Other current assets	719 924	14 584	734 508
Total current assets	889 392	33 527	922 919
Financial liabilities (excluding trade payables)	169 189	6 015	175 204
Other current liabilities (including trade payables)	253 511	11 548	265 059
Total current liabilities	422 700	17 563	440 263
Non-current			
Assets	1 472 115	151 066	1 623 181
Total non-current assets	1 472 115	151 066	1 623 181
Financial liabilities	23 518	9 527	33 045
Other liabilities	389 197		389 197
Total non-current liabilities	412 715	9 527	422 242
Net assets	1 526 092	157 503	1 683 595

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

4. INVESTMENT IN ASSOCIATES CONTINUED

Set out below is the summarised financial information for associates:

Summarised statement of financial position	RSSC 31 March 2015 R'000	Total 31 March 2015 R'000
Current		
Cash and cash equivalents	97 599	97 599
Other current assets	793 815	793 815
Total current assets	891 414	891 414
Financial liabilities (excluding trade payables)	164 611	164 611
Other current liabilities (including trade payables)	351 177	351 177
Total current liabilities	515 788	515 788
Non-current		
Assets	1 537 692	1 537 692
Total non-current assets	1 537 692	1 537 692
Financial liabilities	106 679	106 679
Other liabilities	325 058	325 058
Total non-current liabilities	431 737	431 737
Net assets	1 481 581	1 481 581

Summarised statement of comprehensive income	RSSC 31 March 2016 R'000	HMH* 30 June 2016 R'000	Total 30 June 2016 R'000
Revenue	2 669 125	76 457	2 745 582
Depreciation and amortisation	(137 855)	(5 487)	(143 342)
Finance expense	(7 130)	(2 045)	(9 175)
Finance income	19 614		19 614
Profit/(loss) before tax	345 780	(11 144)	334 636
Income tax expense	(95 855)		(95 855)
Profit/(loss) after tax	249 925	(11 144)	238 781
Other comprehensive income	(11 985)	(5 571)	(17 556)
Total comprehensive profit/(loss)	237 940	(16 715)	221 225
Dividends received from associate	53 669		53 669

** Results represent the nine-month trading result from acquisition date.*

4. INVESTMENT IN ASSOCIATES CONTINUED

Summarised statement of comprehensive income	RSSC 31 March 2015 R'000	Total 31 March 2015 R'000
Revenue	2 781 423	2 781 423
Depreciation and amortisation	(137 120)	(137 120)
Finance expense	(8 899)	(8 899)
Finance income	11 203	11 203
Profit before tax	418 836	418 836
Income tax expense	(111 842)	(111 842)
Profit after tax	306 994	306 994
Other comprehensive income	3 116	3 116
Total comprehensive profit	310 110	310 110
Dividends received from associate	35 741	35 741

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

Reconciliation of summarised financial information presented to the carrying amount of the associate		RSSC 31 March 2016 R'000	HMH 30 June 2016 R'000	Total 2016 R'000
Opening net assets		1 481 581		1 481 581
Acquisition of associate			142 431	142 431
Total comprehensive profit/(loss) for the year		237 940	(16 715)	221 225
Exchange differences on translation of associates		2 568	31 787	34 355
Dividends paid		(195 997)		(195 997)
Closing net assets		1 526 092	157 503	1 683 595
Interest in associate	(%)	27,42	33,5	
Goodwill*			13 835	13 835
Carrying value		418 455	66 599	485 054

** The purchase price allocation is provisional and will be finalised in the following financial year.*

Reconciliation of summarised financial information presented to the carrying amount of the associate		RSSC 31 March 2015 R'000	Total 31 March 2015 R'000
Opening net assets		1 298 362	1 298 362
Total comprehensive profit for the year		310 110	310 110
Exchange differences on translation of joint ventures		3 610	3 610
Dividends paid		(130 501)	(130 501)
Closing net assets		1 481 581	1 481 581
Interest in associate	(%)	27,42	27,42
Carrying value		406 250	406 250

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

	2016 R'000	2015 R'000
5. LOANS RECEIVABLE		
Non-current		
Loans at the beginning of the year	**1 555**	1 555
Loans at the end of the year	**1 555**	1 555

Secured loans in the amount of R1,6 million (2015: R1,6 million) were made to black-owned medium scale growers which bear interest at the prime rate of interest. The loans are recoverable over periods of 1 to 15 years, with no fixed repayment terms. The Group holds the following cession agreements as security for the recoverability of these loans:

- Cession on sale of shares of Siyathuthuka Sugar Estate Proprietary Limited
- Cession on sale of claims of the shareholders of Siyathuthuka Sugar Estate Proprietary Limited with a value of R5,3 million (2015: R5,3 million)

	2016 R'000	2015 R'000
Current		
Loans at the beginning of the year	**5 239**	
Loans advanced during the year	**36 103**	5 239
Loans at the end of the year	**41 342**	5 239

A loan of R6,7 million was granted to TSGRO Farming Service Proprietary Limited during the current financial year. The loan is unsecured and accrues interest at a variable monthly rate. The rate for the current financial year was between 8,38% and 8,76% per annum. The loan is repayable on demand.

Loans advanced include a loan to Zamhatch Limited for an amount of R29,4 million. Interest accrues monthly at the three-month LIBOR plus 4,0%. The loan is repayable on or before 23 September 2016. The loan is unsecured.

No amounts included above are past-due or impaired.

	2016 R'000	2015* R'000
6. INVENTORIES		
Finished goods	**1 889 624**	1 910 667
Work-in-progress	**8 555**	5 500
Raw materials and ingredients	**869 124**	624 692
Consumables and maintenance spares	**173 034**	220 292
At the end of the year	**2 940 337**	2 761 151
Carrying value of inventory written down to net realisable value	**248 561**	185 985
Amount expensed as write-down to net realisable value	**76 069**	45 131

** Enhanced disclosure has been provided to show the work-in-progress as a separate category of inventory.*

Provision for sugar shortage

Included in finished goods is a provision relating to the sugar shortage inherent in the Group's stockpile of sugar inventory at year-end of R4,5 million (2015: R12,7 million). 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 the work of quantity surveyors is used to test the reasonableness of the Group's records.

7. BIOLOGICAL ASSETS

Included in non-current assets – 2016	Sugar cane roots R'000	Sugar cane plants R'000	Banana trees R'000	Banana fruit R'000	Litchi trees R'000	Total 2016 R'000
At the beginning of the year at fair value	258 385	276 035	7 191	4 972	3 025	549 608
Transferred to cost of sales		(270 488)		(4 972)		(275 460)
Disposals of biological assets	(9 438)					(9 438)
Fair value adjustments recorded in profit and loss	7 619	347 148	2 006	3 704	(270)	360 207
At the end of the year at fair value	256 566	352 695	9 197	3 704	2 755	624 917

Included in non-current assets – 2015	Sugar cane roots R'000	Sugar cane plants R'000	Banana trees R'000	Banana fruit R'000	Litchi trees R'000	Total 2015 R'000
At the beginning of the year at fair value	198 482	277 520	12 413	6 984	3 404	498 803
Transferred to cost of sales		(272 705)		(6 984)		(279 689)
Transferred to assets classified as held for sale	(6 910)	(15 308)	(4 478)	(3 620)		(30 316)
Fair value adjustments recorded in profit and loss	66 813	286 528	(744)	8 592	(379)	360 810
At the end of the year at fair value	258 385	276 035	7 191	4 972	3 025	549 608

Included in current assets	Breeding stock R'000	Broiler stock R'000	Total 2016 R'000	Breeding stock R'000	Broiler stock R'000	Total 2015 R'000
At the beginning of the year at fair value	307 911	240 614	548 525	293 910	244 971	538 881
Gains arising from cost inputs	1 024 731	4 025 344	5 050 075	876 973	3 725 676	4 602 649
Decrease due to harvest	(1 033 139)	(4 014 949)	(5 048 088)	(869 390)	(3 751 000)	(4 620 390)
Fair value adjustments recorded in profit and loss	49 480	11 768	61 248	6 418	20 967	27 385
At the end of the year at fair value	348 983	262 777	611 760	307 911	240 614	548 525

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

	2016 R'000	2015 R'000
8. TRADE AND OTHER RECEIVABLES		
Non-current		
Other receivables	**12 288**	
Total	**12 288**	
Other receivables represent a deposit made on a finance lease which is only receivable on termination of the lease period. The period of the lease is 15 years.		
Current		
Trade receivables	**2 984 363**	2 649 690
Less: provision for impairment of trade receivables	**(59 233)**	(59 773)
Net trade receivables	**2 925 130**	2 589 917
Prepayments	**46 040**	37 135
Other receivables**	**955 234**	529 618
At the end of the year	**3 926 404**	3 156 670
A summary of the Group's trade receivables covered by insurance or secured by collateral is as follows:		
Terms (days)	**7 to 120***	7 to 120*
Collateral held/insurance	**yes**	yes
Debtors covered by Lombard insurance***	**1 981 185**	1 475 629
Mortgage bonds – registered value	**48 000**	43 400
Notarial bonds – registered value	**1 950**	1 950
Cessions – book value	**950**	1 402
Bank guarantees – actual value	**2 900**	3 730
	2 034 985	1 526 111

* *Credit terms of 120 days are given to certain pre-season Animal Feed customers. The value of these debtors amounts to R0,5 million (2015: R5,3 million). The remaining average debtors credit terms approximates 30 days.*

** *Other receivables include a consideration receivable relating to the disposal of the Zambian investment of R316,9 million, as well as receivbales in respect of certain distribution contracts in the Logistics division of R389,5 million (2015: R355,1 million).*

*** *The maximum claim as a result of default on any single claim is R1,27 billion (2015: R1,27 billion).*

	2016 R'000	2015 R'000
Provision for impairment movement		
At the beginning of the year	**(59 773)**	(49 787)
Receivables impaired	**(7 189)**	(15 450)
Impairments utilised	**1 253**	858
Unused amounts reversed	**6 878**	5 501
Exchange differences	**(402)**	(895)
At the end of the year	**(59 233)**	(59 773)
The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:		
Rand	**3 578 318**	3 112 371
USD	**319 112**	17 393
Namibian Dollar	**24 915**	19 131
GBP	**4 059**	7 775
	3 926 404	3 156 670

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.

	Assets 2016 R'000	Liabilities 2016 R'000	Assets 2015 R'000	Liabilities 2015 R'000
9. DERIVATIVE FINANCIAL INSTRUMENTS				
Derivative financial assets and liabilities				
Soya options			1 030	
Soya oil options	17			883
Diesel hedge	801		1 828	
Maize options		24 927		11 901
Wheat options		4 899		
Forward exchange contracts	9	2 212		
Forward exchange contracts – cash flow hedge	2 315	85	1 323	
Embedded derivative building rentals		6 705		3 493
Interest rate collar option	4 894		6 257	
Total	8 036	38 828	10 438	16 277

The amounts above represent the fair value of the derivative instruments which represent the maximum exposure to credit risk at 30 June 2016.

10. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATION

Non-current assets held for sale and the discontinued operation relate to the following segments

	2016 R'000	2015 R'000
Assets		
Sugar & Milling		76 542
Total		76 542
Liabilities		
Sugar & Milling		17 789
Total		17 789

Shubombo Agricultural Services Proprietary Limited

Shubombo Agricultural Services Proprietary Limited was engaged in a lease agreement as a lessee with a local community (lessor) in respect of a cane and fruit producing farm. An option to exit the lease agreement was exercised during the prior financial year. The assets of the farm to which the lease agreement pertains were transferred to the local community in the current financial year as part of the exit agreement.

