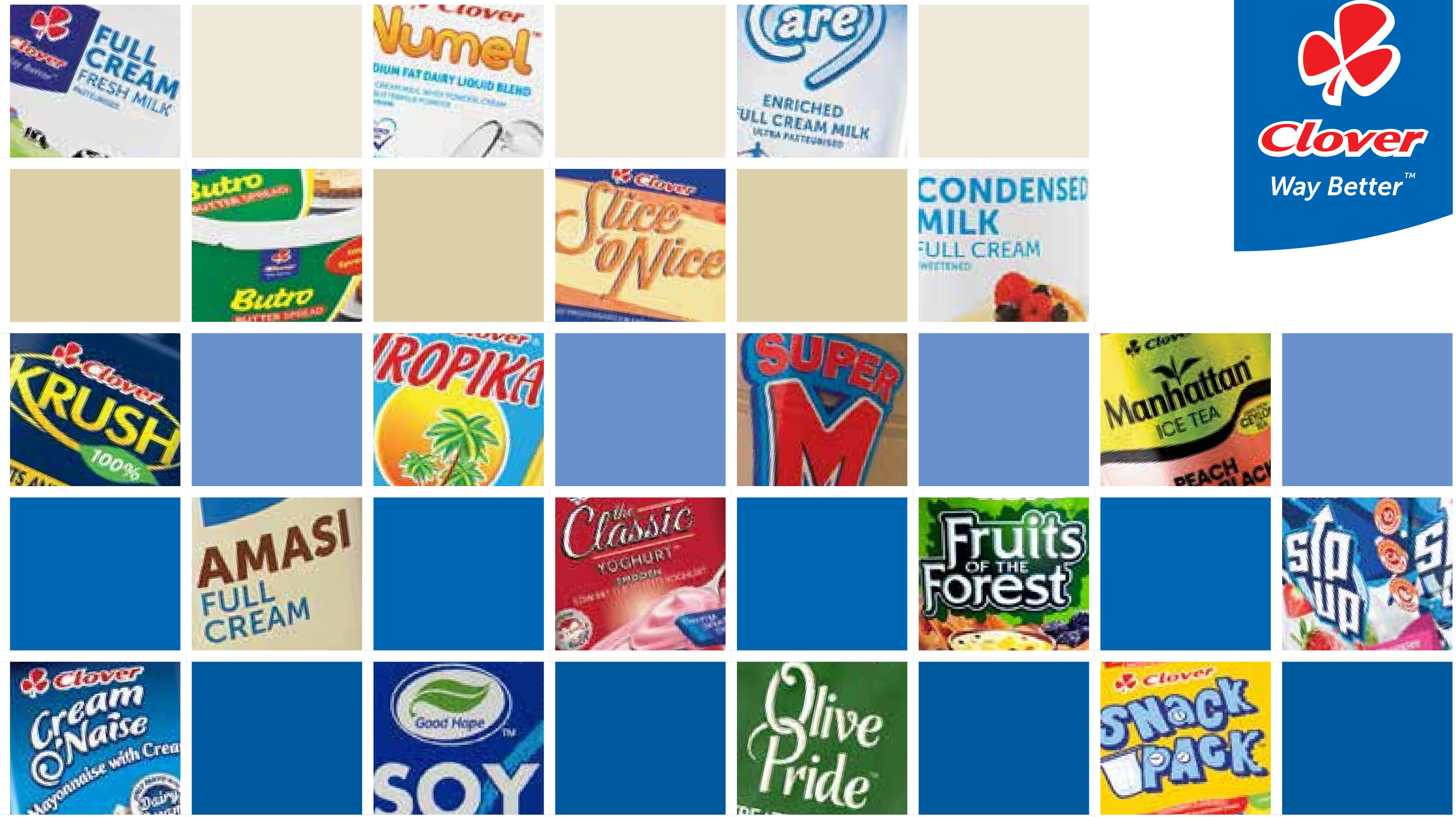
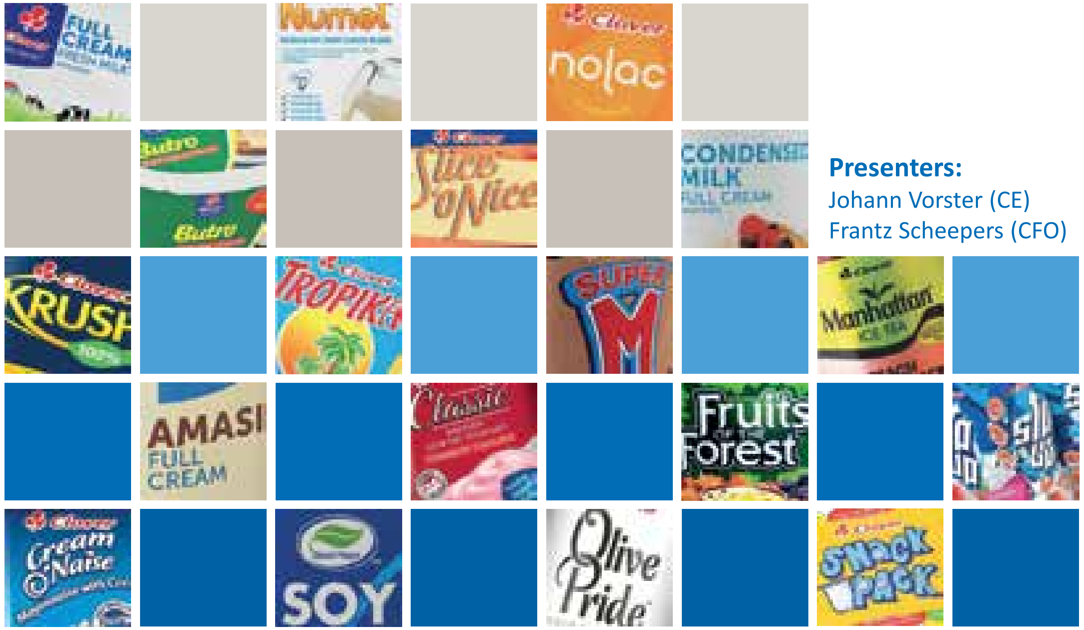


Clover Industries Limited

Reviewed condensed consolidated financial results

for the year ended 30 June **2018**

and cash dividend declaration



Presenters:
Johann Vorster (CE)
Frantz Scheepers (CFO)

Clover
Way Better™

Clover

Clover Industries Limited

Reviewed condensed consolidated results
for the year ended 30 June **2018**

1

AGENDA

KEY FINANCIAL INDICATORS

DFSA UPDATE

OUR OPERATING ENVIRONMENT OVER THE PAST YEAR

VOLUME AND VALUE GROWTH DATA

SEGMENTAL AND PRODUCT PERFORMANCE

GROUP FINANCIAL RESULTS

SUGAR TAX IMPACT

CAPITAL PROJECTS

PROJECT SENCILO

PROSPECTS

QUESTIONS

KEY FINANCIAL INDICATORS

REVENUE
(compared to June 2017 adjusted for DFSA restructure)
↑ **7,9%**
to R8,3 Billion

REVENUE
(reduced due to the DFSA effect on turnover)
↓ **17,4%**
to R8,3 billion

OPERATING PROFIT
↑ **94,3%**
to R611,0 million

NORMALISED HEPS
↑ **223,8%**
206,9 cents

NORMALISED EPS
↑ **152,9%**
TO 210,1 cents

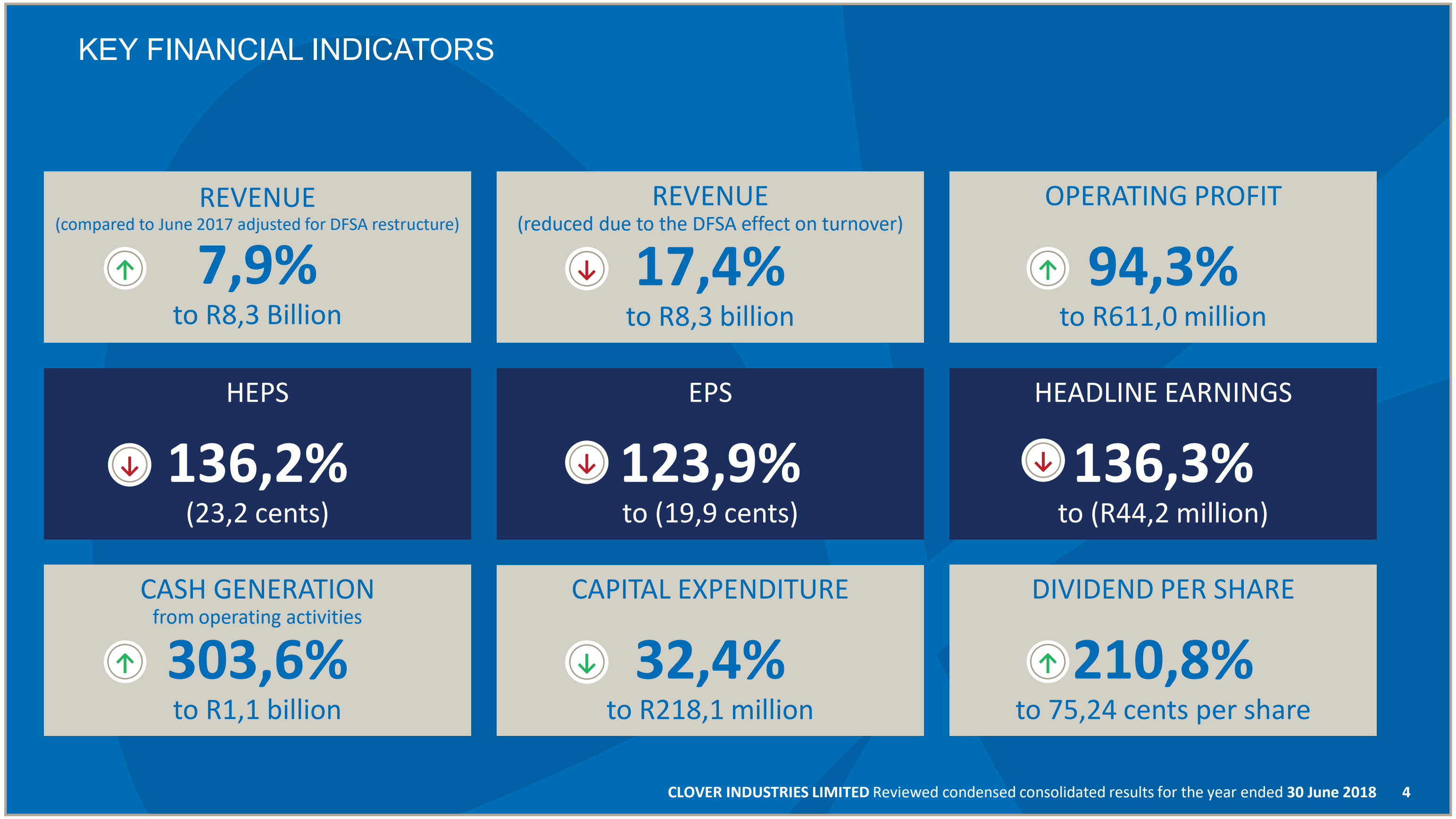
NORMALISED HEADLINE EARNINGS
↑ **224,7%**
to R394,9 million

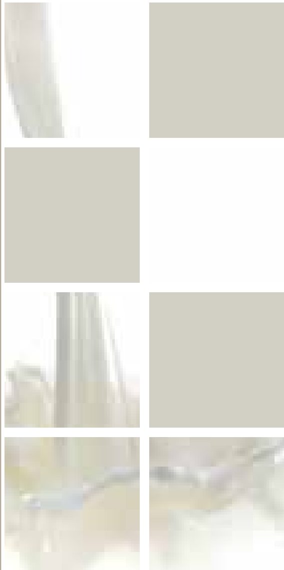
CASH GENERATION
from operating activities
↑ **303,6%**
to R1,1 billion

CAPITAL EXPENDITURE
↓ **32,4%**
to R218,1 million

DIVIDEND PER SHARE
↑ **210,8%**
to 75,24 cents per share

CLOVER INDUSTRIES LIMITED Reviewed condensed consolidated results for the year ended **30 June 2018** 3


KEY FINANCIAL INDICATORS
REVENUE
(compared to June 2017 adjusted for DFSA restructure)
7,9%
to R8,3 Billion
REVENUE
(reduced due to the DFSA effect on turnover)
17,4%
to R8,3 billion
OPERATING PROFIT
94,3%
to R611,0 million
HEPS
136,2%
(23,2 cents)
EPS
123,9%
to (19,9 cents)
HEADLINE EARNINGS
136,3%
to (R44,2 million)
CASH GENERATION
from operating activities
303,6%
to R1,1 billion
CAPITAL EXPENDITURE
32,4%
to R218,1 million
DIVIDEND PER SHARE
210,8%
to 75,24 cents per share
CLOVER INDUSTRIES LIMITED Reviewed condensed consolidated results for the year ended 30 June 2018 4



DFSA UPDATE

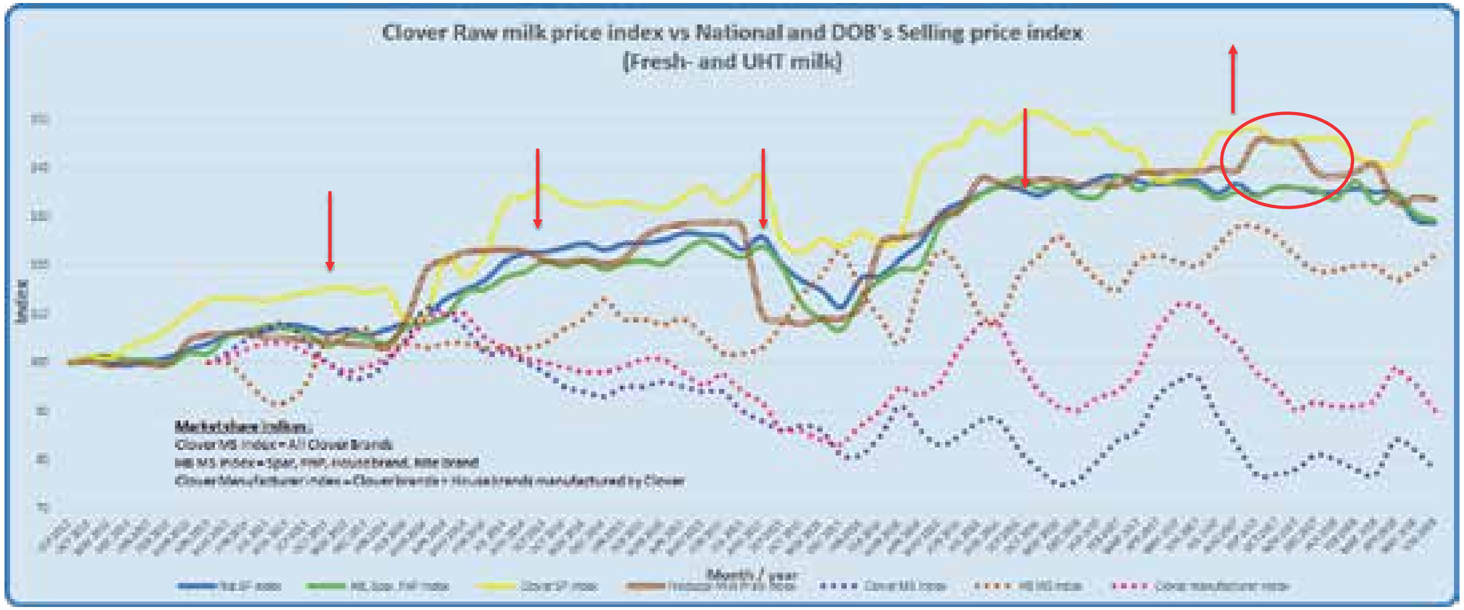
PRESENTED BY: JOHANN VORSTER

DFSA UPDATE

- Due to untenable tension between losing milk producers or losing market, the CEO of DFSA has decided to resign with effect from 30 April 2019
- Unfortunately the Chairman of DFSA also resigned, and felt it prudent that the milk producer shareholders appoint their own new Independent Chairman along with a new CEO of DFSA
- Given the imminent change in the leadership of DFSA, the board of Clover decided to impair the full revolving credit facility (RCF) of R439 million outstanding at 30 June 2018, although the accumulated loss recorded by DFSA at 30 June 2018 is only R133,2 million
- The impairment of the RCF will be assessed on a continuous basis, taking into consideration the lien that Clover holds over the DFSA inventory and debtors balances that is being controlled/managed by Clover as part of Clover's services agreement, as well as the DFSA board approved plans to manage the business through the current down cycle

CLOVER INDUSTRIES LIMITED Reviewed condensed consolidated results for the year ended **30 June 2018** 6

CLOVER RAW MILK PRICE INDEX VS NATIONAL AND DOB'S SELLING PRICE INDEX

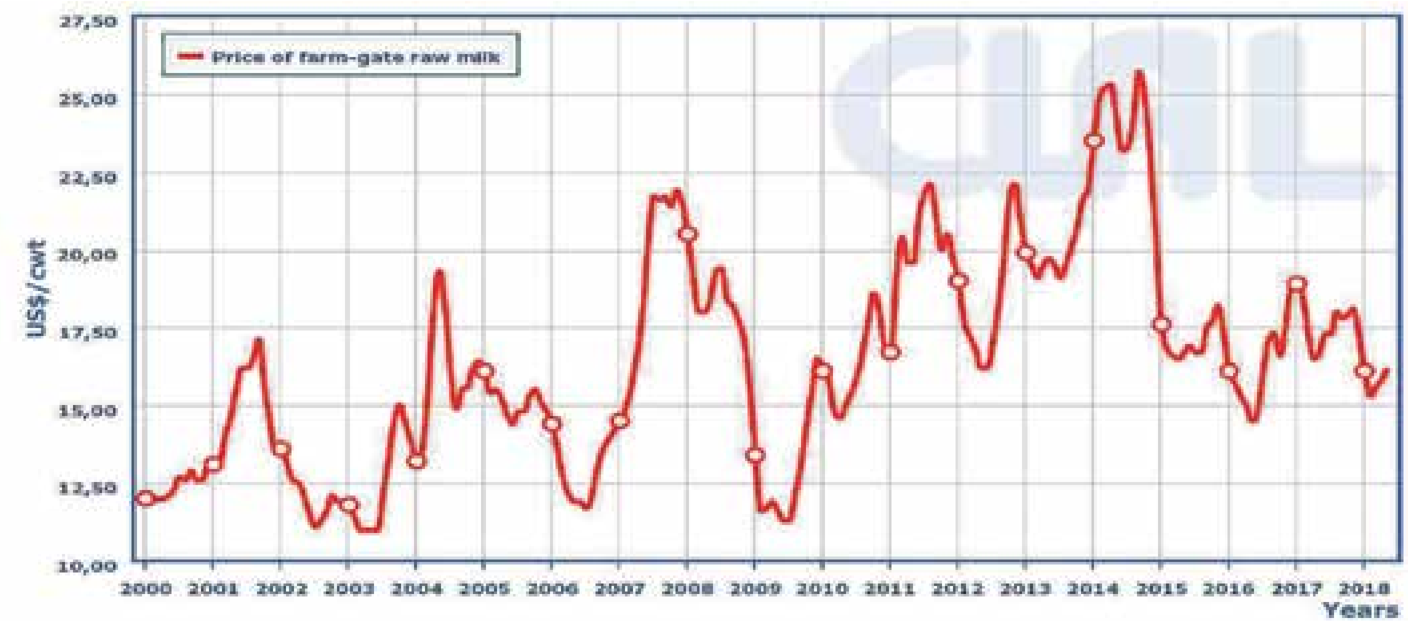


CLOVER INDUSTRIES LIMITED Reviewed condensed consolidated results for the year ended **30 June 2018** 7

RAW MILK PRICES IN THE USA

US: Historical overview of farm-gate raw milk prices

Fluid Grade Milk



REMINDER OF THE CHANGE IN STRUCTURE

BACKGROUND

- Dairy Farmers of South Africa Proprietary Limited ("DFSA") was formed on 1 April 2017
- Clover SA transferred its non-value-added dairy products business (fresh milk, UHT milk, UP milk, etc.) to DFSA with effect from 1 April 2017 at breakeven
- Clover has not shared in any profits or losses of DFSA with effect from 1 July 2017
- Clover retained all value-added dairy products and other value add products
- Clover remain a substantial service provider to the dairy industry by providing various services to DFSA
- Clover purchases all of its milk requirements from DFSA, therefore ex-Clover producers will supply all of Clover's milk requirements through DFSA and the Clover Unique Milk Procurement System will transfer to DFSA and remain intact
- DFSA will pay a 1% royalty after year 1 to Clover for the use of the Clover Trademarks (only on turnover of products bearing the Clover Trademarks)

THE OBJECTIVES OF DFSA

KEY OBJECTIVES OF DFSA

To improve access to new volume based growth markets

- The first motivation behind the new structure was to enable DFSA to enter into new volume growth markets at lower margins which will also benefit Clover, as Clover will get more volumes through its infrastructure

To facilitate the formation of synergistic partnerships and/or alliances

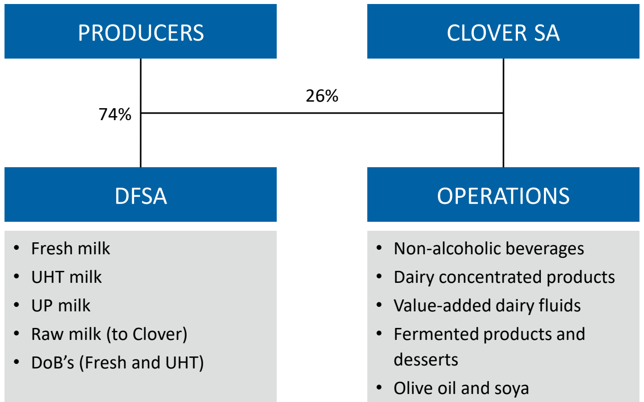
- The second motivation is to position Clover away from low margin/high volume business in order to attract potential partners, who can bring scale to Clover's operations

To give producers of raw milk a stake in Non-Value-Added Dairy Products

- The third motivation is to give Producers that apply for shares in DFSA a stake in the non-value-added Dairy Products business where the highest volumes of raw milk are used and thus enable them to profit from the entire value chain

THE CURRENT STRUCTURE

DFSA



In terms of the transfer agreement, Clover holds all the A-shares in the new business with 26% voting rights, whilst the milk producers hold all the B-shares with a 74% voting right

BENEFITS TO CLOVER

- Value-added products only
- No perceived price conflict to determine milk price
- It retains all services of DFSA
- Increase in profit margins in future with new investments

BENEFITS TO PRODUCERS

- Immediate access to Clover brand
- Volume growth
- No heavy distribution infrastructure
- No heavy production infrastructure
- DOB access (without brand conflict)
- Increase in route profitability
- New markets potential

CLOVER INDUSTRIES LIMITED Reviewed condensed consolidated results for the year ended **30 June 2018** 11

AN UPDATE ON THE PAST YEAR

THE SOUTH AFRICAN MARKETS FOR DAIRY PRODUCTS OVER THE PAST YEAR

- Higher production – but the extent of this has decreased in April, May and June 2018
- Weak demand
- Downward pressure on prices
- Exports have decreased
- Imports have increased substantially

AN UPDATE ON THE PAST YEAR

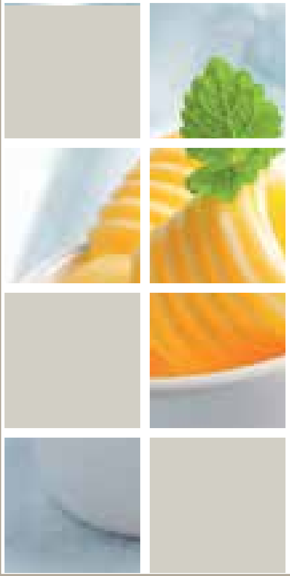
HOW DID THE PAST YEAR GO?

