PIONEER FOODS

ANNUAL FINANCIAL STATEMENTS 2014

REALISING OUR POTENTIAL

PIONEER FOOD GROUP LTD

Group financial statements
for the year ended 30 September 2014

CONTENTS

DIRECTORS' RESPONSIBILITY

In accordance with the requirements of the Companies Act, Act 71 of 2008, as amended, the Board of directors ("the Board") is responsible for the preparation of the annual financial statements and the consolidated annual financial statements of Pioneer Food Group Ltd which conform to International Financial Reporting Standards ("IFRS") and which fairly present the state of affairs of Pioneer Food Group Ltd and its subsidiaries ("the Group") at the end of the financial year, and the financial performance and cash flows for that period. The Board is also responsible for the information other than that of the annual statutory financial statements that are included in the annual integrated report for both its accuracy and its consistency with the financial statements.

It is the responsibility of the independent external auditors to report on the fair presentation of the financial statements.

The Board is ultimately responsible for the internal control processes. Management enables the Board to meet its responsibilities in this regard. Standards and systems of internal control are designed and implemented by management to provide reasonable assurance as to the integrity and reliability of the Group's financial records and its financial statements. The Board and management are, furthermore, also committed to adequately safeguarding, verifying and maintaining accountability for the Group's assets. Appropriate accounting policies, supported by reasonable and prudent judgements and estimates, are applied on a consistent and going concern basis. Systems and controls include the proper delegation of responsibilities, effective accounting procedures and adequate segregation of duties.

Based on the information and reasoning provided by management as well as the internal and external auditors, the Board is of the opinion that the accounting controls are sufficient and that the financial records may be relied upon for preparing the financial statements and maintaining accountability for the Group's assets and liabilities. During the year under review, and up to the date of this report, nothing has come to the Board's attention that indicates or implies a breakdown in the functioning of these controls, resulting in a material loss to the Group. The Board has a reasonable expectation that the Group and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing the financial statements.

The annual financial statements, which appear on pages 5 to 154, were approved by the Board on 20 November 2014 and are herewith signed on its behalf by:

ZL Combi
Chairman

PM Roux
Chief Executive Officer

NOTICE IN TERMS OF SECTION 29 OF THE COMPANIES ACT, ACT 71 OF 2008, AS AMENDED ("THE ACT")

These annual financial statements have been audited in compliance with the Act. These annual financial statements have been prepared under the supervision of LR Cronjé, CA(SA), Group financial director.

SECRETARIAL CERTIFICATION

In accordance with section 88 of the Companies Act, Act 71 of 2008, as amended ("the Act"), for the year ended 30 September 2014, it is hereby certified that the Company and its subsidiaries have lodged with the Companies and Intellectual Property Commission all such returns that are required of a public company in terms of the Act and that such returns are true, correct and up to date.

J Jacobs
Company Secretary

REPORT OF THE AUDIT AND RISK COMMITTEE ("THE REPORT")

The audit and risk committee ("the committee") is pleased to present its report in terms of section 94(7)(f) of the Companies Act, Act 71 of 2008, as amended ("the Companies Act"). This report describes how the committee discharged its statutory duties and other responsibilities assigned to it by the Board of directors ("the Board") in respect of the year ended 30 September 2014.

The committee has adopted clearly defined terms of reference, delegated to it by the Board, as its charter. This charter is in line with the Companies Act, the King Code of Governance Principles for South Africa 2008, the King Report on Governance ("King III") and the JSE Listings Requirements. The committee regulates its affairs in accordance with these terms of reference. The charter and consequent work plan are reviewed on an annual basis.

The committee is accountable to the Board and to shareholders.

Members of the audit and risk committee

The committee comprises independent, non-executive directors, who were elected at the 2014 annual general meeting. All members are required to act objectively and independently, as described in the Companies Act and in King III. All members are suitably skilled and experienced. The abridged curriculum vitae of all directors are included in the integrated report.

Meeting attendance

At the date of publication, the committee consisted of three independent non-executive directors.

During the year under review, a minimum of four meetings were held, as prescribed by the charter. The chairman updates the Board in respect of the activities of the committee. The year's meetings and attendance are as follows:

Name of member	Number of meetings attended	20 November 2013	13 March 2014	14 May 2014	30 July 2014
AH Sangqu (Chairman)	4	Present	Present	Present	Present
N Mjoli-Mncube	4	Present	Present	Present	Present
LP Retief	4	Present	Present	Present	Present
AE Jacobs*	1	Present	N/A	N/A	N/A

Notes:

* Resigned as a director and as a member of the committee at the annual general meeting that was held on 14 February 2014 (effective from 13 February 2014).

Roles and responsibilities of the audit and risk committee

The committee fulfilled the responsibilities delegated to it in terms of its charter. The latter includes, among others, the following:

- Reviewed the interim, preliminary and summary results, as well as the year-end financial statements, culminating in a recommendation to the Board for approval. The committee considered that the Company complies, in all material respects, with the requirements of the Companies Act, the International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practice Committee, and applicable legislation;
- Reviewed the external audit reports on the Group's annual financial statements;
- Verified the independence of the external auditors, PricewaterhouseCoopers Inc. ("PwC"), and recommended PwC as the auditors for the year under review, noting that Mr Richard Jacobs (accredited as such on the JSE List of Auditors and registered in accordance with the Auditing Professions Act, Act 26 of 2005) was appointed as lead auditor;
- Determined and approved the audit fees and the terms of engagement of the external auditors;
- Determined, subject to the provisions of the Companies Act, the nature and extent of allowable non-audit services as well as approving the contractual terms for the provision of non-audit services rendered by the external auditors;
- Confirmed and approved the internal audit charter and internal audit year plan;
- Oversaw the reporting process including the integrated report and annual financial statements. The committee has, as a result, at its meeting held on 19 November 2014, recommended the integrated report and the annual financial statements for approval by the Board; and
- The committee considered the Group's information pertaining to its non-financial performance as disclosed in the integrated report to ensure consistency with other known information. The committee was therefore satisfied that the sustainability related information presented, is reliable and consistent with the financial results.

Internal audit

The committee fulfilled an oversight role in respect of the Group's system of internal financial control and continues to be responsible for ensuring that the Group's internal audit function remains independent and has the necessary resources, standing and authority, to enable it to discharge its duties.

The committee reviews and approves the internal audit work plan on an annual basis to ensure adequate review coverage. The planned reviews were aimed at providing the necessary assurance in respect of key internal controls throughout the Group. Based on the results of these reviews, the committee is of the opinion that the internal financial controls formed a sound basis for the preparation of reliable financial statements.

During the year, the committee undertook an independent quality review of the in-house internal audit function under the Internal Auditors' International Professional Internal Auditing Standards. A "Generally conforms" rating was awarded, which confirmed the independence and effectiveness of the function.

In line with the growing demands of a transformed business model and an increasingly complex economic environment, the Board endorsed the outsourcing of the internal audit function to Deloitte, effective 1 July 2014.

Combined assurance

Pioneer Foods has adopted a combined assurance approach to ensure adequate assurance coverage and synergies and at the same time minimised assurance duplication. The committee continues to ensure the effective liaison between the internal and external auditors. For the year under review, the committee was satisfied that adequate assurance was obtained.

Risk management

The committee has fulfilled its responsibilities in respect of risk management, by ensuring that the Group's risk management procedures are adequate and appropriate. The committee, furthermore, reviewed the internal audit and risk management reports and, where relevant, made recommendations to the Board concerning the Group's accounting policies, financial controls, records and reporting. It also evaluated the effectiveness of risk management, controls and key governance processes implemented by the Group.

Group compliance

The Group remains committed to ensuring compliance to applicable regulatory requirements. The committee, as the custodian of regulatory compliance given the responsibility delegated to it by the Board, fulfils a fundamental role in ensuring that compliance is managed throughout the Group. The committee focuses on all material laws and regulations affecting and/or influencing the Group. During the year, a comprehensive risk analysis was conducted and compliance remains a standing agenda item at every committee meeting.

Independence of external auditors

During the reporting period, the committee reviewed the representation made by external audit and, after conducting its own review, confirmed the independence of the external auditors.

REPORT OF THE AUDIT AND RISK COMMITTEE ("THE REPORT")
CONTINUED

Expertise and experience of the chief financial officer and adequacy of the financial function

The committee has satisfied itself that the chief financial officer, Mr Leon Cronjé, has the necessary expertise and experience. Mr Cronjé's abbreviated curriculum vitae appears in the integrated report. Furthermore, the committee considered and satisfied itself of the appropriateness of the expertise and the adequacy of the resources of the Group's finance function.

Going concern

The committee considered and reviewed management's medium-term plan and satisfied itself of the going concern status of the Group. Based on the committee's recommendation, the Board's statement regarding the going concern status of the Group is included in the directors' responsibility report on page 1.

Internal financial controls

The committee had oversight over a process by which internal audit performed a written assessment of the effectiveness of the Group's system of internal control and risk management, including internal financial controls. This written assessment, conducted by internal audit, formed the basis of the committee's recommendation in this regard to the Board, in order for the Board to report thereon.

The Board's report on the effectiveness of the system of internal controls is included under the directors' responsibility report on page 1. The committee's recommendation underpins this opinion.

AH Sangqu
Chairman: Audit and Risk Committee

Bellville
20 November 2014

DIRECTORS' REPORT
for the year ended 30 September 2014

Principal activities and business review

Pioneer Food Group Ltd ("the Company") and its subsidiaries are involved in the manufacturing of food, beverages and related products for human and animal consumption. The various segments are highlighted in the operational review in the integrated report.

Financial results

The annual financial statements on pages 5 to 154 set out fully the financial position as at 30 September 2014 and the results of operations and the cash flows for the year ended 30 September 2014. Further information is provided in the financial review in the integrated report.

Share capital

The authorised share capital consists of 400,000,000 (2013: 400,000,000) ordinary shares of 10 cents each and 18,130,000 (2013: 18,130,000) class A ordinary shares of 10 cents each. At year-end 231,691,881 (2013: 231,006,847) ordinary shares and 6,043,940 (2013: 7,367,360) class A ordinary shares are in issue.

The movement in issued share capital is disclosed in note 22 to the annual financial statements. During the year the Company issued the following listed ordinary shares of 10 cents each: 685,034 (2013: 692,361) at an average of R97.47 (2013: R71.64) per share in terms of the management share appreciation rights scheme.

There was no movement (2013: Nil) in the treasury shares held by a subsidiary. This subsidiary held 17,982,056 (2013: 17,982,056) ordinary shares at year-end.

The number of ordinary shares held by the Pioneer Foods management share incentive trust at year-end is 1,110,213 (2013: 1,422,116). A number of 311,903 (2013: 1,123,817) ordinary shares were sold by the share incentive trust for R6,261,671 (2013: R18,666,600). No ordinary shares were issued to the trust (2013: Nil).

The Company bought back and cancelled 1,323,420 (2013: 830,760) class A ordinary shares during the year at a premium of R56.56 (2013: R39.31) per share in addition to the par value of R0.10 per share.

Treatment of Quantum Foods as an asset held for sale

Shareholders were advised on SENS on 5 September 2013 of the Board's intent to restructure the Company's interest in the Quantum Foods segment, which includes the South African business units and two foreign African subsidiaries, Bokomo Uganda (Pty) Ltd and Quantum Foods Zambia Ltd, that produce and sell eggs, chicken products, animal feed and commercial laying hens. Further announcements on SENS in this regard were issued on 5 September 2014 and 18 September 2014.

Pioneer Foods unbundled its interests in Quantum Foods to its shareholders and subsequently listed Quantum Foods as a separate entity on the JSE on 6 October 2014.

Accordingly, Quantum Foods has been treated as an "asset held for sale" and as "discontinued operations" in terms of IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations for the year ended 30 September 2014 and for the comparative year ended 30 September 2013.

Borrowings

The Group entered into supplier contracts in terms of which equipment was capitalised to comply with the requirements of IFRIC 4 – Determining Whether an Arrangement Contains a Lease. The balance outstanding at 30 September 2014 on these borrowings was R25,006,986.

Pioneer Foods obtained a R300 million vehicle and asset finance facility during the year. This facility will be used to finance the replacement of the Group's bakery delivery vehicle fleet. The vehicles are acquired in terms of instalment sale agreements. These borrowings are secured by the vehicles acquired in terms of these agreements. At 30 September 2014 new borrowings obtained in terms of these facilities amounted to R40,672,385.

DIRECTORS' REPORT
for the year ended 30 September 2014 (continued)

No other major borrowings were obtained by Group legal entities. For further detail of the borrowings obtained refer to note 25 of the annual financial statements. For the carrying amounts of property, plant and equipment, inventories, biological assets and trade and other receivables encumbered refer to notes 12, 18 and 20 of the annual financial statements respectively.

Dividends

A final gross dividend of 156 cents (2013: 86 cents) per ordinary share was declared. This is in addition to the interim gross dividend of 65 cents (2013: 46 cents) per ordinary share.

The interim dividend for the year amounted to R144,979,200 (2013: R102,327,653) and the final dividend for the year will be approximately R348,210,549 (2013: R191,550,639). The exact amount will be dependent on the number of shares in issue at the record date. These amounts include the dividends paid or payable to the Pioneer Foods Broad-Based BEE Trust.

The 10,599,988 Pioneer Foods shares issued to the Pioneer Broad-Based BEE Trust during April 2012, are entitled to 20% of the gross interim and final dividends per share as indicated above, i.e. 13.0 cents per share (2013: 9.2 cents) and 31.2 cents (2013: 17.2 cents) respectively. This gross interim dividend for the year amounts to R1,377,998 (2013: R975,199) and the final dividend for the year will amount to R3,307,196 (2013: R1,823,198).

The dividend is payable on 2 February 2015 to shareholders recorded as such in the share register of the Company on 30 January 2015 (the record date). The last date of trading cum dividend will be 23 January 2015.

***Dividend in specie* – unbundling of Quantum Foods**
Shareholders were advised on SENS on 5 September 2014 and 18 September 2014 that the Board has resolved to proceed with the unbundling of its interest in Quantum Foods and to list Quantum Foods as a separate entity on the JSE. Quantum Foods was listed on the JSE on 6 October 2014. The unbundling has been accounted for as a *dividend in specie* at fair value in accordance with IFRIC 17 – Distributions of Non-cash Assets to Owners. IFRIC 17 requires distributions within its scope to be measured at the fair value of the assets to be distributed at the date when the dividend is appropriately authorised and is no longer at the entity's discretion. Consequently an amount of R1,242,220,000, representing the fair value of the interest in Quantum Foods attributable to external shareholders, has been accounted for as a dividend payable to shareholders at 30 September 2014. Refer to note 12 for the methods used to measure the fair value.

Directors

The directors of the holding company, Pioneer Food Group Ltd, are responsible for the activities and reports related to the Group. Full details of the directors appear in the integrated report.

Special resolutions passed

Annual general meeting of shareholders ("AGM")
At the AGM held at Lemoenkloof Guest House, Paarl on Friday, 14 February 2014, the following special resolutions were passed by the Company:

Special resolution one, for the approval of the remuneration payable by the Company to its non-executive directors for their services as non-executive directors for the period 1 April 2014 to 31 March 2015;

Special resolution two, for the approval of a general authority to the Board of Directors of the Company for the Company to grant direct and indirect financial assistance to any company forming part of the Company, including in the form of loans or the guaranteeing of their debts; and

Special resolution three, for the approval of an authority to the Board of Directors of the Company for the Company to provide direct and indirect financial assistance for the purpose of the subscription or purchase of any option, or any securities issued or to be issued by the Companies or a related or inter-related company.

Quantum Foods organisational restructuring and unbundling
A number of resolutions were taken by Pioneer Foods and Quantum Foods legal entities during the organisational restructuring and unbundling process which included the following:

A resolution by Quantum Foods (Pty) Ltd to increase its authorised share capital and to approve the issue of additional shares to Pioneer Foods (Pty) Ltd and ultimately to Quantum Foods Holdings Ltd.

Resolutions by Quantum Foods Holdings Ltd to increase its authorised share capital, for conversion of its par value shares to no par value, to change its name to the current name, to change its legal status from a private company to a public company, to approve the remuneration payable to the directors of this company and to approve the issue of additional shares to Pioneer Food Group Ltd. The subscription price of these shares was used to capitalise Quantum Foods Zambia Ltd.

A resolution by Bokomo Zambia Ltd to approve the distribution of funds from share premium to its shareholder, Pioneer Foods (Pty) Ltd.

Groceries: Beverages and Groceries: Bokomo Foods organisational restructuring
The Bokomo Foods and Beverages divisions of Pioneer Foods were merged into the Groceries business. The following special resolutions were taken by Retail Brands Interafrica (Pty) Ltd ("RBI") in the process of organisational restructuring to facilitate this merger:

A resolution by RBI to acquire the assets of Continental Beverages (Pty) Ltd in exchange for the issue of ordinary no par value shares.

A resolution by RBI to acquire the assets of Ceres Fruit Juices (Pty) Ltd in exchange for the issue of ordinary no par value shares.

A resolution by RBI to acquire the assets of the Groceries division of Pioneer Foods (Pty) Ltd in exchange for the issue of ordinary no par value shares.

Resolutions by RBI to increase its authorised ordinary share capital, for conversion of its par value ordinary shares to no par value ordinary shares and to change the name of this company.

No other special resolutions with a significant impact on the Group were passed by the Company or any of the Group subsidiaries.

Litigation statement

Refer to note 32 (contingent liabilities) to the annual financial statements for detail on the status of the disputes with the egg contract growers and the broiler and breeder farms. No other litigation matters with potential material consequences existed at the reporting date.

Events after the reporting period

Other than the matters raised in note 46 to the annual financial statements, no other events occurred after the reporting date that may have a material effect on the Group.

Auditors

PricewaterhouseCoopers Inc. will continue in office in accordance with section 90(6) of the Act.

DIRECTORS' REMUNERATION REPORT

for the year ended 30 September 2014

Information contained in the directors' remuneration report has been audited by the external auditors, PricewaterhouseCoopers Inc.

Remuneration of directors

GROUP

	Basic salary R'000	Travel allowances R'000	Bonuses and incentives R'000	Compensation for loss of office R'000	Retirement fund contributions R'000	Directors' fees R'000	Total R'000
30 September 2014							
Executive directors							
PM Roux	**4 446**	**370**	**8 745**	**–**	**920**	**–**	**14 481**
LR Cronjé	**2 841**	**152**	**3 652**	**–**	**–**	**–**	**6 645**
Total executive directors	**7 287**	**522**	**12 397**	**–**	**920**	**–**	**21 126**
Non-executive directors							
ZL Combi	**–**	**–**	**–**	**–**	**–**	**606**	**606**
N Celliers	**–**	**–**	**–**	**–**	**–**	**248**	**248**
MM du Toit	**–**	**–**	**–**	**–**	**–**	**344**	**344**
AE Jacobs (13 February 2014)*	**–**	**–**	**–**	**–**	**–**	**90**	**90**
Prof ASM Karaan	**–**	**–**	**–**	**–**	**–**	**344**	**344**
NS Mjoli-Mncube	**–**	**–**	**–**	**–**	**–**	**248**	**248**
G Pretorius	**–**	**–**	**–**	**–**	**–**	**344**	**344**
LP Retief	**–**	**–**	**–**	**–**	**–**	**248**	**248**
AH Sangqu	**–**	**–**	**–**	**–**	**–**	**344**	**344**
Total non-executive directors	**–**	**–**	**–**	**–**	**–**	**2 816**	**2 816**
Total directors	**7 287**	**522**	**12 397**	**–**	**920**	**2 816**	**23 942**

Notes:
* Resigned as director during the year.

30 September 2013							
Executive directors							
PM Roux (1 April 2013)*#	2 174	136	1 202	–	440	–	3 952
WA Hanekom (31 March 2013)**	2 047	197	596	11 762	428	–	15 030
LR Cronjé	2 646	152	906	–	–	–	3 704
TA Carstens (16 May 2013)***	1 689	99	428	–	330	–	2 546
Total executive directors	8 556	584	3 132	11 762	1 198	–	25 232
Non-executive directors							
ZL Combi	–	–	–	–	–	569	569
N Celliers (1 October 2012)*	–	–	–	–	–	230	230
MM du Toit	–	–	–	–	–	324	324
AE Jacobs	–	–	–	–	–	233	233
Prof ASM Karaan	–	–	–	–	–	323	323
NS Mjoli-Mncube	–	–	–	–	–	233	233
G Pretorius	–	–	–	–	–	281	281
LP Retief	–	–	–	–	–	233	233
AH Sangqu	–	–	–	–	–	323	323
Total non-executive directors	–	–	–	–	–	2 749	2 749
Total directors	8 556	584	3 132	11 762	1 198	2 749	27 981

Notes:
* Appointed during the year.
** Retired during the year.
*** Stepped down as director during the year.
# Amount for bonus forms part of engagement costs.

DIRECTORS' REMUNERATION REPORT
for the year ended 30 September 2014 (continued)

Directors' share options and share appreciation rights

GROUP

	Number of options initially allocated	Date awarded	Exercisable up to date	Strike price Cents	Fair value per option at grant date (for current year grants) Cents	Fair value of total options granted during the year Rand	Number of options exercised	Number of options redeemed cumulative	Number of options redeemed in current year	Share price at date of redemption Cents	Value increase from strike price to price at redemption Rand	Change in directorship: Number of options	Number of options not redeemed
Share options													
30 September 2014													
Executive directors													
LR Cronjé	**32 716**	**2006/01/25**	**2016/01/24**	**2 186**	**–**	**–**	**32 716**	**32 716**	**32 716**	**9 113**	**2 266 237**	**–**	**–**
	21 006	**2007/02/12**	**2017/02/11**	**3 142**	**–**	**–**	**21 006**	**21 006**	**21 006**	**9 800**	**1 398 579**	**–**	**–**
30 September 2013													
Executive directors													
WA Hanekom*	722 500	2004/05/27	2014/05/26	865	–	–	722 500	722 500	162 500	6 655	9 408 750	–	–
	73 550	2004/12/24	2014/12/23	1 405	–	–	–	–	–	–	–	(73 550)	–
	78 545	2006/01/25	2016/01/24	2 186	–	–	–	–	–	–	–	(78 545)	–
	47 740	2007/02/12	2017/02/11	3 142	–	–	–	–	–	–	–	(47 740)	–
	68 122	2008/05/26	2014/05/26	2 500	–	–	–	–	–	–	–	(68 122)	–
LR Cronjé	43 950	2004/12/24	2014/12/23	1 405	–	–	43 950	43 950	43 950	6 685	2 320 560	–	–
	32 716	2006/01/25	2016/01/24	2 186	–	–	–	–	–	–	–	–	32 716
	21 006	2007/02/12	2017/02/11	3 142	–	–	–	–	–	–	–	–	21 006
	28 369	2008/05/26	2014/05/26	2 500	–	–	28 369	28 369	28 369	7 430	1 398 592	–	–

Note:
* Retired during the year.

DIRECTORS' REMUNERATION REPORT
for the year ended 30 September 2014 (continued)

Directors' share options and share appreciation rights (continued)

GROUP

	Number of SARs initially allocated	Date awarded	Exercisable up to date	Strike price Cents	Fair value per SAR at grant date (for current year grants) Cents	Fair value of total SARs granted during the year Rand	Number of SARs exercised	Number of SARs redeemed cumulative	Number of SARs redeemed in current year	Share price at date of redemption Cents	Value increase from strike price to price at redemption Rand	Change in directorship: Number of SARs	Number of SARs not redeemed
Share appreciation rights (SARs)													
30 September 2014													
Executive directors													
PM Roux	**240 000**	**2013/04/01**	**2016/04/01**	**6 613**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**240 000**
	249 509	**2013/04/01**	**2023/05/01**	**6 613**	**–**	**–**	**49 901**	**49 901**	**49 901**	**9 700**	**1 540 444**	**–**	**199 608**
	469 794	**2014/02/28**	**2019/08/31**	**8 359**	**1 948**	**9 151 587**	**–**	**–**	**–**	**–**	**–**	**–**	**469 794**
LR Cronjé	**30 024**	**2008/06/09**	**2018/06/08**	**2 548**	**–**	**–**	**30 024**	**30 024**	**30 024**	**10 061**	**2 255 703**	**–**	**–**
	25 785	**2009/02/27**	**2019/02/26**	**2 420**	**–**	**–**	**25 785**	**25 785**	**25 785**	**11 523**	**2 347 209**	**–**	**–**
	116 167	**2010/02/09**	**2020/02/08**	**3 474**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**116 167**
	30 541	**2012/02/10**	**2022/02/09**	**6 185**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**30 541**
	21 450	**2013/02/06**	**2023/02/05**	**5 681**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**21 450**
	219 964	**2014/02/28**	**2019/08/31**	**8 359**	**1 948**	**4 284 899**	**–**	**–**	**–**	**–**	**–**	**–**	**219 964**
30 September 2013													
Executive directors													
PM Roux*	240 000	2013/04/01	2016/04/01	6 613	1 384	3 321 600	–	–	–	–	–	–	240 000
	249 509	2013/04/01	2023/05/01	6 613	1 994	4 975 209	–	–	–	–	–	–	249 509
WA Hanekom**	61 931	2008/06/09	2018/06/08	2 548	–	–	49 545	49 545	49 545	7 375	2 391 537	(12 386)	–
	52 264	2009/02/27	2019/02/26	2 420	–	–	31 358	31 358	31 358	7 375	1 553 789	(20 906)	–
	210 622	2010/02/09	2020/02/08	3 474	–	–	126 373	126 373	126 373	7 375	4 929 811	(84 249)	–
	61 942	2012/02/10	2022/02/09	6 185	–	–	–	–	–	–	–	(61 942)	–
	45 492	2013/02/06	2023/02/05	5 681	2 234	1 016 291	–	–	–	–	–	(45 492)	–
LR Cronjé	30 024	2008/06/09	2018/06/08	2 548	–	–	–	–	–	–	–	–	30 024
	25 785	2009/02/27	2019/02/26	2 420	–	–	–	–	–	–	–	–	25 785
	116 167	2010/02/09	2020/02/08	3 474	–	–	–	–	–	–	–	–	116 167
	30 541	2012/02/10	2022/02/09	6 185	–	–	–	–	–	–	–	–	30 541
	21 450	2013/02/06	2023/02/05	5 681	2 234	479 193	–	–	–	–	–	–	21 450
TA Carstens***	31 790	2008/06/09	2018/06/08	2 548	–	–	25 432	25 432	25 432	6 700	1 055 937	(6 358)	–
	27 595	2009/02/27	2019/02/26	2 420	–	–	16 557	16 557	16 557	6 700	708 640	(11 038)	–
	119 546	2010/02/09	2020/02/08	3 474	–	–	47 818	47 818	47 818	6 700	1 542 609	(71 728)	–
	41 256	2012/02/10	2022/02/09	6 185	–	–	–	–	–	–	–	(41 256)	–
	23 503	2013/02/06	2023/02/05	5 681	2 234	525 057	–	–	–	–	–	(23 503)	–

* Appointed during the year.
** Retired during the year.
*** Stepped down as director during the year.

DIRECTORS' REMUNERATION REPORT
for the year ended 30 September 2014 (continued)

Directors' interest in shares

GROUP

	Number of shares #			% of issued ordinary share capital
	Direct	**Indirect◊**	**Total**	
The direct and indirect interests of the directors in the issued share capital of the Company are reflected in the table below:				
30 September 2014				
PM Roux (1 April 2013)	**9 631**	**–**	**9 631**	**–**
LR Cronjé	**345 000**	**55 000**	**400 000**	**0.17**
ZL Combi	**–**	**172 295**	**172 295**	**0.08**
N Celliers (1 October 2012)	**–**	**–**	**–**	**–**
MM du Toit	**–**	**–**	**–**	**–**
AE Jacobs (13 February 2014)*	**–**	**–**	**–**	**–**
Prof ASM Karaan	**–**	**86 147**	**86 147**	**0.04**
NS Mjoli-Mncube	**–**	**86 147**	**86 147**	**0.04**
G Pretorius	**–**	**30 000**	**30 000**	**0.01**
LP Retief	**–**	**–**	**–**	**–**
AH Sangqu	**–**	**86 147**	**86 147**	**0.04**
	354 631	**515 736**	**870 367**	**0.38**
30 September 2013				
PM Roux (1 April 2013)**	–	–	–	–
WA Hanekom (31 March 2013)***	–	–	–	–
LR Cronjé	345 000	55 000	400 000	0.17
TA Carstens (16 May 2013)****	–	–	–	–
ZL Combi	–	172 295	172 295	0.07
N Celliers (1 October 2012)**	–	–	–	–
MM du Toit	–	–	–	–
AE Jacobs	–	–	–	–
Prof ASM Karaan	–	86 147	86 147	0.04
NS Mjoli-Mncube	–	86 147	86 147	0.04
G Pretorius	–	30 000	30 000	0.01
LP Retief	–	–	–	–
AH Sangqu	–	86 147	86 147	0.04
	345 000	515 736	860 736	0.37

Note:
◊ Include shares issued during a previous year to SPVs, wholly owned by BEE directors, in terms of the B-BBEE equity transaction.
* Resigned during the year.
** Appointed during the year.
*** Retired during the year.
**** Stepped down as director during the year.
\# There has been no change in the directors' interest in shares from the end of the financial year to the date of the approval of the annual financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PIONEER FOOD GROUP LTD

We have audited the consolidated and separate financial statements of Pioneer Food Group Ltd set out on pages 16 to 154, which comprise the statements of financial position as at 30 September 2014, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Pioneer Food Group Ltd as at 30 September 2014, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 30 September 2014, we have read the directors' report, the audit and risk committee's report and the company secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: RJ Jacobs
Registered Auditor

Paarl
20 November 2014

ACCOUNTING POLICY
for the year ended 30 September 2014

1. Basis of preparation

The principal accounting policies applied in the preparation of these consolidated annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated annual financial statements of the Group have been prepared in accordance with, and comply with, International Financial Reporting Standards ("IFRS") and International Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements, the Listings Requirements of the JSE Ltd and the Companies Act of South Africa, Act 71 of 2008, as amended. These financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. The consolidated annual financial statements are prepared on the historic cost convention, as modified by the revaluation of biological assets, available-for-sale financial assets and financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2 to the consolidated annual financial statements.

1.1 New and amended accounting standards and interpretations effective in 2014

The following standards, amendments and interpretations have been adopted by the Group and became effective for the current reporting period beginning on 1 October 2013:

IFRS 10 – Consolidated Financial Statements (effective 1 January 2013)

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This standard did not have a material effect on the operations of the Group.

IFRS 11 – Joint Arrangements (effective 1 January 2013)

This standard focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted. See note 54 for the impact of the adoption on the financial statements.

