2017

RCL FOODS LIMITED

ABRIDGED INTEGRATED ANNUAL REPORT

FOR THE YEAR ENDED JUNE 2017

"More Food to More People, More Often"

CONTENTS

ABOUT
THE REPORT

BOUNDARY AND SCOPE

The aim of this Integrated Annual Report is to provide stakeholders with a balanced and holistic view of the financial, social, environmental and economic impacts of RCL Foods Limited ("RCL FOODS" or "Group") to enable them to obtain a better understanding of the Group's long-term prospects. The report includes all the subsidiaries of RCL FOODS. It covers the performance for the year ended June 2017 and provides an overview of operations of the Group with relevant comparatives to the previous period.

MATERIAL ASPECTS AND COMPARABILITY

Materiality has been applied to qualitative and quantitative disclosures contained in this report. An item is considered material if it could influence the decisions of the Group and its stakeholders. There have been no significant changes to the content and scope of this report from prior years. To enhance the comparability of information, certain comparative figures may have been restated and these have been noted as such.

ASSURANCE AND APPROVAL

The Board acknowledges its responsibility for the content of RCL FOODS' Abridged Integrated Annual Report. The Board has assessed the content of this Report and believes that it addresses all material issues and fairly presents the integrated performance of the Group. The Board has authorised the release of this Report at the RCL FOODS Board meeting held on 29 August 2017.

The information in the Group's Integrated Annual Report has been verified by a combination of internal and external assurance providers. Details of the assurance element and providers are set out in the relevant sections of the Annual Financial Statements and the Sustainability Report, both reports being available on our website at www.rclfoods.com.

RCL FOODS values feedback and therefore welcomes any questions or comments regarding this Report. These can be emailed to the Company Secretary, John Maher, at john.maher@rclfoods.com. Stakeholders are also directed to the Group's website for this report, other relevant additional supporting reports and compliance information such as the Group's Sustainability Report for the 2017 financial year, King III application table and Board committee charters.

RELATED REPORTS

The Abridged Integrated Annual Report forms part of, and should be read in conjunction with, a suite of reports available online on our website. Other reports available are:

Corporate Governance Report
Application of King III Principles
Remuneration Report
Sustainable Business Report
Annual Financial Statements

USABILITY FEATURES

This icon signifies that related information is available online at www.rclfoods.com

100 **Directs readers to the page in the Abridged Integrated Annual Report with more details**

SR 54 **Directs readers to the page in the Sustainability Report with more details**

For ease of use and referencing, all the reports are available online in downloadable form. Shareholders are reminded that they are entitled to a hard copy on request. This can be obtained by contacting the Company Secretary on **+27 31 242 8600** or at **john.maher@rclfoods.com**

REPORTING FRAMEWORK

IFRS

INSTITUTE OF DIRECTORS SOUTHERN AFRICA

INTEGRATED REPORTING <IR>

Global Reporting Initiative

JSE

OUR BUSINESS AT A GLANCE

PERFORMANCE OVERVIEW

HEADLINE EARNINGS
R548,5 million
↓34,1%

REVENUE
R25,0 billion
↓0,3%

EBITDA
R1,7 billion
↓0,8%

TOTAL DIVIDENDS
per share
30,0 cents

CASH GENERATED
by operations
R2,3 billion
↑56,8%

HEADLINE EARNINGS
per share (HEPS)
63,5 cents
↓34,2%

R4,2 billion
PAID TO EMPLOYEES
as salaries, wages and other benefits

R217,1 million
PAID TO SHAREHOLDERS
during the year

R18,9 billion
PAID TO SUPPLIERS
for goods and services supplied

R12,8 million
SUPPORT PROVIDED TO COMMUNITY BENEFICIARIES
through our community projects, contributing to economic and social development

R793,2 million
INVESTED IN INFRASTRUCTURE
to build and optimise our production and distribution facilities and deliver capacity for growth

R100,0 million
COST SAVINGS
resulting from systems and process integration

A-RATED
in the 2016 Global Carbon Disclosure Project*

138 GWh OF ENERGY GENERATED
from co-generation, waste-to-value and solar through energy efficiency and optimisation projects

STATUS LEVEL 4
B-BBEE CONTRIBUTOR
(2016 level 4)

* *The Global Carbon Disclosure Project encourages the top companies in each country to calculate their direct and indirect carbon emissions and come up with plans to lower them.*

OUR BUSINESS AT A GLANCE

WHO WE ARE AND WHAT WE DO

ONE OF AFRICA'S LEADING FOOD PRODUCERS

A TOP 100 JSE-LISTED COMPANY

MORE THAN 20 000 EMPLOYEES

OUR LOGO AND ITS MEANING

A BOWL

FILLED ABUNDANTLY
Representing the rising opportunity in Africa and the desire to sustain its people

RCL FOODS™

RCL FOODS is a food company. It is therefore fitting that our icon is representative of food. It is made up of two parts. The first part, the bottom half, represents a food bowl and that shape symbolises balance, harmony and community. The second part, the top half, represents a serving of food. It is rainbow shaped which symbolises hope, opportunity and prosperity. The two parts together represent a bowl filled with an abundance of food.

WE MANUFACTURE A WIDE RANGE OF BRANDED AND PRIVATE LABEL FOOD PRODUCTS WHICH WE DISTRIBUTE ACROSS SOUTHERN AFRICA THROUGH OUR OWN ROUTE-TO-MARKET SPECIALIST, VECTOR LOGISTICS

OVER 240 OPERATIONS ACROSS SOUTH AFRICA AND AFRICA (INCLUDING JOINT VENTURES)

WITH MORE THAN 20 MUCH-LOVED BRANDS, WE'RE IN ALMOST EVERY SOUTH AFRICAN HOUSEHOLD

OUR PASSION IS TO PROVIDE MORE FOOD TO MORE PEOPLE, MORE OFTEN

R14 billion MARKET CAPITALISATION

OUR BUSINESS AT A GLANCE

OUR HISTORY

The businesses that form RCL FOODS share deep South African roots, dating back over 120 years.

RCL FOODS is built on strong strategic acquisitions making it one of the largest food producers in South Africa.

1891

Our milling history goes back the longest to a small family-owned flour mill, established in 1891. Today, our flour milling business is recognised as the largest single-site milling operation in South Africa, as well as one of the largest in the world.

1916

Our first animal feed mill was built 25 years later. Today, we are recognised as one of the leading manufacturers of animal feeds.

1960

44 years later, on a humble farm in Hammarsdale, Rainbow Chicken started its operation. Not long after, our first processing plant was commissioned in Hammarsdale. Today, Rainbow Chicken has become one of the biggest processors and marketers of chicken in Africa.

1965

A few years later in 1965, our sugar mill operation in Malalane began cultivating and processing sugarcane. Today we are the biggest sugar producer in South Africa, producing a third of the country's total sugar output.

1989

Rainbow listed on the JSE.

2004

Vector logistics was acquired with the strategic intent of controlling and optimising the outbound supply chain.

2013

A R3,9 billion rights offer supported the acquisition of Foodcorp, one of South Africa's largest food producers.

Company name changed from Rainbow Chicken Limited to RCL Foods Limited.

2014

Acquired TSB Sugar RSA and TSB Sugar International.

Acquired 49% of Botswana-based logistics company, Senn Foods Logistics.

