RCL FOODS LIMITED

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE

2022

CONTENTS

REGULATORY APPROVALS

GROUP FINANCIAL STATEMENTS

COMPANY FINANCIAL STATEMENTS

SHARE AND SHAREHOLDER INFORMATION

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

for the year ended June 2022

The Directors are responsible for the preparation and integrity of the Annual Financial Statements of the Company and the Group and other information included in this report which has been prepared in accordance with International Financial Reporting Standards. The Directors are also responsible for the systems of internal control.

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

In preparing the Annual Financial Statements, the Group has used appropriate accounting policies, supported by reasonable judgements and estimates, and has complied with all applicable accounting standards. The Directors are of the opinion that the Annual Financial Statements present fairly the financial position, changes in equity, results of operations and cash flows of the Company and the Group at June 2022 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 16 to 126, which have been prepared on the going concern basis, were approved by the Board of Directors on 2 September 2022 and are signed on its behalf by:

JJ Durand
Non-executive Chairman

PD Cruickshank
Chief Executive Officer

2 September 2022

STATEMENT OF RESPONSIBILITY

for the year ended June 2022

In accordance with the JSE Listings Requirements, each of the Directors, whose names are stated below, hereby confirm that:

- the Annual Financial Statements set out on pages 16 to 126, fairly present in all material respects the financial position, financial performance and cash flows of the Company and the Group in terms of IFRS;
- to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the Annual Financial Statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the Company and its consolidated subsidiaries have been provided to effectively prepare the Annual Financial Statements of the Company and the Group;
- the internal financial controls are adequate and effective and can be relied upon in compiling the Annual Financial Statements, having fulfilled our role and function as executive Directors with primary responsibility for implementation and execution of controls. Where we are not satisfied, we have disclosed to the Audit Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remediate the deficiencies; and
- we are not aware of any fraud involving Directors.

PD Cruickshank
Chief Executive Officer

RH Field
Chief Financial Officer

2 September 2022

CERTIFICATE BY THE COMPANY SECRETARY

for the year ended June 2022

I hereby certify that in respect of the year ended June 2022, 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.

LG Kelso
Company Secretary

2 September 2022

REPORT OF THE AUDIT COMMITTEE

for the year ended June 2022

This report sets out how the Audit Committee discharged its responsibilities during the financial year ended June 2022 as required in terms of section 94 of the Companies Act of South Africa (the Companies 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 www.rclfoods.com/governance/corporate-governance/governance-documents

AUDIT COMMITTEE MEMBERSHIP AND RESOURCES

The Audit Committee consists of four independent non-executive Directors, and the Chairman of the Risk Committee (*ex-officio*), Mr GC Zondi. Mrs CJ Hess is the Chairperson of the Commitee. All members of the Committee have the requisite financial literacy, knowledge and commercial skills and experience to contribute effectively to committee deliberations.

The Committee met four times during the year as per the Audit Committee charter. The Chief Executive Officer (CEO), Chief Financial Officer (CFO), Internal Audit Director (IAD), Finance Director (FD), and the external audit partner 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.

Members		Appointed	26 August 2021	3 September 2021	24 February 2022	23 June 2022
CJ Hess[1]	BCom, PGDA, CA(SA)	**June 2018**	**Present**	**Present**	**Present**	**Present**
NP Mageza	ACCA(UK)	**September 2009**	**Present**	**Present**	**Present**	**Present**
DTV Msibi	BBusSc, BCom (Hons), MCom, CA(SA)	**August 2013**	**Present**	**Present**	**Present**	**Present**
GM Steyn	BA (LLB)	**March 2019**	**Present**	**Apology**	**Present**	**Present**
GC Zondi[2]	BCompt (Hons), AGA (SA)	**July 2018**	**Present**	**Present**	**Present**	**Present**

[1] *Committee Chairperson*
[2] *Ex officio member*

ELECTION OF COMMITTEE MEMBERS

In terms of section 94(2) of the Companies Act, it was resolved at the Annual General Meeting held on 16 November 2021 that, CJ Hess, NP Mageza, DTV Msibi and GM Steyn be re-appointed as members of the Audit Committee until the next Annual General Meeting on 9 November 2022.

ROLES AND RESPONSIBILITIES

The Audit Committee's roles and responsibilities include its statutory duties per the Companies Act and the responsibilities assigned to it by the Board. The Audit Committee fulfils an oversight role regarding integrated reporting, ensures application of the combined assurance model, reviews the finance function, forms an integral component of the risk management process, and provides oversight of both external audit and internal audit.

The Audit Committee has discharged its key responsibilities as follows:

- Reviewed the interim results, year-end financial statements, and Integrated Annual Report, in the course of its review, the Committee:
  - » took appropriate steps to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards (IFRS);
  - » considered and, when appropriate, made recommendations on financial statements, accounting practices and internal financial controls;
  - » ensured that the Group and its subsidiaries have established appropriate financial reporting procedures and that those procedures are operating effectively;
  - » Ensured that sustainability disclosures did not conflict with the financial information; and
  - » took into consideration the process of proactive monitoring of financial statements for compliance with IFRS in terms of the JSE proactive monitoring report;
- Provide oversight in respect of financial reporting risks, internal financial controls, fraud risk and IT risk as it relates to financial reporting
- Confirmed the Internal Audit charter, audit plan and delegation of authority;
- Evaluated the effectiveness of 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.

EXPERTISE AND EXPERIENCE OF THE CFO AND FINANCE FUNCTION

The Audit Committee performed an assessment of the CFO, Robert Field, and the Finance function. Based on the 2022 assessment, the Audit Committee is satisfied that Robert Field and his management team have the appropriate expertise and experience to service the Group's Finance function. It further considered and satisfied itself of the overall appropriateness of the expertise and adequacy of resources of the Group's Finance function. The Annual Financial Statements were compiled under the supervision of Robert Field, CA(SA).

EXTERNAL AUDIT

PricewaterhouseCoopers Inc. (PwC) are the incumbent auditors for all the Group companies. The Committee continually monitors the independence and objectivity of the external auditors, and satisfied itself in relation to the ethical requirements. PwC was considered independent with respect to the Group as required by the Codes endorsed and administered by the Independent Regulatory Board for Auditors and the South African Institute of Chartered Accountants. The Committee has satisfied itself that the external auditors' appointment of Rodney Klute as designated auditor complies with the JSE Listings Requirements, and that he is within his tenure and rotation requirements.

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

During the period, PwC provided certain non-audit services, including tax services and agreed-upon procedures compliance audits. Total fees incurred during the 2022 financial year to PwC were R26,2 million (2021: 23,6 million) of which R2,3 million (2021: R2,4 million) related to non-audit services.

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

The Audit Committee has nominated, for election at the Annual General Meeting, PwC as the external audit firm responsible for performing the functions of auditor for the 2023 financial year. The Audit Committee has requested the information detailed in section 22.15(h) of the JSE Listings Requirements from PwC. The Audit Committee has satisfied itself that the audit firm and the designated auditor are accredited as such on the JSE list of auditors and has considered the information provided by PwC in terms of section 22.15(h) of the JSE Listings Requirements in its assessment.

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 Internal Audit Director (IAD). To ensure independence, the IAD reports functionally to the Audit Committee and, only from an administrative perspective, to the CEO. The Committee reviewed the performance of the IAD and was satisfied that he has the necessary expertise and experience to fulfil this role and that he had performed appropriately during the year under review.

INTERNAL FINANCIAL CONTROLS

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

GOING-CONCERN ASSESSMENT

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

CJ Hess
Audit Committee Chairperson

2 September 2022

REPORT OF THE DIRECTORS

for the year ended June 2022

NATURE OF BUSINESS

RCL FOODS' ambition is to build a profitable business of scale by creating food brands that matter.

It is the holding company of four principal operating subsidiaries, RCL Group Services Proprietary Limited, RCL Foods Sugar & Milling Proprietary Limited, RCL Foods Consumer Proprietary Limited and Vector Logistics Proprietary Limited.

STATED CAPITAL

There was an increase in issued share capital for accounting purposes in the current financial year of 1 222 393 ordinary shares (2021: nil). At the reporting date, unexercised share appreciation rights totalling 157 763 657 (2021: 151 752 134) had been granted to participants. At the reporting date, the unexercised rights relating to the Conditional Share Plan was 604 228 (2021: 1 564 228). These rights are granted at the discretion of the Remuneration and Nominations Committee.

There was a net decrease in statutory issued share capital in the current financial year of 5 706 013 (2021: nil). Refer below for further information relating to the impact of B-BBEE 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.

PRESENTATION DATE OF FINANCIAL RESULTS

The results for the current year have been reported on the retail calendar of trading weeks, which treats each financial year as an exact 52-week period. This treatment effectively results in the loss of a day (or two in a leap year) per calendar year. These days are brought to account approximately every six years by including a 53rd week. Accordingly, the results for the financial year ended June 2022, and all references thereto within the results, are presented for the 52-week period ended 3 July 2022.

FINANCIAL RESULTS

The profit for the year attributable to owners of the parent amounted to R1 013,4 million (2021: R992,9 million). This translates into a headline earnings per share from continuing operations of 118.6 cents (2021: 107.9 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 94 amounting to 15.0 cents per ordinary share, publication of declaration data on 28 February 2022 and paid on 25 April 2022.

Final dividend

Number 95 amounting to 30.0 cents per ordinary share, publication of declaration data on 5 September 2022 and payable on 24 October 2022.

The salient dates for dividend number 95 are as follows:

Publication of declaration data	Monday, 5 September 2022
Last day of trade to receive a dividend	Tuesday, 18 October 2022
Shares commence trading "ex" dividend	Wednesday, 19 October 2022
Record date	Friday, 21 October 2022
Payment date	Monday, 24 October 2022

B-BBEE TRANSACTIONS

RCL FOODS' B-BBEE transactions were concluded during the 2014 financial year resulting in the issues of 44 681 162 shares to the RCL Employee Share Trust, 19 149 069 shares to Business Venture Investments No. 1763 (RF) Proprietary Limited and 6 928 406 shares to Malongoana Investments (RF) Proprietary Limited.

These transactions are treated as options and therefore has 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.

During the current financial year, the B-BBEE scheme related to the issue of 6 928 406 ordinary shares to Malongoana Investments (RF) Proprietary Limited came to an end. The shares issued in terms of this transaction were repurchased by RCL FOODS and cancelled. This transaction had no impact on the shares in issue for accounting purposes of the Group.

The Group's remaining B-BBEE scheme came to an end in May 2022 and is in the process of being unwound. At close-out, the scheme was underwater due to the performance of the share price since inception.

Refer to note 33 of the consolidated financial statements for further details.

SUBSIDIARIES

Details of RCL FOODS' interest in its subsidiaries are set out in note 35 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 included as part of the Directorate section of the Integrated Annual Report.

M Dally retired as Chief Executive Officer on 30 November 2021.

PD Cruickshank was appointed as Chief Executive Officer with effect from 1 December 2021.

MM Nhlanhla retired as a non-executive Director from the Board on 16 November 2021.

JMJ Maher retired as Company Secretary on 28 February 2022.

LG Kelso was appointed as Company Secretary from 1 March 2022..

DIRECTORS' SHAREHOLDINGS

At the date of this report, the Directors in aggregate held direct beneficial interests in 2 122 841 (2021: 4 869 487) ordinary shares in the Company and had indirect beneficial interests in 667 638 (2021: 925 210) ordinary shares. Details of Directors' shareholdings are set out in note 32 of the notes to the consolidated financial statements.

SUBSEQUENT EVENTS

On 1 August 2022, a decision was taken by the Department of Trade, Industry and Competition to suspend the implementation of definitive anti-dumping duties against Brazil, Denmark, Ireland, Poland and Spain for a period of 12 months.

In addition, post year-end cut-off RCL FOODS concluded an agreement to acquire Sunshine Bakery Holdings Proprietary Limited, based in KwaZulu-Natal.

Refer to note 34 of the notes to the consolidated financial statements for further detail.

INDEPENDENT AUDITOR'S REPORT

for the year ended June 2022

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of RCL Foods Limited (the Company) and its subsidiaries (together the Group) as at 3 July 2022, and its consolidated and separate financial performance and its consolidated and separate cash flows for the period then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

RCL Foods Limited's consolidated and separate financial statements set out on pages 16 to 126 comprise:

- the consolidated and company statements of financial position as at 3 July 2022;
- the consolidated income statement and statement of other comprehensive income for the year then ended;
- the company statement of comprehensive income for the year then ended;
- the consolidated and company statements of changes in equity for the year then ended;
- the consolidated and company cash flow statements for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

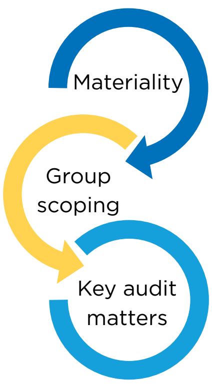
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Our audit approach

OVERVIEW



Overall group materiality

- *R174,5 million, which represents 0.5% of consolidated revenue from contracts with customers.*

Group audit scope

The consolidated financial statements comprise the holding company, thirty-three subsidiaries, four joint ventures and three associates. For 13 entities, full scope audits were carried out, specified audit procedures over significant balances and transactions were performed over a further five entities, and analytical procedures were performed for the remaining entities.

Key audit matters

- *Net impairments of goodwill, indefinite life intangible assets and property, plant and equipment.*
- *Impairment assessment of investment in subsidiaries (applicable to the Company financial statements).*

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

Materiality

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

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

Overall group materiality	R174,5 million.
How we determined it	0.5% of consolidated revenue from contracts with customers.
Rationale for the materiality benchmark applied	We selected consolidated revenue from contracts with customers as our materiality benchmark because, in our view, it reflects the activity levels of the Group and it is a benchmark against which the performance of the Group can be consistently measured in circumstances of volatile year-on-year earnings. This benchmark has remained a key driver of the Group's business. We selected 0.5% which is lower than the normal quantitative materiality thresholds used for profit-oriented companies in this sector where consolidated revenue is used as a benchmark taking into consideration the number of users and levels of third-party debt.

How we tailored our Group audit scope

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

The consolidated financial statements are a consolidation of the Company, its 33 subsidiaries, four joint ventures and three associates (each considered a component for purposes of our group audit scope).

Our scoping assessment included consideration of financially significant components in terms of their contribution to consolidated assets, consolidated revenue and consolidated profit before tax as well as taking into consideration the sufficiency of work performed over material line items in the consolidated financial statements. Based on our scoping assessment, full scope audits were performed at 13 components and specified audit procedures over significant balances and transactions were performed at a further five components. In addition, analytical procedures were performed by the group and component engagement teams on 23 components that were considered to be financially inconsequential. This gave us the audit evidence we needed for our opinion on the consolidated financial statements as a whole.

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

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

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Net Impairments of goodwill, indefinite life intangible assets and property, plant and equipment
This key audit matter relates to the consolidated financial statements.</td></tr>
<tr><td>A significant portion of the Group's total assets relate to goodwill with a carrying value of R1,89 billion, trademarks with indefinite useful lives with a carrying value of R1,21 billion, as well as property, plant and equipment with a carrying value of R6.89 billion. For the period, net impairments amounting to R17,70 million were recognised in the consolidated profit.

Refer to note 1 and note 2 to the consolidated financial statements for the related disclosures.

International Accounting Standard (IAS) 36 - Impairment of assets ("IAS 36") requires an impairment test to be performed annually on cash generating units or groups of cash generating units (CGUs) where goodwill and indefinite life intangible assets exist and for all other CGUs when there are indicators that these may be impaired. As described in note 1 to the consolidated financial statements, management have assessed all CGUs for impairment, or reversals thereof in the current period.

The recoverable amounts of the CGUs are determined based on value-in-use calculations. These calculations are subject to key assumptions that require the use of judgement and estimation. Refer to note 1 to the consolidated financial statements where these key assumptions are further described.

Management's assessment indicated the need for impairments which are detailed in note 1.

We considered the impairment of goodwill, indefinite life intangible assets and property, plant and equipment to be a matter of most significance to the current year audit due to the following:
• the significant judgement and estimates applied by management in the determination of the recoverable amounts of the respective CGUs; and
• the magnitude and size of the related goodwill, trademarks and property, plant and equipment balances in relation to the consolidated financial statements</td><td>Our audit addressed this key audit matter as follows:

We obtained an understanding of the approach applied by management in performing their impairment assessment for each of the relevant CGUs and assessed this against the applicable requirements of IAS 36 and market practice. We noted no material inconsistencies in this regard.

For each relevant CGU, we performed detailed testing to critically assess the reasonableness of key inputs applied in the value-in-use calculations, which included:
• testing the mathematical accuracy of management's impairment assessments, noting no material exceptions;
• with the assistance of our valuations experts, we challenged the key assumptions, including the cash flow projections, the discount rate and perpetuity growth rate. We referred to the board approved business plan, historical performance and market data, which consists of data external to the Group. We accepted the key assumptions as reasonable;
• comparing the historical Board approved budgets to actual results to evaluate whether forecasted cash flows are reliable based on past experience. Where variances in excess of our set threshold were identified we obtained management explanations and inspected underlying supporting documentation we accepted the budgeting inputs used;
• with the assistance of our valuations experts we assessed the reasonableness of the discount rate applied by independently recalculating the discount rate with reference to independently sourced market inputs. This included risk-free rates, betas and market risk premiums. We found these to be reasonable;
• assessing the reasonableness of the growth rates assumed by comparing them to economic and industry forecasts. We found these to be reasonable;
• performing an independent calculation to determine the degree by which the key inputs and assumptions would need to fluctuate before an impairment was triggered and considered the likelihood of such fluctuations occurring as a reasonableness test. Based on the results of our assessment we accepted this to be unlikely; and
• performing independent sensitivity analyses on the cash flow projections, perpetuity growth rates and the discount rates and based on our evaluation noted no impairments to be recognised.

For the Rainbow, Milling, Pies, Beverages and Speciality CGUs, we further:

Performed additional independent sensitivity analyses on the cash flow projections, perpetuity growth rates and the discount rates by flexing the impairment calculations to include our independently calculated inputs. We found management's conclusion and the CGUs' headroom to be appropriate based on the independent inputs.

We assessed the disclosures in note 1 and note 2 against the requirements of IAS 36 – Impairment of assets and found them to be appropriate.</td></tr>
</table>

Key audit matter	How our audit addressed the key audit matter
Net Impairments of goodwill, indefinite life intangible assets and property, plant and equipment *This key audit matter relates to the consolidated financial statements.*	
Refer to note 1 to the company financial statements for disclosures relating to the investments in subsidiaries. The carrying value of investments in subsidiaries recognised in the company financial statements amounted to R10,09 billion as at 3 July 2022. Investments in subsidiaries are carried at cost less impairment losses in the company financial statements. No impairment charge was recognised in the current year. Impairment is assessed with reference to value-in-use calculations, leveraging the assessment of the subsidiaries' underlying cash flows (as explained in the above key audit matter on the impairment of goodwill, indefinite life intangible assets and property, plant and equipment) to determine the recoverable amount. We considered the impairment assessment of investments in subsidiaries to be a matter of most significance to our audit due to the degree of estimation uncertainty and the judgement applied by management in performing the impairment assessments as well as the magnitude of these balances in relation to the company financial statements	We recalculated and compared the recoverable amount of the relevant value-in-use calculations to the carrying values of the applicable investments in the respective subsidiaries and based on our assessment noted no impairments to be recognised.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the document titled "RCL Foods Limited Annual Financial Statements for the year ended June 2022", which includes the Report of the Directors, Report of the Audit Committee, and the Certificate by the Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the "RCL Foods Limited Abridged Integrated Annual Report for the year ended June 2022", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the consolidated and separate financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

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

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

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

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

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of RCL Foods Limited for 18 years.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.

Director: RD Klute
Registered Auditor
Durban, South Africa

2 September 2022

The examination of controls over the maintenance and integrity of the Group's website is beyond the scope of the audit of the financial statements. Accordingly, we accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at

	Note	3 July 2022 R'000	4 July 2021 R'000
ASSETS			
Non-current assets			
Property, plant, equipment and right-of-use assets	1	**6 886 623**	6 665 072
Intangible assets	2	**3 488 171**	3 659 965
Investment in joint ventures	3	**307 135**	287 828
Investment in associates	4	**822 991**	853 866
Deferred income tax asset	19	**45 435**	99 742
Investment in financial asset	6	**241 976**	214 138
Loans receivable	5	**31 095**	49 375
Trade and other receivables	9	**26 289**	24 597
		11 849 715	11 854 583
Current assets			
Inventories	7	**3 147 177**	3 171 386
Biological assets	8	**1 231 829**	955 343
Trade and other receivables	9	**6 099 577**	5 427 265
Derivative financial instruments	10	**4 597**	62 979
Tax receivable		**18 997**	32 503
Cash and cash equivalents		**1 590 267**	896 969
		12 092 444	10 546 445
Assets of disposal group classified as held for sale	11	**33 135**	6 978
Total assets		**23 975 294**	22 408 006
EQUITY			
Stated capital	12	**10 334 136**	10 318 079
Share-based payments reserve	13	**863 744**	776 223
Other reserves	14	**1 995**	(1 059)
Common control reserve		**(1 919 832)**	(1 919 832)
Retained earnings		**2 169 240**	1 556 095
Equity attributable to the equity holders of the Company		**11 449 283**	10 729 506
Non-controlling interests		**(59 951)**	(35 839)
Total equity		**11 389 332**	10 693 667
LIABILITIES			
Non-current liabilities			
Deferred income	20	**4 474**	
Interest-bearing liabilities	16	**2 269 311**	3 525 331
Deferred income tax liabilities	19	**1 040 157**	1 051 561
Retirement benefit obligations	15	**115 725**	106 900
Trade and other payables	18		461
		3 429 667	4 684 253
Current liabilities			
Trade and other payables	18	**7 800 799**	6 083 071
Deferred income	20	**2 768**	2 078
Interest-bearing liabilities	16	**1 266 605**	854 691
Derivative financial instruments	10	**2 018**	41 090
Current income tax liabilities		**58 629**	49 156
Bank overdraft		**24 459**	
		9 155 278	7 030 086
Liabilities of disposal group classified as held for sale	11	**1 017**	
Total liabilities		**12 585 962**	11 714 339
Total equity and liabilities		**23 975 294**	22 408 006

CONSOLIDATED INCOME STATEMENT

for the year ended June 2022

	Note	2022 R'000	2021 R'000
Revenue from contracts with customers	21	**34 906 972**	31 687 850
Operating profit before depreciation, amortisation and impairments (EBITDA)[1;2]		**2 595 656**	2 409 135
Depreciation, amortisation and impairments[2]		**(989 841)**	(932 330)
Operating profit	22	**1 605 815**	1 476 805
Finance costs	23	**(311 622)**	(326 161)
Finance income	24	**40 396**	37 053
Share of profits of joint ventures	3	**38 904**	11 331
Share of profits of associates	4	**17 752**	135 553
Profit before tax		**1 391 245**	1 334 581
Income tax expense	25	**(413 561)**	(338 824)
Profit for the year		**977 684**	995 757
Profit for the year attributable to:			
Equity holders of the Company		**1 013 361**	992 909
Non-controlling interests		**(35 677)**	2 848
		977 684	995 757
Earnings per share attributable to equity holders of the Company	26		
Basic earnings per share	(cents)	**114.0**	111.8
Diluted earnings per share	(cents)	**113.1**	111.7

[1] *Includes net expected credit losses reversed on loans receivable and trade and other receivables of R63,1 million (2021: R24,1 million expected credit losses raised). Refer notes 5 and 9 for further detail.*

[2] *Relates only to impairments of property, plant and equipment, right-of-use assets and intangible assets.*

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended June 2022

	Note	2022 R'000	2021 R'000
Profit for the year		**977 684**	995 757
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurement of retirement medical aid obligations		**(1 644)**	185
Share of associates other comprehensive income	4	**1 354**	543
Items that may subsequently be reclassified to profit or loss:			
Currency translation differences	14	**2 446**	(12 279)
Other comprehensive income for the year		**2 156**	(11 551)
Total comprehensive income for the year		**979 840**	984 206
Total comprehensive income for the year attributable to:			
Equity holders of the Company		**1 016 125**	981 358
Non-controlling interests		**(36 285)**	2 848
		979 840	984 206

Items in the statement of other comprehensive income above are disclosed net of tax. The tax relating to the remeasurement of medical aid obligations was R0,7 million (2021: R0,3 million).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended June 2022

	Attributable to the equity holders of the Company							
	Stated capital R'000	Share-based payments reserve R'000	Other reserves R'000	Common control reserve R'000	Retained earnings R'000	Total R'000	Non-controlling interests R'000	Total R'000
Balance at 29 June 2020	10 318 079	683 728	11 220	(1 919 832)	784 524	9 877 719	(55 743)	9 821 976
Profit for the year					992 909	992 909	2 848	995 757
Other comprehensive income			(12 279)		728	(11 551)		(11 551)
B-BBEE share-based payments charge		17 600				17 600		17 600
Employee share award scheme:								
– value of employee services		74 897				74 897		74 897
– equity component of deferred tax on share-based payments		(2)				(2)		(2)
Shareholder loans converted to equity							17 701	17 701
Acquisition of business							2 605	2 605
Ordinary dividends paid					(222 066)	(222 066)	(3 250)	(225 316)
Balance at 4 July 2021	10 318 079	776 223	(1 059)	(1 919 832)	1 556 095	10 729 506	(35 839)	10 693 667
Profit for the year					**1 013 361**	**1 013 361**	**(35 677)**	**977 684**
Other comprehensive income			**3 054**		**(290)**	**2 764**	**(608)**	**2 156**
B-BBEE share-based payments charge		**9 694**				**9 694**		**9 694**
Employee share award scheme:								
– value of employee services		**93 653**				**93 653**		**93 653**
– equity component of deferred tax on share-based payments		**231**				**231**		**231**
– exercise of employee share awards	**16 057**	**(16 057)**						
Shareholder loans converted to equity							**15 123**	**15 123**
Ordinary dividend paid					**(399 926)**	**(399 926)**	**(2 950)**	**(402 876)**
Balance at 3 July 2022	**10 334 136**	**863 744**	**1 995**	**(1 919 832)**	**2 169 240**	**11 449 283**	**(59 951)**	**11 389 332**

CONSOLIDATED CASH FLOW STATEMENT

for the year ended June 2022

	Note	2022 R'000	2021 R'000
Cash flows from operating activities			
Cash generated by operations	A	**3 427 911**	1 627 425
Finance income received		**40 396**	37 053
Finance costs paid		**(258 184)**	(253 645)
Tax paid	B	**(347 070)**	(335 127)
Cash available from operating activities		**2 863 053**	1 075 706
Dividends received		**70 421**	96 046
Dividends paid		**(402 876)**	(225 316)
Net cash inflow from operating activities		**2 530 598**	946 436
Cash flows from investing activities			
Replacement property, plant and equipment		**(686 045)**	(579 145)
Expansion property, plant and equipment		**(587 398)**	(320 582)
Intangible asset additions		**(27 240)**	(21 546)
Acquisition of business	C	**(7 024)**	(4 528)
Acquisition of associate			(155 949)
Advances of interest-bearing loans		**(2 998)**	(5 969)
Advances of non-interest-bearing loans			(5 274)
Receipts from loans		**13 277**	8 393
Proceeds on disposal of non-current assets held for sale		**12 455**	4 650
Proceeds on disposal of property, plant and equipment and intangible assets		**28 920**	37 169
Net cash outflow from investing activities		**(1 256 053)**	(1 042 781)
Cash flows from financing activities			
Repayment of interest-bearing liabilities	D	**(758 465)**	(421 775)
Advances of interest-bearing liabilities	D	**152 609**	385 246
Net cash outflow from financing activities		**(605 856)**	(36 529)
Net movement in cash and cash equivalents		**668 689**	(132 874)
Cash and cash equivalents at the beginning of the year		**896 969**	1 030 041
Exchange differences arising on translation of foreign operations		**150**	(198)
Cash and cash equivalents at the end of the year (net of overdrafts)	E	**1 565 808**	896 969