- The split was complicated, but it was done successfully. Unfortunately it came in a year of surplus milk at the bottom of the cycle
- The surplus led, like in the past, to DFSA incurring losses to ride through the cycle. The previous loss at the bottom of the cycle (in Clover) was R126,4m in 2014. This year in DFSA, it was R128,8m. (Profits in **2015** – R60,4m, **2016** – R77,1m, **2017** – R23,8m)
- The surplus of milk is a national milk surplus, and not just a DFSA surplus. DFSA manages its milk requirements through the CUMPS model, and is therefore in balance. This loss is expected to be recovered by end of June 2019, as the milk flow is abating
- Nothing has changed in the milk environment that would eliminate these cycles in future - every 3-5 years we will experience a surplus in the country
- Having split DFSA in a surplus year, made us look intensely at the relationship between the parties, and the business model of DFSA, which problems would have been disguised in a shortage/profit year (e.g. Housebrands)
- Clover has given DFSA a revolving credit facility for 20 years, which will give it sufficient time to repay losses incurred in the bottom of the cycle. DFSA's products are very important to Clover, as it is a significant service provider to DFSA

THE WAY FORWARD

GOING FORWARD

- DFSA will build its own reserves to become completely independent in future
- To this end, it will capitalise 25 cents from each litre of milk from the 1 August milk price reduction which will amount to R90 million (due to surplus milk)
- To assist DFSA to grow, Clover will also make a capital injection of R90 million
- Although Clover has no economic interest in DFSA, it will make good returns on its investment in DFSA through its service fee income (in future)
- DFSA has provisionally announced a further 30 cents milk price reduction with effect from 1 October, which is currently under review
- Clover should now be largely protected from the cycles in the commodity dairy market, except for volume dependency of the DFSA products



OUR OPERATING ENVIRONMENT OVER THE PAST YEAR

PRESENTED BY: FRANTZ SCHEEPERS

OUR OPERATING ENVIRONMENT OVER THE PAST YEAR

MACRO	• Global economic prospects strengthened during the first half of our financial year, but the global environment however gradually deteriorated during the second half following strained trade relations between the US and its trading partners • Political and directional uncertainty in many countries • An uptick in oil prices followed by the sudden weakening of the Rand posed new challenges on cost of doing business
SA	• Growth gathered momentum in the second half of 2017, but the market was dealt a blow with the announcements that GDP contracted by 2.2% in the first quarter of 2018 and a further 0.7% in the second quarter • Consumer and business confidence were marked by optimism following an easing in political tensions but muted again by poor economic growth, policy uncertainty, high unemployment data and increasing fuel and other costs • 1% increase in the VAT rate and health promotion levy (sugar tax) • Pressure on disposable income remains – especially lower-income earners
CLOVER	• Overall trading conditions were difficult and marked by structural changes in the retail environment which included aggressive pricing from competitors • Listeria outbreak resulted in reduced principal fee income • Erosion of available discretionary spend reflected in buying patterns as consumers increasingly buy and stock up on price promotions • Quick reaction to realign strategy to the new "normal"

STRATEGIC FOCUS AREAS AND SUCCESSES IN RESPONSE TO OUR OPERATION ENVIRONMENT

STRATEGIC FOCUS AREA	OUR SHORT-TERM ACTIONS	OUTCOMES
GROWTH THROUGH PRODUCT AND BRAND DEVELOPMENT	• Increased investment in product development • Accelerated growth through innovations • Continue expansion into new product categories • Addition of alternative products to satisfy our consumers' needs	**2 New product launches** **2 Line extensions** **Accelerated growth of new categories** • Snack pack up 176,4% • Numel up 93,4% **Successful positioning of products as premium**
VOLUME GROWTH AND MARKET SHARE RECOVERY	• Increase marketing support • Reinvest value chain savings into product pricing • Reallocate investment in sales activities	**Volume growth in selected categories** • Maas up 54,9% • Bliss Yoghurt up 41,8% **Market share increase in chosen product categories** • Processed cheese up 5,6% • Maas up 3,7%

STRATEGIC FOCUS AREAS AND SUCCESSES IN RESPONSE TO OUR OPERATION ENVIRONMENT

STRATEGIC FOCUS AREA	OUR SHORT-TERM ACTIONS	OUTCOMES
DISTRIBUTION EFFECTIVENESS AND REACH (Including Africa Expansion)	• Accelerate distribution investment into informal trade • Continue controlled expansion into Africa	**Successful roll-out of wider distribution reach through our Africa expansion and Masakhane project** • Total distribution points up 51,6% to 46 810 • Limited basket of products introduced in rest of Africa • Addition of two new export countries – Tanzania and Zambia **3,6% decrease in secondary distribution costs**
COST MANAGEMENT AND PRODUCTION EFFICIENCIES	• Continue to focus on cost saving initiatives and efficiencies across the value chain • Identify further production line consolidation • Recipe enhancements	**Execution of efficiency drive led to cost savings** • Contained manufacturing costs to marginal increase of 1,9% • Effective consolidation of factories • Retendering of suppliers which led to better prices and terms • Reduced complexities in the business • Reduced impact of sugar taxes due to product reformulations

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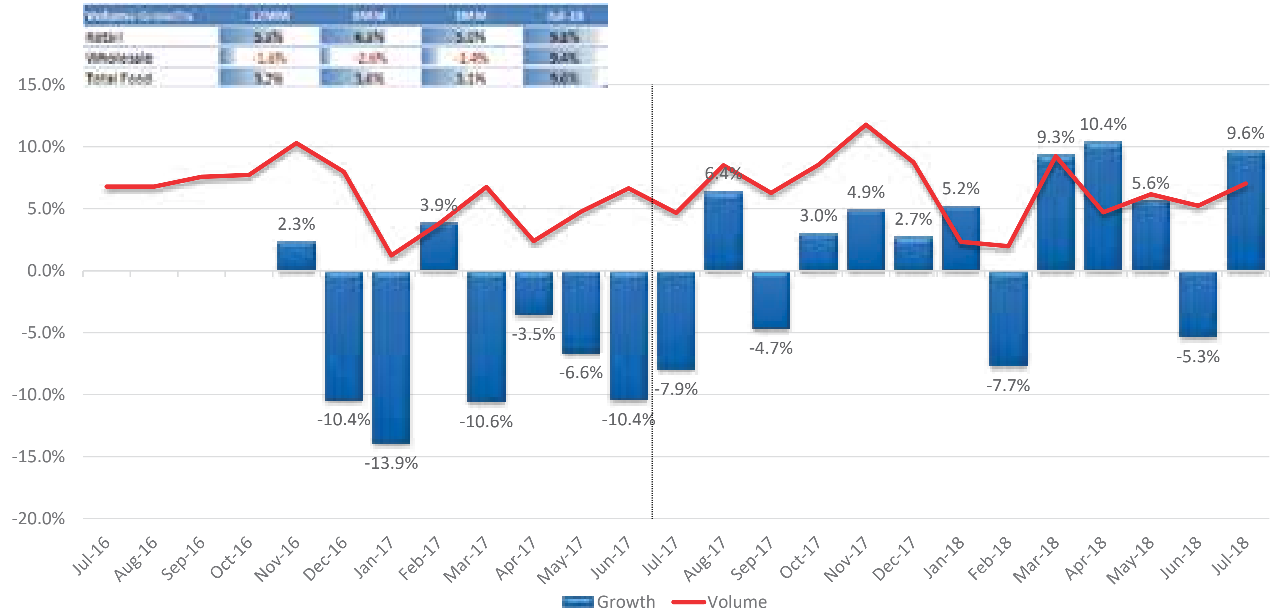
STRATEGIC FOCUS AREAS AND SUCCESSES IN RESPONSE TO OUR OPERATION ENVIRONMENT

STRATEGIC FOCUS AREA	OUR SHORT-TERM ACTIONS	OUTCOMES
WIN-WIN STAKEHOLDER RELATIONSHIPS	• Create a culture of acting as one and reaching goals together • Drive consumer-centric behaviours • Revise Human Capital strategy • Improve supply chain efficiencies through co-operation with the trade • Return to traditional profitability levels	**Effective stakeholder engagement** • Clover was once again voted as the leader in reporting and communications for companies with a market capitalisation below R5 billion by the Investment Analysts Society of South Africa members **Response to consumer needs and feedback** • Clover won the South Africa RepTrak© Pulse reputation survey as the most reputable company in South Africa for the third consecutive year **Workforce well-being** • New HR strategy launched during the year **Improved financial results** • Operating profit up 94,3% • Normalised HEPS up 223,8%

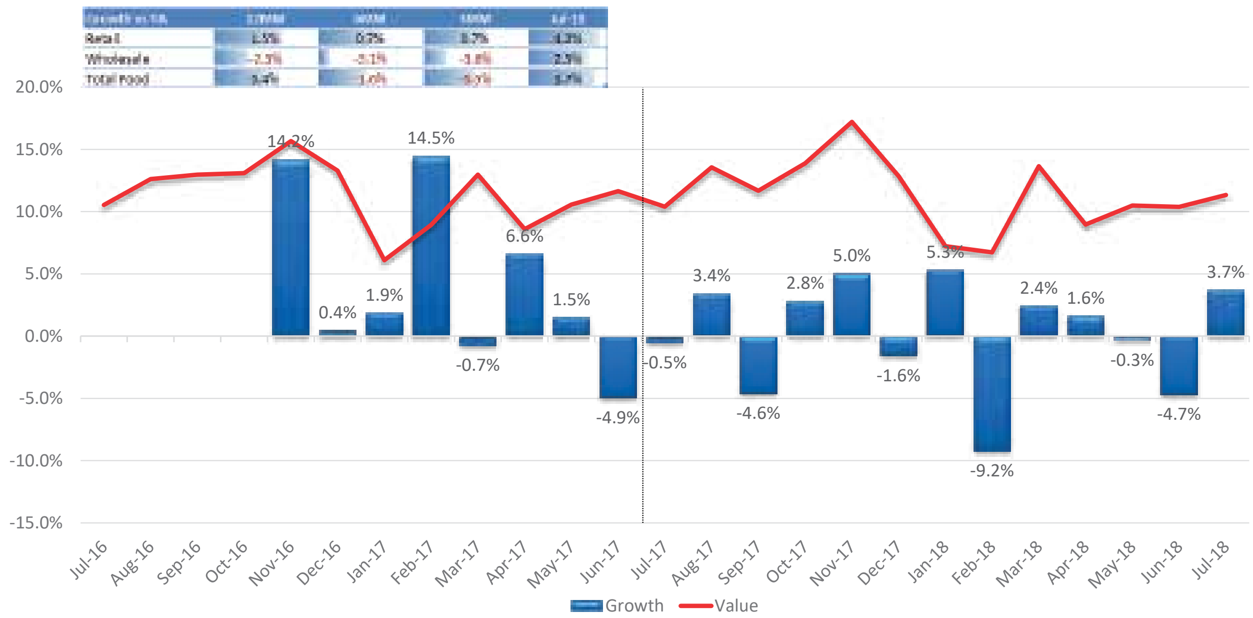
VOLUME AND VALUE GROWTH DATA

PRESENTED BY: JOHANN VORSTER

TOTAL FOOD VOLUME GROWTH – JULY 2018



TOTAL FOOD VALUE GROWTH – JULY 2018



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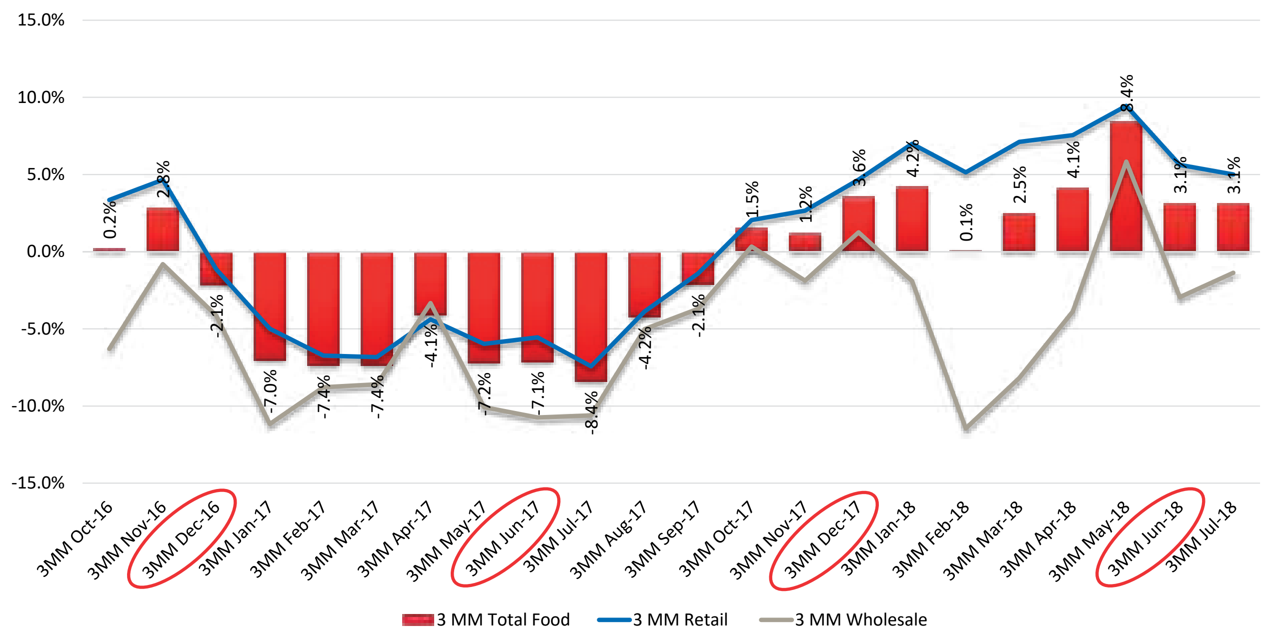
3MM VOLUME GROWTH - JULY 2018



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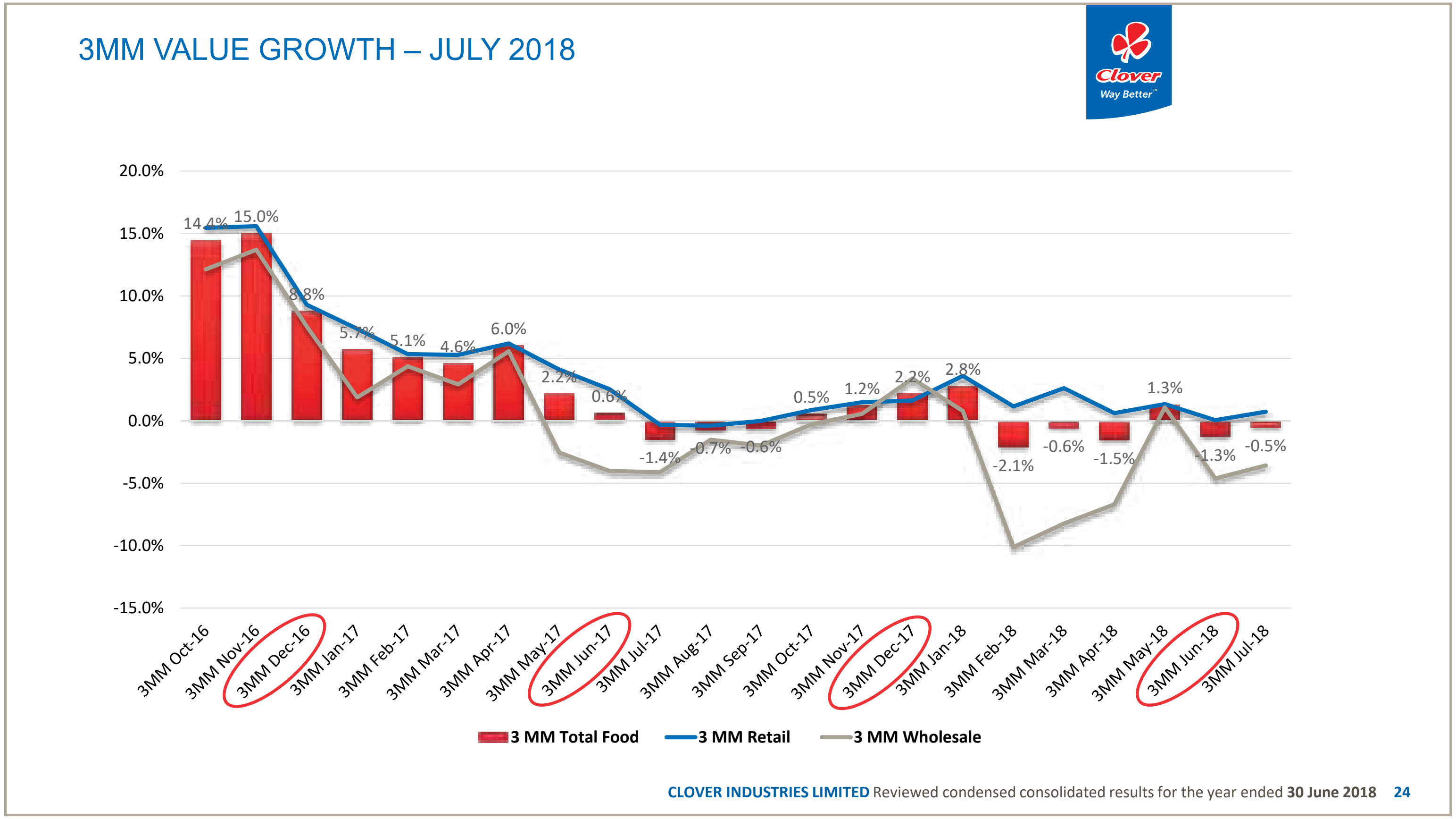
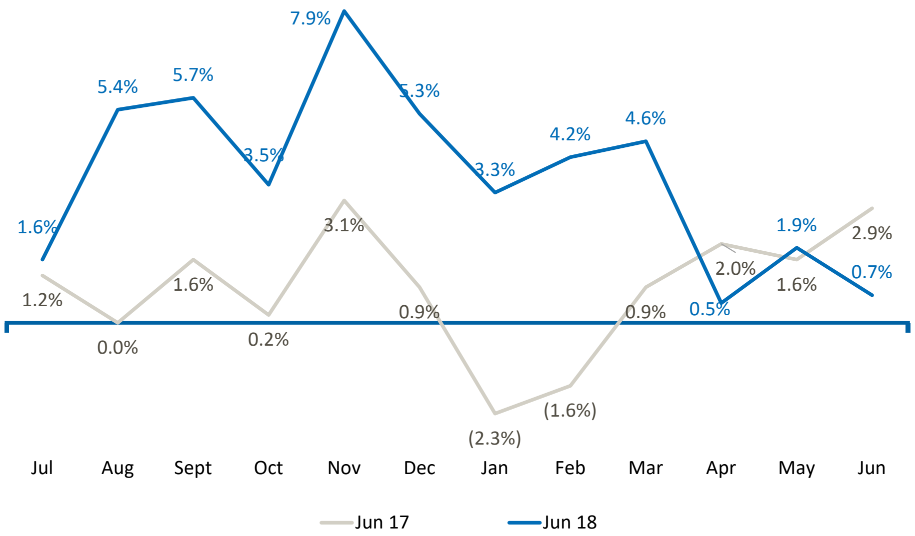

3MM VALUE GROWTH – JULY 2018
Clover
Way Better
20.0%
15.0%
10.0%
5.0%
0.0%
-5.0%
-10.0%
-15.0%
14.4%
15.0%
8.8%
5.7%
5.1%
4.6%
6.0%
2.2%
0.6%
-1.4%
-0.7%
-0.6%
0.5%
1.2%
2.2%
2.8%
-2.1%
-0.6%
-1.5%
1.3%
-1.3%
-0.5%
3MM Oct-16
3MM Nov-16
3MM Dec-16
3MM Jan-17
3MM Feb-17
3MM Mar-17
3MM Apr-17
3MM May-17
3MM Jun-17
3MM Jul-17
3MM Aug-17
3MM Sep-17
3MM Oct-17
3MM Nov-17
3MM Dec-17
3MM Jan-18
3MM Feb-18
3MM Mar-18
3MM Apr-18
3MM May-18
3MM Jun-18
3MM Jul-18
3 MM Total Food
3 MM Retail
3 MM Wholesale
CLOVER INDUSTRIES LIMITED Reviewed condensed consolidated results for the year ended 30 June 2018 24

OPERATING ENVIRONMENT
TOTAL RETAIL SALES DATA FOR SOUTH AFRICA

YEAR-ON-YEAR **VOLUME** MOVEMENT (%)

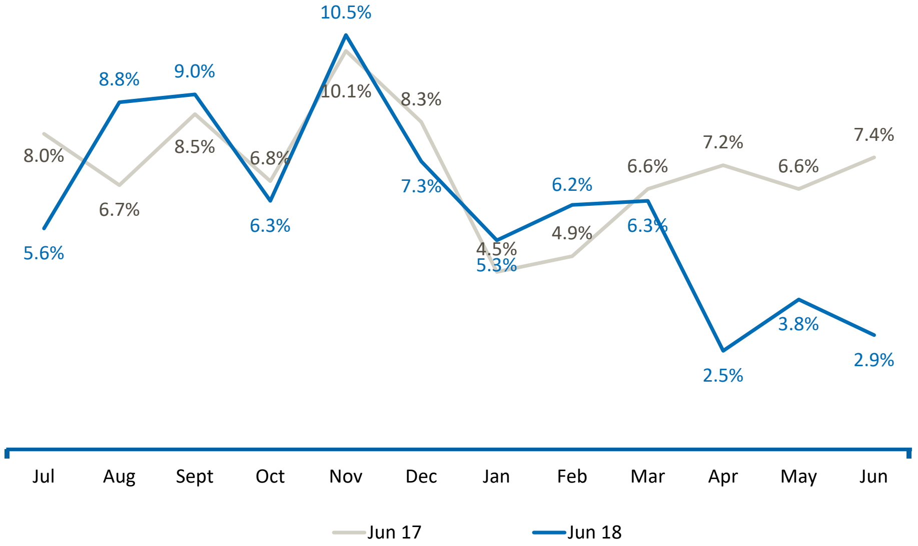


- The calculated average increase in retail sales volumes over the year was 3,7%
- Clover's average sales volumes up by 8,2% over the year
- A flattening of the market was observed from April to June 2018

