PIONEER FOODS

PIONEER FOOD GROUP LIMITED

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2014

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PIONEER FOOD GROUP LIMITED Incorporated in the Republic of South Africa
REGISTRATION NUMBER: 1996/017676/06 TAX REGISTRATION NUMBER: 9834/695/71/1
SHARE CODE: PFG ISIN CODE: ZAE000118279 ("Pioneer Foods" or "the Group" or "the Company")

R8.8bn Revenue for continuing operations: **+9%**

325c Adjusted headline earnings per share for continuing operations*: **+41%**

65c Interim gross dividend per share: **+41%**

PIONEER FOODS SALIENT FEATURES

Revenue	**R10 566 million**	**+7%**
Revenue for continuing operations	**R8 776 million**	**+9%**
Interim gross dividend per listed ordinary share (2013: 46 cents)	**65 cents**	**+41%**
Operating profit (before items of a capital nature)	**R969 million**	**+96%**
Adjusted operating profit (before items of a capital nature)*	**R921 million**	**+60%**
Adjusted operating profit (before items of a capital nature) for continuing operations*	**R855 million**	**+43%**
Earnings	**R639 million**	**+96%**
Earnings per share	**349 cents**	**+93%**
Headline earnings	**R695 million**	**+112%**
Headline earnings per share	**380 cents**	**+109%**
Adjusted headline earnings*	**R647 million**	**+60%**
Adjusted headline earnings for continuing operations*	**R595 million**	**+44%**
Adjusted headline earnings per share*	**353 cents**	**+58%**
Adjusted headline earnings per share for continuing operations*	**325 cents**	**+41%**
Net asset value per share	**3 819 cents**	**+8%**

* *Headline earnings and operating profit (before items of a capital nature) adjusted for the IFRS 2 share-based payment income/(charge) on the Phase 1 B-BBEE transaction (2014 and 2013) and re-organisation costs (2013 only).*

COMMENTARY

Introduction

Performance for the six months under review is characterised by reasonable growth in revenue with exceptional operating leverage, notwithstanding economic headwinds. The following key value drivers underpinned the Group's performance:

- Good domestic beverage volume growth
- Strong export volume growth on both fruit and beverages
- Normalisation of maize profitability
- Significant progress on cost and efficiency efforts
- Early signs of traction within bakeries
- Export benefits from rand weakness
- Quantum Foods turnaround

Financial review

Revenue from continuing operations for the period under review, increased by 9% to R8.8 billion, largely as a consequence of increased selling prices, exports and sales mix. Volumes across the Group's basket increased by 0.4%. Revenue, inclusive of Quantum Foods, increased by 7% to R10.6 billion.

While cost of goods sold from continuing operations increased by 7%, positive leverage was generated with the gross profit margin expanding to 30.3% from 29.3%, consequent to procurement and efficiency gains. Cash operating expenses, excluding the adjustments referenced below, increased marginally by 2% as a result of value enhancement initiatives gaining traction.

Operating profit from continuing operations, before items of a capital nature, and adjusted in the respective periods for the abnormal costs described below, increased by 43% to R855 million, delivering an operating profit margin of 9.7% (2013: 7.4%).

Operating profit includes a share-based payment gain of R48 million, relating to the Phase I (2006) B-BBEE transaction. Conversely, there was a R65 million charge in the comparative period, both purely as a result of the movement in share price and number of scheme participants at each reporting date. The comparative period was also negatively impacted by non-recurring re-organisation costs of R15 million.

Headline earnings from continuing operations, adjusted as described above, increased by 44% to R595 million or 325 cents per share.

Headline earnings for the Group, adjusted as described above, including Quantum Foods, increased by 60% to R647 million.

Net cash profit increased by 47% to R1 091 million and net cash generated from operations amounted to R190 million, after an investment of R886 million in working capital. The increase in working capital results from a seasonal increase in raw material stock and timing differences in respect of trade receipts and payments.

The capital expansion programme is nearing completion with an amount of R259 million invested in the reporting period of which R161 million was attributable to expansion capital, mainly for the completion of the Malmesbury/Paarl mill consolidation project. The balance of R98 million was for replacement capital.

Net interest-bearing debt (excluding third-party funding relating to the 2012 Phase II B-BBEE transaction) increased by R570 million to R1 581 million in the reporting period, with a debt to equity ratio of 23%. The increase in debt during the first half of the year is normal and relates mainly to increased seasonal investment in working capital, which is expected to decrease for the full year.

Essential Foods (formerly Sasko)

Essential Foods posted pleasing results in a challenging and low-growth market environment. Maize profitability improved to normalised levels. Wheat posted volume growth and the rice performance improved as Thai input costs reduced. Value enhancements in bakeries are showing early indications of progress. Pasta continued to contribute positively.

Bokomo Foods

Performance by Bokomo Foods was bolstered by a larger fruit crop and a fair performance by the cereals business. Biscuits maintained strong volume growth, but is however loss making, with smaller categories in the portfolio contributing positively. Costs were particularly well managed as the merged Groceries business entity (Bokomo Foods and Ceres Beverages) gained momentum.

Ceres Beverages

The beverage business performed particularly well, benefiting from:

- Strong domestic and international volume growth
- Market share gains in the long-life juice category
- Manufacturing and distribution efficiencies

Competition within the dairy fruit blend category remains fierce with the concomitant pressure on margins.

Quantum Foods

The business returned to profitability after significant re-engineering efforts. The following performance drivers contributed to the improvement:

- Price recovery in the egg category
- Downscaling of broiler operations in the Western Cape
- Significant cost reduction and improved farm productivity
- Solid feeds performance
- Increased contribution from Mega Eggs in Zambia

Prospects

Prospects for Pioneer Foods remain good despite strong economic headwinds. A critical focus on market share is fundamental as a key source of growth in a highly combative market environment. Continuing transformation of the organisation's business model is an enabling imperative to sustained profitability and margin expansion. Precision in executing the aforementioned will be a high priority. Margin management within the maize category, cost-push inflation, and the generation of value chain efficiencies are key focal points in the second half of the financial year.

Unbundling of Quantum Foods, impairment and joint venture accounting

In September 2013, Pioneer Foods announced its intention to unbundle Quantum Foods and to list the business as a separate legal entity on the JSE during 2014. The listing is likely to be early in the new financial year, subject to market conditions and regulatory requirements. Accordingly, Quantum Foods has been accounted for as an "asset held for sale" and a "discontinued operation" in terms of *IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations* for the period under review.

As a result, the net assets of Quantum Foods are valued at the lower of its carrying amount or fair value less costs to sell. An independent valuation reflected the continued macro-challenges in the broiler industry and resulted in a further impairment of R57 million to the net asset value of Quantum Foods, included in items of a capital nature of discontinued operations.

Results for the comparative period in the statement of comprehensive income were restated to reflect Quantum Foods as a discontinued operation.

In terms of IFRS 11 and IAS 28, results from joint ventures are now equity accounted and no longer proportionately consolidated as in previous reporting periods. Comparative numbers have been restated accordingly.

Dividend

A gross interim dividend of 65 cents (2013: 46 cents) per share, an increase of 41%, has been approved and declared by the Board. The applicable dates are as follows:

Last date of trading cum dividend	Friday, 27 June 2014
Trading ex dividend commences	Monday, 30 June 2014
Record date	Friday, 4 July 2014
Dividend payable	Monday, 7 July 2014

A gross interim dividend of 19.5 cents (2013: 13.8 cents) per class A ordinary share, being 30% of the gross interim dividend payable to ordinary shareholders in terms of the rules of the relevant employee scheme, will be paid during July 2014.