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

for the year ended June 2022

	2022 R'000	2021 R'000
A. CASH GENERATED BY OPERATIONS		
Operating profit	**1 605 815**	1 476 805
Adjusted for:		
Depreciation, amortisation and impairments[1]	**989 841**	932 330
Deferred income	**(473)**	(663)
Loss/(profit) on disposal of property, plant and equipment and intangible assets	**1 596**	(17 135)
Profit on disposal of assets held for sale	**(6 104)**	(3 142)
Movement in retirement benefit obligations	**6 524**	6 092
Movement in derivative financial instruments	**58 017**	(74 486)
Fair value adjustment in biological assets[2]	**(359 955)**	(277 867)
Share-based payments – B-BBEE charge	**9 694**	17 600
Share-based payments – Employee Share Award Scheme	**93 653**	74 897
Expected credit loss recognised on loans receivable	**(60 942)**	18 667
Gain on remeasurement of leases	**(34 472)**	(21 001)
Unrealised foreign exchange (gains)/losses	**(27 280)**	18 953
Gain on change in shareholding of associate	**(2 586)**	(2 223)
Foreign currency translation reserve recycled	**(182)**	78
Gain on disposal of associate		(16 397)
Unrealised fair value adjustment on financial asset		(98 388)
Other non-cash flow items	**(8)**	(9)
	2 273 138	2 034 111
Working capital changes:		
Movement in inventories	**30 185**	(176 336)
Movement in biological assets[2]	**83 468**	127 612
Movement in trade and other receivables	**(669 384)**	550 872
Movement in trade and other payables	**1 710 504**	(908 834)
	1 154 773	(406 686)
	3 427 911	1 627 425
B. TAX PAID		
Amount payable at the beginning of the year	**(16 653)**	(14 722)
Acquisition of subsidiary		191
Exchange differences arising on translation	**(428)**	66
Charged to the income statement	**(369 621)**	(337 315)
Normal tax	**(356 748)**	(338 111)
Prior year (under)/overprovision	**(12 873)**	796
Amount payable at the end of the year	**39 632**	16 653
	(347 070)	(335 127)
C. ACQUISITION OF BUSINESS		
Net cash paid for business	**(7 024)**	(4 528)
Siyathuthuka Sugar Estate Proprietary Limited[3]	**(7 024)**	
L&A Logistics Limited		(4 528)

[1] *Relate only to impairments of property, plant and equipment and intangible assets.*

[2] *The movement in biological assets is represented by the non-cash fair value adjustment on biological assets of R360,0 million (2021: R277,9 million) and the movement included in working capital changes of R83,5 million (2021: R127,6 million). The net increase in biological assets for the year was R276,5 million (2021: R150,3 million). Refer to note 8 for further detail.*

[3] *Refer to note 11 for further detail.*

D. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Movements in net debt for the year ended June 2022 are as follows:

	4 July 2021 R'000	Cash inflows R'000	Cash outflows R'000	Non-cash flows[1] R'000	3 July 2022 R'000
Institutional borrowings	**32 495**		**(2 511)**		**29 984**
Loan from Green Create W2V SA Proprietary Limited	**102 600**	**23 000**	**(31 022)**		**94 578**
Loan from Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited	**76 385**	**87 650**	**(10 080)**		**153 955**
Lease liabilities	**1 415 049**		**(311 948)**	**(217 489)**	**885 612**
Term-funded debt package	**2 350 000**		**(337 500)**		**2 012 500**
Loan from Ingwenyama Simhulu Trust		**2 860**		**(2 860)**	
Loan from Matsamo Communal Property Association	**1 780**	**500**	**(5)**	**(2 275)**	
Loan from Siphumelele Tenbosch Trust	**7 476**	**2 531**	**(19)**	**(9 988)**	
Loan from Inclusive Farming Partnership Proprietary Limited		**36 068**		**(5 638)**	**30 430**
Loans from Akwandze Agricultural Finance Proprietary Limited	**394 237**		**(65 380)**		**328 857**
	4 380 022	**152 609**	**(758 465)**	**(238 250)**	**3 535 916**

Movements in net debt for the year ended June 2021 are as follows:

	28 June 2020 R'000	Cash inflows R'000	Cash outflows R'000	Non-cash flows[1] R'000	4 July 2021 R'000
Institutional borrowings	35 006		(2 511)		32 495
Loan from Green Create W2V SA Proprietary Limited	76 000	26 600			102 600
Loan from Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited	79 650		(3 265)		76 385
Lease liabilities	1 645 278		(298 978)	68 749	1 415 049
Term-funded debt package	2 350 000				2 350 000
Loan from Ingwenyama Simhulu Trust	13 612	4 089		(17 701)	
Loan from Matsamo Communal Property Association	1 000	780			1 780
Loan from Siphumelele Tenbosch Trust	3 699	3 777			7 476
Loans from Akwandze Agricultural Finance Proprietary Limited	161 258	350 000	(117 021)		394 237
	4 365 503	385 246	(421 775)	51 048	4 380 022

[1] *Non-cash flows relate largely to interest incurred and remeasurements on lease liabilities in accordance with IFRS 16 Leases. Refer to note 17 for further detail.*

E. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include restricted balances of R78,8 million (2021: R88,6 million). Restricted cash balances consist of margin on deposit with Absa Bank Limited and The Standard Bank of South Africa Limited which serves as collateral for derivative positions held on SAFEX and Yield X accounts at year-end with the JSE Limited. This cash will only be accessible by the Group when the related derivative positions are closed. A restricted cash balance of R23,9 million (2021: R6,5 million) relates to the Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited facility and serves as a contingency for debt cover over the term of the loan.

Restricted cash balances also consist of funds received of R0,3 million (2021: R0,3 million) from the National Department of Rural Development and Land Reform which is required to be administered and spent for the benefit of third party beneficiaries in terms of a mentorship agreement as well as R11,8 million relating to funds received from the South African Sugar Association to be utilised for specific small-scale grower initiatives. This cash will only be accessible by the Group to be utilised for the designated projects.

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

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

	2022 R'000	2021 R'000
Rand	**1 565 024**	881 729
USD	**6 875**	6 480
Euro		359
Namibian Dollar	**4 649**	2 584
Zambian Kwacha	**(10 908)**	5 631
Other currencies	**168**	186
Total	**1 565 808**	896 969

For further information on the credit quality of cash and cash equivalents, refer to note 29.

ACCOUNTING POLICIES

for the year ended June 2022

BASIS OF PREPARATION

The Group and Company Financial Statements have been prepared in accordance with 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 2 September 2022 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 or loss. The accounting policies comply with IFRS and have been consistently applied to all years presented.

The Group reports on the retail calendar of trading weeks which treats each financial year as an exact 52-week period, incorporating trade from Monday to Sunday each week. This treatment effectively results in the loss of a day (or two in a leap year) per calendar year. These days are brought to account approximately every six years by including a 53rd week. Accordingly, the results for the financial year ended June 2022, and all references thereto within the results, are presented for the 52-week period ended 3 July 2022.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity or where assumptions and estimates are significant to the consolidated financial statements are disclosed on pages 16 to 126.

BASIS OF CONSOLIDATION

Subsidiaries

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

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

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

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a charge to other comprehensive income. Any contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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

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

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. 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 the 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 re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or 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 or 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 or 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 directly 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 re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses that relate to borrowings, cash and cash equivalents and remeasurement of forward exchange contracts are presented in the income statement within "finance income or cost". All other foreign exchange gains and losses are presented in the income statement within operating profit.

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

(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.

PROPERTY, PLANT AND EQUIPMENT

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

The Group's sugarcane roots, litchi trees and banana plants are bearer plants under the definition in IAS 41 Agriculture and are therefore accounted for in accordance with IAS 16 Property, Plant and Equipment.

Certain items of property, plant and equipment are leased and are classified as right-of-use assets in accordance with IFRS 16 Leases (IFRS 16). The assets are accounted for under the rules of IFRS 16. Refer to pages 28 and 29 for accounting policy on right-of-use assets.

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	
• Right-of-use and owned	15 to 50 years
Leasehold improvements	Shorter of useful life of 20 years or period of lease
Plant and equipment	
• Right-of-use and owned	3 to 60 years
Vehicles	
• Right-of-use and owned	3 to 20 years
Furniture	6 to 25 years
Aircraft	8 to 20 years
Bearer plants	10 years

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

Land is not depreciated.

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to prepare for its intended use is added to the cost of the asset, until such time as the asset is substantially complete. A substantial period of time is considered to be a period exceeding 12 months. Capitalisation is suspended during extended periods in which active development is interrupted. All other borrowing costs are recognised in profit 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/15-20 years
Customer relationships	5-20 years

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

Goodwill

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

Computer software

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

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

RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Lease liabilities are measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease agreement or, if not available, the Group's incremental borrowing rate. Right-of use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease .

The Group leases various offices, warehouses, farming land, equipment, delivery vehicles and cars. Rental contracts are typically made for fixed periods of between 3 to 12 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

In accordance with IFRS 16 the Group has not recognised a lease liability for short term leases or for leases of low value assets. Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets in terms of IFRS 16 comprise smaller items of equipment. At implementation date the Group has applied materiality in excluding certain company vehicles, forklifts and waste management equipment for which there is not a substantial lease term remaining. Materiality was assessed against the impact these leases would have on the individual balance sheet and income statement lines. These leases will be reassessed should they be renewed.

Lease and non-lease components relating to lease liabilities and right-of-use assets have been separately accounted for.

Estimation uncertainty arising from variable lease payments. Variable lease payments made by the Group relate to:

Lease	Variable element
Contract grower property and equipment leases	Rental payments to contract growers for use of their property and equipment is based 100% on the kilograms of chicken delivered by the growers to the Group
Solar panels	Rental payments for solar panels are based 100% on the energy generated by the solar panels
Sugarcane farms	Rental payments for the leasing of sugarcane farming land are linked to the proceeds from the sale of cane

Variable payment terms are used for a variety of reasons but are mainly used where the lessor is also a supplier to the Group and the assets being leased are part of the supplier's asset base used for delivery of their service. The calculation of the variable rental payment due is based on the output produced by the leased assets. This allows the Group to better manage overhead costs in line with the service being received from the supplier.

Variable lease payments mentioned above are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

EXTENSION AND TERMINATION OPTIONS

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Group has various property leases within the Baking segment for which the lease term has expired but the lease has continued on a month-to-month basis. Due to these properties housing business operations, the Group has estimated the term over which the Group will continue to occupy the property based on its business strategy and terms of similar leases in determining a lease term for these properties.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

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 (cash-generating units). Non-financial assets other than goodwill that were impaired, are reviewed for possible reversal of the impairment at each reporting date.

DISPOSAL GROUPS HELD FOR SALE

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

INVENTORIES

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

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

BIOLOGICAL ASSETS

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

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

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

The sugarcane roots, litchi trees and banana plants are bearer plants under the definition of IAS 41 Agriculture and are therefore presented and accounted for as property, plant and equipment. However, the standing cane and fruit growing on the plants are accounted for as biological assets until the point of harvest. Sugarcane, litchi fruit and bananas are transferred to inventory at fair value less costs to sell when harvested. Changes in fair value of sugarcane, litchi fruit and bananas are recognised in the statement of profit or loss.

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

The fair values of biological assets are level 3 fair values as defined in note 8 of the consolidated financial statements.

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

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

STATED CAPITAL

Ordinary shares are classified as equity.

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

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.

At initial recognition, right-of-use assets and lease liabilities are considered separately, with no temporary differences noted on initial recognition.

CAPITAL GAINS TAX (CGT)

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

EMPLOYEE BENEFITS

Retirement funds

The Group operates defined contribution plans.

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

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

Post-retirement medical benefits-Defined benefit plan

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

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

Incentive Plan

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

Share-based payments

The Group operates share-based compensation plans under which the Group receives services from employees as consideration for equity instruments (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.

B-BBEE TRANSACTIONS

B-BBEE 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.

B-BBEE 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 B-BBEE credentials are received upfront. Incremental costs that are directly associated with the B-BBEE transaction are expensed immediately in the determination of profit or loss.

REVENUE

Revenue comprises income arising in the course of the Group's ordinary activities. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

The Group recognises revenue when it transfers control of a product or when services are rendered to a customer. Revenue is recognised net of value added tax, returns, rebates, discounts and other allowances and after eliminating sales within the Group. The Group bases its estimates of incentive rebates and settlement discounts on historical results. Variable consideration is calculated by applying percentages agreed with the customer to actual sales for the period. The transaction price represents the amount contracted to with the customer net of any value added tax, returns, rebates, discounts and other allowances.

Sales of goods comprise the sale of milling, agricultural produce and consumer goods. Sales of services comprise logistics, warehousing, distribution, consulting and management services.

In certain instances, the sale of goods includes delivery and these sales are identified as being a single performance obligation. In all other cases, where the Group is requested to arrange transport for the customer, two separate performance obligations arise – the sale of goods and the provision of transport. To the extent that the Group is responsible for the provision of the transport services to the customer, the Group acts as principal and revenue from transport services is recorded at the gross amount.

Revenue from the sale of goods is recognised only when the performance obligations arising from the contract with a customer is satisfied and the amount of revenue that it expects to be entitled to can be determined. For sales that include delivery (as indicated above), this occurs when a Group entity has delivered the products to the customer and the customer has accepted delivery. In instances where the delivery is a separate performance obligation (as indicated above), revenue from the sale of goods is recognised when the goods are transferred to the transport provider for delivery.

The South African Sugar Industry ("SASA") allocates a pro-rata share of the local sugar market to the Group and to other sugar millers in South Africa. When the company sells more sugar than its local market entitlement, it is required to pay SASA an amount related to the excess for redistribution to the other sugar millers who have underperformed with respect to their allocation. Receipts relating to these redistributions is recognised as revenue and payments as cost of sales at the notional local market price of sugar at the point in time.

Revenue from the sale of services relate mainly to transport services and is recognised over time (over the period of delivery) using the output method. Revenue from other services provided by the Group is recognised over the period over which the service has been rendered.

The following payment terms are applicable to the Group:

- Sale of goods: 0 to 90 days
- Sale of services: 0 to 30 days

The Group currently accepts returns from customers for damaged goods, with the corresponding refund liability recorded within trade and other receivables unless a separate obligation to settle the customer exists, in which case the liability is recorded within trade and other payables.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Interest income

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

Dividend income

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

FINANCIAL INSTRUMENTS

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

The Group classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss; and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will be recorded in profit or loss. The Group reclassifies financial assets when, and only when, its business model for managing those assets changes.

The Group classifies its financial liabilities, apart from derivatives, as financial liabilities at amortised cost. Derivative financial liabilities are classified as financial liabilities at fair value through profit or loss.

Measurement of financial assets

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Subsequent measurement of financial assets depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its financial assets:

- AMORTISED COST

  Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/losses, together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.
- FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

  Assets that do not meet the criteria for amortised cost are measured at fair value through profit or loss. A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within other gains/losses in the period in which it arises.

Financial liabilities at fair value through profit or loss

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

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

Financial liabilities at amortised cost

Financial liabilities at amortised cost 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 or 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 or loss. Financial assets and liabilities at fair value through profit or loss are subsequently carried at fair value. Financial assets carried at amortised cost and financial liabilities at amortised cost 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 or loss" category is 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

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

Trading derivatives are classified as a current asset or liability, and the fair values thereof are disclosed in notes 10 and 29 of the consolidated financial statements.

Derivative instruments are accounted for at fair value through profit or loss. Changes in the fair value of derivative instruments 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

FINANCIAL ASSETS CARRIED AT AMORTISED COST

The Group assesses on a forward-looking basis, the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, a failure to make contractual payments for a period of greater than 120 days past due and/or when the legal process has not enabled recovery.

For all other financial assets, the general approach is used to assess expected credit losses.

If, in a subsequent period, the amount of the impairment loss decreases, the reversal of the previously recognised impairment loss is recognised in the income statement.

Fair value estimation

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

The fair value of financial instruments and non-financial assets that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group used a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. The fair value of forward exchange contracts is determined using forward exchange market rates at the statement of financial position date. The fair value of the Group's term-funded debt package is calculated by discounting the future cash flows over the period of the loan. 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 value 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.

Trade payables 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 rate method.

Provisions

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

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

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

Deferred income

Deferred income represents unearned funding received from AGRISETA, which will be utilised to offer apprentices bursaries and for staff development. This income has not yet been earned at the statement of financial position date. The deferred income is recorded in the income statement when the relevant expenditure has been incurred.

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.

As part of the strategic review of RCL FOODS' portfolio, a decision has been taken to establish Rainbow as a separate and focused division within RCL FOODS, reporting directly to the RCL FOODS Chief Executive Officer, rather than being a separate business unit within the RCL FOODS Value-Added Business.

The creation of a standalone business will enable a dedicated focus on Rainbow. Experienced executive appointments have been announced to lead this initiative, which has also afforded us an opportunity to strike an optimal balance between continuity of existing senior talent in support of the new division and redeployment of talent behind strategic priorities within the broader RCL FOODS business.

To align the financial results with this structural change in Rainbow (including the chicken and grain-based feed (Epol and Driehoek) operations), the division's results will be reported as a separate segment.

The RCL FOODS Value-Added Business is made up of the following segments:

- Groceries: Culinary (includes Mayonnaise, Peanut Butter, Rusks etc.) and Pet Food (previously Grocery), Pies and Beverages operations;
- Baking: including the Milling, Speciality, Sunbake bakeries and Buns and Rolls (the latter two previously Baking) operations; and
- Sugar: including Sugar and molasses-based feed (Molatek, previously included in the Animal Feed business unit) operations.

The Vector Logistics segment provides RCL FOODS and numerous third parties with multi-temperature warehousing and distribution, supply chain intelligence and sales solutions. In addition to facilitating the RCL FOODS integrated supply chain, the Vector Logistics segment has partnered with several leading food manufacturers, Food service customers and retailers to distribute food products on their behalf across Southern Africa. Ugandan operations refer to chicken producers situated in Uganda.

STATEMENT OF COMPREHENSIVE INCOME LINE ITEMS

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

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

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Useful lives and residual values of assets

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

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 recoverable amount of the CGUs to which goodwill has been allocated. The recoverable amount is determined as the higher of the value-in-use and fair value less cost to sell of the CGU. 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 notes 1 and 2 of the consolidated financial statements.

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

Fair value assessment of biological assets

The key assumptions used in the calculation of the fair value of chicken, banana and sugarcane stock and a sensitivity analysis are disclosed in note 29 of the consolidated financial statements.

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 15 of the consolidated financial statements.

Share-based payments and B-BBEE 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 B-BBEE transaction is disclosed in note 12 and note 33 of the consolidated financial statements.

IMPACT OF FUTURE AMENDMENTS TO ACCOUNTING STANDARDS AND INTERPRETATIONS

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

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

Amendments to IAS 1, Classification of Liabilities as Current or Non-current

The amendment provides a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date, and clarifies the requirements for classifying liabilities as current or non-current.

The amendments are effective for the annual periods beginning on/after 1 January 2023.

AMENDMENTS TO IAS 1

IAS 1 require entities to disclose their material rather than their significant accounting policies. The amendments define what is "material accounting policy information" and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

The amendments are effective for the annual periods beginning on/after 1 January 2023.

AMENDMENTS TO IAS 8

Amendments to IAS 8 *Accounting policies, changes in accounting estimates and errors* clarifies the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Further clarification is provided on how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for the annual periods beginning on/after 1 January 2023.

Amendments to IAS 12

Amendments to IAS 12 *Income Taxes* which narrows the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences

The amendments are effective for the annual periods beginning on/after 1 January 2023.

Amendments to IAS 16 *Property, Plant and Equipment:* Proceeds before intended use

The amendment to IAS 16 *Property, Plant and Equipment* (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use.

The amendments are effective for the annual periods beginning on/after 1 January 2022.

Amendments to IFRS 3, Reference to the Conceptual Framework

Minor amendments were made to IFRS 3 *Business Combinations* to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies.* The amendments also confirm that contingent assets should not be recognised at the acquisition date.

The amendments are effective for the annual periods beginning on/after 1 January 2022

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 2022

1. PROPERTY, PLANT, EQUIPMENT AND RIGHT-OF-USE ASSETS

June 2022 Cost	Land and buildings R'000	Plant, equipment and furniture R'000	Aircraft R'000	Vehicles R'000	Right-of-use assets: Plant R'000	Right-of-use assets: Vehicles R'000	Right-of-use assets: Land and buildings R'000	Leasehold improvements R'000	Bearer Plants R'000	Capital work-in-progress R'000	Total R'000
At the beginning of the year	3 128 070	8 502 533	53 005	1 008 213	105 051	154 983	1 397 027	31 458	354 643	403 134	15 138 117
Transfers between categories and intangible assets	4	8 999		32 713	(38 361)		17	(20)		(12 612)	(9 260)
Additions[1; 2]	170 966	649 749	1 415	104 887	5 659	38 399	68 608		37 206	309 220	1 386 109
Disposals	(18 330)	(108 529)		(44 935)	(3 209)	(33 935)	(60 374)	(555)	(1 542)	(3 359)	(274 768)
Transferred to held for sale	(22 958)	(14 213)		(3 673)							(40 844)
Modification of leases							(489 566)				(489 566)
Remeasurements					(1 758)	4 805	(28 278)				(25 231)
Exchange differences on translation of foreign operations		297		205		309	2 333				3 144
At the end of the year	3 257 752	9 038 836	54 420	1 097 410	67 382	164 561	889 767	30 883	390 307	696 383	15 687 701
Accumulated depreciation and impairment											
At the beginning of the year	1 502 707	5 644 631	9 575	542 129	62 635	74 188	415 017	18 421	203 742		8 473 045
Transfers between categories and intangible assets		7 166		32 328	(38 361)			(1 200)			(67)
Disposals	(7 731)	(103 253)		(34 214)	(3 208)	(20 168)	(56 752)	(555)	(982)		(226 863)
Impairment loss	5 175	915					99 815				105 905
Impairment loss reversed	(16 628)	(236 572)									(253 200)
Transferred to held for sale	(16 500)	(12 257)		(2 278)							(31 035)
Depreciation	92 726	457 692	2 155	82 227	14 467	53 483	137 657	3 688	30 731		874 826
Modification of leases							(135 423)				(135 423)
Remeasurements							(6 912)				(6 912)
Exchange differences on translation of foreign operations		77		37		18	670				802
At the end of the year	1 559 749	5 758 399	11 730	620 229	35 533	107 521	454 072	20 354	233 491		8 801 078
Net book amount	1 698 003	3 280 437	42 690	477 181	31 849	57 040	435 695	10 529	156 816	696 383	6 886 623

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

[2] *Right-of-use asset additions are non-cash additions.*

Refer to notes 17 and 22 for further detail on variable lease payments not capitalised to right-of-use assets.

1. PROPERTY, PLANT, EQUIPMENT AND RIGHT-OF-USE ASSETS CONTINUED

June 2021 Cost	Land and buildings R'000	Plant, equipment and furniture R'000	Aircraft R'000	Vehicles R'000	Right-of-use assets: Plant R'000	Right-of-use assets: Vehicles R'000	Right-of-use assets: Land and buildings R'000	Leasehold improvements R'000	Bearer Plants R'000	Capital work-in-progress R'000	Total R'000
At the beginning of the year	3 013 091	7 791 674	53 005	960 463	103 788	160 764	1 494 069	31 388	348 680	689 573	14 646 495
Transfers between categories and intangible assets	8 852	352 268		27 519				(68)		(388 739)	(168)
Additions[1; 2]	119 807	568 820		97 130	1 511	38 048	36 156	393	11 277	102 300	975 442
Disposals	(10 133)	(203 452)		(57 105)	(205)	(30 038)	(4 714)	(255)	(5 314)		(311 216)
Acquisition of business[3]		723		474		435	9 125				10 757
Transferred to held for sale	(3 547)	(7 498)		(20 266)							(31 311)
Modification of leases						(15 307)	(141 016)				(156 323)
Remeasurements of leases					(43)	1 083	3 438				4 478
Exchange differences on translation of foreign operations		(2)		(2)		(2)	(31)				(37)
At the end of the year	3 128 070	8 502 533	53 005	1 008 213	105 051	154 983	1 397 027	31 458	354 643	403 134	15 138 117
Accumulated depreciation and impairment											
At the beginning of the year	1 429 655	5 440 780	7 465	534 798	43 713	45 637	285 517	16 092	173 761		7 977 418
Transfers between categories and intangible assets	8							(8)			
Impairment loss	1 439	4 771		942	247	3	5 537				12 939
Impairment loss reversed		(3 120)									(3 120)
Acquisition of business[3]		291		192		112	3 048				3 643
Transferred to held for sale	(2 627)	(4 935)		(17 396)							(24 958)
Disposals	(7 620)	(197 023)		(49 463)	(205)	(21 575)	(73 389)	(253)	(2 120)		(351 648)
Depreciation	81 852	403 871	2 110	73 058	18 880	45 026	165 462	2 590	32 101		824 950
Modification of leases						4 987	36 435				41 422
Remeasurements of leases							(7 558)				(7 558)
Exchange differences on translation of foreign operations		(4)		(2)		(2)	(35)				(43)
At the end of the year	1 502 707	5 644 631	9 575	542 129	62 635	74 188	415 017	18 421	203 742		8 473 045
Net book amount	1 625 363	2 857 902	43 430	466 084	42 416	80 795	982 010	13 037	150 901	403 134	6 665 072

[1] *Transfers out of capital work-in-progress have been disclosed within additions of each of the appropriate individual categories.*
[2] *Right-of-use asset additions are non-cash additions.*
[3] *During the prior year the Group increased its shareholding in L&A Logistics Limited (L&A), which resulted in L&A being consolidated as a subsidiary with effect from 23 February 2021.*

1. PROPERTY, PLANT, EQUIPMENT AND RIGHT-OF-USE ASSETS CONTINUED

Capital commitments:

	2022 R'000	2021 R'000
Contracted and committed	**1 022 737**	513 988
Approved but not contracted	**361 511**	394 781

Capital commitments relate to both tangible and intangible assets and include all projects for which specific approval, in terms of the levels of authority, has been obtained up to reporting date. Projects for which authority has not yet been obtained are excluded. The capital expenditure will be financed from cash generated from operations, and subsequently through short-term borrowing facilities.

A register of land and buildings is available for inspection at the registered office of the respective subsidiary companies.

Impairments

Due to improved profitability in the current and prior financial year, the Sugar cash-generating unit (CGU) was tested for possible reversals of impairments previously recognised. A partial impairment reversal of R253,2 million was recognised in the current year in respect of the Sugar CGU. In addition to the above reversal, within the Sugar business further CGU impairments were recognised of R33,7 million relating to property, plant, equipment and right-of-use assets, as well as an impairment loss of R54,3 million recognised in terms of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations (IFRS 5)* on a subsidiary acquired exclusively with a view to resale (refer to note 11).

