



RCL FOODS LIMITED
**ANNUAL
FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED JUNE

2024

CONTENTS

REGULATORY APPROVALS

Approval of the Annual Financial Statements	2
Statement of responsibility	3
Certificate by the Company Secretary	3
Report of the Audit Committee	4
Report of the Directors	7
Independent Auditor's Report	9

GROUP FINANCIAL STATEMENTS

Consolidated Statement of Financial Position	14
Consolidated Income Statement	15
Consolidated Statement of Other Comprehensive Income	16
Consolidated Statement of Changes in Equity	17
Consolidated Cash Flow Statement	18
Notes to the Consolidated Cash Flow Statement	19
Accounting Policies	24
Notes to the Consolidated Financial Statements	40

COMPANY FINANCIAL STATEMENTS

Company Statement of Financial Position	119
Company Statement of Comprehensive Income	120
Company Statement of Changes in Equity	121
Company Cash Flow Statement	122
Notes to the Company Cash Flow Statement	123
Notes to the Company Financial Statements	124

SHARE AND SHAREHOLDER INFORMATION

Share and Shareholder Information	131
-----------------------------------	-----

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

for the year ended June 2024

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 Accounting Reporting Standards. The Directors are also responsible for the systems of internal control.

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

In preparing the Annual Financial Statements, the Group has used appropriate accounting policies, supported by reasonable judgements and estimates, and has complied with all applicable accounting standards. The Directors are of the opinion that the Annual Financial Statements present fairly the financial position of the Company and the Group at June 2024 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 14 to 130, which have been prepared on the going concern basis, were approved by the Board of Directors on 30 August 2024 and are signed on its behalf by:



JJ Durand
Non-executive Chairman

30 August 2024



PD Cruickshank
Chief Executive Officer

STATEMENT OF RESPONSIBILITY

for the year ended June 2024

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 14 to 130 fairly present in all material respects the financial position, financial performance and cash flows of the issuer 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 issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;
- 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 remedy the deficiencies; and
- we are not aware of any fraud involving Directors.



PD Cruickshank
Chief Executive Officer

30 August 2024



RH Field
Chief Financial Officer

CERTIFICATE BY THE COMPANY SECRETARY

for the year ended June 2024

I hereby certify that in respect of the year ended June 2024, 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

30 August 2024

REPORT OF THE AUDIT COMMITTEE

for the year ended June 2024

This report sets out how the Audit Committee discharged its responsibilities during the financial year ended June 2024 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 at 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. The Committee is chaired by Ms GP Dingaana. 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 five times during the year as per the Audit Committee charter. The Chief Executive Officer (CEO), Chief Financial Officer (CFO), Internal Audit Director (IAD), Group Finance Director (FD) and the external audit partners 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	24 July 2023	24 August 2023	1 September 2023	29 February 2024	20 June 2024
GP Dingaana* BCom (Acc), HDip (Acc), CA(SA)	November 2022	Present	Present	Present	Present	Present
NP Mageza ACCA (UK)	September 2009	Present	Present	Present	Present	Present
DTV Msibi BBusSc, BCom (Hons), MCom, CA(SA)	August 2013	Present	Present	Present	Present	Present
GM Steyn BA (LLB)	March 2019	Present	Present	Present	Present	Present
GC Zondi BCompt (Hons), AGA(SA)	July 2010	Present	Present	Present	Present	Present

* Committee Chairperson.

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 2023 that Ms GP Dingaana, Messrs NP Mageza, DTV Msibi and GM Steyn be re-appointed as members of the Audit Committee until the next Annual General Meeting on 14 November 2024. Messrs NP Mageza and GM Steyn will not be standing for re-election at the next Annual General Meeting.

REPORT OF THE AUDIT COMMITTEE CONTINUED

for the year ended June 2024

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 has established appropriate financial reporting procedures and that those procedures operate effectively;
 - » Ensured that sustainability disclosures did not conflict with the financial information;
 - » Took into consideration the process of proactive monitoring of financial statements for compliance with IFRS in terms of the JSE proactive monitoring report;
- Provided 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 and internal audit plan;
- Reviewed the appropriateness of the combined assurance model in addressing all significant risks facing the Group;
- Considered and recommended to the Board the appointment of Ernst and Young Incorporated (EY) as auditors of RCL FOODS Limited, and the appointment of external audit partner, in line with applicable legislation;
- Approved the audit fees and engagement terms of the external auditors; and
- Determined the nature and extent of allowable non-audit services, and pre-approved 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 2024 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

EY are the incumbent auditors for the Group for 2024. Their appointment was approved at the annual general meeting held on 16 November 2023, by an ordinary resolution of shareholders. The change in audit firm was initiated by the Company in 2021, in terms of the (subsequently repealed) rule on Mandatory Audit Firm Rotation, as PwC had served as the appointed auditor for more than ten consecutive financial years. The Committee continually monitors the independence and objectivity of the external auditors, and satisfied itself in relation to the ethical requirements. EY 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 Merisha Kassie as designated auditor complies with the JSE Listings Requirements, and that she is within her 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, EY provided certain non-audit services relating to agreed-upon procedures compliance audits. Total fees incurred during the 2024 financial year to EY were R0,2 million which related to non-audit services.

PricewaterhouseCoopers Inc (PwC) conducted the external audit for certain subsidiaries of the Group (relating to the Sugar business) for the year ended June 2024. Total fees incurred during the 2024 financial year to PwC were R9,2 million.

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

The reappointment of EY as auditors will be presented to shareholders for approval at the Annual General Meeting to be held on the 14 November 2024.

REPORT OF THE AUDIT COMMITTEE CONTINUED

for the year ended June 2024

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 Group before concluding to the Board that the Company and Group will be a going concern in the foreseeable future.



GP Dingaan

Audit Committee Chairperson

30 August 2024

REPORT OF THE DIRECTORS

for the year ended June 2024

NATURE OF BUSINESS

RCL FOODS Limited (RCL FOODS) is a leading South African food manufacturer, producing a wide range of branded and private label food products in multiple categories, from household staples to value-added and speciality offerings. RCL FOODS vision is to be a purpose-led business that delivers value for all and creates the fuel to fund enduring positive impact.

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

STATED CAPITAL

There was an increase in issued share capital in the current financial year of 199 684 ordinary shares (2023: 778 582) relating to shares issued in terms of share incentive schemes. At the reporting date unexercised share appreciation rights totalling 112 603 086 (2023: 139 116 637) had been granted to participants. At the reporting date the unexercised rights relating to the Conditional Share Plan was nil (2023: nil).

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 2024, and all references thereto within the results, are presented for the 52-week period ended 30 June 2024.

FINANCIAL RESULTS

The profit for the year from continuing operations attributable to equity holders of the Company amounted to R1185,2 million (2023: R816,2 million). This translates into a headline earnings per share from continuing operations of 121,6 cents (2023: 92,8 cents) based on the weighted average shares in issue during the year.

DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATIONS

Vector Logistics

The disposal of Vector Logistics was finalised on 28 August 2023 resulting in a receipt of R1 307,0 million, comprising the purchase price of R1 250,0 million, plus interest of R70,3 million from 1 March 2023 and less the post-tax share option liability of Vector Logistics of R13,4 million.

A profit on disposal of Vector Logistics of R243,9 million has been recorded in the current year as part of the profit from discontinued operations line in the income statement.

Rainbow

Rainbow was separately listed and unbundled to shareholders post the current reporting period date, on 1 July 2024 to shareholders via a dividend in specie. The fair value of Rainbow is in excess of its net carrying value and as a result no write-down to fair value was required in the 2024 consolidated results in accordance with IFRS 5.

Rainbow has been disclosed as held for sale in accordance with IFRS 5 in the current year and both Rainbow and Vector Logistics have been presented as a discontinued operation in these results. Comparatives have been restated in accordance with IFRS 5, where applicable.

REPORT OF THE DIRECTORS CONTINUED

for the year ended June 2024

DIVIDENDS

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

Interim Dividend

There was no interim dividend declared or paid during the 2024 financial year.

Final Dividend

Number 97 amounting to 35.0 cents per ordinary share, publication of declaration data on 2 September 2024 and paid on 21 October 2024.

The salient dates for dividend number 97 are as follows:

Publication of declaration data	Monday, 2 September 2024
Last day of trade to receive a dividend	Tuesday, 15 October 2024
Shares commence trading "ex" dividend	Wednesday, 16 October 2024
Record date	Friday, 18 October 2024
Payment date	Monday, 21 October 2024

SUBSIDIARIES

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

HOLDING COMPANY

Remgro Limited is the ultimate holding company of RCL FOODS.

DIRECTORS

The names of the Directors are included as part of the Directorate section of the Integrated Annual Report.

DIRECTORS' SHAREHOLDINGS

At the date of this report, the Directors in aggregate held direct beneficial interests in 2 122 841 (2023: 2 122 841) ordinary shares in the Company and had indirect beneficial interests in 386 (2023: 386) ordinary shares. Details of Directors' shareholdings are set out in note 31 of the notes to the consolidated financial statements.

SUBSEQUENT EVENTS

The unbundling of Rainbow, which has been presented as held for sale at current reporting date, was finalised on 1 July 2024.

The short-term cash invested by Rainbow in the Group's Treasury company at current reporting date was settled in cash of R463,8 million on the date of unbundling, being 1 July 2024.

RCL FOODS will continue to provide certain transitional services for a two-year period on an arm's length basis.

The dividend in specie and resulting profit/loss on unbundling on Rainbow will be recognised in the 2025 financial year. A reliable estimate of the profit/loss on disposal of Rainbow cannot be made at this stage.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF RCL FOODS LIMITED

for the year ended June 2024

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of RCL FOODS Limited and its subsidiaries (the Group) and Company set out on pages 14 to 130, which comprise of the consolidated and separate statements of financial position as at 30 June 2024, and the consolidated and separate income statement, the consolidated and separate statement of other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and Company as at 30 June 2024, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

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 are independent of the Group and Company 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 of the Group and Company and 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 of the Group and Company and 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). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette Number 49309 dated 15 September 2023 (EAR Rule) we report:

Final Materiality

The ISAs do not have a specific definition for materiality. However, the ISAs do recognise that misstatements, including omissions, are considered to be material if the misstatements, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The ISAs further clarify that judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both and consider users as a group in the average rather than as individuals whose needs may vary greatly.

The amount we set as materiality represents a quantum for the above concepts when considering the financial statements as a whole. Qualitative factors are also considered in making final determinations regarding what is material to the financial statements.

Group:

We determined final materiality for the Group to be R120 000 000, which is 5% of Earnings Before Interest and Tax. We have identified Earnings Before Interest and Tax as the most appropriate basis as we typically believe that 'for profit companies' are evaluated by users on their ability to generate earnings.

Company:

We determined final materiality for the standalone company to be R71 749 000, which is 0.5% of Total Assets. We have identified that a capital-based measure of Total Assets was most appropriate because the Company's purpose is to hold investments in and support the subsidiaries.

INDEPENDENT AUDITOR'S REPORT CONTINUED

for the year ended June 2024

Group Audit Scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each component within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account the size and risk profile of the components in the Group. In addition, we further consider the organisation of the Group and effectiveness of Group wide controls, changes in the business environment, and other factors such as our experience in prior years and recent Internal Audit results when assessing the level of work to be performed at each component of the Group. Our process focuses on identifying and assessing the risk of material misstatements of the Group financial statements as a whole including, with respect to the consolidation process.

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors under our instruction.

Of the 10 components, we:

- Performed an audit of the complete financial information of 6 components ("full scope components") which were selected based on their size or risk characteristics.
- Performed audit procedures on specific accounts of 2 components ("specific scope components") that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.
- Performed review procedures of 1 component ("review scope components") where we believed we needed to obtain additional coverage within the Group to mitigate aggregation risk where we had a number of components which were neither material in size or in scope due to risks.

The Group audit team exercised discretion in assessing items of key estimate and judgement that needed to be audited centrally together with instances where the client utilised their shared service centre to perform centralised accounting functions. The work performed centrally included testing the controls over key IT systems, certain impairment of assets testing and staff costs including employee incentives as well as other areas not considered material to the Group Financial Statements. Further we performed an analytical review over the component not in scope.

The reporting components where we performed audit procedures accounted for 97% of the Group's Earnings before Interest and Tax, 100% of the Group's Revenue, and 99.4% of the Group's Total Assets.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

In terms of the EAR Rule, we are required to report key audit matters and the outcome of audit procedures or key observations with respect to the key audit matters and these are included below.

The key audit matters apply to the audit of the consolidated financial statements. We have determined that there are no key audit matters that apply to the separate financial statements.

INDEPENDENT AUDITOR'S REPORT CONTINUED

for the year ended June 2024

Key audit matter description	How the matter was addressed in the audit
<p><i>Impairment assessment of goodwill and indefinite useful lives trademarks</i></p>	
<p>The impairment of goodwill and trademarks are disclosed in the below notes of the RCL Group Limited Financial Statements.</p> <ul style="list-style-type: none"> Accounting policies – Intangible Assets; Accounting policies – Critical Accounting Judgements and Key Sources of Estimation uncertainty; Note 2 – Intangible Assets; and Note 3 – Impairments 	
<p>Impairment of Goodwill and Trademarks are calculated in terms of IAS 36 Impairment of assets.</p> <p>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.</p> <p>In the current period, the challenging economic climate and business environment has warranted the need for increased auditor attention on the impairment assessment. Specific impairment indicators had been identified with respect to the CGUs within the Baking Business Unit with the unit facing increased competition and margin pressure during the year.</p> <p>Further, attention was also necessary on the Rainbow segment as a result of the unbundling transaction that was effected on 1 July 2024. This had resulted in the separate listing of this business as Rainbow Chicken Limited. We had deemed this to be a focus area in the impairment assessment due to historical fluctuating performance of this business unit.</p> <p>The impairment assessment is significant in the context of the financial statements due to its high estimation uncertainty and significant management judgement involved in the discounted cash flow models (models) used to determine a value-in-use of the CGU. Management also uses a management expert in the determination of the discount rate used in the models.</p> <p>Inputs used in the models are influenced by operational performance and macroeconomic factors. Key inputs into the cash flow model include the estimated future cash flows (specifically Revenue; EBITDA; changes in working capital and capex movements); terminal growth rates and pre-tax discount rates.</p> <p>Overall, there is a high level of complexity and management judgement in assessing assets for impairment and this required extensive involvement of EY internal strategy and transaction specialists to support the audit team which led to significant auditor attention, and the identification of this as a Key Audit Matter.</p>	<p>The following audit procedures, amongst others, were performed by the audit team:</p> <ul style="list-style-type: none"> Obtained an understanding and performed a walkthrough of management's impairment process including the governance thereof. Assessed management's determination of CGUs based on our understanding of the nature of the Group and their operations, and assessed whether this aligns to the requirements of IAS 36. We assessed the reasonability of the carrying values used within the models by agreeing this to underlying audited financial information. <p>On the work performed by management's expert on the discount rate:</p> <ul style="list-style-type: none"> Assessed the objectivity and competence of management's expert. Understood management's process for reviewing and approving the work performed by their experts. With the involvement of our EY Internal strategy and transaction advisory specialist team, we assessed the reasonability of the discount rate used by management by computing a South African Rand denominated discount rate using the Capital Asset Pricing Model (CAPM). The management's expert's beta was compared to external data for comparable companies. <p>We involved our EY Strategy and Transaction advisory specialists to perform the following:</p> <ul style="list-style-type: none"> Assessed the appropriateness of the valuation methodology for consistency with IAS 36 and International Valuation Standards used in the models to determine the value in use of the CGUs; We inquired of management to understand and assess the market factors considered in determining the forecasted figures; Evaluated the reasonableness of the forecasted cashflows by analysing previous budgets compared to actual performance, comparing historic performance to forecasts and assessed the forecasts against industry performance; Assessed the reasonability of the terminal value growth applied by management by considering the size of RCL as a business relative to the market that it serves; its current growth rates; its competitive advantages and the South African long-term inflation rate. We independently calculated the discount rates applied for the cash generating units using external market data which was applied in the CAPM model. We prepared a challenger model to independently determine the present value of cash flows and compared this to management's results. <ul style="list-style-type: none"> This included determining a valuation range using the external market ranges to compare to management's range. <p>For disclosure in the AFS:</p> <ul style="list-style-type: none"> We have assessed the adequacy of the Group's disclosure relating to the impairment assessment in the financial statements in terms of the requirements of IAS 36 and other relevant accounting standards. <p>Based on the procedures performed, no material misstatements were identified.</p>

INDEPENDENT AUDITOR'S REPORT CONTINUED

for the year ended June 2024

Other Matter

The consolidated and separate financial statements of RCL FOODS Limited for the year ended 30 June 2023, were audited by another auditor who expressed an unmodified opinion on those statements on 1 September 2023.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the 131 page document titled "RCL FOODS Limited Annual Financial Statements for the year ended 30 June 2024", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our Auditor's Report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities Of The Directors For The Consolidated And Separate Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board 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 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 Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT CONTINUED

for the year ended June 2024

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 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 the aggregate 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 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 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 the 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 and separate 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 Ernst & Young Inc. has been the auditors of RCL FOODS Limited for 1 year.

DocuSigned by:

A92F5A502A0473...
Ernst & Young Inc.
Director: Merisha Kassie
Registered Auditors
Chartered Accountant (SA)

30 August 2024
Durban

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2024

	Note	30 June 2024 R'000	2 July 2023 R'000
ASSETS			
Non-current assets			
Property, plant, equipment and right-of-use assets	1	4 713 447	6 349 203
Intangible assets	2	3 485 229	3 572 409
Investment in joint ventures	4	227 398	211 240
Investment in associates	5	1 004 391	942 333
Deferred income tax asset	19	16 910	42 289
Investment in financial asset	7	114 196	149 936
Loans receivable	6	12 000	12 000
Trade and other receivables	10	6 279	
		9 579 850	11 279 410
Current assets			
Inventories	8	2 940 930	3 722 105
Biological assets	9	389 881	1 317 386
Trade and other receivables	10	2 977 117	2 157 318
Derivative financial instruments		9 119	28 144
Tax receivable			14 761
Loan receivable	6	2 435	59 233
Cash and cash equivalents		1 093 497	224 373
		7 412 979	7 523 320
Assets of disposal group classified as held for sale	11	6 701 458	6 498 631
Total assets		23 694 287	25 301 361
EQUITY			
Stated capital	12	10 342 809	10 340 765
Share-based payments reserve	13	996 213	925 070
Other reserves	14		2 502
Common control reserve		(1 919 832)	(1 919 832)
Retained earnings		4 158 387	2 528 980
Equity attributable to the equity holders of the Company		13 577 577	11 877 485
Non-controlling interests		(136 535)	(156 180)
Total equity		13 441 041	11 721 305
LIABILITIES			
Non-current liabilities			
Deferred income			3 277
Interest-bearing liabilities	16	391 313	807 200
Deferred income tax liabilities	19	789 368	1 006 332
Retirement benefit obligations	15	27 383	65 974
Trade and other payables	18	34 669	10 858
		1 242 733	1 893 641
Current liabilities			
Trade and other payables	18	4 058 626	4 594 257
Deferred income		4 446	2 211
Interest-bearing liabilities	16	1 805 012	2 123 292
Derivative financial instruments		2 245	3 670
Current income tax liabilities		111 775	100 894
Bank overdraft			865 000
		5 982 104	7 689 324
Liabilities of disposal group classified as held for sale	11	3 028 409	3 997 091
Total liabilities		10 253 246	13 580 056
Total equity and liabilities		23 694 287	25 301 361

CONSOLIDATED INCOME STATEMENT

for the year ended June 2024

	Note	2024 R'000	*Restated 2023 R'000
Continuing Operations			
Revenue**	20	26 016 566	24 349 141
Operating profit before depreciation, amortisation and impairments (EBITDA) ¹		2 300 495	1 681 643
Depreciation, amortisation and impairments ²		(662 657)	(654 611)
Operating profit³	21	1 637 838	1 027 032
Finance costs	22	(171 568)	(177 456)
Finance income	23	28 149	10 959
Share of profits of joint ventures	3	33 525	36 185
Share of profits of associates	4	125 562	188 457
Profit before tax		1 653 506	1 085 177
Income tax expense	24	(429 362)	(348 617)
Profit for the period from continuing operations		1 224 144	736 560
Profit/(loss) for the period from discontinued operations		425 552	(223 652)
Profit for the period		1 649 696	512 908
Profit/(loss) for the year attributable to:			
Equity holders of the Company		1 624 394	616 237
– from continuing operations		1 185 204	816 197
– from discontinued operations	11	439 190	(199 960)
Non-controlling interests		25 302	(103 329)
– from continuing operations		38 940	(79 638)
– from discontinued operations		(13 638)	(23 691)
		1 649 696	512 908
Earnings per share attributable to equity holders of the Company			
Basic earnings per share	25 (cents)	182.4	69.3
– from continuing operations	(cents)	133.1	91.7
– from discontinued operations	(cents)	49.3	(22.4)
Diluted earnings per share	(cents)	181.9	68.6
– from continuing operations	(cents)	132.7	91.0
– from discontinued operations	(cents)	49.2	(22.4)

¹ Includes net expected credit losses reversed on loans receivable and trade and other receivables of R5,0 million (2023: R42,7 million raised). Refer notes 6 and 10 for further detail.

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

³ Operating profit is earnings before interest and tax.

* The prior year numbers have been restated as required by IFRS 5 to reflect Rainbow as a discontinued operation. Refer to note 11.

** "Revenue from contracts with customers" has been changed to "Revenue". Refer to note 20 for further detail.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended June 2024

	Note	2024 R'000	*Restated 2023 R'000
Profit for the year – continuing operations		1 224 144	736 560
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of retirement medical aid obligations [^]	15	3 470	5 256
Share of associates other comprehensive income	4	972	229
Other comprehensive income for the year – net of tax		4 442	5 486
Total comprehensive income for the year – continuing operations		1 228 586	742 046
Total comprehensive income for the year attributable to:			
Equity holders of the Company – continuing operations		1 189 646	821 684
Non-controlling interests – continuing operations		38 940	(79 638)
		1 228 586	742 046
Profit/(Loss) for the year – discontinued operations		425 552	(223 652)
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of retirement medical aid obligations	11	571	5 057
<i>Items that may subsequently be reclassified to profit or loss:</i>			
Currency translation differences	14	12 286	10 161
Foreign currency translation recycled into profit and loss		(14 788)	(9 654)
Other comprehensive (loss)/income for the year – net of tax		(1 931)	5 564
Total comprehensive income/(loss) for the year – discontinued operations		423 620	(218 088)
Total comprehensive income/(loss) for the year attributable to:			
Equity holders of the Company – discontinued operations		437 258	(194 706)
Non-controlling interests – discontinued operations		(13 638)	(23 383)
		423 620	(218 088)

[^] Items in the statement of other comprehensive income above are disclosed net of tax. The tax relating to the remeasurement of medical aid obligations for continuing operations was R1,3 million (2023: R1,9 million). Please refer to note 15 for further detail.

* The prior year numbers have been restated as required by IFRS 5 to reflect Rainbow as a discontinued operation. Refer to note 11.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended June 2024

	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 3 July 2022	10 334 136	863 744	1 995	(1 919 832)	2 169 240	11 449 283	(59 951)	11 389 332
Profit for the year								
– from continuing operations					816 197	816 197	(79 638)	736 559
– from discontinued operations					(199 960)	(199 960)	(23 691)	(223 651)
Other comprehensive income								
– from continuing operations					5 486	5 486		5 486
– from discontinued operations			507		5 057	5 564	308	5 872
Repurchase of shares	(2 204)					(2 204)		(2 204)
Employee share award scheme:								
– value of employee services		70 390				70 390		70 390
– equity component of deferred tax on share-based payments		(231)				(231)		(231)
– exercise of employee share awards	8 833	(8 833)						
Additional equity contribution by minority interest							8 692	8 692
Ordinary dividend paid					(267 039)	(267 039)	(1 900)	(268 939)
Balance at 2 July 2023	10 340 765	925 070	2 502	(1 919 832)	2 528 980	11 877 485	(156 180)	11 721 305
Profit for the year								
– from continuing operations					1 185 204	1 185 204	38 940	1 224 144
– from discontinued operations					439 190	439 190	(13 638)	425 552
Other comprehensive income								
– from continuing operations					4 442	4 442		4 442
– from discontinued operations			(2 502)		571	(1 932)		(1 932)
Loss of control of Vector Logistics							(9 225)	(9 225)
Employee share option scheme:								
– value of employee services		72 645				72 645		72 645
– exercise of employee share awards	2 044	(1 502)				542		542
Additional equity contribution by minority interest							5 568	5 568
Ordinary dividend paid							(2 000)	(2 000)
Balance at 30 June 2024	10 342 809	996 213		(1 919 832)	4 158 387	13 577 576	(136 535)	13 441 041

CONSOLIDATED CASH FLOW STATEMENT

for the year ended June 2024

	Note	2024 R'000	*Restated 2023 R'000
Cash flows from operating activities			
Cash generated by operations	A	1 993 774	1 286 636
Finance income received		28 149	10 958
Finance costs paid ¹		(127 283)	(143 908)
Tax paid	B	(406 691)	(292 357)
Cash available from operating activities		1 487 949	861 329
Dividends received		81 842	40 876
Dividends paid		(2 000)	(268 939)
Net cash inflow from operating activities – continuing operations		1 567 791	633 266
Net cash inflow/(outflow) from operating activities – discontinued operations		948 309	(588 285)
Net cash inflow from operating activities		2 516 100	44 981
Cash flows from investing activities			
Replacement property, plant and equipment		(745 595)	(587 445)
Expansion property, plant and equipment		(123 725)	(138 723)
Intangible asset additions		(13 272)	(17 538)
Acquisition of business	C		(214 892)
Advances of interest-bearing loans		(22 627)	(78 870)
Receipts from interest-bearing loans advanced		61 348	6 000
Insurance proceeds from fixed assets		137 007	
Proceeds on disposal of non-current assets held for sale ²		827 599	
Proceeds on disposal of property, plant and equipment and intangible assets		17 785	19 467
Net cash inflow/(outflow) from investing activities – continuing operations		138 520	(1 012 001)
Net cash outflow from investing activities – discontinued operations		(397 231)	(592 894)
Net cash outflow from investing activities		(258 711)	(1 604 895)
Cash flows from financing activities			
Repayment of interest-bearing liabilities	D	(1 340 682)	(491 627)
Advances of interest-bearing liabilities	D		925 000
Repurchase of shares			(2 204)
Additional capital contribution by non-controlling interest		5 569	8 692
Net cash (outflow)/inflow from financing activities – continuing operations		(1 335 113)	439 861
Net cash outflow from financing activities – discontinued operations		(91 803)	(172 012)
Net cash outflow from financing activities		(1 426 916)	267 849
Net movement in cash and cash equivalents		830 473	(1 292 065)
Cash and cash equivalents at the beginning of the year		275 617	1 565 808
Exchange differences arising on translation of foreign operations			1 874
Cash and cash equivalents at the end of the period ³	E	1 106 090	275 617

¹ Finance costs paid exclude finance costs in respect of IFRS 16 Leases of R39,3 million (2023: R38,6 million), which have been disclosed as part of lease payments within financing activities and a R4,9 million RCL Foods Treasury Proprietary Limited interest accrual as at year end. Total finance cost incurred is R171,6 million which is the sum of finance costs paid from operations and finance costs paid in respect of IFRS 16 Leases.