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

	2016 R'000	2015 R'000
Assets		
Biological assets		30 316
Property, plant and equipment		2 947
Total		33 263
Movements during the year:		
Assets		
Opening balance	33 263	
Transferred (to)/from property, plant and equipment	(334)	1 459
Transferred from biological assets		30 316
Additions of property, plant and equipment		1 488
Fair value adjustment on biological assets	14 039	
Disposal	(46 968)	
Closing balance		33 263

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

	2016 R'000	2015 R'000
10. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATION CONTINUED		
Discontinued operation		
Fishing division		
The last of the conditions precedent pertaining to the sale of the Fishing division were fulfilled during the previous financial year. The sale was concluded subject to a condition that the Glenryck trademark not form part of the transaction. The sale of the Glenryck brand to a third party has been completed in the current financial year.		
Net cash inflow from operating activities		54 275
Net cash outflow from investing activities		(17 510)
Net cash outflow from financing activities		(1 455)
Total cash flows discontinued operation		35 310
Assets of disposal group classified as held for sale		
Trademarks and other intangibles		24 376
Inventory		4 873
Trade and other receivables		1 586
Trade receivables intercompany		12 444
Total assets		43 279
Liabilities of disposal group classified as held for sale		
Trade and other payables		10 790
Deferred tax liability		6 999
Total liabilities		17 789
An analysis of the result of the discontinued operation, and the result recognised on the measurement and sale of assets or disposal group, is as follows:		
Revenue		298 318
Expenses		(287 866)
Profit before tax		10 452
Income tax expense		(2 740)
Profit for the year from discontinued operation		7 712
Loss on disposal of discontinued operation (net of tax)		(28 193)
Impairment to fair value less cost to sell (net of tax)*		(11 424)
Loss for the year from discontinued operation		(31 905)
Attributable to:		
Equity holders of the company		(31 905)
** The impairment relates to the write-down of the carrying amount of the Glenryck trademark to fair value less cost of disposal.*		
The fair value was determined using the selling price of the asset based on the impending sale to a third party. The fair value is a level 3 input.		
Reconciliation of carrying amount of Glenryck trademark		
Balance at 1 July	**24 376**	40 000
Impairment to fair value less cost to sell		(15 624)
Sale of Glenryck trademark	**(24 376)**	
Balance at 30 June		24 376

	Number of shares	2016 R'000	2015 R'000
11. STATED CAPITAL			
Authorised			
2 000 000 000 (2015: 2 000 000 000) ordinary shares of no par value.			
Issued ordinary shares of no par value			
At the beginning of the year	861 565 948	9 992 815	9 955 700
Shares issued in terms of share incentive plans	2 085 188	30 989	37 115
At the end of the year	863 651 136	10 023 804	9 992 815
Shares in issue for accounting purposes – 30 June 2016	863 651 136		
Add: shares issued in terms of BEE scheme*	70 758 637		
Statutory shares in issue – 30 June 2016	934 409 773		

** On 26 May 2014 44 681 162 shares were issued to the RCL Employee Share Trust, 19 149 069 to Business Venture Investments 1763 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 Incentive Scheme

Details of share options granted under this scheme are as follows:

Issue price (cents)	Date options granted	Options at 30 June 2015	Options exercised during the year	Options at 30 June 2016	Options exercisable at 30 June 2016
1 303	1 February 2009	100 355	(100 355)		

	2016 Rand	2015 Rand
The weighted average share prices were as follows:		
Weighted average issue price of options in issue at the beginning of the year	13,03	13,29
Weighted average issue price of options in issue at the end of the year	nil	13,03
Weighted average issue price of options exercised during the year	13,03	13,30
Weighted average issue price of options forfeited during the year	nil	nil
Weighted average share price at date options exercised during the year	13,30	17,25

Share options vest after stipulated periods and are exercisable up to a maximum of seven years from the grant dates.

Share options granted vest as follows:

- First third – second anniversary of grant date
- Second third – third anniversary of grant date
- Final third – fourth anniversary of grant date.

Within the limits imposed by the company's shareholders and the JSE Limited, the Remuneration and Nominations Committee approved and granted share options on an annual basis, as well as periodically when either an employee was promoted or a new appointment was made to an appropriate management position. The share options were granted at the closing share price ruling on the trading days approved by the Remuneration and Nominations Committee.

On resignation, share options which have not yet vested will lapse and share options which have vested may be exercised before the last day of employment. On retirement, share options which have not yet vested will lapse and share options which have vested may be exercised within six months from the date of retirement. On death, share options which have not yet vested will lapse and share options which have vested may be exercised by beneficiaries within six months from the date of death.

No further awards will be made under the RCL FOODS Share Incentive Scheme as the scheme is closed. Outstanding options have all been exercised in the current financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

11. STATED CAPITAL CONTINUED

RCL Foods Share Appreciation Rights Scheme

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

Issue price (cents)	Date rights awarded	Rights at 30 June 2015	Rights awarded during the year	Rights exercised during the year	Rights forfeited during the year	Rights at 30 June 2016	Rights exercisable at 30 June 2016
1 427	1 August 2009	4 121 016			(181 848)	3 939 168	3 939 168
1 473	2 June 2010	5 028 509			(327 031)	4 701 478	4 701 478
1 645	1 June 2011	5 467 646			(307 471)	5 160 175	5 160 175
1 415	1 December 2011	117 047				117 047	77 251
1 400	1 January 2012	178 529				178 529	117 829
1 436	1 April 2012	287 328				287 328	189 636
1 320	5 September 2012	5 565 789		(95 106)	(223 872)	5 246 811	1 716 453
1 458	27 February 2013	126 961				126 961	41 896
1 612	1 June 2013	967 742				967 742	319 354
1 654	4 September 2013	8 376 201			(475 268)	7 900 933	86 245
1 738	1 December 2013	379 747				379 747	
1 404	1 March 2014*	7 793 330			(1 990 167)	5 803 163	
1 593	4 September 2014**	18 689 976			(679 761)	18 010 215	
1 796	1 March 2015	3 300 497			(275 055)	3 025 442	
1 592	9 September 2015		12 180 441		(497 467)	11 682 974	
1 366	2 March 2016		1 634 569			1 634 569	
		60 400 318	13 815 010	(95 106)	(4 957 940)	69 162 282	16 349 485

* *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 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.

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:
- First third – third anniversary of award date
- Second third – fourth anniversary of award date
- Final third – 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 R3,12 (2015: R2,82).

	2016 Rand	2015 Rand
Weighted average issue price of rights in issue at the beginning of the year	15,46	14,92
Weighted average issue price of rights in issue at the end of the year	15,52	15,46
Weighted average issue price of rights exercised during the year	13,20	14,62
Weighted average issue price of rights forfeited during the year	15,11	14,52
Weighted average issue price of rights awarded during the year	15,65	16,22
Weighted average share price at date options exercised during the year	15,17	17,48

11. STATED CAPITAL CONTINUED

RCL Foods Conditional Share Plan

Details of the conditional share plan rights awarded under this scheme are as follows:

Date conditional shares awarded	Conditional shares at 30 June 2015	Conditional shares awarded during the year	Conditional shares settled during the year	Conditional shares forfeited during the year	Conditional shares at 30 June 2016	Conditional shares exercisable at 30 June 2016
14 December 2012	1 977 746		(1 977 746)			
4 September 2013	377 915			(139 296)	238 619	
1 March 2014	359 837				359 837	
4 September 2014	246 484				246 484	
14 December 2015		5 481 764			5 481 764	
Total	2 961 982	5 481 764	(1 977 746)	(139 296)	6 326 704	

The weighted average fair value of rights awarded during the year was R10,23 (2015: R11,79).

The RCL FOODS Conditional Share Plan (CSP) operates in conjunction with the current Share Appreciation Rights scheme (SAR). 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, shares will be settled to the participants on the vesting date. Participants will have no shareholder or dividend rights before the vesting date.

These fair values were calculated using the binomial options pricing model. The inputs into the model were as follows:

		2016	2015
Expected volatility	(%)	20,4 to 25,0	19,3 to 24,7
Risk-free rate	(%)	7,5 to 9,4	5,6 to 8,0
Expected dividend yield	(%)	4,0	4,0
Contractual life	(years)	7 or 10	7 or 10
Weighted average contractual life – options	(years)	nil	0,6
Weighted average contractual life – rights	(years)	4,2	4,8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

	2016 R'000	2015 R'000
12. SHARE-BASED PAYMENTS RESERVE		
Employee share scheme		
At the beginning of the year	**198 417**	154 639
Settlement of exercised options and rights	**(29 712)**	
Value of employee services expensed during the year	**55 259**	43 778
At the end of the year	**223 964**	198 417
BEE transaction		
At the beginning of the year	**193 299**	175 699
Employee portion – recurring*	**17 600**	17 600
At the end of the year	**210 899**	193 299
Total at the end of the year	**434 863**	391 716

** Refer to note 31 for further details.*

	2016 R'000	2015 R'000
13. OTHER RESERVES		
Cash flow hedges		
At the beginning of year	**27 259**	(855)
Recylcing of cash flow hedges	**(26 135)**	
Revaluation of cash flow hedges	**1 693**	39 047
Taxation impact	**6 844**	(10 933)
At the end of year	**9 661**	27 259

During the current financial year the Group revoked the designation of certain of the hedging relationships and subsequently the cumulative gain or loss existing in equity reserve was released to profit and loss as the forecast transaction occurred.

	2016 R'000	2015 R'000
Foreign currency translation reserve		
At the beginning of year	**(2 812)**	3 317
Currency translation on foreign subsidiary	**(32 495)**	(6 129)
Recycling of foreign currency translation reserve (note 4)	**51 163**	
At the end of year	**15 856**	(2 812)
Total at the end of the year	**25 517**	24 447

		2016 R'000	2015 R'000
14. RETIREMENT BENEFIT OBLIGATIONS			
Post-retirement medical benefits		**165 354**	187 656
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 (formerly TSB Sugar Holdings Proprietary Limited). The last valuation date was 30 June 2016. The unfunded liability for post-retirement medical aid benefits is determined actuarially each year and comprises:			
At the beginning of the year		**187 656**	225 776
Recognised as (income)/expense in the current year		**(11 521)**	(32 019)
Interest costs		**16 856**	18 530
Past service credit and settlements*		**(31 388)**	(53 627)
Current service costs		**3 011**	3 078
Remeasurements:		**(216)**	5 970
(Gain)/loss from change in financial assumptions		**(526)**	21 109
Experience gain recognised		**310**	(15 139)
Benefits paid		**(10 565)**	(12 071)
At the end of the year		**165 354**	187 656
Balance per actuarial valuation		**165 354**	187 656
** During the current and 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. A past service credit was recorded during the previous financial year resulting from a change in the retirement ages to align between the RCL Foods Pension and Provident funds.*			
The principal actuarial assumptions are:			
Discount rate	(%)	**9,9**	8,8
Health care cost inflation	(%)	**9,5**	8,3
Mortality – pre-retirement		**	**
Mortality – post-retirement		***	***
Expected contributions for the years ending June 2017 and June 2016		**7 540**	5 480

*** 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 7 and 16 years (2015: 7 and 17 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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	(9 707)	10 752
Health care cost inflation	1,0	13 881	(11 323)

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. The schemes' assets are administered by a Board of trustees, each of which includes elected employee representatives. The Pension Funds Second Amendment Bill was enacted with effect 7 December 2001. This Bill requires that the actuarial valuations at 31 March 2004, together with a plan for the apportionment on a fair basis to past and current members of the funds of any surplus established by this valuation date, must be approved by the Financial Services Board (FSB). The FSB has approved a Nil Surplus Apportionment for both the RCL FOODS Pension and Provident Funds and the Foodcorp Provident fund.

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:

Defined contribution pension and provident schemes:

	2016 R'000	2015 R'000
RCL FOODS Pension Fund	40 210	31 616
RCL FOODS Provident Fund	85 342	77 206
Namflex Pension Fund	550	465
TSB ABSA Retirement Fund	18 661	17 166
TSB ABSA Provident Fund	22 018	14 845
SATAWU Provident Fund	4 025	3 803
TSB Agricultural Provident Fund	3 635	3 816
TSB ABSA Pension Fund	9 001	10 003
TSB NBC Provident Fund		5 523
Momentum Employee Benefits	2 621	
Sanlam (TSB Pension Fund)	31	
Alexander Forbes	49 523	51 727
Borwa	392	
Liberty Life		639
Old Mutual – SACCAWU	7 421	5 979
Setshaba	1 144	1 001
FAWU	3 419	3 616
Sanlam Group Life		251
Capital alliance disability	34	140
Total	248 027	227 796

	2016 R'000	2015 R'000
15. INTEREST-BEARING LIABILITIES		
Long-term		
Institutional borrowings	**49 310**	56 392
Finance lease liabilities	**168 185**	62 102
Term-funded debt package	**3 350 000**	3 350 000
Loan from Ingwenyama Simhulu Trust	**8 000**	
Loan from Akwandze Agricultural Finance Proprietary Limited	**23 351**	42 777
Total	**3 598 846**	3 511 271
Short-term		
Institutional borrowings	**5 859**	4 637
Finance lease liabilities	**10 055**	33 073
Current portion of long-term loan from Akwandze Agricultural Finance Proprietary Limited	**19 427**	
Short-term loan from Akwandze Agricultural Finance Proprietary Limited	**77 061**	93 849
Total	**112 402**	131 559

Institutional borrowings

Long-term institutional borrowings are loans from Futuregrowth Asset Management Proprietary Limited with a carrying value of R49,3 million (2015: R56,4 million) with an amount of R5,9 million included in short-term institutional borrowings (2015: R4,6 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% (2015: 1,5% and 5,25%). The outstanding loan together with the accrued interest is required to be repaid in instalments based the contract growers operating cycle at intervals of between 40 to 50 days between payments.

The carrying amount of institutional borrowings approximates their fair values.

Finance lease liabilities

The finance lease liabilities bear interest at a rate between 7,0% and 10,5%.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

15. INTEREST-BEARING LIABILITIES CONTINUED

Term-funded debt package

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

The debt package comprises two bullet loans and a revolving credit facility.

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

The interest rate is fixed in years one and two at 8,48% and 8,73% respectively on a portion of the bullet loans and thereafter a floating rate is applied.

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

Type	Amount R'000	Term in years	Effective interest rate %
Bullet loan (A)	1 755 000	5	8,57
Bullet loan (B)	1 097 000	4	8,34
Revolving credit facility	498 000	3	8,38
Total	3 350 000		

In the event that the Net Senior Debt to pre-IAS 39 HEBITDA 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 investment in money market fund.

The obligation in respect of the debt package discussed above has been guaranteed by each of Foodcorp Proprietary Limited, RCL FOODS Limited, New Foodcorp Holding Proprietary Limited, RCL FOODS Sugar & Milling Proprietary Limited (formerly TSB Sugar Proprietary Limited), RCL FOODS Consumer Proprietary Limited (formerly Rainbow Farms Proprietary Limited), Rainbow Farms Investments Proprietary Limited, RCL Group Services Proprietary Limited and Vector Logistics Proprietary Limited. The debt package is held through RCL FOODS Treasury Proprietary Limited.