In addition to the above, the annual impairment test conducted on CGUs containing goodwill and other indefinite useful life intangible assets resulted in R107,4 million of goodwill being impaired in the Beverages business due to lower forecast cash flows; and an impairment of the right-of-use asset relating to the Group's national office of R66,1 million due to the internal restructure of operations as a result of the strategic review.

The impairment loss in Vector Logistics relates to individual assets which have become redundant.

The key assumptions used in the value-in-use calculations are presented below.

These calculations use cash flow projections based on financial budgets approved by management, which include assumptions on profit before tax, working capital and capital maintenance expenditure. The forecast cash flows used in the value-in-use calculations are the output of the Group's five-year business planning process.

The assumptions used in the value-in-use calculations include:

- Volume growth: RCL FOODS is a food producer with products sold mainly in the South African market. Volume assumptions are therefore closely linked to population and GDP growth forecasts for South Africa. Compounded volume growth over the five-year period does not exceed long-term GDP forecasts, apart from additional volume resulting from recent capital investments which have yet to reach full production and innovation/new product launches serviced from existing capacity.
- Selling price and cost growth are linked to Consumer Price Index (CPI) and food inflation (which tracks ahead of CPI).
- Capital expenditure: Capital expenditure spend is limited to replacement capital expenditure spend, in line with the Group's maintenance programmes.
- Working capital: Working capital is based on the output of the Group's five-year business planning process.
- The cash flow beyond year five (terminal cash flow) has assumed a steady state of growth with capital expenditure equal to depreciation, volumes and profit margins maintained at year five levels with the growth beyond year five resulting solely from price inflation.
- Perpetuity growth rate and discount rate: In the current year a perpetuity growth rate of 4.0% (2021: 4.0%) was applied.

A reasonable possible change in these assumptions is not expected to result in a material change to the impairment losses, or headroom available, in any of the CGUs.

1. PROPERTY, PLANT, EQUIPMENT AND RIGHT-OF-USE ASSETS CONTINUED

The total net impairments recognised across the Group by CGU are as follows:

2022	Property, plant and equipment R'000	Right-of-use assets R'000	Goodwill R'000	Total R'000
Beverages			(107 357)	(107 357)
Sugar	253 200	(33 728)	(54 283)	165 189
Vector Logistics	(6 090)			(6 090)
Unallocated Segment		(66 087)		(66 087)
	247 110	(99 815)	(161 640)	(14 345)

During the previous financial year, total net impairments of R9,8 million were recognised across the Group. R12,9 million impairments recognised related to property, plant and equipment, partially offset by a R3,1 million impairment reversal.

The CGUs above were assessed for impairments, or reversals thereof in the current financial year, in accordance with the requirements of IAS 36. No further impairment losses nor reversals of impairments are required in the current financial year based on these assessments.

Key assumptions used in the current period impairment test were as follows[1]:

2022	Discount rate pre-tax %	Perpetuity growth rate %	Period Years
Grocery	16.2	4.0	5
Pies	15.9	4.0	5
Beverages	16.3	4.0	5
Speciality	15.7	4.0	5
Milling	16.3	4.0	5
Bread, buns & rolls	14.5	4.0	5
Sugar	16.6	4.0	5
Epol Animal Feed	17.5	4.0	5
Rainbow	17.8	4.0	5
L&A Logistics	33.0	4.0	5
Unallocated Segment	45.0	4.0	5

Sensitivity analysis of assumptions used in the current period impairment test[1]:

2022	Discount rate Movement (%)	Total Impairment (Rm)	Perpetuity growth rate Movement (%)	Total Impairment (Rm)
Grocery	+1.0	Nil	(0.5)	Nil
Pies	+1.0	21,3	(0.5)	Nil
Beverages	+1.0	146,8	(0.5)	123,3
Speciality	+1.0	Nil	(0.5)	Nil
Milling	+1.0	Nil	(0.5)	Nil
Bread, buns & rolls	+1.0	Nil	(0.5)	Nil
Sugar[2]	+1.0	45,0	(0.5)	38,0
Epol Animal Feed	+1.0	Nil	(0.5)	Nil
Rainbow	+1.0	306,9	(0.5)	52,2
Vector Logistics	+1.0	Nil	(0.5)	Nil

[1] *The key assumptions and impairment sensitivities above relate to the full carrying value of the CGUs.*

[2] *Impairment sensitivities in the Sugar segment in the current year relate only to Sivunosetfu Farming Services Proprietary Limited whilst the prior year related all CGU's within the Sugar segment.*

1. PROPERTY, PLANT, EQUIPMENT AND RIGHT-OF-USE ASSETS CONTINUED

Key assumptions used in the prior period impairment test were as follows[1]:

2021	Discount rate pre-tax %	Perpetuity growth rate %	Period Years
Grocery	15.9	4.0	5
Pies	15.8	4.0	5
Beverages	15.8	4.0	5
Speciality	15.9	4.0	5
Milling	16.2	4.0	5
Bread, buns & rolls	14.5	4.0	5
Sugar	18.6	4.0	5
Epol Animal Feed	15.9	4.0	5
Rainbow	17.6	4.0	5
Vector Logistics	17.0	4.0	5

Sensitivity analysis of assumptions used in the prior period impairment test[1]:

2021	Discount rate Movement (%)	Total Impairment (Rm)	Perpetuity growth rate Movement (%)	Total Impairment (Rm)
Grocery	+1.0	Nil	(0.5)	Nil
Pies	+1.0	Nil	(0.5)	Nil
Beverages	+1.0	Nil	(0.5)	Nil
Speciality	+1.0	31,0	(0.5)	Nil
Milling	+1.0	79,0	(0.5)	21,2
Bread, buns & rolls	+1.0	Nil	(0.5)	Nil
Sugar	+1.0	16,5	(0.5)	Nil
Epol Animal Feed	+1.0	Nil	(0.5)	Nil
Rainbow	+1.0	218,5	(0.5)	52,2
Vector Logistics	+1.0	Nil	(0.5)	Nil

[1] *The key assumptions and impairment sensitivities above relate to the full carrying value of the CGUs.*

The Group assesses the useful lives and residual values of property, plant and equipment on an ongoing basis. This assessment is performed by the relevant finance departments, in conjunction with the operations' engineering staff. The assessment of useful lives is assessed based on the expected future usage of the asset, and historical lives of similar assets that were eventually taken out of use.

2. INTANGIBLE ASSETS

	Software R'000	Trademarks R'000	Customer relationships R'000	Goodwill R'000	Capital work-in-progress R'000	Total R'000
June 2022						
Opening net book amount	**134 309**	**1 211 661**	**301 981**	**1 992 947**	**19 067**	**3 659 965**
Acquisition of business[1]				**54 283**		**54 283**
Additions	**22 111**				**5 129**	**27 240**
Disposals	**(200)**					**(200)**
Transfers between categories and property, plant and equipment	**12 773**				**(3 580)**	**9 193**
Amortisation charge	**(32 656)**	**(25)**	**(67 989)**			**(100 670)**
Impairment loss				**(161 640)**		**(161 640)**
Closing net book amount	**136 337**	**1 211 636**	**233 992**	**1 885 590**	**20 616**	**3 488 171**
Cost	**375 317**	**1 806 267**	**983 559**	**2 981 559**	**20 616**	**6 167 318**
Accumulated amortisation and impairment	**(238 980)**	**(594 631)**	**(749 567)**	**(1 095 969)**		**(2 679 147)**
Net book amount	**136 337**	**1 211 636**	**233 992**	**1 885 590**	**20 616**	**3 488 171**
June 2021						
Opening net book amount	148 978	1 211 661	364 116	1 939 123	13 177	3 677 055
Additions	15 784				5 762	21 546
Disposals	(254)					(254)
Transfers between categories and property, plant and equipment	40				128	168
Acquisition of business			5 187	53 824		59 011
Amortisation charge	(30 239)		(67 322)			(97 561)
Closing net book amount	134 309	1 211 661	301 981	1 992 947	19 067	3 659 965
Cost	343 810	1 806 267	983 560	2 986 207	19 067	6 138 911
Accumulated amortisation and impairment	(209 501)	(594 606)	(681 579)	(993 260)		(2 478 946)
Net book amount	134 309	1 211 661	301 981	1 992 947	19 067	3 659 965

[1] *During the current year RCL Foods Sugar and Milling Proprietary Limited acquired a 100% shareholding in Siyathuthuka Sugar Estate Proprietary Limited. The acquisition resulted in goodwill being recognised. The subsidiary was acquired exclusively with a view to resale and the goodwill was subsequently impaired in accordance with the measurement principles of IFRS 5. Refer to note 11 for further detail.*

The remaining useful lives on intangible assets is between one and 18 years.

	2022	2021
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

2. INTANGIBLE ASSETS CONTINUED

TRADEMARKS

The carrying value of trademarks are included in the following CGUs:

CGU	Trademarks	Useful Life	2022 R'000	2021 R'000
Grocery	Ouma, Nola, Yum Yum, Nutso, Bobtail, Catmor, Dogmor, Ultra Dog, Canine Cuisine, Optimizer, Feline Cusine	Indefinite	**438 600**	438 600
Beverages	Mageu Number 1, Monati, Mnandi	Indefinite	**176 540**	176 540
Pies	Pieman's	Indefinite	**260 000**	260 000
Total Groceries Segment			**875 140**	875 140
Milling	Supreme, Tafelberg, Safari, A1, 5 Star	Finite		
Bread, buns & rolls	Sunbake	Indefinite	**331 020**	331 020
Total Baking Segment			**331 020**	331 020
Epol Animal Feed	Epol, Driehoek and Equus	Indefinite	**5 476**	5 476
Total Rainbow Segment			**5 476**	5 476
Sugar	Selati	Finite		25
Total Sugar Segment				25
Total Trademarks			**1 211 636**	1 211 661

Trademarks within the Milling CGU were fully impaired in the 2020 financial year. On 5 July 2021 the Milling trademarks useful lives were reassessed and determined to be finite.

The Grocery, Beverages, Pies, Milling and Bread, buns & rolls CGUs relate to the complete operations of these business units.

The Epol Animal Feed CGU relates only to the operations of the Epol and Driehoek animal feed operations.

	2022	2021
Finite life		
Amortisation period	**15 to 20 years**	15 to 20 years
Method of amortisation	**Straight-line**	Straight-line
Is intangible title restricted in any way	**No**	No

Trademarks comprise Farmer Brown, Bonny Bird, FarmFare and Epol, all of which were acquired on acquisition of Bonny Bird Farms Proprietary Limited and Epol Proprietary Limited in 1991; Selati which was acquired on acquisition of TSB Sugar RSA Proprietary Limited in 2014; and Supreme, Tafelberg, Safari, A1, 5 Star which were acquired on the acquisition of New Foodcorp Holdings Proprietary Limited (indirectly Foodcorp) in 2013.

INDEFINITE LIFE

	2022	2021
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, Optimizor, Mnandi, Pieman's and Feline Cusine acquired on the acquisition of New Foodcorp Holdings Proprietary Limited (indirectly Foodcorp) in 2013. Winterveld, Lotmix, Driehoek and Equus were acquired as part of the acquisition of Driehoek Voere in the 2019 financial year.

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

2. INTANGIBLE ASSETS CONTINUED

CUSTOMER RELATIONSHIPS

	2022	2021
Finite life		
Amortisation period	**5 to 20 years**	5 to 20 years
Method of amortisation	**Straight-line**	Straight-line
Is intangible title restricted in any way	**No**	No

Customer relationships arose on the acquisition of New Foodcorp Holdings Proprietary Limited in the 2013 financial year and on the acquisition of L&A Logistics Limited in the 2021 financial year.

GOODWILL

Goodwill arose from business combinations and relates to the acquisition of:

- New Foodcorp Holdings Proprietary Limited in 2013;
- Driehoek Voere in 2019 (included in the Epol Animal Feed CGU below);
- L&A Logistics Limited in 2021; and
- Siyathuthuka Sugar Estate Proprietary Limited, which was acquired in the current year exclusively with the view to resale and immediately impaired in accordance with IFRS 5.

During the current financial year, impairments of R107,4 million were recognised within the Beverages CGU and R54,3 million within the Sugar CGU. Refer to note 1 for further details.

At year-end, the Group has goodwill of R1 885,6 million (2021: R1 992,9 million). Based on current forecasts and projections no impairment on the remaining goodwill is required.

IAS 36 requires an entity to test an intangible asset with an indefinite useful life and goodwill acquired in a business combination annually for impairment.

	Opening R'000	Additions R'000	Impairment R'000	Closing R'000
2022				
Grocery	**191 205**			**191 205**
Pies	**474 541**			**474 541**
Beverages	**136 131**		**(107 357)**	**28 774**
Speciality	**429 831**			**429 831**
Sugar		**54 283**	**(54 283)**	
Epol Animal Feed	**19 315**			**19 315**
Bread, buns & rolls	**688 100**			**688 100**
L&A Logistics	**53 824**			**53 824**
Total	**1 992 947**	**54 283**	**(161 640)**	**1 885 590**
2021				
Grocery	191 205			191 205
Pies	474 541			474 541
Beverages	136 131			136 131
Speciality	429 831			429 831
Epol Animal Feed	19 315			19 315
Bread, buns & rolls	688 100			688 100
L&A Logistics		53 824		53 824
Total	1 939 123	53 824		1 992 947

2. INTANGIBLE ASSETS CONTINUED

IMPAIRMENT TEST FOR INDEFINITE LIFE INTANGIBLE ASSETS AND GOODWILL

The recoverable amount of the CGU is determined based on value-in-use calculations.

Key assumptions used in the current period impairment test were as follows:

	Discount rate pre-tax %	Perpetuity growth rate %	Period Years
2022			
Grocery	**16.2**	**4.0**	**5**
Pies	**15.9**	**4.0**	**5**
Beverages	**16.3**	**4.0**	**5**
Speciality	**15.7**	**4.0**	**5**
Milling	**16.3**	**4.0**	**5**
Bread, buns & rolls	**14.5**	**4.0**	**5**
Epol Animal Feed	**17.5**	**4.0**	**5**
L&A Logistics	**33.0**	**4.0**	**5**
2021			
Grocery	15.9	4.0	5
Pies	15.8	4.0	5
Beverages	15.8	4.0	5
Speciality	15.9	4.0	5
Milling	16.1	4.0	5
Bread, buns & rolls	14.5	4.0	5
Epol Animal Feed	15.9	4.0	5
Vector Logistics	17.0	4.0	5

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

	Discount rate		Perpetuity growth rate	
	Movement (%)	Total Impairment (Rm)	Movement (%)	Total Impairment (Rm)
2022				
Grocery	**+1.0**	**Nil**	**(0.5)**	**Nil**
Pies	**+1.0**	**21,3**	**(0.5)**	**Nil**
Beverages	**+1.0**	**146,9**	**(0.5)**	**123,3**
Speciality	**+1.0**	**Nil**	**(0.5)**	**Nil**
Milling	**+1.0**	**Nil**	**(0.5)**	**Nil**
Bread, buns & rolls	**+1.0**	**Nil**	**(0.5)**	**Nil**
Epol Animal Feed	**+1.0**	**Nil**	**(0.5)**	**Nil**
L&A Logistics	**+1.0**	**Nil**	**(0.5)**	**Nil**
2021				
Grocery	+1.0	Nil	(0.5)	Nil
Pies	+1.0	Nil	(0.5)	Nil
Beverages	+1.0	Nil	(0.5)	Nil
Speciality	+1.0	31,0	(0.5)	Nil
Milling	+1.0	79,0	(0.5)	21,2
Bread, buns & rolls	+1.0	Nil	(0.5)	Nil
Epol Animal Feed	+1.0	Nil	(0.5)	Nil
Vector Logistics	+1.0	Nil	(0.5)	Nil

CAPITAL WORK-IN-PROGRESS

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

3. INVESTMENT IN JOINT VENTURES

	2022 R'000	2021 R'000
Opening balance	**287 828**	310 309
Share of profits of joint ventures	**38 904**	11 331
Dividends received from joint ventures	**(16 181)**	(24 485)
Exchange differences on translation of joint venture	**(3 416)**	(9 327)
Balance at June	**307 135**	287 828

Set out below are the joint ventures of the Group as at June 2022. 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)	Eswatini	**50.0***	**Note 2**
Senn Foods Logistics Proprietary Limited (Senn Foods)	Botswana	**49.0***	**Note 3**
TSGRO Farming Services Proprietary Limited (TSGRO)	South Africa	**50.0***	**Note 4**

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

Note 1: Akwandze's main activities are to provide production finance and management services to 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 of Akwandze is June 2022.

Note 2: Mananga is a sugar packaging and selling company which sells sugar under the First brand in Eswatini as well as in South Africa. Its primary business activity is to purchase sugar from the Eswatini 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 Eswatini sugar market. The year-end of Mananga is June 2022.

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 March 2022. The use of the different date in applying the equity method is due to the practicality of obtaining the audited June 2022 results timeously.

Note 4: TSGRO's main activities are to provide farm management, development, engineering and procurement services to the small scale sugarcane farmers in the Nkomazi area. The year-end of TSGRO is June 2022.

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 relating to the Group's interest in the joint ventures.

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

	2022 R'000	2021 R'000
Guarantee:		
Long-term Loan Guarantee for Rand Merchant Bank on behalf of Akwandze Agricultural Finance Proprietary Limited	**350 000**	350 000

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

3. INVESTMENT IN JOINT VENTURES CONTINUED

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

2022 Summarised statement of financial position	Akwandze June 2022 R'000	Mananga June 2022 R'000	Senn Foods March 2022 R'000	TSGRO June 2022 R'000	Total 2022 R'000
Current					
Cash and cash equivalents	**56 324**	**175 956**	**35 887**	**1 736**	**269 903**
Other current assets	**85 857**	**253 226**	**168 277**	**12 916**	**520 276**
Total current assets	**142 181**	**429 182**	**204 164**	**14 652**	**790 179**
Financial liabilities (excluding trade payables)	**208 313**		**7 912**	**491**	**216 716**
Other current liabilities (including trade payables)	**32 119**	**150 107**	**90 554**	**5 482**	**278 262**
Total current liabilities	**240 432**	**150 107**	**98 466**	**5 973**	**494 978**
Non-current					
Assets (including customer relationships)	**314 182**	**61 103**	**40 153**	**5 715**	**421 153**
Financial liabilities	**183 525**			**29 823**	**213 348**
Other liabilities		**10 054**	**2 446**		**12 500**
Total non-current liabilities	**183 525**	**10 054**	**2 446**	**29 823**	**225 848**
Net assets	**32 406**	**330 124**	**143 405**	**(15 429)**	**490 506**

2021 Summarised statement of financial position	Akwandze June 2021 R'000	Mananga June 2021 R'000	Senn Foods March 2021 R'000	TSGRO June 2021 R'000	Total 2021 R'000
Current					
Cash and cash equivalents	69 869	149 835	51 432	2 754	273 890
Other current assets	107 166	288 909	163 660	11 929	571 664
Total current assets	177 035	438 744	215 092	14 683	845 554
Financial liabilities (excluding trade payables)	84 177		18 298	414	102 889
Other current liabilities (including trade payables)	39 014	169 091	107 227	4 689	320 021
Total current liabilities	123 191	169 091	125 525	5 103	422 910
Non-current					
Assets (including customer relationships)	305 283	57 631	45 352	17 905	426 171
Financial liabilities	345 208			42 050	387 258
Other liabilities		6 600	2 420		9 020
Total non-current liabilities	345 208	6 600	2 420	42 050	396 278
Net assets	13 919	320 684	132 499	(14 565)	452 537

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

3. INVESTMENT IN JOINT VENTURES CONTINUED

2022 Summarised statement of comprehensive income	Akwandze June 2022 R'000	Mananga June 2022 R'000	Senn Foods March 2022 R'000	TSGRO June 2022 R'000	Total 2022 R'000
Revenue from contracts with customers	**29 386**	**1 239 818**	**590 563**	**30 372**	**1 890 139**
Depreciation and amortisation	**(14)**	**(2 035)**	**(12 960)**	**(1 740)**	**(16 749)**
Finance costs	**(19 740)**	**(296)**	**(905)**	**(331)**	**(21 272)**
Finance income	**5 263**	**3 385**	**113**	**21**	**8 782**
Profit/(loss) before tax	**25 584**	**46 437**	**34 531**	**(914)**	**105 638**
Income tax (expense)/credit	**(7 096)**	**(12 694)**	**(8 428)**	**50**	**(28 168)**
Profit/(loss) after tax	**18 488**	**33 743**	**26 103**	**(864)**	**77 470**
Total comprehensive income	**18 488**	**33 743**	**26 103**	**(864)**	**77 470**
Dividends received from joint ventures		**12 152**	**4 029**		**16 181**

2021 Summarised statement of comprehensive income	Akwandze June 2021 R'000	Mananga June 2021 R'000	Senn Foods March 2021 R'000	TSGRO June 2021 R'000	Total 2021 R'000
Revenue from contracts with customers	35 112	1 263 377	596 618	36 552	1 931 659
Depreciation and amortisation	(19)	(1 970)		(1 987)	(3 976)
Finance costs	(3 123)	(62)	(1 778)	(2 928)	(7 891)
Finance income	1 842	3 551	198	30	5 621
(Loss)/profit before tax	(56 885)	75 877	26 646	(1 852)	43 786
Income tax credit/(expense)	6 027	(21 354)	(7 262)	505	(22 084)
(Loss)/profit after tax	(50 858)	54 523	19 384	(1 347)	21 702
Total comprehensive income	(50 858)	54 523	19 384	(1 347)	21 702
Dividends received from joint ventures	950	14 363	9 172		24 485

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

3. INVESTMENT IN JOINT VENTURES CONTINUED

2022 **Reconciliation of summarised financial information presented to the carrying amount of the joint ventures**	**Akwandze June 2022 R'000**	**Mananga June 2022 R'000**	**Senn Foods March 2022 R'000**	**TSGRO June 2022 R'000**	**Total 2022 R'000**
Opening net assets	**13 918**	**320 684**	**132 499**	**(14 565)**	**452 536**
Profit/(loss) for the period	**18 488**	**33 743**	**26 103**	**(864)**	**77 470**
Dividends paid		**(24 303)**	**(8 222)**		**(32 525)**
Exchange differences on translation of joint venture			**(6 975)**		**(6 975)**
Closing net assets	**32 406**	**330 124**	**143 405**	**(15 429)**	**490 506**
Interest in joint venture (%)	**50**	**50**	**49**	**50**	
Losses deferred to future reporting periods[1]				**6 942**	**6 942**
Goodwill	**4 937**	**93**	**50 572**	**773**	**56 375**
Carrying value	**21 140**	**165 155**	**120 840**		**307 135**

2021 **Reconciliation of summarised financial information presented to the carrying amount of the joint ventures**	Akwandze June 2021 R'000	Mananga June 2021 R'000	Senn Foods March 2021 R'000	TSGRO June 2021 R'000	Total 2021 R'000
Opening net assets	66 676	294 887	150 868	(13 218)	499 213
(Loss)/profit for the period	(50 858)	54 523	19 384	(1 347)	21 702
Dividends paid	(1 900)	(28 726)	(18 718)		(49 344)
Exchange differences on translation of joint venture			(19 035)		(19 035)
Closing net assets	13 918	320 684	132 499	(14 565)	452 536
Interest in joint venture (%)	50	50	49	50	
Losses deferred to future reporting periods[1]				6 510	6 510
Investment capital and other	4 937	93	50 572	773	(56 375)
Carrying value	11 896	160 435	115 497		287 828

[1] *The carrying amount of the investment in TSGRO is Rnil (2021: Rnil), hence profits will only be recognised once cumulative losses have been recouped.*

	2022 R'000	2021 R'000
4. INVESTMENT IN ASSOCIATES		
Opening balance	**853 866**	676 856
Additions		155 949
Share of profits of associates	**17 752**	135 553
Dividends received from associate	**(54 240)**	(71 561)
Share of associates other comprehensive income	**1 354**	544
Exchange differences on translation of associates	**1 674**	(7 802)
Disposal of associate		(37 894)
Change in interest of associate	**2 585**	2 221
Balance at June	**822 991**	853 866

Set out below are the associates of the Group as at June 2022. 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 Eswatini Sugar Corporation (RES)	Eswatini	**29.1846%**	**Note 1**
HMH Rainbow Limited (HMH)	Uganda	**29.29%**	**Note 2**
LIVEKINDLY Collective Africa Proprietary Limited (LKCA)	South Africa	**49.999%**	**Note 3**

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

The year-end date of RES is March 2022, however the Group has equity-accounted the results for the year ended June 2022.

As at June 2022 the shares had a fair value of E15.2 (2021: E15.2) per share on the Eswatini Stock Exchange, at a total market value for the Group's investment in RES of R427,4 million (2021: R427,4 million). Whilst the carrying value of the Group's investment in RES of R633,7 million at June 2022 (2021: R657,4 million) is higher than the market value of RES's shares, this is not considered to be an indicator of impairment as the RES shares are not actively traded on the Eswatini Stock Exchange and are not considered liquid. Hence, the share price is not considered to be an accurate reflection of the value of the investment.

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

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

In the current and prior financial year, additional investments in HMH were made by other shareholders in HMH, which resulted in a 1.96% (2021: 2.25%) dilution of RCL FOODS' investment in HMH.

Note 3: LKCA principal activities are to market, sell and distribute plant-based products in Sub-Saharan Africa. There are no quoted market prices available for the investment in LKCA. The year-end date of LKCA is December 2021, however the Group has equity-accounted the results for the year ended June 2022. The investment was acquired on 3 May 2021.

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

4. INVESTMENT IN ASSOCIATES CONTINUED

As part of the banking facilities, RES and its subsidiary company are liable for the following guarantees:

	2022 R'000	2021 R'000
Customs and Excise	**8 500**	8 500
Eswatini Government – Labour	**60**	60
Eswatini Government – General Bond	**70**	70
South African Revenue Service – VAT	**550**	550
European Union		26 230
Transnet	**50**	50

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

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

There are no other contingent liabilities in the associates that the Group has interests in.