CLOVER INDUSTRIES LIMITED Reviewed condensed consolidated results for the year ended **30 June 2018** 25

OPERATING ENVIRONMENT
TOTAL RETAIL SALES DATA FOR SOUTH AFRICA

YEAR-ON-YEAR TOTAL SALES **VALUE** MOVEMENT (%)



- The calculated average increase in retail sales value over the year was 6,2%
- Clover's average sale of products value increased by 10,0% over the year
- A flattening of the market was observed from April to June 2018

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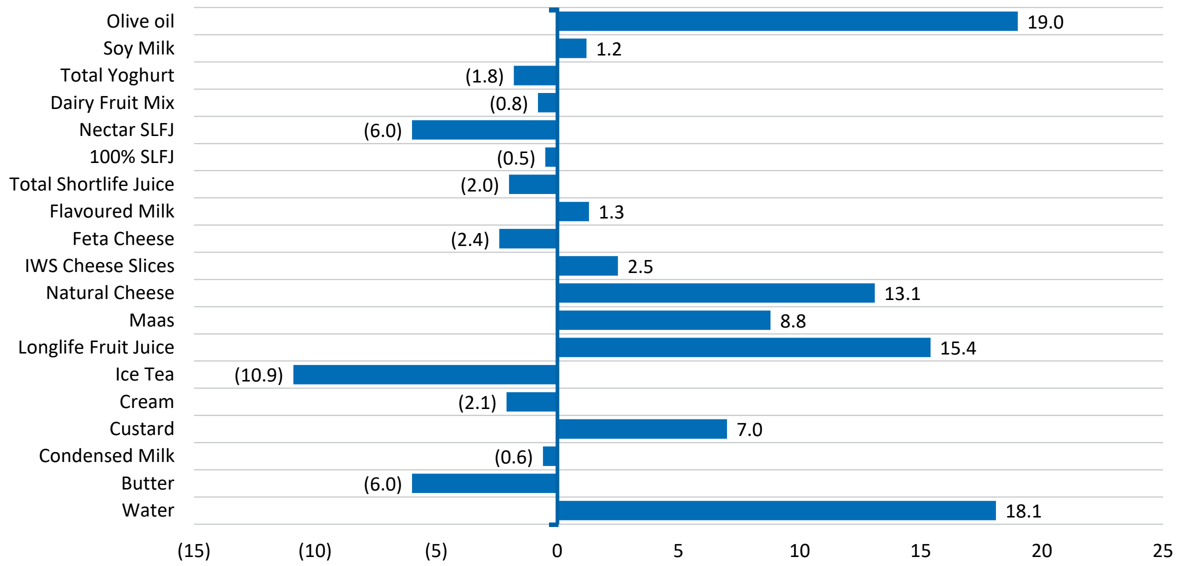
OPERATING ENVIRONMENT

TOTAL **MARKET VOLUME** GROWTH FOR THE YEAR TO JUNE 2018



RTD = Ready to Drink
DFM = Dairy Fruit Mix
SLFJ = Short Life Fruit Juice
UP = Ultra Pasteurised

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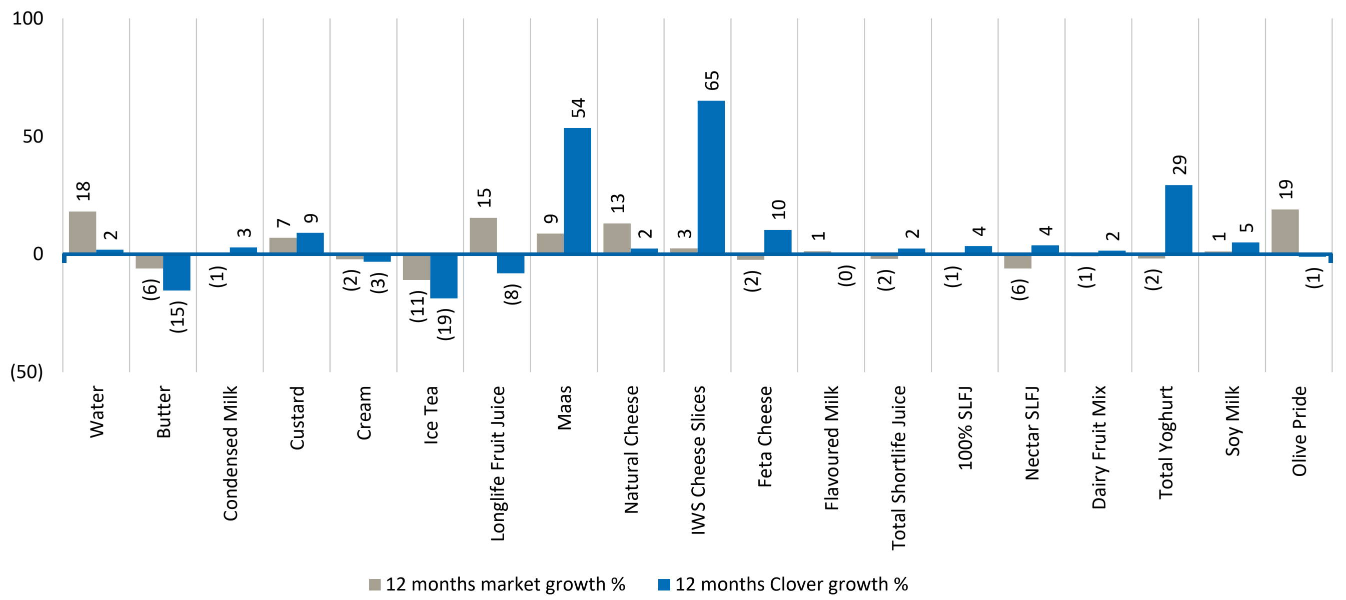
SEGMENTAL AND PRODUCT PERFORMANCE

PRESENTED BY: JOHANN VORSTER

SEGMENTAL PERFORMANCE

PRODUCT VOLUME GROWTH VS MARKET GROWTH



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SEGMENTAL PERFORMANCE

CONTRIBUTION TO CLOVER'S OVERALL REVENUE AND MARGIN ON MATERIAL (MOM) FROM SALE OF PRODUCTS

CONTRIBUTION TO REVENUE FROM SALE OF PRODUCTS

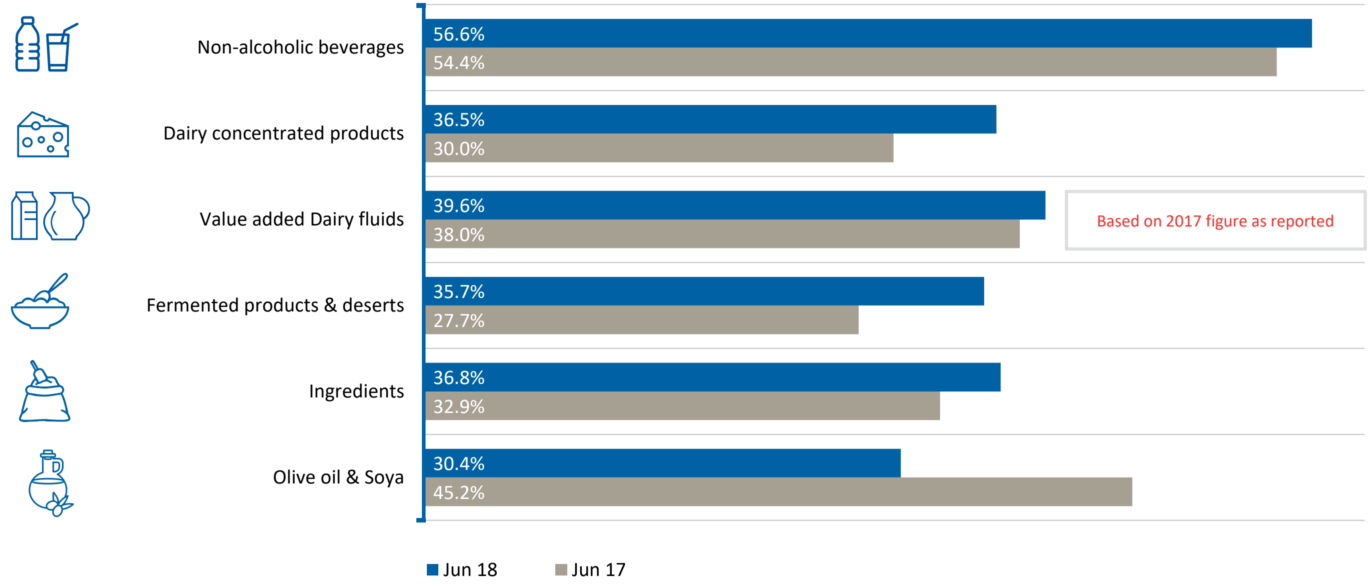
37,4%	Non-alcoholic beverages	R2,409bn
23,2%	Dairy concentrated products	R1,493bn
19,1%	Value added dairy fluids	R1,231bn
15,5%	Fermented products and desserts	R999m
2,7%	Ingredients	R176m
2,0%	Olive oil and soya	R127m

CONTRIBUTION TO MOM FROM SALE OF PRODUCTS

47,7%	Non-alcoholic beverages	R1,365bn
19,1%	Dairy concentrated products	R545m
17,1%	Value added dairy fluids	R488m
12,5%	Fermented products and desserts	R357m
2,3%	Ingredients	R65m
1,4%	Olive oil and soya	R38m

CLOVER INDUSTRIES LIMITED Reviewed condensed consolidated results for the year ended **30 June 2018** 30

SEGMENTAL PERFORMANCE
MARGIN ON MATERIALS (MOM) %



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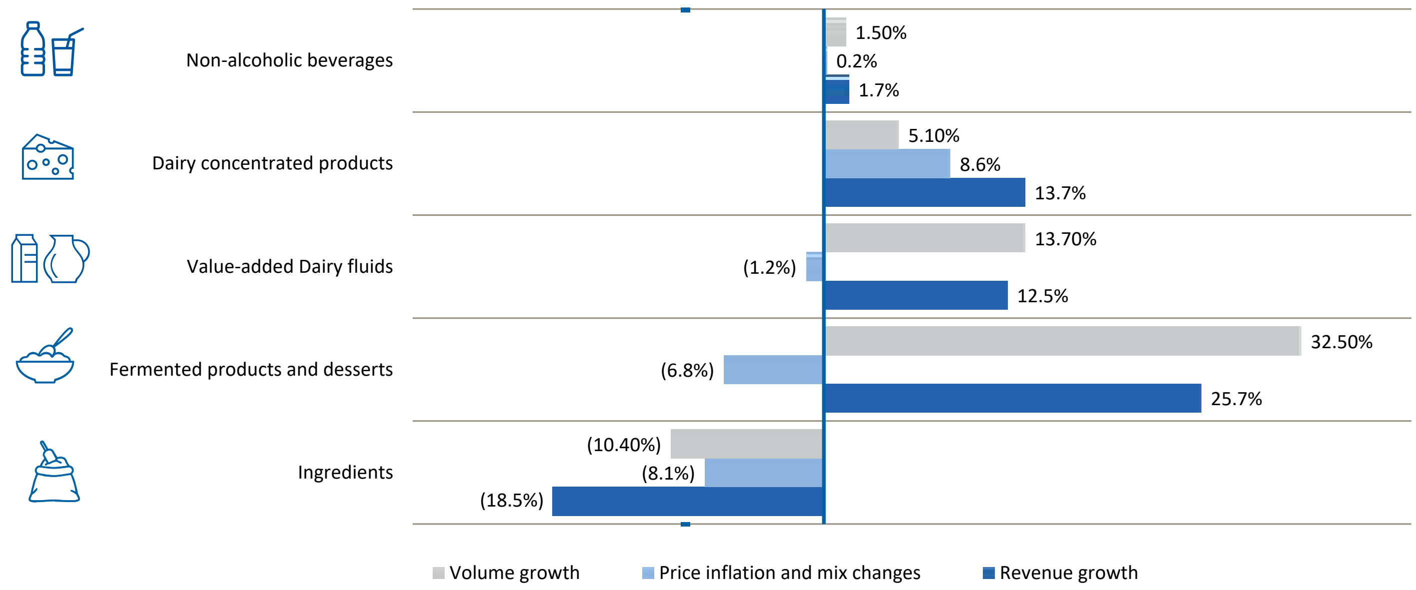
SEGMENTAL PERFORMANCE
REVENUE



SEGMENTAL PERFORMANCE
NON-ALCOHOLIC BEVERAGES

Volumes were up 1,5% and MOM value was up by 5,9%, while the MOM percentage increased from 54,4% to 56,6%

- Selling prices increased marginally by 0,2%
- The following volume movements were experienced:
  - Dairy fruit mix volumes up 0,7%
  - Fruit juice and nectar volumes up 3,5%
  - Water volumes down 4,0%
  - Ice Tea volumes down 15,5%
  - Flavoured milk volumes up 1,1%
- Ingredient costs and sugar content in this category were contained by reformulations and retendering resulting in lower than inflationary increases. As a result, MOM value increased by R76,1 million or 5,9%

SEGMENTAL PERFORMANCE
DAIRY CONCENTRATED PRODUCTS

Volumes were up 5,1% and MOM value was up 38,7%, while the MOM percentage improved from 30,0% to 36,5%

- Overall selling prices up 8,6%.
- However higher selling prices achieved on butter due to a worldwide and local shortage of butterfat. Prices in this category increased by 25,2% while volumes were down
- Cheese volumes up while but prices remained flat;
- The following volume movements were experienced:
  - Cheese volumes up 12,4%
  - Butter volumes down 3,1%
  - Condensed milk volumes down slightly 0,1%

SEGMENTAL PERFORMANCE
VALUE ADDED DAIRY FLUIDS

Dairy fluid volumes were up 13,7%. Revenue was up 12,5%, while the MOM percentage improved from 38,0%* to 39,6%

- Numel volumes up 93,4%
- Industry selling prices in other products remained low throughout the peak milk season with some categories experiencing significant volume losses

SEGMENTAL PERFORMANCE
FERMENTED PRODUCTS AND DESSERTS

Fermented volumes were up 32,5% and MOM value was up by 62,0%, while the MOM percentage improved from 27,7% to 35,7%

- Significant higher volumes in the current period were driven by competitive pricing and promotional discounts which resulted in price realisations being down on average by 5,4%
- Clover's maas volumes increased by 54,9% and market share increased from 9,0% to 12,7% on average for the 12 months to June 2018
- Yoghurt volumes increased by 23,2% and market share improved from 9,0% to 11,9% on average for the 12 months to June 2018
- Custard volumes increased by 6,5% and market share improved from 8,5% to 11,2% on average for the 12 months to June 2018
- A focus on efficiencies and improved recipes contributed to a significant increase in the MOM percentage

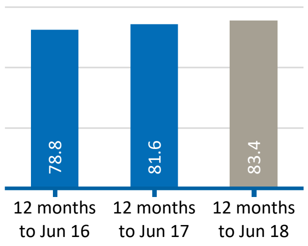
SEGMENTAL PERFORMANCE
INGREDIENTS

Volumes were down 10,4% and MOM was down by 8,9%, while the MOM percentage improved from 32,9% to 36,8%

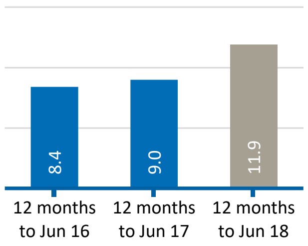
- Although Clover does not at present participate actively in the international dairy ingredients market, we balance seasonal milk and cheese production by utilizing excess skimmed milk and whey powder into reconstituted type products and selling excess powder into the local ingredients market

SEGMENTAL PERFORMANCE
MARKET SHARES

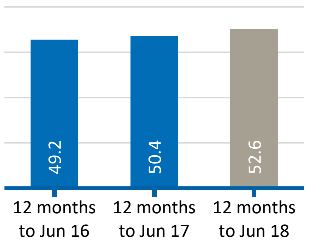
DAIRY FRUIT MIXES (%)



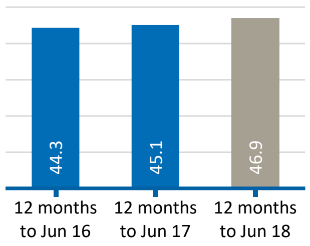
YOGHURT (%)



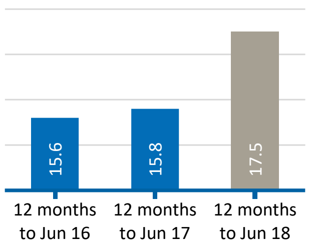
TOTAL SHORTLIFE JUICE (%)



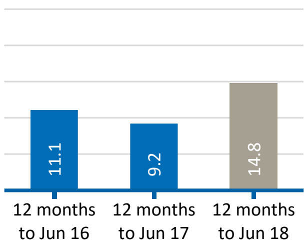
PURE JUICES (%)



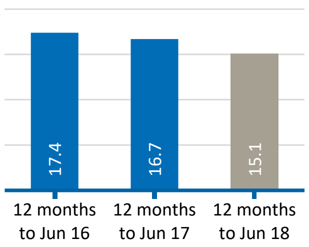
NECTAR (%)



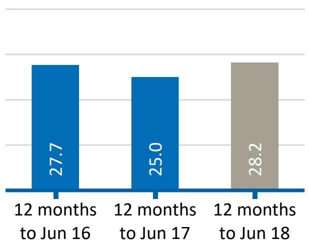
PROCESSED CHEESE SLICES (%)



NATURAL PREPACKED CHEESE (%)

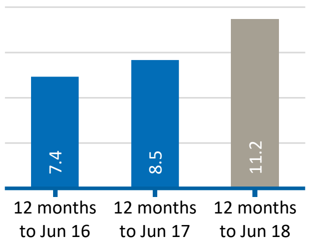


FETA CHEESE (incl. house brand) (%)

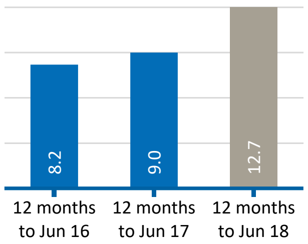


SEGMENTAL PERFORMANCE
MARKET SHARES

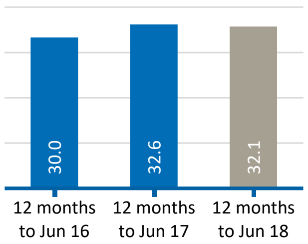
CUSTARD (%)



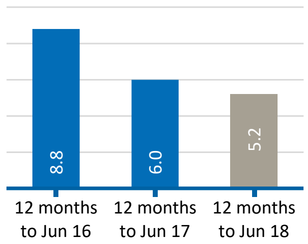
MAAS (%)



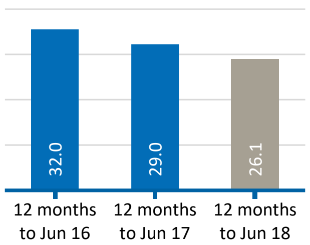
FLAVOURED MILK (%)



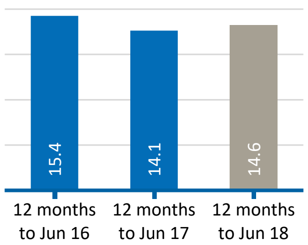
WATER BRANDS (%)



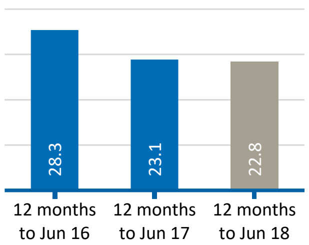
BUTTER (%)



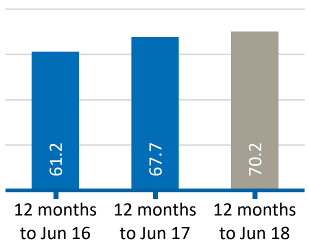
CONDENSED MILK (%)



FRESH CREAM (%)

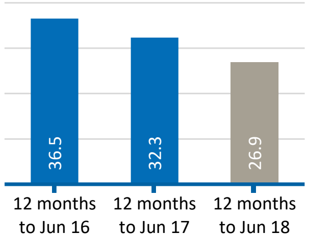


SOY MILK (%)

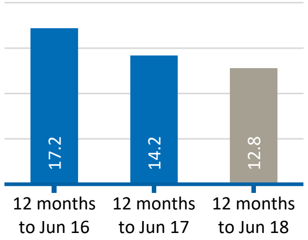


SEGMENTAL PERFORMANCE
MARKET SHARES

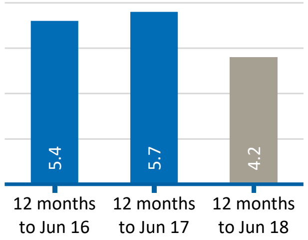
OLIVE PRIDE (%)

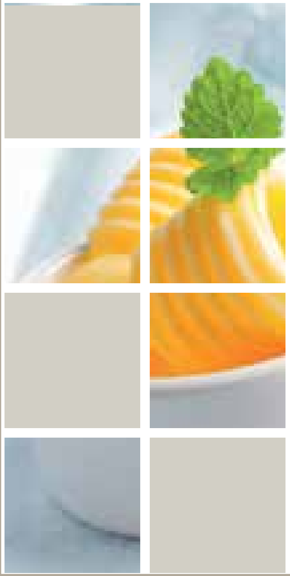


ICE TEA (%)



LONGLIFE FRUIT JUICE (%)





GROUP FINANCIAL RESULTS

PRESENTED BY: FRANTZ SCHEEPERS

GROUP FINANCIAL RESULTS
UNBUNDLING OF DFSA

	Change %	30 June 2018 Reviewed R'000	30 June 2017 After pro forma adjustments R'000
Sales of products **(1)**	10,0	**6 435 663**	5 852 036
Rendering of services **(2)**	2,1	**1 873 581**	1 834 421
Sale of raw milk		**335**	11 907
Rental income		**2 898**	3 351
Revenue	**7,9**	**8 312 477**	**7 701 715**
Cost of sales	(6,9)	**(5 357 424)**	(5 012 009)
Gross profit	**9,9**	**2 955 053**	**2 689 706**
Gross profit %		**35,6%**	**34,9%**

Pro forma adjustments

1. The sales of products relating to the non-value-added drinking milk, namely Fresh, UHT and UP milk were excluded from the pro forma
2. Clover provides all the production, distribution, sales and merchandising, marketing and certain administrative services to DFSA for a contracted fee, which is included in the pro forma

   The pro forma adjustment was determined with reference to actual volumes sold and realised during the corresponding period

   When the non-value-added products are excluded, our gross profit % for 2017 improves to 34,9% (previously 27,1%)