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

The fair value of the term-funded debt package at 30 June 2016 amounted to R3,47 billion (2015: R3,35 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 2 of the fair value hierarchy.

Loans from Ingwenyama Simhulu Trust

Libuyile Farming Services is a 50% held subsidiary of the Group. Libuyile Farming Services provides professional agricultural assistance to various community based growers. Libuyile Farming Services Proprietary Limited obtained a shareholder loan from Ingwenyama Simhulu Trust during the current financial year. No interest is payable within the first three years. A rate of 4,0% interest will be charged from years three to five. A prime less 1,0% 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. Akwandze provides production finance and management services to sugar cane growers. Certain funding has been channelled through the Group to small scale growers. The loans from Akwandze Agricultural Finance Proprietary Limited are repayable annually, over a maximum period of six years. These loans bear interest at a fixed rate of 4,0% 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 sugar cane 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 carrying amount of these loans approximates their fair values.

	2016 R'000	2015 R'000
16. TRADE AND OTHER PAYABLES		
Long-term		
Other payables	**5 716**	8 567
Total	**5 716**	8 567
Short-term		
Trade payables	**2 609 100**	2 171 408
Accruals	**1 073 947**	1 237 950
Other payables	**831 345**	775 627
Total	**4 514 392**	4 184 985

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

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

Included in accruals and other payables above are non-financial instruments of R342,5 million (2015: R254,9 million).

Included in trade and other payables is an amount of Rnil million (2015: R12,4 million) relating to amounts due to the Fishing division which was previously classified as a discontinued operation. Refer to note 10 for further details.

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

	2016 R'000	2015 R'000
Rand	**4 468 956**	4 124 318
USD	**13 079**	4 053
Namibian Dollar	**17 280**	19 414
GBP	**12 041**	9 838
EUR	**1 356**	14 538
Metical	**1 680**	12 824
Total	**4 514 392**	4 184 985

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

	2016 R'000	2015 R'000
17. DEFERRED INCOME TAX		
Deferred income tax liability movement:		
At the beginning of the year	1 458 933	1 362 670
(Credit)/charge for the year – income statement	(64 659)	75 133
Credit for the year – other	(319)	(1 730)
Charge for the year – other comprehensive income	484	9 323
Tax on Fishing division operations		2 740
Tax on disposal of Fishing division		38 834
Prior year over provision	(24 430)	(28 037)
At the end of the year	1 370 009	1 458 933
Deferred income tax liability comprises:		
Trademarks, property, plant and equipment	1 454 988	1 529 387
Inventories and biological assets	339 548	328 527
Provisions	(155 559)	(195 104)
Derivative financial instruments	(10 216)	(3 811)
Investment in associate	17 471	16 314
Losses available for set-off against future taxable income	(250 853)	(233 917)
Other	(25 370)	17 537
Total	1 370 009	1 458 933
Deferred tax liability due after 12 months	1 239 181	1 353 326
Deferred tax liability due within 12 months	130 828	105 607
Total	1 370 009	1 458 933
Deferred income tax asset movement:		
At the beginning of the year	8 320	8 678
Credit for the year – income statement	10 989	156
Charge for the year – other comprehensive income	(49)	61
Disposal of subsidiary		(527)
Prior year over/(under) provision	398	(48)
At the end of the year	19 658	8 320
Deferred income tax asset comprises:		
Provisions	19 281	14 934
Derivative financial instruments	1 618	889
Trademarks, property, plant and equipment	716	(401)
Losses available for set-off against future taxable income	4 255	
Other	(6 212)	(7 102)
Total	19 658	8 320
Deferred tax assets due after 12 months	14 931	4 819
Deferred tax assets due within 12 months	4 727	3 501
Total	19 658	8 320

Deferred tax is calculated on all temporary differences under the liability method using a principal tax rate of 28,0% (2015: 28,0%) and 33,0% (2015: 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 R348,9 million (2015: R323,7 million) as it is not envisaged that the asset will be recovered in the foreseeable future. The assessed losses do not have an expiry date.

	2016 R'000	2015* R'000
18. OPERATING PROFIT		
Revenue	**25 025 159**	23 428 206
Cost of sales	**(19 303 628)**	(17 910 818)
Gross profit	**5 721 531**	5 517 388
Administration expenses	**(1 421 859)**	(1 233 442)
Selling and marketing expenses	**(1 116 777)**	(828 580)
Distribution expenses	**(2 986 690)**	(2 706 000)
Impairment of trademark and goodwill	**(642 763)**	
Other income	**824 771**	703 025
Operating profit	**378 213**	1 452 391
Disclosable items – income:		
Fair value adjustment on biological assets	**421 455**	388 196
Profit on disposal of property, plant and equipment	**30 434**	19 611
Profit on disposal of subsidiary		1 546
Fair value adjustment on derivatives	**113 982**	106 287
Fair value adjustment on recognition of put option	**126 097**	
Bagasse and electricity income	**79 389**	83 727
Foreign exchange gains	**22 804**	15 820
Disclosable items – expense:		
Operating lease and rental charges	**471 574**	380 443
– land and buildings	**245 591**	198 753
– plant, machinery and equipment	**78 772**	73 698
– vehicles	**77 550**	74 030
– office equipment	**19 872**	10 994
– computer equipment	**17 961**	14 517
– other	**31 828**	8 451
Arrangements containing an operating lease**	**664 228**	714 554
– contract grower fees	**283 497**	291 891
– outsourced transport	**380 731**	422 663
Technical consultants' and legal fees	**100 234**	92 935
Fair value adjustment on derivatives	**31 630**	6 764
Impairment of property, plant and equipment	**19 776**	91 316
Impairment of trademark and goodwill	**642 763**	
Impairment of software	**1 683**	
Foreign exchange losses	**26 860**	29 416
Foreign currency translation reserve recycled	**51 163**	
Inventory expense	**15 274 836**	14 080 524
Utilities	**1 218 267**	1 129 071
Repairs and maintenance expense	**784 292**	705 782
Loss on disposal of assets classfied as held for sale	**7 479**	
Loss on disposal of property, plant and equipment	**13 965**	14 384
Directors' remuneration	**28 196**	18 444
– executive	**24 471**	15 048
– non-executive	**3 725**	3 396
Staff costs	**3 816 695**	3 661 783
– salaries and wages	**3 201 903**	3 030 180
– share-based payments	**55 229**	47 546
– retirement benefit costs	**248 027**	227 796
– other post-employment benefits	**16 210**	20 504
– other	**295 326**	335 757
BEE expense	**17 600**	17 600
Administration fee paid to Group holding company	**18 754**	17 527
Auditors' remuneration	**21 325**	22 014
– fees for the audit	**18 422**	17 333
– prior year under/(over) provision	**92**	(1 693)
– disbursements	**1 195**	1 309
– fees for other services	**1 616**	5 065

* *Prior year disclosure has been restated to include additional disclosure line items*

** *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.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

	2016 R'000	2015 R'000
19. DEFERRED INCOME		
Non-current liabilities		
Deferred income	**734**	1 849
Current liabilities		
Deferred income	**3 928**	5 239

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 4,0% 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 10,5% per annum in terms of IAS 39. The difference between fair value and cash balance received was recognised as deferred income.

Included in the above is unearned funding from AGRISETA amounting to R0,9 million (2015: R1,4 million) which will be utilised to offer apprentices bursaries and for staff development.

	2016 R'000	2015 R'000
20. FINANCE COSTS		
Interest – financial institutions	**318 130**	351 541
Fair value adjustment on interest rate collar option	**6 763**	3 176
Transaction costs on term-funded debt	**1 876**	882
Foreign exchange losses	**5 880**	
Interest – Group companies	**2 921**	5 932
Interest – other	**29 624**	33 269
	365 194	394 800
Less: amounts capitalised on qualifying assets		(21 193)
Total	**365 194**	373 607
21. FINANCE INCOME		
Interest – financial institutions and money market fund	**24 607**	41 323
Foreign exchange gains	**6 938**	
Interest – Group companies	**1 948**	435
Interest – other	**4 868**	10 298
Total	**38 361**	52 056

22. INCOME TAX EXPENSE

	2016 R'000	2015 R'000
Current tax	**34 584**	312 172
South African	**187 112**	294 109
Foreign	**7 400**	5 285
Prior year under provision	**3 366**	12 778
Release of provision for uncertain tax provision*	**(163 294)**	
Deferred tax	**(100 476)**	46 988
South African	**(75 549)**	74 977
Foreign	**(99)**	
Prior year over provision	**(24 828)**	(27 989)
Total	**(65 892)**	359 160
Reconciliation of tax rate:		
Profit before tax	**160 703**	1 253 022
Tax expense at 28%	**44 997**	350 846
– capital gains tax	**(5 123)**	(1 814)
– foreign taxation	**7 138**	5 604
– share of associates profit	**(18 143)**	(23 570)
– share of joint ventures profit	**(12 468)**	(10 641)
– non taxable income	**(11 694)**	(7 721)
– prior year under provision – current	**3 366**	12 778
– release of provision for uncertain tax disputes	**(163 294)**	
– prior year over provision – deferred	**(33 404)**	(27 989)
– non deductible impairment of assets	**108 800**	24 145
– unrecognised deferred tax on losses made	**12 166**	5 581
– withholding tax on undistributed profits of associate	**1 157**	4 291
– non-deductible IFRS 2 charges	**14 705**	1 136
– non-deductible depreciation and amortisation	**1 119**	6 993
– Exercise of Zambian option	**(18 968)**	
– other non-deductible items	**3 754**	19 521
Tax (credit)/charge	**(65 892)**	359 160

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

* *An amount of R163,3 million relating to the provision for uncertain tax positions raised on the acquisition of Foodcorp Proprietary Limited was released in the current financial year as this matter has now been finalised with the South African Revenue Service.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

	2016 R'000	2015 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 Incentive Scheme, 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.

		2016 R'000	2015 R'000
Earnings			
Profit from continuing operations attributable to equity holders of the company		**210 849**	880 026
Profit from discontinued operation attributable to equity holders of the company			(31 905)
Total		**210 849**	848 121
Weighted average number of ordinary shares in issue			
Weighted average number of ordinary shares in issue – basic earnings per share	(000)	**862 739**	859 611
Share option dilution impact	(000)	**1 988**	5 744
Weighted average number of shares – diluted earnings per share	(000)	**864 727**	865 355

23. EARNINGS AND HEADLINE EARNINGS PER SHARE CONTINUED

	Gross R'000	Net R'000
Headline earnings – 30 June 2016		
Headline earnings reconciliation – continuing operations:		
Profit for the year attributable to equity holders of the company		**210 849**
Loss on disposal of biological assets	**9 438**	**6 796**
Impairments	**664 222**	**587 211**
Reclassification of foreign exchange translation reserve	**51 163**	**51 163**
Insurance proceeds	**212**	**152**
Profit on disposal of property, plant and equipment	**(8 990)**	**(6 473)**
Headline earnings		**849 698**
Headline earnings – 30 June 2015*		
Headline earnings reconciliation – continuing operations:		880 026
Impairments	91 269	89 269
Profit on disposal of subsidiary	(1 546)	(1 546)
Insurance proceeds	830	630
Profit on disposal of property, plant and equipment	(5 220)	(3 920)
Headline earnings		964 459
Headline earnings reconciliation – discontinued operation:		
Loss for the year attributable to equity holders of the company		(31 905)
Loss on disposal of fishing division	72 316	28 193
Loss on impairment to fair value less costs to sell	15 813	11 424
Headline earnings		7 712

	2016 cents	2015 cents
From continuing operations		
Earnings per share		
– basic	**24,4**	102,4
– diluted	**24,4**	101,7
Headline earnings per share		
– basic	**98,5**	112,2
– diluted	**98,2**	111,5
From discontinued operation		
Earnings per share		
– basic		(3,7)
– diluted		(3,7)
Headline earnings per share		
– basic		0,9
– diluted		0,9

** In accordance with the revised circular on headline earnings the comparative information has been presented using the long-form reconciliation of earnings.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

	2016 R'000	2015 R'000
24. DIVIDENDS PER SHARE		
Interim – paid: 15,0 cents (2015: 15,0 cents)	129 547	129 201
Final* – declared: 15,0 cents (2015: paid 22,0 cents)	129 548	189 545
Total: 30,0 cents (2015: 37,0 cents)	259 095	318 746

A final dividend of 15,0 cents per share was declared for the financial period ended 30 June 2016. The dividend will be paid on 24 October 2016. The last date to trade "cum" dividend will be 18 October 2016. The RCL FOODS share will commence trading "ex" dividend from the commencement of business on 19 October 2016 and the record date will be 21 October 2016.

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

* *The dividend of R129,5 million represents the dividend based on the shares in issue for accounting purposes. The total dividend based on the statutory shares in issue is R140,2 million. The difference of R10,7 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.*

	2016 R'000	2015 R'000
25. LEASE COMMITMENTS		
Continuing operations		
Operating leases:		
Due within one year	90 722	114 400
Due within two to five years	188 157	171 997
Due later than five years	281 832	287 958
Total	560 711	574 355
In respect of:		
– property	511 390	510 176
– plant and equipment	28 288	39 674
– other	21 033	24 505
Total	560 711	574 355
Finance leases:		
Gross finance lease liabilities – minimum lease payments	315 392	110 387
Due within one year	24 940	39 895
Due within two to five years	87 387	67 564
Due later than five years	203 065	2 928
Future finance charges on finance lease liabilities	(137 152)	(14 560)
Present value of finance lease liabilities	178 240	95 827
Due within one year	22 321	33 513
Due within two to five years	69 152	59 615
Due later than five years	86 767	2 699
Total	178 240	95 827

In addition, the Group has operating lease commitments with rentals determined in relation to volumes of activity. It is not possible to quantify accurately 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) on a pre-IAS 39 basis and for joint ventures and associates based on their earnings after tax.