Set out below is the summarised financial information for associates:

2022 **Summarised statement of financial position**	LKCA June 2022 R'000	RES June 2022 R'000	HMH June 2022 R'000	Total 2022 R'000
Current				
Cash and cash equivalents	**5 754**	**37 111**	**3 163**	**46 028**
Other current assets	**57 909**	**1 301 784**	**85 087**	**1 444 780**
Total current assets	**63 663**	**1 338 895**	**88 250**	**1 490 808**
Financial liabilities (excluding trade payables)	**14 789**	**307 189**	**10 692**	**332 670**
Other current liabilities (including trade payables)	**53 791**	**370 284**	**50 148**	**474 223**
Total current liabilities	**68 580**	**677 473**	**60 840**	**806 893**
Non-current				
Assets	**61 378**	**2 526 729**	**236 434**	**2 824 541**
Total non-current assets	**61 378**	**2 526 729**	**236 434**	**2 824 541**
Financial liabilities	**2 630**	**357 333**	**135 816**	**495 779**
Other liabilities		**631 265**		**631 265**
Total non-current liabilities	**2 630**	**988 598**	**135 816**	**1 127 044**
Net assets	**53 831**	**2 199 553**	**128 029**	**2 381 413**

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

4. INVESTMENT IN ASSOCIATES CONTINUED

2021 Summarised statement of financial position	LKCA June 2021[1] R'000	RES June 2021 R'000	HMH June 2021 R'000	Total 2021 R'000
Current				
Cash and cash equivalents	2 180	341 352		343 532
Other current assets	19 392	1 268 567	61 987	1 349 946
Total current assets	21 572	1 609 919	61 987	1 693 478
Financial liabilities (excluding trade payables)	4 005	228 299	2 073	234 377
Other current liabilities (including trade payables)	8 159	399 291	41 118	448 568
Total current liabilities	12 164	627 590	43 191	682 945
Non-current				
Assets	57 914	2 135 317	217 351	2 410 582
Total non-current assets	57 914	2 135 317	217 351	2 410 582
Financial liabilities		227 781		227 781
Other liabilities		609 244	129 436	738 680
Total non-current liabilities		837 025	129 436	966 461
Net assets	67 322	2 280 621	106 711	2 454 654

[1] *The investment in LKCA was acquired on 3 May 2021. Results for the two months to June 2021 were presented in the comparative period.*

2022 Summarised statement of comprehensive income	LKCA June 2022 R'000	RES June 2022 R'000	HMH June 2022 R'000	Total 2022 R'000
Revenue from contracts with customers	**190 953**	**3 309 107**	**285 370**	**3 785 430**
Depreciation and amortisation	**(873)**	**(247 394)**	**(24 914)**	**(273 181)**
Finance expense		**(18 333)**	**(14 439)**	**(32 772)**
Finance income	**10 525**	**18 975**		**29 500**
(Loss)/profit before tax	**(14 918)**	**135 622**	**(16 148)**	**104 556**
Income tax credit/(expense)	**4 157**	**(35 479)**		**(31 322)**
(Loss)/profit after tax	**(10 761)**	**100 143**	**(16 148)**	**73 234**
Other comprehensive income		**4 640**		**4 640**
Total comprehensive income	**(10 761)**	**104 783**	**(16 148)**	**77 874**
Adjustments				
Amortisation of customer relationships (net of tax)	**(2 730)**			**(2 730)**
Adjusted total comprehensive income	**(13 491)**	**104 783**	**(16 148)**	**75 144**
Dividends received from associate		**54 240**		**54 240**

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

4. INVESTMENT IN ASSOCIATES CONTINUED

2021 Summarised statement of comprehensive income	LKCA June 2021[1] R'000	RES June 2021 R'000	HMH June 2021 R'000	Total 2021 R'000
Revenue from contracts with customers	31 939	3 651 529	275 318	3 958 786
Depreciation and amortisation		(234 600)	(22 567)	(257 167)
Finance expense	(10)	(29 145)	(13 541)	(42 696)
Finance income	1 757	33 756		35 513
Profit before tax	1 400	603 484	18 362	623 246
Income tax expense	(392)	(162 509)	(1 018)	(163 919)
Profit after tax	1 008	440 975	17 344	459 327
Other comprehensive income		1 864		1 864
Total comprehensive income	1 008	442 839	17 344	461 191
Adjustments				
Amortisation of customer relationships (net of tax)	(328)			(328)
Adjusted total comprehensive income	680	442 839	17 344	460 863
Dividends received from associate		71 561		71 561

[1] *The investment in LKCA was acquired on 3 May 2021. Results for the two months to June 2021 were presented in the comparative period.*

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		LKCA June 2022 R'000	RES June 2022 R'000
Opening net assets		**67 322**	2 280 621
Total comprehensive income for the year		**(13 491)**	104 783
Dividends paid			(185 851)
Closing net assets		**53 831**	2 199 553
Interest in associate	(%)	**49.999**	29.1846
Goodwill		**122 629**	
Carrying value		**149 544**	633 740

4. INVESTMENT IN ASSOCIATES CONTINUED

Reconciliation of summarised financial information presented to the carrying amount of the associate	(%)	HMH[1] June 2022 R'000	RCL FOODS Share HMH 2022 R'000
Opening net assets	33.50	**106 711**	**35 748**
Shares issued		**14 792**	**4 955**
Carrying value of RCL FOODS' shares diluted	2.25		**(2 733)**
Opening net assets post dilution of shareholding – June 2021	31.25	**121 503**	**37 970**
Total comprehensive income to dilution date		**(8 985)**	**(2 632)**
Exchange differences on translation of associates		**7 444**	**1 838**
Closing net assets at date of dilution of shareholding		**119 962**	**37 176**
Shares issued		**15 792**	**4 625**
Carrying value of RCL FOODS' shares diluted	1.96		**(2 039)**
Opening net assets post dilution of shareholding – September 2021	29.29	**135 754**	**39 762**
Total comprehensive income for the balance of the year		**(7 163)**	**(2 098)**
Exchange differences on translation of associates		**(562)**	**(165)**
Closing net assets	29.29	**128 029**	**37 499**
Goodwill			**4 509**
Refund of purchase price			**(2 302)**
Carrying value			**39 706**

Reconciliation of summarised financial information presented to the carrying amount of the associate		LKCA June 2021 R'000	RES June 2021 R'000	HMH June 2021[1] R'000	Total 2021 R'000
Opening net assets			2 082 984	105 246	2 188 230
Acquisition of associate		66 642			66 642
Total comprehensive income for the year		680	442 839	17 344	460 863
Exchange differences on translation of associates				(15 879)	(15 879)
Dividends paid			(245 202)		(245 202)
Closing net assets		67 322	2 280 621	106 711	2 454 654
Interest in associate	(%)	49.999	29.1846	33.5	
Goodwill		122 629		4 509	127 138
Refund of purchase price				(2 302)	(2 302)
Change in interest of associate				2 222	2 222
Carrying value		156 289	657 400	40 177	853 866

[1] *In September 2021 the shareholding in HMH was diluted, resulting in RCL FOODS' shareholding reducing from 31.25% to 29.29%. In the prior financial year, RCL FOODS' shareholding was diluted from 33.5% to 31.25%, this change was effective on the last day of the financial year.*

5. LOANS RECEIVABLE

Non-current:	2022 R'000	2021 R'000
Loans at the beginning of the year	**49 375**	66 964
Loans advanced during the year	**2 998**	9 243
Repayment of loans	**(13 277)**	(8 393)
Exchange differences arising on translation		(19)
Loans derecognised on acquisition of subsidiary[1]	**(68 943)**	(4 253)
Expected credit loss allowance reversed/(recognised)	**60 942**	(14 167)
Loans at the end of the year	**31 095**	49 375

[1] *During the current financial year RCL Foods Sugar and Milling Proprietary Limited acquired a 100% shareholding in Siyathuthuka Sugar Estate Proprietary Limited. The investment was acquired with a view to resale and has thus been recognised as a disposal group held for sale in terms of IFRS 5. As a result of the acquisition, the previously recognised expected credit losses amounting to R57,4 million, in respect of the loan were derecognised on acquisition. Refer to note 11 for further detail.*

	2022 R'000	2021 R'000
Reconciliation of loss allowance		
At the beginning of the year	**62 670**	48 503
Expected credit loss allowance (reversed)/recognised	**(60 942)**	14 167
At the end of the year	**1 728**	62 670

Non-current loans receivable consist of loans granted to TSGRO Farming Services Proprietary Limited of R26,5 million (2021: R38,3 million), R1,3 million (2021: R1,3 million) relating to the purchase price refund from HMH Rainbow Limited (refer note 4) as well as R5,0 million (2021: R2,0 million) relating to loans granted to the LIVEKINDLY Collective Africa Proprietary Limited. Included in the prior year balance were loans granted to Siyathuthuka Sugar Estate Proprietary Limited of R70,5 million.

The credit risk of the Group's non-current loans receivable have been assessed using the general model of IFRS 9 as well as the specific loss allowance, taking into account the counterparty's risk of default and its capacity to meet its contractual cash flow obligations as they become due, as well as current and forward-looking information on macroeconomic factors affecting the ability of the counterparties to settle their debt. These loans have thus been assessed for impairment using the lifetime basis.

The loans receivable were valued based on the risk of the counterparty under the general approach. For Stage 1 loans, a one-year ECL was applied. Where a significant increase in credit risk was identified (i.e. Stage 2 loans), a lifetime ECL was applied. Where the credit risk at the loan's inception is impracticable to assess then there is insufficient basis to determine whether there has been a significant increase in credit risk and in these cases management has assessed staging of the loan on its individual characteristics. If a loan is credit impaired, it is regarded as being Stage 3 and a lifetime expected credit loss is applied. No interest is accrued on stage 3 loans.

Where a loan has a fixed term, this term is applied to the calculation of the ECL and a one-year or lifetime ECL is applied depending on the staging of the loan. Where a loan is repayable on demand, an assessment is made of the counterparty's ability to repay if demand for immediate repayment is made. The ECL is calculated over the term of the loan.

The long-term loans to TSGRO Farming Services Proprietary Limited are unsecured and accrues interest at 7.25% (2021: 6.0%) per annum. The loan is repayable with a notice period of 366 days.

5. LOANS RECEIVABLE CONTINUED

TSGRO Farming Services Proprietary Limited is a joint venture of the Group, thus the Group has access to their results and forecast information for forthcoming years in order to assess the borrowers capacity to meet its contractual cash flow obligations as they become due. In assessing the expected credit losses arising on the loan to TSGRO Farming Services Proprietary Limited, both internal (current profitability and forward-looking information) and external (current and future state of sugar industry and macroeconomic factors) factors were considered and concluded that TSGRO Farming Services Proprietary Limited is facing major ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to them not having adequate capacity to meet its financial commitments. A probability of default rate of 6.51% (2021: 5.73%) was applied to the TSGRO Farming Services Proprietary Limited loans, benchmarked against available market default rates. The loss given default was assessed as 51.1% (2021: 51.4%) as there are no guarantees or collateral held in respect of this loan.

A R3,5 million reversal in the total loss allowance has been recognised on the loan advanced to TSGRO Farming Services Proprietary Limited, largely driven by a reduced loan balance. In the prior year a R6,2 million reversal in the loss allowance has been recognised on the loan advanced to TSGRO Farming Services Proprietary Limited.

Should the rate used in assessing the probability of default increase by 10%, the expected credit loss would increase by R0,2 million (2021: R0,5 million), whilst a 10% decrease in the rate would result in a decrease of R0,2 million (2021: R0,5 million) in the expected credit loss.

	2022 R'000	2021 R'000
6. INVESTMENT IN FINANCIAL ASSET		
At the beginning of the year	**214 138**	137 039
Foreign exchange gains/(losses)	**27 838**	(21 289)
Fair value adjustments recorded in profit or loss		98 388
At the end of the year	**241 976**	214 138

Relates to a minority shareholding in The LIVEKINDLY Collective.

This investment is classified as a financial asset measured at fair value through profit and loss.

The financial risk management disclosures relating to the fair value estimation of the Group's financial assets is included in note 29.

	2022 R'000	2021 R'000
7. INVENTORIES		
Finished goods	**1 750 665**	2 180 963
Work-in-progress	**14 864**	11 277
Raw materials and ingredients	**1 006 156**	628 108
Consumables and maintenance spares	**375 492**	351 038
At the end of the year	**3 147 177**	3 171 386
Carrying value of inventory written down to net realisable value	**163 130**	159 430
Amount expensed as write-down to net realisable value	**17 666**	20 273

The Group's net realisable value write-down of R17,7 million (2021: R20,3 million) relates to the Rainbow segment. Due to the fast-moving nature of the products, the Group bases its write-down calculation on actual selling price information available post year-end related to these products which supports the net realisable value of stock on hand.

8. BIOLOGICAL ASSETS

2022	Breeding stock R'000	Broiler stock R'000	Sugarcane plants R'000	Banana fruit R'000	Total R'000
At the beginning of the year at fair value	**408 978**	**292 279**	**247 176**	**6 910**	**955 343**
Gains arising from cost inputs	**1 475 957**	**4 808 033**			**6 283 990**
Decrease due to harvest/transferred to cost of sales	**(1 381 813)**	**(4 730 155)**	**(248 581)**	**(6 910)**	**(6 367 459)**
Fair value adjustments recorded in profit or loss	**(9 225)**	**18 738**	**347 667**	**2 775**	**359 955**
At the end of the year at fair value	**493 897**	**388 895**	**346 262**	**2 775**	**1 231 829**

2021	Breeding stock R'000	Broiler stock R'000	Sugarcane plants R'000	Banana fruit R'000	Total R'000
At the beginning of the year at fair value	366 699	177 577	257 658	3 154	805 088
Gains arising from cost inputs	1 301 984	4 125 451			5 427 435
Decrease due to harvest/transferred to cost of sales	(1 263 675)	(4 029 933)	(258 285)	(3 154)	(5 555 047)
Fair value adjustments recorded in profit or loss	3 970	19 184	247 803	6 910	277 867
At the end of the year at fair value	408 978	292 279	247 176	6 910	955 343

The financial risk management disclosures relating to the fair value estimation of the Group's biological assets is included in note 29.

	2022 R'000	2021 R'000
9. TRADE AND OTHER RECEIVABLES		
Non-current:		
Other receivables	**26 289**	24 597
Total	**26 289**	24 597

Other receivables largely relates to a deposit of R21,3 million (2021: R19,6 million) paid on a lease which is only refundable on termination of the lease. The period of the lease is 15 years. There has been no significant increase in credit risk with respect to the lessor, based on a review of available public information, thus the receivable has been assessed for expected credit loss on a 12-month basis. No expected credit loss was required as no portion of the deposit is due within the next 12 months.

		2022 R'000	2021 R'000
Current:			
Trade receivables		**5 113 818**	4 596 660
Less*:* Expected credit loss allowance		**(28 544)**	(57 360)
Net trade receivables		**5 085 274**	4 539 300
Prepayments		**161 602**	131 461
Other receivables[1]		**852 701**	756 504
At the end of the year		**6 099 577**	5 427 265
A summary of the Group's trade receivables covered by insurance or secured by collateral is as follows:			
Terms	(days)	**7 to 90**	7 to 90
Collateral held/insurance		**Yes**	Yes
Debtors covered by Lombard insurance[2]		**4 838 260**	4 342 687
Mortgage bonds – registered value		**35 000**	35 000
Bank guarantees – actual value		**1 500**	1 500
Total		**4 874 760**	4 379 187
[1] Material items included in other receivables comprise:			
– Vector Logistics distribution contracts*		**553 830**	472 826
– VAT receivable		**143 701**	191 956
– Other receivables**		**154 889**	91 722

* *These receivables represent amounts due from large listed and/or well-established food service entities in the South African market, and is effectively secured over the value of inventory that the Vector Logistics business unit holds on their behalf for distribution to their stores. Due to the short-term nature of these assets and historical experience, receivables are regarded as having a low probability of default and therefore the related expected credit loss is deemed not significant.*

** *The other receivables consist of various items which are not considered individually material. These items have been assessed for expected credit loss using the general approach in accordance with IFRS 9 and did not result in material expected credit losses.*

[2] *The maximum insurance claim as a result of default on any single balance is R1,4 billion (2021: R1,4 billion). There are no individual debtors which exceed R1,4 billion at 3 July 2022.*

9. TRADE AND OTHER RECEIVABLES CONTINUED

The Group applies the simplified approach to measuring expected credit losses, in accordance with IFRS 9, on its current trade receivables, which calculates the loss allowance on a lifetime basis.

Individually material trade receivable balances are segregated from the general trade receivables balance and assessed separately for impairment. For both individually material balances and the general trade receivables balance, the expected credit losses were assessed using independent external credit rating scales and specific probability of default and loss given defaults.

The expected credit losses recognised on the Group's trade receivables is based on historical write-offs for the preceding five years, and includes individual assessments of external credit ratings and/or Annual Financial Statements of large customers, where appropriate. For the trade receivable balances remaining after individually material balances have been separated, a probability of default for each ageing bucket is calculated and an average loss given default applied.

Loss Rates are determined using an element of judgment and include consideration of:

- The actual write-off history over the full period
- Rule-based loss estimation (i.e. actual write-offs plus amounts still in collection for more than a specific number of months)

Consideration is also given to the length of available default and recovery data history, historical practice on when losses are actually written off, size of the trade receivables book (number of debtors and amounts), data quality and the variations between the measures over time.

The Group has credit insurance in place with Lombard Insurance Company Limited (Lombard) for all domestic trade debtors above R75 000, subject to an aggregate excess of R5,0 million. The credit policy requires each new customer to be analysed individually for creditworthiness before delivery and payment terms are offered. The insurance cover is taken out at inception of the sale and is integral to the enactment of the sale. Credit insurance cover has been taken into account in determining the expected credit losses on trade receivables.

	2022 R'000	2021 R'000
The loss allowance is calculated using the matrix approach based on the total trade receivables balance; segregated for:	**5 113 818**	**4 596 660**
– Individually material balances (separately assessed)	**(2 624 399)**	**(2 733 888)**
– Sundry accounts considered to be low risk, the expected credit loss on these balances is not considered to be material	**(142 042)**	**(127 710)**
– Receivables with specific financial issues	**(38 043)**	**(75 888)**
General trade receivables subject to matrix approach	**2 309 334**	**1 659 174**

9. TRADE AND OTHER RECEIVABLES CONTINUED

The loss allowance was determined as follows for trade receivables:

June 2022

INDIVIDUALLY MATERIAL BALANCES

Ageing of individually material balances has been taken into account in determining the loss rates for these customers.

	Balance R'000	Loss rate %	Loss allowance R'000
Customer A	1 012 939	0.0216	219
Customer B	713 637	0.0243	173
Customer C	319 944	0.1248	399
Customer D	302 314	0.2315	700
Customer E	275 565	0.0318	88
Total	**2 624 399**		**1 579**
Less: VAT on expected credit losses – general[1]			(127)
Loss allowance			**1 452**

GENERAL BOOK

		Current R'000	30 days R'000	60 days R'000	90 days R'000	120 days R'000	Total R'000
Expected loss rate	(%)	0.1011	0.3997	2.9161	8.4893	7.8737	
Gross carrying amount		2 205 064	61 736	10 450	9 741	22 343	2 309 334
Loss allowance based on matrix approach		2 230	247	305	827	1 759	5 368
Less: VAT on expected credit losses – general[1]							(531)
Loss allowance							**4 837**
Specific provision for expected credit losses							**22 255**
Total expected credit losses on trade receivables							**28 544**

[1] *The South African Revenue Service permits an input VAT claim in the event of a trade receivable being written off.*

9. TRADE AND OTHER RECEIVABLES CONTINUED

In the prior financial year the loss allowance was determined as follows for trade receivables:

June 2021

INDIVIDUALLY MATERIAL BALANCES

Ageing of individually material balances has been taken into account in determining the loss rates for these customers.

	Balance R'000	Loss rate %	Loss allowance R'000
Customer A	1 117 952	0.2894	3 235
Customer B	685 196	0.3492	2 393
Customer C	311 453	1.6654	5 187
Customer D	313 314	0.8724	2 733
Customer E	305 973	0.4298	1 315
Total			14 863
Less: VAT on expected credit losses – general[1]			(1 797)
Loss allowance			13 066

GENERAL BOOK

		Current R'000	30 days R'000	60 days R'000	90 days R'000	120 days R'000	Total R'000
Expected loss rate	(%)	0.4879	1.7517	7.1121	10.0996	10.1928	
Gross carrying amount		1 483 531	114 577	25 576	9 040	26 450	1 659 174
Loss allowance based on matrix approach		7 238	2 007	1 819	913	2 696	14 673
Less: VAT on expected credit losses – general[1]							(1 363)
Loss allowance							13 310
Specific provision for expected credit losses							30 984
Total expected credit losses on trade receivables							57 360

[1] *The South African Revenue Service permits an input VAT claim in the event of a trade receivable being written off.*

9. TRADE AND OTHER RECEIVABLES CONTINUED

	2022 R'000	2021 R'000
Reconciliation of loss allowance		
At the beginning of the year	**(57 360)**	(66 148)
Decrease/(increase) in general loss allowance recognised in profit or loss during the year	**4 718**	(5 509)
Increase in specific loss allowance recognised in profit or loss during the year	**(2 604)**	(4 739)
Receivables written off during the year as uncollectible	**16 316**	14 224
Unused amounts reversed	**10 386**	4 812
At the end of the year	**(28 544)**	(57 360)
The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:		
Rand	**6 000 328**	5 361 635
USD	**2 925**	28 909
Namibian Dollar	**77 514**	45 791
Zambian Kwacha	**45 099**	15 527
Total	**6 125 866**	5 451 862

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.

10. DERIVATIVE FINANCIAL INSTRUMENTS

	Assets 2022 R'000	Liabilities 2022 R'000	Assets 2021 R'000	Liabilities 2021 R'000
Derivative financial assets and liabilities				
Soya oil options		**378**		
Soyabean meal options	**614**			103
Maize options	**3 085**		62 676	
Currency options			65	1 083
Forward exchange contracts	**898**	**1 640**	238	1 197
Interest rate collar option[1]				38 707
Total	**4 597**	**2 018**	62 979	41 090

[1] *The interest rate collar hedge came to an end on 31 March 2022. In the 2021 financial year, the fair value of the hedge was determined using the appropriate option pricing model that takes into account the volatility of the underlying instrument.*

The amounts above represent the fair value of the derivative instruments which represent the maximum exposure to credit risk at June 2022.

The financial risk management disclosures relating to the Group's derivative assets and liabilities is included in note 29.

11. NON-CURRENT ASSETS HELD FOR SALE

	2022 R'000	2021 R'000
Assets		
Sugar	**23 326**	625
Vector Logistics	**9 809**	6 353
	33 135	6 978
Liabilities		
Sugar	**1 017**	
	1 017	

RCL FOODS SUGAR AND MILLING PROPRIETARY LIMITED

On 6 May 2022, RCL Foods Sugar and Milling Proprietary Limited acquired 100% of the shares in Siyathuthuka Sugar Estates Proprietary Limited, with a view to resale. Accordingly the investment has been recognised in terms of IFRS 5.

At acquisition the fair value less costs to sell of the Siyathuthuka Sugar Estates Proprietary Limited assets was R22,7 million. The liabilities related to the held for sale investment consists of trade creditors amounting to R1,0 million.

During the 2021 financial year, agreements were entered into to dispose portion 13 of farm Mhlati and a subdivided portion of the farm Thornhill. The sales value of the 2 properties amounted to R11,5 million. The transfer of ownership of the properties is still in progress and expected to transfer in the new financial year.

	2022 R'000
Reconciliation of carrying amount of subsidiary	
Cash consideration transferred	**7 024**
Fair value of identifiable assets acquired and liabilities assumed	
Assets	**22 701**
Property, plant and equipment	**10 809**
Trade and other receivables	**3 288**
Biological assets	**7 459**
Cash and cash equivalents	**1 145**
Liabilities	**(69 960)**
Loans payable	**(68 943)**
Trade and other payables	**(1 017)**
Total identifiable net assets	**(47 259)**
Goodwill	**54 283**

Goodwill of R54,3 million arose from the acquisition. Goodwill represents the expected synergies from the combined business of scale as a result of the nature of the Siyathuthuka Sugar Estate Proprietary Limited business. None of the goodwill recognised is deductible for tax purposes. No additional acquisition-related costs have been incurred in the current financial year.

As Siyathuthuka Sugar Estate Proprietary Limited was acquired with a view to resale, the goodwill of R54,3 million was immediately impaired to the subsidiary at fair value. Intercompany loans payable of R68,9 million were eliminated on acquisition of Siyathuthuka Sugar Estate Proprietary Limited.

11. NON-CURRENT ASSETS HELD FOR SALE CONTINUED

The assets and liabilities classified as held for sale as part of the Sugar segment are detailed below:

	2022 R'000	2021 R'000
Assets		
Siyathuthuka Sugar Estate Proprietary Limited – assets of disposal group held for sale	22 701	
Property, plant and equipment	10 809	
Trade and other receivables	3 288	
Biological assets	7 459	
Cash and cash equivalents	1 145	
Property, plant and equipment	625	625
Balance at June	23 326	625
Liabilities		
Siyathuthuka Sugar Estate Proprietary Limited – liabilities of disposal group held for sale	1 017	
Trade and other payables	1 017	
Balance at June	1 017	

VECTOR LOGISTICS PROPRIETARY LIMITED

During the current financial year a decision was taken to sell certain properties located in Bloemfontein and Polokwane. At year-end, the sale agreement has been signed, and the transfer of property is in progress. The transfer of the properties is expected to be completed within 12 months.

In the prior year a decision was taken to sell a property located in East London. The sale and transfer of the property was completed in the current year.

Certain vehicles within the Vector Logistics network were classified as held for sale in both the current and prior financial years. The sales process in respect of the trucks classified as held for sale was initiated before year-end and the sale is expected to be completed within 12 months. The sale and transfer of vehicles classified as held for sale in the prior financial year was completed in the current year.

	2022 R'000	2021 R'000
Assets		
Land and buildings	6 458	920
Plant and equipment	1 960	2 565
Vehicles	1 391	2 868
Total	9 809	6 353
Reconciliation of carrying amount of prior year assets held for sale		
Proceeds	12 455	
Carrying amount of assets held for sale at June 2021	(6 353)	
Profit recognised on sale	6 102	

12. STATED CAPITAL

Authorised

2 000 000 000 (2021: 2 000 000 000) ordinary shares of no par value.

Issued ordinary shares of no par value:

	Number of shares	2022 R'000	2021 R'000
At the beginning of the year	**888 245 746**	**10 318 079**	10 318 079
Shares issued in terms of share incentive schemes	**1 222 393**	**16 057**	
At the end of the year	**889 468 139**	**10 334 136**	10 318 079
Shares in issue for accounting purposes – June 2022	**889 468 139**		
Add*:* shares issued in terms of B-BBEE scheme[1] – June 2022	**63 830 231**		
Add*:* shares issued in terms of B-BBEE scheme[1] – June 2021	**70 758 637**		
Repurchase of shares	**(6 928 406)**		
Statutory shares in issue – June 2022	**953 298 370**		

[1] *On 26 May 2014, 44 681 162 shares were issued to the RCL Employee Share Trust (total issued value of R242,1 million), 19 149 069 to Business Venture Investments 1763 (RF) Proprietary Limited (total issued value of R103,8 million) in terms of a B-BBEE transaction. During the current financial year 6 928 406 shares issued to Malongoana Investments (RF) Proprietary Limited (total issue value of R0,07 million) were repurchased. For accounting purposes these shares are not treated as issued (refer to note 33 for further details).*

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

Issued shares have been fully paid up.