Share certificates may not be dematerialised or rematerialised between Monday, 30 June 2014, and Friday, 4 July 2014, both days inclusive.

By order of the Board

ZL Combi
Chairman

PM Roux
Chief Executive Officer

Paarl
19 May 2014

PIONEER FOOD GROUP LIMITED
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 MARCH 2014

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 31 March 2014 R'm	Unaudited Six months ended 31 March Restated 2013 R'm	Audited Year ended 30 September Restated 2013 R'm
Continuing operations			
Revenue	**8 775.7**	8 071.9	16 306.1
Cost of goods sold	**(6 114.7)**	(5 708.9)	(11 527.5)
Gross profit	**2 661.0**	2 363.0	4 778.6
Other income and gains/(losses) – net	**56.3**	71.2	135.8
Other expenses	**(1 814.2)**	(1 918.1)	(3 907.7)
Excluding the following:	**(1 862.3)**	(1 838.3)	(3 693.3)
Re-organisation costs	**–**	(15.0)	(68.5)
Phase I B-BBEE transaction share-based payment income/(charge)	**48.1**	(64.8)	(145.9)
Items of a capital nature	**0.6**	8.2	10.7
Operating profit	**903.7**	524.3	1 017.4
Investment income	**10.1**	13.0	22.6
Finance costs	**(65.4)**	(49.8)	(125.5)
Share of profit of investments accounted for using the equity method	**34.6**	3.0	24.7
Profit before income tax	**883.0**	490.5	939.2
Income tax expense	**(238.8)**	(154.5)	(238.7)
Profit for the period from continuing operations	**644.2**	336.0	700.5
Loss for the period from discontinued operations (attributable to owners of the parent)	**(4.2)**	(9.4)	(200.4)
Profit for the period	**640.0**	326.6	500.1
Other comprehensive income/(loss) for the period			
Items that will not subsequently be reclassified to profit or loss:			
Remeasurement of post-employment benefit obligations	**–**	–	(1.5)
Items that may subsequently be reclassified to profit or loss:	**(23.2)**	47.9	80.3
Fair value adjustments to cash flow hedging reserve	**(14.4)**	16.3	17.3
For the period	**97.5**	(29.9)	(13.7)
Current income tax effect	**(28.2)**	8.5	4.4
Deferred income tax effect	**0.9**	(0.2)	(0.5)
Reclassified to profit or loss	**(117.5)**	52.7	37.7
Current income tax effect	**32.4**	(14.9)	(10.7)
Deferred income tax effect	**0.5**	0.1	0.1
Fair value adjustments on available-for-sale financial assets	**2.8**	5.4	0.8
For the period	**5.3**	10.3	18.8
Deferred income tax effect	**(0.7)**	(1.5)	(1.7)
Reclassified to profit or loss	**(1.8)**	(3.4)	(16.3)
Movement on foreign currency translation reserve	**(11.6)**	26.2	62.2
Total comprehensive income for the period	**616.8**	374.5	578.9
Profit for the period attributable to:			
Owners of the parent			
For continuing operations	**643.4**	335.1	699.0
For discontinued operations	**(4.2)**	(9.4)	(200.4)
Non-controlling interest			
For continuing operations	**0.8**	0.9	1.5
	640.0	326.6	500.1
Total comprehensive income for the period attributable to:			
Owners of the parent			
For continuing operations	**646.3**	365.4	752.5
For discontinued operations	**(30.3)**	8.2	(175.1)
Non-controlling interest			
For continuing operations	**0.8**	0.9	1.5
	616.8	374.5	578.9

HEADLINE EARNINGS RECONCILIATION

	Unaudited Six months ended 31 March 2014 R'm	Unaudited Six months ended 31 March Restated 2013 R'm	Audited Year ended 30 September Restated 2013 R'm
Reconciliation between profit attributable to owners of the parent and headline earnings			
Profit attributable to owners of the parent			
For continuing operations	**643.4**	335.1	699.0
For discontinued operations	**(4.2)**	(9.4)	(200.4)
	639.2	325.7	498.6
Remeasurement of items of a capital nature – continuing operations	**(0.7)**	(8.2)	(10.7)
Net (profit)/loss on disposal of property, plant and equipment and intangible assets	**(0.1)**	(4.8)	4.9
Net profit on disposal of available-for-sale financial assets	**(1.9)**	(3.4)	(16.4)
Impairment of property, plant and equipment and intangible assets and loan	**1.3**	–	0.8
Tax effect on remeasurement of items of a capital nature	**0.3**	0.4	1.7
	(0.4)	(7.8)	(9.0)
Remeasurement of items of a capital nature – discontinued operations	**76.7**	(1.8)	230.9
Net profit on disposal of property, plant and equipment and intangible assets	**(1.0)**	(1.8)	(1.1)
Impairment of property, plant and equipment and intangible assets	**77.7**	–	232.0
Tax effect on remeasurement of items of a capital nature	**(20.4)**	0.5	(23.7)
	56.3	(1.3)	207.2
Remeasurement of items of a capital nature included in equity-accounted results			
Effect on remeasurement of items of a capital nature	**(0.3)**	14.4	13.0
Tax effect on remeasurement of items of a capital nature	**0.1**	(3.3)	(3.1)
	(0.2)	11.1	9.9
Headline earnings	**694.9**	327.7	706.7
For continuing operations	**642.8**	338.4	699.9
For discontinued operations	**52.1**	(10.7)	6.8
Phase I B-BBEE transaction share-based payment (income)/charge	**(48.1)**	64.8	145.9
Re-organisation costs	**–**	10.8	49.3
Recognition of deferred income tax asset	**–**	–	(74.1)
Adjusted headline earnings (note 1)	**646.8**	403.3	827.8
For continuing operations	**594.7**	414.0	821.0
For discontinued operations	**52.1**	(10.7)	6.8
Number of issued ordinary shares (million)	**231.3**	230.8	231.0
Number of issued treasury shares:			
– held by subsidiary (million)	**18.0**	18.0	18.0
– held by share incentive trust (million)	**1.2**	1.9	1.4
– held by B-BBEE equity transaction participants (million)	**18.1**	18.1	18.1
– held by BEE trust (million)	**10.6**	10.6	10.6
Number of issued class A ordinary shares (million)	**6.5**	7.8	7.4
Weighted average number of ordinary shares (million)	**183.1**	180.2	181.3
Weighted average number of ordinary shares – diluted (million)	**190.7**	183.0	185.8
Earnings per ordinary share (cents):			
– basic	**349.2**	180.7	275.0
– diluted	**335.1**	177.9	268.4
– headline	**379.6**	181.8	389.8
– diluted headline	**364.3**	179.1	380.4
– adjusted headline (note 1)	**353.3**	223.8	456.6
– diluted adjusted headline (note 1)	**339.1**	220.4	445.5
– adjusted headline for continuing operations (note 1)	**324.9**	229.7	452.9
– diluted adjusted headline for continuing operations (note 1)	**311.8**	226.2	442.0
Gross dividend per ordinary share (cents)	**65.0**	46.0	132.0
Gross dividend per class A ordinary share (cents)	**19.5**	13.8	39.6
Net asset value per ordinary share (cents)	**3 818.7**	3 537.9	3 598.1
Debt to equity ratio (%)	**29.0**	31.9	22.2

Note 1

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 as well as for the impact of the share-based payment income/(charge) on the B-BBEE Phase I transaction on profit or loss due to the volatility of this share-based payment income/(charge). During the reporting periods for the year ended 30 September 2013, and for the six months ended 31 March 2013, HE was adjusted for the impact of once-off re-organisation costs and for the recognition of a deferred income tax asset.

GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited 31 March 2014 R'm	Unaudited 31 March Restated 2013 R'm	Audited 30 September Restated 2013 R'm
Assets			
Property, plant and equipment	**4 242.0**	5 041.7	4 162.6
Goodwill	**219.7**	291.0	217.7
Other intangible assets	**460.3**	474.1	470.7
Biological assets	**16.0**	16.0	16.0
Investments in and loans to associates and joint ventures	**366.6**	335.3	344.1
Available-for-sale financial assets	**64.9**	61.2	59.0
Trade and other receivables	**22.6**	20.8	20.7
Deferred income tax	**74.6**	4.6	74.1
Non-current assets	**5 466.7**	6 244.7	5 364.9
Current assets	**4 913.4**	5 309.1	4 416.1
Inventories	**2 635.0**	2 512.1	2 401.2
Biological assets	**–**	289.0	–
Derivative financial instruments	**9.5**	7.0	10.6
Trade and other receivables	**1 950.6**	2 289.2	1 624.6
Current income tax	**0.1**	0.6	0.7
Cash and cash equivalents	**318.2**	211.2	379.0
Assets of disposal group classified as held for sale	**2 054.0**	–	1 953.4
Total assets	**12 434.1**	11 553.8	11 734.4
Equity and liabilities			
Capital and reserves attributable to owners of the parent	**7 003.3**	6 448.2	6 581.3
Share capital	**23.1**	23.1	23.1
Share premium	**2 167.4**	2 195.2	2 188.6
Treasury shares	**(1 188.0)**	(1 199.3)	(1 190.9)
Other reserves	**384.4**	382.0	426.2
Retained earnings	**5 616.4**	5 047.2	5 134.3
Non-controlling interest	**10.1**	9.1	9.3
Total equity	**7 013.4**	6 457.3	6 590.6
Non-current liabilities	**2 307.4**	1 445.8	2 304.6
Borrowings			
B-BBEE equity transaction third-party finance	**449.7**	449.7	449.7
Other	**1 016.0**	9.6	1 007.6
Provisions for other liabilities and charges	**122.9**	122.3	120.3
Share-based payment liability	**201.6**	171.4	251.4
Deferred income tax	**517.2**	692.8	475.6
Current liabilities	**2 628.2**	3 650.7	2 357.2
Trade and other payables	**1 692.0**	1 807.8	1 926.1
Current income tax	**39.4**	13.6	28.1
Derivative financial instruments	**6.1**	9.1	6.2
Borrowings	**883.0**	1 808.7	381.8
Loan from joint venture	**7.3**	11.1	14.7
Dividends payable	**0.4**	0.4	0.3
Liabilities of disposal group classified as held for sale	**485.1**	–	482.0
Total equity and liabilities	**12 434.1**	11 553.8	11 734.4

GROUP STATEMENT OF CHANGES IN EQUITY

	Unaudited Six months ended 31 March 2014 R'm	Unaudited Six months ended 31 March Restated 2013 R'm	Audited Year ended 30 September Restated 2013 R'm
Share capital, share premium and treasury shares	**1 002.5**	1 019.0	1 020.8
Opening balance	**1 020.8**	987.3	987.3
Movement in treasury shares	**2.9**	8.3	16.7
Ordinary shares issued – share appreciation rights	**25.7**	36.6	49.6
Employee share scheme – repurchase of shares	**(46.9)**	(13.2)	(32.8)
Other reserves	**384.4**	382.0	426.2
Opening balance	**426.2**	350.3	350.3
Equity compensation reserve transactions	**9.1**	6.7	15.2
Ordinary shares issued – share appreciation rights	**(25.7)**	(36.6)	(49.6)
Deferred income tax on share-based payments	**(2.0)**	13.7	30.0
Other comprehensive (loss)/income for the period	**(23.2)**	47.9	80.3
Retained earnings	**5 616.4**	5 047.2	5 134.3
Opening balance	**5 134.3**	4 847.3	4 847.3
Effect of changes in accounting policies	**–**	0.7	0.7
Restated opening balance	**5 134.3**	4 848.0	4 848.0
Profit for the period	**639.2**	325.7	498.6
Other comprehensive loss for the period	**–**	–	(1.5)
Dividends paid	**(157.6)**	(127.5)	(211.3)
Management share incentive scheme – disposal of shares	**0.9**	1.1	0.8
Employee share scheme – transfer tax on share transactions	**(0.4)**	(0.1)	(0.3)
Non-controlling interest	**10.1**	9.1	9.3
Opening balance	**9.3**	8.2	8.2
Dividend paid	**–**	–	(0.4)
Profit for the period	**0.8**	0.9	1.5
Total equity	**7 013.4**	6 457.3	6 590.6

GROUP STATEMENT OF CASH FLOWS

	Unaudited Six months ended 31 March 2014 R'm	Unaudited Six months ended 31 March Restated 2013 R'm	Audited Year ended 30 September Restated 2013 R'm
Net cash profit from operating activities	**1 090.9**	741.6	1 556.3
Cash effect from hedging activities	**(14.7)**	22.8	22.7
Working capital changes	**(886.3)**	(587.5)	66.8
Accrual for Competition Commission penalties paid	**–**	(216.7)	(216.7)
Net cash generated from/(utilised in) operations	**189.9**	(39.8)	1 429.1
Income tax paid	**(188.8)**	(103.5)	(233.1)
Net cash flow from/(utilised in) operating activities	**1.1**	(143.3)	1 196.0
Net cash flow from investment activities	**(210.8)**	(747.8)	(1 287.2)
Property, plant and equipment and intangible assets			
– additions	**(160.7)**	(384.7)	(828.1)
– replacements	**(97.8)**	(95.7)	(235.0)
– proceeds on disposal	**33.0**	17.6	26.7
Business combinations	**–**	(315.0)	(315.0)
Proceeds on disposal of and changes in available-for-sale financial assets and loans	**(9.3)**	7.9	26.4
Interest received	**10.5**	12.9	22.5
Dividends received	**0.7**	0.8	1.7
Dividends received from joint ventures	**12.8**	8.0	13.3
Dividends received from associates	**–**	0.4	0.3
Net cash flow from financing activities	**(260.1)**	(319.6)	(200.2)
Proceeds from syndicated borrowings	**–**	–	1 870.0
Proceeds/(repayments) of other borrowings	**15.5**	(126.7)	(1 698.8)
Share schemes transactions	**(44.9)**	(4.7)	(17.1)
Interest paid	**(73.2)**	(60.5)	(142.8)
Dividends paid	**(157.5)**	(127.7)	(211.5)
Net decrease in cash, cash equivalents and bank overdrafts	**(469.8)**	(1 210.7)	(291.4)
Net cash, cash equivalents and bank overdrafts at beginning of period	**65.6**	357.0	357.0
Net cash, cash equivalents and bank overdrafts at end of period	**(404.2)**	(853.7)	65.6
For continuing operations	**(513.9)**	(853.7)	41.0
For discontinued operations	**109.7**	–	24.6