IFRS 12 – Disclosure of Interest in Other Entities (effective 1 January 2013)

This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off statement of financial position vehicles. Refer to notes 15 and 16 for the additional disclosure provided.

IFRS 13 – Fair Value Measurement (effective 1 January 2013)

This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. See notes 31 and 52 for the additional disclosure provided.

Amendments to IAS 19 – Employee Benefits (effective 1 January 2013)

IAS 19 (revised) makes a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans.

1. Basis of preparation (continued)

1.1 New and amended accounting standards and interpretations effective in 2014 (continued)

IAS 19 (revised):

- eliminates the 'corridor method' and requires the recognition of remeasurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income;
- changes the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest cost based on the net defined benefit asset or liability;
- enhances disclosures, including more information about the characteristics of defined benefit plans and related risks.

IAS 19 (revised) has been applied retrospectively in accordance with its transitional provisions. Consequently, the Group has restated its reported results throughout the comparative periods presented and reported the cumulative effect as at 1 October 2012 as an adjustment to opening equity. See note 54 for the impact of the adoption on the financial statements.

Revised IAS 27 – Separate Financial Statements (effective 1 January 2013)

IAS 27 has been renamed Separate Financial Statements and it continues to be a standard dealing solely with separate financial statements. The existing guidance for separate financial statements is unchanged.

Revised IAS 28 – Investments in Associates and Joint Ventures (effective 1 January 2013)

IAS 28 now includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11 – Joint Arrangements.

1.2 New and amended accounting standards and interpretations that are not yet effective and have not been early adopted by the Group

The following standards, amendments and interpretations are not yet effective and have not been early adopted by the Group (the effective dates stated below refer to financial reporting periods beginning on or after the stated dates):

IFRS 9 – Financial Instruments (effective 1 January 2018)

This standard addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of IAS 39 that related to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements.

The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

IFRS 14 – Regulatory Deferral Accounts (effective 1 January 2016)

This is an interim standard on the accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). Rate regulation is a framework where the price that an entity charges to its customers for goods and services is subject to oversight and/or approval by an authorised body.

IFRS 15 – Revenue from Contracts with Customers (effective 1 January 2017)

IFRS 15 establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Amendment to IAS 19 regarding defined benefit plan (effective 1 July 2014)

These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

ACCOUNTING POLICY
for the year ended 30 September 2014 (continued)

1. Basis of preparation (continued)

1.2 New and amended accounting standards and interpretations that are not yet effective and have not been early adopted by the Group (continued)

Improvements to IFRSs 2013 (effective 1 July 2014)

This is a collection of amendments to IFRSs. These amendments are the result of conclusions the IASB reached on proposals made in its annual improvements project for 2011. The annual improvements project provides a vehicle for making non-urgent, but necessary amendments to IFRSs. Certain amendments resulted in consequential amendments to IFRSs.

IFRIC 21 – Levies (effective 1 January 2014)

IFRIC 21 sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised.

Amendments to IAS 39 – Financial Instruments: Recognition and Measurement (effective 1 January 2014)

The IASB has amended IAS 39 to provide relief from discontinuing hedge accounting when novation of a hedging instrument to a CCP meets specified criteria. Similar relief will be included in IFRS 9 – Financial Instruments.

Amendments to IAS 32 – Financial Instruments: Presentation (effective 1 January 2014)

The amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which an entity has applied set-off in its statement of financial position and the effects of rights of set-off on the entity's rights and obligations.

Amendment to IAS 36 – Recoverable amount disclosures for non-financial assets (effective 1 January 2014)

The IASB has made small changes to the disclosures required by IAS 36 – Impairment of Assets when the recoverable amount is determined based on the fair value less costs of disposal.

IFRS 13 made consequential amendments to the disclosure requirements of IAS 36. One of the amendments was drafted more widely than intended. This limited scope amendment corrects this and introduces additional disclosures about fair value measurements when there has been impairment or a reversal of impairment.

Impact of the above amendments on the Group's financial statements

The Group is in the process of assessing the impact of the above standards and interpretations on the financial statements.

1.3 Use of adjusted measures

The measure explained below (items of a capital nature) is presented as management believes it to be relevant to the understanding of the Group's financial performance. This measure is used for internal performance analysis and provides additional useful information on underlying trends to equity holders. This measure is not a defined term under IFRS and may therefore not be comparable with similarly titled measures reported by other entities. It is not intended to be a substitute for, or superior to, measures as required by IFRS.

1.4 Items of a capital nature

Income or expenditure of a capital nature on the face of the statement of comprehensive income, being all profit or loss items of a capital nature, is excluded in the calculation of headline earnings per share.

The principal items included under this measurement are: profits or losses on disposal and scrapping of property, plant and equipment, intangible assets and assets held-for-sale; impairments or reversal of impairments of property, plant and equipment, intangible assets and available-for-sale financial assets; and any non-trading items such as profits or losses on disposal of available-for-sale financial assets, operations and subsidiaries.

2. Basis of consolidation

Subsidiaries

Subsidiaries are all entities (including structured 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 involvements with the entity and has the ability to affect those returns through its power over the entity.

2. Basis of consolidation (continued)

Subsidiaries (continued)

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree 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 recognised amounts of the acquiree's identifiable net assets.

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

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

The excess of the consideration transferred, 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 the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured 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 directly in profit or loss.

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

In the stand-alone financial statements of the holding company, the investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investments.

Interest-free loans to subsidiaries, with no specific terms of repayment and with a definite intent not to demand repayment, are considered to be capital distributions to the subsidiary and are included in the carrying amount of the investment.

Changes in ownership interests in subsidiaries without change of control

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

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in equity is remeasured 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 purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

ACCOUNTING POLICY
for the year ended 30 September 2014 (continued)

2. Basis of consolidation (continued)

Disposal of subsidiaries (continued)

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.

Treasury shares

The cost of treasury shares is presented as a deduction from equity. Shares under option already allocated to staff and unallocated shares are considered as treasury shares and are consolidated as such as part of the Group's results.

Associates

Associates are all entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) 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 post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition 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 investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount as part of the share of profit/(loss) of investments accounted for using the equity method in profit or loss.

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

Joint arrangements

The Group has applied IFRS 11 to all joint arrangements as of 1 October 2012. Under IFRS 11, 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 interests in the joint venture (which includes any long-term interests, that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealised gains 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 assets transferred. Accounting policies of the joint ventures have been changed where necessary, to ensure consistency with the policies adopted by the Group. The change in accounting policy has been applied as from 1 October 2012.

2. Basis of consolidation (continued)

Joint arrangements (continued)

The effects of the change in accounting policies on the financial position, the comprehensive income and the cash flows of the Group as at 1 October 2012 and 30 September 2013 are disclosed in note 54. The change in accounting policy has had no impact on earnings per share.

Consolidation of special purpose entities

The special purpose entities ("SPEs") established in terms of the B-BBEE equity transaction implemented in March 2012, have been consolidated in the Group results. The substance of the relationship between the Company and these entities has been assessed and the conclusion was made that they are controlled entities, mainly due to the fact that the Group retains residual or ownership risks relating to the SPEs.

3. Property, plant and equipment

Land and buildings mainly comprise factories, depots, warehouses, offices and silos. All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or 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 a replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which it is incurred.

Land is not depreciated. Depreciation on buildings, machinery, vehicles, furniture and equipment is calculated on a straight-line basis at rates deemed appropriate to write off the cost of the assets to their residual values over their expected useful lives.

The expected useful lives are as follows:

• Buildings	10 – 25 years
• Poultry houses	25 years
• Plant, machinery and equipment	3 – 30 years
• Vehicles	3 – 20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with the carrying amounts. These are included within 'items of a capital nature' in profit or loss.

4. Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired entity at the date of the acquisition. Goodwill arising from business combinations is included in 'intangible assets' whereas goodwill on acquisition of associates is included in 'investments in associates' and is tested for impairment as part of the overall balance.

The excess of the purchase price over the carrying amount of non-controlling interest, when the Group increases its interest in an existing subsidiary, is recognised in equity. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

4. Intangible assets (continued)

Trademarks and intellectual property

Trademarks and intellectual property are shown at historical cost. Subsequently these intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intellectual property has finite useful lives. The useful lives of trademarks are either finite or indefinite.

Intellectual property and trademarks with finite useful lives are amortised over their useful lives and assessed for impairment when there is an indication that the assets may be impaired. Amortisation is calculated using the straight-line method over these intangible assets' estimated useful lives of between 5 and 25 years.

Certain trademarks have been assessed to have indefinite useful lives, as presently there is no foreseeable limit to the period over which the assets can be expected to generate cash flows for the Group. Trademarks with indefinite useful lives are not amortised, but tested annually for impairment, either on an individual basis or as part of a cash-generating unit. The useful lives of these intangible assets are reviewed at the end of each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for those trademarks.

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of between 2 and 5 years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, 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 and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product is available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditure that does not meet the criteria is 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 of between 2 and 5 years.

5. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. 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 have suffered impairment, are reviewed for possible reversal of the impairment at each reporting date.

6. Financial assets

6.1. Classification

The Group classifies its financial assets in the following categories:

- at fair value through profit or loss
- loans and receivables
- available-for-sale financial assets

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held-for-trading unless they are designated as hedges. The Group's financial instruments at fair value through profit or loss comprise 'derivative financial instruments' not earmarked for hedging. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

Loans and receivables

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

6.2. 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 carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss are presented in profit or loss in the period in which they arise.

Gains or losses arising from changes in the fair value of available-for-sale financial assets are presented in other comprehensive income in the period in which they arise. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss as 'items of a capital nature'. Dividend income from available-for-sale equity instruments is recognised in profit or loss as part of 'investment income' when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. The Group establishes fair value by using valuation techniques if the market for a financial asset is not active and for unlisted securities. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

6. Financial assets (continued)

6.3. Impairment

The Group assesses at the end of each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Loans and receivables

For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Impairment testing on trade receivables is described in note 11 of the accounting policy.

Available-for-sale financial assets

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in profit or loss. Impairment losses on equity instruments recognised in profit or loss are not reversed through profit or loss.

7. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

8. Non-current assets (or disposal groups) held for sale or held for distribution

Non-current assets (or disposal groups) are classified as assets held for sale or held for distribution when their carrying amount is to be recovered principally through a sales transaction or distribution and a sale or distribution is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

9. Biological assets

Biological assets consist of livestock and vineyards. They are measured on initial recognition and at the end of each reporting period at fair value less costs to sell. Changes in the measurement of fair value less costs to sell are included in profit or loss for the period in which they arise.

All costs incurred in maintaining the assets are included in profit or loss for the period in which they arise. Fair values of livestock held for breeding, lay-hens, broilers and hatching eggs are determined with reference to market prices of livestock of similar age, breed and genetic material.

Fair value of vineyards is calculated as the future expected net cash flows from the asset, discounted at a current market-determined rate, over the remaining useful lives of the vineyards.

Agricultural produce is the harvested product of the entity's biological assets and is measured at its fair value less costs to sell at the point of harvest. Such measurement is the cost at that date when transferring the harvested produce to inventory. Agricultural produce of the Group include eggs from lay-hens, meat from broiler chickens and harvested grapes from vineyards.

10. Inventories

Inventories are valued at the lower of cost or net realisable value. Cost in each category is determined as follows:

- Raw material at actual cost on a weighted average cost basis.
- Own manufactured products at direct raw material and labour cost plus an appropriate portion of production overheads, on a weighted average cost basis.
- Consumable and trading stock at actual cost on a weighted average cost basis.
- Eggs purchased are valued at actual cost on a weighted average cost basis.

The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Costs of inventories include the transfer from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw materials.

11. Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the normal course of business.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

The amount of the provision for impairment of trade receivables is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in profit or loss within 'other operating expenses'. The carrying amount of the asset is reduced through the use of an allowance account. When trade receivables are uncollectible, they are written off as 'other operating expenses' in profit or loss. Subsequent recoveries of amounts previously written off, are credited against 'other operating expenses' in profit or loss.

12. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Deposits held at call with banks and other short-term highly liquid investments are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. These deposits are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

13. Share 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 income tax, from the proceeds.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Group's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to owners of the parent.

14. 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 profit or loss over the period of the borrowings, using the effective interest rate method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the year-end reporting date.

ACCOUNTING POLICY

for the year ended 30 September 2014 (continued)

14. Borrowings (continued)

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the statement of comprehensive income as 'finance costs'.

15. Provisions

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

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

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

16. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within 12 months (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

17. Current and deferred income tax

The income tax expense for the period comprises current and deferred income tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the income tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Group's subsidiaries, joint ventures and associates 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 the tax authorities.

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values. However, 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 profit or loss nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets relating to unused tax losses are recognised to the extent that it is probable that future taxable profits will be available against which the unused losses can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

18. Dividends withholding tax

Dividends withholding tax ("DWT") became effective from 1 April 2012. Dividends are taxed at 15% in the hands of certain recipients of the dividends, rather than in the hands of the declarer of the dividend. As such, for dividends declared and paid by the Group after 1 April 2012, the Group does not recognise tax on dividends declared.

Where the Group has incurred DWT on dividends received, the tax is included in the 'income tax expense' line in the profit or loss component of the statement of comprehensive income.

19. Revenue recognition

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

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Income is recognised as follows:

Sale of goods

Sale of goods is recognised when a Group entity has delivered products to a customer, the customer has accepted the products and the collectability of the related receivables is reasonably assured. No element of financing is deemed present as sales are made within credit terms which are consistent with market practice. The sale of goods is the only income included in 'revenue' in profit or loss.

Sale of services

Sale of services is recognised in the accounting period in which the services are rendered, by reference to the completion of services provided as a proportion of the total services to be provided. The sale of services is included in 'other income' in profit or loss.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest rate method. When loans or receivables are impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows 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 included in 'investment income' in profit or loss.

Dividend income

Dividend income is recognised when the right to receive payment is established. Dividend income is included in 'investment income' in profit or loss.

20. Research and development

Research expenditure is recognised as an expense as incurred. Development costs that are directly attributable to development projects (relating to the design and testing of new or improved products) controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use;
- management intends to complete the product and use or sell it;
- there is an ability to use or sell the product;
- it can be demonstrated how the product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- the expenditure attributable to the product during its development can be reliably measured.

ACCOUNTING POLICY
for the year ended 30 September 2014 (continued)

20. Research and development (continued)

Other development expenditure 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. Capitalised development costs are recorded as intangible assets and amortised, from the point at which the asset is ready for use, on a straight-line basis over its useful life, not exceeding five years.

21. 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 that entity operates ("the functional currency"). The consolidated financial statements are presented in South African rand, which is the Group's presentation currency.

Transactions and balances

Transactions in foreign currency are translated into the functional currency using the exchange rates prevailing at the transaction dates or valuation dates where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

All other foreign exchange gains and losses are presented in profit or loss within 'other gains and losses – net'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security.

Translation differences resulting from changes in amortised cost are recognised in profit or loss and other changes in the carrying amount are recognised in other comprehensive income.

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

Group entities

The results and financial positions of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency of South African rand are translated into South African rand as follows:

- Assets and liabilities for each statement of financial position presented (including comparatives) are translated at the closing rate at the reporting date.
- Income and expenditure included in profit or loss for each statement of comprehensive income 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 expenditure are translated at the exchange rates prevailing at the dates of the transactions).
- All resulting exchange differences are recognised as a separate component of other comprehensive income.

Exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income on consolidation. When a foreign operation is partially disposed of or sold, such exchange differences are recognised in profit or loss as part of the gain or loss on disposal.

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.

22. Accounting for leases: Group company is the lessee

Finance leases

Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and the finance charges.

The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of 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.

Property, plant and equipment acquired under finance lease contracts are depreciated over the shorter of the lease term or the useful life of the assets.

Operating leases

Leases of assets, in which a significant portion of the risks and rewards of ownership are effectively retained by the lessor, are classified as operating leases. Payments made under operating leases (net of any incentive received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty, is recognised as an expense in the period in which termination takes place.

23. Accounting for leases: Group company is the lessor

Operating leases

Operating lease assets are included in property, plant and equipment in the statement of financial position. These assets are depreciated over their expected useful lives on a basis consistent with similar property, plant and equipment. Rental income is recognised on a straight-line basis over the period of the lease.

24. Employee benefits

Retirement scheme arrangements

The policy of the Group is to provide retirement benefits for all its employees in the form of a defined contribution plan. A defined contribution plan is a retirement scheme under which the Group pays fixed contributions to a separate entity. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the retirement benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered retirement schemes on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Post-retirement medical benefits

The Group provides post-retirement medical benefits to some employees, some employed prior to 31 December 1994 and others prior to 31 March 1997, by way of a percentual contribution to their monthly costs. Such benefits are not available to employees employed after these dates. Provision is made for the total accrued past service cost.

Independent actuaries annually determine the accumulated post-retirement medical aid obligation and the annual cost of these benefits. The liability is calculated using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market rates on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognised immediately in profit or loss.

24. Employee benefits (continued)

Other long-term employee benefits

The Group provides for long-service awards that accrue to employees. Independent actuaries calculate the liability recognised in the statement of financial position in respect of long-service awards annually. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in profit or loss.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer.

Benefits falling due more than 12 months after the year-end reporting date are discounted to present value using the effective interest rate method.

Bonus plans

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Group's shareholders or segmental profits after certain adjustments. An element of this bonus is calculated with reference to a return on specified net assets. The Group recognises a provision when contractually obliged or where there is a past practice that has created a constructive obligation.

Leave pay

Annual leave entitlement is provided for over the period that the leave accrues. In terms of the Group's policy, employees with up to 10 years of service are entitled to accumulate vested leave benefits not taken to a cap of 42 days. Employees with more than 10 years of service are entitled to accumulate vested leave benefits not taken to a cap of 44 days. Any leave days vesting in excess of the cap are forfeited in the vesting month.

Statutory and non-statutory leave may not be converted to cash except at termination of employment.

25. Share-based payments

Share-based compensation

The Group operates equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options or share appreciation rights is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options or share appreciation rights granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options or share appreciation rights that are expected to become exercisable. At each reporting date, the Group revises its estimates of the number of options or share appreciation rights that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to other comprehensive income.

The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium when the options or share appreciation rights are exercised.

Broad-based employee share scheme

The Group operates a broad-based employee share scheme for qualifying employees, other than management qualifying for the share-based compensation plan. The cost of the share scheme is accounted for as a cash-settled share-based payment. In terms of the scheme, employees received class A ordinary shares with full voting rights and limited dividend rights until such time as a notional debt has been repaid.

Once the notional debt has been repaid, class A ordinary shares will have all the rights similar to ordinary shares.

25. Share-based payments (continued)

Broad-based employee share scheme (continued)

The cost of cash-settled transactions is measured initially at fair value at the grant date using the Actuarial Binomial Pricing Option Model, taking into account the terms and conditions upon which the instruments were granted. For further detail refer to note 23.2 to the consolidated annual financial statements.

The fair value of the employee services received in exchange for the issue of class A ordinary shares is recognised as an expense over the period until vesting with recognition of a corresponding liability. The liability is remeasured at each reporting date up to and including the settlement date with changes in fair value recognised in profit or loss.

26. Broad-based black economic empowerment ("B-BBEE") transactions

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

B-BBEE transactions, where employees are involved, are measured and accounted for on the same basis as share-based compensation in note 25 of the accounting policy.

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

27. Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as either cash flow or fair value hedges.

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

The fair values of various derivative instruments used for hedging purposes and detail on movements in the hedging reserve are disclosed in note 19 to the consolidated annual financial statements. The fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months after the reporting date and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months from this date. Trading derivatives are classified as current assets or liabilities.

Fair value hedges

Fair value hedges cover the exposure to changes in the fair value of a recognised asset or liability, or an unrecognised firm commitment (except for foreign currency risk). Foreign currency risk of an unrecognised firm commitment is accounted for as a cash flow hedge.

The Group only applies fair value hedge accounting to hedge commodity price risk, i.e. changes in the fair value of fixed-price commodity purchase commitments, due to changes in the forward price in the market of the related commodity. Financial instruments designated as fair value hedges include commodity futures, option contracts and foreign exchange contracts.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

27. Derivative financial instruments and hedging activities (continued)

Fair value hedges (continued)

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item, for which the effective interest rate method is used, is amortised in profit or loss over the period of maturity.

Cash flow hedges

Cash flow hedges cover the exposure to variability in cash flows that are attributable to a particular risk associated with:

- a recognised asset or liability; or
- a highly probable forecast transaction; or
- the foreign currency risk in an unrecognised firm commitment.

Cash flow hedging instruments are mainly used to manage operational exposure to interest rate, foreign exchange and commodity price risks. Financial instruments designated as cash flow hedges include commodity futures, interest rate swaps and collars and foreign exchange contracts.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately within 'other gains/(losses) – net'.

Amounts accumulated in other comprehensive income are recycled to profit or loss in the periods when the hedged item will affect profit or loss. However, when the forecast transaction that is hedged, results in the recognition of a non-financial asset or liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of property, plant and equipment. The gain or loss relating to the effective portion of interest rate swaps and interest rate collar agreements hedging variable interest rate borrowings is recognised in profit or loss within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in profit or loss within 'other gains/(losses) – net'.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss in equity at that time remains in equity and is recognised in profit or loss when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is transferred immediately to 'other gains/(losses) – net'.

Embedded derivatives

Embedded derivatives are derivative instruments that are embedded in another contract or host contract. The Group separates an embedded derivative from its host contract and accounts for it separately, when its economic characteristics are not clearly and closely related to those of the host contract. These separated embedded derivatives are classified as trading assets or liabilities and marked to market through profit or loss, provided that the combined contract is not measured at fair value with changes through profit or loss.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in profit or loss within 'other gains/(losses) – net'.

28. Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in current liabilities as deferred government grants and are credited to profit or loss on a straight-line basis over the expected useful lives of the related assets.

29. Dividend distribution

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

30. Segment reporting

An operating segment is a component of the Group that engages in business activities which may earn revenues and incur expenses and whose operating results are regularly reviewed by the Group's chief operating decision-maker, in order to allocate resources and assess performance and for which distinct financial information is available.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, this being the chief executive officer and financial director of the Group. The operating segments were identified and grouped together based mainly on the nature of their activities and the products offered by them.

31. Borrowing costs

Borrowing costs are interest and other costs that the Group incurs in connection with the borrowing of funds. These include interest expenses calculated using the effective interest rate method, finance charges in respect of finance leases and exchange differences arising from foreign currency borrowings' interest cost.

Borrowing costs are expensed as incurred, except for borrowing cost directly attributable to the acquisition, construction or production of a qualifying asset in which case it is capitalised as part of the cost of that asset. The Group defines a qualifying asset as an asset that takes more than a year to prepare for its intended use or sale.

Capitalisation of borrowing costs commences when expenditure for the asset and borrowing costs are being incurred and the activities to prepare the asset for its intended use are in progress. Borrowing costs are capitalised up to the date when the project is completed and the assets are ready for its intended use.

To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalised during a period should not exceed the amount of borrowing cost incurred during that period. Other borrowing costs are recognised as expenses when incurred.

32. Amortised costs

Finance costs and investment income are recognised on a time-proportion basis using the effective interest rate method. When determining the amortised cost amount of financial assets and liabilities, the Group reduces the carrying amount to the amount recoverable or payable being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as accretions of discount. This accretions or unwinding of discount on financial assets and liabilities carried at amortised cost is included in 'finance costs' or 'investment income' in profit or loss.

33. Deferred revenue

Deferred revenue represents revenues collected from a counterparty for goods or services which are to be delivered in a later accounting period. When the goods or services are delivered, the related revenue item is recognised and deferred revenue is reduced.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 September 2014

GROUP

	Notes	2014 R'000	2013 Restated R'000
Continuing operations			
Revenue		**17 698 611**	16 240 977
Cost of goods sold		**(12 321 196)**	(11 527 569)
Gross profit		**5 377 415**	4 713 408
Other income	3	**121 483**	130 561
Other gains/(losses) – net	3	**(5 578)**	5 226
Sales and distribution costs	4	**(2 182 874)**	(2 098 927)
Marketing costs	4	**(301 157)**	(295 121)
Administrative expenses	4	**(567 344)**	(578 558)
Other operating expenses	4	**(949 163)**	(869 799)
Items of a capital nature	5	**(47 012)**	10 651
Operating profit		**1 445 770**	1 017 441
Investment income	6	**22 341**	22 550
Finance costs	7	**(137 999)**	(125 492)
Share of profit of joint ventures	15	**68 719**	23 698
Share of profit of associated companies	16	**1 048**	976
Profit before income tax		**1 399 879**	939 173
Income tax expense	8	**(451 759)**	(238 706)
Profit for the year from continuing operations		**948 120**	700 467
Discontinued operations			
Profit/(loss) for the year from discontinued operations (attributable to owners of the parent)	55	**18 216**	(200 385)
Profit for the year		**966 336**	500 082
Other comprehensive income/(loss) for the year			
Items that will not be reclassified to profit or loss:			
Remeasurement of post-retirement medical benefit obligations		**627**	(1 506)
Items that may subsequently be reclassified to profit or loss:			
Fair value adjustments to cash flow hedging reserve		**(9 351)**	17 341
For the year		**62 836**	(13 651)
Current income tax effect		**(18 401)**	4 355
Deferred income tax effect		**1 667**	(533)
Reclassified to profit or loss		**(75 824)**	37 737
Current income tax effect		**20 698**	(10 707)
Deferred income tax effect		**(327)**	140
Fair value adjustments on available-for-sale financial assets		**4 923**	754
For the year		**9 941**	18 793
Deferred income tax effect		**(1 255)**	(1 702)
Reclassified to profit or loss		**(3 763)**	(16 337)
Share of other comprehensive income of investments accounted for using the equity method		**3 130**	6 497
Movement on foreign currency translation reserve			
Currency translation differences		**12 080**	55 724
Total comprehensive income for the year		**977 745**	578 892

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 September 2014 (continued)

GROUP

	Notes	2014 R'000	2013 Restated R'000
Profit/(loss) for the year attributable to:			
Owners of the parent			
For continuing operations		**946 960**	698 969
For discontinued operations		**18 216**	(200 385)
Non-controlling interest			
For continuing operations		**1 160**	1 498
		966 336	500 082
Total comprehensive income/(loss) for the year attributable to:			
Owners of the parent			
For continuing operations		**973 724**	752 483
For discontinued operations		**2 861**	(175 089)
Non-controlling interest			
For continuing operations		**1 160**	1 498
		977 745	578 892
Earnings per ordinary share (cents)			
For continuing operations		**516.6**	385.5
For discontinued operations		**9.9**	(110.5)
	9	**526.5**	275.0
Diluted earnings per ordinary share (cents)			
For continuing operations		**492.9**	376.3
For discontinued operations		**9.5**	(107.9)
	9	**502.4**	268.4

STATEMENT OF FINANCIAL POSITION
as at 30 September 2014

GROUP

	Notes	2014 R'000	2013 Restated R'000	2012 Restated R'000
ASSETS				
Non-current assets		**5 422 527**	5 365 105	5 603 870
Property, plant and equipment	12	**4 229 096**	4 162 591	4 440 224
Intangible assets	13	**678 026**	688 443	724 133
Biological assets	14	**16 017**	16 017	16 017
Investments in joint ventures	15	**327 378**	268 296	251 371
Loans to joint ventures	15	**61 796**	63 737	79 035
Investments in associates	16	**13 155**	12 106	17 315
Available-for-sale financial assets	17	**70 025**	59 042	52 759
Trade and other receivables	20	**23 383**	20 730	20 279
Deferred income tax	26	**3 651**	74 143	2 737
Current assets		**5 420 917**	4 416 130	4 885 591
Inventories	18	**2 423 294**	2 401 214	2 360 086
Biological assets	14	**–**	–	221 590
Derivative financial instruments	19	**14 945**	10 552	6 330
Trade and other receivables	20	**1 873 758**	1 624 618	1 936 606
Current income tax		**1 302**	703	3 970
Cash and cash equivalents	21	**1 107 618**	379 043	357 009
Assets of disposal group classified as held for sale	55	**2 066 829**	1 953 433	–
Total assets		**12 910 273**	11 734 668	10 489 461

STATEMENT OF FINANCIAL POSITION
as at 30 September 2014 (continued)

GROUP

	Notes	2014 R'000	2013 Restated R'000	2012 Restated R'000
EQUITY AND LIABILITIES				
Capital and reserves attributable to owners of the parent		**6 102 313**	6 581 303	6 185 611
Share capital	22	**23 170**	23 101	23 031
Share premium		**2 255 158**	2 188 588	2 171 791
Treasury shares	22	**(1 186 497)**	(1 190 852)	(1 207 545)
Other reserves	24	**428 558**	426 330	350 410
Retained earnings		**4 581 924**	5 134 136	4 847 924
Non-controlling interest		**10 524**	9 364	8 236
Total equity		**6 112 837**	6 590 667	6 193 847
Non-current liabilities		**2 308 508**	2 304 487	1 342 670
Borrowings				
B-BBEE equity transaction third-party finance	25	**449 680**	449 680	449 680
Other	25	**1 063 813**	1 007 549	28 164
Deferred income tax	26	**448 377**	475 576	638 368
Share-based payment liability	29	**245 178**	251 424	108 249
Provisions for other liabilities and charges	27	**101 460**	120 258	118 209
Current liabilities		**3 920 817**	2 357 497	2 952 944
Trade and other payables	30	**2 258 236**	1 926 225	1 864 405
Current income tax		**18 101**	28 150	3 469
Borrowings	25	**260 722**	381 805	851 950
Loan from joint venture	15	**15 740**	14 740	14 000
Derivative financial instruments	19	**9 681**	6 241	3 124
Dividends payable		**1 242 543**	336	515
Share-based payment liability	29	**115 794**	–	–
Accrual for Competition Commission penalties	28	**–**	–	215 481
Liabilities of disposal group classified as held for sale	55	**568 111**	482 017	–
Total liabilities		**6 797 436**	5 144 001	4 295 614
Total equity and liabilities		**12 910 273**	11 734 668	10 489 461