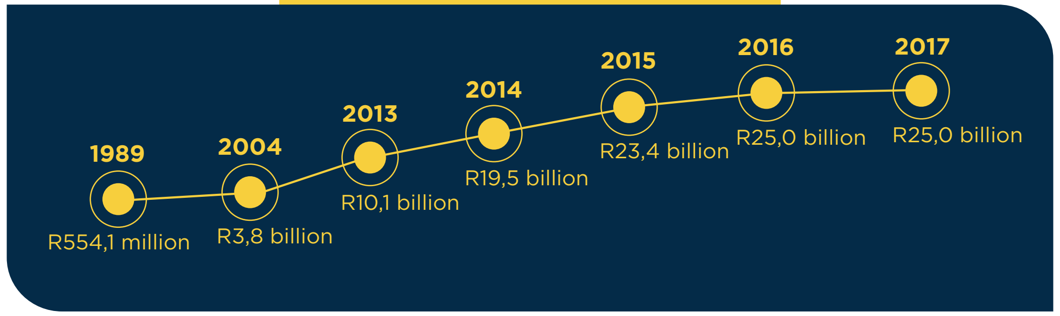
Implemented a new BEE transaction.

2016

Acquired a 33,5% stake in Ugandan poultry producer Hudani Manji Holdings Rainbow Limited (HMH).

AN OVERVIEW OF

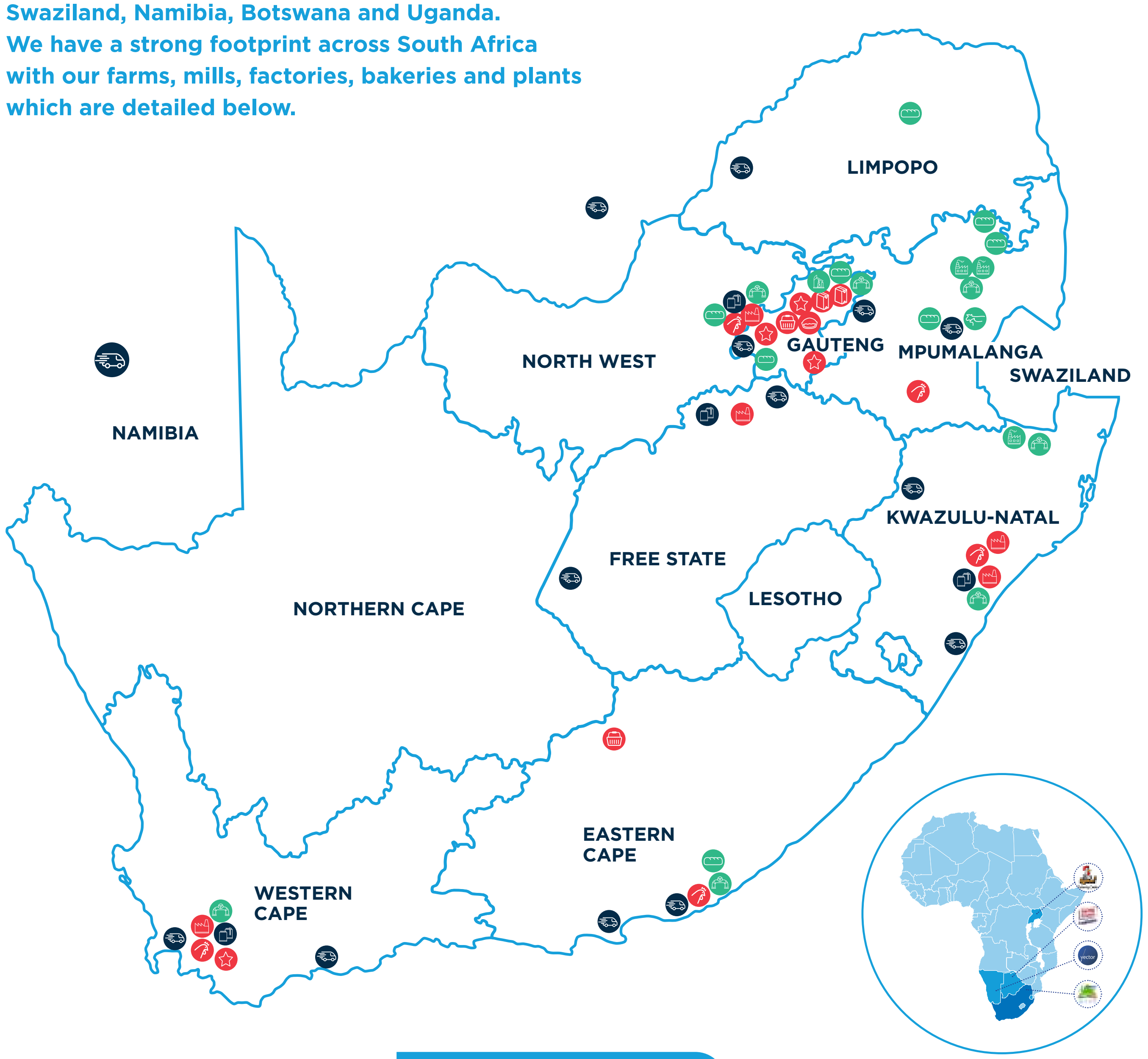
OUR REVENUE GROWTH



OUR BUSINESS AT A GLANCE

WHERE WE ARE

RCL FOODS' operations span across South Africa, Swaziland, Namibia, Botswana and Uganda. We have a strong footprint across South Africa with our farms, mills, factories, bakeries and plants which are detailed below.



GRAPHIC KEY

CONSUMER
- Chicken Farm
- Chicken Processing Plant
- Grocery Plant
- Speciality Plant
- Pie Factory
- Beverage Plant

SUGAR & MILLING
- Sugar Mill
- Flour Mill
- Bakery
- Animal Feed Mill

LOGISTICS
- Vector Distribution Site
- Vector Plant-Based Cold Store

OUR BUSINESS AT A GLANCE

OUR BUSINESS STRUCTURE

In line with our strategy, we have transformed from four separate businesses (TSB Sugar, Rainbow Chicken, Foodcorp and Vector Logistics) into a single, integrated RCL FOODS – with three divisions supported by common functions.

GROUP FUNCTIONS

Support is provided to the three divisions in common strategic and operational areas which are managed by:

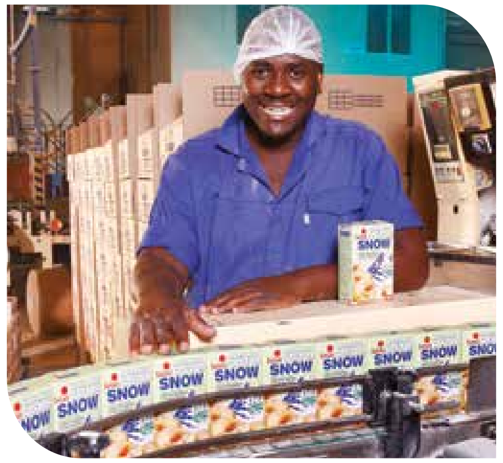
- **Human Resources**
- **Finance**
- **IT**
- **CEO's Office**

CONSUMER DIVISION

Our Consumer division produces a wide range of quality culinary, pet food and beverage products through its five business units – Chicken, Grocery, Pies, Beverages and Speciality. Our Foodsolutions service channel spans across the Consumer and Sugar & Milling divisions, providing dedicated support to customers in the food service industry.

R13,5bn (45,0%) REVENUE CONTRIBUTION	**R506,5m** (29,0%) EBITDA CONTRIBUTION	**R8,4bn** TOTAL ASSET VALUE

SUGAR & MILLING DIVISION



Our Sugar & Milling division produces a number of consumer staples and animal feed products within its three business units: Sugar, Millbake and Animal Feed. Our sugar and flour mills are key raw material suppliers to our molasses-based feed mills and bakeries respectively.