As a result of the Group changing its operating structure from four operating subsidiaries, Foodcorp, Rainbow, TSB and Vector to three business divisions: Consumer, Sugar & Milling and Logistics, the Group has updated the disclosure of the previously disclosed segments to align with the information reviewed by the Group's Chief Operating Decision Maker for the purposes of allocating resources. Previously reported segments of Foodcorp, Rainbow, TSB and Vector have been restated based on the revised segments of Consumer, Sugar & Milling and Logistics. Zambian operations continue to be a standalone segment as previously reported.

The Consumer segment is a food producer and manufacturer. The segment houses a diverse product basket that ranges from staples to some of South Africa's best-known consumer brands and ready to eat meals. The Sugar & Milling segment is a sugar producer and manufacturer and also a manufacturer of animal feeds assisted through its milling operations. Milling operations also support various bakeries which supply both branded and private-label products. The Logistics segment is a specialist frozen third-party logistics provider, providing integrated logistics. Zambian and Ugandan operations refer to chicken producers situated in Zambia and Uganda.

The IAS 39 adjustment represents unrealised gains and losses on financial instruments used in the Group's raw material procurement strategy. Reporting the financial effects of certain financial instruments used in the feed procurement strategy in terms of IAS 39 introduces volatility to the Group's financial results.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

26. OPERATING SEGMENTS CONTINUED

	2016 R'000	Restated* 2015 R'000
Revenue	**25 025 159**	23 428 206
Consumer	**13 301 265**	12 084 157
Sugar & Milling	**14 914 754**	14 121 534
Logistics	**1 986 899**	1 883 664
Sales between segments:		
Consumer to Sugar & Milling	**(210 105)**	(213 331)
Sugar & Milling to Consumer	**(3 864 143)**	(3 484 062)
Logistics to Consumer	**(1 078 012)**	(950 309)
Logistics to Sugar & Milling	**(25 499)**	(13 447)
Operating profit before depreciation, amortisation and impairment (EBITDA) pre-IAS 39	**1 847 070**	2 117 833
Consumer	**701 653**	868 806
Sugar & Milling	**830 123**	1 047 177
Logistics	**260 662**	206 190
Unallocated Group costs**	**54 632**	(4 340)
IAS 39 adjustment	**(80 570)**	106 212
Operating profit before depreciation, amortisation and impairment (EBITDA)	**1 766 500**	2 224 045
Depreciation, amortisation and impairment	**(1 388 287)**	(771 654)
Operating profit/(loss)		
Consumer	**345 714**	513 712
Sugar & Milling	**(197 027)**	790 955
Logistics	**184 962**	153 570
Unallocated Group costs	**44 564**	(5 846)
Operating profit	**378 213**	1 452 391
Finance costs	**(365 194)**	(373 607)
Finance income	**38 361**	52 056
Share of profits of joint ventures		
Sugar & Milling	**22 661**	19 815
Logistics	**8 359**	7 569
Zambian operations	**13 507**	10 620
Share of profits of joint venture	**44 527**	38 004
Share of profits/(loss) of associate		
Sugar & Milling	**68 530**	84 178
Ugandan operations	**(3 734)**	
Share of profit of associates	**64 796**	84 178
Profit before tax	**160 703**	1 253 022
Assets		
Consumer	**9 903 523**	9 259 852
Sugar & Milling	**9 214 874**	9 174 697
Logistics	**3 341 240**	2 609 742
Unallocated Group assets***	**445 655**	370 641
Ugandan operation	**66 599**	
Zambian operations		230 382
Set-off of inter-segment balances	**(2 681 067)**	(1 952 119)
Total per statement of financial position	**20 290 824**	19 693 195
Liabilities		
Consumer	**3 368 466**	2 908 280
Sugar & Milling	**2 604 151**	2 793 750
Logistics	**3 089 711**	2 382 657
Unallocated Group liabilities***	**3 819 353**	3 447 128
Set-off of inter-segment balances	**(2 681 067)**	(1 952 119)
Total per statement of financial position	**10 200 614**	9 579 696

* *The comparative information has been restated to reflect the new Group structure effective from 1 July 2015.*

** *The unallocated Group costs include the operating costs of RCL FOODS Limited and RCL Group Services Proprietary Limited as well as gains made on the exercise of the Zambian options.*

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

26. OPERATING SEGMENTS CONTINUED

	2016 R'000	Restated* 2015 R'000
Additions to property, plant and equipment and intangible assets		
Consumer		
Property, plant and equipment	**504 340**	353 116
Intangible assets	**760**	
Sugar & Milling		
Property, plant and equipment	**274 937**	309 367
Intangible assets	**4 254**	
Logistics		
Property, plant and equipment	**361 494**	88 789
Intangible assets	**839**	
Impairment losses		
Consumer	**3 534**	4 202
Sugar & Milling	**660 650**	87 114
Impairment losses reversed		
Consumer	**19**	
Depreciation and amortisation		
Consumer	**352 221**	349 935
Sugar & Milling	**293 612**	276 276
Logistics	**75 700**	52 620
Unallocated segment	**2 326**	1 507
Major customers		
Revenue from the Group's top five customers is:		
– customer A	**2 408 819**	2 130 290
– customer B	**2 524 734**	2 438 426
– customer C	**1 561 312**	1 227 597
– customer D	**1 413 281**	1 224 254
– customer E	**1 443 970**	1 410 072
The above revenue is included in the Consumer, Sugar & Milling, and Logistics segments.		
Analysis of revenue		
Sale of food products	**21 735 184**	20 359 217
Sale of feed	**2 363 579**	2 066 317
Sale of services	**926 396**	1 002 672
Total	**25 025 159**	23 428 206
Revenue outside of South Africa.		
PT Booker Tate Indonesia PMA	**46 522**	3 153
Booker Tate Holdings Limited	**2 054**	57 001
Vector Logistics Limited (Namibia)	**21 272**	29 353

** The comparative information has been restated to reflect the new Group structure effective from 1 July 2015.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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, investment in money market funds, 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. They 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 qualify as designated hedges for accounting purposes. 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, long-term loans, cash and cash equivalents, the investment in money market fund 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, 67,7% (2015: 57,0%) 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 79,0% of their trade debtors in the current financial year (2015: 78,0%). Sugar & Milling segment excluding the Millbake business unit trade debtors are covered by Lombard Insurance on all debtors balances in excess of R300 000 which covered 27,0% in the current financial year. 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 credit worthiness before delivery and payment terms are offered. Consumer segment trade debtors represent large retail customers assessed as being a low risk of default. 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.

The Group has various credit terms with its trade debtors specific to each operating subsidiary.

	2016 R'000	2015 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:

	2016 R'000	2015 R'000
30 to 90 days*	**368 795**	178 706
Over 90 days*	**23 524**	20 663
Total	**392 319**	199 369

The individually impaired receivables relate mainly to customers in unexpected difficult economic situations. The ageing of these receivables is as follows:

	2016 R'000	2015 R'000
30 to 90 days*	**(4 995)**	(7 545)
Over 90 days*	**(54 238)**	(52 228)
Total	**(59 233)**	(59 773)

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

The credit quality of trade debtors with an external credit rating, is as follows:

	2016 R'000	2015 R'000
Low risk	**1 093 061**	660 274
Medium risk	**208 881**	254 733
High risk	**362 566**	212 601
Total	**1 664 508**	1 127 608

Certain external credit ratings were obtained from Lombard Insurance and as such all of the above debtors are covered under the insurance agreement.

The ratings are based on the risk of default on payments from the individual debtor, which takes into account the results of a full background and credit assessment of the debtor, payment profile and an analysis of the financial statements of the debtor, where available.

The credit quality of trade debtors without an available external credit rating, is as follows:

	2016 R'000	2015 R'000
External customers (history of six months +) – no past defaults	**896 590**	1 409 838
External customers (history of six months +) – with past defaults	**345 063**	33 381
New customers (history of less than six months)	**18 969**	19 090
Total	**1 260 622**	1 462 309

Other debtors consist primarily of prepayments, VAT receivable, consideration receivable relating to the disposal of the Zambian investment and other receivables. The risk of default is assessed as low.

Other receivables includes amounts due in respect of certain distribution contracts in the Logisitcs division. The risk of default is considered low as the counterparties represent large, well established trading companies within South Africa.

The credit risk surrounding loans receivable is assessed as low risk.

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.

Rating	2016 R'000	2015 R'000
A3	**13 998**	25 768
Baa2	**726 267**	843 593
Baa3	**1 949**	
Rating not available**	**1 455**	3 041
Cash on hand	**970**	995
Total	**744 639**	873 397

*** This relates to cash balances with Menara Standard Chartered Bank, CIIMR Niaga Bank and Barclays Bank Mozambique for which ratings were not available on Moody's.*

The balances held with these banks at 30 June were as follows:

	2016 R'000	2015 R'000
Menara Standard Chartered Bank	**747**	2 174
CIIMR Niaga Bank		867
Barclays Bank Mozambique	**708**	
Total	**1 455**	3 041

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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 R766,3 million (2015: R950,0 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
2016						
Interest-bearing liabilities – current	**112 402**	**126 413**				**126 413**
Interest-bearing liabilities – non-current	**3 598 846**	**282 324**	**2 096 504**	**1 881 965**	**310 230**	**4 571 023**
Bank overdraft	**381 439**	**381 439**				**381 439**
Trade and other payables	**4 143 969**	**4 143 969**				**4 143 969**
Derivative financial liabilities	**38 828**	**38 828**				**38 828**
Total	**8 275 484**	**4 972 973**	**2 096 504**	**1 881 965**	**310 230**	**9 261 672**
2015						
Interest-bearing liabilities – current	131 559	151 041				151 041
Interest-bearing liabilities – non-current	3 511 271	265 903	334 452	775 759	3 282 729	4 658 843
Bank overdraft	2 891	2 891				2 891
Trade and other payables	3 721 123	3 721 123				3 721 123
Derivative financial liabilities	16 277	16 277				16 277
Total	7 383 121	4 157 235	334 452	775 759	3 282 729	8 550 175

27. FINANCIAL RISK MANAGEMENT CONTINUED

Market risk

Interest rate risk

The Group is exposed to interest rate risk on its cash and cash equivalents, long-term loans 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 8,76% (2015: 8,04%).

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 R76,4 million for the forthcoming financial year (2015: R10,1 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 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 R61,1 million increase in profit before tax, and a 3,0% decrease in interest rates will result in a R58,5 million decrease in profit before tax for the year 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 R45,4 million (2015: R60,7 million), trade and other receivables of R348,1 million (2015: R44,3 million) in respect of sales and purchases in foreign currencies, cash and cash equivalents included cash balances of R46,5 million (2015: R52,5 million) relating to cash denominated in foreign currency. The currencies predominantly traded in by the Group are USD, GBP, Indonesian Rupees, Mozambiquan Meticals, YEN and EUR. As a result, the Group is subject to exposure from fluctuations in foreign currency exchange rates. The Group utilises forward exchange contracts and currency options to minimise foreign currency exchange risk in terms of its risk management policy. All forward exchange contracts and currency options are supported by underlying transactions.

Forward exchange contracts 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
30 June 2016			
USD FECs – assets*	**15,05**	**82 854**	**9**
GBP FECs – liability*	**19,86**	**740**	**2 212**
30 June 2015			
EUR FECs – assets*	13,83	850	
USD FECs – assets*	12,42	31 926	
30 June 2016			
USD currency options – assets*		**16 000**	
USD currency options – liabilities*		**(16 000)**	
30 June 2015			
USD currency options – assets*		5 000	
USD currency options – liabilities*		10 000	

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

27. FINANCIAL RISK MANAGEMENT CONTINUED

Foreign currency risk continued

Forward exchange contracts that 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
30 June 2016			
Forward contracts to buy foreign currency			
EUR FECs – liabilities	**16,79**	**30**	**(12)**
USD FECs – liabilities	**15,22**	**161**	**(73)**
Forward contracts to sell foreign currency			
USD FECs – assets	**16,27**	**1 400**	**2 315**
30 June 2015			
Forward contracts to buy foreign currency			
EUR FECs – assets	13,72	1 860	638
EUR FECs – liabilities	16,29	30	(83)
USD FECs – assets	12,16	82	7
Forward contracts to sell foreign currency			
USD FECs – assets	12,27	2 426	762
USD FECs – liabilities	12,20	850	(1)

The hedges in respect of currency risk are expected to mature within one year.

There was no ineffectiveness to be recorded from the cash flow hedges.

The notional principal amounts of the outstanding forward foreign exchange contracts (cash flow hedges) at 30 June 2016 were R25,7 million (2015: R41,7 million). The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 12 months. Gains and losses on recognised cash flow hedges on forward foreign exchange contracts to hedge sugar sales are recognised in equity and are recognised in the income statement in the period during which the hedged forecast transaction affects the income statement and hedges relating to the purchase of consumables and property, plant and equipment are recorded as an adjustment to the related asset when the asset is recorded.