DFSA RESULTS FOR THE YEAR AND ACCOUNTING TREATMENT

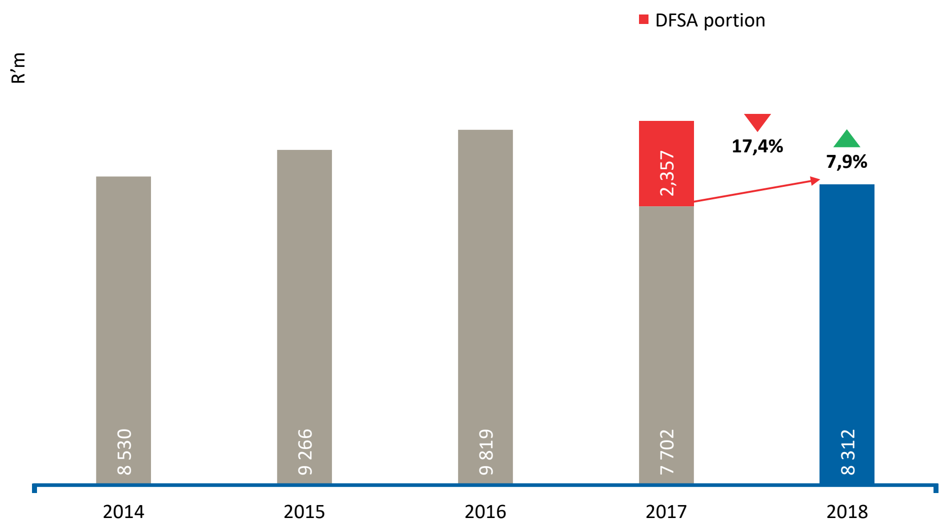
ACCOUNTING TREATMENT OF DFSA

- Effective 1 July 2017, Clover indirectly holds 26% of the voting rights (0% economic interest) in the form of A-shares in DFSA through Clover SA
- The A-shares do not share in profits of DFSA while the B-shares held by the producers of DFSA do share in profits
- The Group has made an assessment in terms of IFRS 10 and concluded that it does not exercise control over DFSA
- Group however has significant influence over DFSA and has classified the interest as an investment in associate

DFSA RESULTS FOR THE YEAR

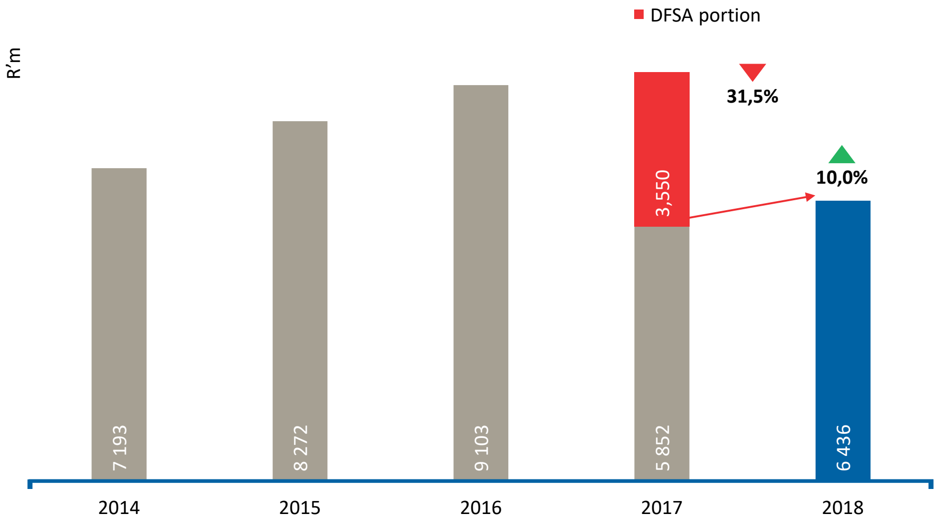
- DFSA made a net loss of R128,8 million for the year ended 30 June 2018
- To improve operating results, DFSA can either increase prices to the market or decrease prices paid to producers
- Effective 1 September DFSA decreased the milk price to producers
- An additional reduction has been provisionally announced effective 1 October (and is currently under review)
- The revolving credit facility was granted over a 20 year period and repayment is not expected over the short-term
- The Board decided to impair the above-mentioned facility
- The dairy industry (and DFSA) is expected to move into an upwards cycle towards June 2019

GROUP FINANCIAL RESULTS
REVENUE **(INCLUDING PRINCIPAL INCOME)**



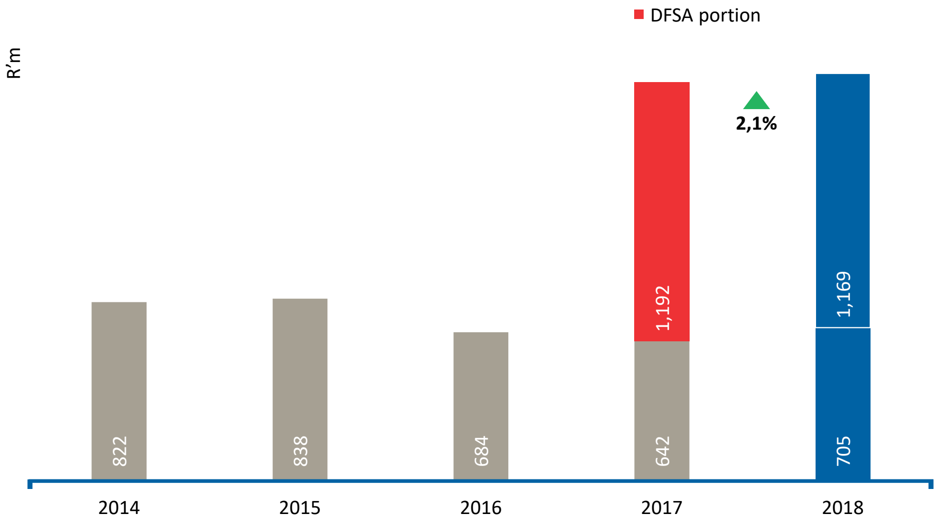
- Although revenue decreased by 17,4% to R8 312 million, the like-for-like revenue increase was 7,9%
- In a like-for-like comparison the revenue from the sale of non-value-added fresh and long-life drinking milk of R3 550 million should be excluded and replaced by revenue from services rendered of R1 169 million – refer to next slides

GROUP FINANCIAL RESULTS
REVENUE **(SALE OF PRODUCTS)**



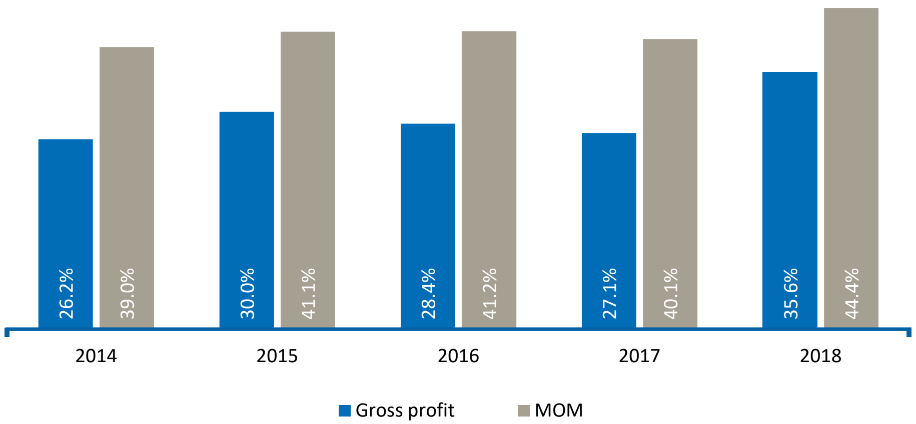
- Revenue from the sale of products decreased by R2 966 million or 31,5% to R6 436 million
- In a like-for-like comparison the revenue from the sale of non-value-added fresh and long-life drinking milk of R3 550 million should be excluded from sale of products
- The like-for-like increase in sale of products was 10,0%

GROUP FINANCIAL RESULTS
REVENUE **(SERVICES RENDERED)**



- In a like-for-like comparison the revenue from services rendered in the prior period should include R1,192 million
- The DFSA portion of our services rendered income decreased by 1,9%
- Other services rendered income increased by 9,8% despite the impact of the listeriosis outbreak on one of our principals
- The like-for-like increase in Services rendered was 2,1%

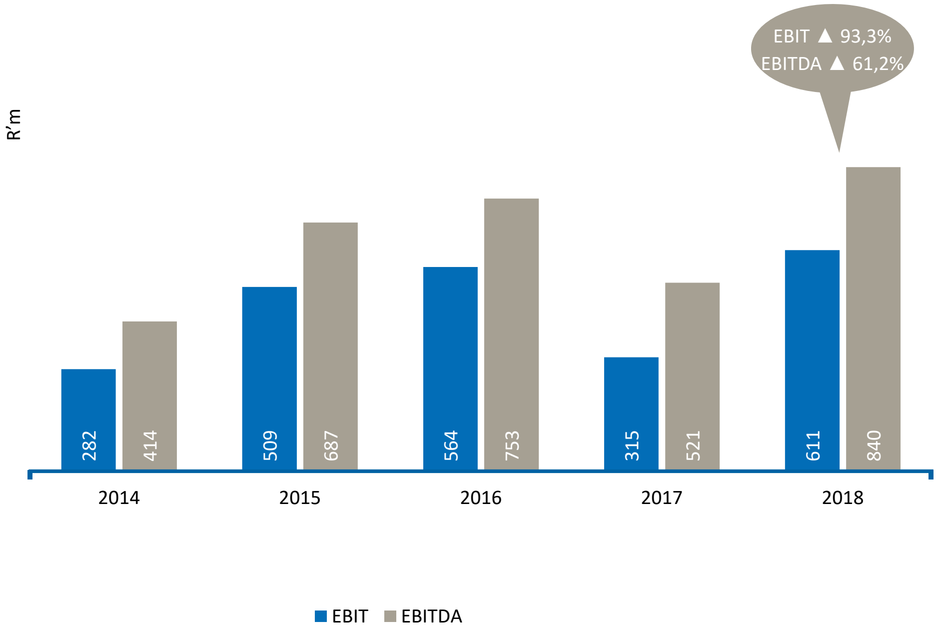
GROUP FINANCIAL RESULTS
GROSS PROFIT AS A % OF REVENUE AND MOM AS A % OF SALE OF PRODUCT



- Cost of sales increased by 6,9% which compares favourably to the like-for-like increase of 7,9% in revenue
- The gross profit margin increased to 35,6%
- The margin on material (MOM) has improved to 44,4%
- The prior year gross profit and MOM margins, however, includes the non-value-added fresh and long-life milk products now being sold by DFSA
- When the non-value-added products are excluded, our gross profit % for 2017 improves to 34,9%

GROUP FINANCIAL RESULTS

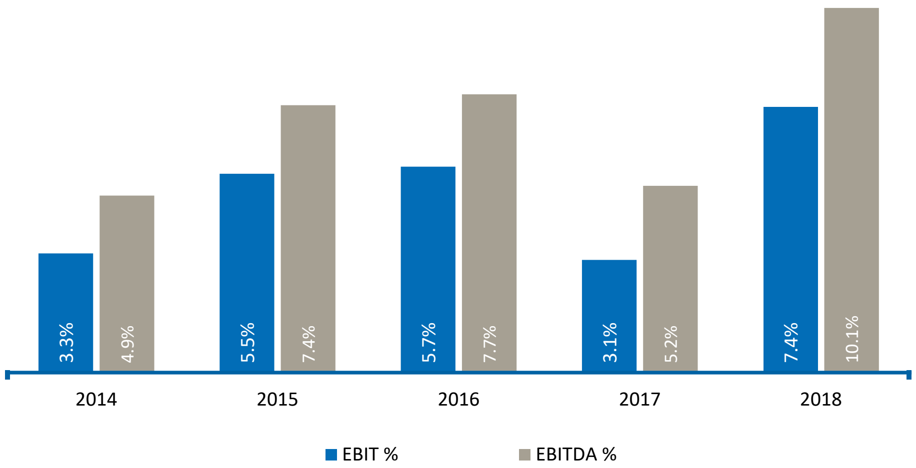
EBIT & EBITDA (NORMALISED EXCLUDING RCF IMPAIRMENT)



- Selling and distribution costs increased marginally by 1,4% or R28,5 million. As explained in the prior year, Clover's staff structure was optimised and new positions were limited, except for the Masakhane rollout for which the Group received grant funding income from the DTI
- The benefits of these initiatives led to below inflationary cost increases
- Clover further managed to stabilise and contain costs through an efficiency drive, and secondary distribution costs decreased with 3,6% or R44,8 million

GROUP FINANCIAL RESULTS

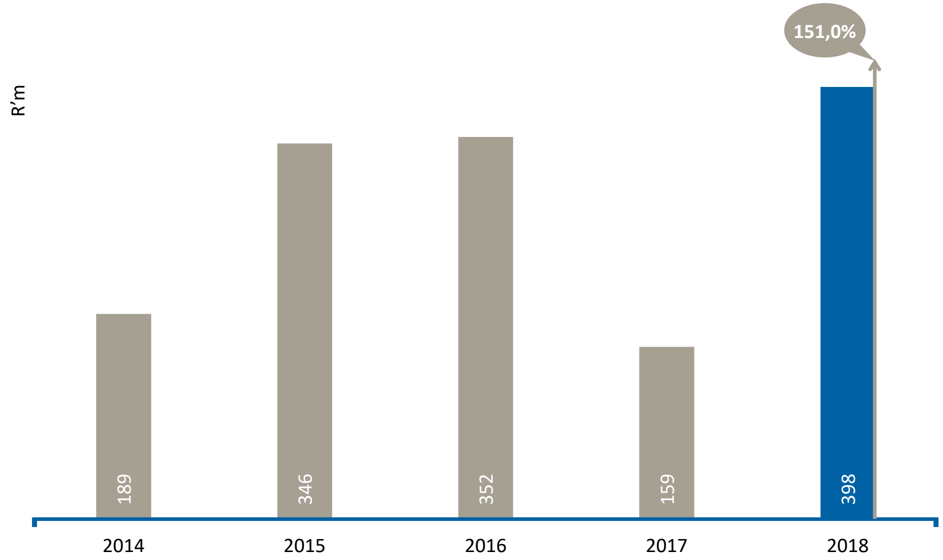
EBIT AND EBITDA MARGIN (NORMALISED EXCLUDING RCF IMPAIRMENT)



The group's EBIT and EBITDA margins increased due to:

- The successful implementation of efficiency improvement initiatives
- Non-value-added fresh and long life milk products now being sold by DFSA

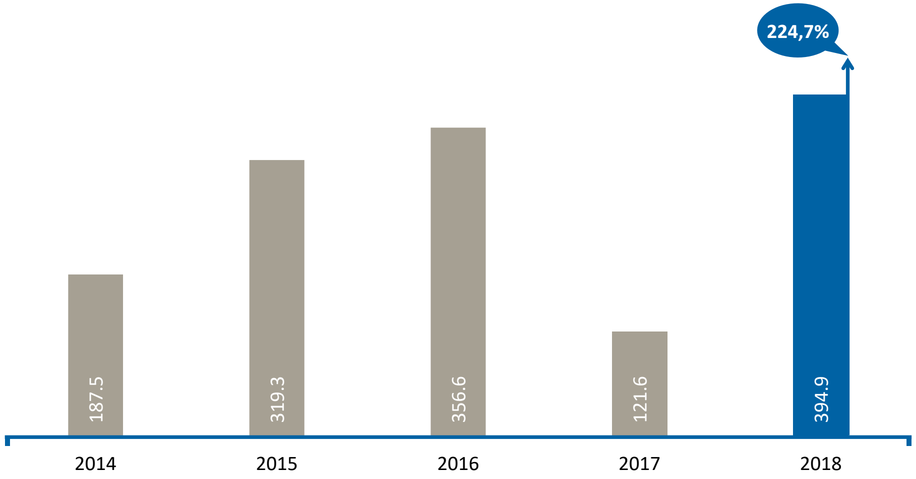
GROUP FINANCIAL RESULTS
NORMALISED PROFIT FOR THE PERIOD



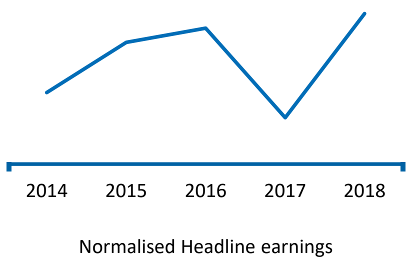
- Normalised profit for the year ended 151,0% or R239,6 million higher at R398,4 million
- Clover's strategic decision to plough back savings achieved through efficiency drives into the selling prices of selected products was rewarded through an overall volume increase of 8% and market share growth across a number of product categories

GROUP FINANCIAL RESULTS
NORMALISED HEADLINE EARNINGS

NORMALISED HEADLINE EARNINGS (R'M)



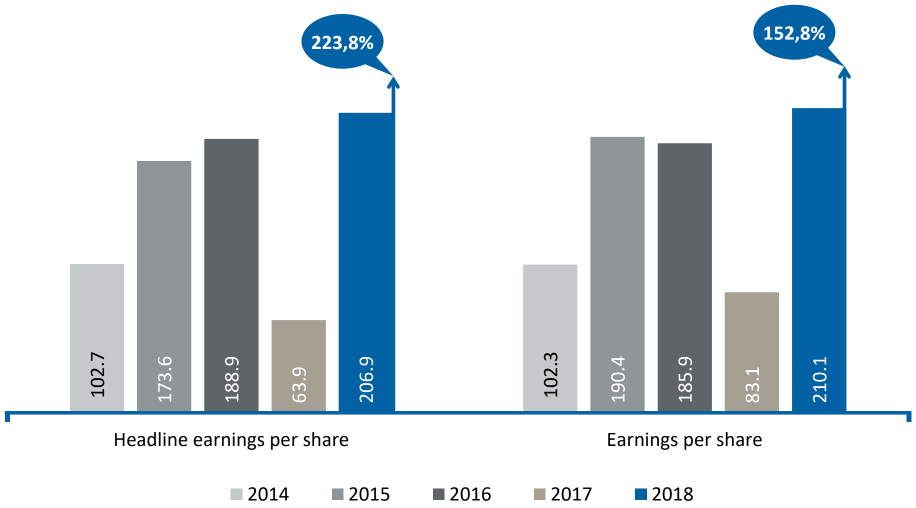
- Normalised Headline earnings increased by 224,7% or R273,3 million to R394,9 million
- The normalised compounded annual growth rate since listing is 12,3%



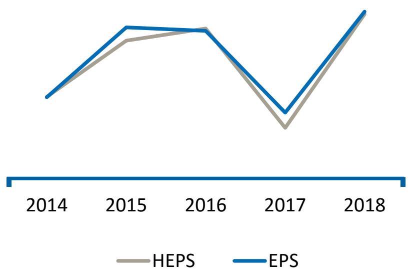
CLOVER INDUSTRIES LIMITED Reviewed condensed consolidated results for the year ended **30 June 2018** 51

GROUP FINANCIAL RESULTS
NORMALISED EARNINGS AND HEADLINE EARNINGS

NORMALISED HEADLINE EARNINGS PER SHARE AND NORMALISED EARNINGS PER SHARE (CENTS)



- The normalised compounded annual growth rate
  on headline earnings per share since listing is 8,9%
- The normalised compounded annual growth rate on earnings per share since listing is 8,8%



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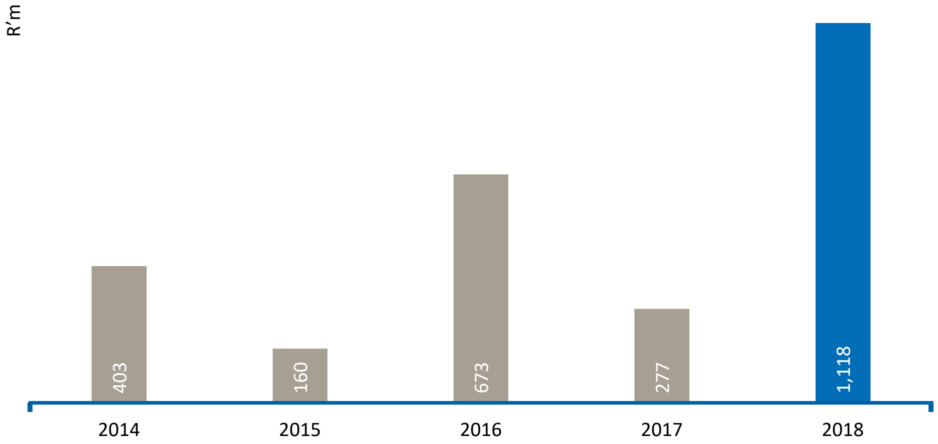
GROUP FINANCIAL RESULTS
NORMALISED HEADLINE EARNINGS CALCULATION

	30 June 2018 R'000	30 June 2017 R'000
Profit for the year attributable to shareholders of the parent company	**(38 021)**	158 258
Add back: DFSA RCF impairment	**439 042**	
Gross re-measurements excluded from headline earnings	**(6 709)**	(42 674)
Profit on sale of property, plant and equipment and gains on other assets	**(1 273)**	(33 404)
Non controlling interest portion in loss on sale of property, plant and equipment	**(753)**	
Profit on the unbundling of Dairy Farmers South Africa (Pty) Ltd	**(4 483)**	
Profit on the sale of an investment in subsidiary	**(200)**	(9 270)
Taxation effects of re-measurements	**542**	6 033
Normalised Headline earnings attributable to shareholders of the parent company	**394 854**	**121 617**

GROUP FINANCIAL RESULTS
CASH FLOW FROM OPERATIONS

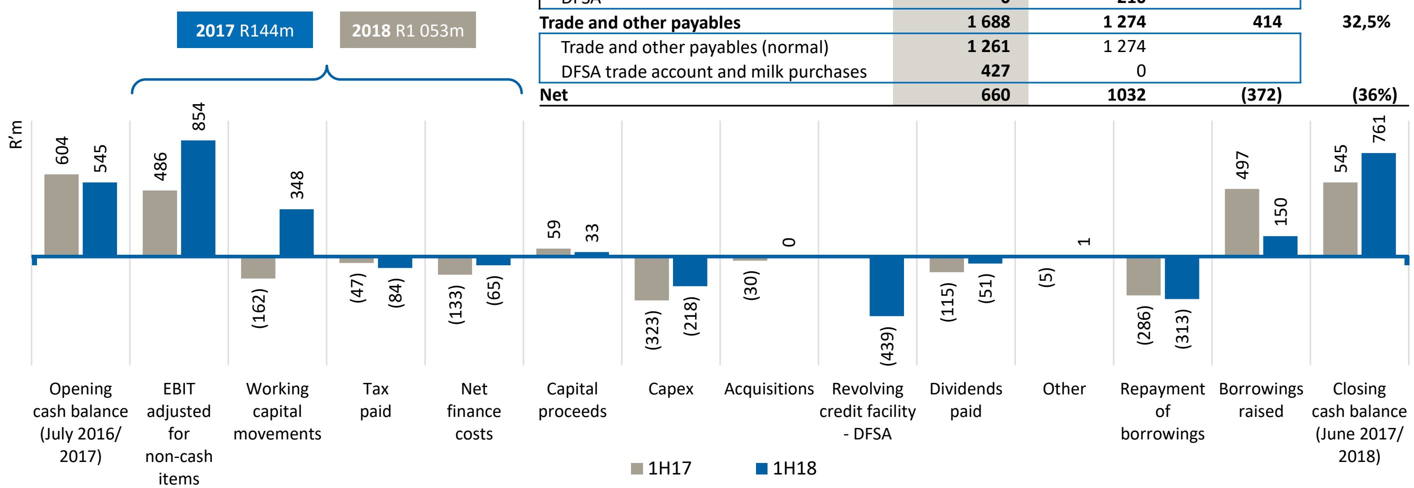


The improvement in cash flow from operations is largely as a result of the following:

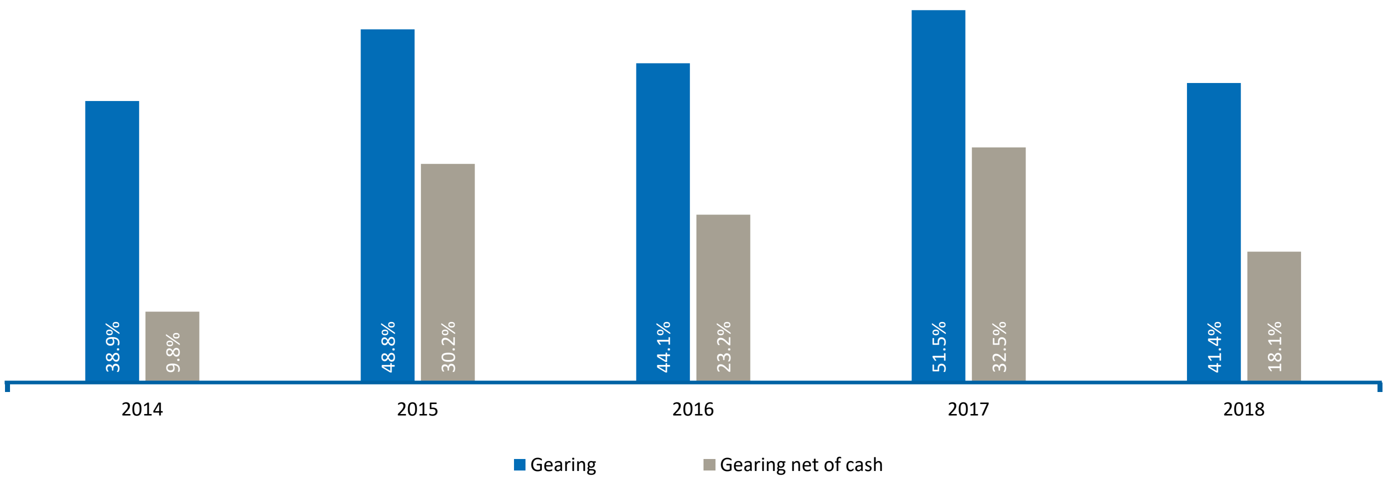
- The higher normalised profit recorded
- A reduction in finance changes
- Improvement in working capital management

GROUP FINANCIAL RESULTS
CASH FLOW

	30 Jun 2018 R'm	30 Jun 2017 R'm	Movement R'm	Change
Trade and other receivables	**1 479**	**1 341**	**138**	**10,3%**
Trade and other receivables	**1 299**	1 341		
DFSA trade accounts	**180**			
Inventory	**869**	**965**	**(96)**	**(9,9%)**
Clover	**869**	**755**		
DFSA	**0**	**210**		
Trade and other payables	**1 688**	**1 274**	**414**	**32,5%**
Trade and other payables (normal)	**1 261**	1 274		
DFSA trade account and milk purchases	**427**	0		
Net	**660**	**1032**	**(372)**	**(36%)**

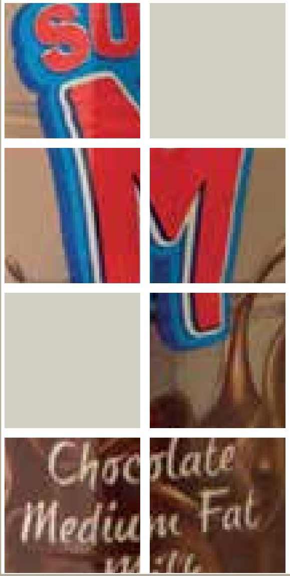


GROUP FINANCIAL RESULTS
NORMALISED GEARING



GROUP FINANCIAL RESULTS
DIVIDENDS

- The board of directors has declared a final gross cash dividend of R92,9 million or 48,680 cents (38,944 cents net of dividend withholding tax) per ordinary share for the year ended 30 June 2018. The dividend has been declared from income reserves and is payable in South African currency on 8 October 2018
- The Board declared an interim dividend of R50,7 million (2017: R46,1 million) or 26,56 cents (2017: 24,21 cents) per ordinary share during February 2018
- The total dividend of the year therefore amounts to R143,6 million or 75,244 cents per ordinary share, which equates to an increase of 210,8% on the prior year dividend
- The dividend cover was reduced from 2,9 times in the prior period to 2,75 times



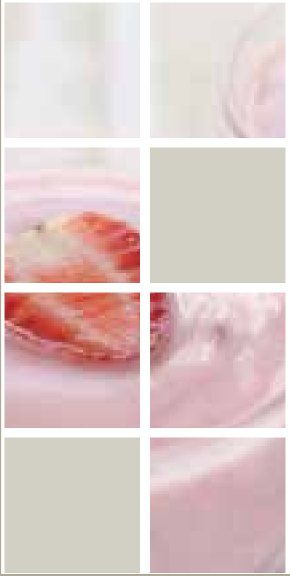
SUGAR TAX IMPACT

Presented by: Johann Vorster

SUGAR TAX

IMPACT OF THE SUGAR TAX ANNOUNCED IN THE BUDGET SPEECH

- We have previously communicated that we expect various Clover beverages to be affected, with an estimated impact of around R100 million
- The largest impact has been on our Tropika brand
- Clover has embarked on a process (in a 2 phased approach) to review product formulations whereby sucrose content is reduced using one, or a combination, of the following measures:
  - Introduction of **zero sugar** product offerings / range extensions e.g. Tropika Slenda
  - Sucrose **reduction** (less sweet profile)
  - **Reformulation** of product recipes with partial or full replacement of sucrose with non-caloric sweeteners
- Further recipe enhancements are still tested to further reduce the impact of sugar tax



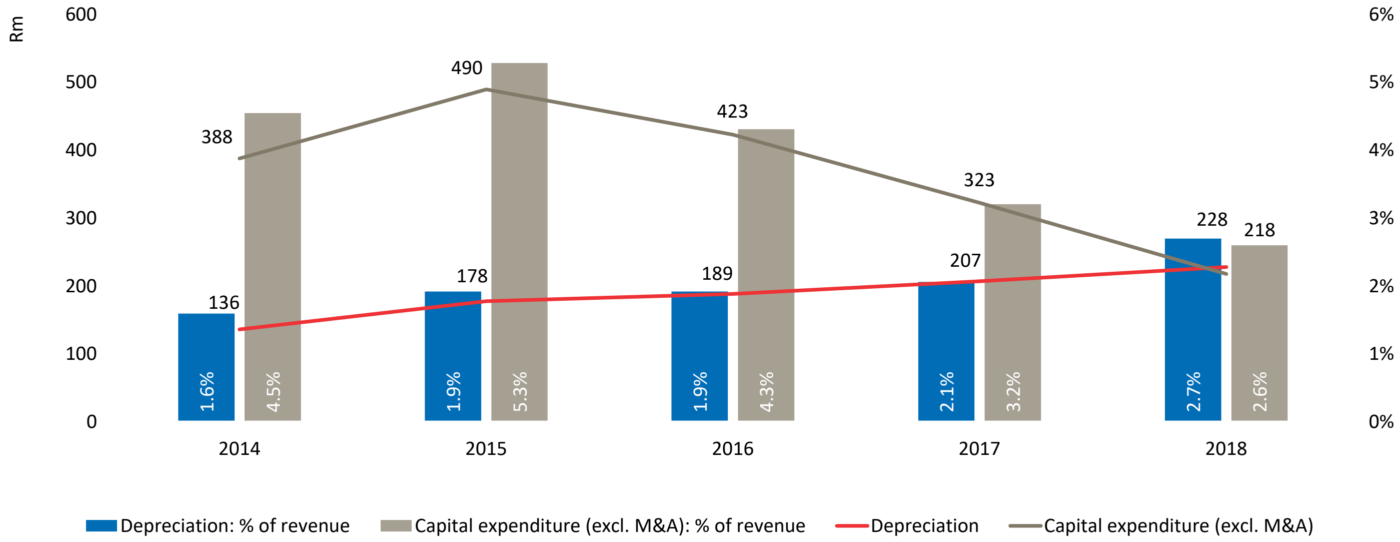
CAPITAL PROJECTS

PRESENTED BY: JOHANN VORSTER

CAPITAL EXPENDITURE

CAPITAL EXPENDITURE VS DEPRECIATION

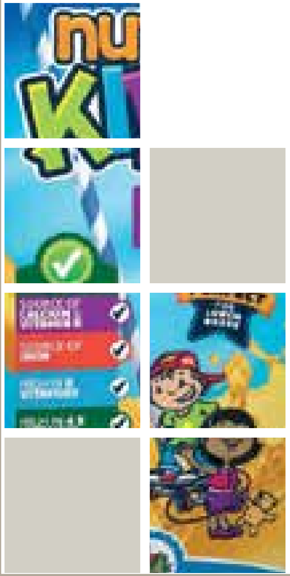
CAPITAL AND DEPRECIATION COMPARED TO REVENUE



CAPITAL PROJECTS
MAJOR CAPITAL PROJECTS

Below is a summary of the major capital projects undertaken during the period

Description (Rm)	Amount
RBC – Yoghurt capacity expansion	**21,4**
Clayville/Queensburgh/Milkyway Milk and Juice consolidation	**16,6**
Numel capacity expansion	**9,4**
PE UHT optimisation project	**9,1**
Milnerton capacity expansion	**8,2**
Cape Town CDC upgrade	**7,8**
PE Pallet optimisation project	**7,2**
Lichtenburg AFE Filler	**5,3**
	84,9



PROJECT SENCILLO

PRESENTED BY: JOHANN VORSTER

CLOVER INDUSTRIES LIMITED Reviewed condensed consolidated results for the year ended **30 June 2018** **63**

STATUS UPDATE

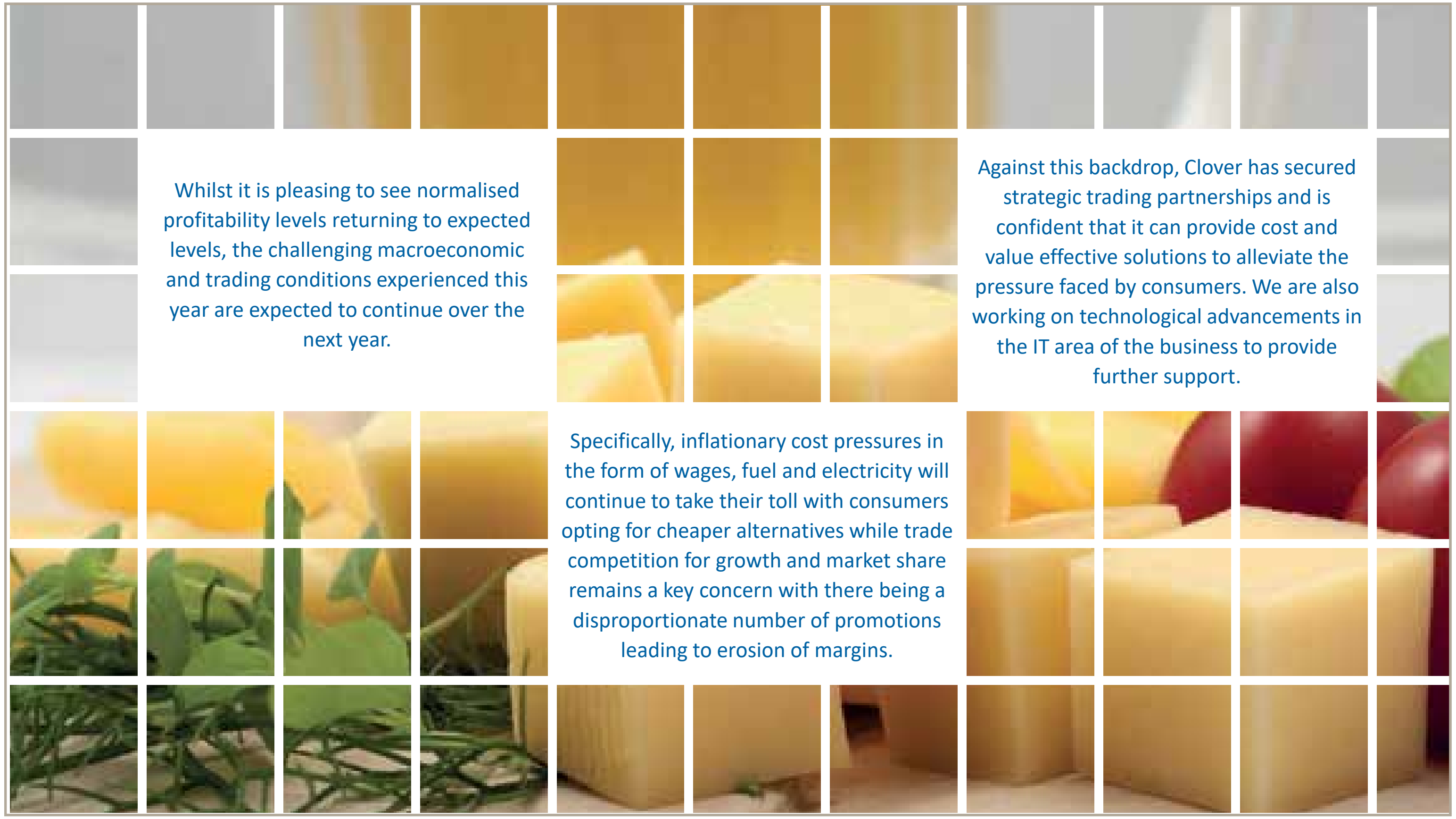
Initiative	Status
OPTIMISE MANUFACTURING PLATFORMS	
Reduce Tetratop and Galdi Platforms • Remove Tetratop lines in PE and Clayville • Optimise utilisation of the remaining 3 lines • Remove Galdi line in Queensburgh	Implemented
Consolidate Fresh milk and UHT production in Eastern and Western Cape • Close Epping facility and move Combi UHT filler to PE • Close PE fresh factory and consolidate fresh milk production for Eastern and Western Cape in Cape Town	Implemented
Consolidate Fresh juice and Fresh milk production for KZN and Inland • Consolidate all fresh juice production for KZN and Inland in Clayville • Consolidate all fresh milk production for KZN and Inland in Queensburgh • Consolidate WW milk manufacturing at MilkyWay	Partially implemented
Consolidate concentrated products factories • Close Bethlehem facility • Upgrade Heilbron tower to enable SMP production	Implemented

STATUS UPDATE | CONTINUED

Initiative	Status
CONSOLIDATE DISTRIBUTION FACILITIES	
Clayville/City Deep integration	Implemented (excl Clayville expansion)
Western Cape new facility at airport • Belville (R35m) and Stikland (R28m) sold	Implemented
Change Northern Cape infrastructure • Upington and Kimberley closed, potentially sell • New satellite in Kuruman	Implemented
Review service levels • Reduced operation days in Bethlehem satellite • Review distribution frequency (delivery days) based on volume per drop • Cut weekend operations • Review van assistants	Partially implemented
MILK FLOW AND YIELD OF MILK OPTIMISATION	
Project Meglio	Partially implemented
OPTIMISE DISTRIBUTION OPERATIONS	
• Ensure load optimality on pallets and in crates (reduce transportation costs) • Actively mange SKU portfolio through "fix, grow, exit" strategy	Partially implemented

PROSPECTS

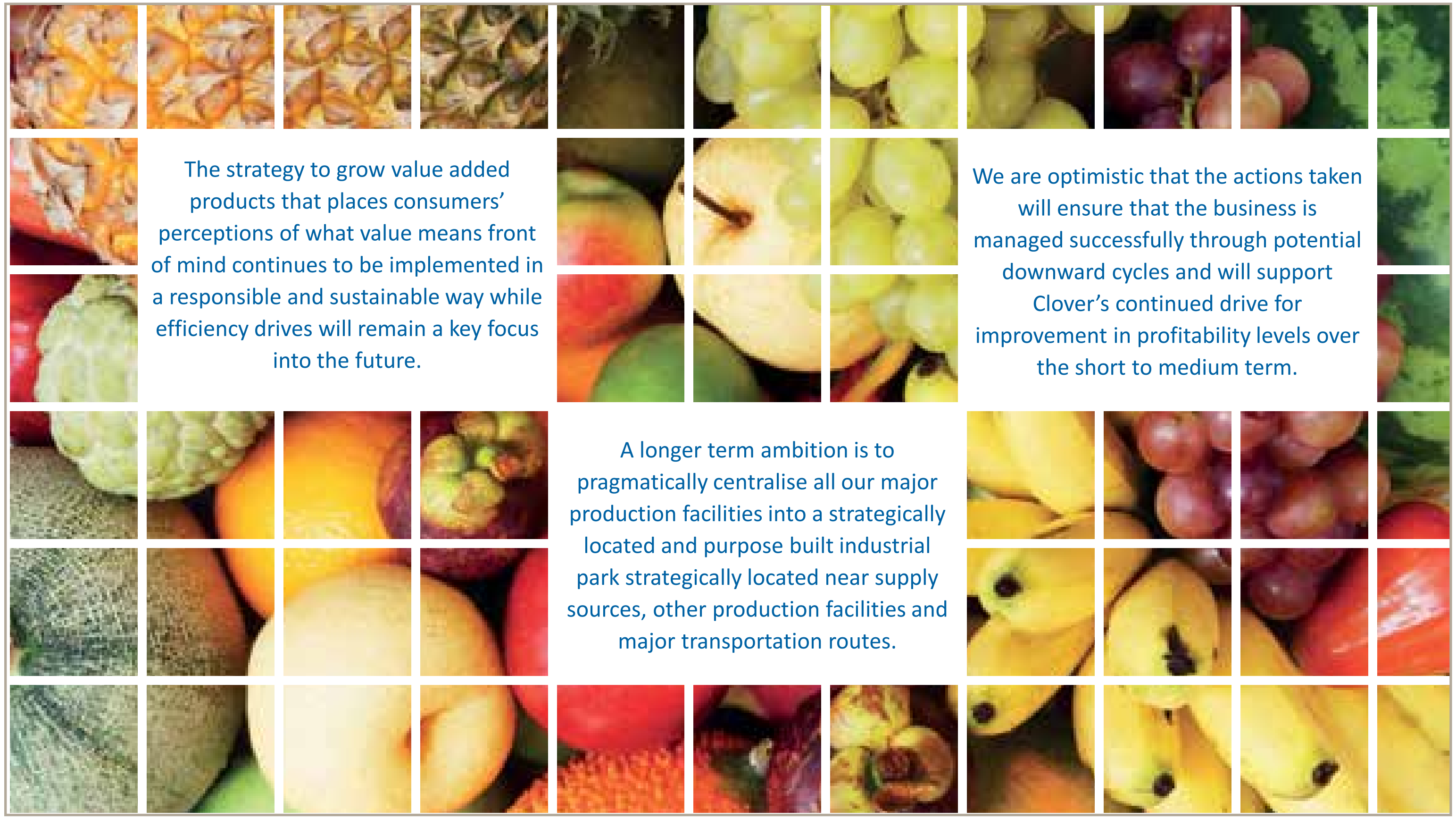
PRESENTED BY: JOHANN VORSTER



Whilst it is pleasing to see normalised profitability levels returning to expected levels, the challenging macroeconomic and trading conditions experienced this year are expected to continue over the next year.

Against this backdrop, Clover has secured strategic trading partnerships and is confident that it can provide cost and value effective solutions to alleviate the pressure faced by consumers. We are also working on technological advancements in the IT area of the business to provide further support.

Specifically, inflationary cost pressures in the form of wages, fuel and electricity will continue to take their toll with consumers opting for cheaper alternatives while trade competition for growth and market share remains a key concern with there being a disproportionate number of promotions leading to erosion of margins.



The strategy to grow value added products that places consumers' perceptions of what value means front of mind continues to be implemented in a responsible and sustainable way while efficiency drives will remain a key focus into the future.

We are optimistic that the actions taken will ensure that the business is managed successfully through potential downward cycles and will support Clover's continued drive for improvement in profitability levels over the short to medium term.

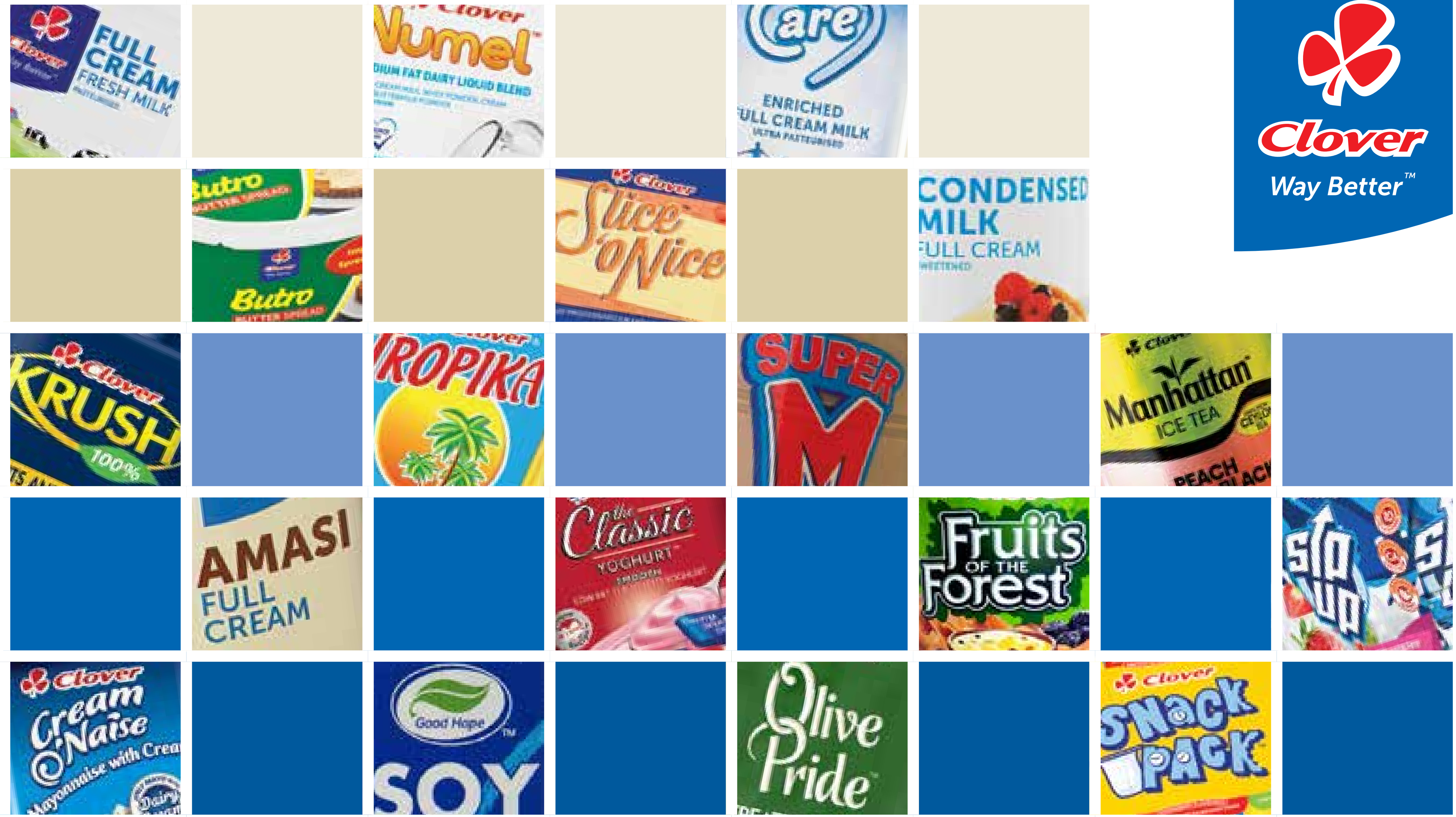
A longer term ambition is to pragmatically centralise all our major production facilities into a strategically located and purpose built industrial park strategically located near supply sources, other production facilities and major transportation routes.