² Includes net cash proceeds on disposal of Vector Logistics Proprietary Limited of R749,1 million which is made up of gross proceeds on sale of R1 307,0 million less the deconsolidation of cash of R64,4 million and the repayment of Vector's working capital loan with RCL Foods Treasury Proprietary Limited of R493,6 million at disposal. Refer to note 11 for details on remaining proceeds on disposal of other non-current assets held for sale.

³ Includes cash and cash equivalents disclosed as part of the disposal groups held for sale at 30 June 2024 and 2 July 2023 and excludes bank overdraft deemed a financing activity in the prior financial year. The cash and cash equivalents at the end of the current year of R1 106,1 million consists of R1 093,5 million as reported on the Statement of Financial Position and a net R12,6 million cash on hand balance related to the Rainbow segment which has been classified as a disposal group held for sale at year-end and is made up of R48,4 million partially offset by a bank overdraft of R35,8 million. In the prior year the cash and cash equivalents at the end of the period of R275,6 million consists of R224,4 million as reported on the Statement of Financial Position and R51,2 million related to the Vector Logistics segment which was classified as a disposal group held for sale at year-end.

* The prior year numbers have been restated as required by IFRS 5 to reflect Rainbow as a discontinued operation. Refer to note 11.

Interest paid under operating activities R127,3 million (2023: R143,9 million) relate to interest incurred and paid on the operational day to day activities of the business.
Interest paid under financing activities R39,3 million (2023: R38,6 million) relate to interest incurred and paid on financing assets acquisitions for the business.

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

for the year ended June 2024

	2024 R'000	*Restated 2023 R'000
A. CASH GENERATED BY OPERATIONS		
Operating profit	1 637 838	1 027 032
Adjusted for:		
Depreciation, amortisation and impairment ¹	662 657	654 611
Deferred income	(1 043)	(1 754)
Expected credit loss recognised on loans receivable	(12 919)	30 232
Fair value adjustment on assets held for sale		1 455
Fair value adjustment on investment in financial asset	33 579	127 446
Fair value adjustment in biological assets ²	(395 524)	(313 553)
Loss on disposal of associate		1 955
Gain on remeasurement of leases	14	(2 885)
Insurance proceeds reallocated to investing activities	(137 007)	
Loans written off	48 711	
Loss on disposal of property, plant and equipment and intangible assets	26 356	1 065
Profit on disposal of property, plant and equipment and intangible assets	(11 819)	
Profit on disposal of assets held for sale	(56 745)	
Profit on disposal of TSGRO Farming Services Proprietary Limited	(25 272)	
Movement in retirement benefit obligations	(15 759)	3 910
Movement in derivative financial instruments	(5 754)	(2 760)
Share-based payments – Employee Share Award Scheme	60 299	58 011
Unrealised foreign exchange losses/(gains)	2 161	(35 584)
Other non-cash flow items	7	2
	1 809 777	1 549 183
Working capital changes:		
Movement in inventories	(327 403)	(416 264)
Movement in biological assets ²	314 446	353 787
Movement in trade and other receivables	(462 291)	66 413
Movement in trade and other payables	659 245	(266 483)
	183 997	(262 547)
	1 993 774	1 286 636
B. TAX PAID		
Amount payable at the beginning of the year	(86 133)	(39 632)
Acquisition of subsidiary		2 083
Transfer to disposal group held for sale	(625)	534
Charged to the income statement	(431 707)	(341 462)
Normal tax – continuing operations	(431 707)	342 225
Normal tax – discontinued operation		(763)
Amount payable at the end of the year	111 775	86 133
Total tax paid	(406 691)	(292 344)
Continuing operations	(406 691)	(292 357)
Discontinued operation (Rainbow only classified as held for sale in the current year)		13
C. ACQUISITION OF BUSINESSES		
Net cash paid for business		(214 892)
Sunshine Bakery Holding Proprietary Limited ³		(214 892)
– Purchase price		(244 485)
– Cash acquired on date of acquisition		29 593

¹ Relates only to impairments of property, plant and equipment, right-of-use assets, goodwill and intangible assets.

² The movement in biological assets is represented by the non-cash fair value adjustment on biological assets of R395,5 million (2023: R313,6 million) and the movement included in working capital changes of R314,4 million (2023: R353,0 million). The net increase in biological assets for the year was R81,1 million (2023: R40,2 million). Refer to note 9 for further detail.

³ During the previous financial year, the Group acquired a 100% shareholding in Sunshine Bakery Holdings Proprietary Limited which has been consolidated effective from 1 March 2023. Refer to note 35.

* The prior year numbers have been restated as required by IFRS 5 to reflect Rainbow as a discontinued operation. Refer to note 11.

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT CONTINUED

for the year ended June 2024

D. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Movements in net debt for the year ended June 2024 are as follows:

	2 July 2023 R'000	Transferred to held for sale ¹ R'000	Cash inflows R'000	Cash outflows R'000	Non-cash flows ² R'000	30 June 2024 R'000
Lease liabilities	596 389	(157 623)		(133 085)	178 892	484 573
Institutional borrowings	27 473	(27 473)				
Loan from Green Create W2V SA Proprietary Limited	110 519	(110 519)				
Loan from Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited	141 761	(141 761)				
Term-funded debt package	1 675 000					1 675 000
Bank overdraft	865 000			(865 000)		
Loan from Inclusive Farming Partnership Proprietary Limited	27 286			(3 494)		23 792
Loans from Akwandze Agricultural Finance Proprietary Limited	352 062			(339 103)		12 959
	3 795 490	(437 376)		(1 340 682)	178 892	2 196 324

Movements in net debt for the year ended June 2023 are as follows:

	2 July 2022 R'000	Transferred to held for sale ³ R'000	Cash inflows R'000	Cash outflows R'000	Non-cash flows ² R'000	30 June 2023 R'000
Lease liabilities	885 612	(464 633)		(161 883)	337 293	596 389
Institutional borrowings	29 984			(2 511)		27 473
Loan from Green Create W2V SA Proprietary Limited	94 578		15 941			110 519
Loan from Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited	153 955			(12 194)		141 761
Term-funded debt package	2 012 500			(337 500)		1 675 000
Bank overdraft			865 000			865 000
Loan from Inclusive Farming Partnership Proprietary Limited	30 430			(3 144)		27 286
Loans from Akwandze Agricultural Finance Proprietary Limited	328 857		60 000	(36 795)		352 062
	3 535 916	(464 633)	940 941	(554 027)	337 293	3 795 490

¹ Relates to the Rainbow segment which was classified as held for sale in the current year as per IFRS 5 requirements.

² Refer to note F of the cash flow statements for further detail.

³ Relates to the Vector Logistics segment which was classified as held for sale in the prior year as per IFRS 5 requirements.

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT CONTINUED

for the year ended June 2024

E. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include restricted balances of R26,3 million (2023: R31,7 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.

Restricted cash balances also consist of funds received of R0,3 million (2023: 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 R18,8 million (2023: R11,4 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 for the designated projects.

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

	2024 R'000	2023 R'000
For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:		
Cash at banks and on hand	389 855	191 984
Call deposits	675 000	1 408
Margin deposits	28 642	30 981
	1 093 497	224 373
Cash at banks and short-term deposits attributable to discontinued operations	48 438	51 244
	1 141 935	275 617
Bank overdrafts attributable to discontinued operations	(35 845)	
Cash and cash equivalents	1 106 090	275 617
Cash and cash equivalents, including continuing operations and the disposal group held for sale, include amounts denominated in the following currencies:		
Per statement of financial position		
Rand	1 084 348	277 471
USD	21 603	962
Namibian Dollar		21 349
Zambian Kwacha		(24 357)
Other currencies	139	192
Total	1 106 090	275 617

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT CONTINUED

for the year ended June 2024

F. RECONCILIATION OF LEASE LIABILITIES

	2024 R'000	2023 R'000
Opening balance	596 389	885 612
Additions*	47 290	232 241
Repayment of lease liabilities	(133 085)	(161 883)
Termination of leases*	(2 736)	(18 579)
Acquisition of Sunshine*		78 467
Transferred to disposal group held for sale	(157 623)	(464 633)
Interest accrued*	39 312	38 614
Remeasurements of leases*	95 026	6 550
Closing balance	484 573	596 389

* Non-cash movements per note D.

G. RECONCILIATION OF CASH FLOW STATEMENT MOVEMENT

The Rainbow segment was classified as a disposal group held for sale and discontinued operation for the year ended June 2024. The date of classification as held for sale was 3 June 2024. At date of classification assets and liabilities relating to the Rainbow segment were transferred to held for sale, with eleven months of the movement relating to the Rainbow segment being included in the opening to closing balance reconciliations for line items in the statement of financial position, and subsequently being transferred to the disposal group held for sale. This treatment differs to the treatment of movements for cash flow reporting purposes, with IFRS 5 requiring the cash flows from discontinued operations to be disclosed as a single line item for the full 12-month period (with comparatives being restated). A reconciliation of movements in the Consolidated Cash Flow Statement to the movements included in relevant Statement of Financial Position line items is provided below for 2024.

	2024 R'000
a. Property, plant and equipment additions per note 1 ¹	1 205 034
Property, plant and equipment additions per Consolidated Cash Flow Statement	869 320
Replacement property, plant and equipment – per cash flow	745 595
Expansion property, plant and equipment – per cash flow	123 725
Difference²	335 714
b. Intangible asset additions per note 2	24 609
Intangible asset additions per Consolidated Cash Flow Statement	13 272
Difference²	11 337

¹ Excludes right-of-use asset additions which are non-cash.

² Includes WIP tangible asset additions of R11,8 million subsequently transferred from intangible assets to property, plant and equipment. The remainder relates to additions within the Rainbow segment for eleven months to date of classification as a disposal group held for sale. Additions up to date of classification as a disposal group held for sale have been included as part of additions in note 1 and note 2 of the consolidated financial statements, whilst the cash flow additions relate to continuing operations only with additions relating to the Rainbow segment being separately disclosed as part of the net cash outflow from investing activities – discontinued operation line.

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT CONTINUED

for the year ended June 2024

	2024 R'000
c. Net loss on disposal of property, plant and equipment per note A to the Consolidated Cash Flow Statement	(14 537)
Proceeds on disposal of property, plant and equipment per Consolidated Cash Flow Statement	17 785
Carrying value of property, plant and equipment disposed of per note 1 and note 2	(33 805)
Adjusted for: Carrying value of disposals relating to the Rainbow segment to date of classification as held for sale	1 483
d. Movement in retirement benefit obligations per note A to the Consolidated Cash Flow Statement	(15 759)
Movement in retirement benefit obligations per note 15	(14 577)
Difference¹	(1 182)

¹ Relates to the current service cost, interest costs and benefits paid within the Rainbow segment for eleven months to date of classification as a disposal group held for sale. These costs and payments up to date of classification as a disposal group held for sale have been included as part of the movement in note 15 of the consolidated financial statements, whilst the cash flow movement in retirement benefit obligations relates to continuing operations only, with the movement relating to the Rainbow segment being separately disclosed as part of the net cash inflows from operating activities – discontinued operation.

ACCOUNTING POLICIES

for the year ended June 2024

BASIS OF PREPARATION

The Group and Company Financial Statements have been prepared in accordance with IFRS Accounting Standards, IFRIC interpretations, SAICA Financial Reporting guides, the requirements of the Companies Act of South Africa and the Listings Requirements of the JSE Limited under the supervision of the Chief Financial Officer, Robert Field CA(SA), and were authorised for issue on 30 August 2024 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 Accounting Standards 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 2024, and all references thereto within the results, are presented for the 52-week period ended 30 June 2024.

The preparation of financial statements in conformity with IFRS Accounting Standards 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 37 to 38.

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 a financial instrument within the scope of IFRS 9 Financial Instruments is recognised in accordance with IFRS 9 either in profit or loss or as a charge to other comprehensive income. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit and loss. 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.

ACCOUNTING POLICIES CONTINUED

for the year ended June 2024

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.

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, share of profits recognised in other comprehensive income 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.

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.

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 unsecured 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 POLICIES CONTINUED

for the year ended June 2024

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 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. The assets are accounted for under the rules of IFRS 16. Refer to pages 28 to 29 for accounting policy on right-of-use assets.

Depreciation is provided for 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.

ACCOUNTING POLICIES CONTINUED

for the year ended June 2024

Depreciation is calculated over the following estimated useful lives:

- **Buildings**
 - Right-of-use and owned 15 to 60 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 60 years
 - Furniture 6 to 25 years
 - Aircraft 8 to 20 years
 - Bearer plants – on owned land 3 to 15 years
 - Bearer plants – on leased land Shorter of useful life of 15 years or period of lease

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

Owned 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.

INVESTMENT PROPERTY

Investment properties are held to generate rental income. Investment properties are treated as long-term investments and are carried at cost less accumulated depreciation. Buildings are depreciated to their estimated residual values on a straight-line basis over their expected useful lives. Depreciation rates between 4% and 20% per annum are applied on significant components.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Transfers are made to (or from) investment property only when there is a change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

INTANGIBLE ASSETS

Trademarks and customer relationships

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

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

The useful lives of intangible assets are as follows:

- Trademarks Indefinite/15 to 20 years
- Customer relationships 5 to 20 years

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

ACCOUNTING POLICIES CONTINUED

for the year ended June 2024

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.

ACCOUNTING POLICIES CONTINUED

for the year ended June 2024

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; and
- any initial direct 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.

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. All other assets with finite useful lives 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.

ACCOUNTING POLICIES CONTINUED

for the year ended June 2024

DISPOSAL GROUPS HELD FOR SALE AND DISCONTINUED OPERATIONS

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.

Where a disposal group represents a separate major line of business or geographical area of operations, the results of the disposal group have been presented separately in the statement of comprehensive income. The statement of comprehensive income for the comparative period is restated in order to reflect the results of the disposal group as a discontinued operation.

Inter-company transactions, balances, income and expenses on transactions between the Group's continuing operations and disposal groups held for sale and/or discontinued operations have been eliminated within the Group and/or the disposal group respectively.

Depreciation and equity accounting of profits from joint ventures and associates within the disposal group are stopped once the disposal group is classified as held for sale.

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. Sucrose included within sugar inventory is valued at the South African Sugar Association determined pricing depending on whether it is deemed to be local market or export stock. 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-sale 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 and Indian River grandparent breeding birds at 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.

ACCOUNTING POLICIES CONTINUED

for the year ended June 2024

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.

ACCOUNTING POLICIES CONTINUED

for the year ended June 2024

Post-retirement medical benefits – Defined benefit plan

The Group provides post-retirement medical benefits to its retirees. These benefits apply to RCL Foods Consumer Proprietary Limited and RCL Group Services Proprietary Limited employees engaged pre-October 2003. Foodcorp Proprietary Limited and RCL Foods Sugar and 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 plans

The Group recognises a liability where contractually obliged or where there is past practice that has created a constructive obligation. Management participates in both long term and short term incentive plans whereby incentives are paid in respect of out-performance against specific targets. All incentives 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.

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.

ACCOUNTING POLICIES CONTINUED

for the year ended June 2024

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 Association (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 are recognised as revenue and payments as cost of sales at the notional local market price of sugar at the point in time. This revenue is shown separately as “Revenue from industry redistribution” and is not included as “Revenue from contracts with customers”, due to the definition of a “customer” as per IFRS 15, not being met.

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: 0-90 days
- Sale of services: 0-30 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.

ACCOUNTING POLICIES CONTINUED

for the year ended June 2024

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 POLICIES CONTINUED

for the year ended June 2024

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 note 28 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 expected credit 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.

ACCOUNTING POLICIES CONTINUED

for the year ended June 2024

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.

Deferred income

Deferred income represents unearned funding received from AGRISETA and interest income not yet earned on loans received from Akwandze Agricultural Finance (Pty) Ltd as a result of the interest rate charged being below market-related rates. The unearned funding received from AGRISETA 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.

The deferred interest income is recorded in the income statement over the period of the loan in the same manner that the effective interest expense on the loan is charged to the income statement.

DIVIDEND DISTRIBUTION

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

OPERATING SEGMENTS

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

RCL FOODS is made up of the following segments:

- Groceries: Culinary (includes Mayonnaise, Peanut Butter, Rusks etc.), Pet Food and Beverages operations;
- Baking: including the Milling, Speciality, Pies, Sunbake and Sunshine bakeries and Buns and Rolls ;
- Sugar: including Sugar and molasses-based feed (Molatek) operations.
- Group: Shared Services platform.

The Rainbow segment which was classified as held for sale and accordingly recognised as a discontinued operation in the current year includes the chicken business, grain-based feed (EPOL and Driehoek) and Waste-to-Value operations.

The Vector Logistics segment which was disposed in the current year, provided RCL FOODS and numerous third parties with multi-temperature warehousing and distribution, supply chain intelligence and sales solutions.

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

Transactions between segments are accounted for under the IFRS Accounting Standards in the individual segments. Direct exports are not considered material in relation to total revenue.

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.

ACCOUNTING POLICIES CONTINUED

for the year ended June 2024

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 costs 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 note 3 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 11 and 28 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 11 and 15 of the consolidated financial statements.

Share-based payments

The key assumptions used in the calculation of the fair value of grant date options awarded for share appreciation rights is disclosed in note 12 to the consolidated financial statements.

IMPACT OF NEW AMENDMENTS TO ACCOUNTING STANDARDS AND INTERPRETATIONS

Management has considered all new standards, interpretations and amendments that are effective for the current year.

The standards, interpretations and amendments that are relevant to the Group are as follows:

Amendments to IAS 8 – Definition of Accounting Estimates

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. They clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

Management has considered the above and there was no material impact on the entities financial results for the current period.

ACCOUNTING POLICIES CONTINUED

for the year ended June 2024

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant accounting policies' with a requirement to disclose 'material accounting policy information'; and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and their nature. The amendments to IAS 1 require that if an entity decides to disclose accounting policy information that is not material, it needs to ensure that this immaterial information does not obscure material information.

The amendments may impact the accounting policy disclosures of entities. Determining whether accounting policies are material or not requires use of judgement. Therefore, entities are encouraged to revisit their accounting policy information disclosures to ensure consistency with the amended standard.

Entities should carefully consider whether 'standardised information, or information that only duplicates or summarises the requirements of the IFRSs' is material information and, if not, whether it should be removed from the accounting policy disclosures to enhance the usefulness of the financial statements.

Management has considered the above and all policies included are considered material.

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:

IAS 1 Non-current Liabilities with Covenants

Amendments to IAS 1 which requires entities to consider the compliance with financial covenants on its debt. The classification of debt as current or non-current based on the future ability of the entities to comply with financial covenants is not affected, however entities are required to disclose details of these covenants.

The amendment is applicable for annual reporting periods beginning on or after 1 January 2024, with early application permitted. Management is assessing the implications in disclosing this ahead of implementation in the 2025 financial year.

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 2024. Management is assessing the implications in disclosing this ahead of implementation in the 2025 financial year.

Amendment to IFRS 16 – Leases on sale and leaseback

These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Annual periods beginning on or after 1 January 2024. Sale and leaseback transactions are not common within the Group and hence management has assessed this amendment to be insignificant for the Group.

ACCOUNTING POLICIES CONTINUED

for the year ended June 2024

Amendments to IAS 7 and IFRS 7 on supplier finance arrangements

These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a Company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

The new standard is effective for the annual periods beginning on/after 1 January 2024. Supplier finance arrangements are not common within the Group and hence management has assessed this amendment to be insignificant for the Group.

Replacement of IAS 1 with IFRS 18

IFRS 18 replaces IAS 1 to allow for a better understanding of information in relation to the financial performance of a company.

IFRS 18 will require an entity to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations.

The new standard is effective for the annual periods beginning on/after 1 January 2027 with earlier application permitted. Retrospective application would be required in both annual and interim financial statements. Management is assessing the implications in disclosing this ahead of implementation in the 2028 financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 2024

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

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
June 2024*											
At the beginning of the year	3 049 946	9 110 172	54 420	629 305	26 000	262 915	493 972	29 738	411 328	516 648	14 584 444
Transfers between categories and intangible assets										21 099	21 099
Transfers from/(to) investment property	(59 702)										(59 702)
Additions ^{1,2}	215 209	885 380	11 542	70 966	109	14 323	42 704	4 691	31 567	(14 321)	1 262 170
Disposals	(12 549)	(222 953)		(100 028)		(17 427)	(39 479)	(481)	(5 415)		(398 332)
Transferred to held for sale	(1 504 543)	(3 479 201)		(65 276)	(18 757)	(209 495)	(13 343)			(292 594)	(5 583 209)
Remeasurements of leases					25	411	96 999				97 435
At the end of the year	1 688 361	6 293 398	65 962	534 967	7 377	50 727	580 853	33 948	437 480	230 832	9 923 905
Accumulated depreciation and impairment											
At the beginning of the year	1 489 822	5 658 607	13 823	352 183	13 620	98 538	298 412	22 045	288 191		8 235 241
Transfers between categories and intangible assets		(2 639)									(2 639)
Transfers from/(to) investment property	(44 365)										(44 365)
Disposals	(11 330)	(216 555)		(74 226)		(9 748)	(36 724)	(462)	(5 048)		(354 093)
Impairment loss		2 608					54 427				57 035
Transferred to held for sale	(1 035 418)	(2 268 687)		(54 179)	(12 116)	(116 960)	(7 090)				(3 494 450)
Depreciation	89 754	531 913	2 666	49 540	2 545	57 077	52 333	2 423	25 478		813 729
At the end of the year	488 463	3 705 247	16 489	273 318	4 049	28 907	361 358	24 006	308 621		5 210 458
Net book amount	1 199 898	2 588 151	49 473	261 649	3 328	21 820	219 495	9 942	128 859	230 832	4 713 447

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.

* Movements in the table above include Rainbow balances up to the date it was classified as held for sale, being 3 June 2024. The carrying value for cost and accumulated depreciation at this date has been transferred to held for sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

or the year ended June 2024

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

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
June 2023											
At the beginning 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
Transfers between categories and intangible assets	2 453	23 604								(26 799)	(742)
Additions ^{1,2}	168 103	995 988		113 721	8 911	205 028	76 415		33 375	(8 697)	1 592 844
Disposals	(6 758)	(312 147)		(84 055)	(4 581)	(66 153)	(43 676)	(1 145)	(12 354)		(530 869)
Acquisition of business ³		63 154		26 135			31 079			131	120 499
Transferred to held for sale	(371 604)	(699 662)		(524 266)	(45 667)	(46 546)	(464 372)			(144 370)	(2 296 487)
Modification of leases						(54)					(54)
Remeasurements					(45)	6 039	1 504				7 498
Exchange differences on translation of foreign operations		399		360		40	3 255				4 054
At the end of the year	3 049 946	9 110 172	54 420	629 305	26 000	262 915	493 972	29 738	411 328	516 648	14 584 444
Accumulated depreciation and impairment											
At the beginning 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
Transfers between categories and intangible assets	(5 499)	5 499									
Disposals	(4 837)	(300 609)		(47 816)	(2 166)	(52 062)	(42 118)	(732)	(7 607)		(457 947)
Impairment loss	2 012	31 546		1 297			4 897		30 516		70 268
Transferred to held for sale	(166 886)	(365 651)		(301 825)	(30 235)	(8 519)	(220 058)				(1 093 174)
Depreciation	105 283	529 324	2 093	80 244	10 488	51 625	100 582	2 423	31 791		913 853
Modification of leases						(12)					(12)
Exchange differences on translation of foreign operations		99		54		(15)	1 037				1 175
At the end of the year	1 489 822	5 658 607	13 823	352 183	13 620	98 538	298 412	22 045	288 191		8 235 241
Net book amount	1 560 124	3 451 565	40 597	277 122	12 380	164 377	195 560	7 693	123 137	516 648	6 349 203

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.