	2016 R'000	2015 R'000
Amounts recognised in equity during the year – cash flow hedges	**2 230**	39 047
Amounts removed from equity and recognised in profit or loss – cash flow hedges	**538**	
Amounts removed from equity and recognised as an adjustment to the asset		361

There was no ineffectiveness to be recorded from cash flow hedges (2015: Rnil).

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

27. FINANCIAL RISK MANAGEMENT CONTINUED

Profit/(loss) as a result of a movement of the USD, GBP and EUR, at 30 June assuming the spot price remains constant thereafter until the maturity of the contracts and balances:

	2016 R'000	2015 R'000
Forward exchange contracts		
10% increase in the value of the USD against the rand	**89 875**	40 282
10% decrease in the value of the USD against the rand	**(89 875)**	(40 282)
10% increase in the value of the EUR against the rand	**2**	3 751
10% decrease in the value of the EUR against the rand	**(2)**	(3 751)
10% increase in the value of the GBP against the rand	**1 058**	
10% decrease in the value of the GBP against the rand	**(1 058)**	
Trade receivables		
10% increase in the value of the USD against the rand	**31 932**	1 368
10% decrease in the value of the USD against the rand	**(31 932)**	(1 368)
Cash and cash equivalents		
10% increase in the value of the USD against the rand	**1 553**	906
10% decrease in the value of the USD against the rand	**(1 553)**	(906)
10% increase in the value of the GBP against the rand	**(28)**	
10% decrease in the value of the GBP against the rand	**28**	
10% increase in the value of the EUR against the rand	**(2)**	
10% decrease in the value of the EUR against the rand	**2**	
Maturity of options, trade payables and short-term foreign loans receivable		
10% increase in the value of the USD against the rand	**13 779**	5 883
10% decrease in the value of the USD against the rand	**(7 872)**	(7 332)
10% increase in the value of the EUR against the rand	**86**	1 454
10% decrease in the value of the EUR against the rand	**(86)**	(1 454)
10% increase in the value of the GBP against the rand	**(905)**	544
10% decrease in the value of the GBP against the rand	**905**	(544)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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, sorghum, sunflower maize and soya*

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

Profit/(loss) as a result of a movement in the spot price of the underlying commodity and resulting impact on tonnage at 30 June, assuming the spot price remains constant thereafter until the maturity of the contracts.

	2016 R'000	2015 R'000
Wheat – 5% increase	**1 692**	2 390
Wheat – 5% decrease	**(1 678)**	(2 619)
Sunflower seeds – 5% increase	**10 301**	12 836
Sunflower seeds – 5% decrease	**(10 301)**	(12 836)
Maize – 5% increase	**16 745**	13 529
Maize – 5% decrease	**(14 826)**	(13 265)
Soya Oil – 15% increase	**9 942**	(166)
Soya Oil – 15% decrease	**(5 374)**	1 788
Diesel – 15% Increase	**640**	2 909
Diesel – 15% decrease	**(423)**	(2 909)
Soya – 15% increase	**85 477**	13 121
Soya – 15% decrease	**(28 492)**	(8 590)

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 30 June 2016 was R10,0 million (2015: R12,5 million).

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

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 R6,7 million at 30 June 2016 (2015: R3,5 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 Board monitors both the spread of shareholders return on equity (which is defined as profit for the year expressed as a percentage of average total equity) and the level of dividends paid to shareholders.

The Group's target is to achieve a return on shareholders' equity in excess of 15,0%. In 2016 the return was 2,2% (2015: 9,5%).

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 30 June.

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
30 June 2016				
Assets				
Breeding stock – chicken			348 983	348 983
Broiler stock – chicken			262 776	262 776
Banana Fruit			3 704	3 704
Banana Trees			9 197	9 197
Litchi Trees			2 755	2 755
Sugar cane roots			256 566	256 566
Sugar cane plants			352 695	352 695
Derivatives		8 036		8 036
Total assets		8 036	1 236 676	1 244 712
Liabilities				
Derivatives		38 828		38 828
Total liabilities		38 828		38 828
30 June 2015				
Assets				
Breeding stock – chicken			307 911	307 911
Broiler stock – chicken			240 614	240 614
Banana Fruit			4 972	4 972
Banana Trees			7 191	7 191
Litchi Trees			3 025	3 025
Sugar cane roots			258 385	258 385
Sugar cane plants			276 035	276 035
Assets held for sale (Refer note 10)			24 376	24 376
Derivatives		10 438		10 438
Total assets		10 438	1 122 509	1 132 947
Liabilities				
Derivatives		16 277		16 277
Total liabilities		16 277		16 277

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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 fair value of the diesel hedge is determined using valuation techniques applicable to a futures contract using the present value of the estimated future cash flows.

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 30 June 2016	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable input to fair value
Chicken stock	611 759	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	R55,22 to R61,29 per chick	The higher the cost per chick, the higher the fair value
			Mortality rates	4,5% to 5,6%	The higher the mortality, the lower the fair value
			Average live mass	1,48 kg to 1,81 kg per bird	The higher the average live mass, the higher the fair value
			Feed cost	R5 632 to R6 300 per ton	The higher the feed cost per ton, the higher the fair value
Litchi trees	2 755	Current establishment and replacement cost	Replanting/ establishment cost litchi trees	R31,700 per hectare	The higher the replanting/ establishment cost the higher the value of litchi trees
Banana fruit	3 704	Recoverable value	Expected earnings before interest and tax (EBIT)	R489 EBIT per ton sold	The higher the expected EBIT contribution the higher the value of banana fruit
Banana trees	9 197	Current establishment and replacement cost	Replanting/ establishment cost of banana trees	R65,357 per hectare	The higher the replanting/ establishment cost the higher the value of banana trees
Sugar cane roots	256 566	Current establishment and replacement cost	Replanting/ establishment cost of cane roots	R34,547 to R37,147 per hectare	The higher the replanting/ establishment cost the higher the value of sugar cane roots
Sugar cane plants	352 696	Recoverable value	Recoverable value price per ton of sucrose less harvesting, transport and other costs to sell	R3,703 to R4,167 per ton	The higher the recoverable value less harvesting, transport and other costs to sell per ton of sucrose the higher the value of sugar cane plants

27. FINANCIAL RISK MANAGEMENT CONTINUED

Description	Fair value at 30 June 2015	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable input to fair value
Chicken stock	548 524	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	R46,3 to R56,5 per chick	The higher the cost per chick, the higher the fair value
			Mortality rates	4,5% to 5,6%	The higher the mortality, the lower the fair value
			Average live mass	1,48 kg to 1,81 kg per bird	The higher the average live mass, the higher the fair value
			Feed cost	R4,586 to R5,605 per ton	The higher the feed cost per ton, the higher the fair value
Litchi trees	3 025	Current establishment and replacement cost	Replanting/ establishment cost litchi trees	R26,915 to R32,897 per hectare	The higher the replanting/ establishment cost the higher the value of litchi trees
Banana fruit	4 972	Recoverable value	Expected earnings before interest and tax (EBIT)	R448 to R474 EBIT per ton sold	The higher the expected EBIT contribution the higher the value of banana fruit
Banana trees	7 191	Current establishment and replacement cost	Replanting/ establishment cost of banana trees	R51,879 to R57,603 per hectare	The higher the replanting/ establishment cost the higher the value of banana trees
Sugar cane roots	258 385	Current establishment and replacement cost	Replanting/ establishment cost of cane roots	R31,427 to R33,793 per hectare	The higher the replanting/ establishment cost the higher the value of sugar cane roots
Sugar cane plants	276 035	Recoverable value	Recoverable value price per ton of sucrose less harvesting, transport and other costs to sell	R2,950 to R3,217 per ton	The higher the recoverable value less harvesting, transport and other costs to sell per ton of sucrose the higher the value of sugar cane plants

Sensitivity analysis

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

Input	Sensitivity
Replacement cost per hectare – sugar cane roots	A 1% change in replacement cost would result in a R2,6 million change in fair value.
Recoverable value price per ton – sugar cane plants	A change of 1% in recoverable value would result in a R4,7 million change in fair value.
Feed cost – chicken stock	A 5,0% change in feed cost would result in a R7,8 million change in fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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 and loss R'000	Derivatives used for hedge accounting R'000	Total R'000
Assets per the statement of financial position				
30 June 2016				
Trade and other receivables	**3 709 903**			**3 709 903**
Loans receivable	**42 897**			**42 897**
Derivative financial instruments		**5 721**	**2 315**	**8 036**
Cash and cash equivalents	**744 639**			**744 639**
At the end of the year	**4 497 439**	**5 721**	**2 315**	**4 505 475**
30 June 2015				
Trade and other receivables	3 125 409			3 125 409
Loans receivable	6 794			6 794
Derivative financial instruments		9 115	1 323	10 438
Cash and cash equivalents	873 397			873 397
At the end of the year	4 005 600	9 115	1 323	4 016 038

	Other financial liabilities R'000	Liabilities at fair value through profit and loss R'000	Derivatives used for hedge accounting R'000	Total R'000
Liabilities per the statement of financial position				
30 June 2016				
Interest-bearing liabilities – long-term	**3 598 846**			**3 598 846**
Interest-bearing liabilities – short-term	**112 402**			**112 402**
Bank overdraft	**381 439**			**381 439**
Derivative financial instruments		**38 743**	**85**	**38 828**
Trade and other payables	**4 152 969**			**4 152 969**
At the end of the year	**8 245 656**	**38 743**	**85**	**8 284 484**
30 June 2015				
Interest-bearing liabilities – long-term	3 511 271			3 511 271
Interest-bearing liabilities – short-term	131 559			131 559
Bank overdraft	2 891			2 891
Derivative financial instruments		12 784	3 494	16 278
Trade and other payables	3 721 123			3 721 123
At the end of the year	7 366 844	12 784	3 494	7 383 122

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

As detailed in note 1 to the company financial statements on page 106, the company has concluded certain lending transactions with these related parties. In addition the following transactions were concluded:

	2016 R'000	2015 R'000
Transactions and balances with ultimate holding company		
Interest paid to Remgro Management Services Limited	13 237	8 725
Interest received from Remgro Management Services Limited	5	
Administration and other fees paid to Remgro Management Services Limited	18 754	19 148
Amount owing to Remgro Management Services Limited included in payables	7 160	6 492
Directors' fees	870	794
Transactions and balances with associates of the holding company		
Bank charges paid to First National Bank Limited	2 212	2 946
Bank balances with First National Bank Limited included in cash and cash equivalents	125 186	129 027
Bank balances with First National Bank Limited included in bank overdraft	178 700	
Interest paid to First National Bank Limited	2 746	11 925
Interest received from First National Bank Limited	1 491	
Amount owing to First National Bank Limited included in payables	3 755	
Corporate finance transaction costs to Rand Merchant Bank	5 400	10 000
Commitment, settlement and facility fees paid to Rand Merchant Bank	18 635	864
Interest paid to Rand Merchant Bank	97 960	254 302
Interest received from Rand Merchant Bank	212	
Amount owing to Rand Merchant Bank included in short-term interest-bearing liabilities	947	7 105
Amount owing to Rand Merchant Bank included in long-term interest-bearing liabilities	1 126 000	1 126 000
Bank charges paid to Rand Merchant Bank	768	
Bank balances with Rand Merchant Bank included in cash and cash equivalents	6	
Purchases from Falconair Proprietary Limited	15	5
Sales to Falconair Proprietary Limited	4	
Purchases from Total South Africa Proprietary Limited	51 926	56 692
Amount owing to Total South Africa Proprietary Limited included in payables	433	1 232
Purchases from Unilever South Africa Proprietary Limited	86 842	88 257
Amount owing to Unilever South Africa Proprietary Limited included in payables	8 930	15 141
Purchases from PG Glass Proprietary Limited	146	100
Amount owing to PG Glass Proprietary Limited included in payables	46	11
Bank charges paid to First Auto Proprietary Limited	7	27
Purchases from First Auto Proprietary Limited	1 947	5 299
Interest paid to First Auto Proprietary Limited	11	9
Amount owing to First Auto Proprietary Limited included in payables	135	410
Purchases from Blue Bulls Proprietary Limited	451	379
Purchases from Tracker and Signal Distribution Technologies Proprietary Limited	271	7
Purchases from Unitrade Management Services Proprietary Limited		20
Purchases from Rohlig Grindrod Proprietary Limited	391	201
Amount payable to Rohlig Grindrod Proprietary Limited		33
Purchases from Mediclinic Proprietary Limited	319	1
Amounts owing to Mediclinic Nelspruit Investments Proprietary Limited included in payables	169	
Purchases from National Auto Glass Proprietary Limited	7	
Purchases from Rapitrade 98 Proprietay Limited	460	
Purchases from Firefly Investments CC T/A C&R Brand Solutions	479	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