R14,5bn (48,2%) REVENUE CONTRIBUTION	**R1 036,1m** (59,4%) EBITDA CONTRIBUTION	**R8,2bn** TOTAL ASSET VALUE

LOGISTICS DIVISION

Our Logistics division (Vector) provides RCL FOODS and numerous third partieswith multi-temperature warehousing and distribution, supply chain intelligence and sales solutions.

R2,0bn (6,8%) REVENUE CONTRIBUTION	**R203,2m** (11,6%) EBITDA CONTRIBUTION	**R3,3bn** TOTAL ASSET VALUE

OUR BUSINESS AT A GLANCE

OUR BRANDS

Our ambition is to build a profitable business of scale by creating food brands that matter. We will do this by building a diverse portfolio of strong brands, allowing us to increase our market share in existing categories and to find new consumers in new categories and markets. Since our integration into ONE RCL FOODS, we have seen our brands grow – with some becoming market leaders in their respective categories.

OVER R1 billion

Selati, Rainbow, Supreme Flour, Sunbake, Vector, Epol

OVER R500 million

Nola, Pieman's, Molatek

OVER R100 million

Rainbow Simply Chicken, Yum Yum, Ouma, Cobb, Number One, Smooth Mageu, Rainbow, Bobtail, Mabela, Catmor, Tafelberg Super Maize Meal

UNDER R100 million

5 Star, Safari Braaipap, A1, Canine Cuisine, Opti Mizor, Dogmor, Mnandi, Bonzo, Ultra Dog, Farmer Brown

Bobtail is South Africa's favourite dog food brand, providing **72 million** tail-wagging meals in 2017

Source – Internal Data

12 tons of South Africa's oldest and most popular rusk brand, **Ouma**, are consumed daily

Source – Internal Data

Number One Mageu was voted one of South Africa's favourite township brands in the latest Kasi Star Brands survey

Number One Mageu is the market leader in its category with a **71,8%** market share

Source – Aztec

80% of South African consumers prefer **Yum Yum**

Source – Home Testers Club

6 million **Pieman's pies** are exported annually to **8 countries** in Africa and the Middle East

Source – Internal Data

With nearly **100 years** of history, **Supreme Flour** is the brand of choice amongst professional bakers in the inland region

Source – Internal Data

Canine Cuisine is recommended by **8 out of 10** people as their brand of choice

Source – Home Tester Club

Nola accounts for **42,8%** of total South African mayonnaise consumption

Source – Aztec

8 out of the top 10 trainers on the South African Trainers' Log feed their horses **Epol**

Source – Internal Data

Selati is South Africa's **leading brand** in the brown sugar category

Source – Aztec

OUR BUSINESS AT A GLANCE

CONSUMER

Our Consumer division is home to some of South Africa's much-loved brands, spanning from staples to top-end added-value offerings. These include our iconic Ouma Rusks, Rainbow Chicken, Pieman's Pies, Nola Mayonnaise, Number One Mageu, Yum Yum Peanut Butter and a strong suite of pet food brands, including Bobtail and Canine Cuisine. Foodsolutions is our well-established food service brand, providing dedicated support to food service customers including quick-service restaurants.

4 SPECIALITY FACTORIES

5 CHICKEN PROCESSING PLANTS

OVER 180 CHICKEN FARMS AND HATCHERIES

2 BEVERAGE FACTORIES FRESH AND ULTRA-HIGH TEMPERATURE (UHT)

1 GROCERY PLANT PRODUCING **OUMA RUSKS**

100 TONS OF MAYONNAISE SOLD EVERY DAY

24 MILLION CHICKENS ON THE GROUND AT ANY GIVEN TIME

OVER 50 000 SPECIALITY PRODUCT LINES SOLD ACROSS MORE THAN 14 CATEGORIES

1 MEGA GROCERY PLANT PRODUCING CULINARY AND PET FOOD PRODUCTS

1 PIE FACTORY WITH OVER **400 000** PIES SOLD DAILY

NEARLY 10 000 EMPLOYEES

CONSUMER:

BRAND STORIES

Canine Cuisine eyes number one spot

Canine Cuisine, our veterinary quality dog food sold within retail, boasts 33% more protein than leading supermarket brands. Over the 12 months to June 2017 its market share almost doubled, with a record high of 24,3% at June 2017, bringing it closer to its market leadership ambition in the premium dry dog food segment. In a recent Home Tester Club survey, eight out of 10 people recommended Canine Cuisine as their brand of choice
– with the convenience of supermarket shopping adding to its appeal.

Nola creates a stir

Living up to its payoff line, Nola has been "creating a stir" in the competitive mayonnaise category this year, growing to a market share high of 51% in March 2017. This was driven by an impactful brand repositioning in 2016, followed by the launch of the new 500g Nola Squeeze – a handy format that has great visual appeal and makes mayonnaise application super easy. A funky TV commercial showed the simplicity and versatility of Nola Squeeze, both as an ingredient in cooking and to complement any dish.

Ouma never gets old

The story of Ouma Rusks started in 1939 in the small North-Eastern Cape town of Molteno, when Ouma Greyvensteyn put her trusted family rusk recipe to work to earn extra income. An iconic brand was soon born, and today Ouma Rusks are not only South Africa's number one rusk brand, but our factory in Molteno supports an entire community. Staying relevant to changing consumer needs, Ouma recently entered the Premium Rusk segment with an artisanal "taste of home" proposition. Ouma Premium Rusks offer consumers the authentic taste of real buttermilk in three delicious variants, attractively presented in a handy re-sealable pack.

SUGAR & MILLING

Our Sugar & Milling division is home to nine well-known South African brands, each representing a significant market share in their respective categories. These include Selati Sugar, Sunbake Bread, Supreme Flour, Tafelberg Maize Meal and the Epol and Molatek animal feed brands.

1 FLOUR MILL THE LARGEST SINGLE-SITE FLOUR MILL IN SOUTH AFRICA AND 8TH LARGEST SITE IN THE WORLD

1,4 MILLION TONS OF ANIMAL FEED PRODUCED PER YEAR

7 BAKERIES

5 GRAIN-BASED FEED MILLS

3 SUGAR MILLS

NEARLY 7 500 EMPLOYEES

2 MOLASSES-BASED FEED MILLS

67 000 HECTARES OF IRRIGATED CANE PRODUCING APPROXIMATELY **700 000** TONS OF SUGAR PER YEAR

5,5 MILLION TONS OF CANE CRUSHED PER YEAR

500 000 TONS OF FLOUR AND MAIZE MILLED EACH YEAR

500 000 LOAVES OF BREAD BAKED DAILY

SELATI:

GROWING THE COMMUNITY BY GROWING SUGAR

In Nkomazi and Pongola, where our Sugar business operates, the Selati brand is sweet on many levels. Not only is it a firm favourite in the kitchen, it's rooted in the community – driving real economic transformation through the support and mentorship it provides to small-scale growers and land reform beneficiaries.