RCL FOODS SHARE APPRECIATION RIGHTS SCHEME

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

Award price (cents)	Date rights awarded	Rights at June 2021	Rights awarded during the year	Rights exercised during the year	Rights forfeited during the year	Rights at June 2022	Rights exercisable at June 2022
1 593	4 September 2014[1]	12 630 667			**(12 630 667)**		
1 796	1 March 2015	1 677 902			**(1 677 902)**		
1 592	9 September 2015	9 827 271			**(367 761)**	**9 459 510**	**9 459 510**
1 366	2 March 2016	1 485 228		**(201 728)**		**1 283 500**	**1 283 500**
1 405	7 September 2016	17 135 668		**(249 404)**	**(626 843)**	**16 259 421**	**16 259 421**
1 556	3 March 2017	2 093 889				**2 093 889**	**2 093 889**
1 536	6 September 2017	16 531 715			**(1 478 214)**	**15 053 501**	**9 935 247**
1 677	5 March 2018	761 580				**761 580**	**502 641**
1 697	10 September 2018	17 857 894			**(1 615 760)**	**16 242 134**	**5 359 830**
1 250	11 March 2019	1 604 211			**(220 274)**	**1 383 937**	**456 698**
1 344	1 April 2019	818 452				**818 452**	**270 089**
993	9 September 2019	33 318 282		**(919 520)**	**(709 665)**	**31 689 097**	
1 074	9 March 2020	2 479 459				**2 479 459**	
855	10 September 2020	29 581 020		**(221 418)**	**(1 010 537)**	**28 349 065**	
861	8 March 2021	3 948 896			**(813 008)**	**3 135 888**	
1 265	16 November 2021		**28 870 962**		**(116 738)**	**28 754 224**	
		151 752 134	**28 870 962**	**(1 592 070)**	**(21 267 369)**	**157 763 657**	**45 620 825**

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

12. STATED CAPITAL CONTINUED

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:

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

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

The weighted average fair value of rights awarded during the year was R4.03 (2021: R2.24)

	2022 R'000	2021 R'000
Weighted average award price of rights in issue at the beginning of the year	**12.70**	14.01
Weighted average award price of rights in issue at the end of the year	**12.37**	12.70
Weighted average award price of rights exercised during the year	**10.86**	
Weighted average award price of rights forfeited during the year	**15.19**	15.01
Weighted average award price of rights awarded during the year	**12.65**	8.56
Weighted average share price at date rights exercised during the year	**12.95**	

RCL FOODS CONDITIONAL SHARE PLAN

Details of the conditional shares awarded under this scheme are as follows:

Date conditional shares awarded	Conditional shares at June 2021	Conditional shares settled during the year	Conditional shares at June 2022
11 March 2020	960 000	**(960 000)**	
9 September 2020	604 228		**604 228**
Total	1 564 228	**(960 000)**	**604 228**

The RCL FOODS Conditional Share Plan (CSP) operates in conjunction with the current Share Appreciation Rights Scheme (SARs). The Company only uses CSP to make adhoc 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 Group over the vesting period and meet certain performance conditions attached to the award. Shares will be settled to the participants on the vesting date. Participants will have no shareholder or dividend rights before the vesting date.

12. STATED CAPITAL CONTINUED

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

		2022	2021
Expected volatility	(%)	**36.7 – 38.7**	33.2 – 37.5
Risk-free rate	(%)	**7.38 – 8.08**	5.66 – 8.10
Expected dividend yield	(%)	**3.0**	3.0
Contractual life	(years)	**7**	7
Weighted average contractual life – rights	(years)	**3,9**	3,9

	2022 R'000	2021 R'000
13. SHARE-BASED PAYMENTS RESERVE		
Employee share scheme		
At the beginning of the year	**477 324**	402 429
Settlement of exercised rights	**(16 057)**	
Equity component of deferred tax on share based payments	**231**	(2)
Value of employee services expensed during the year	**93 653**	74 897
At the end of the year	**555 151**	477 324
B-BBEE transaction		
At the beginning of the year	**298 899**	281 299
Employee portion – recurring[1]	**9 694**	17 600
At the end of the year	**308 593**	298 899
Total at the end of the year	**863 744**	776 223

[1] *Refer to note 33 for further details.*

	2022 R'000	2021 R'000
14. OTHER RESERVES		
Foreign currency translation reserve		
At the beginning of year	**(1 059)**	11 220
Currency translation on foreign subsidiaries, joint ventures and associates	**3 236**	(17 263)
Amounts recycled to profit or loss[2]	**(182)**	4 984
At the end of year	**1 995**	(1 059)

[2] *In the current and prior financial year, additional investments in HMH was made by other shareholders in HMH, which resulted in a 1.96% (2021: 2.25%) dilution of RCL FOODS investment in HMH, resulting in a partial disposal of the foreign currency translation reserve to the income statement of R0,2 million (2021: R0,8 million). In the prior financial year, the Group acquired an additional 40% of L&A Logistics Limited in Zambia, which resulted in L&A Logistics Limited being controlled for accounting purposes. As a result, the foreign currency translation reserve relating to the investment in associate was recycled to profit or loss.*

		2022 R'000	2021 R'000
15. RETIREMENT BENEFIT OBLIGATIONS			
Post-retirement medical benefits		**115 725**	106 900
Post-retirement medical obligation			
The obligation of the Group to pay certain medical aid benefits after retirement is no longer part of the conditions of employment. A number of pensioners and current employees, however, remain entitled to this benefit. The entitlement to this benefit is dependent upon the employee remaining in service until retirement age. The Group also provides certain medical aid benefits to certain retired employees of Foodcorp Proprietary Limited and RCL Foods Sugar & Milling Proprietary Limited. The last valuation date was June 2022. The unfunded liability for post-retirement medical aid benefits is determined actuarially each year and comprises:			
At the beginning of the year		**106 900**	101 269
Recognised as expense in the current year		**12 420**	12 331
Interest costs		**12 075**	11 452
Past service credit and settlements[1]		**(1 019)**	(673)
Current service costs		**1 364**	1 552
Remeasurements:			
		3 320	(461)
Loss from change in financial assumptions		**4 761**	4 549
Experience gain recognised		**(1 441)**	(5 010)
Benefits paid		**(6 915)**	(6 239)
At the end of the year (and balance per actuarial valuation)		**115 725**	106 900
The principal actuarial assumptions are:			
Discount rate	(%)	**9.3 to 11.2**	8.2 to 12.6
Healthcare cost inflation	(%)	**7.9 to 8.8**	6.7 to 9.6
Mortality – pre-retirement		*****	*
Mortality – post-retirement		******	**
Expected contributions for the forthcoming year ending June		**5 917**	5 142

[1] *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.*

* *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 5 and 20 years (2021: 5 and 21 years).

15. 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%**	**(5 404)**	**5 872**
Healthcare cost inflation	**1.0%**	**12 757**	**(10 931)**

RETIREMENT CONTRIBUTION PLANS

Pension and provident fund schemes

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

Defined contribution pension and provident fund schemes

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

	2022 R'000	2021 R'000
– RCL FOODS Pension Fund	**72 922**	67 922
– RCL FOODS Provident Fund	**240 607**	197 025
– Namflex Pension Fund	**1 293**	1 221
– TSB ABSA Retirement Fund	**20 812**	20 142
– SATAWU Provident Fund	**3 883**	3 905
– TSB Agricultural Provident Fund	**4 458**	4 001
– TSB NBC Provident Fund	**7 142**	6 932
– Foodcorp Provident Fund[1]	**214**	24 910
– Alexander Forbes	**6 696**	6 061
– Old Mutual – SACCAWU	**5 473**	5 397
– FAWU	**467**	454
Total	**363 967**	337 970

[1] *During the current financial year, certain employees were transferred from the Foodcorp Provident Fund to the RCL FOODS Provident Fund.*

	2022 R'000	2021 R'000
16. INTEREST-BEARING LIABILITIES		
Long-term		
Institutional borrowings	**27 473**	29 984
Loan from Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited	**142 585**	73 023
Lease liabilities (refer to note 17)	**730 482**	1 250 568
Term-funded debt package	**1 225 000**	2 012 500
Loan from Siphumelele Tenbosch Trust		7 476
Loan from Matsamo Communal Property Association		1 780
Loan from Inclusive Farming Partnership Proprietary Limited	**27 104**	
Loans from Akwandze Agricultural Finance Proprietary Limited	**116 667**	150 000
Total	**2 269 311**	3 525 331
Short-term		
Institutional borrowings	**2 511**	2 511
Lease liabilities (refer to note 17)	**155 130**	164 481
Loan from Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited	**11 370**	3 362
Current portion of term-funded debt package	**787 500**	337 500
Loan from Green Create W2V SA Proprietary Limited	**94 578**	102 600
Current portion of long-term loan from Akwandze Agricultural Finance Proprietary Limited	**33 334**	33 366
Current portion of long-term loan from Inclusive Farming Partnership Proprietary Limited	**3 326**	
Short-term loans from Akwandze Agricultural Finance Proprietary Limited	**178 856**	210 871
Total	**1 266 605**	854 691

INSTITUTIONAL BORROWINGS

Institutional borrowings are loans from Futuregrowth Asset Management Proprietary Limited with a carrying value in non-current liabilities of R27,5 million (2021: R30,0 million) and an amount of R2,5 million included in short-term institutional borrowings (2021: R2,5 million). These loans were used to fund certain contract grower operations in the Rainbow business unit. These loans bear interest at the three-month JIBAR with a margin of between 1.5 % and 4.25% per annum (2021: 1.5% and 4.25% per annum). The outstanding loan together with the accrued interest is required to be repaid in instalments based on the contract growers operating cycle at intervals of between 40 and 50 days between payments.

The carrying amount of institutional borrowings approximate its fair value.

LOAN FROM GREEN CREATE W2V SA PROPRIETARY LIMITED

Green Create W2V SA Proprietary Limited is a 50% shareholder in Matzonox Proprietary Limited which houses the Group's Waste-to-Value operations.

Green Create W2V SA Proprietary Limited has provided finance related to the construction of a Waste-to-Value plant in Rustenburg.

Borrowings with a carrying value of R94,6 million (2021: R102,6 million) are included in current liabilities.

The loan is unsecured. Interest accrues at the prime rate plus 5% per annum. The loan is repayable by December 2022.

The funding to Matzonox Proprietary Limited has been provided in equal proportions by Green Create W2V SA Proprietary Limited and the RCL FOODS Group. The Group's portion of the funding (R94,6 million) has been eliminated on consolidation.

The carrying amount of the loan approximates its fair value.

16. INTEREST-BEARING LIABILITIES CONTINUED

LOANS FROM FACILITY FOR INVESTMENTS IN RENEWABLE SMALL TRANSACTIONS (RF) PROPRIETARY LIMITED

During 2020 a loan from the Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited (FIRST) was obtained in Matzonox Proprietary Limited. FIRST is a debt funding platform created through a partnership between international development funding and a South African commercial bank to unlock funding for small renewable projects.

This loan accrues interest at three-month JIBAR plus 4.08%. The loan is repayable quarterly over a ten-year term.

The loan is secured by:

- A notarial bond registered over the Worcester Waste-to-Value plant.
- Certain bank accounts held with First National Bank (Debt-service and Maintenance Reserve Accounts).
- The shares held by shareholders in Matzonox Proprietary Limited.

The carrying amount of the loan approximates its fair value with a carrying value in non-current liabilities of R69,1 million (2021: R73,0 million) and an amount of R3,9 million included in short-term borrowings (2021: R3,4 million).

During the current year a further loan from the FIRST was obtained in Matzonox Proprietary Limited.

This loan accrues interest at three-month JIBAR plus 3.95%. The loan is repayable quarterly over a ten-year term.

The loan is secured by:

- A notarial bond registered over the Rustenburg Waste-to-Value plant.
- Certain bank accounts held with First National Bank (Debt-service and Maintenance Reserve Accounts).
- The shares held by shareholders in Matzonox Proprietary Limited.

The carrying amount of the loan of approximates its fair value with a carrying value in non-current liabilities of R73,5 million and an amount of R7,5 million included in short-term borrowings.

TERM-FUNDED DEBT PACKAGE

During the 2019 financial year, the Group restructured its term-funded debt package. The restructuring resulted in the existing loan of R2,85 billion being replaced with a R2,35 billion debt package.

The debt package has a five-year term expiring in December 2023, with interest at a rate of three-month JIBAR plus a margin of between 1.5% to 1.55%.

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

Type	Amount R'000	Term	Effective interest rate
Facility A	1 006 250	5 years	6.04%
Facility B	1 006 250	5 years	6.00%
Total	**2 012 500**		

The loan profile for each financial year ended is as follows:

Financial year ending	Capital repayments R'000	Balance R'000
4 July 2021		2 350 000
3 July 2022	(337 500)	2 012 500
2 July 2023	(787 500)	1 225 000
30 June 2024	(1 225 000)	

16. INTEREST-BEARING LIABILITIES CONTINUED

In the event of default on the term-funded debt package, the applicable interest rate will be increased by 2.0% until the default no longer exists.

The terms of the term-funded debt package require lender pre-approval for the following – but not limited to – specified events:

- Any acquisition where the entity to be acquired does not have a positive 12-month EBITDA and cash flow, and the purchase price is in excess of R500,0 million;
- Any loan or financial support to a community-based joint venture (as defined) as well as Akwandze in excess of R1 350,0 million during the term of the debt package;
- More than three dividends paid in a financial year;
- Entering into acquisitions and the payment of dividends requires the Group to meet the financial covenants specified in the term-funded debt package agreement both immediately after the proposed transaction and on a look forward basis for the next interim and year-end reporting date after the proposed transaction; and
- In addition, there are various transactions in the normal course of business which require that the Group remain within the specified financial covenants.

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

	June 2022	June 2021
Senior leverage ratio	**< 3.00:1**	< 3.00:1
Senior interest cover	**> 3.50:1**	> 3.50:1

For the year ended June 2022, the Group was within the limits of its financial covenants.

The obligations in respect of the debt package discussed above, have been guaranteed by each of Foodcorp Proprietary Limited, RCL Foods Treasury Proprietary Limited, RCL Foods Sugar & Milling Proprietary Limited, RCL Foods Consumer Proprietary Limited, Rainbow Farms Investments Proprietary Limited, RCL Group Services Proprietary Limited and Vector Logistics Proprietary Limited. The above loans of the term-funded debt package are unsecured.

The fair value of the term-funded debt package at June 2022 amounted to R2,04 billion (2021: R2,35 billion). The fair value is calculated by discounting the future cash flows over the period of the loan and is within level 2 of the fair value hierarchy. The discount rate is based on the South African Sovereign Zero-Coupon Swap Curve with the contractual margin charged by the lenders as a credit spread.

LOAN FROM SIPHUMELELE TENBOSCH TRUST

During previous financial years, loans were granted to Mgubho Farming Services Proprietary Limited from Siphumelele Tenbosch Trust. Siphumelele Tenbosch Trust owns the land which Mgubho Farming Services Proprietary Limited leases for its farming activities and is a 50% shareholder of Mgubho Farming Services Proprietary Limited.

During the current financial year, the loans payable to Siphumelele Tenbosch Trust were converted to equity.

The funding to Mgubho Farming Services Proprietary Limited was provided in equal proportions by Siphumelele Tenbosch Trust and the RCL FOODS Group. The Group's portion of the funding was also converted to equity in the current year and has been eliminated on consolidation.

The carrying amount of these loans approximate their fair values.

16. INTEREST-BEARING LIABILITIES CONTINUED

LOAN FROM MATSAMO COMMUNAL PROPERTY ASSOCIATION

During previous financial years, loans were granted to Sivunosetfu Proprietary Limited from Matsamo Communal Property. Matsamo Communal Property owns the land which Sivunosetfu Proprietary Limited leases for its farming activities and is a 50% shareholder of Sivunosetfu Proprietary Limited.

During the current financial year, the loans payable to Matsamo Communal Property Association were converted to equity.

The funding to Sivunosetfu Proprietary Limited was provided in equal proportions by Matsamo Communal Property Association and the RCL FOODS Group. The Group's portion of the funding was also converted to equity in the current year and has been eliminated on consolidation.

The carrying amount of these loans approximate their fair values.

LOANS FROM AKWANDZE AGRICULTURAL FINANCE PROPRIETARY LIMITED

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

The long-term loans amounting to R150,0 million (2021: R183,4 million) from Akwandze Agricultural Finance Proprietary Limited capital portion is repayable half yearly over a period of six years in equal instalments while interest is payable quarterly. The loan bears interest at a prime interest rate less 1% per annum.

The R150,0 million financing facility from Akwandze Agricultural Finance Proprietary Limited bears interest at prime rate less 1%. The facility is repayable on demand.

These loans have been guaranteed by RCL Foods Sugar & Milling Proprietary Limited.

The short-term loan amounting to R28,9 million (2021: R60,9 million) from Akwandze Agricultural Finance Proprietary Limited is unsecured, payable on demand and bears interest at a variable rate of 3.65% (2021: 3.55%) per annum.

The carrying amount of these loans approximate their fair values.

LOANS FROM INCLUSIVE FARMING PARTNERSHIP PROPRIETARY LIMITED

During the current financial year, a loan of R36,0 million was granted by Inclusive Farming Partnership Proprietary Limited. The capital portion of the loan is repayable annually over a period of eight years in equal instalments and interest is payable annually. The loan bears interest at 3% per annum. The loan was revalued at a fair value interest rate of 7.25% per annum and the corresponding deferred income of R5,6 million was recognised in the statement of financial position at year-end.

The carrying amount of these loans approximates their fair values.

	2022 R'000	2021 R'000
17. LEASES		
Assets		
The recognised right-of-use assets relate to the following types of assets:		
Land and buildings	**435 696**	982 010
Plant and equipment	**31 849**	42 416
Vehicles	**57 039**	80 795
Total right-of-use assets	**524 584**	1 105 221
Additions to the right-of-use assets during the current financial year were R112,7 million (2021: R75,7 million).		
For further detail refer to note 1.		
Liabilities		
Long-term		
Lease liabilities	**730 482**	1 250 568
Short-term		
Lease liabilities	**155 130**	162 509
Gross lease liabilities – minimum lease payments	**1 157 538**	2 382 999
Due within one year	**222 369**	277 417
Due within two to five years	**657 904**	916 087
Due later than five years	**277 265**	1 189 495
Future finance charges on lease liabilities	**(271 926)**	(967 950)
Present value of lease liabilities	**885 612**	1 415 049
Due within one year	**155 130**	164 481
Due within two to five years	**498 296**	575 671
Due later than five years	**232 186**	674 897
	885 612	1 415 049

For further detail on interest expense relating to the lease liabilities refer to note 23.

LEASE PAYMENTS NOT RECOGNISED AS A LIABILITY

The expense relating to payments not included in the measurement of the lease liability has been disclosed in note 22.

The payments relating to the IFRS 16 lease liabilities have been disclosed in Note D to the Cash Flow Statement.

Certain property leases in the Sugar segment are linked to local recoverable value prices and are variable in nature.

At 3 July 2022, the Group has future lease commitments in relation to short-term leases of R7,2 million (2021: R12,2 million).

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. Approximately 2.9% (2021: 3.9%) of the total lease payments made in the 12 months to June 2022 were optional. Optional lease payments relate to payments made on leases for which the Group is in the extension option period.

Potential future cash outflows of R1 000,4 million (2021: R349,0 million) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

During the current financial year, contractual terms relating to certain leases within Vector Logistics were revised which resulted in reassessments of extention periods; reductions in scope; and/or early exits of the contract. These contractual changes resulted in a decrease of R367,1 million in right-of-use asset and a R395,5 million decrease in the lease liability. In addition, the early exit on certain vehicle lease contracts resulted in a R0,6 million reduction in right-of-use assets and a R11,9 million reduction in the lease liability. Gains and losses on lease modifications are recognised in profit or loss.

	2022 R'000	2021 R'000
18. TRADE AND OTHER PAYABLES		
Long-term		
Other payables		461
Total		461
Short-term		
Trade payables	**4 344 567**	3 368 893
Accruals	**2 096 875**	1 470 410
Other payables	**1 359 356**	1 243 768
Total	**7 800 799**	6 083 071

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

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

Included in accruals and other payables above are non-financial liabilities of R424,9 million (2021: R648,5 million).

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

	2022 R'000	2021 R'000
Rand	**7 384 559**	6 057 147
USD	**32 671**	29
Namibian Dollar	**23 706**	9 440
GBP	**90 450**	548
EUR	**192 974**	670
Zambian Kwatcha	**76 439**	15 698
Total	**7 800 799**	6 083 532

	2022 R'000	2021 R'000
19. DEFERRED INCOME TAX		
Deferred income tax liability movement:		
At the beginning of the year	**1 051 561**	1 034 622
Charge for the year – income statement	**106 815**	23 583
(Credit)/charge for the year – other comprehensive income	**(671)**	276
Credit for the year – other[1]	**(79 240)**	(3 148)
Prior year overprovision	**(6 020)**	(3 772)
Change in tax rate	**(32 288)**	
At the end of the year	**1 040 157**	1 051 561
Deferred income tax liability comprises:		
Trademarks, property, plant and equipment	**1 017 255**	984 907
Inventories and biological assets	**274 885**	228 615
Provisions	**(211 660)**	(139 998)
Derivative financial instruments	**(6)**	17 248
Investment in associate	**35 724**	38 090
Losses available for set-off against future taxable income	**(114 362)**	(86 515)
Right-of-use assets	**23 072**	14 192
Other	**15 249**	(4 978)
Total	**1 040 157**	1 051 561
Deferred tax liability due after 12 months	**971 972**	884 425
Deferred tax liability due within 12 months	**68 185**	167 136
Total	**1 040 157**	1 051 561
Deferred income tax asset movement:		
At the beginning of the year	**99 742**	86 428
Credit for the year – income statement	**24 947**	16 766
Charge for the year – other comprehensive income	**155**	
Credit for the year – other[1]	**(79 240)**	(3 148)
Prior year (under)/over provision	**(1 003)**	1 536
Acquisition of business		(1 826)
Exchange differences arising on translation	**214**	(14)
Change in tax rate	**620**	
At the end of the year	**45 435**	99 742
Deferred income tax asset comprises:		
Trademarks, property, plant and equipment	**(18 811)**	5 721
Provisions	**47 822**	168 127
Derivative financial instruments		11 446
Losses available for set-off against future taxable income	**58 791**	61 633
Right-of-use assets	**(31 878)**	(62 144)
Other	**(10 489)**	(85 041)
Total	**45 435**	99 742
Deferred tax assets due after 12 months	**(47 937)**	(17 918)
Deferred tax assets due within 12 months	**93 372**	117 660
Total	**45 435**	99 742

[1] *During the current year entities moved from a deferred tax asset position to a deferred tax liability position.*

19. DEFERRED INCOME TAX CONTINUED

Deferred tax is calculated on all temporary differences under the liability method using a principal tax rate of 27.0% (2021: 28.0%) , 32.0% (2021: 32.0%) for Vector Logistics Limited (Namibia) and 35.0% (2021: 35.0%) for L&A Logistics Limited (Zambia).

The revised South African corporate tax rate is applicable for years of assessment ending on or after 31 March 2023 and will be applicable to the Group for the 2023 financial year.

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.

The deferred income tax assets related to assessed losses consist mainly of assessed losses arising in the current financial period in Vector Logistics Proprietary Limited and Matzonox Proprietary Limited whose forecasts support the utilisation of the loss in the next financial period.

During the current year entities moved from a deferred tax asset position to a deferred tax liability position.

The Group has total assessed losses amounting to R413,3 million (2021: R347,5 million) and capital losses of R76,9 million (2021: R76,9 million) that have not been recognised as a deferred tax asset in the current financial year.

Deferred tax assets of R89,9 million (2021: R85,0 million) have not been recognised as it is not envisaged that there will be future taxable profits in the foreseeable future against which the deferred tax asset can be utilised. The unrecognised deferred tax assets relate to Vector Logistics Limited Namibia, and the 50%-owned sugar cane-grower companies (refer note 35). The recognition of the deferred tax assets in these companies will be reassessed when performance of the entities begin show sustained improvement and it appears likely that there will be future taxable profits available to offset these assessed losses. The assessed losses do not have an expiry date. A portion of the unrecognised deferred tax on assessed losses has been utilised in the current year due to profits made. A breakdown of the deferred tax asset not recognised is provided below:

	2022 R'000	2021 R'000
Deferred income tax asset not recognised comprises:		
Provisions	**3 149**	2 928
Trademarks, property, plant and equipment	**18 223**	9 299
Inventories and biological assets	**(60 748)**	(38 469)
Assessed loss not recognised as deferred tax asset	**115 917**	106 602
Other	**13 364**	4 590
	89 905	84 950

20. DEFERRED INCOME

	2022 R'000	2021 R'000
Non-current liabilities		
Deferred income	**4 474**	
Current liabilities		
Deferred income	**2 768**	2 078

Deferred income includes unearned funding from AGRISETA amounting to R1,6 million (2021: R2,1 million) which will be utilised to offer apprentices bursaries and for staff development and IFRS 9 adjustments on loans received from Inclusive Farming Partnership Proprietary Limited in Libuyile Farming Services Proprietary Limited, Mgubho Farming Services Proprietary Limited and Sivunosetfu Proprietary Limited amounting to R5,6 million in the current year (2021: Rnil). The loans were granted at an interest rate of 3% which is below the market-related interest rate. The fair value of the loans was calculated using the prime lending rate less 1%, which is the rate the Group considers to be market-related.

21. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with customers

	2022 R'000	2021* R'000
Revenue from contracts with customers	**34 906 972**	31 687 850
Groceries	**6 005 897**	5 521 971
Groceries	**5 284 478**	4 813 011
Sundry sales[1]	**721 419**	708 960
Baking	**6 214 488**	5 848 982
Sugar	**9 001 341**	8 397 667
Rainbow	**11 384 801**	10 335 889
Rainbow	**11 022 347**	9 994 730
Sundry sales[1]	**362 454**	341 159
Vector Logistics	**3 691 934**	3 153 570
Group[2]	**189 706**	152 166
Sales between segments[3]	**(1 581 195)**	(1 722 395)
Timing of revenue recognition[4]	**34 906 972**	31 687 850
Point in time	**32 605 741**	29 432 885
Over time	**2 301 231**	2 254 965
Major customers		
Revenue from the Group's top five customers is as follows:		
– customer A	**3 138 497**	3 372 787
– customer B	**2 320 562**	2 160 921
– customer C	**1 873 638**	2 252 341
– customer D	**1 845 198**	2 149 436
– customer E	**1 730 093**	1 798 783
The above revenue is included in the segments above.		
Analysis of revenue		
Sale of food products	**28 936 088**	26 418 782
Sale of feed	**3 704 225**	3 014 103
Sale of services	**2 266 659**	2 254 965
Total	**34 906 972**	31 687 850
Revenue outside of South Africa		
Vector Logistics Limited (Namibia)	**196 004**	130 279
L&A Logistics Limited (Zambia)	**381 961**	46 303

[1] *Sundry sales consist of poultry by-products and sunflower-oil and -cake. The sale of these items arise in the course of the Group's ordinary activities but are considered cost recoveries as they are by-products of the Group's core operations.*

[2] *Group revenue relates to management fees earned for shared services performed for Siqalo Foods Proprietary Limited and LIVEKINDLY Collective Africa Proprietary Limited.*

[3] *Refer to note 28 for further detail.*

[4] *Revenue recognised at a point in time relates to the sale of goods whilst revenue recognised over time relates to the sale of services certain goods for which payment is deferred.*

* *The revenue figure in the comparative period has been restated to include the Group's Waste-to-Value operations, as part of the Rainbow business for segmental reporting purposes. The Waste-to-Value results were previously included as part of the Group segment.*

22. OPERATING PROFIT

	2022 R'000	2021 R'000
Revenue from contracts with customers	**34 906 972**	31 687 850
Cost of sales	**(25 979 578)**	(23 708 440)
Gross profit	**8 927 394**	7 979 410
Administration expenses	**(2 351 696)**	(2 203 383)
Selling and marketing expenses	**(1 465 199)**	(1 279 968)
Distribution expenses	**(4 550 642)**	(3 747 873)
Net Impairments[1] (refer note 1 and note 2)	**(14 345)**	(9 820)
Other income	**1 060 303**	738 439
Operating profit	**1 605 815**	1 476 805
Material and disclosable items – other income:		
Profit on disposal of property, plant and equipment	**21 609**	33 133
Profit on disposal of assets held for sale	**6 104**	3 142
Fair value adjustment on biological assets	**359 955**	277 867
Fair value adjustment on derivatives	**362 177**	214 208
Gain on remeasurement of leases	**34 472**	21 001
Gain on deemed disposal of associate		16 397
Fair value gain on remeasurement of financial asset		98 388
Bagasse and electricity income	**22 560**	28 655
Foreign exchange gains	**59 353**	46 512
Loss allowance reversed – loans receivable	**60 942**	
Insurance proceeds[3]	**64 795**	26 369
Rental income – operating leases	**12 732**	7 775
Material and disclosable items – expenses:		
Technical consultants and legal fees	**109 042**	85 694
Fair value adjustment on derivatives	**130 061**	102 320
Net impairments	**14 345**	9 820
Impairment of property, plant and equipment and right-of-use assets	**105 905**	12 940
Impairment reversed[2]	**(253 200)**	(3 120)
Impairment of goodwill	**161 640**	
Loss allowance – loans receivable		18 662
Lease payments	**364 959**	520 105
– low-value lease expense	**1 179**	132
– variable lease payments	**59 650**	117 880
– short-term lease expense	**304 130**	402 093
Contract grower fees	**454 357**	418 983
Loss allowance – trade receivables[4]	**(2 114)**	10 247
Foreign exchange losses	**32 073**	42 470
Inventory expense	**19 843 271**	17 577 223
Fuel and gas	**803 909**	628 710
Utilities	**1 365 869**	1 235 484
Repairs and maintenance expense	**1 151 600**	1 063 948
Loss on disposal of property, plant and equipment and intangible assets	**23 204**	15 744
Directors' remuneration	**56 977**	23 433
– executive	**50 582**	17 029
– non-executive	**6 395**	6 404

[1] *Net impairment on property, plant and equipment and intangible assets.*
[2] *Impairment reversal relates to property, plant and equipment and intangible assets.*
[3] *Insurance proceeds are disclosed net of the loss of R297,0 million incurred in respect of the fire at the Komatipoort sugar warehouse.*
[4] *The decrease in the loss allowance – trade receivables was mainly due to an update of loss rates in the current year. Refer to note 9 for further detail.*

	2022 R'000	2021 R'000
22. OPERATING PROFIT CONTINUED		
Staff costs	**5 775 829**	5 279 384
– salaries and wages	**4 950 913**	4 534 418
– share-based payments	**93 653**	74 897
– retirement benefit costs	**363 967**	337 970
– other post-employment benefits	**11 300**	10 411
– retrenchment costs	**13 294**	21 658
– other	**342 702**	300 030
B-BBEE expense	**9 694**	17 600
Administration fee paid to Group holding company	**25 868**	24 723
Auditors' remuneration	**28 640**	28 049
– fees for the audit	**25 023**	23 605
– prior year under provision	**1 164**	1 950
– disbursements	**150**	119
– fees for other services	**2 303**	2 375
23. FINANCE COSTS		
Interest – financial institutions	**150 047**	136 936
Fair value adjustment on interest rate collar option	**3 667**	(3 036)
Transaction costs on term-funded debt	**1 014**	1 462
Interest – Holding company, joint ventures and associates	**21 585**	27 552
Interest on lease liabilities	**79 428**	119 248
Interest – other	**55 881**	43 999
Total	**311 622**	326 161
24. FINANCE INCOME		
Interest – financial institutions	**35 229**	27 717
Interest – Holding company, joint ventures and associates	**1 638**	2 018
Interest – other	**3 529**	7 318
Total	**40 396**	37 053

	2022 R'000	2021 R'000
25. INCOME TAX EXPENSE		
Current tax	**369 621**	337 315
South African	**342 133**	329 519
Foreign	**14 615**	8 592
Prior year under/(over) provision	**12 873**	(796)
Deferred tax	**43 940**	1 509
South African	**84 244**	5 625
Foreign	**(2 379)**	1 192
Change in tax rate	**(31 285)**	
Prior year over provision	**(6 640)**	(5 308)
Total	**413 561**	338 824
Reconciliation of tax rate:		
Profit before tax	**1 391 245**	1 334 581
Tax charge at 28%	**389 549**	373 683
– capital gains tax	**1 633**	2 050
– tax rate change	**(31 285)**	
– foreign taxation	**8 260**	8 592
– share of associates' profits	**(4 970)**	(37 954)
– share of joint ventures' profits	**(10 892)**	(3 173)
– non-taxable income	**(13 680)**	(33 806)
– prior year under/(over) provision – current	**12 873**	(796)
– prior year overprovision – deferred	**(6 639)**	(5 308)
– non-deductible impairment of assets	**45 259**	
– non-deductible impairment of loan		3 965
– non-taxable reversal of impairment of loan	**(17 063)**	
– non-taxable profit on disposal of assets	**(1 520)**	
– unrecognised deferred tax on losses made	**11 000**	2 915
– utilisation of unrecognised deferred tax on assessed losses	**(295)**	(8 165)
– withholding tax on undistributed profits of associate	**(2 365)**	5 768
– non-deductible IFRS 2 charges	**19 979**	23 336
– non-deductible depreciation and amortisation	**4 281**	5 905
– Section 11D deduction – Research and Development	**(3 376)**	(3 263)
– non-deductible listed company expenses	**12 143**	4 609
– other non-deductible items	**669**	466
Tax charge	**413 561**	338 824

The tax effects relating to items of other comprehensive income are disclosed on the face of the statement of other comprehensive income.

26. 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 B-BBEE transaction, the RCL FOODS Share Appreciation Rights Scheme and RCL FOODS Conditional Share Plan (refer to notes 12 and 33). 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.

26. EARNINGS AND HEADLINE EARNINGS PER SHARE CONTINUED

		2022 R'000	2021 R'000
Earnings			
Profit attributable to equity holders of the Company		**1 013 361**	992 909
Weighted average number of ordinary shares in issue			
Weighted average number of ordinary shares in issue – basic earnings per share	(000)	**888 700**	888 246
Share option dilution impact	(000)	**7 667**	1 028
Weighted average number of shares – diluted earnings per share	(000)	**896 367**	889 274

	Gross R'000	Net R'000
Headline earnings – June 2022		
Headline earnings reconciliation:		
Profit for the year attributable to equity holders of the Company		**1 013 361**
Net impairments	**(2 519)**	**46 357**
Insurance proceeds on fixed assets	**(920)**	**(662)**
Profit on disposal of property, plant and equipment	**(21 606)**	**15 558**
Loss on disposal of property, plant and equipment and intangible assets	**23 204**	**16 707**
Profit on disposal of assets held for sale	**(6 103)**	**(4 392)**
Change in interest of associate	**(2 768)**	**(2 768)**
Loss on disposal of property, plant and equipment included in equity accounted earnings of associates	**1 278**	**927**
Headline earnings		**1 053 972**
Headline earnings – June 2021		
Headline earnings reconciliation:		
Profit for the year attributable to equity holders of the Company		992 909
Net impairments	9 819	7 070
Insurance proceeds	(1 713)	(1 234)
Profit on disposal of property, plant and equipment	(36 275)	(29 744)
Loss on disposal of property, plant and equipment and intangible assets	15 998	11 519
Gain on deemed disposal of associate	(16 396)	(16 396)
Change in interest of associate	(2 298)	(2 298)
Profit on disposal of property, plant and equipment included in equity accounted earnings of associates	(341)	(247)
Net impairments included in equity accounted earnings of associates	(2 563)	(1 858)
Gain on bargain purchase included in equity accounted earnings of associates	(2 182)	(1 582)
Headline earnings		958 139

		2022 R'000	2021 R'000
Earnings per share			
– basic	(cents)	**114.0**	111.8
– diluted	(cents)	**113.1**	111.7
Headline earnings per share			
– basic	(cents)	**118.6**	107.9
– diluted	(cents)	**117.6**	107.7

	2022 R'000	2021 R'000
27. DIVIDENDS PER SHARE		
Interim – paid: 15.0 cents (2021: 15.0 cents)	**133 420**	133 237
Final[1] – declared: 30.0 cents (2021: 30.0 cents)	**266 840**	266 474
Total: 45.0 cents (2021: 45.0 cents)	**400 260**	399 711

[1] *Since the final dividend was declared subsequent to year-end, it has not been provided for in the consolidated financial statements.*
A final dividend of 30.0 cents per share was declared for the financial period ended June 2022. The dividend will be paid on 24 October 2022. The last date to trade to receive a dividend will be 18 October 2022. The RCL FOODS share will commence trading "ex" dividend from the commencement of business on 19 October 2022 and the record date will be 21 October 2022.
The dividend of R266,8 million represents the dividend based on the shares in issue for accounting purposes. The total dividend based on the statutory shares in issue is R286,0 million. The difference of R19,1 million in the dividend amount is due to 63 830 231 shares issued in terms of the B-BBEE transaction. These shares are not considered to be issued for accounting purposes and thus the related dividend is not disclosed. Refer to notes 12 and 33 for further details.

28. OPERATING SEGMENTS

During the current financial year a new executive structure and operating model have been implemented as part of RCL FOODS' ongoing evolution. As a result of Paul Cruickshank being appointed Chief Executive Officer (CEO) from 1 December 2021, following Miles Dally's retirement, the roles of CEO and Chief Operating Officer (COO) were consolidated, integrating the RCL FOODS Group executive team and the former Food Division executive team into a single executive structure.

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

The RCL FOODS Value-Added Business segment is made up of the following segments:

- Groceries: Culinary (includes Mayonnaise, Peanut Butter, Rusks etc.) and Pet Food (previously Grocery), Pies and Beverages operations;
- Baking: including the Milling, Speciality, Sunbake bakeries and Buns and Rolls (the latter two previously Baking) operations;
- Sugar: including Sugar and molasses-based feed (Molatek, previously included in the Animal Feed business unit) operations.

The Rainbow segment includes the chicken business, grain-based feed (Epol and Driehoek) and Waste-to-Value operations.

The Vector Logistics segment provides RCL FOODS and numerous third parties with multi-temperature warehousing and distribution, supply chain intelligence and sales solutions. In addition to facilitating the RCL FOODS integrated supply chain, the Vector Logistics segment has partnered with several leading food manufacturers, food service customers and retailers to distribute food products on their behalf across Southern Africa Proprietary Limited.

LKCA refers to the Group's investment in LIVEKINDLY Collective Africa Proprietary Limited.

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

28. OPERATING SEGMENTS CONTINUED

	2022 R'000	2021* R'000
Revenue from contracts with customers	**34 906 972**	31 687 850
Groceries	**6 005 897**	5 521 971
Baking	**6 214 488**	5 848 982
Sugar	**9 001 341**	8 397 667
Rainbow	**11 384 801**	10 335 889
Vector Logistics	**3 691 934**	3 153 570
Group[1]	**189 707**	152 166
Sales between segments:		
Groceries sales to Baking	**(1 464)**	(356)
Groceries sales to Sugar	**(9 498)**	(14 824)
Groceries sales to Rainbow	**(132 627)**	(194 367)
Groceries sales to Group	**(940)**	
Baking sales to Groceries	**(146 198)**	(151 431)
Baking sales to Sugar	**(1 076)**	(1 253)
Baking sales to Rainbow	**(128 640)**	(113 523)
Sugar sales to Groceries	**(84 221)**	(82 214)
Sugar sales to Baking	**(53 132)**	(67 746)
Sugar sales to Rainbow	**(4 843)**	(1 609)
Sugar sales to Vector Logistics	**(209)**	
Rainbow sales to Groceries	**(25 747)**	(24 451)
Rainbow sales to Sugar	**(7 070)**	
Vector Logistics sales to Groceries	**(262 415)**	(249 267)
Vector Logistics sales to Baking	**(24 374)**	(16 739)
Vector Logistics sales to Sugar	**(32 255)**	(31 288)
Vector Logistics sales to Rainbow	**(666 487)**	(773 327)
Operating profit before depreciation, amortisation and impairments (EBITDA)[2]	**2 595 656**	2 409 135
Groceries	**550 104**	557 843
Baking	**487 867**	520 586
Sugar	**816 962**	900 361
Rainbow	**347 111**	17 458
Vector Logistics	**334 684**	282 859
Group[3]	**78 364**	130 028
Unallocated restructuring costs[4]	**(19 436)**	
Depreciation, amortisation and impairments[5]	**(989 841)**	(932 330)
Operating profit	**1 605 815**	1 476 805
Groceries	**304 289**	434 355
Baking	**315 441**	352 539
Sugar	**817 206**	756 000
Rainbow	**89 667**	(209 487)
Vector Logistics	**143 696**	72 832
Group[3]	**21 039**	70 566
Unallocated restructuring costs[4]	**(85 523)**	

1 Group revenue relates to management fees earned for shared services performed for Siqalo Foods Proprietary Limited and the LIVEKINDLY Collective Africa Proprietary Limited

2 Includes net expected credit losses reversed on loans receivable and trade and other receivables of R63,1 million (2021: R24,1 million expected credit losses raised). Refer to notes 5 and 9 for further detail.

3 Includes the operating costs of RCL Foods Limited and RCL Group Services Proprietary Limited (shared services component), losses/gains on the Group's self-insurance arrangement and profit from management fees earned on shared services functions for Siqalo Foods Proprietary Limited and LIVEKINDLY Collective Africa Proprietary Limited.

4 Unallocated costs recognised as a result of the managed separation of the Rainbow business, due to the internal restructure.

5 Impairments relate only to impairments of property, plant and equipment and intangible assets.

** The results for the Rainbow and Group segments in the comparative period have been restated to reallocate the Group's Waste-to-Value operations, which now form part of Rainbow for segmental reporting purposes. The Waste-to-Value results were previously included as part of the Group segment.*

28. OPERATING SEGMENTS CONTINUED

	2022 R'000	2021 R'000
Operating profit	**1 605 815**	1 476 805
Finance costs	**(311 622)**	(326 161)
Finance income	**40 396**	37 053
Share of profits of joint ventures	**38 904**	11 331
Sugar	**26 113**	1 832
Vector Logistics	**12 791**	9 499
Share of profits/(losses) of associates	**17 752**	135 553
Sugar	**29 226**	128 697
LIVEKINDLY Collective Africa	**(6 745)**	504
Ugandan Operation	**(4 729)**	5 646
Vector Logistics		706
Profit before tax	**1 391 245**	1 334 581

	2022 R'000	2021* R'000
Assets		
Groceries	**4 367 134**	4 353 071
Baking	**3 824 770**	3 645 596
Sugar	**4 685 752**	4 434 385
Rainbow	**5 804 772**	4 674 756
Vector Logistics	**5 816 064**	5 391 247
Unallocated Group assets[1]	**1 775 249**	1 205 546
LIVEKINDLY Collective Africa	**149 884**	156 289
Set-off of inter-segment balances	**(2 448 331)**	(1 452 884)
Total per statement of financial position	**23 975 294**	22 408 006
Liabilities		
Groceries	**1 365 025**	1 270 546
Baking	**1 104 193**	1 033 555
Sugar	**2 048 174**	1 650 210
Rainbow	**2 186 383**	1 731 652
Vector Logistics	**5 896 809**	4 606 620
Unallocated Group liabilities[1]	**2 433 709**	2 874 640
Set-off of inter-segment balances	**(2 448 331)**	(1 452 884)
Total per statement of financial position	**12 585 962**	11 714 339

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

* *The balances for the comparative period has been restated to include the Group's Waste-to-Value operations, as part of the Rainbow business for segmental reporting purposes. The Waste-to-Value balances were previously included as part of the Group segment.*

28. OPERATING SEGMENTS CONTINUED

	2022 R'000	2021* R'000
Additions to property, plant and equipment and intangible assets		
Groceries		
Property, plant and equipment[1]	**103 180**	144 551
Intangible assets	**224**	
Baking		
Property, plant and equipment[1]	**296 868**	159 939
Intangible assets	**4 282**	3 715
Sugar		
Property, plant and equipment[1]	**341 065**	220 575
Intangible assets	**7 543**	5 264
Rainbow		
Property, plant and equipment[1]	**433 132**	289 191
Intangible assets	**1 234**	2 783
Vector Logistics		
Property, plant and equipment[1]	**208 024**	157 527
Intangible assets	**1 577**	4 542
Unallocated group segment[2]		
Property, plant and equipment[1]	**3 840**	3 659
Intangible assets	**12 379**	5 242
Impairment losses[3]		
Groceries	**107 357**	
Baking		52
Sugar	**88 011**	
Rainbow		2 088
Vector Logistics	**6 090**	10 799
Unallocated restructuring costs[4]	**66 087**	
Impairment losses reversed		
Groceries		3 120
Sugar	**253 200**	
Depreciation and amortisation		
Groceries	**138 458**	126 608
Baking	**172 426**	167 995
Sugar	**164 945**	144 361
Rainbow	**257 444**	224 856
Vector Logistics	**184 898**	199 227
Unallocated segment[2]	**57 325**	59 464

[1] *Property, plant and equipment additions include the right-of-use assets recognised in accordance with IFRS 16.*
[2] *Includes capital expenditure and depreciation and amortisation of RCL Group Services Proprietary Limited.*
[3] *These impairments relate only to impairments of property, plant and equipment, right-of-use assets and intangible assets.*
[4] *Relates to the impairment of the national office right-of-use building.*

29. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

The Group's financial instruments consist primarily of cash and cash equivalents, derivatives, loans receivable, trade and other receivables and payables and interest-bearing liabilities. In the normal course of business, the Group is exposed to credit, liquidity and market risk. In order to manage certain of these risks, the Group may enter into transactions which make use of derivatives. These include forward exchange contracts, currency futures and 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.

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

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

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk primarily relates to trade and other receivables, loans receivable, cash and cash equivalents and derivative financial instruments.

The Group's exposure to credit risk with regards to trade and other receivables is influenced mainly by the individual characteristics of each customer and there is no significant concentration of risk related to industry segments. The granting of credit is controlled by well-established criteria that are reviewed on a regular basis. The terms granted to trade debtors are determined by the respective credit policies of each operating subsidiary. The maximum exposure to credit risk at the reporting date is the carrying amount of each trade receivable (refer to note 9) and amounts guaranteed as disclosed in this note.

In the current year, 94.6% (2021: 90.9%) of the Group's trade debtors, which have not been specifically impaired, have been covered by credit insurance. Vector Logistics segment debtors in excess of R50 000 are selected for insurance cover with Lombard Insurance Company Limited (Lombard) which covered 90.0% of their trade debtors in the current financial year (2021: 92.2%). The RCL FOODS Value-Added Business segment business units (Groceries, Baking, Sugar) trade debtors are covered by Lombard Insurance on all debtors balances in excess of R50 000 which covered 100% of their debtors in the current financial year (2021: 90.2%). Animal Feed debtors within the Rainbow segment are covered by Lombard on all debtors balances in excess of R50 000 which covered 99.6% of their debtors in the current financial year. The Rainbow and a portion of the RCL FOODS Value-Added Business segment trade debtors represent large retail customers assessed as being a low risk of default. Rainbow and Groceries segment trade debtors are managed by the Vector Logistics segment and subject to the covers that Vector Logistics has in place. Credit insurance premiums are paid on a monthly basis based on net invoiced sales. The credit policy requires each new customer to be analysed individually for creditworthiness before delivery and payment terms are offered. The Group's review includes external ratings where available and in some cases bank references. Limits are established for each customer which represents the maximum trading amount without requiring further approval. These limits are reviewed on an ongoing basis. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group on a cash basis. Customers that default on payments are closely monitored and put on "stop supply" if required.

29. FINANCIAL RISK MANAGEMENT CONTINUED

Credit risk continued

Due to the short-term nature of these assets and historical experience, cash and cash equivalents are regarded as having a low probability of default and therefore the related expected credit loss is deemed not significant. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. Macroeconomic factors have been considered in assessing the credit risk of the Group's cash and cash equivalents, however the impact of changes in economic conditions is not expected to be material on the expected credit loss.

The table below shows the cash and cash equivalents allocated in terms of bank rating. These ratings are based on Moody's bank ratings.

	2022 R'000	2021 R'000
Rating		
Rating not available	**1 103**	
NP[1]	**1 563 828**	896 339
Cash on hand	**877**	630
Total	**1 565 808**	896 969

[1] *Credit ratings for financial institutions have been obtained from Moodys. Issuers, or supporting institutions, rated Not Prime (NP) do not fall within any of the prime rating categories.*

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

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 R2 450,0 million (2021: R2 450,0 million). Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding through draw down availability under committed and uncommitted credit lines. Management monitors rolling forecasts of the Group's cash and cash equivalents requirements on the basis of expected cash flow.

The Group's 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
2022						
Interest-bearing liabilities – non-current	**1 538 829**		**1 332 517**	**58 546**	**218 679**	**1 609 742**
Interest-bearing liabilities – current	**1 111 475**	**1 258 972**				**1 258 972**
Lease liabilities – non-current	**730 482**		**168 612**	**159 466**	**561 079**	**889 157**
Bank overdraft	**24 459**	**24 459**				**24 459**
Lease liabilities – current	**155 130**	**199 051**				**199 051**
Trade and other payables	**7 375 861**	**7 375 861**				**7 375 861**
Derivative financial liabilities	**2 018**	**2 018**				**2 018**
Total	**10 938 254**	**8 860 361**	**1 501 129**	**218 012**	**779 758**	**11 359 260**

29. FINANCIAL RISK MANAGEMENT CONTINUED

Liquidity risk continued

	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
2021						
Interest-bearing liabilities – non-current	2 274 763	129 521	957 412	1 313 751	186 373	2 587 057
Interest-bearing liabilities – current	690 210	700 180				700 180
Lease liabilities – non-current	1 250 568		234 745	214 777	1 624 974	2 074 496
Lease liabilities – current	164 481	269 970				269 970
Trade and other payables	5 435 018	5 435 018				5 435 018
Derivative financial liabilities	41 090	41 090				41 090
Total	9 856 130	6 575 779	1 192 157	1 528 528	1 811 347	11 107 811

Market risk

INTEREST RATE RISK

The Group is exposed to interest rate risk on its cash and cash equivalents, loans receivable and interest-bearing liabilities, which can have an impact on the cash flows of these instruments. The exposure to interest rate risk is managed through the Group's Board as well as the respective subsidiary companies by using counterparties that offer the best rates which enables the Group to maximise returns whilst minimising risk. The effective interest rate excluding the impact of foreign exchange revaluations for the year was 6.0% (2021: 5.1%).

The impact of a 3.0% increase in interest rates on the term-funded debt package will result in additional finance costs of R114,8 million (2021: R66,2 million). The impact of a 3.0% increase in interest rates on positive cash balances will result in additional finance income of R76,8 million (2021: R17,3 million). The net impact as such will result in additional finance costs of R38,0 million for the forthcoming financial year (2021: R9,7 million).

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 R416,2 million (2021: R26,4 million), trade and other receivables include net receivables of R125,5 million (2021: R90,2 million) in respect of sales and purchases in foreign currencies and cash and cash equivalents include cash balances of R0,8 million (2021: R15,2 million) relating to cash denominated in foreign currency. The currencies predominantly traded in by the Group are USD, GBP, ZMK, Namibian Dollar and EUR. As a result, the Group is subject to exposure from fluctuations in foreign currency exchange rates. The Group utilises forward exchange contracts, currency futures and options to minimise foreign currency exchange risk in terms of its risk management policy. All forward exchange contracts, futures and currency options are supported by underlying transactions.

29. FINANCIAL RISK MANAGEMENT CONTINUED

Market risk continued

FOREIGN CURRENCY RISK CONTINUED

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

	Average rate R	Foreign contract amount '000	Fair value of FECs R'000
June 2022			
USD FECs – assets[1]	**16.50**	**1 368**	**769**
USD FECs – liabilities	**16.41**	**(5 154)**	**1 768**
USD Futures – assets[1]	**16.59**	**26 722**	
EUR Futures – assets[1]	**17.42**	**862**	
EUR currency options – liabilities[1]		**215**	
USD currency options – liabilities[1]		**22 600**	
June 2021			
USD FECs – assets[1]	14.33	429	238
USD FECs – liabilities	14.43	(8 380)	1 171
USD Futures – assets[1]	14.54	58 400	
EUR Futures – assets[1]	17.14	827	
EUR FECs – liabilities[1]	16.96	15	26
EUR currency options – assets[1]		(876)	
EUR currency options – liabilities[1]		876	
USD currency options – liabilities[1]		6 380	

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

29. FINANCIAL RISK MANAGEMENT CONTINUED

Market risk continued

FOREIGN CURRENCY RISK CONTINUED

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

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

	2022 R'000	2021 R'000
Forward exchange contracts, currency futures and options		
10% increase in the value of the EUR against the rand	**1 112**	1 794
10% decrease in the value of the EUR against the rand	**(1 171)**	(1 984)
15% increase in the value of the USD against the rand	**(38 136)**	
15% decrease in the value of the USD against the rand	**47 482**	
10% increase in the value of the USD against the rand		(52 862)
10% decrease in the value of the USD against the rand		54 744
Trade receivables		
10% increase in the value of the USD against the rand	**293**	2 891
10% decrease in the value of the USD against the rand	**(293)**	(2 891)
10% increase in the value of the ZMW against the rand	**4 566**	
10% decrease in the value of the ZMW against the rand	**(4 566)**	
Cash and cash equivalents		
10% increase in the value of the USD against the rand	**686**	648
10% decrease in the value of the USD against the rand	**(686)**	(648)
10% increase in the value of the ZMW against the rand	**581**	
10% decrease in the value of the ZMW against the rand	**(581)**	
Trade payables		
10% increase in the value of the USD against the rand	**(1 238)**	(329)
10% decrease in the value of the USD against the rand	**1 238**	329
10% increase in the value of the EUR against the rand	**(12)**	(331)
10% decrease in the value of the EUR against the rand	**12**	331
10% increase in the value of the GBP against the rand	**(20)**	54
10% decrease in the value of the GBP against the rand	**20**	(54)
10% increase in the value of the ZMW against the rand	**(7 644)**	
10% decrease in the value of the ZMW against the rand	**7 644**	

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

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 minimise commodity price volatility in order to meet forecast requirements, ideally at the lowest cost for both internal 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 purposes of fixing forward requirements.

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

29. FINANCIAL RISK MANAGEMENT CONTINUED

Market risk continued

WHEAT, SUNFLOWER, MAIZE, SOYA AND SOYA OIL[1]

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

This analysis represents the impact on profit/(loss) as a result of a parallel shift in the forward curve (up and down) on the value of the hedged positions of the underlying commodities at June.

	2022 R'000
Sunflower seeds – 20% increase	**56 475**
Sunflower seeds – 20% decrease	**(56 475)**
Maize – 25% increase	**24 996**
Maize – 25% decrease	**(38 798)**
Soya Oil – 15% increase	**6 124**
Soya Oil – 15% decrease	**(6 736)**
Soya – 15% increase	**80 452**
Soya – 15% decrease	**(78 022)**
Wheat – 25% increase	**12 653**
Wheat – 25% decrease	**(23 584)**

	2021 R'000
Sunflower seeds – 20% increase	34 229
Sunflower seeds – 20% decrease	(34 229)
Maize – 25% increase	23 996
Maize – 25% decrease	(42 555)
Soya Oil – 10% increase	625
Soya Oil – 10% decrease	(625)
Soya – 10% increase	39 745
Soya – 10% decrease	(41 482)
Wheat – 10% increase	7 067
Wheat – 10% decrease	(7 067)

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

RCL Foods Consumer Proprietary Limited has entered into contract grower agreements with various counterparties to procure broiler chickens for the forthcoming financial year. Fees payable to the contract growers are accrued for based on the stage of completion of the broiler cycle at year-end. The commitment value as at June 2022 was R20,9 million (2021: R13,3 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 invested capital (ROIC) in excess of its weighted average cost of capital. In 2022, ROIC was 8.8% (2021: 8.5%).