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2014

GROUP

	Share capital ordinary shares R'000	Share premium R'000	Treasury shares R'000	Translation reserve R'000	Fair value reserve R'000	Hedging reserve R'000	Equity compen-sation reserve R'000	Other reserves: Total R'000	Retained earnings R'000	Non-controlling interest R'000	Total equity R'000
Balance as at 1 October 2013 – previously reported	23 101	2 188 588	(1 190 852)	68 737	25 863	5 704	326 026	426 330	5 133 008	9 364	6 589 539
Effect of change in accounting policy	–	–	–	–	–	–	–	–	1 128	–	1 128
Balance as at 1 October 2013 – restated	**23 101**	**2 188 588**	**(1 190 852)**	**68 737**	**25 863**	**5 704**	**326 026**	**426 330**	**5 134 136**	**9 364**	**6 590 667**
Profit for the year	–	–	–	–	–	–	–	–	965 176	1 160	966 336
Other comprehensive income for the year	–	–	–	15 135	4 923	(9 276)	–	10 782	627	–	11 409
Cash flow hedging											
Fair value adjustments to cash flow hedging reserve:											
For the year	–	–	–	–	–	62 836	–	62 836	–	–	62 836
Current income tax effect	–	–	–	–	–	(18 401)	–	(18 401)	–	–	(18 401)
Deferred income tax effect	–	–	–	–	–	1 667	–	1 667	–	–	1 667
Reclassified to profit or loss	–	–	–	–	–	(75 824)	–	(75 824)	–	–	(75 824)
Current income tax effect	–	–	–	–	–	20 698	–	20 698	–	–	20 698
Deferred income tax effect	–	–	–	–	–	(327)	–	(327)	–	–	(327)
Fair value adjustments on available-for-sale financial assets:											
For the year	–	–	–	–	9 941	–	–	9 941	–	–	9 941
Deferred income tax effect	–	–	–	–	(1 255)	–	–	(1 255)	–	–	(1 255)
Reclassified to profit or loss	–	–	–	–	(3 763)	–	–	(3 763)	–	–	(3 763)
Share of other comprehensive income of investments accounted for using the equity method	–	–	–	3 055	–	75	–	3 130	–	–	3 130
Remeasurement of post-retirement medical benefit obligations	–	–	–	–	–	–	–	–	627	–	627
Currency translation differences	–	–	–	12 080	–	–	–	12 080	–	–	12 080
Employee share scheme – repurchase of class A ordinary shares from leavers	–	(132)	–	–	–	–	–	–	–	–	(132)
Disposal of shares of management share incentive scheme	–	–	–	–	–	–	–	–	1 907	–	1 907
Income tax effect of disposal of shares of management share incentive scheme	–	–	–	–	–	–	–	–	(55)	–	(55)
Dividends paid – net	–	–	–	–	–	–	–	–	(1 519 231)	–	(1 519 231)
Dividends paid – final and interim net of treasury dividends	–	–	–	–	–	–	–	–	(277 011)	–	(277 011)
Dividend in specie – unbundling of Quantum Foods	–	–	–	–	–	–	–	–	(1 242 220)	–	(1 242 220)
Employee share scheme – transfer tax on share transactions	–	–	–	–	–	–	–	–	(636)	–	(636)
Recognition of share-based payments – share appreciation rights	–	–	–	–	–	–	26 470	26 470	–	–	26 470
Deferred income tax on share-based payments	–	–	–	–	–	–	31 747	31 747	–	–	31 747
Ordinary shares issued – share appreciation rights	69	66 702	–	–	–	–	(66 771)	(66 771)	–	–	–
Movement of ordinary shares on share incentive trusts	–	–	4 355	–	–	–	–	–	–	–	4 355
Balance as at 30 September 2014	23 170	2 255 158	(1 186 497)	83 872	30 786	(3 572)	317 472	428 558	4 581 924	10 524	6 112 837

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2013 (continued)

GROUP

	Share capital ordinary shares R'000	Share premium R'000	Treasury shares R'000	Translation reserve R'000	Fair value reserve R'000	Hedging reserve R'000	Equity compen-sation reserve R'000	Other reserves: Total R'000	Retained earnings R'000	Non-controlling interest R'000	Total equity R'000
Balance as at 1 October 2012 – previously reported	23 031	2 171 791	(1 207 545)	6 516	25 109	(11 637)	330 422	350 410	4 847 215	8 236	6 193 138
Effect of change in accounting policy	–	–	–	–	–	–	–	–	709	–	709
Balance as at 1 October 2012 – restated	23 031	2 171 791	(1 207 545)	6 516	25 109	(11 637)	330 422	350 410	4 847 924	8 236	6 193 847
Profit for the year	–	–	–	–	–	–	–	–	498 584	1 498	500 082
Other comprehensive income for the year	–	–	–	62 221	754	17 341	–	80 316	(1 506)	–	78 810
Cash flow hedging											
Fair value adjustments to cash flow hedging reserve:											
For the year	–	–	–	–	–	(13 651)	–	(13 651)	–	–	(13 651)
Current income tax effect	–	–	–	–	–	4 355	–	4 355	–	–	4 355
Deferred income tax effect	–	–	–	–	–	(533)	–	(533)	–	–	(533)
Reclassified to profit or loss	–	–	–	–	–	37 737	–	37 737	–	–	37 737
Current income tax effect	–	–	–	–	–	(10 707)	–	(10 707)	–	–	(10 707)
Deferred income tax effect	–	–	–	–	–	140	–	140	–	–	140
Fair value adjustments on available-for-sale financial assets:											
For the year	–	–	–	–	18 793	–	–	18 793	–	–	18 793
Deferred income tax effect	–	–	–	–	(1 702)	–	–	(1 702)	–	–	(1 702)
Reclassified to profit or loss	–	–	–	–	(16 337)	–	–	(16 337)	–	–	(16 337)
Share of other comprehensive income of investments accounted for using the equity method	–	–	–	6 497	–	–	–	6 497	–	–	6 497
Remeasurement of post-retirement medical benefit obligations	–	–	–	–	–	–	–	–	(1 506)	–	(1 506)
Currency translation differences	–	–	–	55 724	–	–	–	55 724	–	–	55 724
Employee share scheme – repurchase of class A ordinary shares from leavers	–	(32 736)	–	–	–	–	–	–	–	–	(32 736)
Disposal of shares of management share incentive scheme	–	–	–	–	–	–	–	–	1 969	–	1 969
Income tax effect of disposal of shares of management share incentive scheme	–	–	–	–	–	–	–	–	(1 207)	–	(1 207)
Dividends paid – net	–	–	–	–	–	–	–	–	(211 321)	–	(211 321)
Dividend paid to non-controlling interest	–	–	–	–	–	–	–	–	–	(370)	(370)
Employee share scheme – transfer tax on share transactions	–	–	–	–	–	–	–	–	(307)	–	(307)
Recognition of share-based payments – share appreciation rights	–	–	–	–	–	–	15 208	15 208	–	–	15 208
Deferred income tax on share-based payments	–	–	–	–	–	–	29 999	29 999	–	–	29 999
Ordinary shares issued – share appreciation rights	70	49 533	–	–	–	–	(49 603)	(49 603)	–	–	–
Movement of ordinary shares on share incentive trusts	–	–	16 693	–	–	–	–	–	–	–	16 693
Balance as at 30 September 2013	23 101	2 188 588	(1 190 852)	68 737	25 863	5 704	326 026	426 330	5 134 136	9 364	6 590 667

STATEMENT OF CASH FLOWS
for the year ended 30 September 2014

GROUP

	Notes	2014 R'000	2013 Restated R'000
NET CASH FLOW FROM OPERATING ACTIVITIES			
Net cash profit from operating activities	37	**2 133 919**	1 556 275
Working capital changes	38	**27 549**	66 794
Cash effect from hedging activities		**(7 870)**	22 684
Accrual for Competition Commission penalties paid		**–**	(216 667)
Net cash generated from operations		**2 153 598**	1 429 086
Income tax paid	40	**(386 365)**	(233 095)
		1 767 233	1 195 991
NET CASH FLOW FROM INVESTMENT ACTIVITIES		**(392 740)**	(1 287 198)
Additions to property, plant and equipment		**(239 900)**	(785 430)
Replacements of property, plant and equipment		**(216 278)**	(234 973)
Additions to intangible assets		**(29 771)**	(42 654)
Proceeds on disposal of property, plant, equipment and intangible assets	41	**55 723**	26 654
Proceeds on disposal of available-for-sale financial assets	42	**8 821**	20 514
Business combinations	44	**–**	(315 009)
Loans repaid by joint ventures		**2 941**	16 038
Investment in available-for-sale financial assets and associates		**(9 923)**	(8 685)
Loans granted to other parties		**(3 072)**	(1 411)
Interest received		**24 308**	22 523
Dividends received		**1 644**	1 651
Dividends received from joint ventures		**12 767**	13 270
Dividends received from associates		**–**	314
NET CASH FLOW FROM FINANCING ACTIVITIES		**(421 980)**	(200 188)
Proceeds from borrowings – new syndicated borrowings		**–**	1 870 000
Proceeds from/(repayments of) other borrowings		**78 141**	(1 698 770)
Treasury shares – share incentive trusts		**6 262**	18 662
Employee share scheme – transfer tax on share transactions		**(636)**	(307)
Employee share scheme – repurchase of class A ordinary shares from leavers		**(74 988)**	(32 736)
Interest paid		**(150 801)**	(142 824)
Dividends paid to Group ordinary shareholders	39	**(277 024)**	(211 500)
Dividends paid to class A ordinary shareholders	29	**(2 934)**	(2 713)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		**952 513**	(291 395)
Net cash, cash equivalents and bank overdrafts at beginning of year		**65 614**	357 009
Net cash, cash equivalents and bank overdrafts at end of year		**1 018 127**	65 614
Net cash, cash equivalents and bank overdrafts at end of year			
From continuing operations	21	**912 567**	41 032
From discontinued operations	55	**105 560**	24 582
		1 018 127	65 614

Notes to the annual financial statements
for the year ended 30 September 2014

GROUP

1. Accounting policies

The principal accounting policies incorporated in the preparation of these financial statements are set out on pages 16 to 33.

2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Key assumptions and critical judgements

Goodwill

The Group annually tests whether goodwill has suffered any impairment, in accordance with the accounting policy for goodwill. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. Refer to note 13 for key assumptions used.

Provisions for post-retirement medical benefits and long-service awards

These provisions are determined by annual actuarial calculations. Refer to note 27 for estimates used in these calculations.

Property, plant and equipment

These items are depreciated over their useful lives, taking into account the residual value at the end of the item's useful life. Residual values and useful lives are based on industry knowledge and past experience with similar assets.

Intangible assets with finite useful lives

These items are amortised over their useful lives that are based on industry knowledge and past experience with similar assets.

Notes to the annual financial statements
for the year ended 30 September 2014

GROUP

2. Critical accounting estimates and judgements (continued)

Intangible assets with indefinite useful lives

The Group has classified a number of its trademarks as trademarks with indefinite useful lives, as indicated in note 13. In arriving at the conclusion that a trademark has an indefinite life, management considers that the Group is a brands-based business with a diversified and expanding portfolio of premium household brands across all market segments of the Living Standards Measurement categories. The Group expects to acquire, hold and support these trademarks for an indefinite period. The Group supports its trademarks through consumer marketing spend and through significant investment in promotional support.

Indefinite life trademarks are assessed as such, as management believes there is no foreseeable limit over which the Group will continue to generate revenues from their continued use. Supporting this assumption is the fact that the brands held are established, well known, and can reasonably be expected to generate revenues beyond the Group's strategic planning horizon. In addition, the Group can continue to renew legal rights attached to such trademarks, without significant costs, and intends to do so beyond the foreseeable future.

Share-based payments

The fair value of employee services received in exchange for the grant of options or class A ordinary shares is determined by reference to the fair value of the options granted and the shares issued. Refer to note 23 for assumptions used in these calculations.

Assessment of control over contract growers – discontinued operations

The Group assesses whether it exercises control over contract growers based on an analysis of the activities of these entities, the Group's decision-making powers, its ability to obtain benefits from these entities and the residual risks regarding these entities that are retained by the Group. Based on this analysis, the Group concluded that it does not control the activities of any contract grower.

Contingent liabilities – litigation

Based on legal opinion obtained, the Group determined that these disputes, as described in note 32, are contingent liabilities and no provision was raised. The Group considers the guidance in IAS 37 – Provisions, Contingent Liabilities and Contingent Assets to distinguish between provisions and contingent liabilities.

GROUP

		2014 R'000	2013 Restated R'000
3.	**Other income and other gains/(losses) – net**		
3.1	***Other income***		
	Administration fees received	**890**	–
	Government grant amortisation	**3 935**	2 253
	Rental income	**85 368**	85 719
	Sundry income and commissions	**31 290**	42 589
		121 483	130 561
3.2.	***Other gains/(losses) – net***		
	Net gains		
	Foreign exchange differences	**17 875**	11 650
	Financial assets at fair value through profit or loss		
	Fair value adjustments on foreign exchange contracts	**925**	–
	Fair value adjustments on embedded derivatives	**687**	315
	Cash flow hedging ineffective gains		
	Fair value adjustments on foreign exchange contracts	**14 021**	–
	Fair value adjustments on futures	**6 427**	563
	Fair value hedging		
	Fair value adjustments on futures	**–**	59
	Agricultural produce fair value adjustment	**8 115**	8 493
	Total net gains	**48 050**	21 080
	Net losses		
	Biological assets fair value adjustment	**(262)**	(670)
	Foreign exchange differences	**(20 026)**	(442)
	Financial assets at fair value through profit or loss		
	Fair value adjustments on foreign exchange contracts	**(30 572)**	(14 684)
	Cash flow hedging ineffective losses		
	Fair value adjustments on foreign exchange contracts	**(2 768)**	–
	Fair value hedging		
	Fair value adjustments on firm commitments	**–**	(58)
	Total net losses	**(53 628)**	(15 854)
	Other gains/(losses) – net	**(5 578)**	5 226

Biological assets fair value adjustment

The adjustment of biological assets from cost to fair value includes a realised and unrealised component. The unrealised portion is reflected in the carrying amount of biological assets in the statement of financial position and the realised portion is reflected in cost of goods sold.

Notes to the annual financial statements
for the year ended 30 September 2014

GROUP

	2014 R'000	2013 Restated R'000
4. Sales and distribution costs, marketing costs, administrative expenses and other operating expenses		
The following expenditure by nature is included in the line items as indicated above as well as within cost of goods sold.		
Staff costs	2 349 348	2 366 666
Wages and salaries	1 883 250	1 925 457
Termination benefits	23 179	43 590
Other personnel costs	100 627	102 007
Pension costs	128 484	134 516
Share-based payments	213 808	161 096
Technical services from non-employees	55 927	39 132
Auditors' remuneration	17 152	14 510
Audit – current year	10 510	9 653
Audit – under/(over)provision previous year	241	(15)
Tax-related services	2 602	1 148
Other consultation services	3 799	3 724
Machine rental	30 530	22 378
Rental of vehicles	6 814	7 509
Rental of premises	50 696	47 108
Depreciation and amortisation (refer to notes 12 and 13)	326 040	316 770
Own assets	294 412	285 867
Leased assets	712	–
Intangible assets	30 916	30 903
Inventory written off	110 757	98 460
Change in provision for impairment of trade receivables – loss	7 503	7 741
Change in allowance for outstanding credit notes – loss/(gain)	7 237	(6 832)
Research and development costs	31 297	25 136
Administration fees paid	2 679	1 205
Post-retirement medical benefits (refer to note 27)	188	201
Long-service awards (refer to note 27)	(6 541)	9 957
Actuarial (gain)/loss	(14 409)	3 102
Service costs	7 868	6 855
Share-based payments	213 808	161 096
Broad-based share incentive scheme	187 338	145 888
Management share appreciation rights	26 470	15 208

GROUP

	2014 R'000	2013 Restated R'000
5. Items of a capital nature		
Net loss on disposal of property, plant, equipment and intangible assets	(1 146)	(3 043)
Gross	(1 261)	(4 871)
Tax effect	115	1 828
Net profit on disposal of available-for-sale financial assets	3 104	14 530
Gross	3 701	16 336
Tax effect	(597)	(1 806)
Impairment of property, plant and equipment (refer to note 12)	(34 382)	–
Gross	(47 753)	–
Tax effect	13 371	–
Impairment of available-for-sale financial assets	(1 699)	(814)
Gross	(1 699)	(814)
Tax effect	–	–
Utilisation of net capital loss to reduce capital gains effect	–	(1 513)
Gross	–	–
Tax effect	–	(1 513)
Items of a capital nature before those of joint ventures	(34 123)	9 160
Gross	(47 012)	10 651
Tax effect	12 889	(1 491)
Items of a capital nature of joint ventures	(87)	(10 012)
Gross	(82)	(12 900)
Tax effect	(5)	2 888
Total	(34 210)	(852)
Gross	(47 094)	(2 249)
Tax effect	12 884	1 397
6. Investment income		
Interest income on financial assets: loans and receivables	20 697	20 899
Joint ventures	7 897	9 991
Accretions of discount	291	164
Call accounts and other	12 509	10 744
Dividend income on available-for-sale financial assets	1 644	1 651
Listed shares	1 644	1 411
Unlisted shares	–	240
	22 341	22 550

Notes to the annual financial statements
for the year ended 30 September 2014

GROUP

		2014 R'000	2013 Restated R'000
7.	**Finance costs**		
	Interest cost on financial liabilities measured at amortised cost		
	Joint ventures	**787**	831
	Borrowings	**68 974**	51 315
	Accretions of discount	**–**	146
	Competition Commission penalties: unwinding of discount	**–**	1 186
	Provisions: unwinding of discount	**9 297**	9 688
	Call loans and bank overdrafts	**36 013**	51 733
	Redeemable preference shares B-BBEE equity transaction	**44 997**	38 179
	Borrowing costs capitalised	**(22 069)**	(27 586)
		137 999	125 492

GROUP

		2014 R'000	2013 Restated R'000
8.	**Income tax expense**		
	Current income tax	**376 077**	272 315
	Current year	**374 804**	272 318
	Under/(over) provision previous years	**1 273**	(3)
	Deferred income tax	**74 922**	(34 297)
	Current year	**74 922**	(34 297)
	Withholding tax on dividends	**760**	688
	Current year	**760**	688
		451 759	238 706

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the statutory rate of 28% (2013: 28%) as follows:

	%	%
Standard rate for companies	**28.0**	28.0
Increase/(decrease) in rate:		
Exempt income	**(0.1)**	(0.2)
Effect of assessed losses	**0.6**	(6.9)
Non-deductible expenditure	**5.1**	6.2
Effect of capital gains tax	**–**	(0.3)
Under provision previous years	**0.1**	–
Other differences	**–**	(0.7)
Income from associates and joint ventures	**(1.4)**	(0.7)
Effective rate	**32.3**	25.4

	R'000	R'000
Gross calculated tax losses of certain subsidiaries at the end of the financial year available for utilisation against future taxable income of those companies	**289 165**	385 821
Less: Utilised in reduction of deferred income tax	**(289 165)**	(385 821)
Net calculated tax losses carried forward	**–**	–
Tax relief at current tax rates	**–**	–

Utilisation of tax losses is dependent on sufficient taxable income being earned in the future by the subsidiaries concerned.

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GROUP

	2014 R'000	2013 Restated R'000
9. Earnings per ordinary share		
Basic		
The calculation of basic earnings per ordinary share is based on earnings attributable to owners of the parent:		
From continuing operations	**946 960**	698 969
From discontinued operations	**18 216**	(200 385)
Total	**965 176**	498 584

Divided by the weighted average ordinary shares in issue during the year of 183,317,607 (2013: 181,287,972).

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Share options and appreciation rights issued in terms of share incentive schemes have a dilutive effect on earnings per ordinary share. A calculation is made to determine the number of shares that could have been acquired at fair value (determined at the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options as well as share appreciation rights.

	2014 R'000	2013 Restated R'000
The calculation of diluted earnings per ordinary share is based on:		
Earnings attributable to owners of the parent:		
From continuing operations	**946 960**	698 969
From discontinued operations	**18 216**	(200 385)
Total	**965 176**	498 584

Divided by the diluted weighted average ordinary shares in issue during the year of 192,117,659 (2013: 185,794,318).

Headline earnings ("HE") is calculated based on Circular 2/2013 issued by the South African Institute of Chartered Accountants. Adjusted HE is defined as HE adjusted for material once-off occurrences.

	Number	Number
Reconciliation of weighted average ordinary shares in issue during the year		
Weighted average ordinary shares	**183 317 607**	181 287 972
Adjusted for share options and appreciation rights	**1 205 508**	1 309 134
Adjusted for B-BBEE equity transaction deemed options	**7 594 544**	3 197 212
Weighted average ordinary shares for diluted earnings	**192 117 659**	185 794 318

GROUP

	2014 R'000	2013 Restated R'000
9. Earnings per ordinary share (continued)		
Reconciliation between earnings and headline earnings		
Earnings attributable to owners of the parent		
From continuing operations	**946 960**	698 969
From discontinued operations	**18 216**	(200 385)
	965 176	498 584
Remeasurement of items of a capital nature (refer to note 5)		
Gross	**123 134**	233 191
Gross from continuing operations	**47 094**	2 249
Gross from discontinued operations	**76 040**	230 942
Tax effect	**(33 194)**	(25 088)
Tax effect from continuing operations	**(12 884)**	(1 397)
Tax effect from discontinued operations	**(20 310)**	(23 691)
	89 940	208 103
Headline earnings	**1 055 116**	706 687
From continuing operations	**981 170**	699 821
From discontinued operations	**73 946**	6 866
Headline earnings per ordinary share (cents)	**575.6**	389.8
Attributable to continuing operations	**535.2**	386.0
Attributable to discontinued operations	**40.4**	3.8
Diluted earnings per ordinary share (cents)	**502.4**	268.4
Attributable to continuing operations	**492.9**	376.3
Attributable to discontinued operations	**9.5**	(107.9)
Diluted headline earnings per ordinary share (cents)	**549.2**	380.4
Attributable to continuing operations	**510.7**	376.7
Attributable to discontinued operations	**38.5**	3.7

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		2014 R'000	2013 Restated R'000
10.	**Dividend per ordinary share**		
	Interim		
	13.0 cents (2013: 9.2 cents) per ordinary share of the Pioneer Foods Broad-Based BEE Trust	**1 378**	975
	65.0 cents (2013: 46.0 cents) per ordinary share of other shareholders	**143 601**	101 352
	Final		
	31.2 cents (2013: 17.2 cents) per ordinary share of the Pioneer Foods Broad-Based BEE Trust	**3 307**	1 823
	156.0 cents (2013: 86.0 cents) per ordinary share of other shareholders	**344 903**	189 727
	Dividend in specie – unbundling of Quantum Foods	**1 242 220**	–
		1 735 409	293 877

Dividends payable are not accounted for until they have been declared by the Board of directors ("the Board"). The statement of changes in equity does not reflect the final dividend payable. The final dividend for the year will be accounted for as an appropriation of retained earnings in the following year. Secondary taxation on companies was applicable to all dividends paid up to 31 March 2012 at a rate of 10.0%. Withholding tax on dividends, a new dividend withholding tax regime, became effective from 1 April 2012 at a rate of 15%.

The total rand value of the final dividend is an approximate amount. The exact amount is dependent on the number of shares in issue at the record date. The final dividend of the prior year was restated to the actual amount paid.

The 10,599,988 Pioneer Foods ordinary shares issued to the Pioneer Foods Broad-Based BEE Trust during April 2012 are only entitled to 20% of the dividend.

***Dividend in specie* – unbundling of Quantum Foods**

Shareholders were advised on SENS on 5 September 2014 and 18 September 2014 that the Board has resolved to proceed with the unbundling of its interest in Quantum Foods and to list Quantum Foods as a separate entity on the JSE. Quantum Foods was listed on the JSE on 6 October 2014. The unbundling has been accounted for as a *dividend in specie* at fair value in accordance with IFRIC 17 – Distributions of Non-cash Assets to Owners. IFRIC 17 requires distributions within its scope to be measured at the fair value of the assets to be distributed at the date when the dividend is appropriately authorised and is no longer at the entity's discretion. Consequently, an amount of R1,242,220,000, representing the fair value of the interest in Quantum Foods attributable to external shareholders, has been accounted for as a dividend payable to shareholders at 30 September 2014. Refer to note 12 for the methods used to measure the fair value.

GROUP

		2014 R'000	2013 Restated R'000
11.	**Directors' remuneration**		
	Non-executive directors		
	Fees	**2 816**	2 749
	Executive directors	**21 126**	25 232
	Salaries	**7 809**	9 140
	Retirement benefits	**920**	1 198
	Bonuses and incentives	**12 397**	3 132
	Compensation for loss of office	**–**	11 762
	Annual remuneration	**23 942**	27 981
	Paid by subsidiaries	**(21 126)**	(25 232)
	Paid by the Company	**2 816**	2 749

Refer to the directors' remuneration report for further detail.

	Number '000	Number '000
Executive directors' share incentive scheme		
At beginning of year	**767**	1 367
Change in directorship	**–**	(647)
Redeemed	**(159)**	(532)
New offer at R56.81 per share (share appreciation rights)	**–**	89
New offer at R66.13 per share (share appreciation rights)	**–**	240
New offer at R66.13 per share (share appreciation rights)	**–**	250
New offer at R83.59 per share (share appreciation rights)	**690**	–
At end of year	**1 298**	767
At R31.42 per share, exercisable up to 11 February 2017	**–**	33
At R25.00 per share, payable by 26 May 2014 (originating from rights offer)	**–**	21
At R25.48 per share, exercisable up to 8 June 2018 (share appreciation rights)	**–**	30
At R24.20 per share, exercisable up to 26 February 2019 (share appreciation rights)	**–**	26
At R34.74 per share, exercisable up to 8 February 2020 (share appreciation rights)	**116**	116
At R61.85 per share, exercisable up to 9 February 2022 (share appreciation rights)	**30**	30
At R56.81 per share, exercisable up to 5 February 2023 (share appreciation rights)	**21**	21
At R66.13 per share, exercisable up to 1 April 2016 (share appreciation rights)	**240**	240
At R66.13 per share, exercisable up to 1 May 2023 (share appreciation rights)	**201**	250
At R83.59 per share, exercisable up to 31 August 2019 (share appreciation rights)	**690**	–
Shares under option and share appreciation rights	**1 298**	767

Refer to the directors' remuneration report for further detail.

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GROUP

		2014 R'000	2013 Restated R'000
12.	**Property, plant and equipment**		
12.1	***Property, plant and equipment – summary***		
	Land and buildings	**1 497 032**	1 458 014
	Plant, machinery and equipment	**2 446 167**	2 424 350
	Vehicles	**285 897**	280 227
	Net book value	**4 229 096**	4 162 591
	Property, plant and equipment include items leased by the Group to third parties under operating leases with the following carrying amounts:		
	Cost		
	As at beginning of year	**102 047**	90 798
	Additions and transfers	**39 527**	13 000
	Disposals	**(11 213)**	(1 751)
		130 361	102 047
	Accumulated depreciation		
	As at beginning of year	**45 588**	40 493
	Charge for the year	**4 993**	4 782
	Additions and transfers	**29 193**	1 286
	Disposals	**(4 152)**	(973)
		75 622	45 588
	Net book value	**54 739**	56 459

Refer to note 12.2 for further detail.

Property, plant and equipment in the course of construction amount to R213,166,971 (2013: R363,739,228).

Land and buildings amounting to Rnil (2013: R6,162,000) were in the process of being transferred in the name of the Group.

A register with full detail of property, plant and equipment is available at the Company's registered office.

Refer to note 25 for detail of property, plant and equipment encumbered as security for borrowings from financial institutions.

Leased assets with a book value of R24,888,417 (2013: Rnil) serve as security for capitalised lease agreements.

GROUP

12. Property, plant and equipment (continued)

12.1 Property, plant and equipment – summary (continued)

No major change in the nature of property, plant and equipment or change in the policy regarding the use thereof took place during the financial year.

During the current financial year borrowing costs of R22,068,856 (2013: R27,585,538) were capitalised against qualifying items of property, plant and equipment. The capitalisation rate used varied between 6.1% and 7.1% (2013: 6.1% and 6.5%).

Plant, machinery and equipment with a cost price of R25,600,000 (2013: Rnil) have been capitalised where the Group is a lessee under a finance lease. The lease terms range between 14 to 15 years.

Impairment losses on property, plant and equipment where impairment indicators exist

Impairment losses dealt with under this subheading are impairment losses other than those resulting from the impairment of goodwill or intangible assets with indefinite useful lives assigned to a cash-generating unit ("CGU") and tested annually for impairment.

The Group continuously considers the existence of impairment indicators relating to items of property, plant and equipment and CGUs. For assets or CGUs where such impairment indicators exist the Group performs impairment tests by comparing the asset's or CGU's carrying amount to its respective recoverable amount. An impairment loss is only recognised if the asset's or CGU's carrying amount exceeds its respective recoverable amount. The recoverable amount of an asset or CGU is the higher of its value-in-use or fair value less costs to sell.

Impairment indicators identified resulted in the following impairment losses being recognised:

During the current reporting period the results of the carbonated soft drinks business of the Ceres Beverages segment were lower than expected with continued losses being incurred. An impairment calculation was performed due to this impairment indicator. As a result of this calculation the carrying values of property, plant and equipment were impaired to its fair value less costs to sell. The recoverable amount of a CGU is the higher of its fair value less costs to sell and value-in-use. The fair value less costs to sell was determined by an independent valuator with reference to the market value of similar used equipment. The pre-tax impairment loss of property, plant and equipment amounts to R47,752,486.

Fair value less costs to sell is the amount obtainable from the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. Value-in-use calculations are pre-tax cash flow projections based on financial budgets approved by management, covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

Impairment losses on property, plant and equipment due to the impairment of intangible assets

In terms of IFRS, an entity is required to test all CGUs to which goodwill or intangible assets with indefinite useful lives are assigned for impairment annually.

For the current financial year impairment tests performed on CGUs, to which goodwill or intangible assets with indefinite lives are assigned, did not result in any impairment losses on property, plant and equipment being recognised.

Refer to note 13 for further detail on the key assumptions, estimates, growth rates and discount rates used in the calculation of these CGUs' recoverable amounts.

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GROUP

		2014 R'000	2013 Restated R'000
12.	**Property, plant and equipment (continued)**		
12.1	***Property, plant and equipment – summary (continued)***		
	Impairment losses on property, plant and equipment can be ascribed to the following operating segments:		
	Ceres Beverages	47 753	–

Impairment losses due to the treatment of Quantum Foods as an asset held for sale

Shareholders were advised on SENS on 5 September 2013 of the Board's intent to restructure the Company's interest in the Quantum Foods segment, which includes the South African business units and two foreign African subsidiaries (Bokomo Uganda (Pty) Ltd and Quantum Foods Zambia Ltd) that produce and sell eggs, chicken products, animal feed and commercial laying hens. Further announcements on SENS in this regard were issued on 5 September 2014 and 18 September 2014.

Accordingly, Quantum Foods has been treated as an 'asset held for sale' and as 'discontinued operations' in terms of IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations for the years ended 30 September 2014 and 30 September 2013 and for the interim reporting for the period ended 31 March 2014.

Pioneer Foods unbundled its interests in Quantum Foods to its shareholders and subsequently listed Quantum Foods as a separate legal entity on the JSE on 6 October 2014.