³ During the 2023 financial year, the Group acquired a 100% shareholding in Sunshine Bakery Holdings Proprietary Limited which has been consolidated effective from 1 March 2023. Refer to note 35. As at the end of June 2023 the purchase price allocation was still considered provisional, but has been finalised in the current financial year with no further adjustments processed.

* Movements in the table above include Vector Logistics up to the date it was classified as held for sale, being 29 March 2023. The carrying value for cost and accumulated depreciation at this date has been transferred to held for sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

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

Continuing Operations	2024 R'000	*Restated 2023 R'000
Contracted and committed	304 407	236 689
Approved but not contracted	257 721	300 897

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 through short-term borrowing facilities.

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

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. Reassessments of useful lives during the current period resulted in higher depreciation of R0,1 million and lower depreciation of R12,0 million in the prior financial year.

* The prior year numbers have been restated to remove Rainbow which is classified as held for sale in the current year. Refer to note 11 for further detail.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

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 2024						
Opening net book amount	131 119	1 310 336	174 706	1 950 551	5 697	3 572 409
Additions	8 927				3 695	12 622
Disposals	(1)					(1)
Transfers between categories and property, plant and equipment			(2 641)		(21 100)	(23 741)
Transfers between tangible and intangible work-in-progress	(10 530)				22 517	11 987
Acquisition of business ¹				25 272		25 272
Transferred to held for sale	(19 307)	(5 476)		(19 315)		(44 098)
Amortisation charge	(26 619)		(17 330)			(43 949)
Impairment loss				(25 272)		(25 272)
Closing net book amount	83 589	1 304 860	154 735	1 931 236	10 809	3 485 229
Cost	268 642	1 848 991	984 872	2 736 083	10 809	5 849 397
Accumulated amortisation and impairment	(185 053)	(544 131)	(830 137)	(804 847)		(2 364 168)
Net book amount	83 589	1 304 860	154 735	1 931 236	10 809	3 485 229
June 2023						
Opening net book amount	136 337	1 211 636	233 992	1 885 590	20 616	3 488 171
Acquisition of business	181	98 700	6 500	118 785		224 166
Additions	17 275				7 979	25 254
Disposals	(9)					(9)
Transfers between categories and property, plant and equipment	22 289				(21 547)	742
Transferred to held for sale	(12 508)		(3 025)	(53 824)	(1 351)	(70 708)
Amortisation charge	(32 446)		(62 761)			(95 207)
Closing net book amount	131 119	1 310 336	174 706	1 950 551	5 697	3 572 409
Cost	365 150	1 904 969	984 872	2 755 398	5 697	6 016 086
Accumulated amortisation and impairment	(234 031)	(594 633)	(810 166)	(804 847)		(2 443 677)
Net book amount	131 119	1 310 336	174 706	1 950 551	5 697	3 572 409

¹ During the current financial year, RCL Foods Sugar and Milling Proprietary Limited acquired an additional 50% shareholding in TSGRO Farming Services Proprietary Limited. The acquisition resulted in goodwill being recognised which was subsequently impaired.

Movements in the table above include Rainbow up to the date it was classified as held for sale. The carrying value for cost and accumulated depreciation at this date has been transferred to held for sale.

The remaining finite useful lives on intangible assets is between 1 and 18 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

2. INTANGIBLE ASSETS CONTINUED

	2024	2023
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

TRADEMARKS

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

CGU	Trademarks	Useful life	2024 R'000	2023 R'000
Grocery	Ouma, Nola, Yum Yum, Nutso, Bobtail, Catmor, Dogmor, Ultra Dog, Canine Cuisine, Optimizor, Feline Cuisine	Indefinite	438 600	438 600
Beverages	Mageu Number 1, Monati, Mnandi	Indefinite	176 540	176 540
Total Groceries segment			615 140	615 140
Milling*	Supreme, Tafelberg, Safari, AI, 5 Star	Finite		
Bread, buns & rolls	Sunbake	Indefinite	331 020	331 020
Pies	Piemans	Indefinite	260 000	260 000
Sunshine ¹	Sunshine	Indefinite	98 700	98 700
Total Baking segment			689 720	689 720
Chicken ²	Farmer Brown, Bonny Bird, FarmFare	Finite		
Epol Animal Feed ²	Epol, Winterveld, Lotmix, Driehoek, Equus	Indefinite	–	5 476
Total Rainbow segment			–	5 476
Sugar*	Selati	Finite	–	–
Total Sugar segment			–	–
Total Trademarks			1 304 860	1 310 336

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

* The trademarks within these GCUs have a carrying amount of Rnil.

¹ Sunshine Bakery Holdings Proprietary Limited was acquired effective 1 March 2023. Refer to note 35 for further detail.

² The Epol Animal Feed and Chicken CGU's form part of Rainbow and was transferred to held for sale in the current year in accordance with IFRS 5 requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

2. INTANGIBLE ASSETS CONTINUED

	2024	2023
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 and 5 Star which were acquired on the acquisition of New Foodcorp Holdings Proprietary Limited (indirectly Foodcorp) in 2013.

	2024	2023
Indefinite life		
Is intangible title restricted in any way	No	No

Significant trademarks comprise Ouma, Nola, Yum Yum, Bobtail, Catmor, Dogmor, Sunbake, Ultra Dog, Canine Cuisine, Mageu Number 1, Monati, Optimizor, Mnandi, Piemans and Feline Cuisine 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. Sunshine was acquired as part of the acquisition of Sunshine Bakery Holdings Proprietary Limited in 2023.

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.

	2024	2023
CUSTOMER RELATIONSHIPS		
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 acquisition of Sunshine Bakery Holdings Proprietary Limited in the previous 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 (transferred to the disposal group held for sale in the prior year);
- Sunshine Bakery Holdings Proprietary Limited in the previous financial year. Refer to note 35 for further detail; and
- TSGRO Farming Service Proprietary Limited in the current financial year. The acquisition resulted in goodwill being recognised which was then fully impaired. The remaining 50% of the investment in TSGRO Farming Service Proprietary Limited was acquired during the year and subsequently disposed of to Akwandze Agricultural Finance Proprietary Limited prior to year end.

At year-end, the Group has goodwill of R1 931,2 million (2023: R1 950,6 million).

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. Refer to note 3 for further detail on impairment assessments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

2. INTANGIBLE ASSETS CONTINUED

	Opening R'000	Additions R'000	Impairment R'000	Transferred to held for sale R'000	Closing R'000
2024					
Grocery	191 205				191 205
Pies	474 541				474 541
Beverages	28 774				28 774
Speciality	429 831				429 831
Epol Animal Feed	19 315			(19 315)	
Bread, buns & rolls	688 100				688 100
Sugar		25 272	(25 272)		
Sunshine	118 785				118 785
Total	1 950 551	25 272	(25 272)	(19 315)	1 931 236
2023					
Grocery	191 205				191 205
Pies	474 541				474 541
Beverages	28 774				28 774
Speciality	429 831				429 831
Sugar					
Epol Animal Feed	19 315				19 315
Bread, buns & rolls	688 100				688 100
Sunshine		118 785			118 785
L&A Logistics	53 824			(53 824)	
Total	1 885 590	118 785		(53 824)	1 950 551

CAPITAL WORK-IN-PROGRESS

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

3. IMPAIRMENTS

RECOGNISED IMPAIRMENT LOSSES

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

	Property, plant and equipment R'000	Right-of-use assets R'000	Goodwill R'000	Total R'000
2024				
Unallocated segment		(54 427)		(54 427)
Sugar			(25 272)	(25 272)
Rainbow	(2 608)			(2 608)
	(2 608)	(54 427)	(25 272)	(82 307)
2023				
Sugar	(63 954)	(4 897)		(68 851)
Rainbow	(1 417)			(1 417)
	(65 371)	(4 897)		(70 268)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

3. IMPAIRMENTS CONTINUED

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. In addition, where there are indicators of impairments, or reversals of previous impairments recognised, an impairment test is required. The details of the Group's impairment assessments performed during the year are presented below.

During the current year RCL Foods Sugar and Milling acquired an additional 50% shareholding in TSGRO Farming Service Proprietary Limited. The acquisition resulted in goodwill being recognised which was subsequently impaired.

During the current financial year a total impairment of R54,4 million was recognised in the unallocated segment relating to the National Office building, primarily as a consequence of the Rainbow and Vector Logistics separations.

The impairment loss in Rainbow in the current and prior year related to individual assets which became redundant.

During the prior financial year, a total impairment of R68,9 million was recognised within the Sugar segment. The impairment in the Sugar segment related to the Sivunosefu Proprietary Limited CGU. The impairment was due to an ongoing decline in agricultural performance, compounded by the impact of load-shedding in the prior financial year.

The recoverable amount has been determined based on value-in-use calculations. The key assumptions used in the value-in-use calculation are presented below. These calculations use cash flow projections based on financial budgets approved by management, which include assumptions on profit before tax, depreciation, working capital and capital maintenance expenditure. Cash flows beyond the five-year period are extrapolated using the long-term projected growth rate of 4.0%.

Impairment tests were performed for the Grocery, Pies, Beverages, Speciality, Milling, Bread buns & rolls, Sunshine and the Sugar CGUs (including the sugar farming subsidiaries) as these are mandatory due to these CGUs including indefinite useful life intangible assets.

The recoverable amount for CGU's impairments is determined based on value-in-use calculations.

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 key 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.
- 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: In the current year a perpetuity growth rate of 4.0% (2023: 4.0%) was applied.
- Discount rate: The pre-tax discount rates used in each of the value-in-use calculations has been provided further on in the note.

No further impairment losses nor reversals of impairments are required in the current financial year based on these assessments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

3. IMPAIRMENTS CONTINUED

A sensitivity analysis for key assumptions has been presented below.

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

2024	Discount rate pre-tax %	Perpetuity growth rate %	Period years
Grocery	16.8	4.0	5
Pies	16.6	4.0	5
Beverages	16.5	4.0	5
Speciality	16.5	4.0	5
Milling	16.9	4.0	5
Bread, buns & rolls	16.2	4.0	5
Sunshine	15.9	4.0	5
Sivunosetfu Farming Services Proprietary Limited – Sugar	16.8	4.0	5
Libuyile Farming Services Proprietary Limited – Sugar	16.0	4.0	5
Mgubho Farming Services Proprietary Limited – Sugar	16.8	4.0	5

2024	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	Nil	(0.5)	Nil
Milling	+1.0	Nil	(0.5)	Nil
Bread, buns & rolls	+1.0	Nil	(0.5)	Nil
Sunshine	+1.0	Nil	(0.5)	Nil
Sivunosetfu Farming Services Proprietary Limited – Sugar	+1.0	Nil	(0.5)	Nil
Libuyile Farming Services Proprietary Limited – Sugar	+1.0	Nil	(0.5)	Nil
Mgubho Farming Services Proprietary Limited – Sugar	+1.0	Nil	(0.5)	Nil

The impairment of R54,4 million recognised in the unallocated segment and relating to the National Office building, was calculated using a pre-tax discount rate of 32.5% over a period of 5 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

3. IMPAIRMENTS CONTINUED

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

	Discount rate pre-tax %	Perpetuity growth rate %	Period Years
2023			
Grocery	16.9	4.0	5
Pies	16.8	4.0	5
Beverages	16.6	4.0	5
Speciality	16.7	4.0	5
Milling	17.1	4.0	5
Bread, buns & rolls	16.5	4.0	5
Sunshine	17.8	4.0	5
Sivunosetfu Farming Services Proprietary Limited – Sugar	18.3	4.0	5
Libuyile Farming Services Proprietary Limited – Sugar	16.5	4.0	5
Mgubho Farming Services Proprietary Limited – Sugar	16.6	4.0	5
Epol Animal Feed*	20.1	4.0	5
Chicken*	19.3	4.0	5

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

	Discount rate Movement (%)	Total Impairment (Rm)	Perpetuity growth rate Movement (%)	Total Impairment (Rm)
2023				
Grocery	+1.0	Nil	(0.5)	Nil
Pies	+1.0	Nil	(0.5)	Nil
Beverages	+1.0	38,9	(0.5)	19,8
Speciality	+1.0	Nil	(0.5)	Nil
Milling	+1.0	Nil	(0.5)	Nil
Bread, buns & rolls	+1.0	105,8	(0.5)	11,2
Sunshine	+1.0	25,7	(0.5)	5,8
Sivunosetfu Farming Services Proprietary Limited – Sugar	+1.0	Nil	(0.5)	Nil
Libuyile Farming Services Proprietary Limited – Sugar	+1.0	5,6	(0.5)	Nil
Mgubho Farming Services Proprietary Limited – Sugar	+1.0	Nil	(0.5)	Nil
Epol Animal Feed	+1.0	Nil	(0.5)	Nil
Chicken	+1.0	120,1	(0.5)	Nil

A sensitivity analysis of the above assumptions used in the prior period impairment test for the Chicken CGU is presented below:

	Movement	Total impairment (Rm)	Movement	Total impairment (Rm)
Feed conversion ratio	+1.0%	43,1	(1.0%)	Nil
Net invoice price	+1.0%	Nil	(1.0%)	943,9
Feed input price	+R100/ton	Nil	(R100/ton)	Nil

* Chicken and Epol Animal Feed forms part of the Rainbow segment, which has been disclosed as a disposal group held for sale. No write-down below carrying value was required on the disposal group. Refer to note 11 for further detail.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

4. INVESTMENT IN JOINT VENTURES

	2024 R'000	2023 R'000
Opening balance	211 240	307 135
Share of profits of joint ventures – continuing operations	33 525	36 185
Share of profits of joint ventures – discontinued operation*		12 333
Exchange differences on translation of joint venture – discontinued operation*		5 429
Dividends received from joint ventures	(17 367)	(11 239)
Transferred to held for sale*		(138 603)
Balance at June	227 398	211 240

* Senn Foods Logistics Proprietary Limited formed part of the Vector Logistics segment which met the criteria to be classified as held for sale on 29 March 2023 in the prior year. In accordance with IFRS 5, the results for Senn Foods Logistics Proprietary Limited were no longer equity accounted from this date.

Set out below are the joint ventures of the Group. 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
TSGRO Farming Services Proprietary Limited (TSGRO)	South Africa	0	Note 3

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 2024.

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 2024.

Note 3: 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 2024. During June 2024 RCL Foods Sugar and Milling Proprietary Limited acquired 100% of the shareholding in TSGRO. TSGRO was sold to Akwandze before year-end. TSGRO was therefore a joint venture for only a portion of the year.

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:

	2024 R'000	2023 R'000
Guarantee:		
Long-term Loan Guarantee for Akwandze Agricultural Finance Proprietary Limited on behalf of TSGRO Farming Services Proprietary Limited		25 000
Long-term Loan Guarantee for Rand Merchant Bank on behalf of Akwandze Agricultural Finance Proprietary Limited		350 000

During the year the loans for which the guarantees were issued have been fully repaid.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

4. INVESTMENT IN JOINT VENTURES CONTINUED

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

2024	Akwandze	Mananga	Total
Summarised statement of financial position	June 2024	June 2024	2024
	R'000	R'000	R'000
Current			
Cash and cash equivalents	23 697	197 544	221 241
Other current assets	73 291	337 598	410 889
Total current assets	96 988	535 142	632 130
Financial liabilities (excluding trade payables)	23 479		23 479
Other current liabilities (including trade payables)	10 947	202 918	213 865
Total current liabilities	34 426	202 918	237 344
Non-current			
Assets (including customer relationships)	46 925	57 885	104 810
Financial liabilities	48 921		48 921
Other liabilities		5 972	5 972
Total non-current liabilities	48 921	5 972	54 893
Net assets	60 566	384 137	444 703

2023	Akwandze	Mananga	TSGRO	Total
Summarised statement of financial position	June 2023	June 2023	June 2023	2023
	R'000	R'000	R'000	R'000
Current				
Cash and cash equivalents	36 503	74 170	623	111 296
Other current assets	317 185	388 269	11 276	716 730
Total current assets	353 688	462 439	11 899	828 026
Financial liabilities (excluding trade payables)	345 714		475	346 189
Other current liabilities (including trade payables)	17 427	136 414	4 832	158 673
Total current liabilities	363 141	136 414	5 307	504 862
Non-current				
Assets (including customer relationships)	103 984	60 244	3 567	167 795
Financial liabilities	58 519		34 787	93 306
Other liabilities		9 860		9 860
Total non-current liabilities	58 519	9 860	34 787	103 166
Net assets	36 012	376 409	(24 628)	387 793

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

4. INVESTMENT IN JOINT VENTURES CONTINUED

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

2024	Akwandze June 2024 R'000	Mananga June 2024 R'000	TSGRO* May 2024 R'000	Total 2024 R'000
Summarised statement of comprehensive income				
Revenue from contracts with customers	39 165	1 424 656	36 405	1 500 226
Depreciation and amortisation	(32)	(2 610)	(146)	(2 788)
Finance costs	(22 793)	4 196	(2 261)	(20 858)
Finance income	2 220	(1 371)	228	1 077
Profit/(loss) before tax	24 313	65 895	459	90 667
Income tax expense	1 240	(24 398)		(23 158)
Profit/(loss) after tax	25 553	41 497	459	67 509
Total comprehensive income/(loss)	25 553	41 497	459	67 509
Dividends received from joint ventures	500	16 867		17 367

2023	Akwandze June 2023 R'000	Mananga June 2023 R'000	Senn Foods** March 2023 R'000	TSGRO* June 2023 R'000	Total 2023 R'000
Summarised statement of comprehensive income					
Revenue from contracts with customers	42 235	1 295 513	693 884	27 166	2 058 798
Depreciation and amortisation	(25)	(2 273)	(4 964)	(69)	(7 331)
Finance costs	(29 823)	(382)	(69)	(291)	(30 565)
Finance income	2 710	4 209	123	289	7 331
Profit/(loss) before tax	4 971	85 053	32 269	(3 484)	118 809
Income tax expense	(1 365)	(16 291)	(7 099)	(5 715)	(30 470)
Profit/(loss) after tax	3 606	68 762	25 170	(9 199)	88 339
Total comprehensive income/(loss)	3 606	68 762	25 170	(9 199)	88 339
Dividends received from joint ventures		11 239			11 239

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

* The carrying amount of the investment in TSGRO Farming Service Proprietary Limited was Rnil (2023: Rnil) as at date of disposal due to the cumulative losses. TSGRO Farming Service Proprietary Limited has been equity accounted at nil to date of acquisition of the remaining 50%.

** Senn Foods Logistics Proprietary Limited results have been equity accounted for in the prior financial year for nine months, to the date of held for sale classification. In accordance with IFRS 5, the results for Senn Foods Logistics Proprietary Limited were no longer equity accounted from this date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

4. INVESTMENT IN JOINT VENTURES CONTINUED

2024	Akwandze	Mananga	TSGRO	Total
Reconciliation of summarised financial information presented to the carrying amount of the joint ventures	June 2024	June 2024	June 2024	2024
	R'000	R'000	R'000	R'000
Opening net assets	36 012	376 408	(24 629)	387 791
Profit/(loss) for the period	25 553	41 497	459	67 509
Dividends paid	(1 000)	(33 733)		(34 733)
Disposal of joint venture			24 170	24 170
Closing net assets	60 565	384 172		444 737
Interest in joint venture (%)	50	50	50	
Goodwill	4 937	93		5 030
Carrying value	35 219	192 179		227 398

2023	Akwandze	Mananga	Senn Foods	TSGRO	Total
Reconciliation of summarised financial information presented to the carrying amount of the joint ventures	June 2023	June 2023	March 2023	June 2023	2023
	R'000	R'000	R'000	R'000	R'000
Opening net assets	32 406	330 124	143 405	(15 429)	490 506
Profit/(loss) for the period	3 606	68 762	25 170	(9 199)	88 339
Dividends paid		(22 478)			(22 478)
Exchange differences on translation of joint venture			11 080		11 080
Closing net assets	36 012	376 408	179 655	(24 628)	567 446
Interest in joint venture (%)	50	50	49	50	
Losses deferred to future reporting periods				11 541	11 541
Investment capital and other					
Goodwill	4 937	93	50 572	773	56 375
Transferred to held for sale			(138 603)		(138 603)
Carrying value	22 943	188 297			211 240

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

5. INVESTMENT IN ASSOCIATES

	2024 R'000	2023 R'000
Opening balance	942 333	822 991
Share of profits of associates – continuing	125 561	188 458
Share of profits of associates – discontinued operations		4 902
Dividends received from associate	(64 475)	(29 637)
Share of associates other comprehensive income	972	229
Exchange differences on translation of associates		7 102
Disposal of associate		(51 712)
Balance at June	1 004 391	942 333

Set out below are the associates of the Group. 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	0.00	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 2024 however the Group has equity accounted the results for the 12 months from July 2023 to June 2024 (management accounts).

As at June 2024 the shares had a fair value of E17 (2023: E15,2) per share on the Eswatini Stock Exchange, at a total market value for the Group's investment in RES of R478,0 million (2023: R427,4 million). Whilst the carrying value of the Group's investment in RES of R847,6 million at June 2024 (2023: R791,0 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: During the previous financial year, a decision was taken to dispose of the 29.29% investment in HMH. The sale was effective 30 June 2023.

Note 3: LKCA's 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 2023, however the Group has equity accounted the results for the 12 months from July 2023 to June 2024.

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

	2024 R'000	2023 R'000
As part of the banking facilities, RES and its subsidiary company are liable for the following guarantees:		
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
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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

5. INVESTMENT IN ASSOCIATES CONTINUED

2024	LKCA	RES	Total
Summarised statement of financial position	June 2024	June 2024	2024
	R'000	R'000	R'000
Current			
Cash and cash equivalents	54 321	226 499	280 820
Other current assets	37 298	1 926 009	1 963 307
Total current assets	91 619	2 152 508	2 244 127
Financial liabilities (excluding trade payables)	25 280	183 133	208 413
Other current liabilities (including trade payables)	49 678	741 882	791 560
Total current liabilities	74 958	925 015	999 973
Non-current			
Assets	52 225	2 987 596	3 039 821
Total non-current assets	52 225	2 987 596	3 039 821
Financial liabilities	610	535 554	536 164
Other liabilities		747 109	747 109
Total non-current liabilities	610	1 282 663	1 283 273
Net assets	68 276	2 932 426	3 000 702

2023	LKCA	RES	Total
Summarised statement of financial position	June 2023	June 2023	2023
	R'000	R'000	R'000
Current			
Cash and cash equivalents	36 178	338 818	374 996
Other current assets	45 037	1 700 116	1 745 153
Total current assets	81 215	2 038 934	2 120 149
Financial liabilities (excluding trade payables)	24 015	133 761	157 776
Other current liabilities (including trade payables)	56 888	822 559	879 447
Total current liabilities	80 903	956 320	1 037 223
Non-current			
Assets	58 425	2 876 597	2 935 022
Total non-current assets	58 425	2 876 597	2 935 022
Financial liabilities	1 425	535 888	537 313
Other liabilities		684 757	684 757
Total non-current liabilities	1 425	1 220 645	1 222 070
Net assets	57 312	2 738 566	2 795 878

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

5. INVESTMENT IN ASSOCIATES CONTINUED

2024	LKCA	RES	Total
Summarised statement of comprehensive income	June 2024	June 2024	2024
	R'000	R'000	R'000
Revenue from contracts with customers	149 753	4 565 392	4 715 145
Depreciation and amortisation	(1 203)	(289 783)	(290 986)
Finance expense		(69 023)	(69 023)
Finance income	19 017	50 718	69 735
Profit before tax	18 373	469 239	487 612
Income tax expense	(4 679)	(57 789)	(62 468)
Profit after tax	13 694	411 450	425 144
Other comprehensive income		3 331	3 331
Total comprehensive income	13 694	414 781	428 475
Adjustments			
Amortisation of customer relationships (net of tax)	(2 730)		(2 730)
Adjusted total comprehensive income	10 964	414 781	425 745
Dividends received from associate		64 475	64 475

2023	LKCA	RES	HMH*	Total
Summarised statement of comprehensive income	June 2023	June 2023	June 2023	2023
	R'000	R'000	R'000	R'000
Revenue from contracts with customers	161 775	4 869 047	433 807	5 464 629
Depreciation and amortisation	(1 203)	(268 658)	(24 284)	(294 145)
Finance expense		(28 672)	(15 996)	(44 668)
Finance income	14 832	16 091		30 923
Profit before tax	8 717	869 293	19 965	897 975
Income tax expense	(2 506)	(229 515)	(3 225)	(235 246)
Profit after tax	6 211	639 778	16 740	662 729
Other comprehensive income		785		785
Total comprehensive income	6 211	640 563	16 740	663 514
Adjustments				
Amortisation of customer relationships (net of tax)	(2 730)			(2 730)
Adjusted total comprehensive income	3 481	640 563	16 740	660 784
Dividends received from associate		29 637		29 637

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

* During the previous financial year, a decision was taken to dispose of the investment in HMH. The sale was effective 30 June 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

5. INVESTMENT IN ASSOCIATES CONTINUED

Reconciliation of summarised financial information presented to the carrying amount of the associate	LKCA June 2024 R'000	RES June 2024 R'000
Opening net assets	57 312	2 738 566
Total comprehensive income for the year	10 964	414 781
Dividends paid		(220 922)
Closing net assets	68 276	2 932 425
Interest in associate (%)	49.999	29.185
Goodwill	122 629	
Carrying value	156 766	847 626

Reconciliation of summarised financial information presented to the carrying amount of the associate	LKCA June 2023 R'000	RES June 2023 R'000
Opening net assets	53 831	2 199 553
Total comprehensive income for the year	3 481	640 563
Dividends paid		(101 549)
Closing net assets	57 312	2 738 567
Interest in associate (%)	49.999	29.185
Goodwill	122 629	
Carrying value	151 285	791 048

Disposal of Investment in Hmh Rainbow Limited (HMH)

During the previous financial year, a decision was taken to dispose of the Group's investment in HMH.