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

29. FINANCIAL RISK MANAGEMENT CONTINUED

FAIR VALUE ESTIMATION

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

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

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

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
June 2022				
Assets				
Investment in financial asset (refer to note 6)			**241 976**	**241 976**
Breeding stock – chicken (refer to note 8)			**493 897**	**493 897**
Broiler stock – chicken (refer to note 8)			**388 895**	**388 895**
Banana fruit (refer to note 8)			**2 775**	**2 775**
Sugarcane plants (refer to note 8)			**346 262**	**346 262**
Derivatives (refer to note 10)		**4 597**		**4 597**
Total assets		**4 597**	**1 473 805**	**1 478 402**
Liabilities				
Derivatives (refer to note 10)		**2 018**		**2 018**
Total liabilities		**2 018**		**2 018**
June 2021				
Assets				
Investment in financial asset (refer to note 6)		214 138		214 138
Breeding stock – chicken (refer to note 8)			408 978	408 978
Broiler stock – chicken (refer to note 8)			292 279	292 279
Banana fruit (refer to note 8)			6 910	6 910
Sugarcane plants (refer to note 8)			247 176	247 176
Derivatives (refer to note 10)		62 979		62 979
Total assets		277 117	955 343	1 232 460
Liabilities				
Derivatives (refer to note 10)		41 090		41 090
Total liabilities		41 090		41 090

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.

29. FINANCIAL RISK MANAGEMENT CONTINUED

FAIR VALUE ESTIMATION CONTINUED

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

Description	Fair value at June 2022	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable input to fair value
Chicken stock	**882 792**	Replacement costs of the components of growing the stock	Eggs per hen	152 to 166 per hen	The higher the eggs per hen, the higher the fair value
			Cost of a day-old breeder bird	R62.04 to R84.62 per chick	The higher the cost per chick, the higher the fair value
			Mortality rates	4.3% to 10.5%	The higher the mortality, the lower the fair value
			Average live mass	1.60kg to 1.86kg per bird	The higher the average live mass, the higher the fair value
			Feed cost	R6 663 to R7 723 per ton	The higher the feed cost per ton, the higher the fair value
Banana fruit	**2 775**	Recoverable value	Market related selling price per ton bananas less harvesting, transport and other costs to sell	R3 954 per ton	The higher the market related selling price value less harvesting, transport and other costs to sell per ton of bananas, the higher the value of banana fruit.
Sugarcane plants	**346 261**	Recoverable value	Recoverable value price per ton of sucrose less harvesting, transport and other costs to sell	R3 816 to R4 174 per ton	The higher the recoverable value of sucrose less harvesting, transport and other costs to sell per ton, the higher the value of sugar standing cane

29. FINANCIAL RISK MANAGEMENT CONTINUED

SENSITIVITY ANALYSIS

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

Input	Sensitivity
Recoverable value price per ton – sugarcane plants	A change of 5.0% in recoverable value would result in a R23,6 million change in fair value (2021: R16,7 million).
Feed cost – chicken stock	A 5.0% change in feed cost would result in a R10,0 million (2021: R8,1 million) change in fair value.

Description	Fair value at June 2021	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable input to fair value
Chicken stock	701 257	Replacement costs of the components of growing the stock	Eggs per hen	140 to 202 per hen	The higher the eggs per hen, the higher the fair value
			Cost of a day-old breeder bird	R58.79 to R94.00 per chick	The higher the cost per chick, the higher the fair value
			Mortality rates	3.0% to 8.9%	The higher the mortality, the lower the fair value
			Average live mass	1.54kg to 1.87kg per bird	The higher the average live mass, the higher the fair value
			Feed cost	R6 085 to R6 846 per ton	The higher the feed cost per ton, the higher the fair value
Banana fruit	6 910	Recoverable value	Market-related selling price per ton bananas less harvesting, transport and other costs to sell	R3 954 per ton	The higher the market-related selling price value less harvesting, transport and other costs to sell per ton of bananas, the higher the value of banana fruit.
Sugarcane plants	247 176	Recoverable value	Recoverable value price per ton of sucrose less harvesting, transport and other costs to sell	R3 644 to R4 017 per ton	The higher the recoverable value of sucrose less harvesting, transport and other costs to sell per ton, the higher the value of sugar standing cane

30. FINANCIAL INSTRUMENTS BY CATEGORY

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

Assets per the statement of financial position	Amortised cost R'000	Assets at fair value through profit or loss R'000	Total R'000
June 2022			
Investment in financial asset		**241 976**	**241 976**
Trade and other receivables	**5 794 272**		**5 794 272**
Loans receivable	**31 095**		**31 095**
Derivative financial instruments		**4 597**	**4 597**
Cash and cash equivalents	**1 590 267**		**1 590 267**
At the end of the year	**7 415 634**	**246 573**	**7 662 207**
June 2021			
Investment in financial asset		214 138	214 138
Trade and other receivables	5 128 445		5 128 445
Loans receivable	49 375		49 375
Derivative financial instruments		62 979	62 979
Cash and cash equivalents	896 969		896 969
At the end of the year	6 074 789	277 117	6 351 906

The carrying amount of these financial instruments approximate their fair values.

Liabilities per the statement of financial position	Amortised cost R'000	Liabilities at fair value through profit or loss R'000	Total R'000
June 2022			
Interest-bearing liabilities – non-current	**1 538 829**		**1 538 829**
Interest-bearing liabilities – current	**1 111 475**		**1 111 475**
Lease liabilities – non-current	**730 482**		**730 482**
Lease liabilities – current	**155 130**		**155 130**
Derivative financial instruments		**2 018**	**2 018**
Bank overdraft	**24 459**		**24 459**
Trade and other payables	**7 375 861**		**7 375 861**
At the end of the year	**10 936 236**	**2 018**	**10 938 254**
June 2021			
Interest-bearing liabilities – non-current	2 274 763		2 274 763
Interest-bearing liabilities – current	690 210		690 210
Lease liabilities – non-current	1 250 568		1 250 568
Lease liabilities – current	164 481		164 481
Derivative financial instruments		41 090	41 090
Trade and other payables	5 435 018		5 435 018
At the end of the year	9 815 040	41 090	9 856 130

The carrying amount of these financial instruments approximate their fair values.

31. 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 122, the Company has concluded certain lending transactions with these related parties. In addition the following transactions were concluded:

	2022 R'000	2021 R'000
Transactions and balances with ultimate holding company		
Administration and other fees paid	**25 860**	24 723
Service fees received	**1 010**	4 408
Other expenses paid	**492**	545
Amounts owing to the holding company included in trade and other payables	**7 527**	2 547
Amounts owing by the holding company included in trade and other receivables		1 259
Directors' fees	**1 334**	1 291
Transactions and balances with subsidiaries of the holding company		
Sales	**491 714**	539 147
Purchases	**2 617**	139
Amounts owing by subsidiaries of the holding company included in trade and other receivables	**91 788**	67 634
Amounts owing to subsidiaries of the holding company included in trade and other payables	**784 228**	385 876
Transactions and balances with associates of the holding company		
Purchases	**78 722**	110 467
Sales	**6 730**	4 961
Amounts owing to associates of the holding company included in trade and other payables	**17 880**	7 804
Amounts owing by associates of the holding company included in trade and other receivables	**1 299**	287
Transactions and balances with associates and joint ventures within the Group		
Interest paid	**21 585**	20 462
Interest received	**1 638**	2 553
Management fees received	**1 368**	1 448
Service fees paid	**10 144**	12 257
Dividends received	**70 420**	96 046
Sales	**147 541**	118 222
Purchases	**1 219 984**	1 435 927
Amounts owing by associates and joint ventures within the Group included in trade and other receivables	**24 817**	15 942
Amounts owing to associates and joint ventures within the Group included in non-current interest-bearing liabilities	**116 667**	159 256
Amounts owing to associates and joint ventures within the Group included in current interest-bearing liabilities	**212 190**	244 237
Amounts owing to associates and joint ventures within the Group included in trade and other payables	**160 799**	126 625

31. RELATED PARTY TRANSACTIONS CONTINUED

Key management of RCL Foods Limited

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.

	2022 R'000	2021 R'000
The following transactions were carried out with key management individuals within the Group:		
– short-term employee benefits	**733 002**	518 554
– post-employment benefits	**50 238**	44 881
– termination benefits	**6 259**	10 772
– share-based payments settled	**16 057**	
– share-based payments expense	**93 653**	74 897
Total	**899 209**	649 104

32. DIRECTORS' EMOLUMENTS

	Basic Salary R'000	Pension contribution R'000	Bonus[1] R'000	Other benefits[2] R'000	Total R'000
2022					
PD Cruickshank[3]	**4 203**	**343**		**131**	**4 677**
RH Field	**5 032**	**541**	**4 000**	**224**	**9 797**
M Dally[4]	**4 021**	**244**	**31 521**	**322**	**36 108**
Total	**13 256**	**1 128**	**35 521**	**677**	**50 582**
2021					
RH Field	4 858	525		598	5 981
M Dally	9 508	577		963	11 048
Total	14 366	1 102		1 561	17 029

1 *Bonus payments made in 2022 relate to the 2021 financial year. An amount of R10,7 million has been accrued for the 2022 financial year.*

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

3 *PD Cruickshank was appointed as Chief Executive Officer with effect from 1 December 2021. Remuneration disclosed is only included as post-appointment date remuneration.*

4 *M Dally retired as Chief Executive Officer and Director of the Company on 30 November 2021.*

32. DIRECTORS' EMOLUMENTS CONTINUED

	2022 R'000	2021 R'000
Non-executives (for services as a Director)		
Present Directors		
HJ Carse[1]	**403**	390
JJ Durand[1]	**528**	511
CJ Hess	**864**	777
PR Louw[1]	**403**	390
NP Mageza	**772**	746
PM Moumakwa	**574**	516
DTV Msibi	**606**	548
GM Steyn	**821**	795
GCJ Tielenius Kruythoff	**351**	339
GC Zondi[2]	**914**	884
MM Nhlanhla (retired 16 November 2021)	**158**	412
RV Smither (retired 13 November 2020)		308
Total	**6 394**	6 616

[1] *Paid to Remgro Management Services Limited.*
[2] *Paid to Imbewu Capital Partners Consulting Proprietary Limited.*

32. DIRECTORS' EMOLUMENTS CONTINUED

Interests of Directors of the Company in share appreciation rights awarded in terms of the RCL FOODS Share Appreciation Rights Scheme

Share appreciation rights awarded to executive directors and unexpired or unexercised as at June 2022 are as follows:

	Award price post rights issue Rand	Rights at June 2021	Rights awarded during the year	Rights forfeited during the year	Rights at June 2022	Fair value of rights awarded[1] R'000	Rights exercisable at June 2022
PD Cruickshank[2]	15.93	197 884		(197 884)			
	15.92	181 809			181 809	571	181 809
	14.05	704 282			704 282	2 155	704 282
	15.36	366 020			366 020	1 245	241 573
	16.97	323 507			323 507	1 417	106 757
	9.93	2 068 897			2 068 897	4 903	
	8.55	714 010			714 010	1 564	
	12.65		2 510 776		2 510 776	11 524	
Subtotal		4 556 409	2 510 776	(197 884)	6 869 301	23 379	1 234 421
RH Field	15.93	559 397		(559 397)			
	15.92	319 448			319 448	1 003	319 448
	14.05	1 087 325			1 087 325	3 327	1 087 325
	15.36	669 653			669 653	2 277	441 970
	16.97	620 061			620 061	2 716	204 620
	9.93	1 217 339			1 217 339	2 885	
	8.55	1 188 869			1 188 869	2 604	
	12.65		1 095 283		1 095 283	5 027	
Subtotal		5 662 092	1 095 283	(559 397)	6 197 978	19 839	2 053 363
M Dally[3]	15.93	1 014 820		(1 014 820)			
	15.92	540 869			540 869	1 698	540 869
	14.05	1 962 930			1 962 930	6 007	1 962 930
	15.36	1 284 422			1 284 422	4 367	847 718
	16.97	1 153 718			1 153 718	5 053	380 726
	9.93	2 189 069			2 189 069	5 188	
	8.55	2 168 330			2 168 330	4 749	
Sub total		10 314 158		(1 014 820)	9 299 338	27 062	3 732 243
Total		20 532 659	3 606 059	(1 772 101)	22 366 617	70 280	7 020 027

[1] *Fair value of rights awarded represents the total fair value of rights outstanding at the end of the year. This cost is expensed over the right's vesting period.*

[2] *PD Cruickshank was appointed as Chief Executive Officer with effect from 1 December 2021.*

[3] *M Dally retired as Chief Executive Officer and Director of the Company on 30 November 2021.*

32. DIRECTORS' EMOLUMENTS CONTINUED

Share appreciation rights awarded to executive directors and unexpired or unexercised as at June 2021 are as follows:

	Award price post rights issue Rand	Rights at June 2020	Rights awarded during the year	Rights forfeited during the year	Rights at June 2021	Fair value of rights awarded[1] R'000	Rights exercisable at June 2021
M Dally	16.54	1 240 943		(1 240 943)			
	15.93	1 014 820			1 014 820	2 760	1 014 820
	15.92	540 869			540 869	1 698	540 869
	14.05	1 962 930			1 962 930	6 007	1 295 533
	15.36	1 284 422			1 284 422	4 367	423 859
	16.97	1 153 718			1 153 718	5 053	
	9.93	2 189 069			2 189 069	5 188	
	8.55		2 168 330		2 168 330	4 749	
Subtotal		9 386 771	2 168 330	(1 240 943)	10 314 158	29 822	3 275 081
RH Field	16.54	621 765		(621 765)			
	15.93	559 397			559 397	1 522	559 397
	15.92	319 448			319 448	1 003	319 448
	14.05	1 087 325			1 087 325	3 327	717 634
	15.36	669 653			669 653	2 277	220 985
	16.97	620 061			620 061	2 716	
	9.93	1 217 339			1 217 339	2 885	
	8.55		1 188 869		1 188 869	2 604	
Subtotal		5 094 988	1 188 869	(621 765)	5 662 092	16 334	1 817 464
Total		14 481 759	3 357 199	(1 862 708)	15 976 250	46 156	5 092 545

[1] *Fair value of rights awarded represents the total fair value of rights outstanding at the end of the year. This cost is expensed over the right's vesting period.*

32. DIRECTORS' EMOLUMENTS CONTINUED

Interests of Directors of the Company in stated capital

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

	2022 Direct beneficial	2022 Indirect beneficial	2021 Direct beneficial	2021 Indirect beneficial
Executive Directors				
PD Cruickshank	**447 811**			
RH Field	**1 675 030**		1 675 030	28 013
M Dally			3 194 457	
Non-executive Directors				
NP Mageza		**386**		386
MM Nhlanhla[1]				229 559
GC Zondi[1]		**667 252**		667 252
Total	**2 122 841**	**667 638**	4 869 487	925 210

[1] *Assumes 100% vesting in terms of B-BBEE transaction.*

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

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

Directors' emoluments paid by Remgro Limited

	Fees R'000	Salaries R'000	Retirement fund R'000	Other benefits[1] R'000	Total R'000
June 2022					
Executive					
HJ Carse		**2 529**	**501**	**321**	**3 351**
JJ Durand	**390**	**12 107**	**2 479**	**418**	**15 394**
PR Louw		**3 037**	**598**	**432**	**4 067**
Subtotal	**390**	**17 673**	**3 578**	**1 171**	**22 812**
Independent non-executive					
NP Mageza	**620**				**620**
Subtotal	**620**				**620**
Total	**1 010**	**17 673**	**3 578**	**1 171**	**23 432**
June 2021					
Executive					
HJ Carse		2 426	481	349	3 256
JJ Durand	390	11 596	2 377	441	14 804
PR Louw		2 912	578	411	3 901
Subtotal	390	16 934	3 436	1 201	21 961
Independent non-executive					
NP Mageza	678				678
Subtotal	678				678
Total	1 068	16 934	3 436	1 201	22 639

[1] *Other benefits include medical aid contributions and vehicle benefits.*

32. DIRECTORS' EMOLUMENTS CONTINUED

Variable pay – long-term incentive plans

REMGRO EQUITY SETTLED SHARE APPRECIATION RIGHT SCHEME (SARS) – 2022

Participant	Balance of SARs accepted as at June 2021	SARs accepted during the period	Offer date	Offer price Rand	Number of SARs exercised/ (forfeited)	Date exercising/ forfeiting SARs	Balance of SARs accepted as at June 2022	Fair value of SARs granted[1] R'000
Executive								
HJ Carse	7 546			94.22			7 546	295
	11 767			127.40			11 767	202
	17 775			164.57			17 775	88
	8 273			170.38			8 273	35
	9 988			125.95			9 988	145
	16 972			118.86			16 972	470
	5 915			112.38			5 915	218
	28 996			93.82			28 996	1 613
		11 172	2021/12/05	126.99			11 172	550
JJ Durand	271 258			94.22			271 258	10 614
	93 128			127.40			93 128	1 597
	108 468			164.57			108 468	535
	192 676			170.38			192 676	823
	150 872			125.95			150 872	2 193
	132 309			118.86			132 309	3 662
	87 135			112.38	(87 135)	2021/12/06		
	470 881			93.82			470 881	26 191
		181 378	2021/12/05	126.99			181 378	8 937
PR Louw	22 646			94.22			22 646	886
	12 944			127.40			12 944	222
	5 952			164.57			5 952	29
	9 497			170.38			9 497	41
	91 120			125.95			91 120	1 325
	20 301			118.86			20 301	562
	17 881			112.38	(17 881)	2021/12/06		
	92 876			93.82			92 876	5 166
		35 796	2021/12/05	126.99			35 796	1 764
Total	**1 887 176**	**228 346**			**(105 016)**		**2 010 506**	**68 163**

[1] *Fair value of rights awarded represents the total fair value of rights outstanding at the end of the year. This cost is expensed over the right's vesting period.*

32. DIRECTORS' EMOLUMENTS CONTINUED

Variable pay – long-term incentive plans continued

REMGRO EQUITY SETTLED SHARE APPRECIATION RIGHT SCHEME (SARS) – 2021

Participant	Balance of SARs accepted as at June 2020	SARs accepted during the period	Offer date	Offer price Rand	Balance of SARs accepted as at June 2021	Fair value of SARs granted[1] R'000
Executive						
HJ Carse	7 546			94.22	7 546	206
	11 767			127.40	11 767	174
	17 775			164.57	17 775	154
	8 273			170.38	8 273	67
	9 988			125.95	9 988	150
	16 972			118.86	16 972	317
	5 915			112.38	5 915	177
		14 494	2020/12/05	93.82	14 494	575
		14 502	2020/12/05	93.82	14 502	600
JJ Durand	271 258			94.22	271 258	7 408
	93 128			127.40	93 128	1 374
	108 468			164.57	108 468	938
	192 676			170.38	192 676	1 553
	150 872			125.95	150 872	2 267
	132 309			118.86	132 309	2 468
	87 135			112.38	87 135	2 601
		235 427	2020/12/05	93.82	235 427	9 339
		235 454	2020/12/05	93.82	235 454	9 737
PR Louw	22 646			94.22	22 646	618
	12 944			127.40	12 944	191
	5 952			164.57	5 952	51
	9 497			170.38	9 497	77
	91 120			125.95	91 120	1 369
	20 301			118.86	20 301	379
	17 881			112.38	17 881	534
		46 428	2020/12/05	93.82	46 428	1 842
		46 448	2020/12/05	93.82	46 448	1 921
Total	1 294 423	592 753			1 887 176	47 087

[1] *Fair value of rights awarded represents the total fair value of rights outstanding at the end of the year. This cost is expensed over the right's vesting period.*

32. DIRECTORS' EMOLUMENTS CONTINUED

Variable pay – long-term incentive plans continued

REMGRO EQUITY SETTLED CONDITIONAL SHARE PLAN (CSPS) – 2022

Participant	Balance of CSPs accepted as at June 2021	CSPs accepted during the period[1]	Offer date[1]	Offer price Rand	Number of CSPs vested/ (forfeited)	Date vested/ forfeited CSPs	Balance of CSPs accepted as at June 2022	Fair value of CSPs[1] R'000
Executive								
HJ Carse	**8 154**			**205.07**	**(8 154)**	**2021/12/06**		
	31 658			**93.82**			**31 658**	**3 827**
		11 172	**2021/12/05**	**126.99**			**11 172**	**1 370**
JJ Durand	**120 107**			**205.07**	**(120 107)**	**2021/12/06**		
	566 553			**93.82**			**566 553**	**65 555**
		181 379	**2021/12/05**	**126.99**			**181 379**	**22 240**
PR Louw	**24 648**			**205.07**	**(24 648)**	**2021/12/06**		
	100 864			**93.82**			**100 864**	**12 224**
		35 796	**2021/12/05**	**126.99**			**35 796**	**4 389**
Total	**851 984**	**228 347**			**(152 909)**		**927 422**	**109 605**

REMGRO EQUITY SETTLED CONDITIONAL SHARE PLAN (CSPS) – 2021

Participant	Balance of CSPs accepted as at June 2020	CSPs accepted during the period[2]	Offer date[2]	Offer price Rand	Balance of CSPs accepted as at June 2021	Fair value of CSPs[1] R'000
Executive						
HJ Carse	8 154			205.07	8 154	895
		31 658	2020/12/05	93.82	31 658	3 327
JJ Durand	120 107			205.07	120 107	13 177
		566 553	2020/12/05	93.82	566 553	59 866
PR Louw	24 648			205.07	24 648	2 704
		100 864	2020/12/05	93.82	100 864	10 595
Total	152 909	699 075			851 984	90 564

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

[2] *As a result of RMB Holdings unbundling, additional CSPs were allocated during the prior year over a period.*

33. B-BBEE TRANSACTION

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

Details of the transaction

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

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

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

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

In terms of the third issue, a special purpose vehicle Malongoana Investments (RF) Proprietary Limited, owned by the MTM Family Trust, acquired 6 928 406 shares in RCL FOODS for R0.01 in terms of a NVF mechanism. The NVF facilitation was based on a share price of R17.32 per share, increasing at a variable rate (prime plus 1.0%).

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

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 FOODS 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 FOODS 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 FOODS shares granted to BVI 1763 and RCL Employee Share Trust and Malongoana Investments (RF) Proprietary Limited, effective on 17 January 2014. Accordingly, the issuance of the shares was not recognised.

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

During the current financial year, the B-BBEE scheme related to the third issue of ordinary shares to Malongoana Investments (RF) Proprietary Limited came to an end. The shares issued in terms of this transaction were repurchased by RCL FOODS. This transaction had no impact on the shares in issue for accounting purposes of the Group.

33. B-BBEE TRANSACTION CONTINUED

Details of the transaction continued

The Group's B-BBEE scheme relating to the first and second issues came to an end in May 2022 and is in the process of being unwound. At close-out, the scheme was underwater due to the performance of the share price since inception.

		2022 R'000	2021 R'000
Total amount expensed related to the B-BBEE scheme		**9 694**	17 600
The fair value of the options were determined on a Black-Scholes option pricing model. Expected volatility was calculated on an equally weighted basis based on the historical RCL Foods Limited share price data relating to the respective valuation dates.			
The following inputs to the model were used:			
Expected volatility	(%)	**30.0**	30.0
Dividend yield	(%)	**4.33**	4.33
Risk-free interest rate	(%)	**4.8 to 8.22**	4.8 to 8.22
Vesting period	(years)	**8**	8

34. SUBSEQUENT EVENTS

Chicken tariff

On 1 August 2022 a decision was taken by the Department of Trade, Industry and Competition to suspend the implementation of definitive anti-dumping duties against Brazil, Denmark, Ireland, Poland and Spain for a period of 12 months.

This decision is a non-adjusting post balance sheet event and does not impact the net realisable value of inventory at 3 July 2022.

Acquisition of Sunshine Bakery business

Post year-end cut-off RCL FOODS concluded an agreement to acquire Sunshine Bakery Holdings Proprietary Limited (Sunshine Bakery), based in KwaZulu-Natal.

Sunshine Bakery was established in 2005 and is one of South Africa's largest independent baking businesses.

The acquisition will enable the Group to expand the capability of the Baking segment into new geographies.

The acquisition is considered to be a non-adjusting subsequent event in accordance with IAS 10 *Events after the Reporting Period.*

35. INTEREST IN SUBSIDIARIES

The Group has the following subsidiaries at June 2022:

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 %
RCL Foods Consumer	South Africa	Food producer and manufacturer and animal feed operations	**100**		
Vector Logistics	South Africa	Logistics provider	**100**		
RCL Foods Sugar & Milling	South Africa	Sugar operations	**100**		
RCL Foods Treasury	South Africa	Treasury company	**100**		
RCL Group Services	South Africa	Food producer and manufacturer and shared services company	**100**		
Matzonox	South Africa	Waste-to-Value operation		**50**	**50**
Foodcorp	South Africa	Food producer and manufacturer	**100**		
Indirectly owned					
Rainbow Farms Investments	South Africa	Investment holding	**100**		
Epol	South Africa	Dormant	**100**		
Farmer Brown	South Africa	Dormant	**100**		
Vector Logistics (Namibia)	Namibia	Logistics provider		**100**	
TSB Sugar International	South Africa	International investments		**100**	
Tangaweb	South Africa	Investment company		**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**
Sivunosetfu	South Africa	Farming		**50**	**50**
Libuyile Farming Services	South Africa	Farming		**50**	**50**
Mgubho Farming Services	South Africa	Farming		**50**	**50**
Siyathuthuka Sugar Estate	South Africa	Farming		**100**	
Rainbow Chicken Foods	South Africa	Dormant		**100**	
Astoria Bakery Lesotho	Lesotho	Dormant		**100**	
Mkhuhlu Bakery	South Africa	Dormant		**100**	
NIB 5 Share Block	South Africa	Dormant		**100**	
NIB 6 Share Block	South Africa	Dormant		**100**	
Selati Sugar	South Africa	Dormant		**100**	
Matzonox Fertilizers	South Africa	Sales and marketing		**100**	
Do More Foundation[1]	South Africa	CSI Initiative			
L&A Logistics	Zambia	Logistics provider		**85**	**15**
Empty Trips	South Africa	Logistics provider		**100**	
The Hatchery Group	South Africa	Food Innovation and research		**100**	

[1] *The Do More Foundation is a CSI initiative of the Group. It is a trust and the Group has no equity interest and no voting rights in this entity. The Group has the rights to direct the relevant activities of the Do More Foundation which results in the Group having effective control over the Do More Foundation. As a result, the Do More Foundation has been consolidated.*

35. 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-payment 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.

	2022 R'000	2021 R'000
Outstanding loan balance as at June	**29 984**	32 495

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

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

Non-controlling interests

	Statement of financial position 2022 R'000	Income statement (share of profit/(loss)) 2022 R'000	Statement of financial position 2021 R'000	Income statement (share of profit/(loss)) 2021 R'000
Matzonox Proprietary Limited	**55 273**	**(19 508)**	74 730	15 152
Quality Sugars Proprietary Limited	**11 454**	**1 907**	12 498	2 955
Sivunosetfu Proprietary Limited	**(79 809)**	**(20 942)**	(61 141)	(116)
Libuyile Farming Services Proprietary Limited	**(29 819)**	**(9 279)**	(23 399)	(404)
Mgubho Farming Services Proprietary Limited	**(20 970)**	**10 690**	(41 648)	15 096
L&A Logistics Limited	**3 920**	**1 455**	3 074	470

Significant restrictions

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

Set out on pages 112 to 114 are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. This summarised information is before intercompany eliminations.