Investment in smale-scale growers

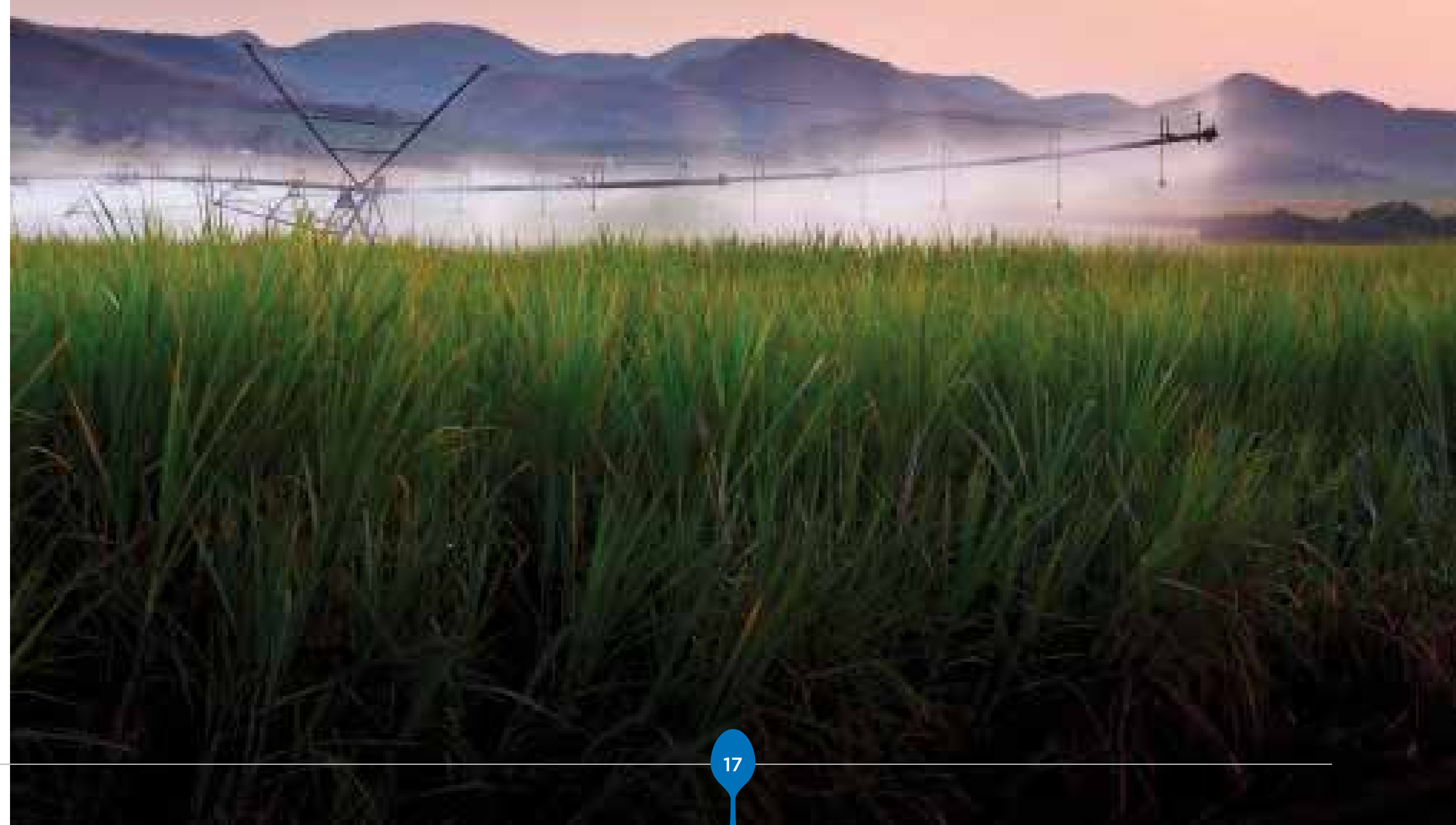
Over the past year, over 1 200 small-scale growers in the communal areas of Nkomazi benefited from farming and financial support provided by two community joint ventures – TSGRO and Akwandze Agricultural Finance (AAF). Through a savings and loans scheme with AAF, small-scale growers were able to invest R150 million back into their crop. In spite of the drought, they supplied 472 000 tons of cane to our Nkomazi mills in 2017 – about 16% of the mills' total cane supply – and earned R295 million from cane sales, an important source of household income. Via the Jobs Fund, we also invested in a project to develop small vegetable farmers with the aim of creating jobs and boosting food security in the community.

Transformation through land reform

Against this backdrop, Selati is leaving an even stronger legacy in the area of land reform, which we see as an opportunity to help drive real economic transformation at community level. Our Sugar business unit has created three joint venture (JV) companies with land claimants in the Nkomazi area. In this model, the high-potential land, infrastructure and water rights are owned by the community and the JV leases these assets back at market rates. Assisted by a wide range of support services provided by RCL FOODS, these joint ventures delivered 625 000 tons of cane to our Nkomazi mills in 2017, representing 22% of their total supply. Benefits for the community included lease income of R30 million, a R73 million procurement spend in community-owned businesses, and 234 land claimants being employed in the joint ventures.

Mentorship support

On the basis of our strong track record and passion for positive land reform, RCL FOODS has also been appointed by the Department of Rural Development and Land Reform as a mentor in the Nkomazi and Pongola areas in order to assist further with farm rehabilitation and skills transfer to land reform beneficiaries.



OUR BUSINESS AT A GLANCE

LOGISTICS

Vector Logistics is a trusted, well-established logistics brand in the Southern African food industry. Providing integrated supply chain solutions across the retail, wholesale and food service sectors, the brand serves food manufacturers (our Principals) as well as food service groups and national retailers (our Customers). In this way Vector assists in bringing a large portfolio of leading brands to the local market.

STORAGE CAPACITY FOR OVER 100 000 PALLETS

4 PLANT-BASED COLD STORES

NEARLY 60 MILLION CASES DELIVERED ANNUALLY

OVER 6 700 CUSTOMER DROP POINTS

NEARLY 3 900 EMPLOYEES

14 DISTRIBUTION SITES

NATIONAL FOOTPRINT EXTENDING INTO NAMIBIA AND BOTSWANA

PRINCIPALS

CUSTOMERS

PRINCIPAL SECONDARY DISTRIBUTION (PSD)

Vector is contracted by the principal to deliver to all retailers, wholesalers and general trade

CUSTOMER SECONDARY DISTRIBUTION (CSD)

Vector is contracted by the customer to deliver their full basket of products directly to the outlets

VECTOR:

PARTNERS WITH PICK N PAY TO "GO BEYOND" IN FROZEN DISTRIBUTION

Vector Logistics was recently awarded an industry-changing contract by retail giant Pick n Pay. This is the first time a single supplier in South Africa has been contracted to provide a dedicated distribution network for a major retailer's entire frozen basket of products – including the large and challenging ice cream category.

Vector was chosen on the basis of its state-of-the-art national infrastructure, its solid track record of delivering the highest service levels and its proven commitment to going beyond in its relationship with Pick n Pay.

Moving to a customer-led model will enable Vector to service Pick n Pay stores in the most optimal way, leading to improved service levels at the front end and providing the retailer with a dedicated and more cost-effective supply chain.

HOW WE OPERATE

OUR STRATEGY

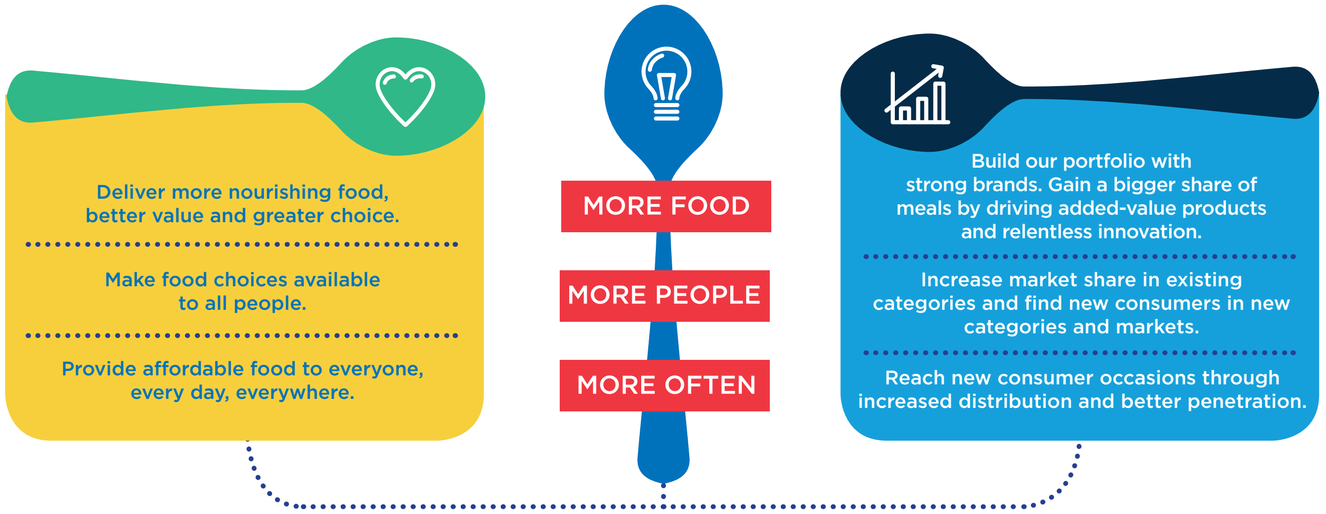
Our strategy is founded on a clear sense of who we are and where we are going as a business. We aim to create the future Our Way – driven by Our Passion and Our Ambition, guided by Our Values and Our Leadership Standards.