GROUP SEGMENT REPORT

	Unaudited Six months ended 31 March 2014 R'm	Unaudited Six months ended 31 March Restated 2013 R'm	Audited Year ended 30 September Restated 2013 R'm
Segment revenue (Note 1)			
Essential Foods (formerly Sasko)	**5 404.1**	5 100.4	10 379.5
Quantum Foods	**1 789.9**	1 769.5	3 575.6
Bokomo Foods	**1 791.7**	1 481.2	3 148.4
Ceres Beverages	**1 705.3**	1 610.2	3 021.2
	10 691.0	9 961.3	20 124.7
Less: Internal revenue	**(125.5)**	(125.4)	(248.5)
Total	**10 565.5**	9 835.9	19 876.2
Segment results (Note 1)			
Essential Foods (formerly Sasko)	**527.1**	349.6	784.3
Quantum Foods	**26.2**	(32.6)	(18.9)
Bokomo Foods	**185.0**	133.1	279.0
Ceres Beverages	**215.4**	169.0	263.8
Other	**(60.8)**	(59.7)	(154.3)
	892.9	559.4	1 153.9
Reversal of depreciation charge in Quantum Foods legal entities (asset held for sale)	**28.2**	–	–
Phase I B-BBEE transaction share-based payment income/(charge)	**48.1**	(64.8)	(145.9)
Operating profit before items of a capital nature	**969.2**	494.6	1 008.0
Reconciliation of operating profit (before items of a capital nature) to profit before income tax			
Operating profit before items of a capital nature	**969.2**	494.6	1 008.0
Adjusted for:			
Remeasurement of items of a capital nature	**(76.0)**	10.0	(220.2)
Interest income	**10.5**	12.9	22.5
Dividends received	**0.7**	0.8	1.7
Finance costs	**(65.4)**	(50.6)	(126.3)
Share of profit of investments accounted for using the equity method	**34.6**	3.3	24.8
Profit before income tax (including discontinued operations)	**873.6**	471.0	710.5

Note 1

Includes discontinued operations.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 March 2014 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the Listings Requirements of the JSE Ltd and the Companies Act of South Africa, Act 71 of 2008, as amended. The condensed interim financial statements comply with the requirements of *IAS 34 – Interim Financial Reporting*, 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. These condensed interim financial statements have not been audited.

The directors take full responsibility for the preparation of the interim financial statements and that the financial information has been correctly extracted from the underlying financial records.

2. Accounting policies

These condensed consolidated interim financial statements incorporate accounting policies that are consistent with those applied in the Group's annual financial statements for the year ended 30 September 2013 and with those of previous financial years, except for the adoption of the following new standards, amendments to published standards and interpretations that became effective for the current reporting period beginning on 1 October 2013:

IAS 19 – (revised) Employee benefits

IAS 19 (revised) amends the accounting for employment benefits. The Group has applied the standard retrospectively in accordance with the transitional provisions of the standard. The amended standard impacted the Group's treatment of the provision for post-retirement medical benefits. The financial effect thereof has been disclosed in note 11.

IFRS 10 – Consolidated financial statements

Under IFRS 10, subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The Group has applied IFRS 10 retrospectively in accordance with the transitional provisions of IFRS 10. The adoption of this new standard did not have an effect on the financial position or results of the Group.

IFRS 11 – Joint arrangements

Under IFRS 11, investments in joint arrangements are classified either as joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement. Before 1 October 2013, the Group's interest in its jointly controlled entities was accounted for using proportionate consolidation. Under IFRS 11, these jointly controlled entities have been classified as joint ventures and have been accounted for using the equity method. The Group has applied the new policy for its interest in the joint ventures in accordance with the transitional provisions of IFRS 11. The financial effects of this change have been disclosed in note 11.

IFRS 13 – Fair value measurement

IFRS 13 measurement and disclosure requirements are applicable for the 30 September 2014 financial year-end. The Group has included the disclosures required by IAS 34 paragraph 16A(j) in these interim financial statements (refer to note 10). The adoption of this new standard did not have any material impact on the Group's results and cash flows for the six months ended 31 March 2014 and the financial position at 31 March 2014.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 September 2013.

	Unaudited Six months ended 31 March 2014	2013	Audited Year ended 30 September 2013
3. Share capital			
During the period under review the following share transactions occurred:			
Number of listed issued and fully paid ordinary shares			
At beginning of period	**231 006 847**	230 314 486	230 314 486
Shares issued in terms of employee share appreciation rights scheme	**297 286**	526 261	692 361
At end of period	**231 304 133**	230 840 747	231 006 847
297,286 (30 September 2013: 692,361 and 31 March 2013: 526,261) listed ordinary shares of 10 cents each were issued at an average of R86.54 (30 September 2013: R71.64 and 31 March 2013: R69.46) per share in terms of the share appreciation rights scheme.			
Number of treasury shares held by the share incentive trust			
At beginning of period	**1 422 116**	2 545 933	2 545 933
Movement in shares	**(188 756)**	(640 916)	(1 123 817)
At end of period	**1 233 360**	1 905 017	1 422 116
Proceeds on the sale of treasury shares by the share incentive trust (R'000)	**4 018**	10 267	18 662
Number of treasury shares held by B-BBEE transaction participants			
At beginning and end of period	**18 091 661**	18 091 661	18 091 661
Number of treasury shares held by BEE Trust			
At beginning and end of period	**10 599 988**	10 599 988	10 599 988
Number of treasury shares held by a subsidiary			
At beginning and end of period	**17 982 056**	17 982 056	17 982 056
Number of unlisted class A ordinary shares			
At beginning of period	**7 367 360**	8 198 120	8 198 120
Shares bought back and cancelled	**(885 500)**	(400 890)	(830 760)
At end of period	**6 481 860**	7 797 230	7 367 360
Purchase consideration paid for unlisted class A ordinary shares bought back (R'000)	**46 853**	13 199	32 736

4. Impairment of property, plant and equipment and goodwill

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 subsidiaries and two foreign African subsidiaries (Bokomo Uganda (Pty) Ltd and Bokomo Zambia Ltd) that produce and sell eggs, chicken products, animal feeds and commercial laying hens.

It is Pioneer Foods' intention to unbundle its interests in Quantum Foods to its shareholders and subsequently list Quantum Foods as a separate legal entity on the JSE, subject to market conditions and regulatory requirements, or any other acceptable corporate action, within approximately six months. Accordingly, Quantum Foods has 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 reporting period ended 31 March 2014 and the year ended 30 September 2013. Results for the period ended 31 March 2013 were restated accordingly. Refer to note 11 for further detail.

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. These valuations were performed at 30 September 2013 and updated at 31 March 2014.

In addition to the impairment charge of R232.0 million recognised in the results for the year ended 30 September 2013, a further impairment charge of R77.7 million is recognised in the line item "Items of a capital nature" for discontinued operations in the statement of comprehensive income for the reporting period. This impairment charge attributable to property, plant and equipment is as follows:

Nature	2014
Property, plant and equipment	**77.7**
Income tax effect	**(20.6)**
After income tax effect	**57.1**

5. Borrowings

No material new borrowings were concluded during the period under review. Changes in borrowings mainly reflect repayments made in terms of agreements. Short-term borrowings fluctuate in accordance with changing working capital needs.

6. Events after the reporting date

6.1 Dividend

The Board approved and declared a gross interim dividend of 65.0 cents (2013: gross interim dividend of 46.0 cents and 2013: gross final dividend of 86.0 cents) per ordinary share. This will amount to approximately R143,457,694 (2013: interim of R101,352,454 and 2013: final of R189,727,441) depending on the exact number of ordinary shares issued at the record date. In addition, the 10,599,988 Pioneer Foods shares issued to the Pioneer Foods Broad-based BEE Trust, will receive 20% of the dividend payable, i.e. 13.0 cents (2013: gross interim of 9.2 cents and 2013: gross final dividend of 17.2 cents) per share, amounting to R1,377,998 (2013: interim of R975,199 and 2013: final of R1,823,198).