The sale transaction was finalised and effective 30 June 2023, and as such the investment was equity accounted for the full 2023 financial year. The cumulative foreign currency translation recognised in other comprehensive income relating to HMH was consequently recycled to profit and loss.

Reconciliation of net assets of associate to disposal date	2023 R'000
Opening net assets	128 029
Total comprehensive income for the year	16 740
Exchange differences on translation of associates	24 249
Closing net assets	169 018
Interest in associate (%)	29.29
Goodwill	4 509
Refund of purchase price	(2 302)
Carrying amount of associate at date of disposal	51 712

Reconciliation of proceeds from sale to carrying amount of associate

Proceeds on disposal	49 757
Carrying amount of associate at date of disposal	51 712
Loss on disposal of associate	(1 955)
Foreign currency translation reserve recycled to profit and loss	9 654

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

6. LOANS RECEIVABLE

Non-current:	2024 R'000	2023 R'000
Loans at the beginning of the year	12 000	31 095
Loans written off during the year	(33 111)	
Loans advanced during the year	20 192	12 439
Reclassified to current		(1 302)
Expected credit loss allowance reversed/(recognised)	12 919	(30 232)
Loans at the end of the year	12 000	12 000

Non-current loans receivable consist of loans granted to the LIVEKINDLY Collective Africa Proprietary Limited of R12,0 million (2023: R12,0 million)

The long-term loan to The LIVEKINDLY Collective Africa Proprietary Limited is unsecured and accrues interest at the prime rate which was 11.75% in the current year and between 8.25% and 11.75% in the prior year. The loan is repayable on or before 31 December 2026.

Based on the current profitability, financial outlook and forward-looking information available on LIVEKINDLY Collective Africa Proprietary Limited, the Group has performed an expected credit loss (ECL) calculation for the loans receivable. Based on the assessment, the ECL has been deemed to be insignificant.

In the current year, a loan of R16,4 million was advanced to Sibusisiwe Sugar Estate Proprietary Limited for the purchase of the Siyathuthuka Sugar Estate Proprietary Limited operations. The full loan granted was raised as an expected credit loss in the year due to its risk of recoverability.

During the current financial year, a loan of R3,8 million was granted to TSGRO Farming Services Proprietary Limited, resulting in a total loan balance of R35,8 million of which R32,0 million was fully impaired in the prior year. R29,3 million of the accumulated credit loss was subsequently reversed and R 33,1 million of the TSGRO Farming Services Proprietary Limited loan was written off during the current financial year. The remaining long term loan balance of R2,7 million remains fully impaired at year end and is unsecured. Interest accrued at 10.75% (2023: 10.75%) per annum on the outstanding loan balance that was due.

Reconciliation of loss allowance	2024 R'000	2023 R'000
At the beginning of the year	31 960	1 728
Expected credit loss allowance (reversed)/recognised	(12 919)	30 232
At the end of the year	19 041	31 960

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. In accordance with Group policy, interest on Stage 3 loans are forgiven.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

6. LOANS RECEIVABLE CONTINUED

TSGRO Farming Service Proprietary Limited was a joint venture of the Group, thus the Group had 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. An additional loan of R20,2 million was granted in the current year and a write off of R33,1 million was recorded on the loan prior to TSGRO Farming Service Proprietary Limited's disposal to Akwandze Agricultural Finance Proprietary Limited and was due to TSGRO Farming Service Proprietary Limited being unable to fund the loan. The balance of the loan remained impaired in the year. In assessing the expected credit losses arising on the loan to TSGRO Farming Service 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 Service 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. The full loan has been impaired as a specific provision as a result of TSGRO Farming Service Proprietary Limited not having adequate capacity to meet its financial commitments and there are no guarantees or collateral held in respect of this loan.

Current:	2024 R'000	2023 R'000
Loans at the beginning of the year	59 233	
Loans advanced during the year	2 435	63 931
Loans repaid during the year	(59 233)	(6 000)
Reclassified from non-current		1 302
Loans at the end of the year	2 435	59 233

In the prior year, RCL Foods Sugar and Milling Proprietary Limited granted a loan facility of up to R15,0 million to Akwandze Agricultural Finance Proprietary Limited. The sole purpose of this loan is for funding of sugar cane growers to procure and apply fertiliser on their sugar cane fields. Full and final repayment of this loan was 31 March 2024, but was extended to 31 March 2025 due to the slow uptake from small scale cane growers. The loan is interest free. At year-end R2,4 million of this loan facility has been utilised (2023: R1,6 million).

In the prior year RCL Foods Sugar and Milling Proprietary Limited granted a loan facility of R60,0 million to Akwandze Agricultural Finance Proprietary Limited. The use of the loan is for the sole purpose of the approved "Access to Finance Intervention" by the South African Sugar Association for the benefit of Libuyile Farming Service Proprietary Limited, Mgubho Farming Services Proprietary Limited and Sivunosetfu Proprietary Limited. Full and final repayment of this loan occurred on 7 February 2024. The loan bore interest at prime less 1.25%. Interest on these loans are capitalised to their outstanding balances.

The carrying amount of these loans approximate their fair values.

7. INVESTMENT IN FINANCIAL ASSET

	2024 R'000	2023 R'000
At the beginning of the year	149 936	241 976
Foreign exchange gains		35 406
Fair value adjustments recorded in profit or loss	(35 740)	(127 446)
At the end of the year	114 196	149 936

Relates to a 1.58% minority shareholding in the LIVEKINDLY Collective Proprietary Limited as at 30 June 2024. The fair value of the investment at June 2024 has been based on the Rand cost of the investment.

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 28 of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

8. INVENTORIES

	2024 R'000	2023 R'000
Finished goods	1 679 662	2 235 199
Work-in-progress		19 958
Raw materials and ingredients	903 238	999 208
Consumables and maintenance spares	358 030	467 740
At the end of the year	2 940 930	3 722 105
Carrying value of inventory written down to net realisable value		657 193
Amount expensed as write-down to net realisable value		88 559

The Group's net realisable value write-down is Rnil (2023: R88,6 million) with the prior year relating 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.

9. BIOLOGICAL ASSETS

	Breeding stock R'000	Broiler stock R'000	Sugarcane plants R'000	Total R'000
2024				
At the beginning of the year at fair value	577 526	431 056	308 804	1 317 386
Gains arising from cost inputs	1 611 350	5 829 449		7 440 799
Decrease due to harvest/Transferred to cost of sales	(1 626 966)	(5 937 798)	(314 446)	(7 879 210)
Fair value adjustments recorded in profit or loss	7 613	14 672	395 524	417 809
Transferred to held for sale	(569 523)	(337 379)		(906 902)
At the end of the year at fair value			389 881	389 881

	Breeding stock R'000	Broiler stock R'000	Sugarcane plants R'000	Banana fruit R'000	Total R'000
2023					
At the beginning of the year at fair value	493 897	388 895	346 262	2 775	1 231 829
Gains arising from cost inputs	1 787 504	6 494 668			8 282 172
Decrease due to harvest/Transferred to cost of sales	(1 711 190)	(6 464 915)	(351 010)	(2 775)	(8 529 890)
Fair value adjustments recorded in profit or loss	7 315	12 408	313 552		333 275
At the end of the year at fair value	577 526	431 056	308 804		1 317 386

The financial risk management disclosures relating to the fair value estimation of the Group's biological assets is included in note 28 of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

10. TRADE AND OTHER RECEIVABLES

	2024 R'000	2023 R'000
Non-current:		
Other receivables	6 279	
Total	6 279	

Other receivables consist of a municipal deposit of R6,3 million.

	2024 R'000	2023 R'000
Current:		
Trade receivables	2 623 476	1 588 742
Less: Expected credit loss allowance	(13 119)	(25 941)
Net trade receivables	2 610 357	1 562 801
Prepayments	101 345	140 302
Other receivables ¹	265 415	454 215
At the end of the year	2 977 117	2 157 318

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 Company Limited (Lombard) ²	2 300 301	1 815 333
Total	2 300 301	1 815 333

¹ Material items included in other receivables comprise:

– VAT receivable	103 043	86 431
– Insurance proceeds receivable*		54 750
– Proceeds on sale of transport operation**		30 574
– Other receivables***	136 559	272 307

* The prior year receivables related to insurance proceeds receivable on the rebuild of the Komatipoort warehouse and flood damage in the Nkomazi region. These funds were received during the current year.

** The prior year receivable related to the outstanding proceeds on the sale of the RCL Foods Sugar and Milling Proprietary Limited transport operation, and was settled in the current year.

*** 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 (2023: R1,4 billion). There are no individual debtors which exceed R1,4 billion at 30 June 2024.

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; and
- rule-based loss estimation (i.e. actual write-offs plus amounts still in collection for more than a specific number of months).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

10. TRADE AND OTHER RECEIVABLES CONTINUED

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.

	2024 R'000	2023 R'000
General trade receivables subject to matrix approach		
The loss allowance is calculated using the matrix approach based on the total trade receivables balance; segregated for:	2 623 476	1 588 742
– Individually material balances (separately assessed)	(1 958 451)	(909 880)
– Sundry amounts*	386 896	271 220
– Receivables with specific financial issues	(34 948)	(25 160)
General trade receivables subject to matrix approach	1 016 973	924 922

* The current and prior year sundry amounts relate to rebate provisions which reduced the trade receivables balance. The trade receivables balance for the general book is therefore adjusted to reflect the gross amount on which an expected credit loss may be incurred. Should a debtor default on payment, any rebates provided for in relation to that debtor will be reversed.

The loss allowance was determined as follows for trade receivables:

June 2024

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	885 752	0.0558	494
Customer B	208 954	0.1076	225
Customer C	85 772	0.0990	85
Customer D	24 782	0.0600	15
Customer E	135 874	0.1166	158
Agent 1 (1 day exposure)	285 590	0.0022	6
Agent 1 (more than 1 day exposure)	331 727	0.1340	444
Total	1 958 451		1 428
Less: VAT on expected credit losses – individually material balances ¹			(104)
Loss allowance			1 324

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 (%)	0.1754	0.5429	2.8718	16.8557	10.9575	
Gross carrying amount	941 160	71 600	3 440	1 915	(1 142)	1 016 973
Loss allowance based on matrix approach	1 651	389	99	323	51	2 513
Less: VAT on expected credit losses – general ¹						(210)
Loss allowance						2 303
Specific provision for expected credit losses						9 492
Total expected credit losses on trade receivables						13 119

¹ The South African Revenue Service (SARS) permits an input VAT claim in the event of a trade receivable being written off, hence the portion of output VAT declared on these receivables is deemed to be recoverable from SARS.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

10. TRADE AND OTHER RECEIVABLES CONTINUED

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

JUNE 2023

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	445 392	0.0492	219
Customer B	159 803	0.0557	89
Customer C	155 333	0.0830	129
Customer D	21 983	0.0591	13
Customer E	127 369	0.1013	129
Total	909 880		579
Less: VAT on expected credit losses – general ¹			(57)
Loss allowance			522

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 (%)	0.2507	0.7363	10.1910	19.7294	18.2122	
Gross carrying amount	786 735	125 928	7 548	3 198	1 513	924 922
Loss allowance based on matrix approach	1 972	927	769	631	276	4 575
Less: VAT on expected credit losses – general ¹						(248)
Loss allowance						4 327
Specific provision for expected credit losses						21 092
Total expected credit losses on trade receivables						25 941

¹ The South African Revenue Service (SARS) permits an input VAT claim in the event of a trade receivable being written off, hence the portion of output VAT declared on these receivables is deemed to be recoverable from SARS.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

10. TRADE AND OTHER RECEIVABLES CONTINUED

	2024 R'000	2023 R'000
Reconciliation of loss allowance		
At the beginning of the year	(25 941)	(28 544)
Increase in general loss allowance recognised in profit or loss during the year	(6 124)	(7 789)
Increase in specific loss allowance recognised in profit or loss during the year	(1 830)	(3 575)
Receivables written off during the year as uncollectible	5 366	3 464
Transferred to held for sale ²	8 538	7 500
Unused amounts reversed	6 872	3 003
At the end of the year	(13 119)	(25 941)
The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:		
Rand	2 958 019	2 157 318
USD	25 377	
Total	2 983 396	2 157 318

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.

² The transferred to held for sale relates to the Rainbow segment in the current year and the Vector Logistics segment in the prior year.

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

Assets and liabilities classified as held for sale relate to the following segments:

	2024 R'000	2023 R'000
Assets		
Sugar	572	26 803
Vector Logistics		6 471 828
Rainbow	6 700 886	
	6 701 458	6 498 631
Liabilities		
Sugar		1 017
Vector Logistics		3 996 074
Rainbow	3 028 409	
	3 028 409	3 997 091

VECTOR LOGISTICS PROPRIETARY LIMITED

During the previous financial year, the Company entered into a binding agreement to dispose the Vector Logistics segment and the segment was classified as a discontinued operation in accordance with IFRS 5, effective from 29 March 2023.

During the current financial year Vector Logistics was disposed of on 28 August 2023 to EMIF II Investment Proprietary Limited, a subsidiary of Denmark-based A.P. Møller Capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

11. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATION CONTINUED

RCL FOODS SUGAR AND MILLING PROPRIETARY LIMITED

Siyathuthuka Sugar Estates Proprietary Limited

Siyathuthuka Sugar Estates Proprietary Limited was reported as held for sale in the prior year and has been disposed in the current year.

The selling price of Sugar Estates Proprietary Limited was in excess of the carrying amount and hence no write down was required. Proceeds on disposal of the property in November 2023 amounted to R60,0 million.

Other – Land and Buildings and Airport

During the prior financial year an agreement was entered into to dispose of the airport of RCL Foods Sugar and Milling Proprietary Limited. The sales value of the property and equipment was R12,5 million. The transfer of ownership of the property was finalised during in the current year and the proceeds were received in August 2023.

During the previous financial year, agreements were entered into to dispose of portion 13 of farm Mhlathi and a subdivided portion of the farm Thornhill. The transfer of ownership relating to portion 13 of farm Mhlathi for an amount of R6,1 million was finalised during April 2024. The transfer of ownership relating to Thornhill is still in process and expected to transfer within the next financial year. The selling price of these assets was in excess of the carrying amount and hence no write down was required

	Vector Logistics R'000	Sugar R'000
Reconciliation of carrying amount of prior year assets held for sale		
Net proceeds*	1 213 516	78 544
Carrying amount of assets held for sale at disposal date	(969 568)	(22 371)
Carrying amount of assets not sold at June 2024		572
Profit recognised on sale	243 948	56 745

* The Vector Logistics net proceeds comprises the cash proceeds received to date less accruals for contingent consideration relating to an earn-out clause and settlement of the share option liability as catered for in the sale agreement.

RAINBOW

Following the strategic review, the Board of RCL Foods provided its approval on 3 June 2024, to formally separate Rainbow from the balance of the Group; via an unbundling to shareholders and a concurrent listing on the JSE. The Rainbow segment was listed on the Johannesburg Stock Exchange (JSE) and unbundled to shareholders effective 1 July 2024. The Rainbow segment has been disclosed as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (IFRS 5) and presented as a discontinued operation in these results, effective from 3 June 2024.

Based on the agreed selling price of the Rainbow segment from RCL Foods Consumer Proprietary Limited to Rainbow Chicken Limited, the fair value less costs to sell is higher than the carrying value, and as a result, no write-down is required as at June 2024.

The associated assets and liabilities are presented as held for sale in the current year statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

11. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATION CONTINUED

The financial performance and cash flow information for the year ended June 2024, are set out below for the Vector Logistics and Rainbow discontinued operations:

2024	Vector Logistics 2 months R'000	Rainbow 12 months R'000	Total R'000
Summarised Income Statement			
Revenue from contracts with customers	479 176	14 494 593	14 973 769
Operating profit before depreciation, amortisation and impairment (EBITDA)	26 787	629 700	656 487
Profit on disposal of discontinued operation	243 948		
Depreciation, amortisation and impairment		(278 775)	(278 775)
Operating profit	270 735	350 924	621 659
Finance income	2 798	29 230	32 028
Finance costs	(22 142)	(156 834)	(178 976)
Profit before income tax	251 391	223 320	474 711
Income tax expense	4 516	(53 675)	(49 159)
Profit after tax	255 907	169 645	425 552
Non-controlling interest	(2 147)	15 785	13 638
Profit from discontinued operation attributable to equity holders of the Company	253 760	185 430	439 190
Summarised cash flow statement			
Net cash inflow from operating activities	(261 407)	1 209 716	948 309
Net cash outflow from investing activities	(10 213)	(387 018)	(397 231)
Net cash outflow from financing activities	(16 933)	(74 870)	(91 803)
Net increase in cash generated by the discontinued operations	(288 553)	747 828	459 275

The financial performance and cash flow information for the year ended June 2023 are set out below:

2023	Vector Logistics R'000	Rainbow R'000	Total R'000
Summarised Income Statement			
Revenue from contracts with customers	3 066 588	13 433 807	16 500 395
Operating profit before depreciation, amortisation and impairment (EBITDA)	315 176	29 814	344 990
Depreciation, amortisation and impairment	(154 602)	(270 114)	(424 716)
Operating profit	160 574	(240 299)	(79 725)
Finance income	31 067	5 099	36 166
Finance costs	(111 123)	(175 943)	(287 067)
Share of profits of joint venture	12 333	4 903	17 235
Profit before income tax	92 851	(406 241)	(313 390)
Income tax expense	(16 553)	106 291	89 738
Profit after tax	76 298	(299 950)	(223 652)
Non-controlling interest	(2 850)	26 541	23 692
Profit from discontinued operation attributable to equity holders of the Company	73 448	(273 409)	(199 960)
Summarised cash flow statement			
Net cash outflow from operating activities	(197 158)	(391 127)	(588 285)
Net cash outflow from investing activities	(178 591)	(414 303)	(592 894)
Net cash outflow from financing activities	(125 553)	(46 459)	(172 012)
Net decrease in cash generated by the discontinued operations	(501 302)	(851 889)	(1 353 191)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

11. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATION CONTINUED

RAINBOW

The carrying amount of the assets and liabilities as at June 2024 were the following:

	2024 R'000
ASSETS	
Non-current assets	
Property, plant, equipment and right-of-use assets	2 097 812
Intangible assets	27 933
Investment property	14 399
Deferred income tax asset	45 995
Goodwill	19 315
	2 205 454
Current assets	
Inventories	1 042 604
Trade and other receivables*	2 463 797
Biological assets	929 712
Derivative assets	10 881
Cash and cash equivalents	48 438
	4 495 432
Total assets	6 700 886
LIABILITIES	
Non-current liabilities	
Lease liabilities	45 527
Interest bearing liabilities**	116 262
Deferred income tax liabilities	282 584
Retirement benefit obligations	18 486
Trade and other payables	89 688
	552 547
Current liabilities	
Trade and other payables*	2 192 592
Interest-bearing liabilities**	140 639
Derivative financial instruments	47 386
Lease liabilities	57 166
Bank overdraft	35 844
Current income tax liabilities	2 235
	2 475 862
Total liabilities	3 028 409

* Includes elimination of R3,1 million in trade receivables and R72,5 million in trade and other payables relating to intergroup balances with Rainbow and the rest of the Group.

** Interest bearing liabilities relating to Matzonox Proprietary Limited include:

- Loan from Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited trading as Vedure with a carrying value in non-current liabilities of R116,3 million (2023: R128,5 million) and an amount of R12,3 million (2023: R13,3 million) included in short-term borrowings.
- Loan from Green Create W2V SA Proprietary Limited with a carrying value of R128,4 million in short-term borrowings. The loan was settled on 1 July 2024.
- Refer to note 16 for further details.

R463,8 million of cash invested in RCL Foods Treasury Proprietary Limited was also eliminated. This was settled on unbundling date, 1 July 2024 resulting in cash inflow for Rainbow.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

11. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATION CONTINUED

RAINBOW CONTINUED

	2024 R'000
Rainbow	
Deferred tax assets and liabilities	
Net deferred tax liabilities	
Reflected in the statement of financial position as follows:	
Deferred tax assets	45 995
Deferred tax liabilities:	(282 584)
Deferred tax liabilities, net	(236 589)

FAIR VALUE ESTIMATION

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

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

The following table provides a hierarchy of Rainbows assets and liabilities that are measured at fair value as at 30 June 2024.

	Level 2 R'000	Level 3 R'000	Total R'000
Assets measured at fair value			
Breeding stock		562 149	562 149
Broiler stock		367 563	367 563
Derivatives	10 881		10 881
Total assets	10 881	929 712	940 593
Liabilities measured at fair value			
Derivatives	47 386		47 386
Total liabilities	47 386		47 386

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

Specific valuation techniques used to value the derivatives include:

- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the statement of financial position date with the resulting value discounted back to present value.
- The fair value of options are determined using appropriate option pricing models which take into account the volatility of the underlying instrument.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

11. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATION CONTINUED

RAINBOW CONTINUED

Description	Fair Value at June 2024	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable input to fair value
Chicken stock	929 712	Replacement costs of the components of growing the stock	Mortality rates	3.2% to 11.6%	The higher the mortality, the lower the fair value
			Average live mass	1.59 kg to 2.01 kg per bird	The higher the average live mass, the higher the fair value
			Feed cost	R7 828 to R8 497 per ton	The higher the feed cost per ton, the higher the fair value

SENSITIVITY ANALYSIS

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

Input	Sensitivity
Feed cost – chicken stock	A 5.0% change in feed cost would result in a R10,5 million (2023: R12,1 million) change in fair value.

RETIREMENT BENEFIT OBLIGATIONS

	2024 R'000
Post-retirement medical benefits	18 486
Post-retirement medical obligation	
Rainbow's obligation 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 last valuation date was June 2024. The unfunded liability for post-retirement medical aid benefits is determined actuarially each year and comprises:	
At the beginning of the year	18 102
Recognised as expense in the current year	2 506
Interest costs	2 253
Current service costs	253
Remeasurements:	(782)
Gain from change in financial assumptions	(199)
Experience gain recognised	(583)
Benefits paid	(1 340)
Transferred to held for sale	
At the end of the year	18 486
The principal actuarial assumptions are:	
Discount rate	(%) 12.6
Healthcare cost inflation	(%) 8.7
Mortality – pre-retirement	*
Mortality – post-retirement	**
Expected contributions for the forthcoming year ending June	1 428

* 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 11 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

11. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATION CONTINUED

RAINBOW 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%	(842)	915
Healthcare cost inflation	1.0%	1 961	(1 678)
Post-retirement mortality rate	1 year	678	(674)

RETIREMENT CONTRIBUTION PLANS

Pension and provident fund schemes

Rainbow 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:

	2024 R'000
– RCL FOODS Pension Fund	23 383
– RCL FOODS Provident Fund	82 856
– Old Mutual – SACCAWU	169
Total	106 408

12. STATED CAPITAL

Authorised

2 000 000 000 (2023: 2 000 000 000) ordinary shares of no par value.

Issued ordinary shares of no par value:

	Number of shares	2024 R'000	2023 R'000
At the beginning of the year	890 096 721	10 340 765	10 334 136
Repurchase of shares			(2 204)
Shares issued in terms of share incentive schemes	199 684	2 044	8 833
At the end of the year	890 296 405	10 342 809	10 340 765
Statutory Shares and Shares in issue for accounting purposes – June 2024	890 296 405		

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

12. STATED CAPITAL CONTINUED

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 2023	Rights exercised during the year	Rights forfeited during the year	Rights at June 2024	Rights exercisable at June 2024
1 405	7 September 2016	15 407 510		(15 407 510)		
1 556	3 March 2017	2 093 889		(2 093 889)		
1 536	6 September 2017	14 082 329		(680 277)	13 402 052	13 402 052
1 677	5 March 2018	761 580			761 580	761 580
1 697	10 September 2018	15 304 461		(831 805)	14 472 656	14 472 656
1 250	11 March 2019	1 383 937		(447 360)	936 577	936 577
1 344	1 April 2019	818 452			818 452	818 452
993	9 September 2019	29 386 668	(805 449)	(1 508 049)	27 073 170	18 151 406
1 074	9 March 2020	2 479 459		(282 067)	2 197 392	1 450 277
855	10 September 2020	26 889 193	(1 045 120)	(1 906 318)	23 937 755	9 548 200
861	8 March 2021	3 135 888			3 135 888	1 034 842
1 265	16 November 2021	27 373 271		(1 505 707)	25 867 564	3 565 240
		139 116 637	(1 850 569)	(24 662 982)	112 603 086	64 141 282

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.