In terms of IFRS 5 an entity shall measure a non-current disposal group classified as held for sale at the lower of its carrying amount and fair value less costs to sell. The fair value less costs to sell was determined using the average results of an income valuation approach and different scenarios for a market valuation approach.

In terms of the income valuation approach the discounted cash flow method is used to determine the present value of projected future cash flows for a CGU using a rate of return that is commensurate with the risk associated with the business and the time value of money. This approach requires assumptions about revenue growth rates, operating margins, tax rates and discount rates. The assumptions regarding growth are based on the CGU's internal forecasts for revenue, operating margins and cash flows for a period of five years and by application of a perpetual long-term growth rate thereafter. Past experience, economic trends as well as market and industry trends were taken into consideration. The discount rate used to arrive at the present value of future cash flows represents the weighted average cost of capital ("WACC") for comparable companies operating in similar industries as the applicable CGU, based on publicly available information. The WACC is an estimate of the overall required rate of return on an investment for both debt and equity owners. Its determination requires separate analysis of the cost of equity and debt and considers a risk premium based on an assessment of risks related to the projected cash flows of the CGU.

The South African businesses consist of a number of CGUs. Bokomo Uganda (Pty) Ltd and Quantum Foods Zambia Ltd are two separate CGUs. The market valuation approach assumes that companies operating in the same industry will share similar characteristics and that company values will correlate with these characteristics. The publicly available financial information of similar listed entities have been used to estimate two scenarios of fair value based on EBITDA multiples of these benchmark entities.

GROUP

		2014 %	2013 Restated %
12.	**Property, plant and equipment (continued)**		
12.1	***Property, plant and equipment – summary (continued)***		
	Impairment losses due to the treatment of Quantum Foods as an asset held for sale (continued)		
	The key assumptions used in performing the impairment test, by CGU, were as follows:		
	Discount rate:		
	South Africa (31 March 2014: 17.0%)	17.4%	17.6%
	Uganda (31 March 2014: 28.6%)	27.1%	28.6%
	Zambia (31 March 2014: 23.1%)	25.1%	23.1%
	Perpetual growth rate:		
	South Africa (31 March 2014: 5.5%)	5.5%	5.5%
	Uganda (31 March 2014: 5.5%)	5.5%	5.5%
	Zambia (31 March 2014: 6.5%)	6.5%	6.5%
	Income tax rate:		
	South Africa (31 March 2014: 28.0%)	28.0%	28.0%
	Uganda (31 March 2014: 30.0%)	30.0%	30.0%
	Zambia (31 March 2014: 12.5%)	12.5%	12.5%
		R'000	R'000
	The carrying values of property, plant and equipment, intangible assets and goodwill of the Quantum Foods division were impaired as follows:		
	Property, plant and equipment	77 594	155 056
	Goodwill	–	76 944
	Computer software	59	–
	Total impairment	77 653	232 000

The 2014 impairment of the Quantum Foods business was done based on the calculation of fair value less costs to sell for the disposal group on 31 March 2014. Refer to the schedule above for the assumptions used for the 31 March 2014 calculation of fair value less costs to sell of the respective CGUs comprising the disposal group. No further impairment was required at 30 September 2014 as the fair value less costs to sell of the disposal group was in excess of the carrying amount of the disposal group.

In the prior year, the carrying values for the South African CGUs were in excess of its fair value less costs to sell resulting in an impairment.

Change in estimates

During the current financial year, the Group reassessed the useful lives and residual values of items of property, plant and equipment in line with the accounting policy and IAS 16 – Property, Plant and Equipment.

The useful lives are estimated by management based on historic analysis, benchmarking and other available information. The residual values are based on the assessment of useful lives and other available information.

Based on the latest available and reliable information there was a change in the estimated useful lives and residual values of certain items of property, plant and equipment. The effect of these changes on the depreciation expense in the current year is an increase of R186,348 (2013: increase of R4,908,438).

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GROUP

	Own assets			Leased assets
	Land and buildings R'000	Plant, machinery and equipment R'000	Vehicles R'000	Plant, machinery and equipment R'000
12. Property, plant and equipment (continued)				
12.2 Property, plant and equipment – detail				
30 September 2014				
Cost				
At 1 October 2013	2 218 578	5 334 074	573 058	–
Additions	70 889	306 653	53 036	25 600
Transfers	3 994	(3 994)	–	–
Borrowing costs capitalised	5 461	16 608	–	–
Foreign exchange adjustment	3 177	12 722	(363)	–
Disposals	(1 328)	(216 083)	(44 999)	–
Transferred to disposal group classified as held for sale	(489 763)	(1 106 181)	(44 471)	–
At 30 September 2014	1 811 008	4 343 799	536 261	25 600
Accumulated depreciation				
At 1 October 2013	387 058	2 179 785	266 647	–
Charge for the year	36 022	226 672	31 718	712
Impairments	21 980	100 842	2 525	–
Foreign exchange adjustment	1 422	9 316	(52)	–
Depreciation on disposals	(634)	(178 498)	(33 082)	–
Transferred to disposal group classified as held for sale	(131 872)	(415 597)	(17 392)	–
At 30 September 2014	313 976	1 922 520	250 364	712
Net book value at 30 September 2014	1 497 032	2 421 279	285 897	24 888
Total – 2014	4 204 208			24 888
Total property, plant and equipment – 2014	4 229 096			

GROUP

	Own assets			Leased assets
	Land and buildings R'000	Plant, machinery and equipment R'000	Vehicles R'000	Plant, machinery and equipment R'000
12. Property, plant and equipment (continued)				
12.2 Property, plant and equipment – detail (continued)				
30 September 2013				
Restated				
Cost				
At 1 October 2012	1 774 656	4 531 354	537 472	–
Additions	347 550	612 805	60 048	–
Transfers	(17 837)	16 305	308	–
Business combinations	90 934	197 462	5 044	–
Borrowing costs capitalised	10 017	17 569	–	–
Foreign exchange adjustment	18 031	32 542	1 013	–
Disposals	(4 773)	(73 963)	(30 827)	–
Transferred to disposal group classified as held for sale	(484 969)	(1 095 893)	(42 485)	–
At 30 September 2013	1 733 609	4 238 181	530 573	–
Accumulated depreciation				
At 1 October 2012	289 306	1 861 107	252 845	–
Charge for the year	36 648	269 942	34 981	–
Impairments	59 825	94 561	670	–
Transfers	(1 001)	992	9	–
Foreign exchange adjustment	3 381	14 796	509	–
Depreciation on disposals	(1 101)	(61 613)	(22 367)	–
Transferred to disposal group classified as held for sale	(111 463)	(365 954)	(16 301)	–
At 30 September 2013	275 595	1 813 831	250 346	–
Net book value at 30 September 2013	1 458 014	2 424 350	280 227	–
Total – 2013	4 162 591			–
Total property, plant and equipment – 2013	4 162 591			

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GROUP

		2014 R'000	2013 Restated R'000
13.	**Intangible assets**		
13.1	***Intangible assets – summary***		
	Trademarks	**357 413**	358 647
	Goodwill	**220 751**	217 690
	Intellectual property	**21 091**	22 600
	Computer software	**78 771**	89 506
	Net book value	**678 026**	688 443
	Refer to note 13.2 for further detail.		
	The carrying values of the trademarks below are included in the following CGUs (in bold):		
	Ceres Fruit Juices		
	Ceres	**121 654**	121 654
	Fruit Concentrate Mixtures		
	Wild Island	**17 144**	17 144
	W Daly and W Daly & Sons – 15 years (2013: 16 years)	**6 179**	6 577
	Spreads		
	Marmite	**33 288**	33 288
	Bovril	**33 886**	33 886
	Pecks	**19 245**	19 245
	Redro	**14 239**	14 239
	Baking Aids		
	Moir's	**55 741**	55 741
	Smash	**21 506**	21 506
	Tower	**2 116**	2 116
	Maizena		
	Maizena	**18 820**	18 820
	ProNutro		
	ProNutro	**3 450**	3 450
	Nature's Source		
	Nature's Source	**2 650**	2 650
	Other – nil to 12 years (2013: nil to 13 years)	**7 495**	8 331
		357 413	358 647

All of the above-mentioned trademarks have indefinite remaining useful lives unless specifically indicated otherwise.

GROUP

		2014 R'000	2013 Restated R'000
13.	**Intangible assets (continued)**		
13.1	***Intangible assets – summary (continued)***		
	Impairment test for goodwill and intangible assets		
	Goodwill arising from a business combination is allocated, at acquisition, to the Group's CGUs that are expected to benefit from the business combination.		
	The CGUs, to which a significant amount of goodwill have been allocated, are indicated separately below under each operating segment (in bold):		
	Essential Foods	**3 280**	3 280
	Quantum Foods		
	Purchased and impaired goodwill	**–**	–
	Tydstroom Gauteng (ex Tonko Chicks)	**–**	30 000
	Mynsar Eggs	**–**	11 279
	Hartebeespoort Rearing and Hatchery	**–**	5 632
	Impaired	**–**	(46 911)
	Goodwill arising due to deferred tax liability raised on acquisition date and impaired	**–**	–
	Darling Fresh Chickens	**–**	25 931
	Lemoenkloof Layer Farm	**–**	4 102
	Impaired	**–**	(30 033)
	Bokomo Foods	**161 076**	158 015
	SAD	**69 293**	69 293
	Spreads	**50 905**	50 905
	Maizena	**6 033**	6 033
	Bokomo Foods (UK)	**31 696**	28 635
	Other	**3 149**	3 149
	Ceres Beverages	**56 395**	56 395
	Fruit Concentrate Mixtures	**31 540**	31 540
	Ceres Fruit Juices	**24 855**	24 855
		220 751	217 690

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management, covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

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GROUP

13. Intangible assets (continued)

13.1 Intangible assets – summary (continued)

Impairment losses due to the treatment of Quantum Foods as an asset held for sale

In the year ended 30 September 2013, goodwill amounting to R76,943,743 of the South African businesses of Quantum Foods was impaired due to the treatment of Quantum Foods as an asset held for sale. Refer to note 12.1 for further detail.

The Group tests a large number of CGUs for impairment due to a significant number of indefinite life trademarks as well as a significant number of CGUs to which goodwill have been allocated. These CGUs for which impairment tests were performed, operate in various industries, geographical areas, tax jurisdictions and countries (such as the United Kingdom and African countries) with varying degrees of entry barriers and risk profiles of industries. For this reason growth and discount rates used may vary.

Key assumptions used for value-in-use calculations:

Bokomo Foods (UK) CGU

Growth rate of 3.0% (2013: 2.0%)

Discount rate of 13.2% (2013: 16.1%)

Other CGUs

Growth rate of 5.0% (2013: 5.0%)

Discount rates from 20.7% to 28.2% (2013: 14.8% to 27.4%)

These assumptions have been used for the analysis of each CGU within the business segment. Management determined the budgeted gross margins based on past performance and its expectations for market development. The growth rates used represent the long-term growth rate based on a medium-term outlook on forecasted inflation rates. The discount rates represent a pre-tax rate based on the weighted average cost of capital.

GROUP

	Trademarks R'000	Goodwill R'000	Intellectual property R'000	Computer software R'000
13. Intangible assets (continued)				
13.2 Intangible assets – detail				
30 September 2014				
Cost				
At 1 October 2013	**459 978**	**354 056**	**33 359**	**244 134**
Additions	**38**	**–**	**–**	**29 733**
Foreign exchange adjustment	**66**	**3 061**	**–**	**46**
Disposals	**–**	**–**	**–**	**(11 540)**
Transferred to disposal group classified as held for sale	**(23 038)**	**(78 307)**	**–**	**(8 403)**
At 30 September 2014	**437 044**	**278 810**	**33 359**	**253 970**
Accumulated depreciation				
At 1 October 2013	**101 331**	**136 366**	**10 759**	**154 569**
Charge for the year	**1 259**	**–**	**1 509**	**28 148**
Impairments	**–**	**–**	**–**	**59**
Foreign exchange adjustment	**41**	**–**	**–**	**41**
Depreciation on disposals	**–**	**–**	**–**	**(6 365)**
Transferred to disposal group classified as held for sale	**(23 000)**	**(78 307)**	**–**	**(1 253)**
At 30 September 2014	**79 631**	**58 059**	**12 268**	**175 199**
Net book value at 30 September 2014	**357 413**	**220 751**	**21 091**	**78 771**
Total intangible assets – 2014	**678 026**			
30 September 2013				
Restated				
Cost				
At 1 October 2012	459 900	319 422	33 359	219 928
Additions	–	–	–	42 654
Transfers	–	–	–	1 224
Business combinations	–	30 033	–	–
Foreign exchange adjustment	101	4 601	–	62
Disposals	(23)	–	–	(19 734)
Transferred to disposal group classified as held for sale	(23 000)	(78 307)	–	(1 253)
At 30 September 2013	436 978	275 749	33 359	242 881
Accumulated depreciation				
At 1 October 2012	99 829	59 422	9 208	140 017
Charge for the year	1 450	–	1 551	28 273
Impairments	–	76 944	–	–
Foreign exchange adjustment	54	–	–	49
Depreciation on disposals	(2)	–	–	(13 770)
Transferred to disposal group classified as held for sale	(23 000)	(78 307)	–	(1 194)
At 30 September 2013	78 331	58 059	10 759	153 375
Net book value at 30 September 2013	358 647	217 690	22 600	89 506
Total intangible assets – 2013	688 443			

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GROUP

		2014 R'000	2013 Restated R'000
14.	**Biological assets**		
	Vineyards	**16 017**	16 017
	For the purposes of the statement of financial position, biological assets are presented as follows:		
	Non-current assets	**16 017**	16 017
	The Group is engaged in dried fruit and poultry production for supply to various customers. Poultry includes point-of-lay hens, day-old chicks, broilers and eggs. Poultry has been included in the disposal group classified as assets held for sale.		
	The fair value of vineyards is calculated as the future expected net cash flows from the asset, discounted at a current market-determined rate, over the remaining useful lives of the vineyards. A discount rate of 15.3% (2013: 12.5%) was used.		
	The Group is exposed to financial risks that may arise from disease affecting its poultry flock. Stringent biosecurity measures, vaccination programmes and flock health monitoring procedures are in place to limit the financial effect of this risk.		
	Fair values of livestock held for breeding, laying hens, broilers and hatching eggs are determined with reference to market prices of livestock of similar age, breed and genetic material.		
		Number	Number
	At 30 September, the Group held the following biological assets:		
	Land (vineyards) – hectares	**118**	118
	The following is the agricultural produce of the Group for the year ended 30 September:		
	Kilograms of fresh grapes produced	**2 070 879**	1 962 181

GROUP

		2014 R'000	2013 Restated R'000
15.	**Investments in and loans to/(from) joint ventures**		
15.1	***Investments in joint ventures – equity accounting***		
	At beginning of year	**268 296**	251 371
	Share of profit after income tax	**68 719**	23 698
	Share of other comprehensive income	**3 130**	6 497
	Dividend received	**(12 767)**	(13 270)
	At end of year	**327 378**	268 296

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	Bokomo Botswana (Pty) Ltd		Bokomo Namibia (Pty) Ltd		Heinz Foods SA (Pty) Ltd		Other		Total	
	2014 R'000	2013 Restated R'000	2014 R'000	2013 Restated R'000	2014 R'000	2013 Restated R'000	2014 R'000	2013 Restated R'000	2014 R'000	2013 Restated R'000
15. Investments in and loans to/(from) joint ventures (continued)										
15.1 Investments in joint ventures – equity accounting (continued)										
Summarised statement of financial position										
As at 30 September										
Non-current assets	**139 763**	128 595	**88 441**	86 508	**220 488**	221 108	**78 898**	76 592	**527 590**	512 803
Current assets	**165 843**	139 286	**109 937**	79 898	**246 966**	221 503	**111 956**	88 343	**634 702**	529 030
Non-current liabilities	**(10 329)**	(9 161)	**(50 115)**	(42 898)	**(63 779)**	(63 308)	**(32 310)**	(31 361)	**(156 533)**	(146 728)
Current liabilities	**(72 005)**	(91 390)	**(60 234)**	(39 312)	**(107 291)**	(119 677)	**(39 791)**	(35 391)	**(279 321)**	(285 770)
Net assets	**223 272**	167 330	**88 029**	84 196	**296 384**	259 626	**118 753**	98 183	**726 438**	609 335
Reconciliation of carrying amount										
Opening carrying amount at 1 October	**167 330**	121 574	**84 196**	90 333	**259 626**	273 065	**98 183**	91 025	**609 335**	575 997
Share of other comprehensive income	**6 151**	12 783	**–**	–	**–**	–	**110**	214	**6 261**	12 997
Dividend received	**(10 535)**	(6 540)	**–**	–	**–**	–	**(15 000)**	(20 000)	**(25 535)**	(26 540)
Profit/(loss) after income tax for the year	**60 326**	39 513	**3 833**	(6 137)	**36 758**	(13 439)	**35 460**	26 944	**136 377**	46 881
Closing net assets at 30 September	**223 272**	167 330	**88 029**	84 196	**296 384**	259 626	**118 753**	98 183	**726 438**	609 335
Group's share (%)	**50.0%**	50.0%	**50.0%**	50.0%	**49.9%**	49.9%	**49.9% – 50.0%**	49.9% – 50.0%	**49.9% – 50.0%**	49.9% – 50.0%
Group's share at 30 September	**111 636**	83 665	**44 015**	42 098	**147 896**	129 553	**59 329**	49 061	**362 876**	304 377
Property, plant and equipment	**(3)**	(3)	**–**	–	**(1 451)**	(1 451)	**–**	10	**(1 454)**	(1 444)
Goodwill	**–**	–	**–**	–	**(26 455)**	(26 455)	**–**	–	**(26 455)**	(26 455)
Trademarks	**–**	–	**–**	–	**(11 857)**	(12 479)	**3 834**	3 834	**(8 023)**	(8 645)
Unrealised profit in closing stock	**(2 324)**	(1 456)	**(1 289)**	(2 151)	**–**	–	**(35)**	–	**(3 648)**	(3 607)
Deferred income tax on unrealised profit in closing stock	**651**	408	**361**	602	**–**	–	**10**	–	**1 022**	1 010
Deferred income tax on intangible assets	**–**	–	**–**	–	**3 016**	3 016	**–**	–	**3 016**	3 016
Cost to issue shares recognised against share premium	**–**	–	**44**	44	**–**	–	**–**	–	**44**	44
Carrying amount at 30 September	**109 960**	82 614	**43 131**	40 593	**111 149**	92 184	**63 138**	52 905	**327 378**	268 296

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	Bokomo Botswana (Pty) Ltd		Bokomo Namibia (Pty) Ltd		Heinz Foods SA (Pty) Ltd		Other		Total	
	2014 R'000	2013 Restated R'000	2014 R'000	2013 Restated R'000	2014 R'000	2013 Restated R'000	2014 R'000	2013 Restated R'000	2014 R'000	2013 Restated R'000
15. Investments in and loans to/(from) joint ventures (continued)										
15.1 Investments in joint ventures – equity accounting (continued)										
Summarised statement of comprehensive income										
For the year ended 30 September										
Revenue	**851 740**	717 281	**440 990**	359 365	**718 918**	690 480	**241 429**	200 764	**2 253 077**	1 967 890
EBITDA	**83 992**	60 845	**18 969**	3 314	**65 598**	894	**56 035**	43 556	**224 594**	108 609
Depreciation and amortisation	**(8 415)**	(7 243)	**(5 626)**	(4 986)	**(14 114)**	(15 100)	**(6 317)**	(5 967)	**(34 472)**	(33 296)
Interest income	**168**	162	**24**	23	**878**	437	**2 108**	1 771	**3 178**	2 393
Interest expense	**(3 834)**	(5 829)	**(6 568)**	(6 211)	**(1 336)**	(3 158)	**(2 536)**	(2 088)	**(14 274)**	(17 286)
Income tax expense	**(11 585)**	(8 422)	**(2 966)**	1 723	**(14 268)**	3 488	**(13 830)**	(10 328)	**(42 649)**	(13 539)
Profit/(loss) after income tax	**60 326**	39 513	**3 833**	(6 137)	**36 758**	(13 439)	**35 460**	26 944	**136 377**	46 881
Group's share (%)	**50.0%**	50.0%	**50.0%**	50.0%	**49.9%**	49.9%	**49.9% – 50.0%**	49.9% – 50.0%	**49.9% – 50.0%**	49.9% – 50.0%
Share of net profit/(loss)	**30 163**	19 757	**1 917**	(3 069)	**18 342**	(6 706)	**17 716**	13 460	**68 138**	23 442
Eliminate intergoup, unrealised profit on property, plant and equipment after tax	**–**	68	**–**	–	**621**	621	**(10)**	(18)	**611**	671
Unrealised profit in closing stock after tax	**(625)**	(375)	**620**	(40)	**–**	–	**(25)**	–	**(30)**	(415)
Share of profit/(loss) after income tax	**29 538**	19 450	**2 537**	(3 109)	**18 963**	(6 085)	**17 681**	13 442	**68 719**	23 698
Share of other comprehensive income	**3 075**	6 391	**–**	–	**–**	–	**55**	106	**3 130**	6 497
Cash and cash equivalents	**(20 256)**	(17 248)	**15 930**	(11)	**32 112**	(6 906)	**52 507**	31 087	**80 293**	6 922

	Total 2014 R'000	Total 2013 Restated R'000
15.2 Loans to/(from) joint ventures		
Non-current	**61 796**	58 747
Interest-bearing loans		
Alpen Foods (Pty) Ltd	**9 690**	8 875
Heinz Foods SA (Pty) Ltd	**22 674**	22 674
Bokomo Namibia (Pty) Ltd (normal loan)	**2 000**	2 000
Bokomo Namibia (Pty) Ltd (redeemable preference shares)	**27 432**	25 198
Interest-free loans		
Heinz Foods SA (Pty) Ltd	**–**	4 990
	61 796	63 737
Current		
Interest-bearing loans		
Bowman Ingredients (SA) (Pty) Ltd	**(15 740)**	(14 740)
	(15 740)	(14 740)
	46 056	48 997

Loans are secured and interest-bearing, except where indicated otherwise, with no fixed terms of repayment. The interest rates at year-end applicable to interest-bearing loans varied from 5.8% to 9.3% (2013: 5.0% to 7.5%).

Financial assets that are neither past due nor impaired are considered to be fully performing. The total carrying value of loans to joint ventures was fully performing at year-end. The credit quality of these fully performing loans is considered to be good based on historical default rates.

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		2014 R'000	2013 Restated R'000
16.	**Investment in associates**		
	At beginning of year	**18 904**	17 315
	Share of profit after income tax	**1 643**	1 224
	Impairment of interest	**(1 280)**	–
	Impairment of interest – written back	**–**	679
	Dividend received	**–**	(314)
	Transferred to disposal group classified as held for sale	**(6 112)**	(6 798)
	At end of year	**13 155**	12 106

Investments in associates for continuing operations consist of:

	Cottesloe Consultants (Pty) Ltd 2014 R'000	Cottesloe Consultants (Pty) Ltd 2013 Restated R'000
Summarised statement of financial position		
As at 30 September		
Non-current assets	**51 205**	44 754
Current assets	**18 797**	23 007
Non-current liabilities	**(24 902)**	(26 149)
Current liabilities	**(5 505)**	(6 209)
Net assets	**39 595**	35 403
Reconciliation of carrying amount		
At beginning of year	**35 402**	31 499
Profit for the year	**4 193**	3 904
Closing net assets at end of year	**39 595**	35 403
Group's share (%)	**25%**	25%
Group's share	**9 899**	8 851
Intangible assets: goodwill	**3 256**	3 255
Carrying amount at end of year	**13 155**	12 106
Summarised statement of comprehensive income		
For the year ended 30 September		
Revenue	**49 438**	59 703
Net profit after income tax	**4 193**	3 904
Group's share (%)	**25%**	25%
Share of profit after income tax	**1 048**	976

GROUP

		2014 R'000	2013 Restated R'000
17.	**Available-for-sale financial assets**		
	Shares in other companies		
	Listed		
	At cost	**30 871**	26 986
	Fair value balance at end of year	**37 746**	31 432
	Fair value balance at beginning of year	**31 432**	20 626
	Fair value adjustment for year	**9 837**	13 606
	Fair value adjustment reclassified to profit or loss	**(3 523)**	(2 800)
		68 617	58 418
	Unlisted		
	At cost	**1 387**	467
	Fair value balance at end of year	**23**	159
	Fair value balance at beginning of year	**159**	8 509
	Fair value adjustment for year	**104**	5 187
	Fair value adjustment reclassified to profit or loss	**(240)**	(13 537)
	Transferred to disposal group classified as held for sale	**(2)**	(2)
		1 408	624
	Available-for-sale financial assets at fair value	**70 025**	59 042

A detailed register is available at the Company's registered office.

Available-for-sale financial assets are denominated in the Group's functional currency and no significant risk concentrations exist outside South Africa. The fair values of listed shares are based on their current bid prices in an active market. The fair values of unlisted shares are based on quoted prices in an "over-the-counter" market for these shares.

Fair value adjustments reclassified to profit or loss arise from the disposal of shares.

Notes to the annual financial statements

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		2014 R'000	2013 Restated R'000
18.	**Inventories**		
	Raw materials	**1 141 101**	1 260 120
	Manufactured products	**1 000 809**	887 595
	Packaging and consumables	**281 384**	253 499
		2 423 294	2 401 214

Inventory carried at net realisable value amounts to R14,705,299 (2013: R6,252,898).

Inventories and biological assets, with carrying values of R2,340,174,637 (2013: R2,793,652,684) (including assets held for sale), of certain Group companies are pledged as security for general and revolving banking facilities of some of the Group's subsidiaries. Refer to note 25 for more detail.

		2014 R'000	2013 Restated R'000
19.	**Derivative financial instruments**		
19.1	***Derivative financial instruments – summary***		
	Embedded derivatives	**687**	315
	Foreign exchange contracts – not earmarked for hedging	**7 791**	2 151
	Foreign exchange contracts – cash flow hedges	**(3 214)**	1 903
	Futures – fair value hedges	**–**	(58)
		5 264	4 311

For the purposes of the statement of financial position derivative financial instruments are presented as follows:

	2014 R'000	2013 Restated R'000
Current assets	**14 945**	10 552
Current liabilities	**(9 681)**	(6 241)
	5 264	4 311

Trading derivatives are classified as a current asset or liability. The fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability if the maturity of the hedged item is equal to or less than 12 months. The carrying values of derivative financial instruments represent their fair values at the reporting date.

Refer to note 19.2 for further detail.

GROUP

		Foreign amount 2014 '000	Rand amount 2014 R'000	Fair value 2014 R'000	Foreign amount 2013 Restated '000	Rand amount 2013 Restated R'000	Fair value 2013 Restated R'000
19.	**Derivative financial instruments (continued)**						
19.2	***Derivative financial instruments – detail***						
19.2.1	***Derivative instruments earmarked for hedging (cash flow hedges)***						
19.2.1.1	***Commodity instruments***						
	Futures (refer to note 1 below)			**(2 177)**			6 024
19.2.1.2	***Currency forward contracts***						
	Purchases of foreign exchange contracts						
	US dollar	**14 090**	**159 818**	**1 168**	10 000	101 439	1 903
	Sales of foreign exchange contracts						
	US dollar	**(8 500)**	**(98 430)**	**(4 382)**	–	–	–
	Hedging reserve (before income tax)			**(5 391)**			7 927
19.2.2	***Derivative instruments earmarked for hedging (fair value hedges)***						
19.2.2.1	***Commodity instruments***						
	Futures			**–**			(58)
19.2.3	***Other derivative instruments***						
19.2.3.1	***Currency forward contracts***						
	Purchases of foreign exchange contracts			**11 334**			4 995
	US dollar	**45 201**	**510 718**	**11 304**	44 134	444 535	4 100
	British pound	**37**	**672**	**21**	518	8 549	307
	Swiss franc	**–**	**–**	**–**	40	452	9
	Euro	**518**	**7 438**	**9**	1 603	21 912	579
	Sales of foreign exchange contracts			**(3 543)**			(2 844)
	US dollar	**24 021**	**276 523**	**(3 543)**	22 335	225 347	(2 853)
	Euro	**–**	**–**	**–**	498	6 792	9
19.2.3.2	***Embedded derivative financial instruments***						
	Options – supplier purchase contracts			**687**			315

Note 1: Disclosed as part of cash and cash equivalents.

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		2014 R'000	2013 Restated R'000
20.	**Trade and other receivables**		
	Trade receivables	**1 721 733**	1 517 451
	Allowance for outstanding credit notes	**(36 402)**	(29 165)
	Provision for impairment	**(21 626)**	(14 123)
	Net trade receivables	**1 663 705**	1 474 163
	Staff	**860**	967
	Prepayments	**19 444**	23 376
	Receivables from related parties (refer to note 36)	**75 071**	68 510
	Value-added tax	**107 327**	25 416
	Loans	**23 383**	20 730
	Other	**7 351**	32 186
		1 897 141	1 645 348
	For the purposes of the statement of financial position trade and other receivables are presented as follows:		
	Non-current assets	**23 383**	20 730
	Current assets	**1 873 758**	1 624 618
		1 897 141	1 645 348

The carrying value of trade and other receivables approximates their fair value at the reporting date.

An allowance for outstanding credit notes is accounted for based on past experience.

At year-end trade receivables with a carrying value of R1,707,588,514 (2013: R1,656,587,877) (including assets held for sale) of certain Group companies were pledged as security for general and revolving banking facilities of some of the Group's subsidiaries. Refer to note 25 for further detail.

Financial assets that are neither past due nor impaired are considered to be fully performing. The carrying amounts of fully performing financial assets included in trade and other receivables at year-end are:

	2014 R'000	2013 Restated R'000
National customers	**740 555**	695 500
Other customers	**935 351**	849 974
	1 675 906	1 545 474

GROUP

20. Trade and other receivables (continued)

The credit quality of fully performing financial assets included in trade and other receivables is supported by the high proportion of the carrying value that can be ascribed to national customers, especially in the formal retail sector. The credit quality of the customer base is considered to be good based on historical default rates.