The Board approved a gross interim dividend of 19.5 cents (2013: gross interim dividend of 13.8 cents and 2013: gross final dividend of 25.8 cents) per class A ordinary share, being 30% of the dividend payable to the other class ordinary shareholders in terms of the rules of the relevant employee scheme. This will amount to approximately R1,263,963 (2013: interim of R1,047,579 and 2013: final of R1,729,642) depending on the exact number of class A ordinary shares issued at the record date.

Additional information disclosed:
These dividends are declared from income reserves and qualify as a dividend as defined in the Income Tax Act, Act 58 of 1962.

Dividends will be paid net of dividends tax of 15%, to be withheld and paid to the South African Revenue Services by the Company. Such tax must be withheld unless beneficial owners of the dividend have provided the necessary documentary proof to the relevant regulated intermediary that they are exempt therefrom, or entitled to a reduced rate as result of the double taxation agreement between South Africa and the country of domicile of such owner.

The total credits for secondary tax on companies utilised as part of this declaration amount to Rnil. The net dividend amounts to 55.25 cents per ordinary share and 16.58 cents per class A ordinary share for shareholders liable to pay dividends tax. The dividend amounts to 65.0 cents per ordinary share and 19.5 cents per class A ordinary share for shareholders exempt from paying dividends tax.

The number of issued ordinary shares and issued class A ordinary shares is 231,304,783 and 6,373,990 respectively as at the date of this declaration.

6.2 Other material events

There have been no other material events requiring disclosure after the reporting date and up to the date of approval of the condensed consolidated interim financial statements by the Board.

7. Contingent liabilities

7.1 Dispute with egg contract producers – discontinued operations

As previously reported, the claims from four contract egg producers are still unresolved.

Pioneer Foods is defending contractual claims from its privatised egg contract producers and 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 from the remaining four contract egg producers are still unresolved.

Pioneer Foods filed pleas to all these claims and in two of these claims, counterclaims have been filed to recover damages suffered by Pioneer Foods as a result of breach of contract by the contract producers. Pioneer Foods is awaiting the allocation of trial dates in these two matters.

Management is of the view, based on legal advice regarding the merits of the claims against the Group, that the Group will not incur any material liability in respect of this matter.

7.2 Dispute with broiler farms and breeder farms – discontinued operations

Several breeder farms and broiler farms (four in total) also filed claims against Pioneer Foods for the alleged breach of the terms of their supply agreements with Pioneer Foods.

Only letters of demand have been received thus far and these claims should eventually be finalised by means of arbitration. No date has been set for the arbitration proceedings.

A further breeder farm has filed a claim against Pioneer Foods for the alleged breach of the terms of a shareholder agreement. A preliminary hearing on the matter was held in March 2013 and the court case had been postponed until August 2013 for hearing. Final judgement was granted in favour of Pioneer Foods during April 2014.

Based on legal advice regarding the merits of these claims, management is of the view that the Group will not incur any material liability in respect of these matters.

7.3 Class action – continuing operations

Stemming from the Competition Commission investigation into collusion among the bread producers in 2006, Pioneer Foods (Pty) Ltd, Tiger Brands Ltd and Premier Foods (Pty) Ltd ("the Producers") were sued by the consumers (members of the public who consumed bread during that period) and the independent distributors that had been contracted by the Producers. They claimed that the Competition Act, Act 89 of 1998, paved the way for class actions against the Producers if they could each have their classes certified. After judgement was handed down by Judge van Zyl in the Cape High Court on 29 August 2011, dismissing the consumers and distributors applications for leave to appeal, both parties have since decided to petition the Supreme Court of Appeal ("SCA"). The consumers' petition papers were served on Pioneer Foods on 22 September 2011 and those of the distributors were served on 28 September 2011.

The SCA held hearings on 6 November 2012 on the distributor matter and on 7 November 2012 on the consumer matter. These proceedings are a result of the appeals launched by the distributors and the consumers in their applications for class certification. The certification applications are a preliminary means for instituting class actions for damages against the Producers relating to previous conduct of these firms in relation to bread, in contravention of the Competition Act, Act 89 of 1998.

Pioneer Foods successfully defended the class actions by the consumers and distributors during November 2012 resulting in a judgement where the distributors' appeal was dismissed by the SCA. The appeal by the consumers for a "national class" certification was also dismissed by the SCA. The only remaining issue that was remitted back to the Western Cape High Court was whether the consumers would be able to argue for a "Western Cape Class"; however, the papers before the SCA did not support such a finding. They were given an opportunity to supplement their papers, which they have done and the quantum of their claim is R2 million as against the (and to be shared by) the three respondents.

At the time of reporting, the latter matter was still pending before the Western Cape High Court for the consumers and has been placed under case management by the court's registrar.

The distributors subsequently filed an appeal with the Constitutional Court against the SCA's judgement that had dismissed their claim. The distributors' Constitutional Court matter was heard in May 2013 and judgement handed down in June 2013. The distributors' appeal was upheld by the Constitutional Court and their matter remitted back to the Western Cape High Court in a similar manner as those of the consumers.

Based on legal advice, management is of the view that no material liability will arise from these claims.

7.4 Guarantees

The Group had guarantees in issue of R29.0 million (30 September 2013: R48.5 million) as at 31 March 2014, primarily for loans by third parties to contracted suppliers.

As part of the financial assistance provided by Rand Merchant Bank, a division of FirstRand Bank Ltd ("RMB"), to BEE Investors in terms of the B-BBEE equity transaction concluded during 2012, Pioneer Foods (Pty) Ltd provided RMB with a guarantee amounting to R100 million.

8. Future capital commitments

Capital expenditure approved by the Board and contracted for amount to R115.1 million (30 September 2013: R265 million). Capital expenditure approved by the Board, but not contracted for yet, amount to R228.7 million (30 September 2013: R242.4 million).

9. Non-current assets held for sale and discontinued operations

The assets and liabilities related to the Quantum Foods segment, which include the equity interests held in the wholly owned subsidiaries Quantum Foods (Pty) Ltd, Philadelphia Chick Breeders (Pty) Ltd, Lohmann Breeders SA (Pty) Ltd, Bokomo Uganda (Pty) Ltd and Bokomo Zambia Ltd, 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 reporting period ended 31 March 2014 and the year ended 30 September 2013 following the approval of the Board in September 2013 to restructure the Company's interest in the Quantum Foods segment.

It is Pioneer Foods' intention to unbundle its interests in Quantum Foods to its shareholders and subsequently list Quantum Foods as a separate legal entity on the JSE, subject to market conditions and regulatory requirements, or any other acceptable corporate action, within approximately six months.