QUESTIONS?

Disclaimer

This presentation contains summary information about Clover Industries Limited and its activities current as at the date of this presentation. It should be read in conjunction with Clover's other periodic and continuous disclosure announcements

This presentation is for information purposes only and is not a prospectus or product disclosure statement, financial product or investment advice or a recommendation to acquire Clover shares or other securities. It has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal and taxation advice appropriate to their jurisdiction. Past performance is no guarantee of future performance.



Clover Industries Limited

Reviewed condensed consolidated financial results

for the year ended 30 June **2018**
and cash dividend declaration

REVENUE*

↑ 7.9%

to R8,3 billion

*Compared to June 2017 adjusted for DFSA restructure

NORMALISED HEADLINE EARNINGS

↑ 224.7%

to R394,9 million

OPERATING PROFIT

↑ 94.3%

to R611,0 million

NORMALISED HEPS

↑ 223.8%

to 206,9 cents

NORMALISED EPS

↑ 152.9%

to 210,1 cents

REVENUE

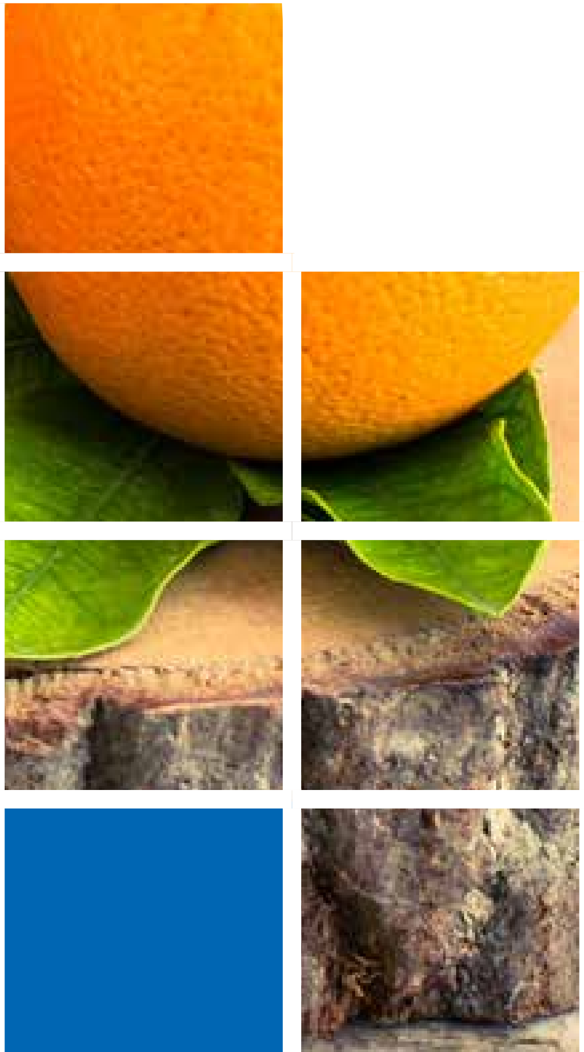
↓ 17.4%

to R8,3 billion

TOTAL DIVIDEND PER SHARE

210.8%

to 75,24 cents



Directorate and statutory information

Directors: non-executive

WI Büchner (Chairman)

SF Booysen (Dr)[#] (Lead Independent)

NV Mokhesi[#]

B Ngonyama[#]

NA Smith

JW Basson[#] (Appointed 1 January 2018)

JFM Morgan[#^] (Appointed 1 January 2018)

[#] Independent

[^] British national

Directors: executive

JH Vorster (Chief Executive)

FF Scheepers (Chief Financial Officer) (Appointed 1 January 2018)

ER Bosch (Chief Financial Officer) (Resigned 31 December 2017)

Company secretary

J van Heerden

Ordinary share code

JSE: CLR, NSX:CLN

ISIN: ZAE000152377

Bond code

JSE: CLRI

Registered office

200 Constantia Drive, Constantia Kloof, 1709

Postal address

PO Box 6161, Weltevredenpark, 1715

Telephone

(011) 471 1400

Registration number

2003/030429/06

Tax number

9657/002/71/4

Transfer secretary

Computershare Investor Services Proprietary Limited

Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

Auditors

Ernst & Young Inc.

Bankers

The Absa Group, Rand Merchant Bank, Investec Bank

Sponsor

Rand Merchant Bank (a division of FirstRand Bank Limited) (JSE)

Merchantec Capital Namibia Proprietary Limited (NSX)

Commentary

OVERVIEW

The Board of Clover Industries Limited ("Clover" or "the Group") received unforeseen notice of the resignation of the DFSA CEO on 11 September 2018. His decision to resign is understood to be as result of the enormous conflict between losing milk producers or losing market during what has been a very challenging time for the dairy industry generally.

The Chairman of DFSA also took the decision to resign and to give the opportunity to the producer shareholders to appoint their own independent chairman and CEO to take DFSA forward. The DFSA board will begin the process to identify replacements and the current CEO will stay on until 30 April 2019 to assist with identifying a suitable replacement and to ensure a seamless handover.

Whilst the Clover Board had received no indications of the resignations at the time it published its trading statement on 07 August 2018, following yesterday's announcement, it believed it prudent to adopt a conservative approach and provide for the full impairment of the R439 million Revolving Credit Facility it extended to DFSA as at year-end.

These latest developments should not deter from the exceptional performance delivered by Clover as highlighted in the normalised results presented below.

Clover reported an exceptional turnaround from a drought-stricken prior year to deliver its best financial performance since listing. Strategic efficiency initiatives implemented by management and the normalisation of external factors enabled the Group's results to recover to expected profit levels.

To achieve this was hard-fought, as the Group had to counter the impacts of political instability, poor economic growth, Rand volatility, rising unemployment and higher electricity and fuel costs, all of which eroded discretional consumer spend considerably. Added to this, the VAT increase and health promotion levy ("sugar tax") came into effect as of 1 April 2018, placing further strain on consumers' disposable income.

Overall trading conditions were difficult and exacerbated by structural changes in the retail environment which included aggressive pricing from competitors. Additionally, the listeria outbreak resulted in losses in principal fee income which could not be replaced during the reporting period.

During the prior year, clear patterns emerged where consumers shopped on promotions more often and prices of historically premium branded products came under pressure. This created an environment of fierce competition amongst FMCG companies to maintain and grow volumes. In addition, the setting of optimal price points became more important than ever.

As mentioned in previous announcements, Clover's early start during the latter part of the prior financial year to re-align the business to the new 'normal' through a rigorous series of efficiency improvement initiatives, enabled management to plough back savings achieved into selling prices of selected products. This was rewarded by an overall volume increase of 8,2% and market share growth across a number of product categories.

Strong growth in value-added dairy fluids as well as fermented products and desserts together with the rigorous series of efficiency improvement drives culminated in a strong ending to the financial year.

We are pleased that our financial results returned back to historical levels and show a significant improvement over the previous financial year.

STRATEGY IN ACTION

Since listing in 2010, we have been working towards diversifying Clover's business away from low-margin commoditised bulk dairy products, focusing on higher margin, value-added branded food and beverages to improve operating margins across the portfolio.

This translated into a medium- to long-term strategy of:

- promoting and developing value added products in dairy and other related food categories;
- expanding our non-alcoholic beverages portfolio; and
- developing and enhancing our key competencies in brand development, production, distribution and merchandising.

We have made good progress in leveraging our brand to introduce value-added products in recent years and this year was no exception with the main focus being on consumer needs and what they perceive as adding value.

Commentary (continued)

Products that were launched recently include Numel, Sip Up, Snack Pack, Cream O' Naise, Whistling Chef, Bliss Yoghurt Double Cream, Krush flavour extensions, olive oil and soya products.

To ensure strategic alignment across the Group we have focused on five strategic areas:

- Growth through product and brand development
- Volume growth and market share recovery
- Distribution effectiveness and reach (including Africa expansion)
- Cost management and production efficiencies
- Win-win stakeholder relationships

Clover is very excited about its renewed strategic focus on value-added products, driving volumes and expanding into Africa.

FINANCIAL PERFORMANCE

Normalised headline earnings increased by 224,7% or R273,2 million to R394,9 million. The increase in normalised headline earnings is primarily because of normalised headline operating profit, which increased by 122,3% or R332,5 million, net finance costs, which decreased by 29,2% or R38,9 million and normalised headline tax expense, which increased by 296,2% or R103,9 million. Normalised headline earnings per share increased by 223,8% (or 143,0 cents).

With the unbundling of Dairy Farmers of South Africa ("DFSA") from the operations of Clover (effective from 1 July 2017) as discussed in detail in the 2017 integrated report, the comparative financial information for revenue (comprising mainly of sale of products and rendering of services), cost of sales and gross profit are not comparable with the financial information for those line items reported in the June 2017 reporting period. It will therefore be of more value to compare *pro-forma* information taking the effect of the operational restructuring of DFSA into account when commenting on the current year performance compared to the previous year.

The table below is an extract of the *pro-forma* comparable information that will be used for further comments (on a like-for-like basis) on the current year financial results:

	Change %	30 June 2018 [1] Normalised R'000	30 June 2017 after adjusted pro forma [2] adjustments R'000
Sale of products	10,0	**6 435 663**	5 852 036
Rendering of services	2,1	**1 873 581**	1 834 421
Sales of raw milk		**335**	11 907
Rental income		**2 898**	3 351
Revenue	7,9	**8 312 477**	7 701 715
Cost of sales	(6,9)	**(5 357 424)**	(5 012 009)
Gross profit	9,9	**2 955 053**	2 689 706
Other operating income	38,1	**82 913**	60 040
Selling and administration costs	(1,4)	**(2 117 936)**	(2 089 364)
Administrative expenses	4,0	**(273 310)**	(284 721)
Restructuring expenses	91,4	**(4 123)**	(48 098)
Other operating expenses	35,5	**(31 548)**	(48 936)
Operating profit	119,3	**611 049**	278 627
Finance income	(1,8)	**47 618**	48 499
Finance costs	2,7	**(141 880)**	(145 765)
Share of profit in joint venture	14,2	**21 104**	18 486
Profit before tax	169,2	**537 891**	199 847
Taxation	(239,4)	**(139 509)**	(41 105)
Profit for the year	151,0	**398 382**	158 742

Notes:

1. As per the pro forma consolidated statement of comprehensive income for the year ended 30 June 2018 as disclosed in Annexure II to the condensed consolidated financial results for the year ended 30 June 2018.
2. As per the pro forma consolidated statement of comprehensive income for the year ended 30 June 2017 as disclosed in Annexure I to the condensed consolidated financial results for the year ended 30 June 2018. Please refer to Annexure I for more details regarding the basis for the pro forma consolidated statement of comprehensive income.

Commentary (continued)

Revenue

Revenue increased by 7,9% or R 610,8 million to R8 312,5 million. Sale of products showed an increase of 10,0% to R6 435,7 million

	Change %	30 June 2018 Reviewed R'000	30 June 2017 adjusted excluding DFSA R'000	30 June 2017 as reported R'000
Revenue from sale of products	10,0	**6 435 663**	5 852 036	9 401 842
– Non–alcoholic beverages	1,7	**2 409 724**	2 369 071	2 369 071
– Concentrated products	13,7	**1 492 849**	1 312 575	1 312 575
– Value-added dairy fluids	12,5	**1 230 831**	1 093 794	4 643 600
– Fermented products and desserts	25,7	**998 847**	794 403	794 403
– Ingredients	(18,5)	**176 484**	216 424	216 424
– Olive oil and soya	93,0	**126 928**	65 769	65 769

The increase of 10,0% in revenue from sale of products, compared on a like-for-like basis, was achieved through increased volumes in certain categories – most notably in fermented products and desserts (up 25,7%) as well as value-added dairy fluids (up 12,5%) where optimal pricing was rewarded with higher volumes. In the dairy concentrated product category (up 13,7%), the shortage of butterfat during most part of the year led to above-inflationary price increases on butter, but lower volumes, whilst volumes in cheese increased on the back of no price increases.

Services rendered to principals contributed R1 873,6 million to revenue, which is moderately up by 2,1% or R 39,3 million on a comparable like-for-like basis. The moderate growth in rendering of service income was primarily because of the subdued market conditions of our principals, as well as the outbreak of listeriosis, which led to the withdrawal of products by one of our principals. The creation of DFSA saw services rendered revenue increase substantially, but strain on the consumer and price pressure on non-value-added drinking milk subdued volume growth, which resulted in service fee income to Clover also coming under pressure. Clover will continue to maximise the return on its distribution and merchandising infrastructure with new product listings and signing of new principals.

Cost of sales

Cost of sales increased by 6,9% or R345,4 million compared on a like-for-like basis. This compares favourably to the 7,9% increase in total revenue. Savings were achieved through a continued and intense focus on efficiencies, recipe reformulations and robust retendering drives on input costs such as ingredients and packaging material. Pressure on primary distribution cost, driven by fuel inflation and transport of product between factories and distribution centres eroded some of the gains. As a result, the like-for-like gross profit margin increased from 34,9% to 35,5%.

Other operating income

Other operating income of R82,9 million includes:

- R25,3 million royalty income earned from DFSA;
- R25,2 million from supplier settlement claims;
- R1,3 million from the sale of PPE;
- R4,5 million gain from unbundling of DFSA;
- R3,6 million gain from fair value adjustments;
- Sundry income of R12,1 million, largely from the head office canteen.

Operating costs

Selling and distribution costs increased marginally by 1,4% or R28,5 million. As explained in the prior year Clover's staff structure was optimised and new positions were limited, except for the Masakhane roll-out for which the Group received grant funding income from the DTI of R13,7 million. The benefits of these initiatives led to below inflationary costs increases.

In total, Clover spent 6,3% or R15,4 million more on advertising, marketing, research and development costs compared to the prior year. Advertising spend was allocated to activities to achieve volume growth in the current year as well as to promote new product launches, innovation on existing product groups and the re-launch of the Clover mother brand which was met with great excitement and response from the market.

Approximately R4,1 million was spent on retrenchment and asset relocation costs, which are classified as restructuring expenses. Restructuring expenses are notably down when compared to the previous year and relate primarily to the cost of relocating assets as part of project Sencillo (asset optimisation drive).

Commentary (continued)

FINANCIAL POSITION AND CASHFLOW

Clover has invested methodically in acquisitions as well as capacity building and rightsizing of factories and distribution assets to support our high standards on product quality and growth ambitions. The level of investment required to support Clover's outstanding reputation for quality is balanced by our ambition to grow through acquisitions and internal development of brands and products.

Clover invested R214,7 million (compared to R316,9 million in the prior year) on capitalised maintenance, factories, IT upgrades and other tangible assets. The net decrease in property, plant and equipment and intangible assets amounted to R33,6 million, made up by R 218,1 million additions, less R228 million depreciation and the balance to disposals, transfer to held for sale and scrapping of assets.

As part of the operational restructure the Group made available a revolving credit facility ("RCF") of R550,0 million to DFSA, in order for DFSA to fund its operations and the inventory it initially acquired from the Group at the time the DFSA business was established. The facility has been made available to DFSA for an initial period of 20 years and the available facility will increase annually with CPI. The balance outstanding on the facility was R439,0 million at the end of the reporting period. The Board decided to fully impair the aforementioned outstanding facility of R439 million.

The advance of the RCF was the primary reason that investment activities consumed R578,7 million in cash compared to R277,7 million in the previous year.

Since milk inventory such as UHT is no longer carried by Clover, inventory levels decreased by 9,9% or R95,6 million in comparison to the previous corresponding reporting period. Given that DFSA no longer forms part of the Group, the decrease in inventory would be expected to be more (than the decrease currently reflected), however, inventory carried on value added products increased because of normal business growth and new products added to Clover's portfolio.

Trade and other receivables increased by 10,3% or R 137,7 million. The increase was as a result of manufacturing, distribution and sales and mechanising services rendered to DFSA as well as volume growth achieved in the current period.

Trade and other payables increased by R401,5 million or 31,5%. This increase is driven by the addition of DFSA as a principal, where Clover collects sales revenue on behalf of DFSA and pays the same over to DFSA on 30 days from statement basis. Clover also negotiated more favourable payment terms with certain suppliers.

Cash generated from operations, before working capital changes, totalled R769,5 million compared to R439,2 million reported in the prior year. Improved cash generation was primarily due to the higher normalised profit recorded as explained above and a reduction in finance changes. In the current year, the decrease in working capital generated R348,2 million of cash compared to the R162,2 million of the prior year.

Higher operating profit, a lowered investment in working capital, and contained capital expenditure were the primary contributors to a R131,2 million net decrease on interest bearing debt (both current and non-current).

MATERIAL RISKS AND MITIGATING ACTIONS

DFSA's future sustainability

DFSA's future sustainability will have an impact on Clover's services rendered income and the recoverability of the RCF as discussed below.

DFSA incurred a loss of R128,8 million for the financial year ended 30 June 2018 mainly as a result of national milk surpluses which was stimulated by higher milk prices paid to milk producers from July 2017 through to December 2017 as well as favourable weather conditions over most parts of the country during the summer months.

The above mentioned was compounded by favourable exchange rates which created room for cheap imports of UHT milk which has put tremendous pressure on the recovery of sustainable pricing on non-value-added milk and commodity related milk products in the market. These conditions have put strain on the local milk industry and DFSA in particular.

At current market pricing some of DFSA's volumes could be at risk, which could also impact service fees Clover generates through DFSA on volumes processed through Clover's factories and distribution channel. However, the volumes from the non-value-added drinking milk business have been relatively stable over the last 5 years.

Cyclicality is not uncommon in the dairy industry and experience shows that surplus years, which lead to a reduction in the milk price paid to producers are followed by a recovery of the industry as normal market forces lead to a natural decrease in raw milk availability and consequential recovery of sustainable pricing in the market as well as prices paid to milk producers.

Commentary (continued)

Historically, the dairy business transferred to DFSA has been exposed to seasonal cyclicality from time to time and therefore it will not be possible to synchronise prices paid to producers with prices recouped in the market within a specific financial year or cycle. A longer investment horizon is required to establish a trendline. The below sets out the historical performance of the non-value added dairy business when it was part of Clover's product portfolio:

- 2012/2013 – Operating loss of R62,7 million;
- 2013/2014 – Operating loss of R126,4 million;
- 2014/2015 – Operating profit R60,5 million;
- 2015/2016 – Operating profit R77,0 million; and
- 2016/2017 – Operating profit R23,8 million.

Based on the above, it is not unexpected that DFSA may make losses, however, as market forces align (i.e. supply and demand), it is expected that profits and losses will balance out.

In view of future sustainability, DFSA implemented a strategy to navigate through the current down cycle by introducing a new system whereby it will adjust the milk price paid to producers on a more frequent basis, depending on the market conditions that influence DFSA's financial performance against budget.

The above has been put into practice and DFSA announced a milk price reduction to producers effective 1 August 2018. The board of DFSA further decided that a portion of the aforementioned reduction will be placed into a restricted reserve to assist DFSA to strengthen its balance sheet.

As a result of continued strong milk flow and the muted economy, selling prices in the trade remained under pressure and DFSA announced a further milk price reduction on 31 August, which will be effective 1 October 2018.

The above confirms the implementation of DFSA's board decision and the subsequent communication to milk producers that DFSA would adjust the milk price, depending on DFSA's actual financial performance against its budgeted financial performance.

DFSA has committed to build up a reserve of R90 million as alluded to above.

Clover has an interest in the stability and growth of DFSA, as growth in volumes will directly benefit services income and the dilapidation of volumes will negatively affect Clover's services income and profitability.

Clover will therefore also make a R 90 million cash injection in DFSA that will be capitalised once shareholder approval is obtained as required by DFSA's Memorandum of Incorporation. This will not increase Clover's voting rights or shareholding and underpins Clover's ongoing commitment to support its milk source, service fees and the sustainability of DFSA. Clover's capitalisation of DFSA and the build-up of the aforementioned reserve by DFSA will add stability to DFSA to navigate through future cycles.

Based on the steps taken as explained above, Clover is comfortable that the risk identified is inherent to the industry and can be managed as has been the case in the past.

Clover has granted DFSA two 20 year revolving credit facilities (RCF) of R450 million and R100 million respectively repayable. Given the loss situation, management tested the revolving credit facility for impairment in terms of IAS39 and other recognised impairment tests. Due to untenable tension between losing milk producers or losing markets, the CEO of DFSA has resigned with effect from 30 April 2019. Unfortunately, the Chairman of DFSA also resigned, and felt it prudent that the producer shareholders appoint their own new independent chairman along with a new CEO. Given the imminent change of leadership of DFSA, the board of Clover decided to rather impair the full RCF of R439 million although the accumulated loss at 30 June 2018 is only R135 million. The impairment of the RCF will be assessed on a continuous basis, taking into consideration the lien that Clover holds over the DFSA inventory and debtors' balances that is being controlled/managed by Clover as part of Clover's services rendered agreement, as well as the DFSA board approved plans to manage the business through the cycle.

As the revolving credit facility was granted over a period of 20 years, repayment is not expected over the short-term.

Changes in competitive landscape

Increased competition for consumer spend from retailer own brands, other branded dairy offerings and retail centralisation.