Financial assets included in trade and other receivables that are outside their normal payment terms are considered to be past due. The following represents an analysis of the past due number of days of financial assets that are past due but not impaired:

	2014 R'000	2013 Restated R'000
National customers		
Up to 30 days	**4 347**	2 195
31 to 60 days	**11 376**	1 440
61 to 90 days	**1 789**	724
91 to 120 days	**848**	173
More than 120 days	**107**	441
	18 467	4 973
Other customers		
Up to 30 days	**49 550**	32 079
31 to 60 days	**21 167**	11 417
61 to 90 days	**1 866**	1 098
91 to 120 days	**1 260**	237
More than 120 days	**2 152**	1 278
	75 995	46 109
Staff		
Up to 30 days	**2**	–
	2	–
Total	**94 464**	51 082

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	2014 R'000	2013 Restated R'000
20. Trade and other receivables (continued)		
Individually impaired receivables where indicators of impairment are present, comprise a number of non-material customers. The following trade receivables were impaired at year-end:		
National customers	**–**	–
Other customers	**21 626**	14 123
Total	**21 626**	14 123
Interest charged on impaired trade receivables amounts to Rnil (2013: Rnil).		
Movements on the Group's provision for impairment of trade receivables are as follows:		
At 1 October	**20 707**	7 133
Provision for impairment of receivables raised	**13 155**	18 759
Provision for impairment utilised during the year	**(1 822)**	(3 937)
Unused amounts reversed	**(2 443)**	(1 248)
Transferred to disposal group classified as held for sale	**(7 971)**	(6 584)
At 30 September	**21 626**	14 123
The Group holds a number of categories of collateral as security for trade receivable balances. These collateral categories include mortgage bonds and notarial bonds, cession of trade receivables, various guarantees and letters of credit.		
Fair value of collateral held against trade receivables at year-end (limited to the individual trade receivable balance):		
National customers	**1**	86
Other customers	**120 499**	197 771
	120 500	197 857

GROUP

	2014 R'000	2013 Restated R'000
20. Trade and other receivables (continued)		
The carrying amount of the Group's trade receivables is denominated in the following currencies:		
Covered by means of foreign exchange contracts:	**137 113**	113 953
Euro	**–**	6 792
US dollar	**137 113**	107 161
Uncovered:	**1 584 620**	1 403 498
Euro	**18 149**	5 642
British pound	**104 195**	92 073
US dollar	**13 588**	24 054
SA rand	**1 429 781**	1 271 938
Other currencies	**18 907**	9 791
Total	**1 721 733**	1 517 451
The following balances, included in the summary above, are denominated in the functional currencies of the relevant entities:		
British pound	**94 977**	83 864

Other receivables are largely denominated in the Group's functional currency and no significant risk concentrations exist outside South Africa.

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GROUP

		2014 R'000	2013 Restated R'000
21.	**Cash and cash equivalents**		
	Cash at bank and on hand	**354 974**	289 917
	Short-term bank deposits	**752 644**	89 126
		1 107 618	379 043
	The effective interest rate at reporting date on short-term bank deposits was between 5.7% and 6.6% (2013: 3.0% and 5.5%).		
	For the purposes of the statement of cash flows, the year-end cash, cash equivalents and bank overdrafts comprise the following:		
	Cash and short-term deposits	**1 107 618**	379 043
	Short-term borrowings	**(195 051)**	(338 011)
	Bank overdrafts	**(195 051)**	(11)
	Call loans	**–**	(338 000)
		912 567	41 032
	The Group's cash equivalents and short-term deposits are placed with creditable financial institutions with appropriate credit ratings.		
	The carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:		
	Euro	**13 756**	1 183
	British pound	**57 207**	10 097
	US dollar	**1 020**	679
	SA rand	**1 032 815**	367 084
	Other currencies	**2 820**	–
	Total	**1 107 618**	379 043
	The following balances, included in the summary above, are denominated in the functional currencies of the relevant entities:		
	British pound	**57 207**	10 097

The majority of the Group's cash and cash equivalents is denominated in the Group's functional currency and no significant risk concentrations exist outside South Africa.

The carrying amounts of cash and cash equivalents approximate their fair values at the reporting date.

Restricted balances

Cash and cash equivalents include restricted balances of R15.2 million (2013: R15.8 million). Restricted cash balances consist of initial margin balances with the JSE which serve as collateral for derivative positions held at year-end. This cash will only be accessible by the subsidiary company when the related derivative positions are closed.

GROUP

		2014 R'000	2013 Restated R'000
22.	**Share capital**		
	Authorised – ordinary shares of 10 cents each		
	400,000,000 (2013: 400,000,000) ordinary shares	**40 000**	40 000
	Authorised – class A ordinary shares of 10 cents each		
	18,130,000 (2013: 18,130,000) class A ordinary shares	**1 813**	1 813
	Total issued and fully paid – ordinary shares of 10 cents each		
	At beginning of year: 231,006,847 (2013: 230,314,486) ordinary shares	**23 101**	23 031
	Issued to management in terms of share appreciation rights scheme: 685,034 (2013: 692,361) ordinary shares	**69**	70
	At end of year: 231,691,881 (2013: 231,006,847) ordinary shares	**23 170**	23 101

Shares issued in terms of share appreciation rights scheme

During the year the Company issued 685,034 (2013: 692,361) ordinary shares of 10 cents each at an average of R97.47 (2013: R71.64) per share in terms of the share appreciation rights scheme.

Shares issued in terms of the B-BBEE equity transaction

During 2012 the Company issued 28,691,649 shares to the value of R1,000,347,998 to special purpose vehicles ("SPVs") that were formed in terms of a B-BBEE equity transaction. In terms of the transaction 17,488,631 ordinary shares were issued to strategic BEE partners at a subscription price of R55.14 per share and 603,030 ordinary shares to current and former black directors of the Company at a subscription price of R58.04 per share. A further 10,599,988 shares were issued to the Pioneer Foods Broad-Based BEE Trust at a subscription price of R0.10 per share.

These SPVs are consolidated as wholly-owned subsidiaries in terms of IFRS and these issued shares of the Company are consequently treated as treasury shares of the Group. The B-BBEE equity transaction was in accordance with the Company's memorandum of incorporation and the Companies Act, Act 71 of 2008, as amended.

	2014 R'000	2013 Restated R'000
Treasury shares of 10 cents each – nominal value		
Treasury shares held by management share incentive trust		
At beginning of year: 1,422,116 (2013: 2,545,933) ordinary shares	**142**	255
Net treasury shares sold: 311,903 (2013: 1,123,817) ordinary shares	**(31)**	(113)
At end of year: 1,110,213 (2013: 1,422,116) ordinary shares	**111**	142

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	2014 R'000	2013 Restated R'000
22. Share capital (continued)		
Treasury shares of 10 cents each – nominal value (continued)		
Treasury shares held by B-BBEE equity transaction participants		
At beginning and at end of year: 18,091,661 (2013: 18,091,661) ordinary shares	**1 809**	1 809
Treasury shares held by Pioneer Foods Broad-Based BEE Trust		
At beginning and at end of year: 10,599,988 (2013: 10,599,988) ordinary shares	**1 060**	1 060
Treasury shares held by subsidiary		
At beginning and at end of year: 17,982,056 (2013: 17,982,056) ordinary shares	**1 798**	1 798
Total treasury shares – nominal value		
At beginning of year	**4 809**	4 922
Ordinary shares sold by management share incentive trust (at strike price)	**(31)**	(113)
At end of year	**4 778**	4 809
Net listed ordinary share capital – nominal value		
Total issued and fully paid ordinary shares	**23 170**	23 101
Treasury shares held by management share incentive trust	**(111)**	(142)
Treasury shares held by B-BBEE equity transaction participants	**(1 809)**	(1 809)
Treasury shares held by Pioneer Foods Broad-Based BEE Trust	**(1 060)**	(1 060)
Treasury shares held by subsidiary	**(1 798)**	(1 798)
	18 392	18 292
20,000,000 (2013: 20,000,000) unissued ordinary shares are under control of the directors until the next annual general meeting.		
Treasury shares – carrying amount		
Consist of:		
Treasury shares held by management share incentive trust	**23 036**	27 391
Treasury shares held by B-BBEE equity transaction participants	**999 288**	999 288
Treasury shares held by Pioneer Foods Broad-Based BEE Trust	**1 060**	1 060
Treasury shares held by subsidiary	**163 113**	163 113
	1 186 497	1 190 852

GROUP

	2014 R'000	2013 Restated R'000
22. Share capital (continued)		
Issued and fully paid – unlisted class A ordinary shares of 10 cents each held by employee share scheme trust		
At beginning of year: 7,367,360 (2013: 8,198,120) class A ordinary shares	**737**	820
Bought back and cancelled: 1,323,420 (2013: 830,760) class A ordinary shares	**(132)**	(83)
At end of year: 6,043,940 (2013: 7,367,360) class A ordinary shares held by employee share scheme trust	**605**	737

During the year the Company issued Nil (2013: Nil) class A ordinary shares.

Class A ordinary shares are not listed on the JSE. These shares have full voting rights, similar to those of ordinary shares.

	2014 Number '000	2013 Number Restated '000
23. Share-based payments		
23.1 Management share incentive scheme (equity-settled)		
Number of shares made available		
Unallocated under control of directors	**612**	612
Shares under option in terms of option scheme:		
Number at end of year	**498**	810
Number at beginning of year	**810**	1 934
Redeemed	**(312)**	(1 124)
	1 110	1 422
Number of options		
At R8.65 per share, exercisable up to 26 May 2014	**–**	73
At R14.05 per share, exercisable up to 23 December 2014	**246**	305
At R21.86 per share, exercisable up to 24 January 2016	**166**	227
At R31.42 per share, exercisable up to 11 February 2017	**86**	162
At R25.00 per share, payable by 26 May 2014	**–**	43
	498	810

The weighted average share price at the exercise date, for share options exercised during the year, was R94.58 (2013: R72.34).

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		2014 Number	2013 Number Restated
23.	**Share-based payments (continued)**		
23.1	***Management share incentive scheme (equity-settled) (continued)***		
	The fair values were calculated using the Actuarial Binomial Option Pricing Model. The principal assumptions for the last grant (during 2007) were as follows:		
	Weighted average share price at grant date (cents per share)	**1 269**	1 269
	Weighted average exercise price (cents per share)	**1 214**	1 214
	Expected volatility	**20.0% to 33.8%**	20.0% to 33.8%
	Expected life (years)	**4 to 6**	4 to 6
	Risk-free rate	**7.2% to 9.7%**	7.2% to 9.7%
	Expected dividend yield	**2.7% to 4.4%**	2.7% to 4.4%

Expected volatility was determined by calculating the historical volatility of the share price of a similar JSE-listed entity in the food sector.

The cost accounted for during the current year amounts to Rnil (2013: Rnil).

23.2 Broad-based employee share scheme (cash-settled)

During 2006 the Group introduced a broad-based employee share scheme for all employees employed at the time, other than management qualifying for the share-based compensation scheme. In terms of the scheme, employees received class A ordinary shares with full voting rights and dividend rights equal to 30% of that of ordinary shares. Once the notional threshold debt has been repaid, class A ordinary shares will convert into ordinary shares.

In case of termination of employment prior to the final date the resultant actions depend on whether the employee is considered to be a "good leaver" or an "other leaver".

An employee is considered to be a "good leaver" if employment is terminated because of:
- Death
- Permanent disability
- Retirement
- Retrenchment
- Sale of business
- Termination for a reason that in the discretion of the Board has the effect of qualifying the employee as a "good leaver"
- Any other reason after the lapse of a period of five years

An employee is considered to be an "other leaver" in the event that termination takes place within a period of five years for any reason other than that constituting a "good leaver", or an employee fails to adhere to the provisions of the scheme. The period of five years ended 31 January 2011, therefore subsequent to this date every leaver will be regarded as a "good leaver".

GROUP

		2014 Number	2013 Number Restated
23.	**Share-based payments (continued)**		
23.2	***Broad-based employee share scheme (cash-settled) (continued)***		
	The class A ordinary shares of "good leavers" will be purchased by the Company at a price equal to the market value of an ordinary share, less the notional threshold debt. The purchase price will, at the option of the Company, either be settled in cash, or be utilised on behalf of the "good leaver" to subscribe for ordinary shares at the market value of ordinary shares.		
	The class A ordinary shares of "other leavers", purchased prior to 31 January 2011, were purchased by the Company at R0.01.		
	Reconciliation of number of class A ordinary shares		
	Balance at beginning of year	**7 367 360**	8 198 120
	Good leavers – purchased by the Company	**(1 323 420)**	(830 760)
	Balance at end of year	**6 043 940**	7 367 360
	The estimated fair value of a class A ordinary share on 30 September 2014 was R84.67 (2013: R55.21). The fair value per class A ordinary share was used to calculate the total cost of the scheme in terms of IFRS 2 – Share-based Payment. The cost accounted for during the current year amounts to R187,337,749 (2013: R145,888,398).		
	These fair values were calculated using the Actuarial Binomial Option Pricing Model. The principal assumptions were as follows:		
	Ordinary share price at 30 September (cents per share)	**11 800**	8 750
	Notional loan amount at 30 September (cents per share)	**3 322**	3 213
	Prime rate at 30 September	**9.3%**	8.5%
	Expected volatility	**20.2% to 24.4%**	20.1% to 25.5%
	Expected duration to repay notional debt (years)	**Note 1**	Note 1
	Expected dividend yield	**3.0%**	3.0%
	Risk-free rate	**6.2% to 8.0%**	4.8% to 8.7%
	Expected volatility was determined by calculating the volatility of a share price of a similar JSE-listed entity in the food industry.		
	The principal assumptions used to calculate the expected number of shares that will vest, are as follows:		
	Expected rate of "leavers" (including "other leavers") (per annum)	**Note 1**	Note 1

Note 1: All employees to have left the scheme by 2026 with an equal number leaving each year with a specific adjustment for Quantum Foods employees to exit the scheme after year-end upon the unbundling of Quantum Foods.

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	2014 Number '000	2013 Number Restated '000
23. Share-based payments (continued)		
23.3 Management share appreciation rights scheme (equity-settled)		

The Group adopted a share appreciation rights scheme for qualifying management during the year ended 30 September 2008.

The exercise of vested share appreciation rights entitles the employee to ordinary shares in Pioneer Food Group Ltd. This number of shares is calculated by dividing the amount by which the share price, relating to the exercised share appreciation rights, appreciated from grant date to exercise date, by the share price at the exercise date.

	2014 Number '000	2013 Number Restated '000
Number of share appreciation rights made available		
Number at beginning of year	**4 918**	4 925
Expired/forfeited	**(240)**	(157)
Redeemed	**(1 096)**	(1 266)
New allocation at R56.81 per share	**–**	568
New allocation at R66.13 per share	**–**	490
New allocation at R74.48 per share	**–**	310
New allocation at R81.18 per share	**–**	27
New allocation at R76.23 per share	**–**	21
New allocation at R82.42 per share	**95**	–
New allocation at R83.59 per share	**4 660**	–
Number at end of year	**8 337**	4 918
Number of share appreciation rights		
At R25.48 per share, exercisable up to 8 June 2018	**173**	426
At R24.20 per share, exercisable up to 26 February 2019	**208**	394
At R34.74 per share, exercisable up to 8 February 2020	**986**	1 441
At R49.96 per share, exercisable up to 7 February 2021	**188**	250
At R61.85 per share, exercisable up to 9 February 2022	**505**	609
At R61.85 per share, exercisable up to 16 February 2022 (BEE special grant)	**361**	384
At R56.81 per share, exercisable up to 5 February 2023	**404**	502
At R56.81 per share, exercisable up to 5 February 2023 (BEE special grant)	**52**	64
At R66.13 per share, exercisable up to 1 April 2016	**240**	240
At R66.13 per share, exercisable up to 1 May 2023	**200**	250
At R74.48 per share, exercisable up to 31 May 2018	**310**	310
At R81.18 per share, exercisable up to 17 June 2023	**27**	27
At R76.23 per share, exercisable up to 30 June 2023	**21**	21
At R82.42 per share, exercisable up to 30 September 2023	**95**	–
At R83.59 per share, exercisable up to 31 August 2019	**4 219**	–
At R83.59 per share, exercisable up to 28 February 2024 (BEE special grant)	**348**	–
	8 337	4 918

GROUP

	2014 Number	2013 Number Restated
23. Share-based payments (continued)		
23.3 Management share appreciation rights scheme (equity-settled) (continued)		

Share appreciation rights were granted on 1 October 2013 at a strike price of R82.42. Vesting takes place over a five-year period with the first 20% vesting on 1 October 2014.

Share appreciation rights were granted on 28 February 2014 at a strike price of R83.59. Vesting takes place after five years with 100% vesting on 28 February 2019.

Share appreciation rights were granted on 28 February 2014 at a strike price of R83.59. Vesting takes place over a five-year period with the first 33.3% vesting on 28 February 2017 subject to certain time and performance-based criteria.

The net estimated weighted average fair value per share appreciation right at 30 September 2014 is R14.93 (2013: R13.36). The fair value per share appreciation right was used to calculate the total cost of the scheme in terms of IFRS 2 – Share-based Payment. The cost accounted for in the current year amounts to R26,470,000 (2013: R15,207,701).

These fair values were calculated using the Actuarial Binomial Option Pricing Model.

The principal assumptions were as follows:

	2014 Number	2013 Number Restated
Weighted average share price at grant date (cents per share)	**6 105**	4 637
Expected volatility	**18.5% to 30.9%**	18.5% to 30.9%
Expected dividend yield	**2.0% to 4.1%**	2.0% to 4.1%
Risk-free rate	**5.4% to 8.9%**	5.4% to 8.9%
Expected life (years)	**1 to 6**	1 to 6

Expected volatility was determined by calculating the volatility of the share price of a similar JSE-listed entity in the food industry.

The Board initially approved a maximum number of 14,500,000 ordinary shares that may be issued in terms of the management share appreciation rights scheme. At 30 September 2014 12,643,434 ordinary shares (2013: 13,328,468) were still available for issue.

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		2014 R'000	2013 Restated R'000
24.	**Other reserves**		
	Fair value reserve	**30 786**	25 863
	Foreign currency translation reserve	**83 872**	68 737
	Hedging reserve	**(3 572)**	5 704
	Equity compensation reserve	**317 472**	326 026
		428 558	426 330

The fair value reserve relates to the difference between the fair value and cost price of investments in listed and unlisted shares, classified as available-for-sale financial assets.

The foreign currency translation reserve relates to exchange differences arising from translation of foreign subsidiaries' and joint ventures' statements of comprehensive income at average exchange rates for the year and their statements of financial position at the ruling exchange rates at the reporting date if the functional currency differs.

The hedging reserve relates to the change in fair value of derivative financial instruments. These derivative financial instruments include futures, forward exchange contracts and interest rate derivatives. Refer to note 19 for more detail.

The fair value of share options and share appreciation rights issued to qualifying management are accounted for in the equity compensation reserve over the respective vesting periods. The reserve is adjusted at each reporting date when the entity revises its estimates of the number of share options and share appreciation rights that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to this reserve in equity for equity-settled plans.

GROUP

		2014 R'000	2013 Restated R'000
25.	**Borrowings**		
25.1	***Borrowings – summary***		
	Non-current		
	Secured financing		
	Lease agreements	**23 434**	–
	Syndicated	**1 000 000**	1 000 000
	B-BBEE equity transaction: redeemable preference shares	**449 680**	449 680
	Instalment sale agreements	**36 481**	–
	Other	**3 898**	7 549
	Total non-current	**1 513 493**	1 457 229
	Current		
	Secured financing		
	Lease agreements	**1 573**	–
	Syndicated	**4 302**	3 727
	B-BBEE equity transaction: redeemable preference shares	**51 051**	32 451
	Instalment sale agreements	**4 191**	–
	Other	**4 554**	7 616
	Call loans	**–**	338 000
	Bank overdrafts	**195 051**	11
	Total current	**260 722**	381 805
	Total borrowings	**1 774 215**	1 839 034

Refer to note 25.2 for further detail.

The level of borrowings is within the limits prescribed by the memorandum of incorporation of the Company and its subsidiaries.

Security provided for syndicated and call loans

The Group's syndicated facilities matured in September 2013. These were replaced by new syndicated financing of R3.5 billion in the form of bullet, revolving and overnight loans and general banking facilities. These loans are secured by mortgages over certain immovable properties with carrying values of R870,322,743 (2013: R882,509,672) at year-end, special notarial bonds over certain items of plant and equipment with carrying values of R430,323,523 (2013: R489,203,755) at year-end and general notarial bonds over all movable assets of Pioneer Foods (Pty) Ltd, Ceres Fruit Juices (Pty) Ltd, Continental Beverages (Pty) Ltd and Retail Brands Interafrica (Pty) Ltd.

The syndicated and call loans are secured by pledges over certain Group companies' inventories, biological assets and trade receivables. At year-end inventories (including biological assets) and trade receivables pledged as security for this purpose amounted to R2,340,174,637 (2013: R2,793,652,684) and R1,707,588,514 (2013: R1,656,587,877) respectively. These amounts include those of the disposal group classified as held for sale.

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25. Borrowings (continued)

25.1 Borrowings – summary (continued)

Pioneer Food Group Ltd subordinated all its claims against the obligors (Pioneer Foods Holdings Ltd, Pioneer Foods (Pty) Ltd, Ceres Fruit Juices (Pty) Ltd, Retail Brands Interafrica (Pty) Ltd and Continental Beverages (Pty) Ltd) to all the lenders' claims arising from the new debt structure. It also guarantees the repayment of all the loan obligations of the obligors and ceded its subordinated claims against the obligors to the security SPV and undertakes to remain an investment company with its only assets being investments in Pioneer Foods Holdings Ltd and its overall intercompany claims.

B-BBEE equity transaction

During 2012 the Company issued 28,691,649 shares to the value of R1,000,347,998 to strategic BEE partners, former and current black directors of the Company (hereafter collectively referred to as "BEE Investors") and the Pioneer Foods Broad-Based BEE Trust in terms of a B-BBEE equity transaction. The subscription price for these share issues was mainly financed by Pioneer Foods' wholly-owned subsidiary, Pioneer Foods (Pty) Ltd, and by third-party funding from Rand Merchant Bank Ltd, a division of FirstRand Bank Ltd ("RMB"). The strategic BEE partners contributed 10% of the subscription price. The current and former black directors of the Company and the Pioneer Foods Broad-Based BEE Trust did not contribute to the subscription price.

In order to give effect to the financial assistance provided, the BEE Investors' SPVs issued variable rate cumulative A preference shares to RMB at a dividend rate of 82.5% of the prime interest rate and B preference shares to Pioneer Foods at a dividend rate of 99% of the prime interest rate. During the 2013 financial year certain issuers of the A preference shares have elected to fix, from 1 April 2013, the A preference share dividend rate at 9.5% per annum for the remainder of the financing period. The total capital value of the issued A preference shares is R449,679,606 of which R418,878,828 is now at a fixed dividend rate of 9.5%.

The preference shares do not have voting rights, except in respect of certain resolutions such as those affecting the rights of preference shares. Preference shares are treated as borrowings and the relating dividends as interest in terms of IFRS accounting principles.

Security provided for B-BBEE equity transaction

In terms of the B-BBEE equity transaction RMB provided BEE Investors with finance in the form of cumulative redeemable preference shares. Pioneer Foods (Pty) Ltd provided RMB with a guarantee amounting to R100 million for this financial assistance.

GROUP

	2014 R'000	2013 Restated R'000
25. Borrowings (continued)		
25.1 Borrowings – summary (continued)		
Security provided for other borrowings		
For further detail on security provided for other loans refer to note 25.2.		
The carrying values of borrowings approximate their fair values at the reporting date and are denominated in the following currencies:		
British pound	**8 452**	15 165
SA rand	**1 765 763**	1 823 869
Total	**1 774 215**	1 839 034
The following balances, included in the summary above, are denominated in the functional currencies of the relevant entities:		
British pound	**8 452**	15 165

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	Year of redemption	Interest rate at year-end (%)	2014 R'000	2013 Restated R'000
25. Borrowings (continued)				
25.2 Borrowings – detail				
25.2.1 Secured financing			**1 579 164**	1 501 023
Lease agreements				
Monthly payments Instalment of R94,951 (2013: Rnil).	2028	6.6	**10 494**	–
Monthly payments Instalment of R132,128 (2013: Rnil).	2029	7.0	**14 513**	–
Syndicated loans				
Quarterly payments (bullet loan) Instalments (interest only) of R3,646,482 (2013: R3,147,852).	2016	7.3	**200 841**	200 726
Quarterly payments (bullet loan) Instalments (interest only) of R3,731,249 (2013: R3,232,619).	2016	7.5	**200 861**	200 746
Quarterly payments (bullet loan) Instalments (interest only) of R11,268,542 (2013: R9,772,652).	2018	7.5	**602 600**	602 255
Secured by mortgages over immovable property, special notarial bonds over specific items of property, plant and equipment and general notarial bonds over all movable assets of specific Group subsidiaries. Refer to note 25.1 for further detail.				
Redeemable preference shares Accumulated dividends and capital are repaid as dividend income from investments are received. Secured by a guarantee of R100 million by a Group subsidiary.	2019	9.5	**500 731**	482 131
Other loans				
Monthly payments Instalment of R373,105 (2013: R328,207). Secured by a charge over specific assets of the subsidiary company.	2016	3.0	**8 452**	11 489
Quarterly payments Instalment of R1,477,354 (2013: Rnil). Book value of vehicles encumbered in terms of instalment sale agreements.	2019	7.3	**35 868**	–
Quarterly payments Instalment of R226,964 (2013: Rnil). Book value of vehicles encumbered in terms of instalment sale agreements.	2018	7.3	**4 804**	–
Quarterly payments Instalment of Rnil (2013: R2,042,325). Secured by a charge over specific freehold assets of the subsidiary company.	–	–	–	3 676
Total amount owing			**1 579 164**	1 501 023
Portion of liabilities payable within one year included in current liabilities			**(65 671)**	(43 794)
Secured financing				
Lease agreements			**(1 573)**	–
Syndicated and other			**(13 047)**	(11 343)
Redeemable preference shares			**(51 051)**	(32 451)
			1 513 493	1 457 229

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		2014 R'000	2013 Restated R'000
25.	**Borrowings (continued)**		
25.2	***Borrowings – detail (continued)***		
25.2.2	***Finance lease liabilities***		
	Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.		
	Future minimum lease payments under finance leases, together with the present value of the net minimum lease payments, are as follows:		
	Capital amount		
	Not later than 1 year	**1 573**	–
	Later than 1 year, but not later than 5 years	**4 518**	–
	Later than 5 years	**18 916**	–
		25 007	–
	Interest cost		
	Not later than 1 year	**1 666**	–
	Later than 1 year, but not later than 5 years	**5 868**	–
	Later than 5 years	**6 761**	–
		14 295	–
	Instalment		
	Not later than 1 year	**3 239**	–
	Later than 1 year, but not later than 5 years	**10 386**	–
	Later than 5 years	**25 677**	–
		39 302	–
26.	**Deferred income tax**		
	Balance at beginning of year – previously reported	**594 157**	635 355
	Effect of change in accounting policy	**438**	276
	Balance at beginning of year – restated	**594 595**	635 631
	Charge in profit or loss	**73 618**	(44 142)
	Foreign exchange translation adjustment	**720**	977
	Deferred income tax on foreign exchange contracts charged to equity	**(1 340)**	393
	Deferred income tax on share-based payment of share appreciation rights	**(31 747)**	(29 999)
	Deferred income tax on fair value adjustments of available-for-sale financial assets charged to equity	**1 255**	1 702
	Deferred income tax on remeasurement of post-retirement medical benefits	**244**	–
	Business combinations	**–**	30 033
	Transferred to disposal group classified as held for sale	**(192 619)**	(193 162)
		444 726	401 433

GROUP

		2014 R'000	2013 Restated R'000
26.	**Deferred income tax (continued)**		
	Due to the following temporary differences:		
	Capital allowances, including trademarks	**709 261**	667 266
	Inventories	**2 972**	(3 071)
	Biological assets	**–**	1 928
	Provision for post-retirement medical benefits and long-service awards	**(31 011)**	(33 673)
	Leave accrual	**(28 661)**	(31 689)
	Bonus accrual	**(40 784)**	(25 840)
	Prepaid expenses	**4 799**	3 837
	Provision for impairment of trade receivables	**(2 042)**	(1 854)
	Rebates, growth incentives and settlement discount accruals	**(16 920)**	(17 382)
	Assessed losses	**(80 966)**	(107 970)
	Reinsurance commission received in advance	**(582)**	(665)
	Fair value adjustments on available-for-sale financial assets	**6 979**	5 724
	Allowance for credit notes	**(10 192)**	(8 167)
	Deferred income	**(5 445)**	(5 827)
	Derivative financial instruments	**(1 556)**	(265)
	Share-based payments	**(60 991)**	(40 528)
	Accruals – personnel costs	**(5 668)**	(6 262)
	Other	**5 533**	5 871
		444 726	401 433
	For the purpose of the statement of financial position deferred income tax is presented as follows:		
	Non-current assets	**3 651**	74 143
	Non-current liabilities	**(448 377)**	(475 576)
		(444 726)	(401 433)

During the year deferred tax assets of Rnil (2013: R74,849,965) have been recognised of which the utilisation thereof depends on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences. The assets relate to assessed losses of entities that suffered losses in the current and/or preceding periods.

The losses suffered in the current and/or previous period arose from identifiable causes that are unlikely to recur. These entities have strong earnings potential and future profitability is expected against which unrecognised tax losses can be utilised.

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	2014 R'000	2013 Restated R'000
27. Provisions for other liabilities and charges		
27.1 Post-retirement medical benefits		
Balance at beginning of year – previously reported	**62 094**	58 033
Effect of change in accounting policy	**(1 566)**	(985)
Balance at beginning of year – restated	**60 528**	57 048
Interest cost	**4 842**	4 675
Remeasurements	**(871)**	1 506
Actuarial loss/(gain) from change in demographic assumptions	**288**	(686)
Actuarial (gain)/loss from change in financial assumptions	**(1 159)**	2 192
Service cost	**188**	201
Payments	**(4 876)**	(2 902)
	59 811	60 528
The amount recognised in the statement of financial position was determined as follows:		
Present value of unfunded obligations	**59 811**	60 528

The historical present values for the three years prior to the comparative period of the unfunded obligation were as follows:

2012 – R57,048,000

2011 – R54,655,000

2010 – R58,410,000

	2014 R'000	2013 Restated R'000
Expected maturity analysis of undiscounted post-retirement medical benefits:		
Not later than a year	**5 104**	4 838
Later than 1 year, but not later than 2 years	**5 206**	4 957
Later than 2 years, but not later than 5 years	**16 209**	15 391
Later than 5 years	**161 575**	152 329
Total	**188 094**	177 515

Existing provisions are based on the following important assumptions:

Medical inflation rate: 8.2% (2013: 7.6%) p.a.

Discount rate: 8.6% (2013: 8.0%) p.a.

The date of the most recent actuarial valuation is 30 September 2014.