29. RELATED PARTY TRANSACTIONS CONTINUED

	2016 R'000	2015 R'000
Transactions with associate and joint ventures within the Group		
Interest paid to Akwandze Agricultural Finance Proprietary Limited	**5 610**	5 687
Management fees received from Managa Sugar Packers Proprietary Limited	**1 289**	1 230
Service fees received from The Royal Swaziland Sugar Corporation Limited	**3 326**	3 684
Dividend received from The Royal Swaziland Sugar Corporation Limited	**53 669**	35 741
Dividend received from Managa Sugar Packers Proprietary Limited	**10 092**	10 215
Dividend received from Akwandze Agricultural Finance Proprietary Limited	**1 372**	999
Dividend received from Senn Foods Logistics Proprietary Limited	**3 462**	
Sales to Akwandze Agricultural Finance Proprietary Limited	**247**	344
Amounts owing to Akwandze Agricultural Finance Proprietary Limited included in payables		106
Amounts owing by Akwandze Agricultural Finance Proprietary Limited included in receivables	**31 182**	
Amounts owing to Akwandze Agricultural Finance Proprietary Limited included in interest-bearing liabilities	**119 839**	136 626
Sales to Managa Sugar Packer Proprietary Limited	**1 705**	2 390
Purchases from Managa Sugar Packer Proprietary Limited	**830 479**	817 969
Amounts owing by Managa Sugar Packer Proprietary Limited included in receivables	**1 390**	1 593
Amounts owing to Managa Sugar Packer Proprietary Limited included in payables	**87 040**	84 999
Sales to The Royal Swaziland Sugar Corporation Limited	**3 326**	3 300
Amounts owing by The Royal Swaziland Sugar Corporation Limited included in receivables	**61**	392
Purchases from The Royal Swaziland Sugar Corporation Limited	**1 044**	731
Interest received from TSGRO Farming Service Proprietary Limited	**774**	111
Service fees paid to TSGO Farming Service Proprietary Limited	**8 338**	1 982
Sales to TSGRO Farming Service Proprietary Limited	**4 198**	389
Purchases from TSGRO Farming Service Proprietary Limited	**8 506**	2 312
Amounts owing by TSGRO Farming Service Proprietary Limited included in receivables	**739**	366
Amounts owing to TSGRO Farming Service Proprietary Limited included in payables		857
Amounts owing by Zamhatch Proprietary Limited	**29 434**	
Interest received from Zamhatch Proprietary Limited	**885**	
Amounts owing by Zamhatch Proprietary Limited included in receivables	**227**	

Key management of RCL Foods Limited

The following transactions were carried out with key management individuals within the Group:

In terms of IAS24: Related party disclosures, key management are considered to be related parties.

Executive management and the senior leadership team are classified as key management:

	2016 R'000	2015 R'000
– short-term and post-employment benefits	**416 844**	415 220
– share-based payments	**55 259**	47 546
Total	**472 103**	462 766

30. DIRECTORS' EMOLUMENTS

	Basic Salary R'000	Pension contribution R'000	Bonus* R'000	Other benefits** R'000	Total R'000
2016					
M Dally	**7 241**	**571**	**8 310**	**272**	**16 394**
RH Field	**3 746**	**394**	**3 790**	**147**	**8 077**
Total	**10 987**	**965**	**12 100**	**419**	**24 471**
2015					
M Dally	6 688	527	2 750	191	10 156
RH Field	3 300	347	1 142	103	4 892
Total	9 988	874	3 892	294	15 048

* *Bonus payments in 2016 relate to the 2015 financial year.*

** *Other benefits include company contributions to disability insurance, medical aid and UIF.*

Non-executives (for services as a director)	2016 R'000	2015 R'000
Present directors		
HJ Carse*	**263**	246
JJ Durand*	**344**	302
PR Louw*	**263**	246
NP Mageza	**502**	455
DTV Msibi	**373**	345
MM Nhlanhla	**319**	296
RV Smither	**643**	582
GM Steyn	**424**	383
GC Zondi**	**594**	541
Total	**3 725**	3 396

* *Paid to Remgro Management Services Limited*

** *Paid to Imbewu Capital Partners Consulting Proprietary Limited*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

30. DIRECTORS' EMOLUMENTS CONTINUED

Interests of directors of the company in share options granted in terms of the RCL FOODS Share Incentive Scheme

Options granted to executive directors and unexpired or unexercised as at 30 June 2015 are as follows:

	Issue price prior to rights issue Rand	Issue price post rights issue Rand	Options exercisable at 30 June 2014	Options exercised during the year	Options exercisable at 30 June 2015	Exercise price Rand	Gain on options exercised R'000
M Dally	14,20	13,21	542 224	(542 224)		17,16	2 141
RH Field	14,20	13,21	284 319	(284 319)		17,16	1 122
Total			826 543	(826 543)			3 263

No options were issued during the year, nor will any further options be issued under the RCL FOODS Share Incentive Scheme, as this scheme has been replaced by the RCL FOODS Share Appreciation Rights Scheme approved at the 43rd annual general meeting of the shareholders held on 31 July 2009.

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 30 June 2016 are as follows:

	Award price prior to rights issue Rand	Award price post rights issue* Rand	Rights at 30 June 2015	Rights awarded during the year	Rights at 30 June 2016	Grant date fair value of rights awarded during the year** R'000	Rights exercisable at 30 June 2016
M Dally	15,34	14,27	908 945		908 945		908 945
	15,83	14,73	929 256		929 256		929 256
	17,68	16,45	714 572		714 572		714 572
	14,19	13,20	768 117		768 117		253 478
		16,54	1 240 943		1 240 943		
		15,93	1 014 820		1 014 820		
		15,92		540 869	540 869	1 698	
Sub total			5 576 653	540 869	6 117 522	1 698	2 806 251
RH Field	15,34	14,27	427 702		427 702		427 702
	15,83	14,73	431 618		431 618		431 618
	17,68	16,45	364 999		364 999		364 999
	14,19	13,20	374 505		374 505		123 586
		16,54	621 765		621 765		
		15,93	559 397		559 397		
		15,92		319 448	319 448	1 003	
Sub total			2 779 986	319 448	3 099 434	1 003	1 347 905
Total			8 356 639	860 317	9 216 956	2 701	4 154 156

* *The issue price and number of outstanding options were amended as a result of the rights issues in order to place the holders in the same position as they were before the rights issue.*

** *Grant date fair value of rights awarded represents the total fair value of rights awarded during the prior year. This cost will be expensed over the right's 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 the 30 June 2015 are as follows:

	Award price prior to rights issue Rand	Award price post rights issue* Rand	Rights at 30 June 2014	Rights awarded during the year	Rights at 30 June 2015	Grant date fair value of rights awarded during the year** R'000	Rights exercisable at 30 June 2015
M Dally	15,34	14,27	908 945		908 945		908 945
	15,83	14,73	929 256		929 256		929 256
	17,68	16,45	714 572		714 572		471 617
	14,19	13,20	768 117		768 117		
		16,54	1 240 943		1 240 943		
		15,93		1 014 820	1 014 820	2 760	
Sub total			4 561 833	1 014 820	5 576 653	2 760	2 309 818
RH Field	15,34	14,27	427 702		427 702		427 702
	15,83	14,73	431 618		431 618		431 618
	17,68	16,45	364 999		364 999		240 899
	14,19	13,20	374 505		374 505		
		16,54	621 765		621 765		
		15,93		559 397	559 397	1 522	
Sub total			2 220 589	559 397	2 779 986	1 522	1 100 219
Total			6 782 422	1 574 217	8 356 639	4 282	3 410 037

* *The issue price and number of outstanding options were amended as a result of the rights issues in order to place the holders in the same position as they were before the rights issue.*

** *Grant date fair value of rights awarded represents the total fair value of rights awarded during the prior year. This cost will be expensed over the right's vesting period.*

These amendments have no financial effect for the Group as they have placed the participants in the same economic position as they were before the rights issue.

Interests of directors of the company in the conditional shares awarded in terms of the RCL FOODS conditional share plan

	Conditional shares at 30 June 2015	Conditional shares awarded during the year	Conditional shares settled during the year	Conditional shares at 30 June 2016	Conditional shares vested at 30 June 2016	Gain on conditional shares exercised during the year 30 June 2016
M Dally	675 547	865 422	(675 547)	865 422		9 390
RH Field	340 124	649 067	(340 124)	649 067		4 728
Total	1 015 671	1 514 489	(1 015 671)	1 514 489		14 118

	Conditional shares at 30 June 2014	Conditional shares awarded during the year	Conditional shares settled during the year	Conditional shares at 30 June 2015	Conditional shares vested at 30 June 2015
M Dally	675 547			675 547	
RH Field	340 124			340 124	
Total	1 015 671			1 015 671	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

30. DIRECTORS' EMOLUMENTS CONTINUED

Interests of directors of the company in stated capital

The aggregate beneficial holdings as at 30 June of those directors of the company holding issued ordinary shares are detailed below:

	2016		2015	
	Direct beneficial	**Indirect beneficial**	Direct beneficial	Indirect beneficial
Executive directors				
M Dally	**1 201 653**		1 201 653	
RH Field	**450 000**		250 000	
Non-executive directors				
NP Mageza		**386**		386
MN Nhlanhla*		**229 559**		229 559
GC Zondi*		**4 251 093**		4 251 093
Total	**1 651 653**	**4 481 038**	1 451 653	4 481 038

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

There has been no change in the interest 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 interest of directors. No interest is held by a director's associate.

Directors' emoluments paid by Remgro Limited

Fixed pay	**Fees R'000**	**Salaries R'000**	**Retirement fund R'000**	**Other benefits** R'000**	**Total R'000**
30 June 2016					
Executive					
HJ Carse		**1 840**	**365**	**244**	**2 449**
JJ Durand	**300**	**9 815**	**2 006**	**322**	**12 443**
PR Louw		**1 720**	**355**	**265**	**2 340**
Sub total	**300**	**13 375**	**2 726**	**831**	**17 232**
Independent non-executive					
NP Mageza	**400**				**400**
Sub total	**400**				**400**
Total	**700**	**13 375**	**2 726**	**831**	**17 632**
30 June 2015					
Executive					
HJ Carse		1 717	340	231	2 288
JJ Durand	245	9 204	1 874	302	11 625
PR Louw		1 530	303	232	2 065
Sub total	245	12 451	2 517	765	15 978
Independent non-executive					
NP Mageza	328				328
Subtotal	328				328
Total	573	12 451	2 517	765	16 306

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

30. DIRECTORS' EMOLUMENTS CONTINUED

Variable pay – long-term incentive plans

Remgro Equity Settled Share Appreciation Right Scheme (SARs) – 2016

Executive	Balance of SARs accepted as at 30 June 2015	SARs accepted during the period	Offer date	Offer price Rand	Number of SARs exercised	Date exercising SARs	Share price on exercise date	Increase in value R'000*	Balance of SARs accepted as at 30 June 2016	Grant date fair value of SARs granted during the period R'000
HJ Carse	28 062			97,55	(10 000)	3/11/2015	279,00	1 815	18 062	
	7 546			147,25					7 546	
	11 767			191,70					11 767	
	17 775			253,53					17 775	
		8 273	24/11/2015	272,00					8 273	669
JJ Durand	157 262			97,55					157 262	
	271 258			147,25					271 258	
	93 128			191,70					93 128	
	108 468			253,53					108 468	
		192 676	24/11/2015	272,00					192 676	15 591
PR Louw	8 998			65,50	(8 998)	26/10/2015	278,58	1 917		
	27 432			97,55					27 432	
	22 646			147,25					22 646	
	12 944			191,70					12 944	
	5 952			253,53					5 952	
		9 497	24/11/2015	272,00					9 497	768
Total	773 238	210 446			(18 998)			3 732	964 686	17 028

* *Refers to the increase in value of the SARS Scheme shares of the indicated participants from the offer date to the date of payment of delivery.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

30. DIRECTORS' EMOLUMENTS CONTINUED

Remgro Equity Settled Share Appreciation Right Scheme (SARs) – 2015*

Executive	Balance of SARs accepted as at 30 June 2014	SARs accepted during the period	Offer date	Offer price Rand	Number of SARs exercised	Date exercising SARs	Share price on exercise date	Increase in value R'000**	Balance of SARs accepted as at 30 June 2015	Grant date fair value of SARs granted during the period R'000
HJ Carse	20 613			78,30	(20 613)	23/09/2014	239,20	3 317		
	38 062			97,55	(10 000)	15/05/2015	257,40	1 599	28 062	
	7 546			147,25					7 546	
	11 767			191,70					11 767	
		17 775	26/11/2014	253,53					17 775	1 219
JJ Durand	108 236			78,30	(108 236)	3/11/2014	252,98	18 907		
	7 572			75,38	(7 572)	3/11/2014	252,98	1 345		
	235 895			97,55	(78 633)	3/11/2014	252,98	12 222	157 262	
	271 258			147,25					271 258	
	93 128			191,70					93 128	
		108 468	26/11/2014	253,53					108 468	7 442
PR Louw	8 998			65,50					8 998	
	27 432			97,55					27 432	
	22 646			147,25					22 646	
	12 944			191,70					12 994	
		5 952	26/11/2014	253,53					5 952	408
Total	866 097	132 195			(225 054)			37 390	773 288	9 069

* *The comparative information has been updated for a late exercise of share options (5 000 options) which were not disclosed in the prior period financial statements.*

** *Refers to the increase in value of the SARS Scheme shares of the indicated participants from the offer date to the date of payment of delivery.*

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 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 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 a special purpose vehicle, 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 overdraft rate).

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%).

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 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.