	Unaudited 31 March 2014 R'm	Audited 30 September 2013 R'm
Assets of the disposal group classified as held for sale:		
Property, plant and equipment	**1 052.3**	1 129.6
Investment in associates	**5.9**	6.8
Inventories	**227.7**	235.9
Biological assets	**291.2**	276.7
Trade and other receivables	**362.4**	275.3
Deferred income tax	**4.3**	3.1
Derivative financial instruments	**–**	0.9
Current income tax	**0.5**	0.5
Cash and cash equivalents	**109.7**	24.6
	2 054.0	1 953.4
Liabilities of the disposal group classified as held for sale:		
Deferred income tax	**186.9**	196.3
Provision for other liabilities and charges	**9.3**	9.3
Trade and other payables	**286.2**	274.8
Derivative financial instruments	**1.5**	–
Current income tax	**1.2**	1.6
	485.1	482.0
Currency translation reserve	**(3.2)**	22.9

9. Non-current assets held for sale and discontinued operations *(continued)*

	Unaudited Six months ended 31 March 2014 R'm	Unaudited Six months ended 31 March 2013 R'm	Audited Year ended 30 September 2013 R'm
The results of discontinued operations and the results recognised on the remeasurement of the Quantum Foods disposal group is as follows:			
Revenue	**1 789.8**	1 764.0	3 547.5
Operating profit/(loss) before items of a capital nature	**66.1**	(21.5)	1.3
Items of a capital nature	**1.0**	1.8	1.1
Investment income	**1.2**	0.8	1.6
Finance costs	**–**	(0.8)	(0.8)
Share of profit of associated companies	**–**	0.2	0.3
Profit/(loss) before income tax	**68.3**	(19.5)	3.5
Income tax	**(15.4)**	10.1	4.2
Profit/(loss) after income tax	**52.9**	(9.4)	7.7
Loss after income tax recognised on the remeasurement of assets of the disposal group	**(57.1)**	–	(208.1)
Before income tax	**(77.7)**	–	(232.0)
Income tax	**20.6**	–	23.9
Loss for the period from discontinued operations	**(4.2)**	(9.4)	(200.4)
Other comprehensive (loss)/income for the period from discontinued operations			
Currency translation differences	**(26.1)**	17.6	25.3
Total comprehensive loss for the period from discontinued operations	**(30.3)**	8.2	(175.1)
Cash flows of the disposal group classified as held for sale:			
Net cash flow from operating activities	**224.3**	–	90.8
Net cash flow from investment activities	**(20.1)**	–	(469.6)
Net cash flow from financing activities	**(119.1)**	–	391.3
Net increase in cash, cash equivalents and bank overdrafts	**85.1**	–	12.5
Net cash, cash equivalents and bank overdrafts at beginning of period	**24.6**	–	12.1
Net cash, cash equivalents and bank overdrafts at end of period	**109.7**	–	24.6

10. Fair value measurement

The information below analyses assets and liabilities that are carried at fair value at each reporting period, by level of hierarchy as required by IFRS 7 and IFRS 13.

	Unaudited fair value measurements at 31 March 2014 using:		
	Quoted prices in active markets for identical assets and liabilities (Level 1) R'm	Significant other observable input (Level 2) R'm	Significant unobservable input (Level 3) R'm
Assets measured at fair value			
Available-for-sale financial assets			
– Listed securities	**64.2**	–	–
– Unlisted securities (traded over-the-counter)	–	**0.7**	–
Derivative financial instruments			
– Foreign exchange contracts	–	**9.5**	–
Biological assets			
– Vineyards	–	–	**16.0**
Assets of disposal group classified as held for sale	–	–	**2 054.0**
Liabilities measured at fair value			
Derivative financial instruments			
– Foreign exchange contracts	–	**7.6**	–
Liabilities of disposal group classified as held for sale	–	–	**485.1**

There have been no transfers between level one, two or three during the period, nor were there any significant changes to the valuation techniques and input used to determine fair values.

Financial assets and liabilities

The fair values of financial instruments traded in active markets (such as publicly traded derivatives and available-for-sale securities) are 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.

The fair values of financial instruments that are not traded in an active market (for example, over-the-counter securities) are 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 input required to fair value an instrument were 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 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.

Biological assets

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.

10. Fair value measurement *(continued)*

Assets and liabilities of disposal group classified as held for sale

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 reporting period ended 31 March 2014 and the year ended 30 September 2013. Results for the period ended 31 March 2013 were restated accordingly. Refer to notes 9 and 11 for further detail.

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 approach the discounted cash flow method is used to determine the present value of projected future cash flows for a cash-generating unit ("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 are deemed a single CGU. Bokomo Uganda (Pty) Ltd and Bokomo Zambia Ltd are two separate CGUs. The market approach assumes that companies operating in the same industry will share similar characteristics and that company values will correlate to 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.

The key assumptions used in performing the impairment test, by CGU, were as follows:

Discount rate	
South Africa	17.0%
Uganda	28.6%
Zambia	23.1%

Perpetual growth rate	
South Africa	5.5%
Uganda	5.5%
Zambia	6.5%

Income tax rate	
South Africa	28.0%
Uganda	30.0%
Zambia	12.5%

11. Restatement of financial information for comparative periods

11.1 Impact of the application of IFRS 11

In terms of *IFRS 11 – Joint Arrangements,* the Group ceased proportionate consolidation of its investments in joint ventures 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.

11. Restatement of financial information for comparative periods *(continued)*

11.2 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 reported 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.

11.3 Non-current assets held for sale and discontinued operations

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 reporting period ended 31 March 2014 and the year ended 30 September 2013. The statement of comprehensive income for the period ended 31 March 2013 was restated accordingly.

11. Restatement of financial information for comparative periods *(continued)*

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Year ended 30 September 2013				
	Previously reported R'm	Change in accounting policy IFRS 11 R'm	Change in accounting policy IAS 19 R'm	Discontinued Operations IFRS 5 R'm	**Restated R'm**
Continuing operations					
Revenue	16 992.3	(675.0)	–	(11.2)	**16 306.1**
Cost of goods sold	(11 985.8)	447.1	–	11.2	**(11 527.5)**
Gross profit	5 006.5	(227.9)	–	–	**4 778.6**
Other income and gains/(losses) – net	139.5	(3.7)	–	–	**135.8**
Other expenses	(4 090.7)	180.9	2.1	–	**(3 907.7)**
Excluding the following:	(3 876.3)	180.9	2.1	–	**(3 693.3)**
Re-organisation costs	(68.5)	–	–	–	**(68.5)**
Phase I B-BBEE transaction share-based payment charge	(145.9)	–	–	–	**(145.9)**
Items of a capital nature	(2.2)	12.9	–	–	**10.7**
Operating profit	1 053.1	(37.8)	2.1	–	**1 017.4**
Investment income	18.3	4.3	–	–	**22.6**
Finance costs	(128.6)	3.1	–	–	**(125.5)**
Share of profit of investments accounted for using the equity method	1.0	23.7	–	–	**24.7**
Profit before income tax	943.8	(6.7)	2.1	–	**939.2**
Income tax expense	(245.2)	6.7	(0.2)	–	**(238.7)**
Profit for the year from continuing operations	698.6	–	1.9	–	**700.5**
Loss for the year from discontinued operations (attributable to owners of the parent)	(200.4)	–	–	–	**(200.4)**
Profit for the year	498.2	–	1.9	–	**500.1**
Other comprehensive income/(loss) for the year					
Items that will not subsequently be reclassified to profit or loss:					
Remeasurement of post-employment benefit obligations	–	–	(1.5)	–	**(1.5)**
Items that may subsequently be reclassified to profit or loss:	80.3	–	–	–	**80.3**
Fair value adjustments to cash flow hedging reserve	17.3	–	–	–	**17.3**
For the year	(13.7)	–	–	–	**(13.7)**
Current income tax effect	4.4	–	–	–	**4.4**
Deferred income tax effect	(0.5)	–	–	–	**(0.5)**
Reclassified to profit or loss	37.7	–	–	–	**37.7**
Current income tax effect	(10.7)	–	–	–	**(10.7)**
Deferred income tax effect	0.1	–	–	–	**0.1**
Fair value adjustments on available-for-sale financial assets	0.8	–	–	–	**0.8**
For the year	18.8	–	–	–	**18.8**
Deferred income tax effect	(1.7)	–	–	–	**(1.7)**
Reclassified to profit or loss	(16.3)	–	–	–	**(16.3)**
Movement on foreign currency translation reserve	62.2	–	–	–	**62.2**
Total comprehensive income for the year	578.5	–	0.4	–	**578.9**
Profit for the year attributable to:					
Owners of the parent					
For continuing operations	697.1	–	1.9	–	**699.0**
For discontinued operations	(200.4)	–	–	–	**(200.4)**
Non-controlling interest					
For continuing operations	1.5	–	–	–	**1.5**
	498.2	–	1.9	–	**500.1**
Total comprehensive income for the year attributable to:					
Owners of the parent					
For continuing operations	752.1	–	0.4	–	**752.5**
For discontinued operations	(175.1)	–	–	–	**(175.1)**
Non-controlling interest					
For continuing operations	1.5	–	–	–	**1.5**
	578.5	–	0.4	–	**578.9**