GROUP

	2014 R'000	2013 Restated R'000
27. Provisions for other liabilities and charges (continued)		
27.1 Post-retirement medical benefits (continued)		
The effect of a 1% increase in the assumed health cost trend is as follows:		
Increase in the defined benefit obligation	**5 835**	6 411
Increase in the aggregate of current service and interest cost	**521**	551
The effect of a 1% decrease in the assumed health cost trend is as follows:		
Decrease in the defined benefit obligation	**5 048**	5 520
Decrease in the aggregate of current service and interest cost	**450**	472
The effect of a 1% increase in the assumed discount rate trend is as follows:		
Decrease in the defined benefit obligation	**4 837**	5 075
The effect of a 1% decrease in the assumed discount rate trend is as follows:		
Increase in the defined benefit obligation	**5 688**	5 987
The effect of a 1-year increase in the assumed expected retirement age trend is as follows:		
Decrease in the defined benefit obligation	**166**	340
The effect of a 1-year decrease in the assumed expected retirement age trend is as follows:		
Increase in the defined benefit obligation	**181**	548

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the provision for post-retirement medical benefits recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Through the defined benefit post-retirement medical plan, the Group is exposed to a number of risks, the most significant of which are detailed below:

Changes in bond yields
A decrease in corporate bond yields will increase plan liabilities.

Inflation risk
The Group's post-employment medical plan obligations are linked to inflation, and higher inflation will lead to higher liabilities.

Life expectancy
The plan's obligations are to provide benefits for the life of the member, therefore an increase in life expectancy will result in an increase in the plan's liabilities.

Notes to the annual financial statements
for the year ended 30 September 2014

GROUP

		2014 R'000	2013 Restated R'000
27.	**Provisions for other liabilities and charges (continued)**		
27.2	***Long-service awards***		
	Balance at beginning of year	**69 024**	61 161
	Interest cost	**5 149**	5 013
	Actuarial (gain)/loss	**(18 335)**	2 948
	Service cost	**9 106**	8 009
	Payments	**(7 656)**	(8 107)
	Transferred to disposal group classified as held for sale	**(15 639)**	(9 294)
		41 649	59 730
	The amount recognised in the statement of financial position was determined as follows:		
	Present value of unfunded obligations	**41 649**	59 730
	Existing provisions are based on the following important assumptions:		
	Discount rate: 8.2% (2013: 7.5%) p.a.		
	Salary increases: 7.0% (2013: 7.9%) p.a.		
	Normal retirement age: 60 (2013: 60) years		
	The date of the most recent actuarial valuation is 30 September 2014.		
27.3	***Total provision for other liabilities and charges***		
	Consists of:		
	Post-retirement medical benefits	**59 811**	60 528
	Long-service awards	**41 649**	59 730
		101 460	120 258
	For the purpose of the statement of financial position the total provision for other liabilities and charges is presented as follows:		
	Non-current liabilities	**101 460**	120 258

GROUP

		2014 R'000	2013 Restated R'000
28.	**Accrual for Competition Commission penalties**		
	Balance at beginning of year	–	215 481
	Amounts paid during the year	–	(216 667)
	Unwinding of discount	–	1 186
		–	–

Pioneer Foods and the Competition Commission ("the Commission") agreed on 2 November 2010 to a full and final settlement on the bread, milling and other investigations conducted by the Commission.

The salient provisions of the settlement agreement, which was approved by the Competition Tribunal ("the Tribunal") on 30 November 2010, are as follows:

1. Pioneer Foods will pay administrative penalties of R500 million to the Commission. The Commission will pay this sum to the National Revenue fund.

2. Pioneer Foods has furthermore committed to a reduction in its gross profit, amounting to R160 million when benchmarked against an agreed base period, in respect of a selection of defined wheaten flour and bread products.

3. These figures exclude the administrative penalty of R195,718,614 imposed by the Tribunal in the bread matter which was paid by Pioneer Foods in April 2010.

4. The settlement amount in paragraph 1 was provided for in the 2010 financial year and became payable as follows:

   R66,666,667 within five days of confirmation of the settlement agreement as an order of the Tribunal ("the first payment date"), R216,666,667 on the first anniversary of the first payment date and R216,666,667 on the second anniversary of the first payment date. Payments have been discounted at a rate of 6.6%.

5. Pioneer Foods furthermore undertook not to reduce its committed cumulative capital expenditure from 2010 to 2013 as a result of the settlement agreement, and committed to increasing the capital expenditure by R150 million over the same period.

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for the year ended 30 September 2014

GROUP

		2014 R'000	2013 Restated R'000
29.	**Share-based payment liability – employee share scheme**		
	Balance at beginning of year	**251 424**	108 249
	Share-based payment and repurchase of class A ordinary shares from leavers	**112 482**	145 888
	Dividends paid on class A ordinary shares	**(2 934)**	(2 713)
		360 972	251 424
	Refer to note 23.2 for further detail.		
	For the purposes of the statement of financial position the share-based payment liability is presented as follows:		
	Non-current liabilities	**245 178**	251 424
	Current liabilities	**115 794**	–
		360 972	251 424
30.	**Trade and other payables**		
	Trade payables	**1 808 841**	1 550 795
	Accrued expenses	**105 989**	103 990
	Related parties (refer to note 36)	**110**	1 203
	Deferred revenue	**11 212**	10 462
	Government grants	**74 914**	21 349
	Value-added tax	**11 277**	507
	Accrual for leave	**85 541**	112 828
	Accrual for 13th cheque	**44 813**	59 461
	Other	**115 539**	65 630
		2 258 236	1 926 225
	The carrying amounts of the Group's trade payables are denominated in the following currencies:		
	Covered by means of foreign exchange contracts:	**474 387**	398 423
	Euro	**–**	3 060
	US dollar	**474 387**	395 363
	Uncovered:	**1 334 454**	1 152 372
	Euro	**3 306**	8 373
	British pound	**84 023**	64 303
	US dollar	**2 991**	8 176
	SA rand	**1 238 039**	1 071 520
	Other	**6 095**	–
	Total	**1 808 841**	1 550 795
	The following balances, included in the summary above, are denominated in the functional currencies of the relevant entities:		
	British pound	**82 354**	63 632

Other payables are mostly denominated in the Group's functional currency and no significant risk concentrations exist outside South Africa.

GROUP

		2014 R'000	2013 Restated R'000
31.	**Financial risk management**		
31.1	***Financial risk factors***		

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk, foreign exchange risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

The Board approved an overall decision-making framework in terms of which financial risks are evaluated, managed and hedged by executive management.

(a) Market risk

(i) Interest rate risk

The Group's interest rate risk arises from both financial assets and financial liabilities.

Financial liabilities exposed to interest rate risk include interest-bearing short- and long-term borrowings, bank overdrafts and call loans. The Group borrows at both fixed and variable interest rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates.

	2014 R'000	2013 Restated R'000
The interest rate profile as at 30 September is summarised as follows:		
Variable rate	**1 307 212**	1 389 803
Fixed rate	**467 003**	449 231
Total loans	**1 774 215**	1 839 034
Percentage of total loans:		
	%	%
Variable rate	**74**	76
Fixed rate	**26**	24
Total loans	**100**	100

Refer to note 25 for detail regarding interest rates.

Notes to the annual financial statements
for the year ended 30 September 2014

GROUP

31. Financial risk management (continued)

31.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Interest rate risk (continued)

Based on various scenarios the Group manages its interest rate risk by entering into floating-to-fixed interest rate swaps, zero-cost interest rate collar contracts or any other applicable hedging instruments from time to time. The portion of interest-bearing borrowings to be hedged is determined based on a future view of macro-economic factors as informed by independent financial advisors. The level of debt to be hedged is reviewed by management on a regular basis. The main purpose of the Group's hedging strategy is to hedge the Group against a possible increase in interest rates; however, the Group also contracts for sharing in the up-side of a possible decrease in interest rates. Where such instruments qualify for hedge accounting, hedge accounting principles are applied in accounting for these hedging instruments.

At year-end none of the Group's interest-bearing borrowings were hedged (2013: Rnil).

Interest rate swaps have the economic effect of converting a portion of borrowings from floating rates to fixed rates. Under interest rate swap agreements, the Group agrees with other parties to exchange, at specified intervals (primarily quarterly), the difference between contracted fixed interest rates and floating interest rates calculated by reference to agreed notional amounts.

A zero-cost interest rate collar contract is an instrument which combines the purchase of a cap and the sale of a floor to specify a range in which an interest rate will fluctuate. The instrument insulates the buyer against the risk of a significant rise in a floating rate, but limits the benefits of a drop in that floating rate. Financing costs are effectively "collared" between these upper and lower limits. Cash flows are only settled, at specified intervals, if the benchmark rate was exceeded. Settlement amounts are calculated by reference to the agreed notional amounts.

Financial assets exposed to interest rate risk include cash, short-term bank deposits and loans to associates and joint ventures. The Group's cash and cash equivalents are placed with creditable financial institutions.

Cash and short-term bank deposits are invested at variable rates. At year-end R752,643,940 (2013: R89,125,854) was invested at rates that varied from 5.7% to 6.6% (2013: 3.0% to 5.5%).

At year-end loans to joint ventures were granted interest-free or at variable rates from 5.8% to 9.3% (2013: 5.0% to 7.5%).

(ii) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the euro, US dollar and British pound. Foreign exchange risk arises from future commercial transactions denominated in foreign currencies, recognised assets and liabilities denominated in foreign currencies and derivative financial instruments. Apart from the Group's exposure to trade receivables and payables denominated in foreign currencies, no other financial assets or liabilities expose the Group to significant foreign currency risk.

The Group manages short-term foreign exchange exposure relating to trade imports and exports, in terms of formal foreign exchange policies with prescribed limits. Foreign exchange risk arising from the import of raw materials and the export of finished products is hedged by means of foreign exchange contracts in terms of formal hedging policies. To the extent that foreign exchange contracts qualify for hedge accounting under IAS 39 – Financial Instruments: Recognition and Measurement, the effective portion of the movement in fair values of these derivatives are accounted for as either cash flow hedges or fair value hedges.

GROUP

31. Financial risk management (continued)

31.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

Foreign exchange risk arising from capital imports is hedged in total by means of foreign exchange contracts or other appropriate hedging instruments. On a case-by-case basis, depending on the potential profit or loss volatility caused by the fair value movement of the derivative, management decides whether or not to apply hedge accounting.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. However, the Group's exposure to this risk is insignificant as the Group's investments in foreign operations are not material.

Refer to note 19 for detail of foreign exchange contracts at year-end.

(iii) Price risk

The Group is exposed to price risk of equity securities due to investments held by the Group that are classified on the consolidated statement of financial position as 'available-for-sale financial assets'. To manage its price risk arising from investments in equity securities, the portfolio is managed by three major professional fund managers and investments are spread over a variety of industries in the market. The Group's investment in equity securities is not material.

The Group is further exposed to commodity price risk. The risk arises from the Group's need to buy specific quantities and qualities of raw materials to meet its milling requirements. These raw materials include wheat, maize, soya beans, sorghum, barley and oats.

The Group uses exchange-for-physical contracts, options and futures to hedge itself against the price risk of these commodities. These contracts hedge the future purchase price of raw materials. Settlement of the physical contracts and local futures are effected by physical delivery. To the extent that commodity forward contracts and futures qualify for hedge accounting under IAS 39 - Financial Instruments: Recognition and Measurement, the effective portion of the movement in fair values of these derivatives are accounted for as either cash flow hedges or fair value hedges.

Commodities are hedged in terms of a formal procurement policy which includes a raw material procurement hedging policy, pricing options and exposure limits, approved by the Board of directors. The policy is regularly reviewed by the procurement committee under chairmanship of the chief executive officer. The policy is sufficiently flexible to allow management to rapidly adjust hedges following possible changes in raw material requirements.

Refer to note 19 for detail of commodity instruments at year-end.

(iv) Sensitivity analysis

The table below summarises the impact on post-tax profit and equity of changes in market risks relating to the Group's financial instruments exposed to foreign currency risk, interest rate risk and price risk.

The rates used are those used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

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GROUP

	2014 R'000	2013 Restated R'000
31. Financial risk management (continued)		
31.1 Financial risk factors (continued)		
(a) Market risk (continued)		
(iv) Sensitivity analysis (continued)		
Change in foreign currency		
Derivative financial instruments affected by changes in exchange rates include foreign exchange contracts. The summary below reflects the results of an expected change in US dollar of 2.0% (2013: 1.0%), British pound of 1.0% (2013: 0.5%), Botswana pula of 3.0% (2013: 0.5%) and euro of 5.0% (2013: 1.0%), with all other variables held constant. The reasonable possible changes in the relevant risk variables are based on management's economic outlook for the next 12 months. Changes to these risk variables are due to a revised economic outlook.		
Rand depreciates against foreign currencies		
– Increase/(decrease) in profit after income tax		
Trade receivables	**2 956**	775
Trade payables	**(7 059)**	(3 528)
Cash and cash equivalents	**616**	78
Derivative financial instruments not earmarked for hedging	**5 172**	2 182
Borrowings	**–**	(15)
– Increase in equity after income tax		
Derivative financial instruments earmarked for hedging	**884**	730
	2 569	222

If the South African rand appreciates against these currencies it will have an opposite effect on reserves of the same amount.

	2014 R'000	2013 Restated R'000
Change in interest rate		
The summary below reflects the results of an expected change in the prime interest rate of 0.8% (2013: 0.25%) with all other variables held constant.		
Interest rate increases		
– Increase/(decrease) in profit after income tax		
Short-term bank deposits	**4 300**	156
Interest-bearing borrowings	**(7 427)**	(2 527)
	(3 127)	(2 371)

If the prime interest rate decreases it will have an opposite effect on profit after income tax of the same amount for financial instruments other than interest rate swaps and collars.

GROUP

	2014 R'000	2013 Restated R'000
31. Financial risk management (continued)		
31.1 Financial risk factors (continued)		
(a) Market risk (continued)		
(iv) Sensitivity analysis (continued)		
Change in commodity prices		
Derivative financial instruments affected by changes in the commodity prices relate to futures and options. The summary below reflects the results of an expected change in the wheat price of 1.0% (2013: 1.0%) and an expected change in the maize price of 2.0% (2013: 5.0%), with all other variables held constant.		
Commodity price increases		
– Increase in profit after income tax		
Derivative financial instruments not earmarked for hedging	**–**	394
– Increase in equity after income tax		
Derivative financial instruments earmarked for hedging	**6 611**	7 798
	6 611	8 192

If these prices would decrease it will result in a decrease in profit after income tax or reserves of the same amount.

	2014 R'000	2013 Restated R'000
Change in security prices		
Available-for-sale financial assets relate to investments in securities. The summary below reflects the results of an expected change in the security prices of 2.0% (2013: 9.0%), with all other variables held constant.		
Security prices increase		
– Increase in equity after income tax		
Available-for-sale financial instruments	**1 139**	4 310

If these prices would decrease it will result in a decrease in reserves of the same amount.

(b) Credit risk

Financial assets that potentially subject the Group to a concentration of credit risk consist principally of cash and cash equivalents, derivative financial instruments and deposits with financial institutions, as well as credit exposure to trade receivables, including outstanding receivables and committed transactions.

The Group's credit risk exposure relating to cash and cash equivalents, derivative financial instruments and deposits with financial institutions is managed on a Group level. Cash equivalents and short-term deposits are placed with a limited group of creditable financial institutions, all of which have Moody's P-2 short-term credit ratings. A short-term rating of P-2 indicates that the issuer has a strong ability to repay short-term debt obligations.

Notes to the annual financial statements
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GROUP

31. Financial risk management (continued)

31.1 Financial risk factors (continued)

(b) Credit risk (continued)

The Group's credit risk exposure relating to trade receivables is managed on a decentralised basis. Trade receivables are subject to credit limits, credit control and credit approval procedures. The credit quality of customers is assessed, taking into account its financial position, past experience with the customer and other factors when approving new customers and determining or revising individual credit limits. The utilisation of credit limits is regularly monitored.

Credit risk with respect to trade receivables is limited due to the large number of customers comprising the Group's customer base and their dispersion across different industries and geographical areas.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position as well as financial guarantees of R46,876,704 (2013: R46,824,864) issued.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The Group manages its liquidity risk by using reasonable and retrospectively assessed assumptions to forecast the future cash-generating capabilities and working capital requirements of the businesses it operates and by maintaining sufficient reserves, committed borrowing facilities and other credit lines as appropriate. The Group's policy has been to maintain substantial unutilised banking facilities and reserve borrowing capacity as well as significant liquid resources.

Surplus cash held by Group treasury over and above the balance required for working capital management is invested in interest-bearing money market deposits with sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. At the reporting date, the Group held short-term bank deposits of R752,643,940 (2013: R89,125,854).

At year-end the Group has borrowing facilities in the form of committed borrowings as well as overnight facilities at the four major South African banks. Sufficient collateral in the form of inventory, biological assets, trade receivables and property, plant and equipment are provided as security for the debt. The Group also has the option to repay long-term debt as excess cash flow is available, without incurring any penalties.

The Group tends to have significant fluctuations in short-term borrowings due to seasonal factors. Consequently, Group policy requires that sufficient borrowing facilities are available to exceed projected peak borrowings.

GROUP

	2014 R'000	2013 Restated R'000
31. Financial risk management (continued)		
31.1 Financial risk factors (continued)		
(c) Liquidity risk (continued)		
The Group's unutilised borrowing facilities are as follows:		
Total borrowing facilities	**4 338 493**	3 971 372
Net interest-bearing liabilities	**(666 597)**	(1 459 991)
	3 671 896	2 511 381

Refer to note 50 for a maturity analysis that analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows.

31.2 Capital risk management

For capital management purposes the current level of capital in the Group is defined as the difference between the total assets and total liabilities of the Group. The capital employed is managed on a basis that enables the Group to continue operating as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the debt-to-equity ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings and bank overdrafts as disclosed in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as capital and reserves attributable to owners of the parent as shown in the consolidated statement of financial position.

The main focus of the Group's capital management is to ensure liquidity, in the form of short-term borrowing facilities, in order to have sufficient available funding for the Group's working capital requirements.

31.3 Fair values

All financial instruments measured at fair value are classified using a three-tiered fair value hierarchy that reflects the significance of the inputs used in determining the measurement. The hierarchy is as follows:

Level 1 – Fair value measurements derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Fair value measurements derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3 – Fair value measurements derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and available-for-sale securities) is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price. These instruments are included in level 1. Instruments included in level 1 comprise primarily JSE-listed equity investments classified as available-for-sale.

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GROUP

31. Financial risk management (continued)

31.3 Fair values (continued)

The fair value of financial instruments that are not traded in an active market is determined by 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. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

The Group uses a variety of methods that makes assumptions that are based on market conditions existing at the reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments. Other techniques, such as estimated discounted cash flows, are used to determine the fair value for the remaining financial instruments. The fair values of interest rate swaps and collars are calculated as the present value of the estimated future cash flows. The fair value of foreign exchange contracts is determined using quoted forward exchange rates at the reporting date.

The carrying amounts of cash, trade and other receivables less provision for impairment, trade and other payables and short-term borrowings are assumed to approximate their fair values due to the short term until maturity of these assets and liabilities.

The fair value of vineyards is calculated as the future expected net cash flows from the asset, discounted at a current market determined rate, over the remaining useful lives of the vineyards.

The assets and liabilities related to the Quantum Foods segment have been presented as an "Asset held for sale" and as "Discontinued operations" in terms of IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations for the years ended 30 September 2014 and 30 September 2013. Refer to note 12 for further detail.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair values of long-term investments and long-term borrowings are not materially different from the carrying amounts.

Refer to note 52 for detail on fair value measurements by level of fair value measurement hierarchy.

GROUP

	2014 R'000	2013 Restated R'000
32. Contingent liabilities		
Guarantees in terms of loans by third parties to contracted service providers	**46 877**	46 825
Other guarantees	**1 314**	250
Share of items of joint ventures	**374**	374
Third-party claims	**1 678**	1 054
	50 243	48 503

Litigation

Dispute with egg contract producers – discontinued operations

Pioneer Foods is defending contractual claims from its privatised egg contract producers. The matters were set down for arbitration during 2012. Since the hearings commenced in 2012, settlements were negotiated with the two egg contract producers that had the largest claims. These settlements had no adverse financial impact on Pioneer Foods. The claims of the remaining three contract egg producers (being Flinkwink Properties (Pty) Ltd, KwaZulu Egg Producers (Pty) Ltd and Moerasrivier Boerdery (Pty) Ltd) are still unresolved. Pioneer Foods filed pleas to all these claims and in respect of two of these claims counter claims have been filed to recover damages suffered by Pioneer Foods as a result of breach of contract by the contract producers. No further legal action had been taken during the year under review. Based on legal opinion obtained, management is satisfied that these unresolved matters are low risk and pose no material financial risk to the Group.

Pioneer Foods unbundled its interests in Quantum Foods to its shareholders and subsequently Quantum Foods was listed on the JSE on 6 October 2014. Quantum Foods indemnified Pioneer Foods from any potential financial exposure to the claims from the egg contract producers.

Dispute with breeder farms and broiler farms – discontinued operations

Several breeder farms (being Bergsig Breeders (Pty) Ltd and Mountainview Breeders CC) and broiler farms (being Claudewil Broilers (Pty) Ltd and Dassenberg Broilers (Pty) Ltd) (four in total) also filed claims against Pioneer Foods for the alleged breach of the terms of their supply agreements with Pioneer Foods. Claudewil Broilers (Pty) Ltd withdrew its claim in 2014. No further action has transpired in the year under review. Based on legal opinion obtained, management is satisfied that these unresolved matters are low risk and pose no material financial risk to the Group.

Pioneer Foods unbundled its interests in Quantum Foods to its shareholders and subsequently Quantum Foods was listed on the JSE on 6 October 2014. Quantum Foods indemnified Pioneer Foods from any potential financial exposure to the claims from the breeder farms and broiler farms.

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GROUP

		2014 R'000	2013 Restated R'000
33.	**Commitments**		
33.1	***Operating lease commitments***		
	Not later than 1 year	**68 625**	52 950
	Later than 1 year, but not later than 5 years	**152 018**	118 375
	Later than 5 years	**26 550**	23 179
		247 193	194 504

The Group leases various retail outlets, offices and warehouses under non-cancellable operating lease agreements. The lease terms are between 5 and 25 years, and the majority of lease agreements are renewable at the end of the lease period at market rates.

The Group also leases various items of plant and machinery under cancellable operating lease agreements. The Group is usually required to give a six-month notice for the termination of these agreements. The lease expenditure charged to profit or loss during the year is disclosed in note 4.

		2014 R'000	2013 Restated R'000
33.2	***Operating lease receivables***		
	The future aggregate minimum lease payments receivable under non-cancellable operating leases are as follows:		
	Not later than 1 year	**896**	198
	Later than 1 year, but not later than 5 years	**2 548**	87
		3 444	285
33.3	***Future capital commitments***		
	Contractually committed	**299 834**	264 989
	Approved by the Board, but not yet contractually committed	**351 614**	242 388
	– for next financial year	**326 966**	242 388
	– for year following next financial year	**24 648**	–
	Share of items of joint ventures	**28 349**	25 894
		679 797	533 271
	Allocated as follows:		
	Property, plant and equipment	**679 797**	533 271

The expenditure will be financed from operating income and borrowed funds, in accordance with a budget approved by the Board.

GROUP

		2014 R'000	2013 Restated R'000
34.	**Retirement benefits**		
	The Group contributes to retirement and provident funds for all its employees which are administered by several service providers. These retirement and provident funds are defined contribution plans which are arranged and governed by the Pension Fund Act of 1956.		
35.	**Government grants**		
	Cumulative amounts received	**83 459**	25 959
	Cumulative amounts amortised	**(8 545)**	(4 610)
	Receipts deferred	**74 914**	21 349

The Group obtained and deferred as income a government grant of R57,500,000 (2013: R13,500,000). The Group benefits from such assistance for capital expenditure.

36. Related-party transactions

36.1 Parent

Pioneer Food Group Ltd is the ultimate holding company of the Pioneer Foods Group of companies.

36.2 Subsidiaries

Details of effective interests in subsidiaries are disclosed in note 47.

36.3 Associates and joint ventures

Details of effective interests in associates are disclosed in note 49. Details of effective interests in and loans to joint ventures are disclosed in note 48.

36.4 Key management personnel

Key management personnel include the members of the Board, members of the Group's executive committee, business general managers as well as the immediate subordinates of such managers. Non-executive directors are included in the definition of key management personnel as well as any close family members of such persons and any entity over which key management exercise control, joint control or significant influence.

Close family members are those family members who may be expected to influence, or be influenced, by that person in their dealings with Pioneer Foods. They include the person's domestic partner and children, the children of the person's domestic partner, and dependants of the person or the person's domestic partner.

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GROUP

	2014 R'000	2013 Restated R'000
36. Related-party transactions (continued)		
36.5 Transactions and balances		
During the financial year the Company and its subsidiaries conducted the following transactions with joint ventures, associates, parties exercising significant influence and key management personnel.		
Sale of goods		
Joint ventures	**603 226**	577 263
Rendering of services		
Joint ventures	**882**	397
Purchase of goods		
Key management personnel	**–**	629
Joint ventures	**1 534**	8 424
Associates	**–**	6 361
Services bought		
Joint ventures	**–**	2
Net interest received/(paid)		
Joint ventures	**7 110**	9 160
Key management personnel compensation		
Salaries and other short-term employee benefits	**96 803**	111 644
Termination benefits	**9 237**	18 015
Post-employment benefits	**9 721**	11 969
Other long-term benefits	**545**	–
Share-based payments	**17 851**	12 616
	134 157	154 244

Receivables from related parties arise mainly from sales transactions and are due at the end of the month following the date of the transaction. These receivables are unsecured in nature and bear no interest. No provision for impairment was made against receivables from related parties (2013: Rnil).

Payables to related parties arise mainly from purchase transactions and are due 30 days after the statement date. These payables bear no interest.

GROUP

	2014 R'000	2013 Restated R'000
36. Related-party transactions (continued)		
36.5 Transactions and balances (continued)		
Year-end balances arising from sales/purchases of goods/services		
Receivable from related parties		
Joint ventures	**75 071**	68 510
Payable to related parties		
Joint ventures	**110**	586
Associates	**–**	617
	110	1 203
Loans to/(from) related parties		
Loans to/(from) joint ventures		
Beginning of year	**48 997**	65 035
Loans advanced during the year	**126 883**	217 798
Loan repayments received	**(137 225)**	(243 160)
Interest charged	**7 897**	9 991
Interest received	**(787)**	(831)
Fair value adjustment	**291**	164
End of year	**46 056**	48 997

No provision for impairment was made against loans made to joint ventures (2013: Rnil).

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for the year ended 30 September 2014

GROUP

		2014 R'000	2013 Restated R'000
37.	**Net cash profit from operating activities**		
	Profit before income tax	**1 418 167**	710 635
	Adjusted for:		
	Depreciation	**326 040**	372 845
	Impairment of property, plant and equipment and intangible assets	**125 406**	232 000
	Impairment of loans and available-for-sale financial assets	**1 699**	814
	Net (profit)/loss on disposal of property, plant and equipment and intangible assets	**(352)**	3 813
	Net profit on disposal of available-for-sale financial assets	**(3 701)**	(16 336)
	Unrealised losses/(profits) on foreign exchange contracts and on foreign exchange differences	**4 140**	(3 738)
	Fair value of embedded derivative financial instruments	**(687)**	(315)
	Fair value of commodity futures and options	**–**	58
	Change in provision for impairment of trade receivables	**8 890**	13 575
	Change in allowance for outstanding credit notes	**7 141**	(6 492)
	Share-based payments	**213 808**	161 096
	Changes in provisions for post-retirement medical benefits and long-service awards	**(9 041)**	11 158
	Dividends received	**(1 644)**	(1 651)
	Interest received	**(24 308)**	(22 523)
	Interest paid	**138 723**	126 258
	Share of profit of associated companies	**(1 643)**	(1 224)
	Share of profit of joint ventures	**(68 719)**	(23 698)
		2 133 919	1 556 275
38.	**Working capital changes**		
	Increase in inventory	**(18 594)**	(275 977)
	(Increase)/decrease in trade and other receivables	**(333 520)**	29 719
	Increase in trade and other payables	**417 442**	353 334
	Increase in current biological assets	**(15 634)**	(32 665)
	Changes to derivative financial instruments (assets and liabilities)	**(9 613)**	3 392
	Provisions paid	**(12 532)**	(11 009)
		27 549	66 794

GROUP

		2014 R'000	2013 Restated R'000
39.	**Dividends paid to Group ordinary shareholders**		
	Amounts unpaid at beginning of year	**(336)**	(515)
	As disclosed in statement of changes in equity	**(1 519 231)**	(211 321)
	Dividends declared to ordinary shareholders	**(336 529)**	(257 753)
	Dividend in specie – unbundling of Quantum Foods	**(1 242 220)**	–
	Treasury dividends received by share incentive trusts	**1 846**	2 128
	Treasury dividends received by subsidiary	**27 153**	20 859
	Treasury dividends received by participants to B-BBEE equity transaction	**27 318**	20 986
	Treasury dividends received by Pioneer Foods Broad-Based BEE Trust	**3 201**	2 459
	Amounts unpaid at end of year	**1 242 543**	336
		(277 024)	(211 500)
40.	**Income tax paid**		
	Amounts unpaid at beginning of year	**(28 658)**	501
	As disclosed in profit or loss	**(378 213)**	(254 695)
	Income tax effect of disposal of shares of management share incentive scheme	**(55)**	(1 207)
	Hedging reserve – reversal of previous year income tax to profit or loss	**1 687**	(4 665)
	Hedging reserve – income tax current year	**610**	(1 687)
	Amounts unpaid at end of year	**18 264**	28 658
		(386 365)	(233 095)
41.	**Proceeds on disposal of property, plant and equipment and intangible assets**		
	Book value of property, plant and equipment and intangible assets	**55 371**	30 467
	Net profit/(loss) on disposal of property, plant and equipment and intangible assets	**352**	(3 813)
		55 723	26 654
42.	**Proceeds on disposal of available-for-sale financial assets**		
	Cost price of available-for-sale financial assets	**5 120**	4 178
	Net profit on disposal of available-for-sale financial assets	**3 701**	16 336
		8 821	20 514

43. Disposal of subsidiaries

No subsidiaries were disposed of during the current or previous year.

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for the year ended 30 September 2014

GROUP

	2014 R'000	2013 Restated R'000
44. Business combinations – discontinued operations		
Effect on movement of:		
Property, plant and equipment	–	293 440
Goodwill	–	30 033
Inventories	–	1 099
Current biological assets	–	22 482
Deferred income tax	–	(30 033)
Trade and other payables	–	(2 012)
	–	315 009

45. Segment information

Management has determined the operating segments based on the reports reviewed on a regular basis by the chief operating decision-maker ("CODM") in order to make strategic decisions.