There were no awards issued in the current and prior year. The Share Appreciation Rights Scheme was replaced during the 2023 financial year, with a Value Creation Plan which is a cash reward not linked to shares.

	2024 R	2023 R
Weighted average award price of rights in issue at the beginning of the year	12.13	12.37
Weighted average award price of rights in issue at the end of the year	11.88	12.13
Weighted average award price of rights exercised during the year	9.15	9.93
Weighted average award price of rights forfeited during the year	13.48	14.45
Weighted average share price at date rights exercised during the year	10.25	10.56

The fair values of the SAR's is calculated using the binomial options pricing model.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

13. SHARE-BASED PAYMENTS RESERVE

	2024 R'000	2023 R'000
Employee share scheme		
At the beginning of the year	616 477	555 151
Settlement of exercised rights	(1 502)	(8 833)
Equity component of deferred tax on share-based payments		(231)
Value of employee services expensed during the year	72 645	70 390
At the end of the year	687 620	616 477
BEE transaction		
At the beginning and end of the year	308 593	308 593
Total share-based payments reserve	996 213	925 070

The B-BBEE scheme was closed out in the prior year therefore no expense or valuation inputs have been disclosed for the current year.

14. OTHER RESERVES

	2024 R'000	2023 R'000
Foreign currency translation reserve		
At the beginning of year	2 502	1 995
Currency translation on foreign subsidiaries, joint ventures and associates – discontinued operations	12 286	10 161
Amounts recycled to profit or loss ¹	(14 788)	(9 654)
At the end of year		2 502

¹ In the current financial year the investment in Vector Logistics Proprietary Limited was disposed of, as a result the foreign currency translation reserve relating to the investment was recycled to profit and loss.
In the prior financial year the investment in HMH Rainbow Limited was disposed of, as a result the foreign currency translation reserve relating to the investment was recycled to profit and loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

15. RETIREMENT BENEFIT OBLIGATIONS

	2024 R'000	2023 R'000
Post-retirement medical benefits	46 263	65 974
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 and Milling Proprietary Limited. The last valuation date was June 2024. The unfunded liability for post-retirement medical aid benefits is determined actuarially each year and comprises:		
At the beginning of the year	65 974	115 725
Recognised as expense in the current year	8 632	12 452
Interest costs	7 895	11 141
Transfer of employees	(203)	
Current service costs	940	1 311
Remeasurements:	(4 730)	(11 690)
Gain from change in financial assumptions	(924)	(7 501)
Experience gain recognised	(3 806)	(4 189)
Benefits paid	(4 329)	(6 495)
Settlements ¹	(18 880)	
Transferred to held for sale	(19 284)	(44 018)
At the end of the year	27 383	65 974
Balance per actuarial valuation	45 869	108 014
– Included in retirement benefit obligations per the Statement of financial position	27 383	65 974
– Included in the net assets of the disposal group	18 486	42 040
The principal actuarial assumptions are:		
Discount rate (%)	10.6 to 13.0	10.7 to 12.9
Healthcare cost inflation (%)	8.0 to 8.9	7.6 to 9.4
Mortality – pre-retirement	*	*
Mortality – post-retirement	**	**
Expected contributions for the forthcoming year ending June	1 604	4 489

* SA85/90 (light) ultimate.

** PA(90) ultimate table rated down two years plus 1.0% improvement per annum from 2006.

The weighted average duration of the liability is between 6 and 12 years (2023: 6 and 11 years).

¹ During the current 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

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%	(1 222)	1 322
Healthcare cost inflation	1.0%	2 942	(2 534)
Post-retirement mortality rate	1 year	(753)	953

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

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:

	2024 R'000	*Restated 2023 R'000
RCL FOODS Pension Fund	40 797	39 599
RCL FOODS Provident Fund	128 045	117 938
TSB ABSA Retirement Fund	22 622	21 935
SATAWU Provident Fund	87	3 882
TSB Agricultural Provident Fund	111	2 542
TSB NBC Provident Fund	8 608	7 923
Alexander Forbes	7 214	7 512
Old Mutual – SACCAWU	5 715	5 908
Discovery Provident Fund	1 488	
FAWU	446	227
Total	215 133	207 466

* The prior year has been restated to reflect contributions relating to continuing operations only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

16. INTEREST-BEARING LIABILITIES

	2024 R'000	2023 R'000
Long-term		
Institutional borrowings		24 963
Loan from Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited		128 461
Lease liabilities (refer to note 17)	391 313	436 134
Loan from Green Create W2V SA Proprietary Limited		110 519
Loan from Inclusive Farming Partnership Proprietary Limited		23 790
Loans from Akwandze Agricultural Finance Proprietary Limited		83 333
Total	391 313	807 200
Short-term		
Institutional borrowings		2 511
Loan from Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited		13 301
Lease liabilities (refer to note 17)	93 264	160 255
Term-funded debt package	1 675 000	1 675 000
Current portion of long-term loan from Akwandze Agricultural Finance Proprietary Limited		33 333
Current portion of long-term loan from Inclusive Farming Partnership Proprietary Limited	23 790	3 496
Short-term loans from Akwandze Agricultural Finance Proprietary Limited	12 958	235 396
Total	1 805 012	2 123 292

Institutional borrowings

Institutional borrowings are loans from Futuregrowth Asset Management Proprietary Limited. These loans were used to fund certain contract grower operations in the Rainbow business. These loans bore interest at the three-month JIBAR with a margin of between 1.5% and 4.25% per annum (2023: 1.5% and 4.25% per annum). These loans were fully repaid during the current financial year.

Loans from Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited

The Facility for Investments in Renewable Small Transactions (RF) 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 relates to the Rainbow's Waste-to-Value operations (Matzonox Proprietary Limited) and was granted in 2 tranches. The first tranche was obtained in 2020 and accrues interest at three-month JIBAR plus 4.08%.

During 2022 a further loan from the FIRST was obtained in Matzonox Proprietary Limited (second tranche).

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

The loan is secured by:

- a notarial bond registered over the Worcester Waste-to-Value (first tranche) and Rustenburg Waste-to-Value (second tranche) plants;
- certain bank accounts held with First National Bank (Debt-service and Maintenance Reserve Accounts); and
- the shares held by shareholders in Matzonox Proprietary Limited.

The carrying amount of the loan approximates its fair value.

This loan relates to the Rainbow segment and is included in the disposal group held for sale as at financial year-end.

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 Rainbow'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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

16. INTEREST-BEARING LIABILITIES CONTINUED

The loan is unsecured. Interest accrues at the prime rate per annum. The loan was repaid on 1 July 2024.

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 (2023: R110,5 million) has been eliminated on consolidation.

This loan relates to the Rainbow segment and is included in the disposal group held for sale as at financial year-end.

The carrying amount of the loan approximates its fair value.

Term-funded debt package

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

In December 2023, an agreement was reached with the Group's term-funded debt providers to extend the Term Funded Debt facility to December 2024 whilst the Rainbow separation process was still in progress. The Group is expected to seek refinance of the debt package prior to December 2024 and thereby ensure an optimal mix of debt and equity remains in the capital structure.

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

Type	Carrying amount at 30 June 2024 R'000	Term	Effective interest rate
Facility A	837 500	5 years	9.95%
Facility B	837 500	5 years	10.00%
Total	1 675 000		9.98%

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	(337 500)	1 675 000
30 June 2024		1 675 000

Management has assessed the impact of the modification of the repayment schedule on the fair value of term-funded debt package and on the consolidated financial statements and have concluded that it is not material.

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 Agricultural Finance Proprietary Limited is 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

16. INTEREST-BEARING LIABILITIES CONTINUED

Term-funded debt package continued

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

	Required	June 2024	June 2023
Senior leverage ratio	<3.00:1	0.4	1.6
Senior interest cover	>3.50:1	10.9	5.4

For the year ended June 2024, the Group was within the limits of its financial covenants. Refer to note 36.

Financial ratios are tested at measurement periods as specified in the Senior Facility Agreement (SFA) with the leverage ratio calculated as the ratio of total senior net debt to adjusted EBITDA as defined in the SFA. Senior interest coverage is the ratio of adjusted EBITDA to senior net finance charges as per the SFA.

The obligations in respect of the debt package discussed above, have been guaranteed by Foodcorp Proprietary Limited, RCL Foods Treasury Proprietary Limited, RCL Foods Limited, RCL Foods Sugar and Milling Proprietary Limited and RCL Group Services Proprietary Limited. RCL Foods Consumer Proprietary Limited was released as a guarantor on the unbundling of Rainbow on 1 July 2024.

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

The fair value of the term-funded debt package at June 2024 amounted to R1,686 billion (2023: R1,685 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.

Loans from Inclusive Farming Partnership Proprietary Limited

During the 2022 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 8 years in equal instalments and interest is payable annually. The loan bears interest at 3.0% per annum. The loan was revalued at a fair value interest rate of 7.25% per annum and the corresponding deferred income of R3,3 million (2023: R4,2 million) was recognised in the statement of financial position at year-end. The outstanding balance at the end of the year is R23,8 million. As at the current financial year-end Libuyile Farming Services Proprietary Limited, Mgbubho Farming Services Proprietary Limited and Sivunosetfu Proprietary Limited did not meet the loan covenants and the full outstanding loan was therefore reclassified to short-term loans. Inclusive Farming Partnership Proprietary Limited reviews covenant certificates on an annual basis, six months after year-end, and sets out the remedies for events of defaults, including any potential waivers of the financial covenants, at that point in time.

The loan is repayable on 31 May 2030.

The carrying amount of these loans approximates 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 prior year loans amounting to R116,7 million are from Akwandze Agricultural Finance Proprietary Limited. The capital portion was repayable half yearly over a period of 6 years in equal instalments whilst interest is payable quarterly. The loan bore interest at a prime interest rate less 1% per annum. In the current year the decision was made to make early, full and final repayment. The full amount was repaid on 1 February 2024.

Short-term loans from Akwandze Agricultural Finance Proprietary Limited

Short-term loans consist of a financing facility of R150,0 million in the prior year which bore interest at prime rate less 1%. The facility was repayable on demand and the decision was taken to not renew the facility and full and final repayment was done on 1 February 2024.

Loans of R56,3 million in the prior year which bore interest at prime rate less 1%. The facility was repaid on 7 February 2024.

Short-term loans amounting to R13,0 million (2023: R29,1 million) from Akwandze Agricultural Finance Proprietary Limited which are unsecured, payable on demand and bear interest at a variable rate of 8.05% (2023: 8.05%) per annum.

These loans were guaranteed by RCL Foods Sugar and Milling Proprietary Limited.

The carrying amount of these loans approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

17. LEASES

	2024 R'000	2023 R'000
ASSETS		
The recognised right-of-use assets relate to the following types of assets		
Land and Buildings	219 499	195 560
Plant and Equipment	3 335	12 380
Vehicles	21 819	164 377
Total right-of-use assets	244 653	372 317
Additions to the right-of-use assets during the current financial year were R57,1 million (2023: R290,4 million). For further detail please refer to note 1.		
LIABILITIES		
Long-term		
Lease liabilities	391 313	436 134
Short-term		
Lease liabilities	93 264	160 255
Gross lease liabilities – minimum lease payments	637 553	753 973
Due within one year	135 626	193 082
Due within two to five years	364 767	431 901
Due later than five years	137 160	128 990
Future finance charges on lease liabilities	(152 976)	(157 584)
Present value of lease liabilities	484 577	596 389
Due within one year	93 264	160 255
Due within two to five years	300 626	353 179
Due later than five years	90 687	82 955
	484 577	596 389

For further detail on interest expense relating to the lease liabilities refer to note 22.

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 21.

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 30 June 2024, the Group has future lease commitments in relation to short-term leases of R4,7 million (2023: R8,7 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 16.5% (2023: 4.8%) of the total lease payments made in the twelve months to June 2024 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 R222,2 million (2023: R345,6 million) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

18. TRADE AND OTHER PAYABLES

	2024 R'000	2023 R'000
Long-term		
Other payables	34 669	10 858
Total	34 669	10 858
Short-term		
Trade payables	1 587 408	1 550 755
Accruals	957 067	1 891 371
Other payables*	1 514 151	1 152 131
Total	4 058 626	4 594 257

Other long-term payables relate to the deferred bonus scheme implemented during the 2023 financial year which effectively replaces the Share Appreciation Rights Scheme.

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

Included in accruals and other payables above are non-financial liabilities of R461,6 million (2023: R415,5 million).

* Included in other payables above is a contingent consideration relating to the earn out clause as stipulated in the Vector Logistics sale agreement which is expected to be finalised and settled in the 2025 financial year. The maximum amount payable is R100,0 million.

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

	2024 R'000	2023 R'000
Rand	4 091 498	4 581 255
USD	399	18 076
Namibian Dollar		158
GBP	294	1 849
EUR	1 104	3 777
Total	4 093 295	4 605 115

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

19. DEFERRED INCOME TAX

	2024 R'000	2023 R'000
Deferred income tax liability movement:		
At the beginning of the year	1 006 332	1 040 157
Charge/(credit) for the year – income statement – continuing operations	12 424	(78 153)
Charge for the year – income statement – discontinued operations	39 116	
Charge for the year – other comprehensive income	1 260	3 493
Credit for the year – other*	(3 417)	
Prior year overprovision	4 253	3 898
Acquisition of business		36 937
Transferred to held for sale	(270 600)	
At the end of the year	789 368	1 006 332
Deferred income tax liability comprises:		
Trademarks, property, plant and equipment	952 605	1 137 504
Right-of-use assets	22 312	55 466
Inventories and biological assets	17 978	295 980
Provisions	(202 775)	(205 808)
Derivative financial instruments	1 856	5 938
Investment in associates	57 113	51 455
Losses available for set-off against future taxable income		(252 305)
Right-of-use assets	27 833	
Other	(87 553)	(81 898)
Total	789 368	1 006 332
Deferred tax liability due after 12 months	805 219	1 009 725
Deferred tax liability due within 12 months	(15 851)	(3 393)
Total	789 368	1 006 332
Deferred income tax asset movement:		
At the beginning of the year	42 289	45 435
Charge for the year – income statement – continuing operations	11 908	25 699
Charge for the year – income statement – discontinued operations	10 951	
Credit for the year – other comprehensive income		(8)
Credit for the year – other*	(3 417)	
Prior year over provision	7 113	(817)
Exchange differences arising on translation		
Transferred to held for sale	(51 934)	(28 020)
Change in tax rate		
At the end of the year	16 910	42 289
Deferred income tax asset comprises:		
Trademarks, property, plant and equipment	(9 747)	(98 429)
Right-of-use assets	(15 630)	(3 096)
Provisions	4 139	1 055
Losses available for set-off against future taxable income	18 094	138 562
Other	20 054	4 197
Total	16 910	42 289
Deferred tax assets due after 12 months	15 997	(98 188)
Deferred tax assets due within 12 months	913	140 477
Total	16 910	42 289

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

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% (2023: 27.0%).

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 relating to assessed losses in the current year consists mainly of assessed losses relating to Sunshine Bakery Durban Proprietary Limited and Scenic Route Trading 217 Proprietary Limited (prior year included losses relating to Matzonox Proprietary Limited and RCL Foods Consumer Proprietary Limited) whose forecasts support the utilisation of the loss in the future.

The Group has total assessed losses amounting to R425,3 million (2023: R427,6 million) and capital losses of R100,7 million (2023: R76,9 million) that have not been recognised as a deferred tax asset in the current financial year.

Deferred tax assets of R108,0 million (2023: R128,1 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 the 50% owned sugar cane-grower companies (refer note 34). The recognition of the deferred tax assets in these companies will be reassessed when performance of the entities begin to 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 breakdown of the deferred tax asset not recognised is provided below:

Deferred income tax asset not recognised comprises:

	2024 R'000	2023 R'000
Provisions	3 523	2 599
Trademarks, property, plant and equipment	48 113	46 240
Inventories and biological assets	(71 120)	(49 763)
Assessed loss not recognised as deferred tax asset	115 448	115 465
Other	12 071	13 524
	108 035	128 065

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

20. REVENUE

	2024 R'000	*Restated 2023 R'000
Continuing operations		
Disaggregation of revenue		
Revenue from contracts with customers	24 599 882	23 013 113
Groceries	5 313 008	5 034 203
Groceries	4 758 654	4 275 700
Sundry sales ¹	554 354	758 503
Baking	9 136 930	8 625 417
Sugar	10 394 295	9 765 389
Group²	281 072	197 910
Sales between segments³	(525 423)	(609 806)
Timing of revenue recognition⁴	24 599 882	23 013 113
Point in time	24 382 182	22 801 926
Over time	217 700	211 187
Receipt from SASA	1 416 684	1 336 028
Total Revenue	26 016 566	24 349 142
Major customers		
Revenue from the Group's top five customers is as follows:		
– Customer A	3 409 383	3 167 354
– Customer B	1 940 578	1 861 477
– Customer C	1 613 211	1 669 151
– Customer D	1 608 189	1 606 330
– Customer E	1 153 359	1 194 727
The above revenue is included in the segments above. Customer A contributed more than 10% of total revenue and arises from the Groceries, Baking and Sugar segments.		
Analysis of revenue		
Sale of food products	23 011 435	21 443 248
Sale of feed	1 369 929	1 358 678
Sale of services	217 700	211 187
Sale of fertiliser	818	
Total	24 599 882	23 013 113

All revenue for continuing operations is earned within South Africa.

¹ Sundry sales consist of 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, LIVEKINDLY Collective Africa Proprietary Limited and Vector Logistics Proprietary Limited (since the effective date of disposal).

³ Refer to note 27 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 and certain goods.

* The June 2023 numbers have been restated as required by IFRS 5 to reflect Rainbow as a discontinued operation and the presentation of local market redistribution revenue has been revisited and has resulted in the June 2023 results being restated to remove this revenue from "Revenue from contracts with customers", due to the definition of a "customer" as per IFRS 15, not being met.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

20. REVENUE CONTINUED

	2024 R'000	*Restated 2023 R'000
Discontinued Operations		
Disaggregation of revenue		
Revenue from contracts with customers¹	14 973 769	16 500 395
Rainbow	14 527 425	13 463 861
Chicken	12 746 473	11 627 989
Chicken	12 450 400	11 190 186
Sundry sales ²	296 073	437 803
Feed	7 186 161	7 761 021
Waste-to-value	96 484	62 145
Sales between segments	(5 501 693)	(5 987 294)
Vector Logistics	657 015	4 195 151
Sales between continuing and discontinued operations	(84 612)	(381 772)
Sales between discontinued operations	(126 059)	(776 845)
Timing of revenue recognition²	14 973 769	16 500 395
Point in time	14 973 769	16 500 395
Total Revenue	14 973 769	16 500 395

² Sundry sales consist of poultry by-products. The sale of these items arise in the course of the Rainbow's ordinary activities but are considered cost recoveries as they are by-products of the Rainbow's core operations

¹ An agreement between two or more parties that creates enforceable rights and obligations. Can be written, oral or implied by customary business practices.

² Revenue recognised at a point in time relates to the sale of goods whilst revenue recognised over time relates to the sale of services.

* The prior year numbers have been restated as required by IFRS 5 to reflect the Rainbow segment as a discontinued operation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

21. OPERATING PROFIT

	2024 R'000	*Restated 2023 R'000
Continuing operations		
Revenue	26 016 566	24 349 141
Cost of sales	(19 914 045)	(18 774 665)
Gross profit	6 102 521	5 574 476
Administration expenses	(1 647 556)	(1 579 367)
Selling and marketing expenses	(1 159 778)	(1 035 494)
Distribution expenses	(2 380 215)	(2 536 816)
Net impairment ¹	(79 699)	(68 851)
Other income	802 565	673 084
Operating profit	1 637 838	1 027 032
Material and disclosable items – other income:		
Profit on disposal of property, plant and equipment	11 819	34 819
Profit on disposal of assets held for sale	82 017	
Fair value adjustment on biological assets	398 464	313 554
Fair value adjustment on derivatives	97 236	145 703
Gain on remeasurement of leases	7	3 114
Bagasse and electricity income	43 071	24 327
Reversal of impairment of loans	12 919	
Foreign exchange gains	8 243	46 104
Insurance proceeds	138 769	111 012
Rental income – operating leases	8 785	2 909
Material and disclosable items – expenses:		
Technical consultants and legal fees	194 835	127 479
Fair value adjustment on derivatives	79 201	142 006
Net impairments ¹	79 699	68 851
Impairment of property, plant and equipment and right-of-use assets	54 427	68 851
Impairment of goodwill	25 272	
Loss allowance – loans receivable	33 111	30 232
Lease payments	170 105	169 251
Low-value lease expense	584	2 487
Variable lease payments	113 843	104 925
Short-term lease expense	55 678	61 839
Loss allowance – trade receivables	7 954	5 452
Foreign exchange losses	13 173	17 657
Inventory expense	15 275 787	13 321 089
Fuel and gas	349 261	386 273
Utilities	956 690	760 171
Repairs and maintenance expense	813 288	747 673
Loss on disposal of property, plant and equipment and intangible assets	26 357	35 882
Directors' remuneration	35 662	34 977
Executive	29 050	28 308
Non-executive	6 612	6 669

* The prior year numbers have been restated as required by IFRS 5 to reflect Rainbow as a discontinued operation.

¹ Net impairment on property, plant and equipment, goodwill, right-of-use assets and intangible assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

21. OPERATING PROFIT CONTINUED

	2024 R'000	*Restated 2023 R'000
Staff costs	3 710 839	3 341 527
Salaries and wages	3 196 229	2 873 389
Share-based payments	60 299	55 175
Retirement benefit costs	215 133	207 466
Other post-employment benefits	5 152	5 896
Retrenchment costs	14 153	3 428
Other	219 873	196 173
Administration fee paid to Group holding company	29 222	27 412
Auditors' remuneration	25 065	22 391
Fees for the audit ²	19 448	17 407
Prior year under provision	737	212
Disbursements	95	257
Fees for other services ²	4 785	4 515

² Total fees incurred during the 2024 financial year to Ernst & Young Inc. were R15,0 million (2023: R3,9 million) from continuing operations, R0,2 million (2023: nil) of which related to non-audit services of agreed-upon procedures compliance audits. Total fees incurred during the 2024 financial year to Ernst & Young Inc. in respect of discontinued operations was R5,9 million. PricewaterhouseCoopers Inc. conducted the external audit for certain subsidiaries of the Group (relating to the Sugar business) for the year ended June 2024. Total fees incurred during the 2024 financial year to PwC were R9,2 million (2023: R24,9 million). R0,9 million (2023: R5,4 million) of which related to non-audit services including tax services and agreed-upon procedures compliance audits.

22. FINANCE COSTS

	2024 R'000	*Restated 2023 R'000
Continuing operations		
Interest – financial institutions	182 214	232 127
Transaction costs on term-funded debt	4 938	2 512
Interest – Holding company, joint ventures and associates	38 522	38 567
Interest on lease liabilities	39 312	33 554
Interest – other	15 404	4 734
Total	280 390	311 494
Interest adjustment between continuing and discontinued operations ¹	(108 822)	(134 038)
Total	171 568	177 456

¹ The interest adjustment relates to the elimination of the intergroup transactions between the continuing and discontinued operations, in accordance with IFRS 5 to reflect how transactions between continuing and discontinued operations will be reflected in continuing operations going forward.

23. FINANCE INCOME

	2024 R'000	*Restated 2023 R'000
Continuing operations		
Interest – financial institutions	34 690	12 225
Interest – holding company, joint ventures and associates	7 503	3 535
Interest – other	10 920	7 423
Total	53 113	23 183
Interest adjustment between continuing and discontinued operations ²	(24 964)	(12 224)
Total	28 149	10 959

² The interest adjustment relates to the elimination of the intergroup transactions between the continuing and discontinued operations, in accordance with IFRS 5 to reflect how transactions between continuing and discontinued operations will be reflected in continuing operations going forward.