Our Business Model, Our Strategic Thrusts and Our Sustainable Business Drive framework are key pillars of our strategy that help us move towards achieving our passion and ambition.

OUR PASSION

OUR PASSION IS TO PROVIDE MORE FOOD TO MORE PEOPLE, MORE OFTEN.

In Our Passion to do more, we are driven by a desire to improve people's access to nourishing food while achieving sustained business growth. The three "mores" of Our Passion are a simple expression of our interlinked social and business agenda.



OUR AMBITION

TO BUILD A PROFITABLE BUSINESS OF SCALE BY CREATING FOOD BRANDS THAT MATTER

Our goal is to double our revenue whilst driving a steady and sustainable improvement in operating margin. The key to our strategy is to build brands that people love – brands that make an impact on their lives and cater to their needs.

OUR VALUES

Four powerful values underpin our business model, drive our strategy and inform the way we do business.

Respect for people: treating people with dignity and fairness

Seeing and doing things differently: innovating in every part of our business

Uncompromising integrity: being consistently ethical in our conduct

Act responsibly: protecting our business, environment and the communities in which we operate

OUR LEADERSHIP STANDARDS

Authentic leadership is a key component of our strategy and culture. We define authentic leaders as leaders who see and do things differently and who display judgement, drive and influence while leading in four key areas: performance, change, people and self. These are the areas targeted by our unique and internally-developed Leadership Standards.

Leading Performance	creating a high-performance culture and a customer service obsession
Leading Change	seeing and doing things differently to unlock business value
Leading People	inspiring people to exceed expectations and promoting collaboration
Leading Self	energising and motivating others through self-drive and a focus on continuous learning

OUR WAY

Developing a unique RCL FOODS culture is both central to our strategy and key to its success. Inspired by Our Passion for MORE, Our Values and Our Leadership Standards, our unique culture is brought to life in Our Way – a set of key behaviours that inspire the way we work and create value as a business.

MORE IMPACT	We strive to make the greatest impact by facing the brutal facts and clearing the biggest hurdles.	MORE OPEN	We believe in sharing knowledge and we value the views of others, regardless of who they are.
MORE BRAVE	We have the courage to do the right thing, make bold decisions and learn from our mistakes.	MORE SPEED	We strive to combine speed and simplicity to do better business.
MORE CURIOUS	We are persistent in seeing and doing things differently and we encourage curiosity which leads to game-changing ideas.	MORE YOU	We encourage authenticity because great ideas come from real, honest and passionate people.

P.S. MORE FUN! ...because it's contagious!

HOW WE OPERATE

OUR SUSTAINABLE BUSINESS DRIVE

Our Sustainable Business Drive, framed in the model alongside, is aligned to our business strategy and addresses our sixth strategic thrust, "Drive Sustainable Business". Read more on our progress in Our Sustainable Business Report at www.rclfoods.com.

OUR SUSTAINABLE BUSINESS DRIVE

OUR SUSTAINABLE BUSINESS DRIVE is about **CREATING THE FUTURE**. Underpinned by **OUR PASSION**, it sets out **OUR RESPONSE** to the most critical social and environmental challenges we face. **OUR SUSTAINABLE BUSINESS DRIVE** enables us to **SECURE THE FUTURE** for our business, while establishing **COMPETITIVE ADVANTAGE** in a fast-changing world.

MORE FOOD
NOURISHING PEOPLE
More nutritionally creative solutions

1 MORE NUTRITIOUS PRODUCTS
We will provide more nourishing food, better value and greater choice to all people – educating our consumers on the benefits of a balanced diet.

Ambition
To lead the promotion of nutrition with innovative product solutions in the context of a balanced diet.

2 MORE NUTRITIONAL THOUGHT LEADERSHIP
We will strive to become a trusted source of influence in food policies, regulation and food labelling development.

Ambition
To lead the promotion of nutrition through influencing policy development.

3 MORE BASIC NUTRITION FOR CHILDREN
We will drive awareness of the basic nutrition challenges for children through collaborative multi-stakeholder partnerships aimed at addressing nutritional stunting.

Ambition
To lead the promotion of nutrition for children through collective action against stunting.

MORE PEOPLE
ENRICHING COMMUNITIES
More socially creative solutions

1 MORE INSPIRED EMPLOYEES
We will build a unique organisation where work is safe, fun, meaningful and enriching in a way that unlocks the potential and creativity of our 20 000 people.

Ambition
To become THE place to work by building a compelling RCL FOODS culture.

2 MORE ECONOMICALLY DEVELOPED COMMUNITIES
We will drive an inclusive business agenda through land reform and new inter-connected business models.

Ambition
To become THE trusted business partner for economic development in the communities in which we operate.

3 MORE SOCIALLY DEVELOPED COMMUNITIES
We will drive social upliftment of our communities through a dialogue approach – understanding their needs and partnering with like-minded organisations to find solutions.

Ambition
To become THE respected business partner for social development in the communities in which we operate.

MORE OFTEN
SUSTAINING RESOURCES
More environmentally creative solutions

1 MORE ENERGY SELF-SUFFICIENT OPERATIONS
We will invest in energy sufficient operations and support the generation of renewable resources at a rate greater than we consume them.

Ambition
To become an energy self-sufficient business.

2 MORE WATER SMART OPERATIONS
We will invest in water smart operations and influence local government and other key stakeholders for collective solutions in the higher risk areas.

Ambition
To become a water smart business that continually seeks new ways to reduce, reuse and "create" water.

3 MORE WASTE-FREE OPERATIONS
We will invest in new business opportunities that turn our waste into value (through circular economy principles), and minimise our waste to landfill.

Ambition
To become a waste-free business that continually seeks new ways to turn waste into value.