Operating segments are divided into the following:
Essential Foods
Quantum Foods
Bokomo Foods
Ceres Beverages
Other

Essential Foods includes products such as wheaten flour, maize meal, rice, pasta and bread. Quantum Foods includes eggs, broilers and animal feeds and the businesses of Bokomo Zambia, Quantum Foods Zambia, and Bokomo Uganda. Bokomo Foods includes breakfast cereals, dried fruit and other fast moving consumer goods and the Bokomo Foods (UK) businesses. Ceres Beverages includes fruit juices, fruit concentrate mixtures and carbonated soft drinks. The other operating segment represents all operations not included in the segments above.

The Sasko segment has been renamed as Essential Foods since the previous reporting period.

The Quantum Foods segment has been classified as a disposal group held for sale and as a discontinued operation.

The segment results disclosed per segment below is the CODM's measure of each segment's operational performance. The measure represents adjusted operating profit before items of a capital nature, after non-controlling interest before income tax and includes dividend income.

External revenue and all other items of income, expenses, profits and losses reported in the segment report is measured in a manner consistent with that in the statement of comprehensive income.

Segment assets consist of property, plant and equipment, intangible assets, inventories, biological assets, trade and other receivables and derivative financial instrument assets and exclude cash and cash equivalents, available-for-sale financial assets, investments in joint ventures, loans to joint ventures, investment in associates, deferred and current income tax assets and loans receivable.

GROUP

45. Segment information (continued)

Segment liabilities consist of trade and other payables, provisions for other liabilities and charges, share-based payment liabilities and derivative financial instrument liabilities, and exclude borrowings, current and deferred income tax liabilities, loans from joint ventures and dividends payable.

Segment capital expenditure consists of additions and replacements of property, plant, equipment and intangible assets.

	2014 R'000	2013 Restated R'000
Segment revenue	**21 587 986**	20 059 558
Essential Foods	**10 927 418**	10 314 391
Quantum Foods	**3 591 448**	3 575 555
Bokomo Foods	**3 728 276**	3 148 362
Ceres Beverages	**3 340 844**	3 021 250
Less: Internal revenue	**(298 036)**	(248 496)
Essential Foods	**(231 485)**	(228 372)
Quantum Foods	**(109)**	(5 470)
Bokomo Foods	**(44 787)**	(14 503)
Ceres Beverages	**(21 655)**	(151)
External revenue	**21 289 950**	19 811 062
Essential Foods	**10 695 933**	10 086 019
Quantum Foods	**3 591 339**	3 570 085
Bokomo Foods	**3 683 489**	3 133 859
Ceres Beverages	**3 319 189**	3 021 099
Segment results	**1 716 224**	1 153 976
Essential Foods	**1 074 925**	784 324
Quantum Foods	**21 591**	(18 858)
Bokomo Foods	**406 704**	279 047
Ceres Beverages	**328 725**	263 767
Other	**(115 721)**	(154 304)

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	2014 R'000	2013 Restated R'000
45. Segment information (continued)		
A reconciliation of the segment results to operating profit before income tax is provided below:		
Segment results	**1 716 224**	1 153 976
Reversal of depreciation charge in Quantum Foods legal entities (asset held for sale)	**54 742**	–
Share-based payment on broad-based share incentive scheme	**(187 338)**	(145 888)
Operating profit before items of a capital nature	**1 583 628**	1 008 088
Adjusted for:		
Items of a capital nature	**(123 052)**	(220 291)
Interest income	**24 308**	22 523
Dividend income	**1 644**	1 651
Finance costs	**(138 723)**	(126 258)
Share of profit of joint ventures	**68 719**	23 698
Share of profit of associated companies	**1 643**	1 224
Profit before income tax per statement of comprehensive income	**1 418 167**	710 635
Segment assets	**11 187 240**	10 821 898
Essential Foods	**4 526 077**	4 271 798
Quantum Foods	**1 952 103**	1 919 700
Bokomo Foods	**2 740 506**	2 620 208
Ceres Beverages	**1 813 904**	1 795 071
Other	**154 650**	215 121
A reconciliation of the segments' assets to the Group's assets is provided below:		
Segment assets per segment report	**11 187 240**	10 821 898
Adjusted for:		
Investments in joint ventures	**327 378**	268 296
Loans to joint ventures	**61 796**	63 737
Investment in associates	**19 267**	18 904
Available-for-sale financial assets	**70 027**	59 044
Loans receivable	**23 383**	20 730
Current and deferred income tax assets	**8 004**	78 427
Cash and cash equivalents	**1 213 178**	403 632
Total assets per statement of financial position	**12 910 273**	11 734 668
Total segment liabilities	**3 101 325**	2 588 204
Essential Foods	**1 424 716**	1 189 035
Quantum Foods	**370 975**	284 056
Bokomo Foods	**710 336**	458 153
Ceres Beverages	**376 514**	418 228
Other	**218 784**	238 732

GROUP

	2014 R'000	2013 Restated R'000
45. Segment information (continued)		
A reconciliation of the segments' liabilities to the Group's liabilities is provided below:		
Segment liabilities per segment report	**3 101 325**	2 588 204
Adjusted for:		
Non-current and current borrowings	**1 774 215**	1 839 041
Current and deferred income tax liabilities	**663 613**	701 680
Loan from joint venture	**15 740**	14 740
Dividends payable	**1 242 543**	336
Total liabilities per statement of financial position	**6 797 436**	5 144 001
Total segment capital expenditure (excluding business combinations)	**485 949**	1 063 057
Essential Foods	**322 543**	690 497
Quantum Foods	**44 552**	160 212
Bokomo Foods	**37 881**	84 327
Ceres Beverages	**49 449**	55 849
Other	**31 524**	72 172
Total segment capital expenditure (business combinations)		
Quantum Foods	**–**	323 473
Total segment depreciation and amortisation	**326 040**	372 845
Essential Foods	**155 383**	137 683
Quantum Foods	**–**	56 075
Bokomo Foods	**76 455**	70 540
Ceres Beverages	**64 762**	62 885
Other	**29 440**	45 662
Items of a capital nature per segment		
Profit/(loss) on disposal of property, plant and equipment before income tax	**352**	(3 813)
Essential Foods	**(2 283)**	(6 963)
Quantum Foods	**1 613**	1 058
Bokomo Foods	**(292)**	(485)
Ceres Beverages	**(2 315)**	(1 283)
Other	**3 629**	3 860
Profit on available-for-sale financial assets before income tax		
Other	**3 701**	16 336
Impairment of property, plant and equipment, intangible assets and loans before income tax	**(127 105)**	(232 814)
Quantum Foods	**(77 653)**	(232 000)
Ceres Beverages	**(47 753)**	–
Other	**(1 699)**	(814)
Items of a capital nature before income tax	**(123 052)**	(220 291)
Income tax effect	**33 199**	22 200
Items of a capital nature after income tax	**(89 853)**	(198 091)

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GROUP

	2014 R'000	2013 Restated R'000
45. Segment information (continued)		
Other material items of income or expenses per segment		
Inventory written off per segment	**143 751**	124 913
Essential Foods	**45 020**	41 425
Quantum Foods	**32 994**	26 453
Bokomo Foods	**42 820**	35 738
Ceres Beverages	**22 917**	21 297

Geographical information

The Group mainly operates in South Africa. Other operations are located in Africa with one subsidiary in the United Kingdom. Due to the immaterial extent of operations in individual foreign countries in relation to South Africa, these foreign countries were grouped together as a single geographical segment.

Revenue derived by Group companies domiciled in the Republic of South Africa is classified as revenue from South Africa. Revenue derived by Group companies domiciled in other countries is disclosed as foreign revenue. The same principles apply to segment assets and capital expenditure.

	2014 R'000	2013 Restated R'000
Segment revenue	**21 315 472**	19 824 118
South Africa	**20 414 205**	19 223 025
Foreign countries	**901 267**	601 093
Less: Internal revenue	**(25 522)**	(13 056)
South Africa	**(25 522)**	(10 717)
Foreign countries	**–**	(2 339)
External revenue	**21 289 950**	19 811 062
South Africa	**20 388 683**	19 212 308
Foreign countries	**901 267**	598 754
Total segment non-current assets*	**6 437 705**	6 368 406
South Africa	**5 895 018**	5 904 719
Foreign countries	**542 687**	463 687
Total segment capital expenditure (excluding business combinations)	**485 949**	1 063 057
South Africa	**470 725**	1 048 566
Foreign countries	**15 224**	14 491
Total segment capital expenditure (business combinations)	**–**	323 473
South Africa	**–**	193 838
Foreign countries	**–**	129 635

Note:
* Exclude deferred income tax and non-current financial instrument assets.

GROUP

	2014 R'000	2013 Restated R'000
45. Segment information (continued)		
Information regarding major customers		
During the period under review, revenue from certain customers exceeded 10% of Group revenue:		
Customer A	**3 867 711**	3 244 524
Customer B	**2 482 045**	2 124 991

Revenue from these customers is reported within all operating segments except other.

46. Events after the reporting period

Dividend

A final dividend of 156 cents (2013: 86 cents) per ordinary share has been declared for the year. This will only be reflected in the statement of changes in equity for the next reporting period.

The 10,599,988 Pioneer Foods shares issued to the Pioneer Foods Broad-Based BEE Trust during April 2012, is entitled to 20% of the final gross dividend payable i.e. 31.2 cents per share (2013: 17.2 cents).

Unbundling of interest in Quantum Foods

Shareholders were advised on SENS on 5 September 2014 and 18 September 2014 that the Board resolved to proceed with the unbundling of its interest in Quantum Foods and to list Quantum Foods as a separate entity on the JSE. Quantum Foods was subsequently listed on the JSE on 6 October 2014.

Other events

No other events that may have a material effect on the Group occurred after the end of the reporting period and up to the date of approval of the annual financial statements by the Board.

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GROUP

	Name of subsidiary (Pty) Ltd (except where indicated otherwise)	Country of incorporation	Issued share capital of subsidiary 2014 R (except where indicated otherwise)	2013 R	Percentage interest 2014 %	2013 %
47.	**Interest in subsidiaries**					
47.1	***Manufacturing***					
	Bokomo Foods (UK) Ltd	United Kingdom	**GBP3 000 120**	GBP3 000 120	**100**	100
	Bokomo Uganda	Uganda	**UGX335 400 500**	UGX335 400 500	**100**	100
	Bokomo Zambia Ltd	Zambia				
	– Ordinary shares		**ZMK96 800**	ZMK96 800	**100**	100
	– Preference shares		**ZMK200**	ZMK200	**100**	100
	Ceres Fruit Juices	South Africa	**100 000**	100 000	**100**	100
	Continental Beverages•	South Africa	**1 000**	1 000	**100**	100
	Grain Health Foods (UK) Ltd*	United Kingdom	**–**	GBP1	**–**	100
	Lohmann Breeding SA	South Africa	**100**	100	**100**	100
	Maitland Vinegar Works	South Africa	**460 593**	460 593	**75**	75
	Pioneer Foods	South Africa	**252**	252	**100**	100
	Quantum Foods Holdings Ltd	South Africa	**1 585 385 564**	–	**100**	–
	Quantum Foods	South Africa	**1 585 385 564**	–	**100**	–
	Quantum Foods Zambia Ltd	Zambia	**ZMK6 000**	–	**100**	–
	Retail Brands Interafrica	South Africa	**2 963 838 244**	1 000	**100**	100
	Philadelphia Chick Breeders	South Africa	**900**	900	**100**	100
47.2	***Properties and letting***					
	Sasned#	South Africa	**2**	2	**100**	100
47.3	***Investments***					
	Ceres Fruit Juices Investment Holdings#	South Africa	**1**	200	**100**	100
	Ceres Investment Company#	South Africa	**1**	195 000	**100**	100
	Pioneer Foods Holdings Ltd	South Africa	**220**	220	**100**	100
47.4	***Services***					
	Sasguard Insurance Company Ltd	South Africa	**30 000**	30 000	**100**	100

Notes:
- • Dormant at 30 September 2014 after assets and liabilities were sold to another Group legal entity in terms of section 44 of the Income Tax Act, Act 58 of 1962.
- * Dissolved at 30 September 2014.
- # Dormant at 30 September 2014.

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GROUP

	Name of joint venture (Pty) Ltd	Country of incorporation	Percentage interest 2014 %	2013 %
48.	**Interest in joint ventures**			
48.1	***Manufacturing***			
	Alpen Food Company South Africa*	South Africa	**50**	50
	Bokomo Botswana**	Botswana	**50**	50
	Bokomo Namibia**	Namibia	**50**	50
	Bowman Ingredients (SA)***	South Africa	**50**	50
	Heinz Foods SA****	South Africa	**50**	50
48.2	***Properties and letting***			
	Amigear Ventures*****	Botswana	**49**	49

Nature of business:
- * Cereals.
- ** Wheat and maize milling, production of eggs and distribution of Group products.
- *** Food ingredients for industrial customers.
- **** Condiments and convenience foods.
- ***** Leases farming properties to Bokomo Botswana.

GROUP

	Name of associate (Pty) Ltd	Country of incorporation	Percentage interest 2014 %	2013 %
49.	**Investment in associates**			
	Farming			
	Bergsig Breeders	South Africa	**28**	28
	Mynsar Eggs#	South Africa	**35**	35
	Cottesloe Consultants	Botswana	**25**	25

Note:
\# Dormant at 30 September 2014.

GROUP

		Capital R'000	Interest R'000	Total R'000
50.	**Maturity analysis of financial liabilities**			
	30 September 2014			
	Not later than 1 year			
	Borrowings excluding bank overdrafts and call loans	**65 671**	**121 103**	**186 774**
	Trade and other payables	**2 030 479**	**–**	**2 030 479**
	Other derivative financial instruments	**9 681**	**–**	**9 681**
	Dividends payable	**1 242 543**	**–**	**1 242 543**
	Loan from joint venture	**15 740**	**905**	**16 645**
	Financial guarantees	**46 877**	**–**	**46 877**
		3 410 991	**122 008**	**3 532 999**
	Between 1 and 2 years			
	Borrowings excluding bank overdrafts and call loans	**408 775**	**121 547**	**530 322**
		408 775	**121 547**	**530 322**
	More than 2 years			
	Borrowings excluding bank overdrafts and call loans	**1 104 718**	**211 515**	**1 316 233**
		1 104 718	**211 515**	**1 316 233**
	Total			
	Borrowings excluding bank overdrafts and call loans	**1 579 164**	**454 165**	**2 033 329**
	Trade and other payables	**2 030 479**	**–**	**2 030 479**
	Other derivative financial instruments	**9 681**	**–**	**9 681**
	Dividends payable	**1 242 543**	**–**	**1 242 543**
	Loan from joint venture	**15 740**	**905**	**16 645**
	Financial guarantees	**46 877**	**–**	**46 877**
		4 924 484	**455 070**	**5 379 554**

Note: Financial liabilities do not include provisions, accrual for 13th cheque, deferred revenue, government grants, accrual for leave and VAT amounts payable.

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GROUP

		Capital R'000	Interest R'000	Total R'000
50.	**Maturity analysis of financial liabilities (continued)**			
	30 September 2013			
	Restated			
	Not later than 1 year			
	Borrowings excluding bank overdrafts and call loans	43 794	106 857	150 651
	Trade and other payables	1 721 618	–	1 721 618
	Other derivative financial instruments	6 241	–	6 241
	Dividends payable	336	–	336
	Loan from joint venture	14 740	737	15 477
	Financial guarantees	46 825	–	46 825
		1 833 554	107 594	1 941 148
	Between 1 and 2 years			
	Borrowings excluding bank overdrafts and call loans	3 676	106 705	110 381
		3 676	106 705	110 381
	More than 2 years			
	Borrowings excluding bank overdrafts and call loans	1 453 553	285 718	1 739 271
		1 453 553	285 718	1 739 271
	Total			
	Borrowings excluding bank overdrafts and call loans	1 501 023	499 280	2 000 303
	Trade and other payables	1 721 618	–	1 721 618
	Other derivative financial instruments	6 241	–	6 241
	Dividends payable	336	–	336
	Loan from joint venture	14 740	737	15 477
	Financial guarantees	46 825	–	46 825
		3 290 783	500 017	3 790 800

Note: Financial liabilities do not include provisions, accrual for 13th cheque, deferred revenue, government grants, accrual for leave and VAT amounts payable.

GROUP

		Loans and receivables R'000	Assets at fair value through profit or loss R'000	Available-for-sale R'000	Total R'000
51.	**Financial instruments by category**				
	30 September 2014				
	Assets as per statement of financial position				
	Loans to joint ventures	**61 796**	**–**	**–**	**61 796**
	Available-for-sale financial assets	**–**	**–**	**70 025**	**70 025**
	Derivative financial instruments	**–**	**14 945**	**–**	**14 945**
	Trade and other receivables (refer to note 1 below)	**1 770 370**	**–**	**–**	**1 770 370**
	Cash and cash equivalents	**1 107 618**	**–**	**–**	**1 107 618**
	Total	**2 939 784**	**14 945**	**70 025**	**3 024 754**

	Liabilities at fair value through profit or loss R'000	Derivatives used for hedging R'000	Other financial liabilities R'000	Total R'000
Liabilities as per statement of financial position				
Borrowings	**–**	**–**	**1 774 215**	**1 774 215**
Derivative financial instruments	**6 467**	**3 214**	**–**	**9 681**
Trade and other payables (refer to note 2 below)	**–**	**–**	**2 030 479**	**2 030 479**
Dividends payable	**–**	**–**	**1 242 543**	**1 242 543**
Loan from joint venture	**–**	**–**	**15 740**	**15 740**
Total	**6 467**	**3 214**	**5 062 977**	**5 072 658**

Note 1: Financial assets do not include prepaid expenses and VAT amounts receivable.
Note 2: Financial liabilities do not include provisions, deferred revenue, government grants, accrual for 13th cheque, accrual for leave and VAT amounts payable.

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GROUP

	Loans and receivables R'000	Assets at fair value through profit or loss R'000	Derivatives used for hedging R'000	Available-for-sale R'000	Total R'000
51. Financial instruments by category (continued)					
30 September 2013					
Restated					
Assets as per statement of financial position					
Loans to joint ventures	63 737	–	–	–	63 737
Available-for-sale financial assets	–	–	–	59 042	59 042
Derivative financial instruments	–	8 649	1 903	–	10 552
Trade and other receivables (refer to note 1 below)	1 596 556	–	–	–	1 596 556
Cash and cash equivalents	379 043	–	–	–	379 043
Total	2 039 336	8 649	1 903	59 042	2 108 930

	Liabilities at fair value through profit or loss R'000	Other financial liabilities R'000	Total R'000
Liabilities as per statement of financial position			
Borrowings	–	1 839 034	1 839 034
Derivative financial instruments	6 241	–	6 241
Trade and other payables (refer to note 2 below)	–	1 721 618	1 721 618
Dividends payable	–	336	336
Loan from joint venture	–	14 740	14 740
Total	6 241	3 575 728	3 581 969

Note 1: Financial assets do not include prepaid expenses and VAT amounts receivable.
Note 2: Financial liabilities do not include provisions, deferred revenue, government grants, accrual for 13th cheque, accrual for leave and VAT amounts payable.

GROUP

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
52. Fair value categories of assets and liabilities measured at fair value				
30 September 2014				
Assets measured at fair value				
Available-for-sale financial assets				
– Listed securities	**68 617**	**–**	**–**	**68 617**
– Unlisted securities	**–**	**1 408**	**–**	**1 408**
Derivative financial instruments				
– Foreign exchange contracts	**–**	**14 258**	**–**	**14 258**
– Embedded derivatives	**–**	**687**	**–**	**687**
Biological assets				
– Vineyards	**–**	**–**	**16 017**	**16 017**
Assets of disposal group classified as held for sale	**–**	**–**	**2 066 829**	**2 066 829**
Total	**68 617**	**16 353**	**2 082 846**	**2 167 816**
Liabilities measured at fair value				
Derivative financial instruments				
– Foreign exchange contracts	**–**	**9 681**	**–**	**9 681**
Dividend in specie – unbundling of Quantum Foods	**–**	**–**	**1 242 220**	**1 242 220**
Liabilities of disposal group classified as held for sale	**–**	**–**	**568 111**	**568 111**
Total	**–**	**9 681**	**1 810 331**	**1 820 012**

Note: There were no transfers between level 1 and level 2 during the period.

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GROUP

		Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
52.	**Fair value categories of assets and liabilities measured at fair value (continued)**				
	30 September 2013				
	Restated				
	Assets measured at fair value				
	Available-for-sale financial assets				
	– Listed securities	58 418	–	–	58 418
	– Unlisted securities	–	624	–	624
	Derivative financial instruments				
	– Foreign exchange contracts	–	10 237	–	10 237
	– Embedded derivatives	–	315	–	315
	Biological assets				
	– Vineyards	–	–	16 017	16 017
	Assets of disposal group classified as held for sale	–	–	1 953 433	1 953 433
	Total	58 418	11 176	1 969 450	2 039 044
	Liabilities measured at fair value				
	Derivative financial instruments				
	– Foreign exchange contracts	–	6 183	–	6 183
	– Futures – fair value hedges	–	58	–	58
	Liabilities of disposal group classified as held for sale	–	–	482 017	482 017
	Total	–	6 241	482 017	488 258

Note: There were no transfers between level 1 and level 2 during the period.

GROUP

53. Shareholder information
Shareholder spread

Category	Number of ordinary shareholders	% of shareholders	Number of ordinary shares	% of total ordinary shares
Ordinary shares				
Individuals	3 865	75.4	21 200 833	9.2
Nominees and trusts	659	12.8	12 917 687	5.6
Investment companies and corporate bodies	607	11.8	197 573 361	85.2
	5 131	100.0	231 691 881	100.0
Non-public/public shareholders				
Pursuant to the JSE Listings Requirements and to the best knowledge of the directors, after reasonable enquiry, the spread of shareholders at 30 September 2014, is as follows:				
Analysis of shareholding – ordinary shares				
Public shareholding				
Major shareholders				
Government Employees Pension Fund	1	–	22 990 261	9.9
Thembeka Capital Ltd	1	–	9 326 640	4.0
Other shareholders	5 119	99.9	113 194 280	48.8
Non-public shareholding				
Major shareholders				
Zeder Investments Ltd (Note)	1	–	55 627 707	24.0
Pioneer Foods (Pty) Ltd	1	–	17 982 056	7.8
Other shareholders				
Pioneer Foods Broad-Based BEE Trust	1	–	10 599 988	4.6
Pioneer Foods Share Incentive Trust	1	–	1 110 213	0.5
Directors (including subsidiary directors)	6	0.1	860 736	0.4
	5 131	100.0	231 691 881	100.0
Distribution of ordinary shareholders				
Number of shares				
1 – 1 000 shares	2 668	52.0	873 718	0.4
1 001 – 10 000 shares	1 583	30.9	5 902 879	2.5
10 001 – 50 000 shares	580	11.3	13 303 803	5.7
50 001 – 100 000 shares	120	2.3	8 607 739	3.7
100 001 – 500 000 shares	130	2.5	28 087 491	12.1
500 001 shares and over	50	1.0	174 916 251	75.6
	5 131	100.0	231 691 881	100.0

Note: The ultimate holding company, after the Agri Voedsel transaction was approved in September 2014 and finally implemented in October 2014.

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for the year ended 30 September 2014

GROUP

54. Restatement of financial information for comparative periods

54.1 Impact of the application of IFRS 11

In terms of IFRS 11 – Joint Arrangements, the Group ceased to consolidate its investments in joint ventures proportionately and now accounts for these investments using the equity method in accordance with IAS 28 – Investments in Associates and Joint Ventures.

The Group applied the change in accounting policy in accordance with the transitional provisions of IFRS 11 from the beginning of the earliest period presented (1 October 2012). The Group recognised the investment in joint ventures as at 1 October 2012 as the aggregate of the carrying amounts of the assets and liabilities that were previously proportionately consolidated. This is the deemed cost of the Group's investment in its joint ventures at initial recognition for purposes of applying equity accounting.

As per the requirements of IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, the relevant comparative information has been restated.

54.2 Impact of the application of IAS 19 (revised)

IAS 19 (revised) makes a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans.

IAS 19 (revised):

- eliminates the 'corridor method' and requires the recognition of remeasurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income;
- changes the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest cost based on the net defined benefit asset or liability;
- enhances disclosures, including more information about the characteristics of defined benefit plans and related risks.

IAS 19 (revised) has been applied retrospectively in accordance with its transitional provisions. Consequently, the Group has restated its reported results throughout the comparative periods presented and reports the cumulative effect as at 1 October 2012 as an adjustment to opening equity.

The effects of the application of IFRS 11 and IAS 19 (revised) are reflected below.

54.3 Reclassification of line items of statement of comprehensive income

During the current year the Group have reallocated certain customer advertising expenditure from marketing costs to revenue. The reason for the reclassification is to reflect more appropriately the way in which economic benefits are derived from customer advertising expenditure.

GROUP

		Change in accounting policy				
	Previously reported R'000	**IFRS 11 R'000**	**IFRS 5 R'000**	**IAS 19 R'000**	**Reclassi-fication R'000**	**Restated R'000**
54. Restatement of financial information for comparative periods (continued)						
Statement of comprehensive income for the year ended 30 September 2013						
Continuing operations						
Revenue	16 992 253	(674 908)	(11 216)	–	(65 152)	16 240 977
Cost of goods sold	(11 985 759)	446 974	11 216	–	–	(11 527 569)
Gross profit	5 006 494	(227 934)	–	–	(65 152)	4 713 408
Other income	132 427	(1 866)	–	–	–	130 561
Other gains/(losses) – net	7 119	(1 893)	–	–	–	5 226
Sales and distribution costs	(2 179 065)	80 138	–	–	–	(2 098 927)
Marketing costs	(373 518)	13 245	–	–	65 152	(295 121)
Administrative expenses	(604 081)	25 523	–	–	–	(578 558)
Other operating expenses	(934 032)	62 146	–	2 087	–	(869 799)
Items of a capital nature	(2 249)	12 900	–	–	–	10 651
Operating profit	1 053 095	(37 741)	–	2 087	–	1 017 441
Investment income	18 255	4 295	–	–	–	22 550
Finance costs	(128 633)	3 141	–	–	–	(125 492)
Share of profit of joint ventures	–	23 698	–	–	–	23 698
Share of profit of associated companies	976	–	–	–	–	976
Profit before income tax	943 693	(6 607)	–	2 087	–	939 173
Income tax expense	(245 151)	6 607		(162)	–	(238 706)
Profit for the year from continuing operations	698 542	–	–	1 925	–	700 467
Discontinued operations						
Loss for the year from discontinued operations (attributable to owners of the parent)	(200 385)	–	–	–	–	(200 385)
Profit for the year	498 157	–	–	1 925	–	500 082

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for the year ended 30 September 2014

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	Previously reported R'000	Change in accounting policy IFRS 11 R'000	IFRS 5 R'000	IAS 19 R'000	Reclassification R'000	Restated R'000
54. Restatement of financial information for comparative periods (continued)						
Statement of comprehensive income for the year ended 30 September 2013 (continued)						
Other comprehensive income/(loss) for the year						
Items that will not be reclassified to profit or loss:						
Remeasurement of post-retirement medical benefit obligations	–	–	–	(1 506)	–	(1 506)
Items that may subsequently be reclassified to profit or loss:						
Fair value adjustments to cash flow hedging reserve	17 341	–	–	–	–	17 341
For the year	(13 651)	–	–	–	–	(13 651)
Current income tax effect	4 355	–	–	–	–	4 355
Deferred income tax effect	(533)	–	–	–	–	(533)
Reclassified to profit or loss	37 737	–	–	–	–	37 737
Current income tax effect	(10 707)	–	–	–	–	(10 707)
Deferred income tax effect	140	–	–	–	–	140
Fair value adjustments on available-for-sale financial assets	754	–	–	–	–	754
For the year	18 793	–	–	–	–	18 793
Deferred income tax effect	(1 702)	–	–	–	–	(1 702)
Reclassified to profit or loss	(16 337)	–	–	–	–	(16 337)
Share of other comprehensive income of investments accounted for using the equity method	–	6 497	–	–	–	6 497
Movement on foreign currency translation reserve						
Currency translation differences	62 221	(6 497)	–	–	–	55 724
Total comprehensive income for the year	578 473	–	–	419	–	578 892

GROUP

	Previously reported R'000	Change in accounting policy IFRS 11 R'000	IFRS 5 R'000	IAS 19 R'000	Reclassification R'000	Restated R'000
54. Restatement of financial information for comparative periods (continued)						
Statement of comprehensive income for the year ended 30 September 2013 (continued)						
Profit/(loss) for the year attributable to:						
Owners of the parent						
For continuing operations	697 044	–	–	1 925	–	698 969
For discontinued operations	(200 385)	–	–	–	–	(200 385)
Non-controlling interest						
For continuing operations	1 498	–	–	–	–	1 498
	498 157	–	–	1 925	–	500 082
Total comprehensive income for the year attributable to:						
Owners of the parent						
For continuing operations	752 064	–	–	419	–	752 483
For discontinued operations	(175 089)	–	–	–	–	(175 089)
Non-controlling interest						
For continuing operations	1 498	–	–	–	–	1 498
	578 473	–	–	419	–	578 892
Earnings per ordinary share (cents)						
For continuing operations	384.5	–	–	1.0	–	385.5
For discontinued operations	(110.5)	–	–	–	–	(110.5)
	274.0	–	–	1.0	–	275.0
Diluted earnings per ordinary share (cents)						
For continuing operations	375.2	–	–	1.1	–	376.3
For discontinued operations	(107.9)	–	–	–	–	(107.9)
	267.3	–	–	1.1	–	268.4

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GROUP

	Previously reported R'000	Change in accounting policy IFRS 11 R'000	Change in accounting policy IAS 19 R'000	Restated R'000
54. Restatement of financial information for comparative periods (continued)				
Statement of financial position				
as at 30 September 2013				
ASSETS				
Non-current assets	5 275 819	89 286	–	5 365 105
Property, plant and equipment	4 363 125	(200 534)	–	4 162 591
Intangible assets	698 476	(10 033)	–	688 443
Biological assets	16 017	–	–	16 017
Investments in joint ventures	–	268 296	–	268 296
Loans to joint ventures	31 922	31 815	–	63 737
Investments in associates	12 106	–	–	12 106
Available-for-sale financial assets	59 042	–	–	59 042
Trade and other receivables	20 876	(146)	–	20 730
Deferred income tax	74 255	(112)	–	74 143
Current assets	4 641 473	(225 343)	–	4 416 130
Inventories	2 491 207	(89 993)	–	2 401 214
Biological assets	8 448	(8 448)	–	–
Derivative financial instruments	10 978	(426)	–	10 552
Trade and other receivables	1 730 885	(106 267)	–	1 624 618
Current income tax	1 309	(606)	–	703
Cash and cash equivalents	398 646	(19 603)	–	379 043
Assets of disposal group classified as held for sale	1 953 433	–	–	1 953 433
Total assets	11 870 725	(136 057)	–	11 734 668