* The prior year numbers have been restated as required by IFRS 5 to reflect Rainbow as a discontinued operation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

24. INCOME TAX EXPENSE

	2024 R'000	*Restated 2023 R'000
Continuing operations		
Current tax	431 707	342 225
South African	435 050	351 674
Foreign	9 594	2 628
Prior year over provision	(12 937)	(12 077)
Deferred tax	(2 345)	6 392
South African	516	1 161
Prior year (over)/under provision	(2 861)	5 231
Total	429 362	348 617
Reconciliation of tax rate:		
Profit before tax	1 653 506	1 085 176
Tax charge at 27%	446 447	289 075
– capital losses not recognised	6 426	272
– tax rate change		
– foreign taxation	9 594	2 628
– share of associates' profits	(33 902)	(50 883)
– share of joint ventures' profits	(9 052)	(9 770)
– non-taxable income	(6 369)	(11 010)
– prior year over provision – current tax	(12 937)	(12 076)
– prior year (over)/under provision – deferred tax	(2 861)	5 230
– non-taxable reversal of impairment of loan	(7 911)	
– non-deductible impairment of loan	4 422	8 163
– non-taxable profit on disposal of assets	(3 191)	
– non-deductible loss on disposal of assets	7 116	3 458
– non-taxable profit on assets held for sale	(22 145)	
– unrecognised deferred tax on losses made	3 538	43 951
– utilisation of unrecognised deferred tax on assessed losses	(20 030)	
– withholding tax on undistributed profits of associate	5 658	15 731
– non-deductible IFRS 2 charges	15 098	20 027
– non-deductible depreciation and amortisation	5 008	3 306
– Section 11D deduction – Research and Development	(3 678)	(3 934)
– non-deductible listed company expenses	3 426	14 088
– non-deductible impairment of goodwill	6 823	
– non-deductible fair value and foreign exchange adjustment on financial asset	9 650	24 851
– non-deductible consulting and legal fees	21 612	
– non-deductible loan written off	4 212	
– other non-deductible items	2 407	5 510
Tax charge	429 362	348 617

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

* The prior year numbers have been restated as required by IFRS 5 to reflect Rainbow as a discontinued operation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

25. 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 Share Appreciation Rights Scheme (refer to note 12). 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.

	2024 R'000	*Restated 2023 R'000
Earnings		
Profit attributable to equity holders of the Company	1 624 394	616 237
Profit from continuing operations	1 185 204	816 197
Profit from discontinued operation	439 190	(199 960)
Weighted average number of ordinary shares in issue		
Weighted average number of ordinary shares in issue – basic earnings per share (000)	890 155	889 990
Share option dilution impact (000)	2 764	6 882
Weighted average number of shares – diluted earnings per share (000)	892 919	896 873

	Gross** R'000	Net R'000
Headline earnings – June 2024		
Headline earnings reconciliation:		
Continuing operations		
Profit for the year attributable to equity holders of the Company		1 185 204
Net impairments	79 699	65 004
Insurance proceeds on fixed assets	(137 007)	(100 015)
Profit on disposal of property, plant and equipment	(23 419)	(17 097)
Loss on disposal of property, plant and equipment and intangible assets	26 354	19 232
Profit on disposal of asset held for sale	(45 145)	(45 145)
Profit on disposal of TSGRO Farming Services Proprietary Limited	(25 272)	(25 272)
Net impairments included in equity accounted earnings of associates	1 093	792
Profit on disposal of property, plant and equipment included in equity accounted earnings of associates	(12)	(9)
Headline earnings		1 082 696
Discontinued operations		
Profit for the year attributable to equity holders of the Company		439 190
Profit on disposal of property, plant and equipment	(2 692)	(1 965)
Loss on disposal of property, plant and equipment and intangible assets	811	592
Net impairments	2 608	1 904
Insurance proceeds on fixed assets	(602)	(439)
Foreign currency translation reserve recycled into profit and loss	(14 788)	(13 185)
Profit on disposal of subsidiary classified as held for sale (Vector Logistics)	(243 948)	(243 948)
Headline earnings		182 149
Headline earnings from total operations		1 264 845

* The prior year numbers have been restated as required by IFRS 5 to reflect Rainbow as a discontinued operation. Refer to note 11.

** Pre-tax amounts attributable to equity holders of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

25. EARNINGS AND HEADLINE EARNINGS PER SHARE CONTINUED

	Gross R'000	Net R'000
Headline earnings – June 2023		
Headline earnings reconciliation:		
Continuing operations		
Profit for the year attributable to equity holders of the Company		816 197
Profit on disposal of property, plant and equipment and assets held for sale	(34 810)	(25 411)
Loss on disposal of property, plant and equipment and assets held for sale	35 875	23 334
Insurance proceeds	(30 449)	(22 228)
Impairments of fixed assets and intangible assets	34 426	34 426
Profit on disposal of property, plant and equipment included in equity-accounted earnings of associates	(278)	(201)
Headline earnings		826 117
Discontinued operations		
Profit for the year attributable to equity holders of the Company		(199 960)
Net impairments	1 941	1 417
Insurance proceeds on fixed assets	(10 145)	(7 406)
Foreign currency translation reserve recycled into profit and loss	(9 654)	(9 654)
Loss on disposal of associate	1 955	1 955
Profit on disposal of property, plant and equipment	(9 445)	(6 895)
Loss on disposal of property, plant and equipment and intangible assets	3 569	2 604
Headline earnings		(217 939)
Headline earnings from total operations		608 178
	2024	2023
	cents	cents
Earnings per share		
Basic		
	182.4	69.3
– from continuing operations	133.1	91.7
– from discontinued operations	49.3	(22.4)
Diluted		
	181.9	68.6
– from continuing operations	132.7	91.0
– from discontinued operations	49.2	(22.4)
Headline earnings per share		
Basic		
	142.1	68.3
– from continuing operations	121.6	92.8
– from discontinued operations	20.5	(24.5)
Diluted		
	141.7	67.6
– from continuing operations	121.3	92.1
– from discontinued operations	20.4	(24.5)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

26. DIVIDENDS PER SHARE

	2024 R'000	2023 R'000
Interim – paid: Rnil cents (2023: Rnil cents)	nil	nil
Final ¹ – declared: 35.0 cents (2023: Rnil cents)	311 604	nil
Total: 35.0 cents (2023: Rnil cents)	311 604	nil

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 35.0 cents per share was declared for the financial period ended June 2024. The dividend will be paid on 21 October 2024. The last date to trade to receive a dividend will be 15 October 2024. The RCL FOODS share will commence trading “ex” dividend from the commencement of business on 16 October 2024 and the record date will be 18 October 2024.

27. OPERATING SEGMENTS

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

RCL FOODS is made up of the following segments:

- Groceries: Culinary (includes Mayonnaise, Peanut Butter, Rusks etc.), Pet Food and Beverages operations;
- Baking: including the Milling, Speciality, Pies, Sunbake and Sunshine bakeries and Buns and Rolls;
- Sugar: including Sugar and molasses-based feed (Molatek) operations.
- Group: Shared Services platform.

The Rainbow segment which was classified as held for sale and accordingly recognised as a discontinued operation in the current year includes the chicken business, grain-based feed (EPOL and Driehoek) and Waste-to-Value operations.

The Vector Logistics segment which was disposed in the current year, provided RCL FOODS and numerous third parties with multi-temperature warehousing and distribution, supply chain intelligence and sales solutions.

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

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

Direct exports are not considered material in relation to total revenue.

	2024 R'000	*Restated 2023 R'000
Continuing operations		
Revenue**	26 016 566	24 349 141
Groceries	5 313 008	5 034 203
Baking	9 136 930	8 625 417
Sugar	11 810 978	11 101 417
Group ¹	281 072	197 910
Sales between segments:		
– Groceries sales to Baking	(7 706)	(7 999)
– Groceries sales to Sugar	(2 125)	(3 064)
– Groceries sales to Rainbow	(173 743)	(226 648)
– Groceries sales to Group	(1 892)	(1 925)
– Baking sales to Groceries	(81 913)	(79 192)
– Baking sales to Sugar	(1 359)	(1 813)
– Baking sales to Rainbow	(108 673)	(152 480)
– Baking sales to Group	(3 011)	
– Sugar sales to Groceries	(107 157)	(95 263)
– Sugar sales to Baking	(31 289)	(34 749)
– Sugar sales to Rainbow	(6 412)	(6 673)

¹ Group revenue relates to management fees earned for shared services performed for Siqalo Foods Proprietary Limited, LIVEKINDLY Collective Africa Proprietary Limited and Vector Logistics Proprietary Limited (since the effective date of disposal).

* The prior year numbers have been restated as required by IFRS 5 to reflect Rainbow as a discontinued operation. Refer to note 11.

** "Revenue from contracts with customers" has been changed to "Revenue". Refer to note 20 for further detail.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

27. OPERATING SEGMENTS CONTINUED

	2024 R'000	*Restated 2023 R'000
– Sugar sales to Group	(142)	
Continuing operations		
Operating profit before depreciation, amortisation and impairments (EBITDA)²	2 300 495	1 681 643
Groceries	502 307	389 286
Baking	517 271	527 879
Sugar	1 409 329	879 437
Group ³	(19 744)	(58 847)
Unallocated restructuring costs ⁴	(108 668)	(56 112)
Depreciation, amortisation and impairments ^{2,5}	(662 657)	(654 611)
Operating profit	1 637 838	1 027 032
Groceries	403 610	282 853
Baking	294 482	302 065
Sugar	1 161 199	592 298
Group ³	(58 358)	(94 072)
Unallocated restructuring costs ⁴	(163 095)	(56 112)
Finance costs	(171 568)	(177 456)
Finance income	28 149	10 959
Share of profits of joint ventures	33 525	36 185
Sugar	33 525	36 185
Share of profits of associates	125 562	188 457
Sugar	120 081	186 717
LIVEKINDLY Collective Africa	5 481	1 740
Profit before tax	1 653 506	1 085 177

² Includes net expected credit losses reversed on loans receivable and trade and other receivables of R5,0 million (2023: R42,7 million raised). Refer notes 6 and 10 for further detail.

³ Includes the operating costs of RCL Foods Limited and RCL Group Services Proprietary Limited (shared services portion only), the fair value and foreign exchange adjustments relating to the Group's investment in the LIVEKINDLY Collective Proprietary Limited, losses/gains on the Group's self-insurance arrangement and profit from management fees earned on shared services functions for Siqalo Foods Proprietary Limited, LIVEKINDLY Collective Africa Proprietary Limited and Vector Logistics Proprietary Limited from date of sale.

⁴ Unallocated costs following the separation of the Rainbow and Vector Logistics businesses.

⁵ Impairments relate only to impairments of property, plant and equipment, goodwill, right-of-use assets and intangible assets.

* The prior year numbers have been restated as required by IFRS 5 to reflect Rainbow as a discontinued operation. Refer to note 11.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

27. OPERATING SEGMENTS CONTINUED

	2024 R'000	2023 R'000
Discontinued operations¹		
Revenue from contracts with customers	14 973 769	16 500 395
Rainbow	14 527 425	13 463 861
Chicken	12 746 473	11 627 989
Feed	7 186 161	7 761 021
Waste-to-Value	96 484	62 145
Sales between segments:		
Chicken to Feed	(86 914)	(106 358)
Feed to Chicken	(5 339 705)	(5 820 971)
Waste-to-Value to Chicken	(75 074)	(59 965)
Vector Logistics	657 015	4 195 151
Sales between continuing and discontinued operations		
Rainbow sales to Groceries	(25 658)	(22 768)
Rainbow sales to Sugar	(7 174)	(7 286)
Vector Logistics sales to Groceries	(24 668)	(146 736)
Vector Logistics sales to Baking	(20 159)	(166 511)
Vector Logistics sales to Sugar	(6 953)	(38 471)
Sales between discontinued operations		
Vector Logistics sales to Rainbow	(126 059)	(776 845)
Operating profit before depreciation, amortisation and impairments* (EBITDA)	656 487	344 990
Rainbow	629 700	29 814
Chicken	568 143	(10 860)
Feed	29 598	37 771
Waste-to-Value	31 959	2 903
Vector Logistics	26 787	315 176
Profit on disposal of discontinued operation (Vector Logistics)	243 948	
Depreciation, amortisation and impairments	(278 775)	(424 716)
Operating profit/(loss)	621 660	(79 725)
Rainbow	350 924	(240 299)
Chicken	333 727	(232 971)
Feed	14 533	21 858
Waste-to-Value	2 664	(29 186)
Vector Logistics	270 735	160 574
Finance costs	(178 976)	(287 067)
Finance income	32 028	36 166
Share of profits of joint ventures		12 333
Vector Logistics		12 333
Share of profits of associates		4 903
Rainbow		4 903
Profit/(loss) before tax	474 711	(313 390)
– from Rainbow	223 320	(406 241)
– from Vector Logistics**	251 391	92 851

¹ Relates to Vector Logistics and Rainbow segments.

² Excludes intercompany revenue which has been eliminated in accordance with the Group accounting policies.

* Impairments relate only to impairments of property, plant and equipment, goodwill, right-of-use assets and intangible assets.

** Includes 2 months of results for Vector Logistics until the date of disposal of 28 August 2023 for the current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

27. OPERATING SEGMENTS CONTINUED

	2024 R'000	2023 R'000
Assets		
Groceries	3 559 627	3 199 393
Baking	6 091 593	5 553 007
Sugar	6 011 769	5 216 967
Rainbow ¹		6 547 735
Unallocated Group assets ²	1 284 993	612 216
LIVEKINDLY Collective Africa	156 766	151 284
Set-off of inter-segment balances	(111 919)	(2 451 069)
Sub-total: Pre-assets held for sale	16 992 829	18 829 533
Rainbow ¹ – disposal group held-for-sale	6 700 886	
Sugar – disposal group held-for-sale	572	
Vector Logistics ³ – disposal group held-for-sale		6 471 828
Total per statement of financial position	23 694 287	25 301 361
Liabilities		
Groceries	1 379 775	1 076 436
Baking	1 863 004	1 649 314
Sugar	1 928 887	1 918 098
Rainbow ¹		2 322 261
Unallocated Group liabilities ²	2 121 554	2 892 720
Set-off of inter-segment balances	(68 383)	(274 847)
Sub-total: Pre-liabilities held for sale	7 224 837	9 583 982
Rainbow ¹ – disposal group held-for-sale	3 028 409	
Vector Logistics ³ – disposal group held-for-sale		3 996 074
Total per statement of financial position	10 253 246	13 580 056

¹ Classified as a disposal group held for sale in the current year.

² Includes assets and liabilities of the Group Treasury company and consolidation entries.

³ Classified as a disposal group held for sale in the prior year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

27. OPERATING SEGMENTS CONTINUED

	2024 R'000	2023 R'000
Additions to property, plant and equipment and intangible assets		
Groceries		
Property, plant and equipment ¹	139 662	110 829
Intangible assets	30	1 424
Baking		
Property, plant and equipment ¹	192 581	271 204
Intangible assets	4 140	5 207
Sugar		
Property, plant and equipment ¹	572 887	381 754
Intangible assets	2 562	5 838
Rainbow (disposal group held-for-sale)		
Property, plant and equipment ¹	404 584	573 359
Intangible assets	666	7 636
Unallocated group segment ²		
Property, plant and equipment ¹	11 486	29 734
Intangible assets	6 540	5 069
Impairment losses³		
Sugar	25 272	68 851
Rainbow	2 608	1 417
Unallocated restructuring costs ⁴	54 427	
Depreciation and amortisation		
Groceries	98 697	106 433
Baking	222 789	225 814
Sugar	222 858	218 288
Rainbow	276 167	268 697
Unallocated segment ²	38 613	35 200

¹ Property, plant and equipment additions include the right-of-use assets recognised in accordance with IFRS 16.

² Includes capital expenditure, depreciation and amortisation of RCL Group Services Proprietary Limited.

³ These impairments relate only to impairments of property, plant and equipment, goodwill, right-of-use assets and intangible assets.

⁴ Relates to the impairment of the National Office right-of-use building.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

28. FINANCIAL RISK MANAGEMENT

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, investments, 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 10) and amounts guaranteed as disclosed in this note.

In the current year, 77.6% of the Group's trade debtors from continuing operations and 85.2% of continuing operations (including Rainbow) in the prior year, which have not been specifically impaired, have been covered by credit insurance. The continuing operations trade debtors are covered by Lombard Insurance on all debtors balances in excess of R50 000 which covered 96.8% of their debtors in the current financial year (2023: 96.8%). A portion of the trade debtors represent large retail customers assessed as being a low risk of default. The Beverages, Pies and Speciality operating unit's trade debtors are managed by Vector Logistics and subject to the cover 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.

The Group considers a financial asset in default when contractual payments and claims are not settled in terms of the trade agreements applicable. However, in certain cases, the Group may also consider a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The majority of the Group's loans receivable are with related parties (joint ventures or associates of the Group). The Group has access to the financial information of these entities in order to assess their financial position and credit worthiness and is used as part of the basis for calculating the expected credit loss. Refer to note 6 for further detail.

Due to the short-term nature of these assets and based on 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

28. FINANCIAL RISK MANAGEMENT CONTINUED

Credit risk continued

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	2024 R'000	2023 R'000
P-3	1 093 170	
NP ¹		223 899
Cash on hand	327	474
Total	1 093 497	224 373

¹ Credit ratings for financial institutions have been obtained from Moody's. 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 R3 425,0 million (2023: R2 550,0 million). The Group is expected to seek refinance of the term-funded debt package in December 2024 and current assets, which are expected to be realised within the next twelve months, are actively managed and monitored in order to ensure recoverability. 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. Forecasts are prepared for both shorter term periods in order to ensure that sufficient funds are available for day-to-day operational requirements of the entity and longer-term periods to further assess liquidity risk and cash availability related to growth strategies and capital projects.

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
2024						
Interest-bearing liabilities – current	1 711 749	1 789 560				1 789 560
Lease liabilities – non-current	391 313		121 610	105 640	253 318	480 568
Lease liabilities – current	93 264	135 626				135 626
Trade and other payables	3 597 026	3 597 026				3 597 026
Derivative financial liabilities	2 245	2 245				2 245
Total	5 795 597	5 524 457	121 610	105 640	253 318	6 005 025
2023						
Interest-bearing liabilities – non-current	371 065		208 051	80 900	220 054	509 005
Interest-bearing liabilities – current	1 963 037	1 993 014				1 993 014
Lease liabilities – non-current	436 134		179 468	150 991	230 432	560 891
Bank overdraft	865 000	865 000				865 000
Lease liabilities – current	160 255	193 082				193 082
Trade and other payables – non-current	10 858			10 858		10 858
Trade and other payables	4 189 633	4 189 633				4 189 633
Derivative financial liabilities	3 670	3 670				3 670
Total	7 999 653	7 244 399	387 519	242 749	450 486	8 325 133

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

28. FINANCIAL RISK MANAGEMENT CONTINUED

Market risk

Interest rate risk

The Group is exposed to interest rate risk on its cash and cash equivalents, loans receivable and interest-bearing liabilities, which can have an impact on the cash flows stemming from 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 for the year was 10.0% (2023: 8.1%).

The impact of a 3.0% increase in interest rates on the term-funded debt package will result in additional finance costs of R65,9 million (2023: R86,0 million) based on the assumption that the term-funded debt package will be refinanced on the same terms at expiry in December 2024. The impact of a 3.0% increase in interest rates on positive cash balances will result in additional finance income of R32,8 million (2023: R6,7 million). The net impact as such will result in additional finance costs of R33,1 million for the forthcoming financial year (2023: R79,3 million) and a decrease in profit after tax of R24,2 million (2023: R57,9 million). The sensitivity has been performed on material balances subject to interest rate risk.

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 R1,8 million (2023: R23,9 million), trade and other receivables include net receivables of R25,4 million (2023: Rnil million) in respect of sales and purchases in foreign currencies and cash and cash equivalents include cash balances of R21,7 million (2023: R1,8 million) relating to cash denominated in foreign currency. The currencies predominantly traded in by the Group are USD, GBP 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.

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	Foreign contract amount R'000	Fair value of FECs R'000
June 2024			
USD FECs – liabilities	18.55	(16 900)	(2 245)
USD Futures – assets*	19.24	2 650	9 119
USD currency options – assets*		7 100	
USD currency options – liabilities*		(12 100)	
June 2023			
USD FECs – assets*	20.31	1 083	14 601
USD FECs – liabilities	18.52	(1 000)	(408)
USD currency options – assets*		5 000	
USD currency options – liabilities*		(10 788)	

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

28. FINANCIAL RISK MANAGEMENT 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 and EUR at June assuming the spot price remains constant thereafter until the maturity of the contracts and balances:

	2024 R'000	2023 R'000
Forward exchange contracts, currency futures and options		
10% increase in the value of the USD against the rand	(41 647)	
10% decrease in the value of the USD against the rand	40 255	
15% increase in the value of the USD against the rand		(16 645)
15% decrease in the value of the USD against the rand		23 345
Trade receivables		
10% increase in the value of the USD against the rand	2 538	
10% decrease in the value of the USD against the rand	(2 538)	
Cash and cash equivalents		
10% increase in the value of the USD against the rand	2 147	
10% decrease in the value of the USD against the rand	(2 147)	
15% increase in the value of the USD against the rand		(142)
15% decrease in the value of the USD against the rand		142
Trade payables		
10% increase in the value of the USD against the rand	(10)	
10% decrease in the value of the USD against the rand	10	
15% increase in the value of the USD against the rand		(1 876)
15% decrease in the value of the USD against the rand		1 876
10% increase in the value of the EUR against the rand		(149)
10% decrease in the value of the EUR against the rand		149

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 quarterly to the Executive leadership team. The oversight committees are responsible for approving mandates for the procurement teams. The daily trading activities by the procurement teams are restricted to the approvals obtained, which sets price and volume parameters for trades.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

28. FINANCIAL RISK MANAGEMENT CONTINUED

Wheat, sunflower, maize, soya, soya oil and diesel*

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

	2024 R'000
Sunflower seeds – 25% increase	40 207
Sunflower seeds – 25% decrease	(40 207)
Maize – 20% increase	19 918
Maize – 20% decrease	(19 918)
Wheat – 15% increase	21 476
Wheat – 15% decrease	(21 476)
	2023 R'000
Sunflower seeds – 25% increase	26 973
Sunflower seeds – 25% decrease	(26 973)
Maize – 25% increase	19 465
Maize – 25% decrease	(5 553)
Soya oil – 20% increase	1 537
Soya oil – 20% decrease	(1 537)
Soya – 20% increase	165 849
Soya – 20% decrease	(122 583)
Diesel – 20% increase	1 826
Diesel – 20% decrease	(1 826)
Wheat – 25% increase	36 329
Wheat – 25% decrease	(36 329)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

28. FINANCIAL RISK MANAGEMENT CONTINUED

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 2024, ROIC for continuing operations was 12.2% (2023: 8.2%).

There were no changes to the Group's approach to capital management during the year. The Group has recapitalised Rainbow ahead of its unbundling on 1 July 2024.

Fair value estimation

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

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

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

	Level 2 R'000	Level 3 R'000	Total R'000
June 2024			
Assets			
Investment in financial asset (refer note 7)		114 196	114 196
Sugarcane plants (refer note 9)		389 881	389 881
Derivatives	9 119		9 119
Total assets	9 119	504 077	513 196
Liabilities			
Derivatives	2 245		2 245
Total liabilities	2 245		2 245
June 2023			
Assets			
Investment in financial asset (refer note 7)		149 936	149 936
Breeding stock – chicken (refer note 9)		577 526	577 526
Broiler stock – chicken (refer note 9)		431 056	431 056
Sugarcane plants (refer note 9)		308 804	308 804
Derivatives	28 144		28 144
Total assets	28 144	1 467 322	1 495 466
Liabilities			
Derivatives	3 670		3 670
Total liabilities	3 670		3 670

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

28. FINANCIAL RISK MANAGEMENT CONTINUED

Fair value estimation continued

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

Specific valuation techniques used to value the derivatives include:

- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the statement of financial position date with the resulting value discounted back to present value.
- The fair value of options are determined using appropriate option pricing models which take into account the volatility of the underlying instrument.

The following valuation techniques and significant inputs were used to measure the level 3 inputs.

Description R'000	Fair value at June 2024	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable input to fair value
Sugarcane plants	389 881	Recoverable value	Recoverable value price per ton of sucrose less harvesting, transport and other costs to sell	R5,255 to R5,540 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
Investment in financial asset	114 196	RCL FOODS holds a 1.58% shareholding in The LIVEKINDLY Collective Proprietary Limited. As a result of the minority shareholding, access to financial information is limited. The fair value of the investment at June 2024 has been based on the Rand cost of the investment. The investment decreased by R35,7 million to R114,2 million (2023: R149,9 million) due to the write downs processed at year-end.			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

28. FINANCIAL RISK MANAGEMENT CONTINUED

Fair value estimation 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 R12,9 million change in fair value (2023: R20,8 million).			
Description	Fair Value at June 2023	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable input to fair value
Chicken stock	1 008 583	Replacement costs of the components of growing the stock	Eggs per hen	129 to 191 per hen	The higher the eggs per hen, the higher the fair value
			Cost of a day-old breeder bird	R71.18 to R111.6 per chick	The higher the cost per chick, the higher the fair value
			Mortality rates	3.1% to 7.9%	The higher the mortality, the lower the fair value
			Average live mass	1.61 kg to 1.88 kg per bird	The higher the average live mass, the higher the fair value
			Feed cost.	R8 270 to R9 021 per ton	The higher the feed cost per ton, the higher the fair value
Sugarcane plants	308 803	Recoverable value	Recoverable value price per ton of sucrose less harvesting, transport and other costs to sell	R4 764 to R5 037 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
Investment in financial asset	149 936	Recoverable value	Market related per share	\$ per share	The higher the price per share the higher the fair value. RCL FOODS holds a 1.58% shareholding in the LIVEKINDLY Collective Proprietary Limited. As a result of the minority shareholding, access to information is limited. The fair value of the investment has been based on the cost of \$1 per share, with no shares being issued recently to use as a reference point. No further write downs on fair value are expected at this stage.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

29. 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 2024			
Investment in financial asset		114 196	114 196
Trade and other receivables	2 772 729		2 772 729
Loans receivable	14 435		14 435
Derivative financial instruments		9 119	9 119
Cash and cash equivalents	1 093 497		1 093 497
At the end of the year	3 880 661	123 315	4 003 976

June 2023			
Investment in financial asset		149 936	149 936
Trade and other receivables	1 930 586		1 930 586
Loans receivable	71 233		71 233
Derivative financial instruments		28 144	28 144
Cash and cash equivalents	224 373		224 373
At the end of the year	2 226 192	178 080	2 404 272

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 2024			
Interest-bearing liabilities – current	1 711 748		1 711 748
Lease liabilities – non-current	391 313		391 313
Lease liabilities – current	93 264		93 264
Derivative financial instruments		2 245	2 245
Trade and other payables	3 597 026		3 597 026
At the end of the year	5 793 351	2 245	5 795 595

June 2023			
Interest-bearing liabilities – non-current	371 066		371 066
Interest-bearing liabilities – current	1 963 037		1 963 037
Lease liabilities – non-current	436 134		436 134
Lease liabilities – current	160 255		160 255
Derivative financial instruments		3 670	3 670
Bank overdraft	865 000		865 000
Trade and other payables	4 189 633		4 189 633
At the end of the year	7 985 125	3 670	7 988 794

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

30. 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 transactions and balances below consist of both continuing and discontinued operations.