		2016 R'000	2015 R'000
Total amount expensed related to the BEE scheme		**17 600**	17 600
The fair value of the options were determined on a Monte Carlo simulation 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

32. SHARE AND SHAREHOLDERS INFORMATION

STATED CAPITAL

Authorised	2 000 000 000
Issued	*934 409 773

	Number of shareholders	%	Number of shares	%
Shareholder spread				
1 – 1 000	3 348	62,50	862 318	0,09
1 001 – 10 000	1 531	28,58	5 697 314	0,61
10 001 – 100 000	367	6,85	10 908 570	1,17
100 001 – 1 000 000	78	1,46	24 943 641	2,67
1 000 001 and over	33	0,61	891 997 930	95,46
Total	5 357	100,00	934 409 773	100,00
Distribution of shareholders				
Banks	26	0,49	4 269 598	0,46
Brokers	12	0,22	269 373	0,03
Close corporations	42	0,78	254 931	0,03
Empowerment	3	0,06	70 758 637	7,57
Endowment funds	5	0,09	590 788	0,06
Holding company	3	0,06	667 500 750	71,44
Individuals	4 614	86,13	12 078 242	1,29
Insurance companies	12	0,22	2 239 952	0,24
Investment companies	10	0,19	46 913	0,01
Mutual funds	104	1,94	115 216 989	12,33
Nominees and trusts	303	5,66	4 840 702	0,52
Other corporations	28	0,52	115 392	0,01
Pension funds	91	1,70	52 885 169	5,66
Private companies	104	1,94	3 342 337	0,35
Total	5 357	100,00	934 409 773	100,00
Public and non-public shareholders				
Strategic holdings (more than 10%)	3	0,06	667 500 750	71,44
Empowerment	3	0,06	70 758 637	7,57
Directors and associates of the company holdings	6	0,11	1 904 067	0,20
Total non-public shareholders	12	0,23	740 163 454	79,21
Public shareholders	5 345	99,77	194 246 319	20,79
Total	5 357	100,00	934 409 773	100,00
Beneficial shareholders' holding of 1% or more				
Remgro Limited			667 500 750	71,44
RCL Employee Share Trust			44 681 162	4,78
Investment Solutions Limited			23 834 337	2,55
Oasis Crescent Global Equity Fund			42 330 218	4,53
Government Employees Pension Fund			20 465 389	2,19
Business Venture Investments 1763 Proprietary Limited			19 149 069	2,05
Eskom Pension and Provident Fund			15 671 793	1,68
Fund managers holdings of 1% or more				
Remgro Limited			667 500 750	71,44
Oasis Asset Management Limited			95 471 234	10,22
RCL Employee Share Trust			44 681 162	4,78
Prudential Portfolio Managers (SA) Proprietary Limited			26 913 844	2,88
Public Investment Corporation Limited			20 092 036	2,15
Business Ventures Investments No 1763			19 149 069	2,05

** Includes 44 681 162 shares issued to RCL Employee Share Trust, 19 149 069 shares issued to the Business Venture Investments 1763 Proprietary Limited and 6 928 406 issued to Malongoana Investments RF Proprietary Limited in terms of the BEE scheme (refer to note 31 for details)*

33. SUBSEQUENT EVENTS

No material change has taken place in the affairs of the Group between the end of the financial year and the date of this report.

34. INTEREST IN SUBSIDIARIES

The Group has the following subsidiaries at 30 June 2016

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 %	Proportion of preference shares directly held by the Group %
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			
Farmer Brown	South Africa	Dormant	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			
Epol	South Africa	Dormant	100			
Capitau Investment Management	South Africa	Investment holding	100			100
Indirectly owned						
Vector Logistics (Namibia)	South Africa	Logistics provider		100		
Rainbow Chicken Foods	South Africa	Dormant		100		
New Foodcorp Holdings	South Africa	Investment holding		100		
Astoria Bakery	South Africa	Dormant		100		
Foodcorp Consumer Brands	South Africa	Dormant		100		
Foodcorp	South Africa	Food producer and manufacturer		100		
Mkhuhlu Bakery	South Africa	Dormant		100		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

34. INTEREST IN SUBSIDIARIES CONTINUED

The Group has the following subsidiaries at 30 June 2016

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 %	Proportion of preference shares directly held by the Group %
NIB 5 Share Block	South Africa	Dormant		100		
NIB 6 Share Block	South Africa	Dormant		100		
TSB Sugar International	South Africa	International investments		100		
Selati Sugar	South Africa	Dormant		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	
Shumbombo Agricultural Services	South Africa	Farming		100		
TSB Sugar Mozambique	South Africa	Green Field Sugar Mill Feasibility Project		100		
Massingir Agro Industrial	Mozambique	Green Field Sugar Mill Feasibility Project		51	49	
Booker Tate Holdings	United Kingdom	Management services		100		
Booker Tate	United Kingdom	Sugar management		100		
Booker Tate (Overseas)	United Kingdom	Investment holding		100		
Booker Tate Services	United Kingdom	Dormant		100		
PT Booker Tate Indonesia PMA	Indonesia	Sugar management		95	5	
Sivunosetfu	South Africa	Farming		50	50	
Libuyile Farming Services	South Africa	Farming		50	50	
Mgubho Farming Services	South Africa	Farming		50	50	

34. 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 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.

	2016 R'000	2015 R'000
Outstanding loan balance as at 30 June	55 169	61 029

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 interest relating to the contract growers is not considered material and hence no additional disclosures were deemed necessary.

Non controlling interests

	Statement of financial position 2016 R'000	Income statement (share of profit/(loss)) 2016 R'000	Statement of financial position 2015 R'000	Income statement (share of profit/(loss)) 2015 R'000
Quality Sugars Proprietary Limited	6 444	2 133	5 311	1 998
Sivunosetfu Proprietary Limited	25 504	7 161	18 343	4 996
Libuyile Farming Services Proprietary Limited	34 065	(6 322)	40 387	8 288
Mgubho Farming Services Proprietary Limited	27 467	12 774	14 693	(1 445)

Significant restrictions

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

The non-controlling interest in PT Booker Tate PMA is also not considered to be significant.

Set out on pages 98, 99 and 100 is 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

34. INTEREST IN SUBSIDIARIES CONTINUED

Summarised statement of financial position

	Current			Non-current			
	Assets R'000	Liabilities R'000	Total current net assets R'000	Assets R'000	Liabilities R'000	Total non-current net assets R'000	Net assets R'000
As at 30 June 2016							
Quality Sugars Proprietary Limited	628 887	(609 236)	19 651	7 131	(1 004)	6 127	25 778
Massingir Agro Industrial Lda	709	(43 833)	(43 124)				(43 124)
Sivunosetfu Proprietary Limited	19 651	(96 415)	(76 764)	166 808	(39 035)	127 773	51 009
Libuyile Farming Services Proprietary Limited	28 212	(105 505)	(77 293)	200 805	(55 382)	145 423	68 130
Mgubho Farming Services Proprietary Limited	27 476	(121 054)	(93 578)	177 668	(29 155)	148 513	54 935
Total	704 935	(976 043)	(271 108)	552 412	(124 576)	427 836	156 728
As at 30 June 2015							
Quality Sugars Proprietary Limited	610 226	(595 192)	15 034	7 183	(975)	6 208	21 242
Massingir Agro Industrial Lda	11 740	(60 702)	(48 962)	36 473		36 473	(12 489)
Sivunosetfu Proprietary Limited	20 299	(76 371)	(56 072)	136 665	(43 907)	92 758	36 686
Libuyile Farming Services Proprietary Limited	27 320	(84 680)	(57 360)	187 518	(49 382)	138 136	80 776
Mgubho Farming Services Proprietary Limited	18 995	(87 288)	(68 293)	123 433	(25 753)	97 680	29 387
Total	688 580	(904 233)	(215 653)	491 272	(120 017)	371 255	155 602

34. INTEREST IN SUBSIDIARIES CONTINUED

Summarised statement of comprehensive income

	Quality Sugars Proprietary Limited R'000	Massingir Agro Industrial Lda R'000	Sivunosetfu Proprietary Limited R'000	Libuyile Farming Services Proprietary Limited R'000	Mgubho Farming Services Proprietary Limited R'000	Total R'000
For the period ended 30 June 2016						
Revenue	**142 499**	**130**	**122 591**	**199 842**	**135 565**	**600 627**
Profit/(loss) before tax	**11 747**	**(8 909)**	**19 705**	**(17 605)**	**35 558**	**40 496**
Income tax (expense)/income	**(3 293)**		**(5 605)**	**4 964**	**(10 007)**	**(13 941)**
Profit/(loss) after tax for the year	**8 454**	**(8 909)**	**14 100**	**(12 641)**	**25 551**	**26 555**
Other comprehensive income	**78**		**223**	**(4)**	**(3)**	**294**
Total comprehensive income	**8 532**	**(8 909)**	**14 323**	**(12 645)**	**25 548**	**26 849**
Total comprehensive income allocated to non-controlling interests	**2 133**		**7 161**	**(6 322)**	**12 774**	**15 746**
Dividends paid to non-controlling interest	**999**					**999**
For the period ended 30 June 2015						
Revenue	59 539		129 820	233 643	162 640	585 642
Profit/(loss) before tax	11 100	(4 720)	13 909	22 414	(4 265)	38 438
Income tax (expense)/income	(3 107)		(3 918)	(5 838)	1 375	(11 488)
Profit/(loss) after tax for the year	7 993	(4 720)	9 991	16 576	(2 890)	26 950
Other comprehensive income						
Total comprehensive income	7 993	(4 720)	9 991	16 576	(2 890)	26 950
Total comprehensive income allocated to non-controlling interests	1 998	(2 313)	4 996	8 288	(1 445)	11 524
Dividends paid to non-controlling interest	813					813

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

34. INTEREST IN SUBSIDIARIES CONTINUED

Summarised cash flows

	Quality Sugars Proprietary Limited R'000	Massingir Agro Industrial Lda R'000	Sivunosetfu Proprietary Limited R'000	Libuyile Farming Services Proprietary Limited R'000	Mgubho Farming Services Proprietary Limited R'000	Total R'000
30 June 2016						
Cash flows from operating activities						
Cash generated/(utilised) from operations	22 565	217	663	(20 481)	(17 719)	(14 755)
Interest paid	(35)		(8 120)	(8 035)	(9 495)	(25 685)
Income tax paid	(3 151)					(3 151)
Net cash generated/(utilised) from operating activities	19 379	217	(7 457)	(28 516)	(27 214)	(43 591)
Net cash (used)/generated in investing activities	(19 069)	(3 302)	495	(8 340)	1 046	(29 170)
Net cash (used)/generated in financing activities	1 285	(5 726)	6 982	37 054	26 211	65 806
Net increase/(decrease) in cash and cash equivalents	1 595	(8 811)	20	198	43	(6 955)
30 June 2015						
Cash flows from operating activities						
Cash generated/(utilised) from operations	78 231	(7 287)	3 143	1 988	(6 924)	69 151
Interest paid	(66)		(7 296)	(5 868)	(7 320)	(20 550)
Income tax paid	(3 624)					(3 624)
Net cash generated/(utilised) from operating activities	74 541	(7 287)	(4 153)	(3 880)	(14 244)	44 977
Net cash used in investing activities	(74 229)	(10 993)	(1 929)	(3 564)	(616)	(91 331)
Net cash used in financing activities		27 562	6 048	7 600	14 908	56 118
Net increase/(decrease) in cash and cash equivalents	312	9 282	(34)	156	48	9 764

35. DISPOSAL OF SUBSIDIARY

TSB Sugar RSA Proprietary Limited disposed of 50% of its shares in TSGRO Farming Service Proprietary Limited (TSGRO) to Komatilane Proprietary Limited effective 1 April 2015. Effective from 1 April 2015 TSGRO will be accounted for as a Joint Venture between TSB Sugar RSA Proprietary Limited and Komatilane Proprietary Limited. TSGRO was previously 100% owned.