11. Restatement of financial information for comparative periods *(continued)*

GROUP STATEMENT OF FINANCIAL POSITION

	As at 30 September 2013			
	Previously reported R'm	Change in accounting policy IFRS 11 R'm	Change in accounting policy IAS 19 R'm	Restated R'm
Assets				
Property, plant and equipment	4 363.1	(200.5)	–	**4 162.6**
Goodwill	227.7	(10.0)	–	**217.7**
Other intangible assets	470.8	(0.1)	–	**470.7**
Biological assets	16.0	–	–	**16.0**
Investments in and loans to associates and joint ventures	44.0	300.1	–	**344.1**
Available-for-sale financial assets	59.0	–	–	**59.0**
Trade and other receivables	20.9	(0.2)	–	**20.7**
Deferred income tax	74.3	(0.2)	–	**74.1**
Non-current assets	5 275.8	89.1	–	**5 364.9**
Current assets	4 641.4	(225.3)	–	**4 416.1**
Inventories	2 491.2	(90.0)	–	**2 401.2**
Biological assets	8.4	(8.4)	–	**–**
Derivative financial instruments	11.0	(0.4)	–	**10.6**
Trade and other receivables	1 730.9	(106.3)	–	**1 624.6**
Current income tax	1.3	(0.6)	–	**0.7**
Cash and cash equivalents	398.6	(19.6)	–	**379.0**
Assets of disposal group classified as held for sale	1 953.4	–	–	**1 953.4**
Total assets	11 870.6	(136.2)	–	**11 734.4**
Equity and liabilities				
Capital and reserves attributable to owners of the parent	6 580.2	–	1.1	**6 581.3**
Share capital	23.1	–	–	**23.1**
Share premium	2 188.6	–	–	**2 188.6**
Treasury shares	(1 190.9)	–	–	**(1 190.9)**
Other reserves	426.2	–	–	**426.2**
Retained earnings	5 133.2	–	1.1	**5 134.3**
Non-controlling interest	9.3	–	–	**9.3**
Total equity	6 589.5	–	1.1	**6 590.6**
Non-current liabilities	2 344.2	(38.5)	(1.1)	**2 304.6**
Borrowings				
B-BBEE equity transaction third-party finance	449.7	–	–	**449.7**
Other	1 034.4	(26.8)	–	**1 007.6**
Provisions for other liabilities and charges	121.8	–	(1.5)	**120.3**
Share-based payment liability	251.4	–	–	**251.4**
Deferred income tax	486.9	(11.7)	0.4	**475.6**
Current liabilities	2 454.9	(97.7)	–	**2 357.2**
Trade and other payables	2 010.3	(84.2)	–	**1 926.1**
Current income tax	29.4	(1.3)	–	**28.1**
Derivative financial instruments	6.2	–	–	**6.2**
Borrowings	401.3	(19.5)	–	**381.8**
Loan from joint venture	7.4	7.3	–	**14.7**
Dividends payable	0.3	–	–	**0.3**
Liabilities of disposal group classified as held for sale	482.0	–	–	**482.0**
Total equity and liabilities	11 870.6	(136.2)	–	**11 734.4**

11. Restatement of financial information for comparative periods *(continued)*

GROUP STATEMENT OF CASH FLOWS

	Year ended 30 September 2013		
	Previously reported R'm	Change in accounting policy IFRS 11 R'm	**Restated R'm**
Net cash profit from operating activities	1 623.3	(67.0)	**1 556.3**
Cash effect from hedging activities	22.7	–	**22.7**
Working capital changes	53.1	13.7	**66.8**
Accrual for Competition Commission penalties paid	(216.7)	–	**(216.7)**
Net cash generated from operations	1 482.4	(53.3)	**1 429.1**
Income tax paid	(243.1)	10.0	**(233.1)**
Net cash flow from operating activities	1 239.3	(43.3)	**1 196.0**
Net cash flow from investment activities	(1 333.0)	45.8	**(1 287.2)**
Property, plant and equipment and intangible assets			
– additions	(842.6)	14.5	**(828.1)**
– replacements	(242.5)	7.5	**(235.0)**
– proceeds on disposal	28.4	(1.7)	**26.7**
Business combinations	(315.0)	–	**(315.0)**
Proceeds on disposal of and changes in available-for-sale financial assets and loans	18.5	7.9	**26.4**
Interest received	18.2	4.3	**22.5**
Dividends received	1.7	–	**1.7**
Dividends received from joint ventures	–	13.3	**13.3**
Dividends received from associates	0.3	–	**0.3**
Net cash flow from financing activities	(204.6)	4.4	**(200.2)**
Proceeds from new syndicated borrowings	1 870.0	–	**1 870.0**
Repayments of other borrowings	(1 700.0)	1.2	**(1 698.8)**
Share schemes transactions	(17.1)	–	**(17.1)**
Interest paid	(146.0)	3.2	**(142.8)**
Dividends paid	(211.5)	–	**(211.5)**
Net decrease in cash, cash equivalents and bank overdrafts	(298.3)	6.9	**(291.4)**
Net cash, cash equivalents and bank overdrafts at beginning of year	368.1	(11.1)	**357.0**
Net cash, cash equivalents and bank overdrafts at end of year	69.8	(4.2)	**65.6**
For continuing operations	45.2	(4.2)	**41.0**
For discontinued operations	24.6	–	**24.6**