The ultimate controlling party of the Group is Remgro Limited.

Group

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

	2024 R'000	2023 R'000
Transactions and balances with ultimate holding company		
Interest paid	16 160	8 591
Administration and other fees paid	29 222	28 349
Other expenses paid	1 785	3 009
Amounts owing to the holding company included in trade and other payables	6 230	5 301
Directors' fees		1 405
Transactions and balances with subsidiaries of the holding company		
Sales	245 754	531 331
Purchases	12 014	59
Amounts owing by subsidiaries of the holding company included in trade and other receivables	21 562	52 642
Amounts owing to subsidiaries of the holding company included in trade and other payables	1 735	838 427
Transactions and balances with associates of the holding company		
Purchases	29 713	116 584
Sales	68 203	89 641
Amounts owing to associates of the holding company included in trade and other payables	3 336	8 858
Amounts owing by associates of the holding company included in trade and other receivables	1 526	145
Transactions and balances with associates and joint ventures within the Group		
Interest paid	21 477	29 976
Interest received	3 396	3 538
Management fees received	18 434	1 437
Service fees paid	38 330	13 177
Dividends received	81 342	46 874
Sales	5 012	172 858
Purchases	1 380 635	1 250 025
Proceeds on disposal of TSGRO Farming Services Proprietary Limited to Akwandze Agricultural Finance Proprietary Limited*	-	-
Profit on disposal on TSGRO Farming Services Proprietary Limited	25 272	
Amounts owing by associates and joint ventures within the Group included in trade and other receivables	9 191	32 985
Amounts owing to associates and joint ventures within the Group included in non-current interest-bearing liabilities		83 333
Amounts owing to associates and joint ventures within the Group included in current interest-bearing liabilities	12 958	268 729
Amounts owing to associates and joint ventures within the Group included in trade and other payables	152 072	144 476
Amounts owing to associates and joint ventures within the Group included in loans receivable	2 435	75 931

* Proceeds on disposal of TSGRO Farming Services Proprietary Limited to Akwandze Agricultural Finance Proprietary Limited was R1,0.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

30. RELATED PARTY TRANSACTIONS CONTINUED

	2024 R'000	2023 R'000
Key management of RCL Foods Limited		
In terms of IAS 24 Related Party Disclosures, key management are considered to be related parties.		
Executive management and the senior leadership team are classified as key management.		
The following transactions were carried out with key management individuals within the Group:		
– short-term employee benefits	612 031	704 691
– post-employment benefits	46 693	53 020
– other long-term employee benefits	115 262	
– termination benefits	10 403	5 173
– share-based payments settled	2 044	8 833
– share-based payments expense	72 645	70 390
Total	859 078	842 107

31. DIRECTORS EMOLUMENTS

	Basic salary R'000	Pension contribution R'000	Bonus ¹ R'000	Other benefits ² R'000	Total R'000
2024					
PD Cruickshank	7 833	639	9 620	241	18 333
RH Field	5 513	594	4 350	260	10 717
Total	13 346	1 233	13 970	501	29 050
2023					
PD Cruickshank	7 420	606	9 000	232	17 258
RH Field	5 243	564	5 000	243	11 050
Total	12 663	1 170	14 000	475	28 308

¹ Bonus payments made in 2024 relate to the 2023 financial year. An amount of R 14,5 million has been accrued for the 2024 financial year.

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

	2024 R'000	2023 R'000
Non-executives (for services as a director)		
Present Directors		
HJ Carse ³	450	425
JJ Durand ³	588	555
CJ Hess (retired 9 November 2022)		319
PR Louw ³	450	425
NP Mageza	860	812
PM Moumakwa	684	646
DTV Msibi	371	638
GM Steyn	915	865
GCJ Tielenius Kruythoff	215	369
GC Zondi ⁴	1 019	962
Gugu Dingaan (appointed 9 November 2022)	1 060	653
Total	6 612	6 669

³ Paid to Remgro Management Services Limited.

⁴ Paid to Imbewu Capital Partners Consulting Proprietary Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

31. DIRECTORS EMOLUMENTS CONTINUED

Long-term incentives (LTI) payable

The RCL FOODS Value Creation Plan (VCP) aims to incentivise eligible participants to drive particular financial measures linked to value creation to encourage a long-term focus on sustainable growth and to attract and retain suitably skilled and competent personnel. VCP allocations are made on an annual basis or when retention/attraction risks apply to executive Directors and selected employees.

A vesting period of 3 years applies. Upon lapsing of the 3-year period, and where a participant has remained employed for the duration of the vesting period, and the extent to which performance conditions have been met, cliff vesting of the award will occur and the participant will be entitled to settlement to the value of the vested award. The VCP has a vesting cap of 200% of Total Cost to Company for executives and prescribed officers.

Expected settlements on VCP allocations to executive Directors for the year ended June 2024 are as follows:

	Expected settlement on unvested awards ¹	Amounts paid in the current financial year
PD Cruickshank	5 567	
RH Field	4 867	
Expected payment on condition performance targets are achieved	10 434	
Liability included in long-term trade and other payables	5 293	

¹ Expected future payments on vesting of open scheme as at 30 June 2024, one third of the 2024 awards and two thirds of the 2023 awards have been accrued for in the 2024 financial year.

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 2024 are as follows:

	Award price post rights issue Rand	Rights at June 2023	Rights forfeited during the year	Rights at June 2024	Fair value of rights awarded ¹ R'000	Rights exercisable at June 2024
PD Cruickshank	14.05	704 282	(704 282)			
	15.36	366 020		366 020	1 245	366 020
	16.97	323 507		323 507	1 417	323 507
	9.93	2 068 897		2 068 897	4 903	1 365 472
	8.55	714 010		714 010	1 564	235 623
	12.65	2 510 776		2 510 776	11 524	
Subtotal		6 687 492	(704 282)	5 983 210	20 653	2 290 622
RH Field	14.05	1 087 325	(1 087 325)			
	15.36	669 653		669 653	2 277	669 653
	16.97	620 061		620 061	2 716	620 061
	9.93	1 217 339		1 217 339	2 885	803 443
	8.55	1 188 869		1 188 869	2 604	392 326
	12.65	1 095 283		1 095 283	5 027	
Subtotal		5 878 530	(1 087 325)	4 791 205	15 509	2 485 483
Total		12 566 022	(1 791 607)	10 774 415	36 162	4 776 105

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

31. 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 2023 are as follows:

	Award price post rights issue Rand	Rights at June 2022	Rights forfeited during the year	Rights at June 2023	Fair value of rights awarded ¹ R'000	Rights exercisable at June 2023
PD Cruickshank	15.92	181 809	(181 809)			
	14.05	704 282		704 282	2 155	704 282
	15.36	366 020		366 020	1 245	366 020
	16.97	323 507		323 507	1 417	213 514
	9.93	2 068 897		2 068 897	4 903	682 736
	8.55	714 010		714 010	1 564	
	12.65	2 510 776		2 510 776	11 524	
Subtotal		6 869 301	(181 809)	6 687 492	22 808	1 966 552
RH Field	15.92	319 448	(319 448)			
	14.05	1 087 325		1 087 325	3 327	1 087 325
	15.36	669 653		669 653	2 277	669 653
	16.97	620 061		620 061	2 716	409 240
	9.93	1 217 339		1 217 339	2 885	401 721
	8.55	1 188 869		1 188 869	2 604	
	12.65	1 095 283		1 095 283	5 027	
Subtotal		6 197 978	(319 448)	5 878 530	18 836	2 567 939
Total		13 067 279	(501 257)	12 566 022	41 644	4 534 491

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.

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:

	2024		2023	
	Direct beneficial	Indirect beneficial	Direct beneficial	Indirect beneficial
Executive Directors				
PD Cruickshank	447 811		447 811	
RH Field	1 675 030		1 675 030	
Non-executive Directors				
NP Mageza		386		386
Total	2 122 841	386	2 122 841	386

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

31. DIRECTORS EMOLUMENTS CONTINUED

Directors emoluments paid by Remgro Limited

	Fees R'000	Salaries R'000	Retirement fund R'000	Other benefits ² R'000	Total R'000
June 2024					
Executive					
HJ Carse		2 824	560	397	3 781
JJ Durand	445	13 622	2 790	463	17 320
PR Louw		3 429	680	482	4 591
CPF Vosloo ¹		2 753	347	282	3 382
Subtotal	445	22 628	4 377	1 624	29 074
Independent non-executive					
NP Mageza	720				720
Subtotal	720				720
Total	1 165	22 628	4 377	1 624	29 794
June 2023					
Executive					
HJ Carse		2 652	526	378	3 556
JJ Durand	413	12 819	2 625	442	16 299
PR Louw		3 221	639	455	4 315
Subtotal	413	18 692	3 790	1 275	24 170
Independent non-executive					
NP Mageza	657				657
Subtotal	657				657
Total	1 070	18 692	3 790	1 275	24 827

¹ Appointed 16 November 2023.

² Other benefits include medical aid contributions and vehicle benefits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

31. DIRECTORS EMOLUMENTS CONTINUED

Variable pay – long-term incentive plans

Remgro Equity Settled Share Appreciation Right Scheme (SARs) – 2024

Participant	Balance of SARs accepted as at June 2023	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 2024	Fair value of SARs granted ¹ R'000
Executive								
HJ Carse	7 546			90.97	(7 546)	2023/11/27		
	11 767			123.80	(11 767)	2023/11/27		
	17 775			160.29	(17 775)	2023/11/26		
	8 273			166.08	(8 273)	2023/11/24		
	9 988			122.38	(9 988)	2023/11/27		
	16 972			114.92			16 972	434
	5 915			107.67			5 915	216
	14 494			89.21			14 494	765
	14 502			89.69			14 502	793
	11 172			121.63			11 172	488
	15 000			141.64			15 000	596
		7 780	2023/12/05	145.17			7 780	331
JJ Durand	271 258			90.97	(271 258)	2023/11/16		
	108 468			160.29	(108 468)	2023/11/26		
	192 676			166.08	(192 676)	2023/11/24		
	132 309			114.92	(132 309)	2023/11/16		
	167 155			89.21	(55 719)	2023/11/16	111 436	3 530
	235 454			89.69	(63 571)	2023/12/05	171 883	5 636
	181 379			121.63			181 379	4 750
	172 168			141.64			172 168	4 104
		89 264	2023/12/05	145.17			89 264	2 281
PR Louw	5 952			160.29	(5 952)	2023/11/26		
	9 497			166.08	(9 497)	2023/11/24		
	20 301			114.92	(20 301)	2023/12/01		
	32 964			89.21	(21 976)	2023/12/05	10 988	348
	46 448			89.69	(23 844)	2023/12/05	22 604	741
	35 796			126.99			35 796	937
	37 780			141.64			37 780	901
		19 602	2023/12/05	145.17			19 602	501
CPF Vosloo		22 350	2023/12/05	145.17			22 350	571
Total	1 783 009	138 996			(960 920)		961 085	27 922

¹ SARs offered from 5 December 2018 onwards, have performance conditions and reflect the number of SARs as if performance conditions were fully met, unless SARs were forfeited. Fair value was calculated using the standard binomial pricing model. The estimated vesting percentage of the 2018 awards onwards is considered to be the on-target performance level of 60%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

31. DIRECTORS EMOLUMENTS CONTINUED

Variable pay – long-term incentive plans continued

Remgro Equity Settled Share Appreciation Right Scheme (SARs) - 2023

Participant	Balance of SARs accepted as at June 2022	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 2023	Fair value of SARs granted ¹ R'000
Executive								
HJ Carse	7 546			90.97			7 546	434
	11 767			123.80			11 767	313
	17 775			160.29			17 775	63
	8 273			166.08			8 273	18
	9 988			122.38			9 988	278
	16 972			114.92			16 972	723
	5 915			107.67			5 915	303
	14 494			89.21			14 494	954
	14 502			89.69			14 502	999
	11 172			121.63			11 172	642
		15 000	2022/12/05	141.64			15 000	806
JJ Durand	271 258			90.97			271 258	15 615
	93 128			123.80	(93 128)	2022/11/29		
	108 468			160.29			108 468	386
	192 676			166.08			192 676	414
	150 872			122.38	(150 872)	2022/11/29		
	132 309			114.92			132 309	5 637
	235 427			89.21	(68 272)	2022/12/05	167 155	6 600
	235 454			89.69			235 454	9 733
	181 378			121.63			181 378	6 251
		172 168	2022/12/05	141.64			172 168	5 548
PR Louw	22 646			90.97	(22 646)	2023/06/22		
	12 944			123.80	(12 944)	2023/06/22		
	5 952			160.29			5 952	21
	9 497			166.08			9 497	20
	91 120			122.38	(91 120)	2023/06/22		
	20 301			114.92			20 301	865
	46 428			89.21	(13 464)	2022/12/05	32 964	1 302
	46 448			89.69			46 448	1 920
	35 796			126.99			35 796	1 234
		37 780	2022/12/05	141.64			37 780	1 218
Total	2 010 506	224 948			(452 446)		1 783 008	62 297

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

31. DIRECTORS EMOLUMENTS CONTINUED

Variable pay – long-term incentive plans continued

Remgro Equity Settled Conditional Share Plan (CSPs) – 2024

Participant	Balance of CSPs accepted as at June 2023	CSPs accepted during the period ¹	Offer date ¹	Offer price Rand	Additional CSPs from dividends	Number of CSPs (vested)/ (forfeited)	Date vested/ forfeited CSPs	Balance of CSPs accepted as at June 2024	Fair value of CSPs ¹ R'000
Executive									
HJ Carse	7 014			93.82	124	(3 631)	2023/12/05	3 507	286
	14 820			93.82	127	(7 733)	2023/12/05	7 214	589
	2 746			93.82		(2 746)	2023/11/27		
	11 417			126.99				11 417	932
	15 000			141.64				15 000	1 225
		23 340	2023/12/05	145.17				23 340	1 906
JJ Durand	113 876			93.82	2 000	(58 938)	2023/12/05	56 938	4 649
	240 611			93.82	2 057	(125 570)	2023/12/05	117 098	9 562
	98 623			93.82		(98 623)	2023/11/16		15 135
	185 352			126.99				185 352	14 058
	172 168			141.64				172 168	21 866
		267 790	2023/12/05	145.17				267 790	
PR Louw	22 458			93.82	395	(11 624)	2023/12/05	11 229	917
	47 466			93.82	407	(24 773)	2023/12/05	23 100	1 886
	36 580			126.99				36 580	2 987
	37 780			141.64				37 780	3 085
		58 806	2023/12/05	145.17				58 806	4 802
CPF Vosloo		67 048	2023/12/05	145.17				67 048	5 475
Total	1 005 911	416 984			5 110	(333 638)		1 094 367	89 360

Remgro Equity Settled Conditional Share Plan (CSPs) – 2023

Participant	Balance of CSPs accepted as at June 2022	CSPs accepted during the period ¹	Offer date ¹	Offer price Rand	Additional CSPs from dividends	Number of CSPs (vested)/ (forfeited)	Date vested/ forfeited CSPs	Balance of CSPs accepted as at June 2023	Fair value of CSPs ¹ R'000
Executive									
HJ Carse	14 494	318	2022/10/12	93.82	62	(7 860)	2022/05/12	7 014	619
	14 502	318	2022/10/12	93.82				14 820	1 308
	2 662	59	2022/10/12	93.82	25			2 746	404
	11 172	245	2022/10/12	126.99				11 417	1 007
		15 000	2022/12/05	141.64				15 000	1 323
JJ Durand	235 427	5 156	2022/10/12	93.82	996	(127 703)	2022/05/12	113 876	10 047
	235 454	5 157	2022/10/12	93.82				240 611	21 229
	95 672	2 096	2022/10/12	93.82	855			98 623	14 503
	181 379	3 973	2022/10/12	126.99				185 352	16 354
PR Louw		172 168	2022/12/05	141.64				172 168	15 190
	46 428	1 017	2022/10/12	93.82	197	(25 184)	2022/12/05	22 458	1 981
	46 448	1 018	2022/10/12	93.82				47 466	4 188
	7 988	175	2022/10/12	93.82	72	(8 235)	2023/06/22		
	35 796	784	2022/10/12	126.99				36 580	1 936
		37 780	2022/12/05	141.64				37 780	3 333
Total	927 422	245 264			2 207	(168 982)		1 005 911	93 422

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

32. INVESTMENT PROPERTY

Investment properties are held to generate rental income and appreciate in capital value. Investment properties are treated as long-term investments and are carried at cost less accumulated depreciation. Buildings are depreciated to their estimated residual values on a straight-line basis over their expected useful lives.

	30 June 2024		
	Cost R'000	Accumulated depreciation R'000	Carrying Value R'000
Land			
Buildings			
Balances at the end of the year			
	Land	Buildings	June 2024 Total
Reconciliation of carrying value at the beginning and end of the year			
Transfers from/(to) property, plant and equipment	1 250	14 086	15 336
Depreciation		(1 446)	(1 446)
Transferred to held for sale	(1 250)	(12 640)	(13 890)
Balances at the end of the year			

The registers containing details of investment properties are available for inspection by shareholders or their proxies at the registered offices of the companies to which the relevant properties belong.

33. SUBSEQUENT EVENTS

The unbundling of Rainbow, which has been presented as held for sale at current reporting date, was finalised on 1 July 2024.

The fair value of Rainbow is in excess of its net carrying value and as a result no write-down to fair value was required in the 2024 results in accordance with IFRS 5. The short-term cash invested by Rainbow in the Group's treasury company was settled in cash of R463,8 million on the date of unbundling, being 1 July 2024.

RCL FOODS will continue to provide certain transitional services for a two-year period on an arm's length basis.

The dividend in specie and resulting profit/loss on unbundling of Rainbow will be recognised in the 2025 financial year. A reliable estimate of the profit/loss on disposal of Rainbow cannot be made at this stage.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

34. INTEREST IN SUBSIDIARIES

The Group has the following subsidiaries at June 2024:

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 %
Rainbow Chicken ¹	South Africa	Investment Holding	100		
RCL Foods Sugar and 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		
Foodcorp	South Africa	Food producer and manufacturer	100		
Indirectly owned					
RCL Foods Consumer ¹	South Africa	Fully integrated poultry and animal feed producer		100	
Epol ¹	South Africa	Dormant		100	
Farmer Brown ¹	South Africa	Dormant		100	
Rainbow Farms Investments ¹	South Africa	Investment holding		100	
Matzonox ¹	South Africa	Waste-to-Value operation		50	50
TSB Sugar International	South Africa	International investments		100	
Quality Sugars	South Africa	Marketing		75	25
Sivunosefu	South Africa	Farming		50	50
Libuyile Farming Services	South Africa	Farming		50	50
Mgubho Farming Services	South Africa	Farming		50	50
Rainbow Chicken Foods	South Africa	Dormant		100	
Astoria Bakery Lesotho	Lesotho	Dormant		100	
Mkhuhlu Bakery	South Africa	Dormant		100	
Selati Sugar	South Africa	Dormant		100	
Matzonox Fertilizers ¹	South Africa	Sales and marketing		50	50
Do More Foundation ²	South Africa	CSI Initiative			
The Hatchery Group	South Africa	Food Innovation and research		100	
Sunshine Bakery Holding	South Africa	Investment Holding		100	
Scenic Route Trading 217	South Africa	Dormant		100	
Sunshine Bakery Operation	South Africa	Food producer and manufacturer		100	
Sunshine Bakery Durban	South Africa	Food producer and manufacturer		100	
Sunshine IP	South Africa	Investment Holding		100	

¹ Included in the disposal group held for sale. Refer to note 11.

² 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

34. INTEREST IN SUBSIDIARIES CONTINUED

Non-controlling interests

	Statement of financial position 2024 R'000	Income statement (share of profit/(loss)) 2024 R'000	Statement of financial position 2023 R'000	Income statement (share of profit/(loss)) 2023 R'000
Matzonox Proprietary Limited			30 476	
Matzonox Fertiliser Proprietary Limited			755	
Quality Sugars Proprietary Limited	11 800	2 229	11 571	2 017
Sivunosefu Proprietary Limited	(116 994)	9 179	(126 771)	(47 563)
Libuyile Farming Services Proprietary Limited	(27 362)	19 259	(49 368)	(22 689)
Mgubho Farming Services Proprietary Limited	(19 427)	8 273	(29 922)	(11 403)
	(151 983)	38 940	(163 259)	(79 638)
Disposal group held for sale				
Matzonox Proprietary Limited	14 437	(15 988)		(24 796)
Matzonox Fertiliser Proprietary Limited	959	203		(1 745)
L&A Logistics Limited*		2 147	7 079	2 850
	15 396	(13 638)	7 079	(23 691)
Total	(136 587)	25 302	(156 180)	(103 329)

* L&A Logistics is a subsidiary of Vector Logistics and was included in the disposal group held for sale in the prior year. The investment in L&A was disposed as part of the Vector Logistics disposal effective 28 August 2023.