UNDERPINNED BY NEW DISRUPTIVE MODELS IN DEVELOPMENT

ACHIEVED AND SUSTAINED BY STRONG WIN-WIN MULTI-STAKEHOLDER PARTNERSHIPS

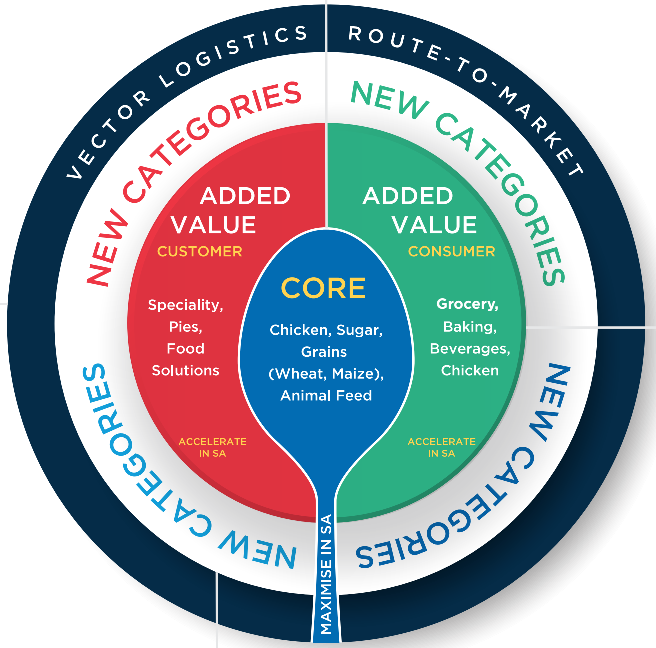
HOW WE OPERATE

OUR BUSINESS MODEL

Our business model is at the core of the our strategy. The model illustrated alongside encompasses four key focus areas.

MAXIMISE PROFIT IN OUR CORE CATEGORIES
(Chicken, Sugar, Grain (Millbake) and Animal Feed)

These provide us with a wide range of consumer touch points and are the main staples on which we build our added-value portfolio.



ROUTE-TO-MARKET

Provide our products with an integrated route-to-market solution through our Logistics division.

ACCELERATE GROWTH IN OUR ADDED-VALUE CATEGORIES
(Speciality, Pies, Foodsolutions, Grocery, Baking, Beverages and Added-value Chicken)

Enable higher margins through brand differentiation and bring higher growth through innovation and brand penetration.

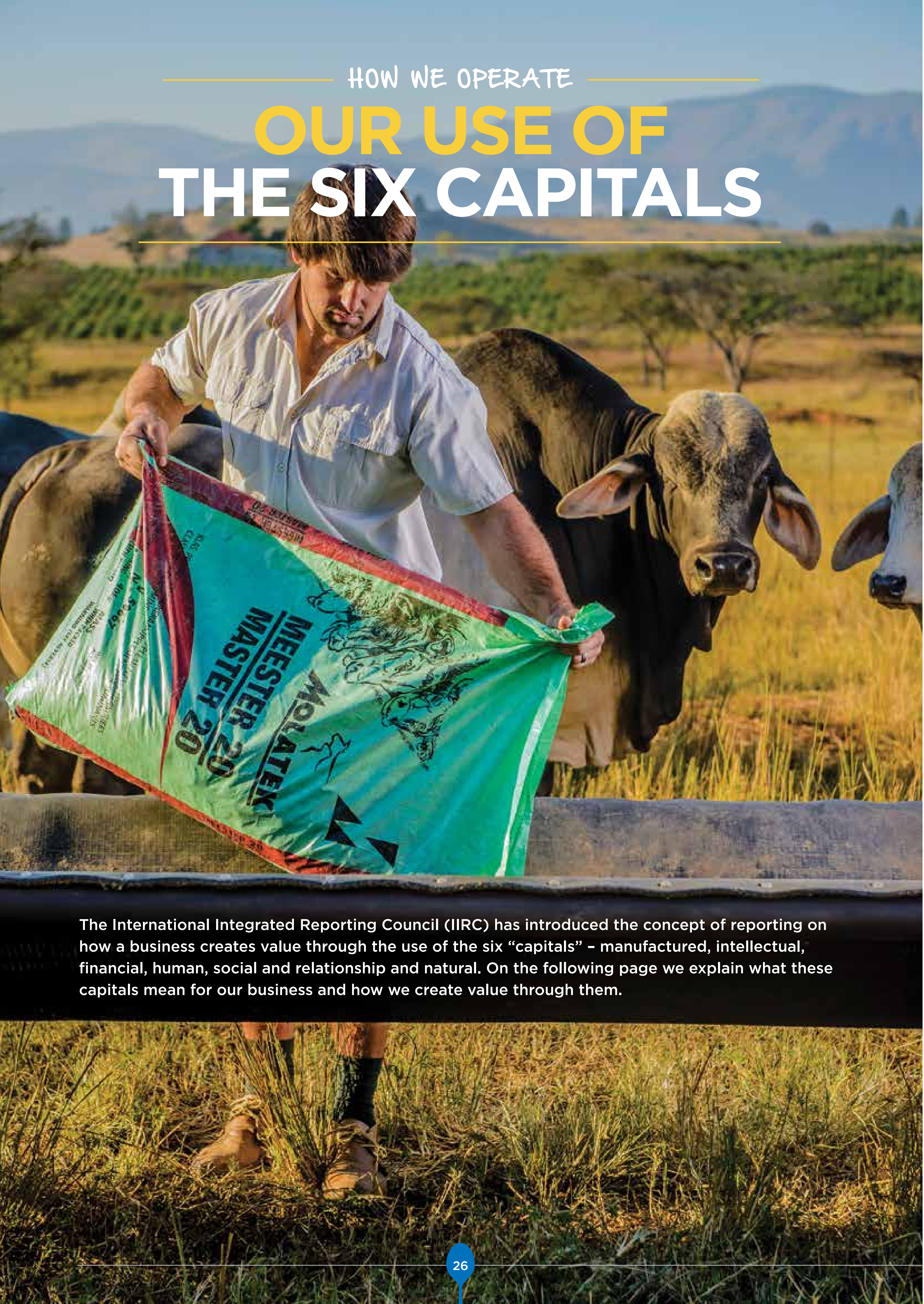
NEW CATEGORIES

Expand into new added-value categories which will facilitate our move towards a more balanced, higher-margin, higher-growth portfolio.

OUR STRATEGIC THRUSTS

Our business model is delivered through our six strategic thrusts. Read more on our strategic thrusts performance on pages 38 to 51 .

- Grow through strong brands
- Extend our leading value chain
- Inspire great people
- Partner with strategic customers
- Drive sustainable business
- Expand into Africa



HOW WE OPERATE

OUR USE OF THE SIX CAPITALS

The International Integrated Reporting Council (IIRC) has introduced the concept of reporting on how a business creates value through the use of the six “capitals” – manufactured, intellectual, financial, human, social and relationship and natural. On the following page we explain what these capitals mean for our business and how we create value through them.

THE CAPITALS AND THE ROLE THEY PLAY IN OUR BUSINESS

1. Manufactured Capital

Our farms, processing plants, sugar, flour and feed mills, bakeries, pet food plants, groceries factories, warehouse storage facilities and distribution sites.

Read more:

- *Our Business at a Glance on pages 2 to 19.*
- *Material Risks on pages 28 to 33.*

2. Intellectual Capital

Our brands, trade information, research and development, brand development and information systems.

Read more:

- *Our Business at a Glance on pages 2 to 19.*
- *Our Strategic Performance on pages 38 to 51 .*
- *Material Risks on pages 28 to 33.*

3. Financial Capital

Our assets, net debt and ordinary shareholders’ interest.

Read more:

- *CFO’s report on pages 64 to 74.*
- *Aridged Annual Financial Statements on pages 82 to 106.*
- *Material Risks on pages 28 to 33.*

4. Human Capital

Our people including our Board, our recruitment processes, talent and leadership development initiatives and our retention strategies.

Read more:

- *How We Operate on pages 20 to 37.*
- *Our Strategic Performance on pages 38 to 51.*
- *Our Sustainable Business Report www.rclfoods.com*
- *Our Leadership and Reviews on pages 52 to 74.*
- *Material Risks on pages 28 to 33.*
- *Remuneration Report www.rclfoods.com.*

5. Social and Relationship Capital

Ongoing engagement with stakeholders, including suppliers, industry bodies, government, customers and consumers, as well as the communities in which we operate (where we also invest in upliftment initiatives and economic support programmes).