Following a thorough strategic review of the business environment and the expected continued muted economic environment, efficiency drives in Clover's infrastructure have been introduced to adapt to changes in the competitive landscape, which will bode well for future cost savings.

Commentary (continued)

Clover embarked on continued cost savings through various initiatives including Project Sencillo to improve efficiencies in the supply chain and Project Meglio to reduce product unit cost from recipe reformulations. Product Innovation and Technology ("PIT") is considering further product reformulations.

Re-strategise and optimise costs for specific retailer changes in distribution model to ensure Clover remains cost competitive in each of the distribution channels affected.

Principal income

Principal income under pressure and loss of principal income.

On 5 September 2018, Remgro gave notice of termination of distribution and warehousing services relating to the margarine and spread business. The distribution agreement will terminate 3 March 2019.

Management will continue to identify new principals and alternative distribution opportunities.

Clover is focused on enhancing its distribution model to extract efficiencies.

Expansion opportunities of Clover's merchandising services is currently being considered as a growth area.

Volatile labour environment

Volatile labour environment with increased pressure on labour costs.

Communication channels with labour are being enhanced to address business risks.

Business continuity plans have been updated to mitigate potential industrial action.

Arbitration channels employed to amicably settle wage disputes.

Non-compliance with legislation

Non-compliance with legislative requirements.

Clover established a Competition Law Policy with continuous compliance monitoring and training of personnel.

Clover established the Competition Law Centre of Excellence and is supported by Herbert Smith Freehills LLP.

Clover implemented a process to ensure compliance to the Health Promotion Levy on sugary beverages.

Clover is in process to evaluate the impact of upcoming legislation such as POPIA, Carbon Tax and AARTO.

Food health and safety

Stricter regulatory compliance is expected to promote consumer health and safety.

All South African Clover factories are HACCP certified and accredited by third-party auditors.

In line with international best practices for quality, hygiene and food safety Clover has accredited systems and processes in place according to which products are produced.

Clover is a FSSC 22000 accredited manufacturer of food and beverages. Clover's food safety systems comply with international standards.

PROSPECTS

Whilst it is pleasing to see normalised profitability levels returning to expected levels, the challenging macroeconomic and trading conditions experienced this year are expected to continue over the next year.

Specifically, inflationary cost pressures in the form of wages, fuel and electricity will continue to take their toll on consumers opting for cheaper alternatives while trade competition for growth and market share remains a key challenge as a disproportionate number of promotions lead to erosion of margins.

Additionally, the milk flow may affect DFSA volumes through our network which adds to the impact of the depressed processed meat market on principal volumes following the listeria outbreak.

Against this backdrop, Clover has secured strategic trading partnerships and is confident that it can provide cost and value effective solutions to alleviate the pressure faced by consumers.

The strategy to grow value added products that places consumers' perceptions of what value means front of mind continues to be implemented in a responsible and sustainable way while efficiency drives will remain a key focus into the future. Management will continue to drive volumes and market shares and expand our value-added product portfolio which is now a core business focus.

We are optimistic that the actions taken will ensure that the business is managed successfully through potential downward cycles and will support Clover's continued drive for improvement in profitability levels over the short to medium term.

Commentary (continued)

Unfortunately, we have been given notice of termination of the distribution and warehousing services relating to the Remgro margarine and spreads business with effect from 3 March 2019. We are however, in the process of developing plans to mitigate the loss of this service income. On a positive note, this will provide us with an opportunity to potentially enter the margarine market.

DIVIDEND DECLARATION

Notice is hereby given that the directors have declared a final gross cash dividend of R92,9 million or 48,68000 cents (38,94400 cents net of dividend withholding tax) per ordinary share for the year ended 30 June 2018.

The dividend has been declared from income reserves.

A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt.

The Company income tax number is 9657/002/71/4.

The issued share capital at the declaration date is 190 835 364 ordinary shares.
The salient dates will be as follows:

Last day to trade to receive a dividend	Tuesday, 2 October 2018
Shares commence trading "ex" dividend	Wednesday, 3 October 2018
Record date	Friday, 5 October 2018
Payment date	Monday, 8 October 2018

Share certificates may not be dematerialised or rematerialised between Wednesday, 3 October 2018 and Friday, 5 October 2018, both days inclusive.

On behalf of the Board

WI Büchner
Chairman
11 September 2018

JH Vorster
Chief Executive

Condensed consolidated statement of comprehensive Income

For the year ended

	30 June 2018 R'000	30 June 2017 R'000
Sale of products	**6 435 663**	9 401 842
Rendering of services	**1 873 581**	641 499
Sale of raw milk	**335**	11 907
Rental income	**2 898**	3 351
Revenue	**8 312 477**	10 058 599
Cost of sales	**(5 357 424)**	(7 333 041)
Gross profit	**2 955 053**	2 725 558
Other operating income	**82 913**	60 040
Selling and distribution costs	**(2 117 936)**	(2 089 364)
Administrative expenses	**(273 310)**	(284 721)
Restructuring expenses	**(4 123)**	(48 098)
Other operating expenses	**(31 548)**	(48 936)
Operating profit	**611 049**	314 479
Impairment of revolving credit facility to DFSA	**(439 042)**	–
Finance income	**47 618**	12 647
Finance cost	**(141 880)**	(145 765)
Share of profit of a joint venture after tax	**21 104**	18 486
Profit before tax	**98 849**	199 847
Taxes	**(139 509)**	(41 105)
(Loss)/profit for the year	**(40 660)**	158 742

Condensed consolidated statement of comprehensive income (continued)

	30 June 2018 R'000	30 June 2017 R'000
(Loss)/profit for the year (carried forward from the previous page)	**(40 660)**	158 742
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translations of foreign operations, net of tax	**7 523**	(14 510)
Exchange differences on translations of foreign operations	**7 523**	(14 510)
Reclassified to profit or loss	**–**	–
Income tax effect	**–**	–
Net gain/(loss) on cash flow hedges, net of tax	**–**	(2 412)
Cash flow hedge fair value adjustment	**–**	(9 294)
Reclassified to profit or loss	**–**	5 944
Income tax effect	**–**	938
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	**7 523**	(16 922)
Total comprehensive (loss)/income for the year, net of tax	**(33 137)**	141 820
(Loss)/profit for the year attributable to:		
Equity holders of the parent	**(38 021)**	158 258
Non-controlling interests	**(2 639)**	484
	(40 660)	158 742
Total comprehensive (loss)/income attributable to:		
Equity holders of the parent	**(30 498)**	141 336
Non-controlling interests	**(2 639)**	484
	(33 137)	141 820

Headline earnings and headline earnings per share

For the year ended

	30 June 2018 R'000	30 June 2017 R'000
Headline earnings calculation		
(Loss)/profit for the year attributable to equity holders of the parent company	**(38 021)**	158 258
Gross remeasurements excluded from headline earnings	**(6 709)**	(42 674)
Profit on sale of property, plant and equipment and gains on other assets	**(1 273)**	(33 404)
Non controlling interest portion in loss on sale of property, plant and equipment	**(753)**	–
Profit on unbundling of Dairy Farmers of South Africa	**(4 483)**	–
Profit on the sale of an investment in subsidiary	**(200)**	(9 270)
Taxation effects of remeasurements	**542**	6 033
Headline (loss)/earnings attributable to shareholders of the parent company	**(44 188)**	121 617
Issued ordinary shares	**190 835 364**	190 835 364
Number of ordinary shares used in the calculation of:		
Earnings per share		
– weighted average	**190 835 364**	190 433 237
Diluted earnings per share		
– weighted average	**192 680 105**	192 358 073
Earnings per share attributable to ordinary equity holders of the parent		
(Loss)/Earnings per share (cents)	**(19.9)**	83.1
Diluted (loss)/earnings per share (cents)	**(19.7)**	82.3
Headline (loss)/earnings per share (cents)	**(23.1)**	63.9
Diluted headline (loss)/earnings per share (cents)	**(22.9)**	63.2

Condensed consolidated statement of financial position

As at

	30 June 2018 R'000	30 June 2017 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	**2 417 791**	2 427 444
Investment properties	**9**	9
Intangible assets	**626 671**	650 663
Investment in joint venture	**46 035**	38 946
Other non-current financial assets	**5 781**	3 165
Deferred tax assets	**30 203**	45 496
	3 126 490	3 165 723
Current assets		
Inventories	**869 091**	964 630
Trade and other receivables	**1 479 090**	1 341 311
Prepayments	**16 829**	19 844
Income tax receivable	**3 702**	7 165
Cash and short-term deposits	**760 693**	544 863
	3 129 405	2 877 813
Assets classified as held-for-sale	**2 719**	4 607
Total assets	**6 258 614**	6 048 143

Condensed consolidated statement of financial position (continued)

As at

	30 June 2018 R'000	30 June 2017 R'000
EQUITY AND LIABILITIES		
Equity		
Issued share capital	9 542	9 542
Share premium	892 692	892 692
Other capital reserves	105 689	78 642
Foreign currency translation reserve	17 160	9 637
Retained earnings	1 817 322	1 904 349
Equity attributable to equity holders of the parent	2 842 405	2 894 862
Non-controlling interests	(17 818)	(15 179)
Total equity	2 824 587	2 879 683
Liabilities		
Non-current liabilities		
Interest-bearing loans and borrowings	665 059	767 621
Non-controlling interest put liability	23 226	57 088
Employee-related obligations	75 424	82 595
Deferred tax liability	260 309	221 065
Trade and other payables	11 448	25 492
Other non-current financial liabilities	2 776	9 683
	1 038 242	1 163 544
Current liabilities		
Trade and other payables	1 676 176	1 274 700
Interest-bearing loans and borrowings	685 691	714 304
Other current financial liabilities	13 639	6 141
Employee-related obligations	20 279	9 771
	2 395 785	2 004 916
Total liabilities	3 434 027	3 168 460
Total equity and liabilities	6 258 614	6 048 143

Condensed consolidated statement of changes in equity

For the year ended

	30 June 2018 R'000	30 June 2017 R'000
Balance at 1 July	**2 879 683**	2 888 717
Profit for the year	**(40 660)**	158 742
Other comprehensive income	**7 523**	(16 922)
Total comprehensive income	**(33 137)**	141 820
Ordinary shares issued	**–**	731
Share-based payment (credit)/expense recognised	**(2 593)**	5 865
Share appreciation rights exercised, net of tax	**(2 636)**	(1 012)
Non-controlling interest arising from business combination	**–**	24 234
Non-controlling interest put option movement	**33 863**	(57 088)
Acquisition of non-controlling interest	**–**	(8 354)
Dividends to non-controlling interest	**–**	(490)
Dividends	**(50 686)**	(114 802)
Dividends forfeited	**93**	62
Balance at end of the year	**2 824 587**	2 879 683
Consists of:		
Share capital and premium	**902 234**	902 234
Other capital reserves	**105 689**	78 642
Foreign currency translation reserve	**17 160**	9 637
Retained earnings	**1 817 322**	1 904 349
Shareholder equity	**2 842 405**	2 894 862
Non-controlling interest	**(17 818)**	(15 179)
Total equity	**2 824 587**	2 879 683

Condensed consolidated statement of cash flows

For the year ended

	30 June 2018 R'000	30 June 2017 R'000
OPERATING ACTIVITIES		
(Loss)/profit before tax	**98 849**	199 847
Adjustment for non-cash items	**755 100**	286 451
Working capital adjustments	**348 207**	(162 227)
Income tax paid	**(84 424)**	(47 115)
Net cash flows (used in)/from operating activities	**1 117 732**	276 956
INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment and other assets	**32 965**	58 941
Interest received	**47 618**	12 647
Unbundling of Dairy Farmers of South Africa Proprietary Limited	**(2 020)**	–
Acquisition of controlling interest in Clover Pride Proprietary Limited	**–**	(29 639)
Disposal of controlling interest in Lactolab Proprietary Limited	**–**	10 275
Revolving credit facility granted to Dairy Farmers of South Africa Proprietary Limited	**(439 042)**	–
Capital expenditure: Tangible and intangible assets	**(218 168)**	(322 554)
Cancellation of a finance lease	**–**	3 854
Realised foreign exchange loss	**–**	(11 232)
Net cash flows used in investing activities	**(578 647)**	(277 708)
FINANCING ACTIVITIES		
Interest paid	**(112 362)**	(145 765)
Dividends paid	**(50 593)**	(115 230)
Non-controlling interest acquired in Clover Frankies Proprietary Limited	**–**	(4 440)
Cancellation of a finance lease	**–**	(3 854)
Repayment of borrowings	**(313 333)**	(285 668)
Proceeds from borrowings	**150 000**	496 975
Net cash flows from financing activities	**(326 288)**	(57 982)
Net (decrease)/increase in cash and cash equivalents	**212 797**	(58 734)
Net foreign exchange difference	**3 033**	(474)
Cash and cash equivalents at the beginning of the year	**544 863**	604 071
Cash and cash equivalents at the end of the year	**760 693**	544 863

Accounting policies and notes

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

These condensed consolidated financial results have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), its interpretations issued by the IFRS Interpretations Committee, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, presentation and disclosure as required by IAS 34 Interim Financial Reporting, the JSE Listings Requirements and the requirements of the Companies Act of South Africa. The accounting policies are consistent in all material respects with those of the previous annual financial statements. New and amended IFRS and IFRIC interpretations were adopted by the Group during the year but these did not have an impact on the Group.

2. SEGMENT REPORTING

The Group's manufacturing, distribution, other assets and liabilities are totally integrated between the different product groups. The Chief Executive Officer (the Chief Operating Decision Maker) is of the opinion that the operations for individual manufacturing, distribution and product groups are substantially similar to one another and that the risks and returns are likewise similar. As a result thereof, the business of the Group is considered to be a single segment, namely Clover Industries Limited ("CIL").

Group operations outside of South Africa are insignificant and therefore not disclosed separately.

The following information regarding the Group's product groups, for which no discrete financial information is available, are presented on a voluntary basis. The Group comprises the following main product groups:

- The value-added dairy fluids products are focused on providing the market with quality value- added dairy fluid products.
- The dairy concentrated products consist of cheese, butter, condensed milk and retail milk powders.
- The ingredients products consist of bulk milk powders, bulk butter, bulk condensed milk, bulk creamers, calf feed substitutes, whey powder and buttermilk powder.
- The non-alcoholic beverages products focus on the development and marketing of non-alcoholic, value-added branded beverages products.
- The fermented products and desserts consist of yoghurt, maas and desserts
- The soya and oil products consist of soya, olive oil and olives.
- The services rendered product group consists of sales, merchandising, warehousing and distribution services rendered to principals

For the year ended	30 June 2018 R'000	30 June 2017 R'000
External revenue from sale of products*		
Value-added dairy fluids	1 230 831	4 643 600
Dairy concentrated products	1 492 849	1 312 575
Ingredients	176 484	216 424
Non-alcoholic beverages	2 409 724	2 369 071
Fermented products and desserts	998 847	794 403
Olive oil & Soya	126 928	65 769
External revenue from rendering of services	1 873 581	641 499
	8 309 244	10 043 341
Margin on material#		
Value-added dairy fluids	488 000	1 764 858
Dairy concentrated products	545 152	393 180
Ingredients	64 916	71 265
Non-alcoholic beverages	1 364 817	1 288 742
Fermented products and desserts	356 935	220 274
Olive oil & Soya	38 608	29 714
Services rendered	1 873 581	641 499
	4 732 009	4 409 532

* External revenue excludes revenue from the sale of raw milk.

\# Margin on material and revenue from services rendered consist of sale of products plus sale of raw milk plus revenue from services rendered less charges against sales, cost of material and packaging and milk collection cost.

Assets, liabilities and overheads are managed on a Group basis and are therefore not allocated to the product groups.

The Group operates mainly in the geographical area of South Africa. The revenue and assets of the operations outside South Africa are insignificant.

3. EARNINGS PER SHARE

The difference between earnings per share and diluted earnings per share is due to the impact of equity settled unexercised share appreciation rights.

4. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the year under review the Group acquired property, plant and equipment (PPE) to the value of R214,7 million (2017: R316,8 million) and also acquired intangible assets at a cost of R3,4 million (2017: R5,7 million). During the year PPE with a book value of R26,2 million (2017: R14,2 million) was disposed or scrapped.

Certain items of property, plant and equipment have been classified as assets classified held-for-sale. It is those assets that are expected to be disposed of within the next 12 months.

Accounting policies and notes (continued)

5. ASSETS CLASSIFIED AS HELD FOR SALES

An offer to purchase was received by CSA for the property (land and buildings) situated at Bethlehem but the transfer was not yet finalised as at 30 June 2018. Transfer took place after year end. The balance at year end represents only the Bethlehem property.

6. OTHER COMPONENTS OF EQUITY

Other comprehensive income:

The disaggregation of changes of other comprehensive income (OCI) by each type of reserve in equity is shown below:

Foreign currency translation reserve	As at 30 June 2017 R'000	As at 30 June 2018 R'000
Foreign exchange translation differences in OCI	(14 510)	**7 523**
Total movement	**(14 510)**	**7 523**

7. UNBUNDLING OF DFSA

Effective 1 July 2017, Clover Industries indirectly holds a 26% voting rights (0% economic interest) in the form of A-shares in DFSA through Clover SA. The A-shares do not share in profits of DFSA while the B-shares held by the producers of DFSA do share in profits.

Previously, when DFSA was a subsidiary of the Clover Group, all intercompany balances would have been eliminated on a group consolidated basis. However, with the unbundling of DFSA, the balances as at 30 June 2018 owing to and from the Group now reflect as part of "trade and other receivables", "trade and other payables" and "other non-current financial assets" respectively as follows:

Trade and other receivables	R'000
Trade and other receivables (excluding DFSA)	1 299 150
DFSA trade account	179 940
Total	**1 479 090**

Trade and other payables	R'000
Trade and other payables (excluding DFSA)	1 260 738
DFSA trade account and milk purchases	426 886
Total	**1 687 624**

Other non-current financial assets	R'000
Other non-current financial assets (excluding DFSA)	5 781
DFSA revolving credit facility	*
Total	5 781

*The revolving credit facility ("RCF") is repayable by DFSA on the 20th anniversary from the effective date and bears interest at the average cost of debt to the Group. The RCF with a balance of R439 million at year-end was fully impaired. Refer to note 12 for more details.

The investment in associate line does not appear on the statement of financial position as the investment is less than R 1000 and the results are quoted in R'000

8. SHARE CAPITAL AND SHARE PREMIUM

There were no shares issued during the period under review.

9. NON-CONTROLLING INTEREST PUT OPTION LIABILITIES

The Group has entered into transactions with non-controlling interest equity holders whereby they are able to put their shareholding to the Group for a limited time period. The options are accounted for using the present access method. These are written put options in respect of which the Group does not have an unconditional right to avoid the delivery of cash and are recognised as financial liabilities. In the current year R34 million was recognised as a reduction in the liability of R57 million and the corresponding credit against equity under other capital reserves in the statement of changes in equity.

Put option to acquire remaining shares in Clover Good Hope

Clover granted Good Hope the irrevocable right to sell Good Hope's 49% of the issued share capital in Clover Good Hope ("Put shares"). The put option may be exercised by Good Hope within three months after each 12-month period from the third anniversary of the effective date. The purchase price of the put shares will be determined by way of an earnings before interest tax depreciation and amortisation (EBITDA) multiple formula.

Put option to acquire remaining shares in Clover Pride

Clover granted AECI the irrevocable right to sell AECI's 49% of the issued share capital in Clover Pride ("Call shares"). The put option may be exercised by AECI within three months after each 12 month period from the third anniversary of the effective date. The purchase price of the put shares will be determined by way of an earnings before interest tax depreciation and amortisation (EBITDA) multiple formula.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

For financial instruments traded in an active market (Level 1), fair value is determined using stock exchange quoted prices. For other financial instruments (Level 2), appropriate valuation techniques, including recent market transaction and other valuation models, have been applied and significant inputs include market yield curves and exchange rates. For non-current assets (level 3) fair value has been determined based on the sale agreements. There is no difference between the fair value and carrying value of financial assets and liabilities not presented below due to either the short-term nature of these items, or the fact that they are priced at variable interest rates. Long-term fixed-rate and variable-rate borrowings are evaluated by the Group based on parameters such as interest rates and repayment periods as at year-end, the carrying amounts of the borrowings are not materially different from the calculated fair value.

The carrying values of all other financial assets or liabilities, which include trade receivables, trade payables, as well as cash and cash equivalents, approximate their fair values based on the nature or maturity period of the financial instrument.

	30 June 2018 R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000
Assets measured at fair value				
Derivatives not designated as hedging instruments:				
Call option to acquire remaining shares in Clover Good Hope (Pty) Ltd	2 657	–	–	2 657
Call option to acquire remaining shares in Clover Pride (Pty) Ltd	1 795			1 795
Investment in cell captive	1 329	–	1 329	–
Liabilities measured at fair value				
Derivatives not designated as hedging instruments:				
Foreign exchange contracts		–	–	–
Clover Industries shares forward purchases	16 415	–	16 415	–

	30 June 2017 R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000
Assets measured at fair value				
Derivatives not designated as hedging instruments:				
Call option to acquire remaining shares in Clover Good Hope (Pty) Ltd	856	–	–	856
Investment in cell captive	2 309	–	2 309	–
Liabilities measured at fair value				
Derivatives not designated as hedging instruments:				
Foreign exchange contracts	638	–	638	–
Clover Industries shares forward purchases	13 521	–	13 521	–
Diesel hedge	1 665		1 665	

During the reporting period ended 30 June 2018, there were no transfers between Level 1 and Level 2 fair value measurements.

During the reporting period ended 30 June 2017, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation of fair value measurement of level 3 financial assets	2018 R'000	2017 R'000
Call option to acquire remaining shares in Clover Pride (Pty) Ltd		
Balance at the beginning of the year	–	–
Remeasurement recognised through statement of profit or loss	1 795	–
Balance at the end of the year	1 795	–
Call option to acquire remaining shares in Clover Good Hope (Pty) Ltd		
Balance at the beginning of the year	856	560
Remeasurement recognised through statement of profit or loss	1 801	296
Balance at the end of the year	2 657	856

Call option to acquire remaining shares in Clover Good Hope

Good Hope granted Clover the irrevocable right to purchase Good Hope's 49% of the issued share capital in Clover Good Hope ("Call shares"). The call option may be exercised by Clover within three months after each 12 month period from the fifth anniversary of the effective date. The purchase price of the call shares will be determined by way of an earnings before interest tax depreciation and amortisation (EBITDA) multiple formula.

Call option to acquire remaining shares in Clover Pride

AECI granted Clover the irrevocable right to purchase AECI's 49% of the issued share capital in Clover Pride ("Call shares"). The call option may be exercised by Clover within three months after each 12 month period from the third anniversary of the effective date. The purchase price of the call shares will be determined by way of an earnings before interest tax depreciation and amortisation (EBITDA) multiple formula.

Foreign exchange contracts

Foreign exchange contracts through profit or loss are those foreign exchange forward contracts that are not designated in hedge relationship as they are intended to reduce the level of foreign currency risk for expected sales and purchases.