Assets and liabilities disposed of

	2015 R'000
Assets	
Property, plant and equipment	1 273
Intangible assets	41
Trade and other receivables	3 576
Cash and cash equivalents	58
Taxation	9
Deferred income tax	527
Trade and other payables	(1 836)
Amounts owing to Group companies	(5 194)
Total assets and liabilities disposed of	(1 546)
Profit realised on disposal	1 546

COMPANY STATEMENT OF FINANCIAL POSITION

	Note	2016 R'000	2015 R'000
ASSETS			
Non-current assets			
Investment in subsidiaries	1	**4 735 193**	5 210 678
Loan to Group companies	1	**4 479 928**	4 889 062
Preference shares receivable	2		1 195 919
		9 215 121	11 295 659
Current assets			
Cash and cash equivalents		**2 700**	2 462
		2 700	2 462
Total assets		**9 217 821**	11 298 121
EQUITY			
Stated capital	3	**10 023 804**	9 992 815
Share-based payments reserve		**277 339**	259 739
Accumulated (loss)/profit		**(1 095 094)**	1 037 670
Total equity		**9 206 049**	11 290 224
LIABILITIES			
Current liabilities			
Trade and other payables		**11 772**	7 897
Total current liabilities		**11 772**	7 897
Total equity and liabilities		**9 217 821**	11 298 121

COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Note	2016 R'000	2015 R'000
(Loss)/profit before tax	4	**(1 813 672)**	623 389
(Loss)/profit for the year		**(1 813 672)**	623 389
Total comprehensive (loss)/income for the year		**(1 813 672)**	623 389

COMPANY STATEMENT OF CHANGES IN EQUITY

	Stated capital R'000	Share-based payments reserve R'000	Accumulated (loss)/profit R'000	Total R'000
Balance at 1 July 2014	9 955 700	242 139	715 245	10 913 084
Total comprehensive income for the year			623 389	623 389
Acquisition of entity under common control			(300 964)	(300 964)
BEE share-based payments charge		17 600		17 600
Employee Share Option Scheme:				
– proceeds from shares issued	37 115			37 115
Balance at 1 July 2015	9 992 815	259 739	1 037 670	11 290 224
Total comprehensive income for the year			**(1 813 672)**	**(1 813 672)**
Dividends paid			**(319 092)**	**(319 092)**
BEE share-based payments charge		**17 600**		**17 600**
Employee Share Option Scheme:				
– proceeds from shares issued	**30 989**			**30 989**
Balance at 30 June 2016	**10 023 804**	**277 339**	**(1 095 094)**	**9 206 049**

COMPANY CASH FLOW STATEMENT

	Note	2016 R'000	2015 R'000
Cash flows from operating activities			
Cash utilised by operations	A	**(17 421)**	(10 823)
Movement in share-based payments reserve		**17 600**	17 600
Dividends received		**600 000**	546 243
Dividends paid		**(319 092)**	(300 964)
Movement in trade and other payables		**3 875**	(1 404)
Net cash inflow from operating activities		**284 962**	250 652
Cash flows from investing activities			
Additional investment in subsidiaries		**(17 600)**	(17 600)
Movement in loans to Group companies		**(268 546)**	(270 009)
Net cash outflow from investing activities		**(286 146)**	(287 609)
Cash flows from financing activities			
Issue of shares		**1 422**	37 115
Net cash inflow from financing activities		**1 422**	37 115
Movement in cash and cash equivalents		**238**	158
Cash and cash equivalents at the beginning of the year		**2 462**	2 304
Cash and cash equivalents at the end of the year		**2 700**	2 462

NOTES TO THE COMPANY CASH FLOW STATEMENT

	2016 R'000	2015 R'000
A. CASH GENERATED BY OPERATIONS		
Profit before tax	**(1 813 672)**	623 389
Adjusted for:		
Dividend income	**(600 000)**	(546 243)
Redemption of preference share receivable	**1 195 919**	
Write-off of investment in Capitau Investment Management	**493 085**	
Waiver of loan with New Foodcorp Holdings	**707 247**	
Accrued interest		(87 969)
	(17 421)	(10 823)

NOTES TO THE COMPANY FINANCIAL STATEMENTS

	Issued share capital		Effective holding	
	2016 R	2015 R	**2016 %**	2015 %
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
Farmer Brown	**1**	1	**100**	100
RCL Foods Sugar & Milling	**10**	10	**100**	100
RCL Foods Treasury	**1**	1	**100**	100
RCL Group Services	**312**	312	**100**	100
Epol	**78 000**	78 000	**100**	100
Capitau Investment Management	**1 000**	1 000	**100**	100
Indirectly owned				
Astoria Bakery Lesotho*	**100**	100	**100**	100
Booker Tate (Overseas)**	**250 000**	250 000	**100**	100
Booker Tate Holdings**	**13 067 846**	13 067 846	**100**	100
Booker Tate Services**	**7 486 000**	7 486 000	**100**	100
Booker Tate**	**10 742 002**	10 742 002	**100**	100
Foodcorp	**1**	1	**100**	100
Foodcorp Consumer Brands	**1**	1	**100**	100
Libuyile Farming Services	**100**	100	**50**	50
Massingir Agro Industrial***	**207 528**	207 528	**51**	51
Mgubho Farming Services	**100**	100	**50**	50
Mkhuhlu Bakery*	**450 000**	450 000	**100**	100
New Foodcorp Holdings	**1**	1	**100**	100
NIB 5 Share Block	**1**	1	**100**	100
NIB 6 Share Block	**1**	1	**100**	100
Ntabeni Fishing	**200**	200	**74**	74
PT Booker Tate Indonesia PMA****	**35 781**	35 781	**95**	95
Quality Sugars	**300**	300	**75**	75
Rainbow Chicken Foods	**100**	100	**100**	100
Selati Sugar	**300**	300	**100**	100
Shumbombo Agricultural Services	**100**	100	**100**	100
Sivunosetfu	**100**	100	**50**	50
Siyasebenza Fishing	**100**	100	**100**	100
Trade Motto 106	**1 000**	1 000	**100**	100
TSB Sugar International	**100**	100	**100**	100
TSB Sugar Mozambique***	**100**	100	**100**	100
TSGRO Farming Service	**300**	300	**100**	100
Vector Logistics (Namibia)*****	**100 000**	100 000	**100**	100

* *Incorporated in Lesotho.*
** *Incorporated in the United Kingdom*
*** *Incorporated in Mozambique*
**** *Incorporated in Indonesia*
***** *Incorporated in Namibia*

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

1. INVESTMENT IN SUBSIDIARIES AND GROUP COMPANIES CONTINUED

	Shares 2016 R'000	Shares 2015 R'000	Indebtedness 2016 R'000	Indebtedness 2015 R'000	Total 2016 R'000	Total 2015 R'000
Share and indebtedness						
Rainbow Farms Investments	100	100	278 570	217 021	278 670	217 121
RCL Foods Treasury			289 913	95 215	289 913	95 215
RCL Foods Consumer	1 142	1 142	1 484 922	1 483 669	1 486 064	1 484 811
RCL Group Services			60 240	43 496	60 240	43 496
Capitau Investment Management		493 085				493 085
Foodcorp			2 366 283	2 341 283	2 366 283	2 341 283
New Foodcorp Holdings				707 247		707 247
RCL Foods Sugar & Milling	3 121 356	3 121 356			3 121 356	3 121 356
TSB Sugar International	878 644	878 644			878 644	878 644
Vector Logistics	456 612	456 612		1 131	456 612	457 743
Sub total	4 457 854	4 950 939	4 479 928	4 889 062	8 937 782	9 840 001
Subsidiary portion of share-based payments reserve	277 339	259 739			277 339	259 739
Total	4 735 193	5 210 678	4 479 928	4 889 062	9 215 121	10 099 740

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. PREFERENCE SHARES RECEIVABLE

	2016 R'000	2015 R'000
Opening balance	1 195 919	1 107 949
Dividend accrued		87 970
Redemption of preference shares	(1 195 919)	
Total		1 195 919

The preference share dividend is calculated at a dividend rate equal to prime accrued on a annual basis.

The cumulative redeemable preference shares were redeemed on 1 July 2015 for Rnil consideration resulting in a loss on redemption of R1,196 million. Refer to note 8 for further details

NOTES TO THE COMPANY FINANCIAL STATEMENTS

3. STATED CAPITAL

Authorised

2 000 000 000 (2015: 2 000 000 000) ordinary shares of no par value.

Issued ordinary shares of no par value:

	Number of shares	2016 R'000	2015 R'000
At the beginning of the year	861 565 948	**9 992 815**	9 955 700
Shares issued in terms of share incentive plans	2 085 188	**30 989**	37 115
At the end of the year	863 651 136	**10 023 804**	9 992 815
Shares in issue for accounting purposes – 30 June 2016	863 651 136		
Add: shares issued in terms of BEE scheme*	70 758 637		
Statutory shares in issue – 30 June 2016	934 409 773		

* *On 26 May 2014, 44 681 162 shares were issued to the RCL Employee Share Trust, 19 149 069 to Business Venture Investments 1763 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.

4. PROFIT BEFORE TAX

	2016 R'000	2015 R'000
Dividends received from subsidiaries	**600 000**	546 243
Non-executive directors' fees	**(3 725)**	(3 396)
Consultancy expenses	**(7 311)**	(1 729)
Listed company expenses	**(4 831)**	(6 115)
Acquisition expenses		458
Redemption of preference share receivable (Refer to note 8)	**(1 195 919)**	
Write-off of investment in Capitau Investment Management (Refer to note 8)	**(493 085)**	
Waiver of loan with New Foodcorp Holdings (Refer to note 8)	**(707 247)**	
Interest received – bank	**95**	
Interest received – cumulative preference dividend		87 969
Other expenses	**(1 649)**	(41)
	(1 813 672)	623 389

5. 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 institution 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 R3,35 billion in respect of the debt package implemented in the previous financial year (refer to note 15 of the consolidated financial statements) and a R766,3 million unutilised general banking facility (2015: R950,0 million).

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 30 June 2016 is R3,35 billion (2015: R3,35 billion).

6. DIVIDENDS PER SHARE

Refer to note 24 of the notes to the consolidated financial statements.

7. 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 R3,35 billion.

Liquidity risk

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

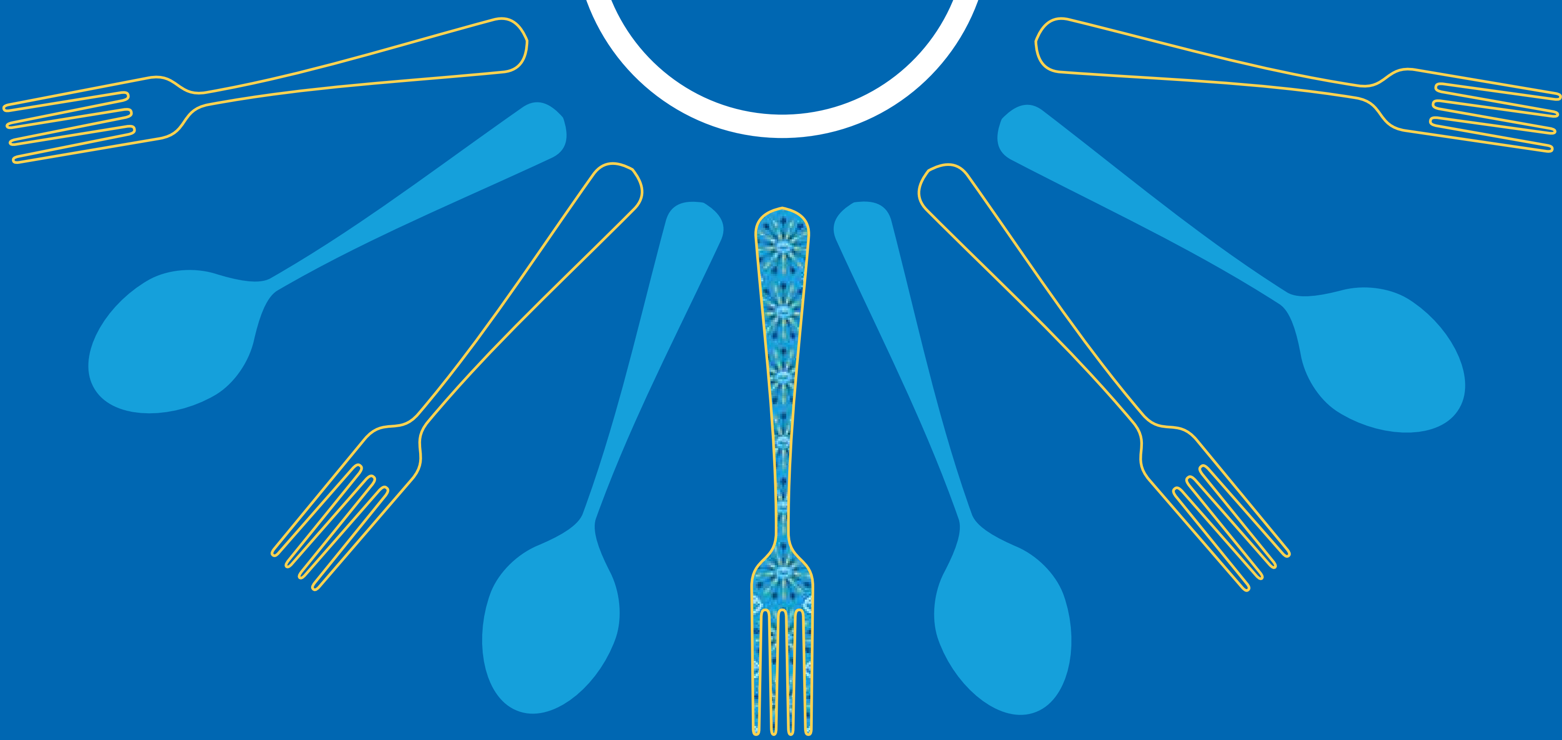
	Less than one year R'000	One to two years R'000	Two to three years R'000	Greater than three years R'000	Total R'000
2016		**498 000**	**1 097 000**	**1 755 000**	**3 350 000**
2015			498 000	2 852 000	3 350 000

8. RESTRUCTURE

As part of the RCL FOODS Group restructure announced on 13 November 2014, Foodcorp Proprietary Limited, an indirectly held subsidiary of the Company, transferred a portion of its business operations to a related Group company and subsequently New Foodcorp Holdings Proprietary Limited, a related Group company and the holding company of Foodcorp Proprietary Limited, sold its investment in Foodcorp Proprietary Limited to a related Group company. As part of the restructure the Company waived a loan granted to New Foodcorp Proprietary Limited and Capitau Investment Management settled the preference shares outstanding to the Company. As Capitau Investment Management Proprietary Limited holds no further assets of value due to the transfer of the operating subsidiaries within the Group, the investment held by the Company was impaired to R1. Refer to note 26 of the Group financial statements for further information on the restructure.

The following losses were recognised in the Company financial statements.

	2016 R'000
Redemption of preference share receivable	**(1 195 919)**
Write-off of investment in Capitau Investment Management	**(493 085)**
Waiver of loan with New Foodcorp Holdings	**(707 247)**



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