Read more:

- *Our Stakeholders on pages 34 to 37.*
- *Our Sustainable Business Report www.rclfoods.com.*
- *Material Risks on pages 28 to 33.*

6. Natural Capital

Guided by our Sustainable Business Drive, we strive to apply alternative business models in our consumption of natural resources in order to achieve energy-sufficient, water-smart and waste-free operations.

Read more:

- *Our Sustainable Business Report www.rclfoods.com.*
- *Material Risks on pages 28 to 33.*

KEY MATERIAL VALUE CREATED THROUGH THE CAPITALS

R100m
COST SAVINGS resulting from systems and process integration

R40m
SPENT ON TRAINING OUR PEOPLE

138 GWh
ENERGY GENERATED through our waste-to-value projects

R25,0bn
REVENUE through the sale of our products and services

R217,1m
PAID TO SHAREHOLDERS

R12,8m
provided in **COMMUNITY SUPPORT**

20 111
EMPLOYEES

R18,9bn
PAID TO SUPPLIERS

1 096 500
TONS OF SUGAR CANE HARVESTED in joint ventures with smallholder farmers and small-scale growers

OUR MATERIAL RISKS

A number of material risks have the potential to significantly impact our performance and sustainability. These include issues at macroeconomic, industry and company level, as well as the interests of our diverse stakeholder groups. In the table that follows we describe the key strategic and operational risks to which we are exposed, along with the actions we are taking to mitigate them and capitalise on opportunities to deliver against our strategic objectives. Both the risks and mitigation activities below are identified using the Enterprise Risk Management process and are aligned to our risk registers.

Read more about our risk management process in the Corporate Governance Report available at www.rclfoods.com

RISK 01
PRICING PRESSURE

Oversupply in the chicken and sugar markets primarily due to inadequate protection from predatory trade practices such as dumping and the lack of timeous enactment of approved tariff mechanisms, restrict and put pressure on the Group's ability to recover cost increases.

MITIGATION ACTIVITIES

- Introduction of a revised business model for the Chicken business unit which is focused on minimising exposure to low-margin commodity chicken.
- Building RCL FOODS' brands through innovation and marketing programmes.
- Emphasis on cost reductions and operational effectiveness.

HOW WE RESPONDED IN 2017

- Reduced cost base through downscaling of Hammarsdale processing plant operations, with the proposed sale of related farms.
- Continued focus on innovation and new product launches in added-value categories.
- Ongoing engagement with Government to find appropriate solutions for all stakeholders.

LINK TO STRATEGIC OBJECTIVE

Grow through strong brands, Partner with strategic customers, Extend our leading value chain

RISK 02
COMMODITY PRICE FLUCTUATIONS

The cost of the Group's products is affected by the cost of the underlying commodities and materials. Material fluctuations in these costs cannot always be passed onto the consumer.

MITIGATION ACTIVITIES

- Clear procurement strategy in place, guided by the Group Procurement Policy.
- Monthly meetings of Commodity Procurement Committee to review strategy, prices and mandates.
- Monthly comparison of raw material prices against quoted market prices.

HOW WE RESPONDED IN 2017

Hedging instruments purchased to manage exposure to raw material and currency price volatility. For detail on commodity price activity, refer to the CFO's Report on pages 65 to 67.

LINK TO STRATEGIC OBJECTIVE

Extend our leading value chain

RISK 03
CLIMATE CHANGE RISK

Extreme weather conditions are likely to occur more frequently and at a greater scale, affecting the entire value chain.

MITIGATION ACTIVITIES

- Dedicated sustainability team at Group level to drive sustainability agenda, focusing largely on water and energy.
- Inclusion of sustainability in Group Strategy, with regular consideration of progress against targets by the Group Executives and the Risk Committee.

HOW WE RESPONDED IN 2017

- Worcester waste-to-value project successfully completed, with renewable energy output exceeding target.
- For information on other key sustainability initiatives and progress, refer to Our Sustainable Business Report at www.rclfoods.com.

LINK TO STRATEGIC OBJECTIVE

Grow through strong brands, Partner with strategic customers, Extend our leading value chain, Drive sustainable business

RISK 04
SUPPLY CHAIN BUSINESS INTERRUPTION

Interruptions in the Group's supply chain network – whether from physical disruptions, natural disasters, industrial action or supplier ineffectiveness – could negatively impact our ability to service our customers.

MITIGATION ACTIVITIES

- Business continuity and disaster recovery plans are in place to deal with major incidents or crises.
- Comprehensive risk management programme involving external risk assessors and insurers to ensure that all facilities have adequate fire detection and prevention.
- Adherence to good farming practices and extensive biosecurity measures to ensure chicken flock health.
- Strike action plans in place.
- Internal and/or external certification of key Group suppliers, with regular monitoring of quality of material.
- Continued focus on forging strong relationships with the unions of the different business units across the Group.
- Business continuity plans in place for key suppliers.

HOW WE RESPONDED IN 2017

- Reviewed and updated disaster recovery plans.
- Implementation of enhanced biosecurity procedures in light of recent outbreak of Highly Pathogenic Avian Influenza (HPAI) in Southern Africa.

LINK TO STRATEGIC OBJECTIVE

Grow through strong brands, Partner with strategic customers, Expand into Africa, Extend our leading value chain, Inspire great people

RISK 05
CUSTOMER RELATIONS AND BRAND PREFERENCE

Establishing, monitoring and enhancing relationships between our brands, customers and consumers is key to preventing loss or decrease in demand of key customers and/or market share.

MITIGATION ACTIVITIES

- Continuous monitoring of external market trends and collation of consumer and customer insight to develop category and brand strategies.
- Continuous investment in R&D and product/brand development.
- Building and maintaining trading relationships across all customers.
- Development of joint engagement plans with key customers that include innovation development and customer service objectives.

HOW WE RESPONDED IN 2017

- Implementation of a centralised structure in respect of marketing and sales capabilities overseeing all Group products and customers.
- Innovation and added-value launches to drive and enable growth and differentiation.

LINK TO STRATEGIC OBJECTIVE

Grow through strong brands, Partner with strategic customers, Expand into Africa, Extend our leading value chain

RISK 06
FOOD AND PRODUCT SAFETY

Products could potentially be subjected to food or product hazards if not managed within the supply chain. This could lead to product liability claims and product recalls.

MITIGATION ACTIVITIES

- Robust, comprehensive product quality processes and controls are in place.
- All food production sites are either FSSC 22000 or ISO 22000 certified.

HOW WE RESPONDED IN 2017

For more information on our application of local and international systems, see Our Sustainable Business Report at www.rclfoods.com.

LINK TO STRATEGIC OBJECTIVE

Grow through strong brands, Partner with strategic customers, Expand into Africa, Extend our leading value chain, Drive sustainable business

RISK 07
NON-COMPLIANCE WITH LAWS AND REGULATIONS

Our operations are subject to legislation and regulations that impact a broad spectrum of activities across our business. Failure to manage compliance in these areas may affect our reputation and result in fines and penalties.

MITIGATION ACTIVITIES

- Ongoing provision of targeted training and awareness across the business.
- Appropriate policies, systems, procedures and reporting.
- Appointment of skilled technical resources and consultation with subject matter experts.

HOW WE RESPONDED IN 2017

Refer to legal compliance on page 7 of the Corporate Governance Report at www.rclfoods.com.

LINK TO STRATEGIC OBJECTIVE

Grow through strong brands, Partner with strategic customers, Expand into Africa, Extend our leading value chain, Inspire great people

RISK 08
INFORMATION SECURITY

Growing reliance on technology is accompanied by a number of new operational, security and strategic risks for businesses. This includes cyber-attacks, unauthorised access and misuse of sensitive information.