Clover Industries shares forward purchase

The Group had entered into a forward contract to purchase 1 824 195 (2017: 2 132 695) Clover Industries shares, this transaction was entered into to hedge a portion of the share appreciation rights issued to management.

The fair value of the shares forward purchases was determined by Investec Bank Limited. The fair value was determined by calculation the future settlement price after the following inputs were taken into consideration, a dividend of 1,61% (2017: 3,92%), a credit spread of 2,80% (2017: 2,75%), a spot rate of R16,40 (2017: R16,55) and a swap interest rate reflecting the term of each tranche of the hedge.

11. RELATED PARTY DISCLOSURE

Transactions with related parties are made at market-related prices.

Based on business done with joint ventures and or associates, the following transactions took place:

	2018 R'000	2017 R'000
Income earned by Clover SA for services rendered, royalties and interest to joint ventures and associate		
DFSA – Associate	1 228 925	–
Clover Fonterra – Joint Venture	4 991	4 821
Clover Futurelife – Joint Venture	5 873	3 190
Total income earned by Clover SA for services rendered, royalties and interest to joint ventures and associate	1 239 789	8 011
Amounts due to Clover SA from joint ventures and associate		
DFSA – Associate (Trade receivable)	179 939	–
Clover Fonterra – Joint Venture	3 233	1 274
Clover Futurelife – Joint Venture	3 698	4 840
Total amounts due to Clover SA from joint ventures and associate	186 870	6 114
Amounts owing by Clover SA to joint ventures and associate		
DFSA – Associate	426 886	–
Clover Fonterra – Joint Venture	64 783	37 934
Clover Futurelife – Joint Venture	1 545	3 550
Total amounts owing by Clover SA to joint ventures and associate	493 214	41 484

12. IMPAIRMENT ASSESSMENT

The Group has assessed the need for impairment of assets which includes property, plant and equipment, intangibles assets, financial assets and inventory.

As alluded to earlier in this report, the DFSA Chairman and CEO has resigned. The Clover Board could not have foreseen this event at the time it published its trading statement on 07 August 2018. The Board believed it prudent to adopt a conservative approach and provide for the full impairment of the R439 million revolving credit facility it extended to DFSA as at year-end.

In addition, inventories of R17,2 million (2017: R22,4 million) were written down during the year. Apart from the above, no further write-downs were required as at 30 June 2018.

Accounting policies and notes (continued)

13. EVENTS AFTER THE REPORTING PERIOD

Except for the events noted below, no significant events occurred subsequent to the year-end that would require disclosure or amendment to these financial results.

Clover made a R90 million cash injection in September 2018 in DFSA that will be capitalised once shareholder approval is obtained as required by DFSA's Memorandum of Incorporation. This will not increase Clover's voting rights or shareholding and underpins Clover's ongoing commitment to support its milk source, service fees and the sustainability of DFSA.

DFSA has in turn committed to also build up a reserve of R90 million through the reduction of milk prices paid to its producers. Clover's capitalisation of DFSA and the build-up of the aforementioned reserve will add stability to DFSA to navigate through future cycles. Refer to the discussion of risks in the commentary section of this report for further information regarding the DFSA.

Subsequent to year-end, the board has approved a final gross cash dividend of R92,9 million (2017: Rnil) or 48,680 cents (2017: 0,000 cents) per ordinary share for the year ended 30 June 2018 which will be paid Monday, 8 October 2018.

14. GOING CONCERN

The directors are satisfied that the Group is a going concern and has therefore continued to adopt the going-concern basis in preparing the condensed consolidated financial results.

15. PREPARATION OF THE REVIEWED CONDENSED CONSOLIDATED FINANCIAL RESULTS

The condensed consolidated financial results in this section were prepared under the supervision of Frantz Scheepers, CA(SA), in his capacity as Chief Financial Officer of the Group.

The condensed consolidated financial results have not been audited by the group's auditors.

16. INDEPENDENT REVIEW BY AUDITORS

These condensed consolidated results have been reviewed by the independent external auditors, Ernst & Young Inc. and their unmodified review report is available for inspection at the Company's registered office. The review was performed in accordance with ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

17. ANNUAL GENERAL MEETING

The Annual General Meeting of the company will be held at 200 Constantia Drive, Constantia Kloof, Roodepoort, 1709 on Monday, 26 November 2018, at 10:00 to transact the business as stated in the Annual General Meeting notice which will be distributed to shareholders on 29 October 2018.

Record date to determine which shareholders are entitled to receive the notice of Annual General Meeting	Friday, 19 October 2018
Last day to trade in order to be eligible to attend and vote at the Annual General Meeting	Tuesday, 13 November 2018
Record date to determine which shareholders are entitled to attend and vote at the Annual General Meeting	Friday, 16 November 2018
Forms of proxy for the Annual General Meeting to be lodged by 10:00 on*	Friday, 23 November 2018

* Any proxies not lodged by this time must be handed to the Chairperson of the Annual General Meeting immediately prior to the Annual General Meeting.

18. PUBLISHING OF INTEGRATED REPORT

The full integrated report will be published on Clover's website and distributed to shareholders on 28 September 2018.

ANNEXURE I TO THE RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2018

PRO FORMA REGARDING THE EFFECT OF THE OPERATIONAL RESTRUCTURING OF DFSA ON THE CONSOLIDATED RESULTS OF CLOVER INDUSTRIES LIMITED ("Clover")

Introduction

On the 1st of July 2017 Clover concluded a corporate action that would have an impact on the 2018 financial year.

As communicated on the Securities Exchange News Service ("SENS") on 6 July 2017 and earlier, Clover, has formed a wholly owned subsidiary (called Dairy Farmers of South Africa (Pty) Ltd ("DFSA")). Clover transferred the non-value added dairy business and sold the related finished goods, packaging material and ingredients inventory, to DFSA with effect from 1 April 2017. In exchange for the transfer of the non-value added dairy business as aforementioned, DFSA allotted and issued to Clover A-shares (which constituted the entire issued share capital of DFSA at the time) for a nominal amount, and a loan account for the inventory.

With effect from 1 July 2017, DFSA issued and allotted B-shares to milk producers for a nominal amount and accordingly, the milk producers now hold all the B-shares which constitute 74% of the voting rights of DFSA. Clover holds all the A-shares which constitute 26% of the voting rights of DFSA.

With effect from 1 July 2017 Clover relinquished its control of DFSA, as assessed in terms of IFRS 10, and will for accounting purposes treat it as an investment in an associate going forward.

DFSA houses the non-value added drinking milk business and is responsible for the procurement of raw milk as well as the selling, marketing and distribution of the non-value-added drinking milk referred to above.

DFSA is currently Clover's largest principal, where all its related requirements such as distribution, production, administration (invoicing, debt collection, marketing), IT services, payroll administration, central services, sales and merchandising are outsourced to Clover for an initial period of 20 years. In exchange for these services, Clover will earn service income.

This Annexure to the results announcement includes the 30 June 2017 audited results which have been adjusted to reflect the loss of control of DFSA ("Pro Forma Adjustments") as if the loss of control of DFSA had occurred (a) on 1 July 2016 for purposes of the Pro Forma Adjustments made to the pro forma consolidated statement of comprehensive income and (b) as at 30 June 2017 for purposes of the Pro Forma Adjustments made to the pro forma consolidated statement of financial position.

It is important to note that in the 2017 pro forma financial information of the Group, released on SENS on 12 September 2017 as an annexure to the financial results for the year ended 30 June 2017 ("2017 Pro Forma Financial Information"), it was anticipated that Clover would procure packaging material from third party suppliers and on-sell the packaging material to DFSA at no margin. The 2017 Pro Forma Financial Information was compiled as if Clover acted as the principal.

Post the implementation of the unbundling on 1 July 2017, the legal agreement was clarified to infer that Clover is acting as an agent for packaging material procured on behalf of DFSA. In terms of this clarification the Revenue and Cost of Sales pertaining to the procurement of the packaging material does not form part of the 2018 reviewed results of the Group. Accordingly, the directors are of the view that the Pro Forma adjustment (refer note 4) as disclosed in the 2017 Pro Forma Financial Information needs to be amended by excluding the sale of packaging material procured and sold to DFSA in order to do a like-for-like comparison.

The pro forma financial information, as presented in the 2018 group results, have been prepared for illustrative purposes only, to provide information about how the Pro Forma Adjustments might have affected the financial information presented by Clover had the unbundling of DFSA occurred on 1 July 2016 for statement of comprehensive income purposes and as at 30 June 2017 for statement of financial position purposes. Because of its pro forma nature, the pro forma financial information may not fairly present Clover's financial position, changes in equity, results of operation or cash flows. It does not purport to be indicative of what the financial results would have been, had the loss of control of DFSA been implemented on a different date.

The Clover directors are responsible for the preparation of the pro forma financial information. The pro forma financial information has been prepared using accounting policies that are consistent with IFRS and with the basis on which the historical financial information has been prepared in terms of the accounting policies of Clover. The pro forma financial information has been prepared in accordance with the JSE Listings Requirements and the revised Guide on Pro Forma Financial Information issued by the South African Institute of Chartered Accountants.

These pro forma financial effects have been prepared to assist Clover's shareholders in assessing the impact of the loss of control of DFSA on the Clover consolidated statement of comprehensive income and statement of financial position.

This pro forma financial information was reported on by the independent external auditors, Ernst & Young Inc., in terms of International Standards on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro forma Financial Information Included in a Prospectus. Their unmodified limited assurance report dated 11 September 2017 is available for inspection at the Company's registered office.

PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	30 June 2017 Audited [1] R'000	Exclusion of the revenue and cost of sales of the DFSA business [2] Pro forma adjustment R'000	Income from services rendered to DFSA [3] Pro forma adjustment R'000	Interest charged on working capital facility [4] Pro forma adjustment R'000	After pro forma Adjustments R'000	30 June 2018 Normalised [5] R'000
Sales of products	9 401 842	(3 549 806)			5 852 036	6 435 663
Rendering of services	641 499		1 192 922		1 834 421	1 873 581
Sale of raw milk	11 907				11 907	335
Rental income	3 351				3 351	2 898
Revenue	10 058 599	(3 549 806)	1 192 922		7 701 715	8 312 477
Cost of sales	(7 333 041)	2 321 032			(5 012 009)	(5 357 424)
Gross profit	2 725 558	(1 228 774)	1 192 922		2 689 706	2 955 053
Other operating income	60 040				60 040	82 913
Selling and distribution costs	(2 089 364)				(2 089 364)	(2 117 936)
Administrative expenses	(284 721)				(284 721)	(273 310)
Restructuring expenses	(48 098)				(48 098)	(4 123)
Other operating expenses	(48 936)				(48 936)	(31 548)
Operating profit	314 479	(1 228 774)	1 192 922		278 627	611 049
Finance income	12 647			35 852	48 499	47 618
Finance costs	(145 765)				(145 765)	(141 880)
Share of profit in a joint venture	18 486				18 486	21 104
Profit before tax	199 847	(1 228 774)	1 192 922	35 852	199 847	537 891
Taxation	(41 105)	344 057	(334 018)	(10 039)	(41 105)	(139 509)
Profit for the year	158 742	(884 717)	858 904	25 813	158 742	398 382

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2017 Audited [1] R'000	Sale of inventory [6] Pro forma adjustment R'000	After pro forma Adjustments R'000
Assets			
Non-current assets			
Property, plant and equipment	2 427 444		2 427 444
Investment properties	9		9
Intangibles assets	650 663		650 663
Investment in joint ventures	38 946		38 946
Other non-current financial assets	3 165		3 165
Deferred tax assets	45 496		45 496
	3 165 723		3 165 723
Current assets			
Inventories	964 630	(244 076)	720 554
Trade and other receivables	1 341 311	244 076	1 585 387
Prepayments	19 844		19 844
Income tax receivable	7 165		7 165
Cash and short term deposits	544 863		544 863
	2 877 813		2 877 813
Assets classified as held for sale	4 607		4 607
Total assets	6 048 143		6 048 143

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	30 June 2017 Audited [1] R'000	Sale of inventory [6] Pro forma adjustment R'000	After pro forma Adjustments R'000
Equity and liabilities			
Equity			
Issued share capital	9 542		9 542
Share premium	892 692		892 692
Other capital reserves	78 642		78 642
Foreign currency translation reserve	9 637		9 637
Retained earnings	1 904 349		1 904 349
Equity attributable to holders of the parent	2 894 862		2 894 862
Non-controlling interests	(15 179)		(15 179)
Total equity	2 879 683		2 879 683
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	767 621		767 621
Non-controlling put liability	57 088		57 088
Employee-related obligations	82 595		82 595
Deferred tax liability	221 065		221 065
Trade and other payables	25 492		25 492
Other non-current financial liabilities	9 683		9 683
	1 163 544		1 163 544
Current liabilities			
Trade and other payables	1 274 700		1 274 700
Interest-bearing loans and borrowings	714 304		714 304
Other current financial liabilities	6 141		6 141
Employee-related obligations	9 771		9 771
	2 004 916		2 004 916
Total liabilities	3 168 460		3 168 460
Total equity and liabilities	6 048 143		6 048 143

Notes:

1. As per the consolidated statement of comprehensive income and the consolidated statement of financial position for the year ended 30 June 2017 with reference to the audited annual financial statements.
2. The sale of products relating to the non-value added drinking milk, namely Fresh, UHT and UP milk that will be excluded from Clover and be part of DFSA in future. The Pro Forma Adjustment was determined with reference to actual volumes sold and realised. The tax effect was determined using the corporate tax rate of 28%.
3. Clover provided all the production, distribution, sales and merchandising, marketing and certain administrative service to DFSA at a contracted fee. The pro forma adjustment was determined with reference to actual volumes produced. The contracted fee was calculated based on the actual costs for the period 1 July 2016 to 31 December 2016. The tax effect was determined using the corporate tax rate of 28%.
4. Clover provided the working capital funding to DFSA in the form of an interest bearing facility on which Clover earned interest at a rate equal to the average rate Clover pays to its interest bearing debt funders. The tax effect was determined using the corporate tax rate of 28%.
5. As per the normalised pro forma consolidated statement of comprehensive income for the year ended 30 June 2018 with reference to Annexure II.
6. All the finished goods, packaging material and ingredients inventory related to Fresh, UHT and UP milk were sold to DFSA on loan account on 1 April 2017. It was assumed that the inventory was sold in the same manner on 30 June 2017 to give effect to the Pro Forma Adjustment.
7. The loss of control of DFSA was structured in such a way that the non-value-added drinking milk business broke even and therefore there was no equity accounted earnings or Investment in Associate in terms of IAS28.
8. IFRS 10 *Consolidated Financial Statements* paragraph 25 requires the calculation of a gain / (loss) on the deemed sale of the investment in DFSA when control is lost. On 1 July 2016 this gain / (loss) on the deemed sale would however equal the nominal amount received as consideration for the B shares issued by DFSA. It was assumed that the inventory, the only asset of DFSA on 1 July 2016, was sold in the same manner on this date as it was on 1 April 2017. Therefore, the fair value of any retained interest is zero.

ANNEXURE II TO THE RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2018

PRO FORMA REGARDING THE EFFECT OF THE IMPAIRMENT ON THE RCF TO DFSA ON THE CONSOLIDATED RESULTS OF CLOVER INDUSTRIES LMITED ("Clover")

Background

The Board of Clover Industries Limited ("Clover" or "the Group") received unforeseen notice of the resignation of the DFSA CEO on 11 September 2018. His decision to resign is understood to be as result of the enormous conflict between losing milk producers or losing market share during what has been a very challenging time for the dairy industry generally.

The Chairman of DFSA also took the decision to resign and to give the opportunity to the producer shareholders to appoint their own independent chairman and CEO to take DFSA forward. The DFSA board will begin the process to identify replacements and the current CEO will stay on until 30 April 2019 to assist with identifying a suitable replacement and to ensure a seamless handover.

Whilst the Clover Board had received no indications of the resignations at the time it published its trading statement on 07 August 2018, following the resignation of the DFSA Chairman and CEO, it believed it prudent to adopt a conservative approach and provide for the full impairment of the R439 million revolving credit facility it extended to DFSA as at year-end.

This Annexure ("Annexure II") to the results announcement includes the 30 June 2018 reviewed results which have been adjusted to reflect the reversal of the impairment (a) on 30 June 2018 for purposes of the pro forma adjustments made to the pro forma consolidated statement of comprehensive income and (b) as at 30 June 2018 for purposes of the pro forma adjustments made to the pro forma consolidated statement of financial position.

The pro forma financial information, as presented in the 2018 group results, have been prepared for illustrative purposes only, to provide information on how the normalised earnings and headline earnings have been calculated had no impairment taken place.

Because of its nature, the pro forma financial information may not be a fair reflection of the Group's results of operations, financial position, changes in equity or cash flows. No other adjustments have been made to the pro forma financial information.

The Clover directors are responsible for the preparation of the pro forma financial information. The pro forma financial information has been prepared using accounting policies that are consistent with IFRS and with the basis on which the historical financial information has been prepared in terms of the accounting policies of Clover. The pro forma financial information has been prepared in accordance with the JSE Listings Requirements and the revised Guide on Pro Forma Financial Information issued by the South African Institute of Chartered Accountants.

This pro forma financial information was reported on by the independent external auditors, Ernst & Young Inc., in terms of International Standards on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro forma Financial Information Included in a Prospectus. Their unmodified limited assurance report is available for inspection at the Company's registered office.

These latest developments should not deter from the exceptional performance delivered by Clover as highlighted in the normalised results discussed earlier in this report.

PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	30 June 2018 Reviewed [1] R'000	Reversal of impairment Pro forma adjustment [2] R'000	After Pro Forma Normalised R'000	30 June 2017 Adjusted [3] R'000
Sales of products	6 435 663		6 435 663	5 852 036
Rendering of services	1 873 581		1 873 581	1 834 421
Sale of raw milk	335		335	11 907
Rental income	2 898		2 898	3 351
Revenue	8 312 477		8 312 477	7 701 715
Cost of sales	(5 357 424)		(5 357 424)	(5 012 009)
Gross profit	2 955 053		2 955 053	2 689 706
Other operating income	82 913		82 913	60 040
Selling and distribution costs	(2 117 936)		(2 117 936)	(2 089 364)
Administrative expenses	(273 310)		(273 310)	(284 721)
Restructuring expenses	(4 123)		(4 123)	(48 098)
Other operating expenses	(31 548)		(31 548)	(48 936)
Operating profit	611 049		611 049	278 627
Impairment of revolving credit facility to DFSA	(439 042)	439 042	–	–
Finance income	47 618		47 618	48 499
Finance costs	(141 880)		(141 880)	(145 765)
Share of profit in a joint venture	21 104		21 104	18 486
Profit before tax	98 849	439 042	537 891	199 847
Taxation	(139 509)		(139 509)	(41 105)
(Loss)/Profit for the year	(40 660)	439 042	398 382	158 742
Profit for the year attributable to equity holders of the parent company	(38 021)	439 042	401 021	158 258
Headline earnings attributable to shareholders of the parent company	(44 180)	439 042	394 854	121 617
Earnings per share attributable to ordinary equity holders of the parent				
(Loss)/Earnings per share (cents)	(19,9)	230,0	210,1	83,1
Diluted (loss)/earnings per share (cents)	(19,7)	227,8	208,1	82,3
Headline (loss)/earnings per share (cents)	(23,1)	230,0	206,9	63,9
Diluted headline (loss)/earnings per share (cents)	(22,9)	227,8	204,9	63,2

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2018 Reviewed [1] R'000	Reversal of impairment Pro forma adjustment [4] R'000	After Pro Forma Normalised R'000	30 June 2017 Adjusted [3] R'000
ASSETS				
Non-current assets				
Property, plant and equipment	2 417 791		2 417 791	2 427 444
Investment properties	9		9	9
Intangible assets	626 671		626 671	650 663
Investment in joint venture	46 035		46 035	38 946
Other non-current financial assets	5 781	439 042	444 823	3 165
Deferred tax assets	30 203		30 203	45 496
	3 126 490	439 042	3 565 532	3 165 723
Current assets			–	
Inventories	869 091		869 091	964 630
Trade and other receivables	1 479 090		1 479 090	1 341 311
Prepayments	16 829		16 829	19 844
Income tax receivable	3 702		3 702	7 165
Cash and short-term deposits	760 693		760 693	544 863
	3 129 405		3 129 405	2 877 813
Assets classified as held-for-sale	2 719		2 719	4 607
Total assets	6 258 614	439 042	6 697 656	6 048 143

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	30 June 2018 Reviewed [1] R'000	Reversal of impairment Pro forma adjustment [4] R'000	After Pro Forma Normalised R'000	30 June 2017 Adjusted [3] R'000
EQUITY AND LIABILITIES				
Equity				
Issued share capital	9 542		9 542	9 542
Share premium	892 692		892 692	892 692
Other capital reserves	105 689		105 689	78 642
Foreign currency translation reserve	17 160		17 160	9 637
Retained earnings	1 817 322	439 042	2 256 364	1 904 349
Equity attributable to equity holders of the parent	2 842 405	439 042	3 281 447	2 894 862
Non-controlling interests	(17 818)		(17 818)	(15 179)
Total equity	2 824 587	439 042	3 263 629	2 879 683
Liabilities				
Non-current liabilities				
Interest-bearing loans and borrowings	665 059		665 059	767 621
Non-controlling interest put liability	23 226		23 226	57 088
Employee-related obligations	75 424		75 424	82 595
Deferred tax liability	260 309		260 309	221 065
Trade and other payables	11 448		11 448	25 492
Other non-current financial liabilities	2 776		2 776	9 683
	1 038 242		1 038 242	1 163 544
Current liabilities			–	
Trade and other payables	1 676 176		1 676 176	1 274 700
Interest-bearing loans and borrowings	685 691		685 691	714 304
Other current financial liabilities	13 639		13 639	6 141
Employee-related obligations	20 279		20 279	9 771
	2 395 785		2 395 785	2 004 916
Total liabilities	3 434 027		3 434 027	3 168 460
Total equity and liabilities	6 258 614	439 042	6 697 656	6 048 143

Notes

1. As per the annual condensed consolidated statement of comprehensive income and the annual condensed consolidated statement of financial position for the year ended 30 June 2018 with reference to the reviewed annual condensed consolidated financial results.
2. The pro forma was determined with reference to the impairment of the entire revolving credit facility advanced to DFSA as at 30 June 2018. There is no tax effect due to this adjustment. The adjustment is not excluded for purposes determing headline earnings.
3. As per the pro forma consolidated statement of comprehensive income and the pro forma consolidated statement of financial position for the year ended 30 June 2017 with reference to Annexure I.
4. The pro forma was determined with reference to the impairment of the entire revolving credit facility advanced to DFSA as at 30 June 2018. The facility is designated as a financial asset at amortised cost. The carrying value of the revolving credit facility approximates the fair value due to the rolling nature of the facility and interest being charged.

Notes

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