GROUP

	Previously reported R'000	Change in accounting policy IFRS 11 R'000	Change in accounting policy IAS 19 R'000	Restated R'000
54. Restatement of financial information for comparative periods (continued)				
Statement of financial position				
as at 30 September 2013 (continued)				
EQUITY AND LIABILITIES				
Capital and reserves attributable to owners of the parent	6 580 175	–	1 128	6 581 303
Share capital	23 101	–	–	23 101
Share premium	2 188 588	–	–	2 188 588
Treasury shares	(1 190 852)	–	–	(1 190 852)
Other reserves	426 330	–	–	426 330
Retained earnings	5 133 008	–	1 128	5 134 136
Non-controlling interest	9 364	–	–	9 364
Total equity	6 589 539	–	1 128	6 590 667
Non-current liabilities	2 344 171	(38 556)	(1 128)	2 304 487
Borrowings				
B-BBEE equity transaction third-party finance	449 680	–	–	449 680
Other	1 034 383	(26 834)	–	1 007 549
Deferred income tax	486 860	(11 722)	438	475 576
Share-based payment liability	251 424	–	–	251 424
Provisions for other liabilities and charges	121 824	–	(1 566)	120 258
Current liabilities	2 454 998	(97 501)	–	2 357 497
Trade and other payables	2 010 313	(84 088)	–	1 926 225
Current income tax	29 400	(1 250)	–	28 150
Borrowings	401 338	(19 533)	–	381 805
Loan from joint venture	7 370	7 370	–	14 740
Derivative financial instruments	6 241	–	–	6 241
Dividends payable	336	–	–	336
Liabilities of disposal group classified as held for sale	482 017	–	–	482 017
Total liabilities	5 281 186	(136 057)	(1 128)	5 144 001
Total equity and liabilities	11 870 725	(136 057)	–	11 734 668

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for the year ended 30 September 2014

GROUP

	Previously reported R'000	Change in accounting policy IFRS 11 R'000	Restated R'000
54. Restatement of financial information for comparative periods (continued)			
Statement of cash flows			
for the year ended 30 September 2013			
Net cash flow from operating activities			
Net cash profit from operating activities	1 623 338	(67 063)	1 556 275
Working capital changes	52 880	13 914	66 794
Cash effect from hedging activities	22 684	–	22 684
Accrual for Competition Commission penalties paid	(216 667)	–	(216 667)
Net cash generated from operations	1 482 235	(53 149)	1 429 086
Income tax paid	(243 078)	9 983	(233 095)
	1 239 157	(43 166)	1 195 991
Net cash flow from investment activities	(1 332 993)	45 795	(1 287 198)
Additions to property, plant and equipment	(799 912)	14 482	(785 430)
Replacements of property, plant and equipment	(242 497)	7 524	(234 973)
Additions to intangible assets	(42 654)	–	(42 654)
Proceeds on disposal of property, plant and equipment and intangible assets	28 417	(1 763)	26 654
Proceeds on disposal of available-for-sale financial assets	20 514	–	20 514
Business combinations	(315 009)	–	(315 009)
Loans repaid by joint ventures	8 033	8 005	16 038
Investment in available-for-sale financial assets and associates	(8 685)	–	(8 685)
Loans granted to other parties	(1 392)	(19)	(1 411)
Interest received	18 227	4 296	22 523
Dividends received	1 651	–	1 651
Dividends received from joint ventures	–	13 270	13 270
Dividends received from associates	314	–	314
Net cash flow before investment activities	(93 836)	2 629	(91 207)

GROUP

	Previously reported R'000	Change in accounting policy IFRS 11 R'000	Restated R'000
54. Restatement of financial information for comparative periods (continued)			
Statement of cash flows			
for the year ended 30 September 2013 (continued)			
Net cash flow before investment activities	(93 836)	2 629	(91 207)
Net cash flow from investment activities	(204 539)	4 351	(200 188)
Proceeds from new syndicated borrowings	1 870 000	–	1 870 000
Repayments of other borrowings	(1 699 979)	1 209	(1 698 770)
Treasury shares – share incentive trusts	18 662	–	18 662
Employee share scheme – transfer tax on share transactions	(307)	–	(307)
Employee share scheme – repurchase of class A ordinary shares from leavers	(32 736)	–	(32 736)
Interest paid	(145 966)	3 142	(142 824)
Dividends paid to Group ordinary shareholders	(211 500)	–	(211 500)
Dividends paid to class A ordinary shareholders	(2 713)	–	(2 713)
Net decrease in cash, cash equivalents and bank overdrafts	(298 375)	6 980	(291 395)
Net cash, cash equivalents and bank overdrafts at beginning of year	368 140	(11 131)	357 009
Net cash, cash equivalents and bank overdrafts at end of year	69 765	(4 151)	65 614
Net cash, cash equivalents and bank overdrafts at end of year			
From continuing operations	45 183	(4 151)	41 032
From discontinued operations	24 582	–	24 582
	69 765	(4 151)	65 614

Notes to the annual financial statements
for the year ended 30 September 2014

GROUP

	Previously reported R'000	Change in accounting policy IFRS 11 R'000	Change in accounting policy IAS 19 R'000	Restated R'000
54. Restatement of financial information for comparative periods (continued)				
Statement of financial position as at 30 September 2012				
ASSETS				
Non-current assets	5 526 559	77 311	–	5 603 870
Property, plant and equipment	4 641 535	(201 311)	–	4 440 224
Intangible assets	736 163	(12 030)	–	724 133
Biological assets	16 017	–	–	16 017
Investments in joint ventures	–	251 371	–	251 371
Loans to joint ventures	39 585	39 450	–	79 035
Investments in associates	17 315	–	–	17 315
Available-for-sale financial assets	52 759	–	–	52 759
Trade and other receivables	20 444	(165)	–	20 279
Deferred income tax	2 741	(4)	–	2 737
Current assets	5 079 658	(194 067)	–	4 885 591
Inventories	2 449 959	(89 873)	–	2 360 086
Biological assets	228 700	(7 110)	–	221 590
Derivative financial instruments	6 791	(461)	–	6 330
Trade and other receivables	2 014 325	(77 719)	–	1 936 606
Current income tax	4 237	(267)	–	3 970
Cash and cash equivalents	375 646	(18 637)	–	357 009
Total assets	10 606 217	(116 756)	–	10 489 461

GROUP

	Previously reported R'000	Change in accounting policy IFRS 11 R'000	Change in accounting policy IAS 19 R'000	Restated R'000
54. Restatement of financial information for comparative periods (continued)				
Statement of financial position as at 30 September 2012 (continued)				
EQUITY AND LIABILITIES				
Capital and reserves attributable to owners of the parent	6 184 902	–	709	6 185 611
Share capital	23 031	–	–	23 031
Share premium	2 171 791	–	–	2 171 791
Treasury shares	(1 207 545)	–	–	(1 207 545)
Other reserves	350 410	–	–	350 410
Retained earnings	4 847 215	–	709	4 847 924
Non-controlling interest	8 236	–	–	8 236
Total equity	6 193 138	–	709	6 193 847
Non-current liabilities	1 377 536	(34 157)	(709)	1 342 670
Borrowings				
B-BBEE equity transaction third-party finance	449 680	–	–	449 680
Other	48 042	(19 878)	–	28 164
Deferred income tax	652 371	(14 279)	276	638 368
Share-based payment liability	108 249	–	–	108 249
Provisions for other liabilities and charges	119 194	–	(985)	118 209
Current liabilities	3 035 543	(82 599)	–	2 952 944
Trade and other payables	1 933 006	(68 601)	–	1 864 405
Current income tax	4 716	(1 247)	–	3 469
Borrowings	871 701	(19 751)	–	851 950
Loan from joint venture	7 000	7 000	–	14 000
Derivative financial instruments	3 124	–	–	3 124
Dividends payable	515	–	–	515
Accrual for Competition Commission penalties	215 481	–	–	215 481
Total liabilities	4 413 079	(116 756)	(709)	4 295 614
Total equity and liabilities	10 606 217	(116 756)	–	10 489 461

Notes to the annual financial statements

for the year ended 30 September 2014

GROUP

		2014 R'000	2013 Restated R'000
55.	**Non-current assets held for sale and discontinued operations**		
	The assets and liabilities related to the Quantum Foods segment, which include the shares held in the wholly-owned subsidiaries Philadelphia Chick Breeders (Pty) Ltd, Lohmann Breeders SA (Pty) Ltd, Bokomo Uganda (Pty) Ltd, Quantum Foods (Pty) Ltd, Quantum Foods Holdings Ltd, Quantum Foods Zambia Ltd and Bokomo Zambia Ltd (included with Quantum Foods until 31 July 2014) have been presented as held for sale following the Group Board's decision to restructure the Group's interest in these businesses as advised on SENS on 5 September 2013. Pioneer Foods unbundled its interest in Quantum Foods to its shareholders and subsequently listed Quantum Foods as a separate legal entity on the JSE on 6 October 2014.		
	Assets of the disposal group classified as held for sale:		
	Property, plant and equipment	**1 075 554**	1 129 629
	Intangible assets	**7 188**	59
	Investment in associates	**6 112**	6 798
	Available-for-sale financial assets	**2**	2
	Inventory	**232 462**	235 948
	Biological assets	**292 371**	276 737
	Trade and other receivables	**343 538**	275 189
	Deferred income tax	**3 051**	3 119
	Derivative financial instruments	**991**	901
	Current income tax	**–**	462
	Cash and cash equivalents	**105 560**	24 589
		2 066 829	1 953 433
	Liabilities of the disposal group classified as held for sale:		
	Deferred income tax	**195 670**	196 281
	Provision for other liabilities and charges	**15 639**	9 294
	Trade and other payables	**355 337**	274 762
	Current income tax	**1 465**	1 673
	Borrowings	**–**	7
		568 111	482 017
	Hedging reserve	**238**	–
	Currency translation reserve	**7 271**	22 864

GROUP

		2014 R'000	2013 Restated R'000
55.	**Non-current assets held for sale and discontinued operations (continued)**		
	The results of discontinued operations and the results recognised on the remeasurement of the Quantum Foods disposal group are as follows:		
	Revenue	**3 591 339**	3 570 085
	Operating profit before items of a capital nature	**90 846**	1 298
	Items of a capital nature	**1 613**	1 058
	Investment income	**3 611**	1 624
	Finance costs	**(724)**	(766)
	Share of profit of associated companies	**595**	248
	Profit before income tax	**95 941**	3 462
	Income tax (expense)/income	**(20 697)**	4 251
	Profit after income tax	**75 244**	7 713
	Loss after income tax recognised on the remeasurement of assets of the disposal group	**(57 028)**	(208 098)
	Before income tax	**(77 653)**	(232 000)
	Income tax expense	**20 625**	23 902
	Profit/(loss) for the year from discontinued operations	**18 216**	(200 385)
	Other comprehensive income/(loss) for the year from discontinued operations		
	Fair value adjustments to cash flow hedging reserve		
	For the year	**331**	–
	Deferred income tax effect	**(93)**	–
	Currency translation differences	**(15 593)**	25 296
	Total comprehensive profit/(loss) for the year from discontinued operations	**2 861**	(175 089)
	Cash flow of the disposal group classified as held for sale:		
	Net cash flow from operating activities	**93 006**	90 778
	Net cash flow from investment activities	**(37 803)**	(469 613)
	Net cash flow from financing activities	**25 775**	391 334
	Net increase in cash, cash equivalents and bank overdrafts	**80 978**	12 499
	Net cash, cash equivalents and bank overdrafts at beginning of year	**24 582**	12 083
	Net cash, cash equivalents and bank overdrafts at end of year	**105 560**	24 582

56. Going concern

The Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing the financial statements.

FINANCIAL RESULTS – PIONEER FOOD GROUP LTD

Company financial statements
for the year ended 30 September 2014

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Statement of comprehensive income
for the year ended 30 September 2014

COMPANY

	Notes	2014 R'000	2013 R'000
Other income	3	7 157	2 968
Administrative expenses	4	(6 003)	(6 059)
Other operating expenses	4	(2 818)	(2 968)
Operating loss	4	(1 664)	(6 059)
Investment income	5	339 889	260 885
Profit before income tax		338 225	254 826
Income tax expense	6	(544)	(477)
Profit for the year		337 681	254 349
Other comprehensive income for the year		–	–
Total comprehensive income for the year		337 681	254 349
Profit for the year attributable to:			
Owners of the Company		337 681	254 349
Total comprehensive income for the year attributable to:			
Owners of the Company		337 681	254 349

Statement of financial position
as at 30 September 2014

COMPANY

	Notes	2014 R'000	2013 R'000
ASSETS			
Non-current assets			
Investment in subsidiaries	9	**2 828 696**	2 517 961
Current assets		**109 581**	315 820
Trade and other receivables	8	**4 535**	3 384
Loan to subsidiary	14	**89 748**	305 854
Current income tax		**37**	–
Cash and cash equivalents	10	**15 261**	6 582
Total assets		**2 938 277**	2 833 781
EQUITY AND LIABILITIES			
Capital and reserves attributable to owners of the Company		**1 084 613**	2 580 330
Share capital – Ordinary shares	11	**22 109**	22 040
Share capital – Class A ordinary shares	11	**605**	737
Share premium		**2 181 458**	2 189 612
Other reserves		**198 628**	198 628
Retained (loss)/earnings		**(1 318 187)**	169 313
Non-current liabilities			
Share-based payment liability	12	**245 178**	251 424
Current liabilities		**1 608 486**	2 027
Share-based payment liability	12	**115 794**	–
Trade and other payables	13	**1 152**	1 681
Current income tax		**–**	10
Dividends payable		**1 491 540**	336
Total liabilities		**1 853 664**	253 451
Total equity and liabilities		**2 938 277**	2 833 781

Statement of changes in equity
for the year ended 30 September 2014

COMPANY

	Share capital ordinary shares R'000	Share capital class A ordinary shares R'000	Share premium R'000	Equity com-pensation reserve R'000	Retained (loss)/ earnings R'000	Total R'000
Balance as at 1 October 2013	**22 040**	**737**	**2 189 612**	**198 628**	**169 313**	**2 580 330**
Profit for the year	**–**	**–**	**–**	**–**	**337 681**	**337 681**
Share appreciation rights scheme – issue of ordinary shares	**69**	**–**	**66 702**	**–**	**–**	**66 771**
Employee share scheme – repurchase of class A ordinary shares from leavers	**–**	**(132)**	**(74 856)**	**–**	**–**	**(74 988)**
Interim dividend for 2014	**–**	**–**	**–**	**–**	**(143 601)**	**(143 601)**
Final dividend for 2013	**–**	**–**	**–**	**–**	**(189 727)**	**(189 727)**
Dividend in specie – unbundling of Quantum Foods	**–**	**–**	**–**	**–**	**(1 491 217)**	**(1 491 217)**
Employee share scheme – transfer tax on share transactions	**–**	**–**	**–**	**–**	**(636)**	**(636)**
Balance as at 30 September 2014	**22 109**	**605**	**2 181 458**	**198 628**	**(1 318 187)**	**1 084 613**
Balance as at 1 October 2012	21 971	820	2 172 733	198 628	170 565	2 564 717
Profit for the year	–	–	–	–	254 349	254 349
Share appreciation rights scheme – issue of ordinary shares	69	–	49 533	–	–	49 602
Employee share scheme – repurchase of class A ordinary shares from leavers	–	(83)	(32 654)	–	–	(32 737)
Interim dividend for 2013	–	–	–	–	(101 352)	(101 352)
Final dividend for 2012	–	–	–	–	(153 942)	(153 942)
Employee share scheme – transfer tax on share transactions	–	–	–	–	(307)	(307)
Balance as at 30 September 2013	22 040	737	2 189 612	198 628	169 313	2 580 330

Statement of cash flows

for the year ended 30 September 2014

COMPANY

	Notes	2014 R'000	2013 R'000
NET CASH FLOW FROM OPERATING ACTIVITIES		**(3 935)**	(5 830)
Net cash loss from operating activities	15	**(1 664)**	(6 059)
Working capital changes	16	**(1 680)**	780
Income tax paid	17	**(591)**	(551)
NET CASH FLOW FROM INVESTMENT ACTIVITIES		**357 742**	237 807
Loans repaid by/(granted to) related party		**216 106**	(23 078)
Investment in subsidiaries	9	**(198 253)**	–
Interest received	5	**425**	418
Dividends received	5	**339 464**	260 467
NET CASH FLOW FROM FINANCING ACTIVITIES		**(345 128)**	(241 628)
Share appreciation rights – issue of ordinary shares		**66 771**	49 602
Class A ordinary shares bought back and transfer tax on employee share scheme transactions		**(75 624)**	(33 044)
Dividends paid to ordinary shareholders	18	**(333 341)**	(255 473)
Dividends paid to class A ordinary shareholders	18	**(2 934)**	(2 713)
Net increase/(decrease) in cash and cash equivalents		**8 679**	(9 651)
Net cash and cash equivalents at beginning of year		**6 582**	16 233
Net cash and cash equivalents at end of year	10	**15 261**	6 582

Notes to the financial statements

for the year ended 30 September 2014

COMPANY

		2014 R'000	2013 R'000
1.	**Accounting policies**		
	The Company applies the same principal accounting policies as the Group in the preparation of these financial statements. Refer to note 1 of the Group financial statements.		
	These stand-alone financial statements include the financial position and results of the Pioneer Foods Education and Community Trust and the Pioneer Foods Broad-Based BEE Trust, since these trusts act as agents on behalf of the Company.		
2.	**Critical accounting estimates and judgements**		
	The Company applies the same accounting estimates and judgements as the Group. Refer to note 2 of the Group financial statements.		
3.	**Other income**		
	Administration fees received	**2 818**	2 968
	Grant received by the Pioneer Foods Education and Community Trust	**4 339**	–
		7 157	2 968
4.	**Operating loss**		
	The operating loss is calculated after taking into account other income (refer to note 3), as well as the following:		
	Auditors' remuneration		
	Audit – current year	**435**	409
	Audit – under provision previous year	**–**	5
	Tax-related services	**–**	43
	Other consulting services	**–**	23
	Technical services from non-employees	**1 089**	2 490
	Legal fees	**222**	367
	Shareholder communication	**2 107**	2 054
	Directors' remuneration (refer to note 14)	**2 818**	2 749
5.	**Investment income**		
	Interest income on financial assets: loans and receivables		
	Call accounts and other	**425**	418
	Dividends received		
	Unlisted shares in subsidiary: Pioneer Foods Holdings Ltd	**339 464**	260 467
		339 889	260 885
6.	**Income tax expense**		
	Current income tax		
	Current year	**64**	108
	Withholding tax on dividends		
	Current year	**480**	369
		544	477

Notes to the financial statements

for the year ended 30 September 2014

COMPANY

		2014 %	2013 %
6.	**Income tax expense (continued)**		
	The income tax on the Company's profit before income tax differs from the theoretical amount that would arise using the statutory rate of 28% (2013: 28%) as follows:		
	Standard rate for companies	**28.0**	28.0
	Increase/(decrease) in rate:		
	Exempt income	**(28.5)**	(28.6)
	Withholding tax on dividends	**0.1**	0.1
	Non-deductible expenditure	**0.6**	0.7
	Effective rate	**0.2**	0.2

		R'000	R'000
7.	**Dividend per ordinary share**		
	Interim		
	65.0 cents (2013: 46.0 cents) per ordinary share	**143 601**	101 352
	Final		
	156.0 cents (2013: 86 cents) per ordinary share	**344 903**	189 727
	Dividend in specie – unbundling of Quantum Foods	**1 491 217**	–
		1 979 721	291 079

Dividends payable are not accounted for until they have been declared by the Board of directors. The statement of changes in equity does not reflect the final dividend payable. The final dividend will be accounted for as an appropriation of retained earnings in the following year. Withholding tax on dividends ("DWT") became effective from 1 April 2012 at a rate of 15%.

Shareholders were advised on SENS on 5 September 2014 and 18 September 2014 that the Board has resolved to proceed with the unbundling of its interest in Quantum Foods and to list Quantum Foods as a separate entity on the JSE. Quantum Foods was listed on the JSE on 6 October 2014. The unbundling has been accounted for as a *dividend in specie* at fair value in accordance with IFRIC 17 – Distributions of Non-cash Assets to Owners. IFRIC 17 requires distributions within its scope to be measured at the fair value of the assets to be distributed at the date when the dividend is appropriately authorised and is no longer at the entity's discretion. Consequently an amount of R1,491,216,659, representing the fair value of the dividend attributable to external shareholders, has been accounted for as a dividend payable to shareholders at 30 September 2014.

The total rand value of the final dividend for the year is an approximate amount. The exact amount is dependent on the number of shares in issue at the record date. The final dividend of the prior year was restated to the actual amount paid.

COMPANY

		2014 R'000	2013 R'000
8.	**Trade and other receivables**		
	Prepayments	**103**	–
	Receivables from related parties (refer to note 14)	**4 432**	3 384
		4 535	3 384
9.	**Investment in subsidiaries**		
	Unlisted – at cost		
	Pioneer Foods Holdings Ltd	**–**	–
	Quantum Foods Holdings Ltd	**198 253**	–
	Capital contribution towards subsidiaries		
	Pioneer Foods Holdings Ltd	**2 206 660**	2 206 660
	Pioneer Foods (Pty) Ltd	**367 521**	280 268
	Ceres Fruit Juices (Pty) Ltd	**56 262**	31 033
		2 828 696	2 517 961
10.	**Cash and cash equivalents**		
	Cash at bank	**9 117**	4 306
	Short-term bank deposits	**6 144**	2 276
		15 261	6 582
	For the purposes of the statement of cash flows, the year-end cash, cash equivalents and bank overdrafts comprise the following:		
	Cash and short-term deposits	**15 261**	6 582

Notes to the financial statements
for the year ended 30 September 2014

COMPANY

	2014 Number	2013 Number
11. Share capital		
Issued and fully paid – number of ordinary listed shares		
At beginning of year	**220 406 859**	219 714 498
Shares issued in terms of management share appreciation rights scheme	**685 034**	692 361
At end of year	**221 091 893**	220 406 859

Shares issued in terms of the share appreciation rights scheme

During the year 685,034 (2013: 692,361) listed ordinary shares of 10 cents each were issued at an average of R97.47 (2013: R71.64) per share in terms of the management share appreciation rights scheme.

Shares issued in terms of the B-BBEE equity transaction

In terms of the B-BBEE equity transaction in 2012, 17,488,631 and 603,030 listed ordinary shares of 10 cents each were issued at R55.14 and R58.04 to BEE strategic partners and current and former BEE directors respectively. A further 10,599,988 shares were issued to the Pioneer Foods Broad-Based BEE Trust at a subscription price of R0.10 per share.

The shares issued to the Pioneer Foods Broad-Based BEE Trust is consolidated in terms of IFRS since the Pioneer Foods Broad-Based BEE Trust acts as an agent on behalf of the Company.

	2014 Number	2013 Number
Issued and fully paid – number of ordinary unlisted class A shares		
At beginning of year	**7 367 360**	8 198 120
Shares bought back and cancelled	**(1 323 420)**	(830 760)
At end of year	**6 043 940**	7 367 360

During 2006 the Company introduced a broad-based employee share scheme for all employees other than management qualifying for the share-based compensation scheme. 18,130,000 class A ordinary shares of 10 cents each were authorised. The issued shares are all held by the employee share scheme trust.

During the year the Company bought back 1,323,420 (2013: 830,760) class A ordinary shares at an average premium of R56.56 (2013: R39.31) per share in addition to the par value of R0.10 per share.

Class A ordinary shares are not listed on the JSE Ltd. These shares have full voting rights, similar to those of the ordinary shares. Refer to note 22 of the Group financial statements for further detail.

COMPANY

	2014 R'000	2013 R'000
12. Share-based payment liability		
Balance at beginning of year	**251 424**	108 249
Share-based payment and repurchase of class A ordinary shares from leavers	**112 482**	145 888
Dividends paid on class A ordinary shares	**(2 934)**	(2 713)
	360 972	251 424
For the purposes of the statement of financial position the share-based payment liability is presented as follows:		
Non-current portion	**245 178**	251 424
Current portion	**115 794**	–
	360 972	251 424
13. Trade and other payables		
Trade payables	**308**	1 100
Accrued expenses	**137**	–
Value-added tax	**273**	166
Other	**434**	415
	1 152	1 681
14. Related-party transactions		
During the financial year the Company conducted the following transactions with its subsidiaries:		
Rendering of services		
Administration fees charged to Pioneer Foods (Pty) Ltd	**2 818**	2 968
Income received from related party		
Income received from Pioneer Foods (Pty) Ltd	**4 339**	–
Receivables from related party		
Receivables from Pioneer Foods (Pty) Ltd	**3 212**	3 384
Receivables from Quantum Foods (Pty) Ltd	**1 220**	–
	4 432	3 384
Loan to related party		
Loan to Pioneer Foods (Pty) Ltd		
Beginning of year	**305 854**	282 776
Loans advanced during the year	**(739 964)**	(311 786)
Loans repaid during the year	**523 858**	334 864
End of year	**89 748**	305 854

Unsecured interest-free loan with no fixed terms of repayment.

Notes to the financial statements
for the year ended 30 September 2014

COMPANY

		2014 R'000	2013 R'000
14.	**Related-party transactions (continued)**		
	Key management personnel compensation		
	Non-executive directors		
	Fees	**2 818**	2 749
15.	**Net cash loss from operating activities**		
	Reconciliation of profit before income tax and cash loss from operating activities:		
	Profit before income tax	**338 225**	254 826
	Adjusted for:		
	Dividends received	**(339 464)**	(260 467)
	Interest received	**(425)**	(418)
		(1 664)	(6 059)
16.	**Working capital changes**		
	Increase in trade and other receivables	**(1 151)**	(354)
	(Decrease)/increase in trade and other payables	**(529)**	1 134
		(1 680)	780
17.	**Income tax paid**		
	Amounts unpaid at beginning of year	**(10)**	(84)
	As disclosed in profit or loss	**(544)**	(477)
	Amounts (receivable)/unpaid at end of year	**(37)**	10
		(591)	(551)
18.	**Dividends paid**		
	Ordinary shareholders		
	Amounts unpaid at beginning of year	**(336)**	(515)
	As disclosed in statement of changes in equity	**(1 824 545)**	(255 294)
	Amounts unpaid at end of year	**1 491 540**	336
		(333 341)	(255 473)
	Class A ordinary shareholders		
	As accounted for against share-based payment liability	**(2 934)**	(2 713)

COMPANY

		Capital R'000	Interest R'000	Total R'000
19.	**Maturity analysis of financial liabilities**			
	30 September 2014			
	Not later than 1 year			
	Trade and other payables	**879**	**–**	**879**
	Dividends payable	**1 491 540**	**–**	**1 491 540**
		1 492 419	**–**	**1 492 419**
	30 September 2013			
	Not later than 1 year			
	Trade and other payables	1 515	–	1 515
	Dividends payable	336	–	336
		1 851	–	1 851

Note: Trade and other payables do not include amounts for value-added tax payable.

20. Events after the reporting period

Events after the reporting period are those events that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified, adjusting events and non-adjusting events.

Adjusting events are those events that provide evidence of conditions that existed at the reporting date. These events require the Company to adjust the amounts recognised in its financial statements to reflect adjusting events after the reporting date.

Non-adjusting events are those events that are indicative of conditions that arose after the reporting date. The Company shall not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting date. If, however, non-adjusting events are material, the entity is required to disclose certain information about the events. No adjusting events after the reporting period occurred which may have a material effect on the Company.

21. Going concern

The Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and continues to adopt the going concern basis in preparing the financial statements.

FINANCIAL RESULTS – PIONEER FOOD GROUP LTD CONTINUED

Notes to the financial statements
for the year ended 30 September 2014

COMPANY

		Loans and receivables R'000	Total R'000
22.	**Financial instruments by category**		
	30 September 2014		
	Assets as per statement of financial position		
	Trade and other receivables	**4 535**	**4 535**
	Loan to subsidiary	**89 748**	**89 748**
	Cash and cash equivalents	**15 261**	**15 261**
	Total	**109 544**	**109 544**

	Financial liability at fair value R'000	Other financial liabilities R'000	Total R'000
Liabilities as per statement of financial position			
Trade and other payables	**–**	**879**	**879**
Dividends payable	**1 491 217**	**323**	**1 491 540**
Total	**1 491 217**	**1 202**	**1 492 419**

30 September 2013	Loans and receivables R'000	Total R'000
Assets as per statement of financial position		
Trade and other receivables	3 384	3 384
Loan to subsidiary	305 854	305 854
Cash and cash equivalents	6 582	6 582
Total	315 820	315 820

	Financial liability at fair value R'000	Other financial liabilities R'000	Total R'000
Liabilities as per statement of financial position			
Trade and other payables	–	1 515	1 515
Dividends payable	–	336	336
Total	–	1 851	1 851

Note: Trade and other payables do not include amounts for value-added tax payable.

CORPORATE INFORMATION

Key facts and dates

Holding company
Pioneer Food Group Ltd
Registration number: 1996/017676/06
JSE Securities Exchange Code: PFG
JSE Securities Exchange Sector: Food & Beverage

Country of incorporation
South Africa

Date of incorporation
11 December 1996

ISIN code
ZAE000118279

Company secretary and registered office
Jay-Ann Jacobs
Glacier Place, 1 Sportica Crescent
Tyger Valley, 7530, South Africa
Tel: +27 21 974 4000
Fax: +27 86 407 0044
email: Jay-Ann.Jacobs@pioneerfoods.co.za
email: info@pioneerfoods.co.za

Transfer secretary
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70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107
Tel: +27 11 370 5000
Fax: +27 11 688 5209

Auditors
PricewaterhouseCoopers Inc.
(Registration number: 1998/012055/21)
PricewaterhouseCoopers Building
Zomerlust Estate
Berg River Boulevard
Paarl, 7646

Bankers
The Standard Bank of South Africa Ltd
Absa Bank Ltd
Nedbank Ltd
FirstRand Bank Ltd
Old Mutual Specialised Finance (Pty) Ltd

Sponsor
PSG Capital (Pty) Ltd
(Registration number: 2006/015817/07)
1st Floor, Ou Kollege, 35 Kerk Street
Stellenbosch, 7600
PO Box 7403, Stellenbosch, 7599
Tel: +27 21 887 9602
Fax: +27 21 887 9624

Financial calendar

Financial year-end	30 September
Annual general meeting	13 February 2015

Reports

Interim report for the six months ended 31 March 2015	May 2015
Announcement of results for the year ended 30 September 2015	November 2015
Integrated report for the year ended 30 September 2015	December 2015

Dividends

Interim	– Announcement	May 2015
	– Payment	July 2015
Final	– Announcement	November 2015
	– Payment	February 2016