11. Restatement of financial information for comparative periods *(continued)*

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 31 March 2013			
	Previously reported R'm	Change in accounting policy IFRS 11 R'm	Discontinued Operations IFRS 5 R'm	**Restated R'm**
Continuing operations				
Revenue	10 163.4	(327.5)	(1 764.0)	**8 071.9**
Cost of goods sold	(7 389.7)	223.8	1 457.0	**(5 708.9)**
Gross profit	2 773.7	(103.7)	(307.0)	**2 363.0**
Other income and gains/(losses) – net	95.1	(2.6)	(21.3)	**71.2**
Other expenses	(2 351.6)	83.7	349.8	**(1 918.1)**
Excluding the following:	(2 271.8)	83.7	349.8	**(1 838.3)**
Re-organisation costs	(15.0)	–	–	**(15.0)**
Phase I B-BBEE transaction share-based payment charge	(64.8)	–	–	**(64.8)**
Items of a capital nature	(4.4)	14.4	(1.8)	**8.2**
Operating profit	512.8	(8.2)	19.7	**524.3**
Investment income	11.5	2.3	(0.8)	**13.0**
Finance costs	(52.3)	1.7	0.8	**(49.8)**
Share of profit of investments accounted for using the equity method	0.8	2.4	(0.2)	**3.0**
Profit before income tax	472.8	(1.8)	19.5	**490.5**
Income tax expense	(146.2)	1.8	(10.1)	**(154.5)**
Profit for the period from continuing operations	326.6	–	9.4	**336.0**
Loss for the period from discontinued operations (attributable to owners of the parent)	–	–	(9.4)	**(9.4)**
Profit for the period	326.6	–	–	**326.6**
Other comprehensive income/(loss) for the period				
Items that may subsequently be reclassified to profit or loss:	47.9	–	–	**47.9**
Fair value adjustments to cash flow hedging reserve	16.3	–	–	**16.3**
For the period	(29.9)	–	–	**(29.9)**
Current income tax effect	8.5	–	–	**8.5**
Deferred income tax effect	(0.2)	–	–	**(0.2)**
Reclassified to profit or loss	52.7	–	–	**52.7**
Current income tax effect	(14.9)	–	–	**(14.9)**
Deferred income tax effect	0.1	–	–	**0.1**
Fair value adjustments on available-for-sale financial assets	5.4	–	–	**5.4**
For the period	10.3	–	–	**10.3**
Deferred income tax effect	(1.5)	–	–	**(1.5)**
Reclassified to profit or loss	(3.4)	–	–	**(3.4)**
Movement on foreign currency translation reserve	26.2	–	–	**26.2**
Total comprehensive income for the period	374.5	–	–	**374.5**
Profit for the period attributable to:				
Owners of the parent				
For continuing operations	325.7	–	9.4	**335.1**
For discontinued operations	–	–	(9.4)	**(9.4)**
Non-controlling interest				
For continuing operations	0.9	–	–	**0.9**
	326.6	–	–	**326.6**
Total comprehensive income for the period attributable to:				
Owners of the parent				
For continuing operations	373.6	–	(8.2)	**365.4**
For discontinued operations	–	–	8.2	**8.2**
Non-controlling interest				
For continuing operations	0.9	–	–	**0.9**
	374.5	–	–	**374.5**

11. Restatement of financial information for comparative periods *(continued)*

GROUP STATEMENT OF FINANCIAL POSITION

	As at 31 March 2013			
	Previously reported R'm	Change in accounting policy IFRS 11 R'm	Change in accounting policy IAS 19 R'm	**Restated R'm**
Assets				
Property, plant and equipment	5 234.6	(192.9)	–	**5 041.7**
Goodwill	301.0	(10.0)	–	**291.0**
Other intangible assets	474.1	–	–	**474.1**
Biological assets	16.0	–	–	**16.0**
Investments in and loans to associates and joint ventures	52.9	282.4	–	**335.3**
Available-for-sale financial assets	61.2	–	–	**61.2**
Trade and other receivables	21.0	(0.2)	–	**20.8**
Deferred income tax	4.7	(0.1)	–	**4.6**
Non-current assets	6 165.5	79.2	–	**6 244.7**
Current assets	5 527.7	(218.6)	–	**5 309.1**
Inventories	2 597.5	(85.4)	–	**2 512.1**
Biological assets	295.8	(6.8)	–	**289.0**
Derivative financial instruments	8.3	(1.3)	–	**7.0**
Trade and other receivables	2 386.5	(97.3)	–	**2 289.2**
Current income tax	1.0	(0.4)	–	**0.6**
Cash and cash equivalents	238.6	(27.4)	–	**211.2**
Total assets	11 693.2	(139.4)	–	**11 553.8**
Equity and liabilities				
Capital and reserves attributable to owners of the parent	6 447.5	–	0.7	**6 448.2**
Share capital	23.1	–	–	**23.1**
Share premium	2 195.2	–	–	**2 195.2**
Treasury shares	(1 199.3)	–	–	**(1 199.3)**
Other reserves	382.0	–	–	**382.0**
Retained earnings	5 046.5	–	0.7	**5 047.2**
Non-controlling interest	9.1	–	–	**9.1**
Total equity	6 456.6	–	0.7	**6 457.3**
Non-current liabilities	1 486.4	(39.9)	(0.7)	**1 445.8**
Borrowings				
B-BBEE equity transaction third-party finance	449.7	–	–	**449.7**
Other	37.0	(27.4)	–	**9.6**
Provisions for other liabilities and charges	123.3	–	(1.0)	**122.3**
Share-based payment liability	171.4	–	–	**171.4**
Deferred income tax	705.0	(12.5)	0.3	**692.8**
Current liabilities	3 750.2	(99.5)	–	**3 650.7**
Trade and other payables	1 870.2	(62.4)	–	**1 807.8**
Current income tax	15.6	(2.0)	–	**13.6**
Derivative financial instruments	9.1	–	–	**9.1**
Borrowings	1 849.3	(40.6)	–	**1 808.7**
Loan from joint venture	5.6	5.5	–	**11.1**
Dividends payable	0.4	–	–	**0.4**
Total equity and liabilities	11 693.2	(139.4)	–	**11 553.8**

11. Restatement of financial information for comparative periods *(continued)*

GROUP STATEMENT OF CASH FLOWS

	Six months ended 31 March 2013 Previously reported R'm	Change in accounting policy IFRS 11 R'm	**Restated R'm**
Net cash profit from operating activities	770.1	(28.5)	**741.6**
Cash effect from hedging activities	22.8	–	**22.8**
Working capital changes	(607.5)	20.0	**(587.5)**
Accrual for Competition Commission penalties paid	(216.7)	–	**(216.7)**
Net cash utilised in operations	(31.3)	(8.5)	**(39.8)**
Income tax paid	(106.9)	3.4	**(103.5)**
Net cash flow utilised in operating activities	(138.2)	(5.1)	**(143.3)**
Net cash flow from investment activities	(770.7)	22.9	**(747.8)**
Property, plant and equipment and intangible assets			
– additions	(387.4)	2.7	**(384.7)**
– replacements	(102.2)	6.5	**(95.7)**
– proceeds on disposal	17.6	–	**17.6**
Business combinations	(315.0)	–	**(315.0)**
Proceeds on disposal of and changes in available-for-sale financial assets and loans	4.4	3.5	**7.9**
Interest received	10.7	2.2	**12.9**
Dividends received	0.8	–	**0.8**
Dividends received from joint ventures	–	8.0	**8.0**
Dividends received from associates	0.4	–	**0.4**
Net cash flow from financing activities	(318.8)	(0.8)	**(319.6)**
Repayments of borrowings	(124.1)	(2.6)	**(126.7)**
Share schemes transactions	(4.7)	–	**(4.7)**
Interest paid	(62.3)	1.8	**(60.5)**
Dividends paid	(127.7)	–	**(127.7)**
Net decrease in cash, cash equivalents and bank overdrafts	(1 227.7)	17.0	**(1 210.7)**
Net cash, cash equivalents and bank overdrafts at beginning of period	368.1	(11.1)	**357.0**
Net cash, cash equivalents and bank overdrafts at end of period	(859.6)	5.9	**(853.7)**

12. Preparation of financial statements

These condensed consolidated interim financial statements have been prepared under the supervision of LR Cronjé, CA(SA), Group financial director.

13. Audit

These results have not been audited or reviewed by the external auditors.

Directors

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