35. INTEREST IN SUBSIDIARIES CONTINUED

Summarised statement of financial position

As at June 2022	Current Assets R'000	Current Liabilities R'000	Total current net assets R'000	Non-current Assets R'000	Non-current Liabilities R'000	Total non-current net assets/ (liabilities) R'000	Net assets/ (liabilities) R'000
Matzonox Proprietary Limited[1]	**43 828**	**(133 567)**	**(89 739)**	**342 869**	**(142 585)**	**200 284**	**110 545**
Quality Sugars Proprietary Limited	**841 442**	**(815 312)**	**26 130**	**33 121**	**(13 433)**	**19 688**	**45 818**
Sivunosetfu Proprietary Limited[2]	**90 639**	**(87 124)**	**3 515**	**67 664**	**(230 796)**	**(163 132)**	**(159 617)**
Libuyile Farming Services Proprietary Limited[2]	**153 412**	**(101 536)**	**51 876**	**89 846**	**(201 359)**	**(111 513)**	**(59 637)**
Mgubho Farming Services Proprietary Limited[2]	**140 244**	**(104 617)**	**35 627**	**63 001**	**(140 567)**	**(77 566)**	**(41 939)**
L&A Logistics Limited	**121 021**	**(96 829)**	**24 192**	**14 411**	**(12 470)**	**1 941**	**26 133**
Total	**1 390 586**	**(1 338 985)**	**51 601**	**610 912**	**(741 210)**	**(130 298)**	**(78 697)**

As at June 2021	Current Assets R'000	Current Liabilities R'000	Total current net assets R'000	Non-current Assets R'000	Non-current Liabilities R'000	Total non-current net assets R'000	Net assets/ (liabilities) R'000
Matzonox Proprietary Limited	16 866	(98 077)	(81 211)	406 292	(175 621)	230 671	149 460
Quality Sugars Proprietary Limited	763 087	(727 970)	35 117	15 895	(1 020)	14 875	49 992
Sivunosetfu Proprietary Limited[2]	70 972	(77 676)	(6 704)	88 646	(204 224)	(115 578)	(122 282)
Libuyile Farming Services Proprietary Limited[2]	131 556	(104 991)	26 565	86 068	(159 431)	(73 363)	(46 798)
Mgubho Farming Services Proprietary Limited[2]	101 374	(103 864)	(2 490)	65 574	(146 380)	(80 806)	(83 296)
L&A Logistics Limited	37 543	(23 131)	14 412	6 497	(4 136)	2 361	16 773
Total	1 121 398	(1 135 709)	(14 311)	668 972	(690 812)	(21 840)	(36 151)

[1] *The Group has issued a letter confirming that it will not recall the non-interest-bearing loans of Matzonox Proprietary Limited within the next financial year.*
[2] *The Group has issued a letter confirming that it will not recall the outstanding loans of these companies within the next financial year.*

35. INTEREST IN SUBSIDIARIES CONTINUED

Summarised statement of comprehensive income

For the year ended June 2022	L&A Logistics Limited R'000	Matzonox Proprietary Limited R'000	Quality Sugars Proprietary Limited R'000	Sivunosetfu Proprietary Limited R'000	Libuyile Farming Services Proprietary Limited R'000	Mgubho Farming Services Proprietary Limited R'000	Total R'000
Revenue	**381 961**	**55 349**	**234 404**	**155 314**	**229 132**	**184 226**	**1 240 386**
Profit/(loss) before tax	**15 516**	**(53 025)**	**10 629**	**(41 884)**	**(18 578)**	**21 356**	**(65 986)**
Income tax (expense)/credit	**(5 813)**	**14 008**	**(3 002)**				**5 193**
Profit/(loss) after tax for the year	**9 703**	**(39 017)**	**7 627**	**(41 884)**	**(18 578)**	**21 356**	**(60 793)**
Other comprehensive income			**1**		**20**	**24**	**45**
Total comprehensive income	**9 703**	**(39 017)**	**7 628**	**(41 884)**	**(18 558)**	**21 380**	**(60 748)**
Total comprehensive income allocated to non-controlling interests	**1 455**	**(19 508)**	**1 907**	**(20 942)**	**(9 279)**	**10 690**	**(35 677)**
Dividends paid to non-controlling interest			**2 950**				**2 950**

For the year ended June 2021	L&A Logistics Limited R'000	Matzonox Proprietary Limited R'000	Quality Sugars Proprietary Limited R'000	Sivunosetfu Proprietary Limited R'000	Libuyile Farming Services Proprietary Limited R'000	Mgubho Farming Services Proprietary Limited R'000	Total R'000
Revenue	46 304	42 560	230 045	178 291	304 940	219 231	1 021 371
Profit/(loss) before tax	4 674	(42 084)	16 926	(233)	(768)	30 207	8 722
Income tax (expense)/credit	(1 542)	11 780	(5 065)				5 173
Profit/(loss) after tax for the year	3 132	(30 304)	11 861	(233)	(768)	30 207	13 895
Other comprehensive income			(42)		(40)	(14)	(96)
Total comprehensive income	3 132	(30 304)	11 819	(233)	(808)	30 193	13 799
Total comprehensive income allocated to non-controlling interests	470	(15 152)	2 955	(117)	(404)	15 097	2 849
Dividends paid to non-controlling interest			3 250				3 250

35. INTEREST IN SUBSIDIARIES CONTINUED

Summarised cash flows

June 2022	L&A Logistics Limited R'000	Matzonox Proprietary Limited R'000	Quality Sugars Proprietary Limited R'000	Sivunosetfu Proprietary Limited R'000	Libuyile Farming Services Proprietary Limited R'000	Mgubho Farming Services Proprietary Limited R'000	Total R'000
Cash generated from/(utlised in) operations	**7 493**	**18 941**	**80 212**	**(4 022)**	**(23 430)**	**(335)**	**78 859**
Interest paid	**(4 118)**	**(31 827)**	**(1 291)**	**(10 754)**	**(6 638)**	**(7 642)**	**(62 270)**
Interest received		**668**					**668**
Income tax paid	**(9 123)**		**(2 646)**				**(11 769)**
Net cash generated from/(utilised in) operating activities	**(5 748)**	**(12 218)**	**76 275**	**(14 776)**	**(30 068)**	**(7 977)**	**5 488**
Net cash utilised in investing (utilised in)/ generated from	**(7 214)**	**(37 423)**	**(94 129)**	**(16 081)**	**(19 835)**	**(8 470)**	**(183 152)**
Net cash (utilised in)/generated from financing activities	**(3 727)**	**61 528**	**17 878**	**30 940**	**50 058**	**16 572**	**173 249**
Net (decrease)/increase in cash and cash equivalents	**(16 689)**	**11 887**	**24**	**83**	**155**	**125**	**(4 415)**

June 2021	L&A Logistics Limited R'000	Matzonox Proprietary Limited R'000	Quality Sugars Proprietary Limited R'000	Sivunosetfu Proprietary Limited R'000	Libuyile Farming Services Proprietary Limited R'000	Mgubho Farming Services Proprietary Limited R'000	Total R'000
Cash generated from operations	2 538	92	128 464	27 721	14 116	37 222	210 153
Interest paid	(324)	(27 725)	(1 708)	(11 831)	(8 181)	(8 526)	(58 295)
Interest received		280					280
Income tax received/(paid)	59		(8 875)				(8 816)
Net cash generated from/(utilised in) operating activities	2 273	(27 353)	117 881	15 890	5 935	28 696	143 322
Net cash generated from/(utilised in) in investing activities	4 247	(18 886)	(102 448)	(14 553)	(3 250)	(3 785)	(138 675)
Net cash (utlised in)/generated from financing activities	(888)	49 934	(15 261)	(1 201)	(2 489)	(24 728)	5 367
Net increase in cash and cash equivalents	5 632	3 695	172	136	196	183	10 014

36. GOING CONCERN

The Group's Annual Financial Statements are prepared on the going concern basis. In assessing the ability of the Group to continue as a going concern, management has considered the following:

- the Group's ability to settle its obligations as they become due and payable in the 12 months following year-end;
- the solvency and liquidity position of the Group, which included an assessment of key financial ratios against industry norms. Key financial ratios include return on invested capital, return on equity, cash conversion ratio and margin analyses;
- the cash generation ability of the Group, including a historical view of cash flows;
- the current and forecast debt utilisation of the Group; and
- the adequacy of the Group's resources to continue operating as a going concern.

No changes in financial, operational or general considerations are expected for the next 12-month period that would compromise the use of the going concern assumption.

Management has concluded that the Group has adequate resources to continue operations as a going concern in the foreseeable future.

COMPANY STATEMENT OF FINANCIAL POSITION

as at

	Note	3 July 2022 R'000	4 July 2021 R'000
ASSETS			
Non-current assets			
Investment in subsidiaries	1	**10 290 636**	4 909 042
Investment in financial asset	2	**241 976**	214 138
Investment in associate	3	**155 949**	155 949
Loans to Group companies	1	**3 740 037**	3 636 169
Loan receivable	4	**5 000**	2 002
		14 433 598	8 917 300
Current assets			
Cash and cash equivalents		**3 662**	3 385
		3 662	3 385
Total assets		**14 437 260**	8 920 685
EQUITY			
Stated capital	5	**10 334 136**	10 318 079
Share-based payments reserve		**358 976**	365 339
Accumulated profit/(loss)		**3 727 763**	(1 773 657)
Total equity		**14 420 875**	8 909 761
LIABILITIES			
Non-current liabilities			
Loans from Group companies	6	**6 538**	3 691
Total non-current liabilities		**6 538**	3 691
Current liabilities			
Trade and other payables		**9 847**	7 233
Total current liabilities		**9 847**	7 233
Total liabilities		**16 385**	10 924
Total equity and liabilities		**14 437 260**	8 920 685

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended June 2022

	Note	2022 R'000	2021 R'000
Revenue	7	**5 843 658**	221 464
Operating profit		**5 901 350**	268 874
Finance income		**240**	3
Finance costs		**(244)**	
Profit before tax	8	**5 901 346**	268 877
Profit for the year		**5 901 346**	268 877
Total comprehensive income for the year		**5 901 346**	268 877

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended June 2022

	Stated capital R'000	Share-based payments reserve R'000	Accumulated profit/(loss) R'000	Total R'000
Balance at 28 June 2020	10 318 079	347 739	(1 820 468)	8 845 350
Total comprehensive income for the year			268 877	268 877
Dividends paid			(222 066)	(222 066)
B-BBEE share-based payments charge		17 600		17 600
Balance at 4 July 2021	10 318 079	365 339	(1 773 657)	8 909 761
Total comprehensive income for the year			**5 901 346**	**5 901 346**
Dividends paid			**(399 926)**	**(399 926)**
B-BBEE share-based payments charge		**9 694**		**9 694**
Employee share option scheme:				
– exercise of employee share options	**16 057**	**(16 057)**		
Balance at 3 July 2022	**10 334 136**	**358 976**	**3 727 763**	**14 420 875**

COMPANY CASH FLOW STATEMENT

for the year ended June 2022

	Note	2022 R'000	2021 R'000
Cash flows from operating activities			
Cash utilised by operations	A	**(43 371)**	(29 686)
Dividends received		**529 000**	221 464
Dividends paid		**(399 926)**	(222 066)
Movement in trade and other payables		**2 536**	1 165
Net cash inflow from operating activities		**88 239**	(29 123)
Cash flows from investing activities			
Net movement in loans to Group companies[1]		**(87 962)**	185 208
Acquisition of associate			(155 949)
Net cash outflow from investing activities		**(87 962)**	29 259
Cash flows from financing activities			
Net cash inflow from financing activities			
Movement in cash and cash equivalents		**277**	136
Cash and cash equivalents at the beginning of the year		**3 385**	3 249
Cash and cash equivalents at the end of the year		**3 662**	3 385

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

NOTES TO THE COMPANY CASH FLOW STATEMENT

for the year ended June 2022

	2022 R'000	2021 R'000
A. CASH GENERATED BY OPERATIONS		
Profit before tax	**5 901 346**	268 877
Adjusted for:		
Foreign exchange (gain)/loss – unrealised	**(27 838)**	21 289
Fair value adjustment – unrealised		(98 388)
Dividend income[1]	**(5 843 658)**	(221 464)
Profit on Sale of Shares	**(73 299)**	
Loss on Sale of Shares	**78**	
	(43 371)	(29 686)

[1] *Refer to note 7 for further detail.*

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended June 2022

1. INVESTMENT IN SUBSIDIARIES AND LOANS TO GROUP COMPANIES

	Issued share capital		Effective holding	
	2022 R	2021 R	**2022 %**	2021 %
Effective holding				
Directly owned				
RCL Foods Consumer	**40 000**	40 000	**100**	100
Vector Logistics	**50**	50	**100**	100
RCL Foods Sugar & Milling	**10**	10	**100**	100
RCL Foods Treasury	**1**	1	**100**	100
RCL Group Services	**312**	312	**100**	100
Matzonox	**120**	120	**50**	50
Foodcorp	**1**	1	**100**	100
Indirectly owned				
Rainbow Farms Investments	**99 900**	99 900	**100**	100
Farmer Brown	**1**	1	**100**	100
Epol	**78 000**	78 000	**100**	100
Astoria Bakery Lesotho[1]	**100**	100	**100**	100
Libuyile Farming Services	**100**	100	**50**	50
Mgubho Farming Services	**100**	100	**50**	50
Mkhuhlu Bakery[1]	**450 000**	450 000	**100**	100
NIB 5 Share Block	**1**	1	**100**	100
NIB 6 Share Block	**1**	1	**100**	100
Quality Sugars	**300**	300	**75**	75
Rainbow Chicken Foods	**100**	100	**100**	100
Selati Sugar	**300**	300	**100**	100
Sivunosetfu	**100**	100	**50**	50
Siyathuthuka Sugar Estate	**700**		**100**	
TSB Sugar International	**100**	100	**100**	100
Vector Logistics (Namibia)[2]	**100 000**	100 000	**100**	100
Makhalempongo Chicken				
Fieldsend Farming				
Valleychicks				
Empty Trips	**1**	1	**100**	100
Tangaweb[3]	**120**	120	**100**	100
Do More Foundation[4]				
L&A Logistics[5]	**5 000**	5 000	**85**	85
The Hatchery Group	**100**		**100**	

[1] *Incorporated in Lesotho.*

[2] *Incorporated in Namibia.*

[3] *Tangaweb was set-up to provide financing to The Hatchery Group Proprietary Limited (a food innovation project). Refer note 5 for further details.*

[4] *The Do More Foundation is a CSI initiative of the Group and is incorporated as a trust.*

[5] *Incorporated in Zambia.*

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

1. INVESTMENT IN SUBSIDIARIES AND LOANS TO GROUP COMPANIES CONTINUED

Share and indebtedness	Shares 2022 R'000	Shares 2021 R'000	Indebtedness 2022 R'000	Indebtedness 2021 R'000	Total 2022 R'000	Total 2021 R'000
Rainbow Farms Investments		100				100
RCL FOODS Treasury[1]			**233 173**	171 332	**233 173**	171 332
RCL FOODS Consumer	**1 251 066**	1 142	**1 364 910**	1 232 683	**2 615 976**	1 233 825
RCL Group Services[1]	**4 138 133**		**9 331**		**4 147 464**	
Foodcorp			**1 590 179**	1 696 179	**1 590 179**	1 696 179
RCL FOODS Sugar & Milling	**4 000 000**	4 000 000	**3 289**		**4 003 289**	4 000 000
Vector Logistics	**456 612**	456 612	**539 155**	535 975	**995 767**	992 587
Matzonox[1]	**85 849**	85 849			**85 849**	85 849
	9 931 660	4 543 703	**3 740 037**	3 636 169	**13 671 697**	8 179 872
Subsidiaries portion of share-based payments reserve	**358 976**	365 339			**358 976**	365 339
	10 290 636	4 909 042	**3 740 037**	3 636 169	**14 030 673**	8 545 211

The above loans are unsecured, interest-free and repayable at an unspecified date. There is no intention to recall these loans within the next 12 months.

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

[1] RCL Foods Limited value of shareholding in RCL FOODS Treasury is R1 (2021: R1), RCL Group Services R312 (2021: R312) and Matzonox R120 (2021: R120).

The Group has performed an assessment of the above loans in terms of IFRS 9 and has concluded that these loans represent loans at amortised cost and are not classified as equity.

Based on the current profitability, financial outlook and forward-looking information available on the Company's subsidiaries, the Company has performed an expected credit loss (ECL) calculation for the loans receivable from its subsidiaries by taking into account their available cash resources, net liquid current assets and non-current assets available for settlement of the loan. Based on the assessment, the ECL has been deemed to be immaterial.

During the current financial year, the Group was restructured as part of the outcome of its strategic review process. Certain shareholdings were reorganised during the year which resulted in dividends in specie being declared and investments in certain entities increasing. The Company's investment in Rainbow Farms Investments Proprietary Limited, Farmer Brown Proprietary Limited and Epol Proprietary Limited were sold to RCL Foods Consumer Proprietary Limited.

2. INVESTMENT IN FINANCIAL ASSET

	2022 R'000	2021 R'000
At the beginning of the year	**214 138**	137 039
Foreign exchange gain/(loss)	**27 838**	(21 289)
Fair value adjustment		98 388
At the end of the year	**241 976**	214 138

Relates to a minority shareholding in the LIVEKINDLY Collective.

This investment is classified as a financial asset measured through profit and loss.

The financial risk management disclosures relating to the fair value estimation of the investment in financial asset is included in note 29 of the consolidated financial statements.

3. INVESTMENT IN ASSOCIATE

	2022 R'000	2021 R'000
At the beginning of the year	**155 949**	
Additions		155 949
At the end of the year	**155 949**	155 949

LIVEKINDLY Collective Africa Proprietary Limited (LKCA) principal activities are to market, sell and distribute plant-based products in Sub-Saharan Africa. There are no quoted market prices available for the investment in LKCA.

The investment in associate is measured at cost.

For further detail on the summarised financial information of the material associate refer to note 4 of the consolidated financial statements.

	2022 R'000	2021 R'000
4. LOAN RECEIVABLE		
Non-current:		
Loans at the beginning of the year	**2 002**	
Loans advanced during the year	**2 998**	2002
Loans at the end of the year	**5 000**	2002

During the current year an additional loan of R3,0 million was granted to LIVEKINDLY Collective Africa Proprietary Limited.

The loan is unsecured with no fixed date of repayment. Interest accrues at the prime rate per annum.

5. STATED CAPITAL

Authorised

2 000 000 000 (2021: 2 000 000 000) ordinary shares of no par value.

Issued ordinary shares of no par value:

	Number of shares	2022	2021
At the beginning of the year	**888 245 746**	**10 318 079**	10 318 079
Shares issued in terms of share incentive plans	**1 222 393**	**16 057**	
At the end of the year	**889 468 139**	**10 334 136**	10 318 079
Shares in issue for accounting purposes – 3 July 2022	**889 468 139**		
Add: shares issued in terms of B-BBEE scheme*	**63 830 231**		
Shares issued in terms of B-BBEE scheme* – 4 July 2021	**70 758 637**		
Repurchase of shares	**(6 928 406)**		
Statutory shares in issue – 3 July 2022	**953 298 370**		

- *On 26 May 2014, 44 681 162 shares were issued to the RCL Employee Share Trust (total issued value of R242,1 million), 19 149 069 to Business Venture Investments 1763 (RF) Proprietary Limited (total issued value of R103,8 million) in terms of a B-BBEE transaction. During the current financial year 6 928 406 shares issued to Malongoana Investments (RF) Proprietary Limited (total issue value of R0,07 million) were repurchased. For accounting purposes these shares are not treated as issued (refer to note 33 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.

	2022 R'000	2021 R'000
6. LOAN FROM GROUP COMPANY		
Non-current		
Payable to Rainbow Farms Investments Proprietary Limited[1]	**1 538**	1 691
Payable to RCL Foods Treasury Proprietary Limited[2]	**5 000**	2 000
	6 538	3 691

[1] *The loan is unsecured, interest-free and payable on demand.*
[2] *The loan is unsecured with no fixed date of repayment. Interest accrues at the prime rate per annum.*

	2022 R'000	2021 R'000
7. REVENUE		
Dividends received from subsidiaries		
– RCL Foods Sugar & Milling Proprietary Limited	**389 000**	121 464
– RCL Foods Treasury Proprietary Limited	**25 000**	100 000
– RCL Group Services Proprietary Limited	**115 000**	
– RCL Foods Consumer Proprietary Limited – dividend *in specie*[3]	**4 138 133**	
– RCL Foods Sugar & Milling Proprietary Limited – dividend *in specie*[4]	**1 176 525**	
Total	**5 843 658**	221 464

[3] *During the current year RCL Foods Consumer Proprietary Limited effected a distribution in specie to the Company.*
[4] *During the current year RCL Foods Sugar & Miling Proprietary Limited effected a distribution in specie to the Company.*

	2022 R'000	2021 R'000
8. PROFIT BEFORE TAX		
Foreign exchange gains/(losses) – unrealised	**27 838**	(21 289)
Foreign exchange losses – realised		(9 671)
Fair value adjustment		98 388
Dividends received from subsidiaries	**5 843 658**	221 464
Non-executive Directors' fees	**(6 395)**	(6 404)
Consultancy expenses	**(19 838)**	(2 651)
Listed company expenses	**(10 134)**	(6 851)
Legal fees	**(6 760)**	(474)
Acquisition expenses		(3 554)
Profit on Sale of Shares	**73 299**	
Loss on Sale of Shares	**(78)**	
Other expenses	**(72)**	(84)
Securities Transfer Tax	**(168)**	
Finance income	**240**	3
Finance costs	**(244)**	
Total	**5 901 346**	268 877

9. CONTINGENCIES

Banking and loan facilities are renewed annually and are subject to floating interest rates. At year-end the facilities granted amounted to R2,012 billion in respect of the debt package (refer note 16 of the consolidated financial statements) and a R2,450 billion unutilised general banking facility (2021: R2,450 billion).

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

The maximum exposure as at June 2022 is R2,012 billion (2021: R2,350 billion).

10. DIVIDENDS PER SHARE

Refer to note 27 of the notes to the consolidated financial statements.

11. FINANCIAL RISK MANAGEMENT

Credit risk

The Company has guaranteed a loan of a subsidiary. The maximum exposure to credit risk at the reporting date is R2,012 billion (2021: R2,350 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
2022	**787 500**	**1 225 000**			**2 012 500**
2021	337 500	787 500	1 225 000		2 350 000

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	2022 R'000	2021 R'000
NP	**3 662**	3 385

12. FINANCIAL INSTRUMENTS BY CATEGORY

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

	Amortised cost R'000	Assets at fair value through profit or loss R'000	Total R'000
Assets per the statement of financial position			
June 2022			
Investment in financial asset		**241 976**	**241 976**
Loans to Group companies	**3 740 037**		**3 740 037**
Loan receivable	**5 000**		**5 000**
Cash and cash equivalents	**3 662**		**3 662**
At the end of the year	**3 748 699**	**241 976**	**3 990 675**
June 2021			
Investment in financial asset		214 138	214 138
Loans to Group companies	3 636 168		3 636 168
Loan receivable	2 002		2 002
Cash and cash equivalents	3 385		3 385
At the end of the year	3 641 555	214 138	3 855 693

The carrying amount of these financial instruments approximate their fair values.

12. FINANCIAL INSTRUMENTS BY CATEGORY CONTINUED

Liabilities per the statement of financial position	Amortised cost R'000	Liabilities at fair value through profit or loss R'000	Total R'000
June 2022			
Loans from Group Companies	**6 538**		**6 538**
Trade and other payables	**9 847**		**9 847**
At the end of the year	**16 385**		**16 385**
June 2021			
Loans from Group Companies	3 691		3 691
Trade and other payables	7 233		7 233
At the end of the year	10 924		10 924

The carrying amount of these financial instruments approximate their fair values.

13. GOING CONCERN

RCL Foods Limited is the holding company of the Group.

Based on managements assessment the Company has adequate resources to continue operations as a going concern in the foreseeable future.

SHARE AND SHAREHOLDERS' INFORMATION

for the year ended June 2022

STATED CAPITAL

Authorised	**2 000 000 000**
Issued[1]	**953 298 370**
Number of shareholders	**9 431**

	Number of shareholders	%	Number of shares	%
Shareholder spread				
1 – 1 000	7 985	84.67	881 140	0.09
1 001 – 10 000	1 091	11.57	4 129 778	0.43
10 001 – 100 000	268	2.84	8 016 154	0.84
100 001 – 1 000 000	60	0.64	20 655 996	2.17
1 000 001 and over	27	0.28	919 615 302	96.47
Total	9 431	100.00	953 298 370	100.00
Distribution of shareholders				
Banks	17	0.18	8 400 396	0.88
Brokers	9	0.10	3 318 537	0.35
Close Corporations	32	0.34	1 291 790	0.14
Empowerment	2	0.02	63 830 231	6.70
Endowment Funds	3	0.03	586 477	0.06
Holding Company	2	0.02	714 057 943	74.90
Individuals	8 905	94.42	17 932 052	1.88
Insurance Companies	9	0.10	212 933	0.02
Investment Companies	9	0.10	339 789	0.04
Mutual Funds	67	0.71	103 013 489	10.81
Nominees and Trusts	223	2.36	2 509 138	0.26
Other Corporations	17	0.18	27 603	
Pension Funds	32	0.34	34 607 893	3.63
Private Companies	104	1.10	3 170 099	0.33
Total	9 431	100.00	953 298 370	100.00
Public and non-public shareholders				
Holding Company	2	0.02	714 057 943	74.90
Empowerment[1]	2	0.02	63 830 231	6.70
Directors and associates of the Company	3	0.03	2 123 227	0.22
Total non-public shareholders	7	0.07	780 011 401	81.82
Public shareholders	9 424	99.93	173 286 969	18.18
Total	9 431	100.00	953 298 370	100.00
Beneficial shareholders' holding of 1% or more				
Remgro Limited			713 902 129	74.89
RCL Employee Share Trust			44 681 162	4.69
Oasis Crescent Equity Fund			37 996 970	3.99
Government Employees Pension Fund			26 179 113	2.75
Business Venture Investments No 1763 (RF) Proprietary Limited			19 149 069	2.01
M&G SA Equity Fund			16 804 003	1.76
Old Mutual Multi-Managers Satellite Equity Fund No 3			12 963 603	1.36
Fund managers holdings of 1% or more				
Remgro Limited			714 057 943	74.90
Oasis Asset Management Limited			77 722 222	8.15
MandG Investment Managers Proprietary Limited			48 775 933	5.12
RCL Employee Share Trust			44 681 162	4.69
Business Venture Investments 1763 Proprietary Limited			19 149 069	2.01
Ninety One SA Proprietary Limited			10 607 163	1.11

[1] *Includes 44 681 162 shares issued to RCL Employee Share Trust, 19 149 069 shares issued to the Business Venture Investments No 1763 (RF) Proprietary Limited in terms of the B-BBEE scheme (refer to note 33 of the consolidated financial statements for details).*

www.rclfoods.com