Significant restrictions

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

Set out further on in the note 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

34. INTEREST IN SUBSIDIARIES CONTINUED

Summarised statement of financial position

	Current			Non-current			
	Assets R'000	Liabilities R'000	Total current net assets/ (liabilities) R'000	Assets R'000	Liabilities R'000	Total non- current net assets/ (liabilities) R'000	Net assets/ (liabilities) R'000
As at June 2024							
Quality Sugars Proprietary Limited	966 975	(942 046)	24 929	36 336	(14 065)	22 271	47 200
Sivunosefu Proprietary Limited*	99 096	(70 112)	28 983	11 033	(274 003)	(262 970)	(233 988)
Libuyile Farming Services Proprietary Limited*	183 701	(76 132)	107 569	112 787	(275 080)	(162 293)	(54 724)
Mgubho Farming Services Proprietary Limited*	139 267	(60 301)	78 966	67 739	(185 558)	(117 819)	(38 853)
Disposal group held for sale							
Matzonox Proprietary Limited	54 494	(305 855)	(251 361)	396 497	(116 262)	280 235	28 875
Matzonox Fertilisers Proprietary Limited	221	(220)	1	1 915		1 915	1 916
Total	1 443 754	(1 454 666)	(10 913)	626 307	(864 968)	(238 661)	(249 574)
As at June 2023							
Matzonox Proprietary Limited	33 498	(39 583)	(6 085)	416 536	(349 500)	67 036	60 951
Matzonox Fertilisers Proprietary Limited	1 931	(2 378)	(447)	1 956		1 956	1 509
Quality Sugars Proprietary Limited	909 831	(879 285)	30 546	16 761	(1 024)	15 737	46 283
Sivunosefu Proprietary Limited	102 237	(112 545)	(10 308)		(243 234)	(243 234)	(253 542)
Libuyile Farming Services Proprietary Limited	140 847	(138 268)	2 579	101 231	(202 547)	(101 316)	(98 737)
Mgubho Farming Services Proprietary Limited	131 061	(124 880)	6 181	66 022	(132 044)	(66 022)	(59 841)
Disposal group held for sale							
L&A Logistics Limited	180 289	(146 542)	33 747	24 294	(8 564)	15 730	49 477
Total	1 499 694	(1 443 481)	56 213	626 800	(936 913)	(310 113)	(253 900)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

34. INTEREST IN SUBSIDIARIES CONTINUED

Summarised statement of comprehensive income

	Continuing operations				Discontinued operations		
	Quality Sugars Proprietary Limited R'000	Sivunosefu* Proprietary Limited R'000	Libuyile* Farming Services Proprietary Limited R'000	Mgubho* Farming Services Proprietary Limited R'000	Matzonox Proprietary Limited R'000	Matzonox Fertilisers Proprietary Limited R'000	L&A Logistics Limited R'000
For the year ended June 2024							
Revenue	214 386	212 673	332 369	259 328	95 615	869	98 150
Profit/(loss) before tax	12 214	18 357	38 517	16 547	(43 801)	407	5 230
Income tax expense	(3 298)				11 825		(1 603)
Profit/(loss) after tax for the year	8 916	18 357	38 517	16 547	(31 976)	407	3 627
Total comprehensive income/(loss)	8 916	18 357	38 517	16 547	(31 976)	407	3 627
Recycle of foreign currency translation reserve relating to non-controlling interest							1 603
Total comprehensive income/(loss) allocated to non-controlling interests	2 229	9 179	19 259	8 274	(15 988)	203	2 147
Dividends paid to non-controlling interest	2 000						
For the year ended June 2023							
Revenue	219 774	196 545	314 655	235 569	61 696	449	509 331
Profit/(loss) before tax	11 046	(95 125)	(45 377)	(22 806)	(67 935)	(3 490)	27 406
Income tax expense	(2 980)				18 343		(8 409)
Profit/(loss) after tax for the year	8 066	(95 125)	(45 377)	(22 806)	(49 592)	(3 490)	18 997
Total comprehensive income/(loss)	8 066	(95 125)	(45 377)	(22 806)	(49 592)	(3 490)	18 997
Total comprehensive income/(loss) allocated to non-controlling interests	2 016	(47 563)	(22 689)	(11 403)	(24 796)	(1 745)	2 850
Dividends paid to non-controlling interest	1 900						

* No income tax expense due to deferred tax assets not being recognised in the 50% owned sugar cane-grower companies 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

34. INTEREST IN SUBSIDIARIES CONTINUED

Summarised cash flows

	Continuing operations				Discontinued operations		
	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	Matzonox Proprietary Limited R'000	Matzonox Fertilisers Proprietary Limited R'000	L&A Logistics Limited R'000
June 2024							
Cash (utilised)/generated from operations	(214 066)	37 924	25 387	41 653	9 569	(1 598)	24 661
Interest paid	(2 160)	(7 115)	(6 830)	(7 964)	(45 438)		(1 545)
Interest received					2 019	30	
Income tax paid	(1 593)						(225)
Net cash (utilised)/generated from operating activities	(217 819)	30 809	18 557	33 689	(33 850)	(1 568)	22 891
Net cash generated/(utilised) in investing activities	245 189	(10 495)	(30 242)	(13 315)	(83)	22	(480)
Net cash (utilised)/generated from financing activities	(27 370)	(20 314)	11 685	(20 375)	22 460		(3 105)
Net (decrease)/increase in cash and cash equivalents				(1)	(11 473)	(1 546)	19 306
June 2023							
Cash generated/(utilised) from operations	48 104	(6 852)	17 427	9 556	21 398	(1 396)	14 331
Interest paid	(1 646)	(13 287)	(8 960)	(10 027)	(16 717)		(6 339)
Interest received					1 193	15	
Income tax paid	(4 267)						(12 917)
Net cash generated/(utilised) from operating activities	42 190	(20 139)	8 467	(471)	5 874	(1 381)	(4 924)
Net cash utilised in investing activities	(27 101)	(9 812)	(34 910)	(14 872)	(1 852)	(1 956)	(243)
Net cash (utilised)/generated from financing activities	(16 981)	29 205	25 500	14 390	(7 370)	5 000	(10 156)
Net (decrease)/increase in cash and cash equivalents	(1 892)	(746)	(943)	(953)	(3 348)	1 663	(15 323)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

35. ACQUISITION OF BUSINESS

Sunshine Bakery Holdings Proprietary Limited

On 1 March 2023, RCL FOODS, via its subsidiary Foodcorp Proprietary Limited (Foodcorp), acquired a 100% shareholding in Sunshine Bakery Holdings Proprietary Limited (Sunshine), a baking business with a presence in KwaZulu-Natal.

The investment is expected to strengthen the ability of the Group to enter and expand into the KwaZulu-Natal bread market.

For the year ended June 2023, Sunshine has been consolidated as a wholly owned subsidiary of the Group.

The purchase consideration paid by the Group for the 100% shareholding was R244,5 million. The year-end of Sunshine is March 2023. The purchase agreement includes R135,0 million contingent consideration. The purchase price allocation was finalised with no adjustments to the provisional accounting.

The acquisition of Sunshine was considered a business combination in terms of IFRS 3 Business Combinations. The acquisition consists of the assets, employees (and related liabilities) for a total consideration paid of R244,5 million. The following table summarises the consideration paid compared to the fair value of assets acquired and liabilities assumed at the acquisition date.

	2023 R'000
Cash consideration transferred	244 485
Fair value of identifiable assets acquired and liabilities assumed	
Property, plant and equipment and right-of-use assets	120 499
Intangible assets	105 381
Inventory	9 000
Trade and other receivables	15 592
Current tax receivable	2 083
Cash	29 593
Lease liabilities	(78 468)
Deferred tax	(36 937)
Trade and other payables	(41 043)
Total identifiable net assets	125 700
Goodwill	118 785

Goodwill of R118,8 million arose from the acquisition. Goodwill represents the expected synergies from the combined business of scale and expansion into the KwaZulu-Natal bread market. The acquisition augments Foodcorp's footprint in KwaZulu-Natal. None of the goodwill recognised is deductible for tax purposes.

Acquisition-related costs of R7,5 million have been incurred in the prior financial year.

Sunshine has not had a material impact on results for the prior year, its contribution to key income statement line items for the prior year was as follows:

	12-month results 2023 R'000	Post- acquisition 4-month results R'000
Revenue	573 221	198 750
Operating profit before depreciation, amortisation and impairments	(1 360)	(409)
Operating profit	(18 735)	(6 150)
Profit before tax	(26 797)	(9 224)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

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 twelve 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 twelve-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	30 June 2024 R'000	2 July 2023 R'000
ASSETS			
Non-current assets			
Investment in subsidiaries	1	8 486 773	9 739 343
Investment in financial asset	2	114 196	149 936
Investment in associate	3	155 949	155 949
Loan to Group companies	1	1 545 015	2 901 639
Loan receivable	4		12 000
		10 301 933	12 958 867
Current assets			
Cash and cash equivalents		3 778	3 783
Trade and other receivables	8	75 543	
		79 321	3 783
Non-current assets held for sale	15	4 250 000	995 860
Total assets		14 631 254	13 958 510
EQUITY			
Stated capital	5	10 342 810	10 340 765
Share-based payments reserve		348 641	350 144
Accumulated profit		3 766 851	3 230 655
Total equity		14 458 302	13 921 564
LIABILITIES			
Current liabilities			
Other liabilities	16	19 410	
Trade and other payables	7	153 542	23 395
Loans from Group companies	6		13 551
Total current liabilities		172 952	36 946
Total liabilities		172 952	36 946
Total equity and liabilities		14 631 254	13 958 510

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended June 2024

	Note	2024 R'000	2023 R'000
Other income	9	522 000	
Operating profit	10	536 196	(230 069)
Finance income		8	1 233
Finance costs		(8)	(1 233)
Profit before tax		536 196	(230 069)
Profit for the year		536 196	(230 069)
Total comprehensive income for the year		536 196	(230 069)

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended June 2024

	Stated capital R'000	Share-based payments reserve R'000	Accumulated Profit/(Loss) R'000	Total R'000
Balance at 3 July 2022	10 334 136	358 977	3 727 763	14 420 876
Total comprehensive income for the year			(230 069)	(230 069)
Dividends paid			(267 039)	(267 039)
Repurchase of shares	(2 204)			(2 204)
Employee share option scheme:				
– exercise of employee share options	8 833	(8 833)		
Balance at 2 July 2023	10 340 765	350 144	3 230 655	13 921 564
Total comprehensive income for the year			536 196	536 196
Employee share option scheme:				
– exercise of employee share options	2 045	(1 503)		542
Balance at 30 June 2024	10 342 810	348 641	3 766 851	14 458 302

COMPANY STATEMENT OF CASH FLOW

for the year ended June 2024

	Note	2024 R'000	*Restated 2023 R'000
Cash flows from operating activities			
Cash utilised by operations	A	(74 578)	(138 029)
Dividends paid			(267 039)
Movement in trade and other payables		30 147	13 548
Net cash outflow from operating activities		(44 431)	(391 520)
Cash flows from investing activities			
Loans advanced to Group companies*		(1 308 430)	(200 353)
Loans received from Group companies*		45 870	587 186
Proceeds on disposal of non-current asset held for sale		1 306 986	
Net cash (outflow)/inflow from investing activities		44 426	386 833
Cash flows from financing activities			
Loans received from Group companies			7 012
Repurchase of shares			(2 204)
Net cash inflow from financing activities			4 808
Movement in cash and cash equivalents		(5)	121
Cash and cash equivalents at the beginning of the year		3 783	3 662
Cash and cash equivalents at the end of the year		3 778	3 783

* Prior year figures of loans advanced and net movement in loans to Group companies of R7,0 million and R393,8 million respectively disclosed on a net movement basis have been restated to reflect loans advanced to Group companies and loans received from Group companies on a gross basis.

NOTES TO THE COMPANY CASH FLOW STATEMENT

for the year ended June 2024

	2024 R'000	2023 R'000
A. CASH GENERATED BY OPERATIONS		
Profit/(Loss) before tax	536 196	(230 069)
Adjusted for:		
Foreign exchange gain unrealised		(35 406)
Non-cash items		
– Dividend income ¹	(522 000)	
– Profit on sale of investment	(211 126)	
– Loss allowance on financial guarantee	19 410	
– Fair value adjustment – unrealised	35 740	127 446
– Loss on sale of investment	67 202	
	(74 578)	(138 029)

¹ Refer to note 9 for further detail.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended June 2024

1. INVESTMENT IN SUBSIDIARIES AND LOANS TO GROUP COMPANIES

Effective holding	Issued share capital		Effective holding	
	2024 R	2023 R	2024 %	2023 %
Directly owned				
Rainbow Chicken Limited ⁷	4 250 000 000		100	
Vector Logistics ¹		50		100
RCL Foods Sugar and Milling	10	10	100	100
RCL Foods Treasury	1	1	100	100
RCL Group Services	312	312	100	100
Foodcorp	1	1	100	100
Indirectly owned				
RCL Foods Consumer ⁶		40 000	100	100
Rainbow Farms Investments ⁶	99 900	99 900	100	100
Farmer Brown ⁶	1	1	100	100
Epol ⁶	78 000	78 000	100	100
Matzonox ⁶	120	120	50	50
Matzonox Fertiliser ⁶	50	50	50	50
Astoria Bakery Lesotho ²	100	100	100	100
Libuyile Farming Services	100	100	50	50
Mgubho Farming Services	100	100	50	50
Mkhuhlu Bakery ²	450 000	450 000	100	100
Quality Sugars	300	300	75	75
Rainbow Chicken Foods ⁶	100	100	100	100
Selati Sugar	300	300	100	100
Sivunosetfu	100	100	50	50
TSB Sugar International	100	100	100	100
Vector Logistics (Namibia) ^{1,3}		100 000		100
Empty Trips ¹	1	1	100	100
Do More Foundation ⁴				
L&A Logistics ^{1,5}	5 000	5 000	85	85
The Hatchery Group	100	100	100	100
Sunshine Bakery Holding	102	102	100	100
Scenic Route Trading 217	100	100	100	100
Sunshine Bakery Operation	100	100	100	100
Sunshine Bakery Durban	100	100	100	100
Sunshine IP	1 000	1 000	100	100

¹ Included in the disposal group held for sale in the prior financial year.

Refer to note 11 of the consolidated financial statements.

² Incorporated in Lesotho.

³ Incorporated in Namibia.

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

⁵ Incorporated in Zambia.

⁶ Sold to Rainbow Chicken Limited during the current financial year.

⁷ Rainbow Chicken Limited was incorporated on 11 April 2024, listed on the JSE on 26 June 2024 and thereafter transferred to held for sale on 1 July 2024. Refer to note 15 for further details.

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

1. INVESTMENT IN SUBSIDIARIES AND GROUP COMPANIES CONTINUED

Share and indebtedness	Shares 2024 R'000	Shares 2023 R'000	Indebted- ness 2024 R'000	Indebted- ness 2023 R'000	Total 2024 R'000	Total 2023 R'000
RCL Foods Treasury ¹			20 801	9 636	20 801	9 636
RCL Foods Consumer		1 251 066		1 365 313		2 616 379
RCL Group Services	4 138 133	4 138 133	17 719	17 106	4 155 853	4 155 239
Foodcorp ¹			1 506 446	1 506 238	1 506 446	1 506 238
RCL Foods Sugar and Milling	4 000 000	4 000 000	49	3 346	4 000 049	4 003 346
	8 138 133	9 389 199	1 545 015	2 901 639	9 683 148	12 290 838
Subsidiaries portion of share-based payments reserve	348 640	350 144			348 640	350 144
	8 486 773	9 739 343	1 545 015	2 901 639	10 031 788	12 640 982
Vector Logistics ²		456 612		539 248		995 860
Rainbow Chicken Limited ³	4 250 000				4 250 000	

¹ RCL Foods Limited value of shareholding in RCL Foods Treasury is R1 (2023: R1), Foodcorp R1 (2023: R1).

² The shareholder loan with Vector Logistics was converted to equity on finalisation of the disposal. Refer to note 11 of the consolidated financial statements for further details.

³ Rainbow Chicken Limited was transferred to held for sale during the current financial year. Refer to note 15 of the financial statements for further details.

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.

With the exception of Rainbow Chicken Limited which has been transferred to held for sale and subsequently listed on the JSE on 1 July 2024 (refer to note 15 of the financial statements), none of the above companies are listed as they are all "Proprietary Limited".

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.

2. INVESTMENT IN FINANCIAL ASSET

	2024 R'000	2023 R'000
At the beginning of the year	149 936	241 976
Foreign exchange gain		35 406
Fair value adjustment	(35 740)	(127 446)
At the end of the year	114 196	149 936

For the year ended June 2024, the investment in financial asset was valued at R114,2 million (2023: R149,9 million). RCL FOODS holds a 1.58% shareholding in The LIVEKINDLY Collective. As a result of the minority shareholding, access to financial information is limited. The fair value of the investment at June 2024 has been based on the Rand cost of the investment.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

3. INVESTMENT IN ASSOCIATE

	2024 R'000	2023 R'000
At the beginning of the year	155 949	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 5 of the consolidated financial statements.

4. LOAN RECEIVABLE

	2024 R'000	2023 R'000
Non-current:		
Loans at the beginning of the year	12 000	5 000
Loans ceded to RCL Foods Treasury Proprietary Limited	(12 000)	
Loans advanced during the year		7 000
Loans at the end of the year		12 000

During the current year, the loan granted to LKCA was ceded to RCL Foods Treasury Proprietary Limited.

5. STATED CAPITAL

Authorised

2 000 000 000 (2023: 2 000 000 000) ordinary shares of no par value.

Issued ordinary shares of no par value:

	Number of shares	2024 R'000	2023 R'000
At the beginning of the year	890 096 721	10 340 765	10 334 136
Repurchase of shares			(2 204)
Shares issued in terms of share incentive plans	199 684	2 045	8 833
At the end of the year	890 296 405	10 342 810	10 340 765

The unissued ordinary shares are under the control of the Directors until the forthcoming annual general meeting.

6. LOAN FROM GROUP COMPANIES

	2024 R'000	2023 R'000
Current		
Payable to Rainbow Farms Investments Proprietary Limited*		1 551
Payable to RCL Foods Treasury Proprietary Limited**		12 000
		13 551

* The loan was unsecured, interest-free and payable on demand. The loan has been settled in the current financial year.

** The loan was unsecured with no fixed date of repayment. Interest accrued at the prime rate per annum.

The loans have been settled in the current financial year.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

7. TRADE AND OTHER PAYABLES

	2024 R'000	2023 R'000
– Other payables*	153 542	23 395
Total	153 542	23 395

* Included in the balance above is a contingent consideration relating to the earn out clause as stipulated in the Vector sale agreement which is expected to be finalised and settled within the 2025 financial year. The maximum amount payable is R100,0 million.

8. TRADE AND OTHER RECEIVABLES

	2024 R'000	2023 R'000
– Dividends receivable*	75 000	
– Other receivable**	543	
Total	75 543	

* Dividends receivable relates to a dividend declared by RCL Group Services which has been settled post year end.

** Other receivable relates to share issues to Vector Logistics as part of the exercises by their employees under the share appreciation rights scheme and is owing to RCL Foods Limited at financial year end.

9. OTHER INCOME

	2024 R'000	2023 R'000
Dividends received from subsidiaries		
– RCL Foods Sugar and Milling Proprietary Limited	297 000	
– RCL Foods Treasury Proprietary Limited	150 000	
– RCL Group Services Proprietary Limited	75 000	
Total	522 000	

10. OPERATING PROFIT

	2024 R'000	2023 R'000
Foreign exchange gain – unrealised		35 406
Fair value adjustment	(35 740)	(127 446)
Dividends received from subsidiaries	522 000	
Non-executive Directors' fees	(7 091)	(6 669)
Consultancy expenses*	(48 435)	(18 235)
Listed company expenses	(5 714)	(4 546)
Legal fees*	(13 299)	(13 015)
Acquisition expenses		(7 114)
Profit on sale of investment	211 126	
Loss on sale of shares		(85 849)
Loss on sale of investment	(67 202)	
Other expenses	(39)	(624)
Securities transfer tax		(1 977)
Loss allowance on financial guarantee	(19 410)	
Total	536 196	(230 069)

* Current year includes fees related to the Rainbow separate listing and unbundling.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

11. CONTINGENCIES

Banking and loan facilities are renewed annually and are subject to floating interest rates. At year-end the facilities granted amounted to R1,675 million in respect of the term-funded debt package (refer to note 16 of the consolidated annual financial statements) and a R3,425 million unutilised general banking facility (2023: R2,555 million).

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 2024 is R1,675 million (2023: R1,675 million).

12. DIVIDENDS PER SHARE

Refer to note 26 of the notes to the consolidated financial statements.

13. 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 R1,675 million (2023: R1,675 million).

Liquidity risk

The table below summarises the maturity profile of the guaranteed loan and the Company's financial liabilities.

	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
2024					
Guaranteed loan	1 675 000				1 675 000
Trade and other payables	153 542				153 542
2023					
Guaranteed loan	1 675 000				1 675 000

Cash

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	2024 R'000	2023 R'000
NP	3 778	3 783

14. 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 2024			
Investment in financial asset		114 196	114 196
Loans to Group companies	1 545 015		1 545 015
Cash and cash equivalents	3 778		3 778
At the end of the year	1 548 793	114 196	1 662 989
June 2023			
Investment in financial asset		149 936	149 936
Loans to Group companies	3 440 887		3 440 887
Loan receivable	12 000		12 000
Cash and cash equivalents	3 783		3 783
At the end of the year	3 456 670	149 936	3 606 606

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

14. FINANCIAL INSTRUMENTS BY CATEGORY CONTINUED

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

Liabilities per the statement of financial position	Amortised cost R'000	Total R'000
June 2024		
Trade and other payables	153 542	153 542
Other liabilities	19 410	19 410
At the end of the year	172 952	172 952
June 2023		
Loans from Group companies	13 551	13 551
Trade and other payables	23 395	23 395
At the end of the year	36 946	36 946

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

15. NON-CURRENT ASSET HELD FOR SALE

The Board of RCL FOODS provided its approval on 3 June 2024, to formally separate Rainbow from the balance of the Group; via an unbundling to shareholders and a concurrent listing on the Johannesburg Stock Exchange (JSE). The Rainbow segment was listed on the JSE and unbundled to shareholders effective 1 July 2024. The Rainbow segment has been disclosed as held for sale in accordance with IFRS 5 *Non-current assets held for sale and discontinued operations* (IFRS 5) and presented as a discontinued operation in these results, effective from 3 June 2024.

The associated assets and liabilities are presented as held for sale in the current year statement of financial position.

	2024 R'000
A reconciliation of the assets held for sale are disclosed below:	
Investment in Rainbow Chicken Limited	4 250 000
Transferred to held for sale	4 250 000

In the prior financial year, the Company entered into a binding agreement with EMIF II Investment Proprietary Limited, a subsidiary of A.P. Møller Capital, to dispose of the Vector Logistics business.

The Vector Logistics segment has been disclosed as held for sale in accordance with IFRS 5 *Non-current assets held for sale and discontinued operations* (IFRS 5).

Consequently, the Company's investments and loan receivable from Vector Logistics has been disclosed as held for sale at year-end.

	2023 R'000
A reconciliation of the assets held for sale are disclosed below:	
Investment in Vector Logistics	456 612
Loan receivable	539 248
Transferred to held for sale	995 860

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

for the year ended June 2024

16. OTHER LIABILITIES

	2024 R'000	2023 R'000
Current		
Financial guarantee	19 410	
Total	19 410	

Financial guarantee contracts are recognised at fair value on the date that the Company becomes a party to an irrevocable commitment. Financial guarantee contracts are subsequently stated at the higher of the amount determined by the expected credit loss (ECL) model and the amount initially recognised. Any difference between the redemption value guarantee obligation and the amount paid is recognised in the income statement.

RCL Foods Limited has provided a guarantee to RCL Foods Treasury Proprietary Limited with respect to its term funded debt package as well as short-term facilities in terms of the loan agreement. This guarantee was put in place in December 2018, but the fair value was historically immaterial. An amount of R19,4 million has been recognised on the income statement in respect of the guarantee. The risk of default of the Group companies are considered to be low. In the event of default, all companies within the RCL FOODS Limited Group will be held jointly and severally liable.

17. GOING CONCERN

RCL Foods Limited is the holding company of the Group.

Based on management's assessment, the Company has adequate resources to continue operations as a going concern in the foreseeable future.

18. RELATED PARTY TRANSACTIONS

	2024 R'000	2023 R'000
Transactions and balances with subsidiaries of the holding company		
Interest received	8	1 233
Interest paid	(8)	(1 233)
Dividends received from subsidiaries	522 000	
– RCL Foods Sugar and Milling Proprietary Limited	297 000	
– RCL Foods Treasury Proprietary Limited	150 000	
– RCL Group Services Proprietary Limited	75 000	
Loans to Group companies	1 545 015	3 440 887
– RCL Foods Treasury Proprietary Limited	20 801	9 636
– RCL Foods Consumer Proprietary Limited		1 365 313
– RCL Group Services Proprietary Limited	17 719	17 106
– Foodcorp Proprietary Limited	1 506 446	1 506 238
– RCL Foods Sugar and Milling Proprietary Limited	49	3 346
– Vector Logistics Proprietary Limited		539 248
Loan receivable – LIVEKINDLY Collective Africa Proprietary Limited		12 000
Loans from Group companies		13 551
– Rainbow Farms Investments Proprietary Limited		1 551
– RCL Foods Treasury Proprietary Limited		12 000

In terms of IAS 24 *Related Party Disclosures*, key management are considered to be related parties.

Refer to note 30 of the notes to the consolidated financial statements for Key Management Disclosure.

SHARE AND SHAREHOLDER INFORMATION

for the year ended June 2024

STATED CAPITAL

Authorised	2 000 000 000
Issued	890 296 405
Number of shareholders	10 157

	Number of shareholders	%	Number of shares	%
Shareholder spread				
1 – 1 000	8 688	85.54	885 846	0.10
1 001 – 10 000	1 055	10.39	4 084 492	0.46
10 001 – 100 000	301	2.96	8 850 529	0.99
100 001 – 1 000 000	94	0.93	29 253 602	3.29
1 000 001 and over	19	0.19	847 221 936	95.16
Total	10 157	100.00	890 296 405	100.00
Distribution of shareholders				
Banks	12	0.12	1 428 024	0.16
Brokers	8	0.08	3 305 832	0.37
Close Corporations	29	0.29	1 031 124	0.12
Endowment Funds	8	0.08	461 324	0.05
Holding Company	2	0.02	714 057 943	80.20
Individuals	9 604	94.56	17 088 776	1.92
Insurance Companies	9	0.09	3 317 566	0.37
Investment Companies	8	0.08	436 518	0.05
Mutual Funds	110	1.08	108 127 019	12.15
Nominees and Trusts	202	1.99	2 013 568	0.23
Other Corporations	12	0.12	23 922	0.01
Pension Funds	57	0.56	37 521 438	4.21
Private Companies	96	0.95	1 483 351	0.17
Total	10 157	100.00	890 296 405	100.00
Public and non-public shareholders				
Holding Company	2	0.02	714 057 943	80.20
Directors and associates of the Company holdings	3	0.03	2 123 227	0.24
Total non-public shareholders	5	0.05	716 181 170	80.44
Public shareholders	10 152	99.95	174 115 235	19.56
Total	10 157	100.00	890 296 405	100.00
Beneficial shareholders' holding of 1% or more				
Remgro Limited			713 902 129	80.19
Oasis Crescent Equity Fund			35 803 734	4.02
Government Employees Pension Fund			30 050 086	3.38
M&G SA Equity Fund			16 900 010	1.90
Alexforbes Investments Solution Limited			9 793 336	1.10
Fund managers holdings of 1% or more				
Remgro Limited			714 057 943	80.20
Oasis Asset Management Limited			76 741 584	8.62
M and G Investment Managers Proprietary Limited			44 869 179	5.04
Ninety One SA Proprietary Limited			17 912 369	2.01

www.rclfoods.com