MITIGATION ACTIVITIES

Group-wide controls include, but are not limited to:
- Malware protection;
- Network security;
- Secure configuration;
- Incident management;
- Managing user privileges;
- Education and training; and
- Disaster recovery plans and back-up strategies.

HOW WE RESPONDED IN 2017

During the year, attack and penetration reviews were performed by ethical hackers which confirmed the effectiveness of the Group's information security controls against external attacks.

LINK TO STRATEGIC OBJECTIVE

Extend our leading value chain

RISK 09
NEGATIVE IMPACT OF REVISED BUSINESS MODEL FOR CHICKEN OPERATIONS

The implementation of the strategy to reduce reliance on commodity-driven categories in Chicken has impacted negatively on other aspects of the business, particularly Vector and Animal Feed, who are suppliers to the Chicken business unit.

MITIGATION ACTIVITIES

- Strong focus on attracting additional clients to fill lost capacity.
- Significant cost containment initiatives.

HOW WE RESPONDED IN 2017

Refer to pages 62 and 63, included in the CEO's report.

LINK TO STRATEGIC OBJECTIVE

Grow through strong brands, Partner with strategic customers, Extend our leading value chain

RISK 10
FRAUD AND CORRUPTION

In the context of widespread unemployment and economic challenges, fraud and corruption is a key business risk. The direct costs and implications include reputational damage, investigations costs and potential loss of actual and/or potential business.

MITIGATION ACTIVITIES

- Corporate Code of Conduct and Ethics policy governing behaviour of employees and suppliers.
- Tip-Offs Anonymous hotline in place, with follow up on all allegations.
- Financial, logical and physical access controls in place over cash and assets.

HOW WE RESPONDED IN 2017

- Focused on further embedding an integrated fraud and corruption risk management process, i.e. appropriate fraud and corruption prevention policies, awareness of the current fraud and corruption risk areas.
- A total of 63 fraud allegations were reported and investigated over the last financial year via the Tip-Offs Anonymous hotline.

LINK TO STRATEGIC OBJECTIVE

Grow through strong brands, Partner with strategic customers, Expand into Africa, Extend our leading value chain

HOW WE OPERATE

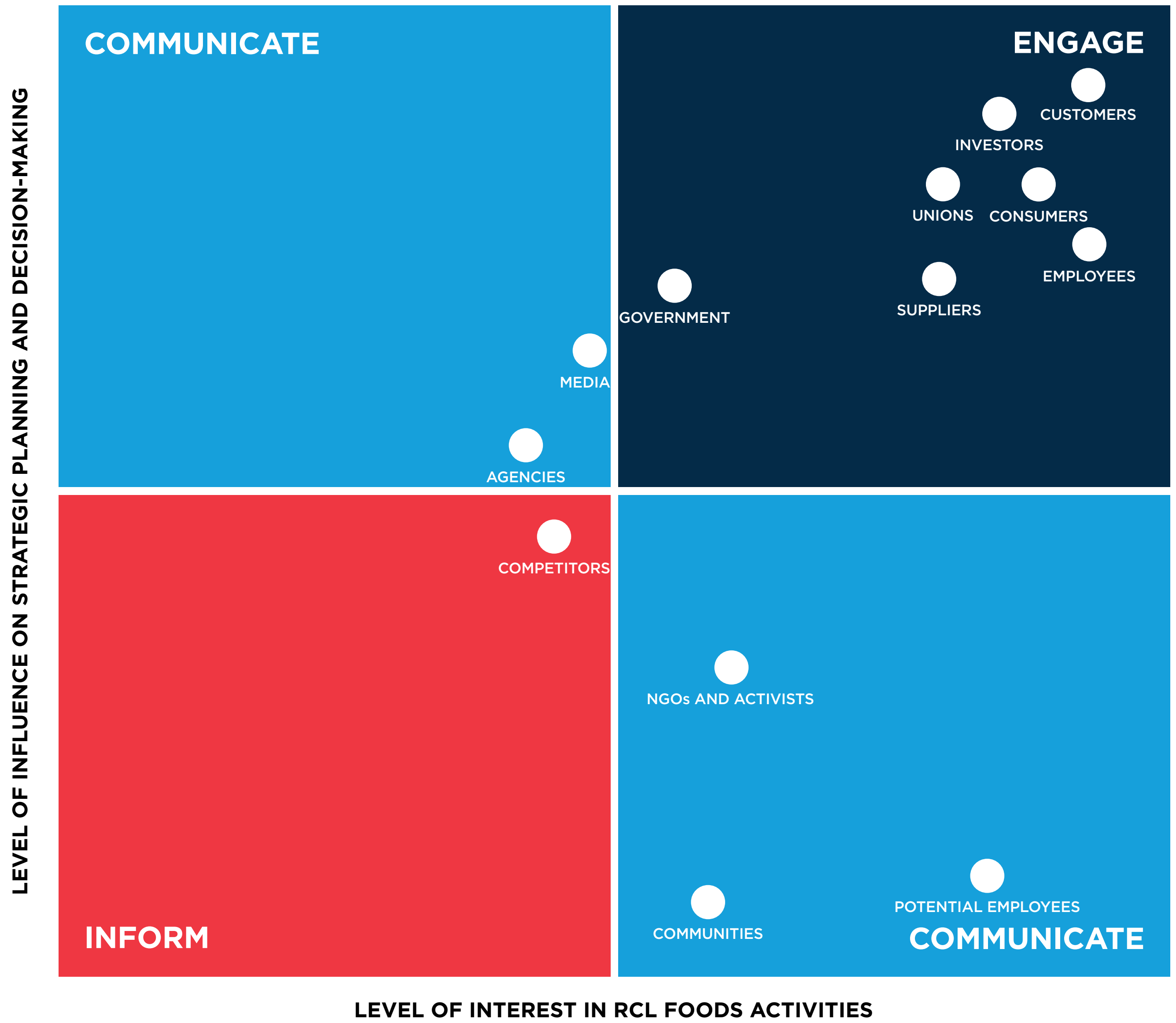
OUR STAKEHOLDERS

Being a recently integrated company with an expanding footprint, we are still in the process of developing an aligned RCL FOODS stakeholder engagement framework. We place strong emphasis on cultivating positive relationships and, where possible, we follow a partnership approach to engage and find solutions for common business impact. Each of our stakeholders plays an important role in helping us achieve Our Passion of providing "More Food to More People, More Often".

Our stakeholder engagement approach aims to ensure:

- Constructive and co-operative engagements;
- Openness and transparency;
- Mutual respect;
- Supportive and responsive interaction;
- Working towards regular and structured engagements;
- Engagements that are based on business-critical aspects, national priorities and material issues for the business; and
- Recognition that all stakeholders are also existing or potential consumers.

Our stakeholder matrix below provides us with a foundation for our stakeholder engagement strategy. Material stakeholders are mapped against their level of interest in RCL FOODS' activities, along with their level of influence on strategic planning and decision-making.



The table below outlines our material stakeholders and our engagement with them on key issues.

INVESTORS

(Investors, Board Members)

We engage regularly with our investors, keeping them informed about our financial performance, overall sustainability, business risk management and strategic growth.

For more detail on our investor relations, refer to our CEO Report on pages 58 to 63 and our Strategic Performance section on pages 38 to 51.

KEY ISSUES RAISED

- Exposure to commodity food categories
- Regulatory impact of:
  - Chicken brining, dumped imports and tariffs
  - Sugar tax and tariffs

OUR RESPONSE

- Staple foods are a critical aspect of our portfolio. To safeguard our profitability, we are moving towards a more balanced portfolio that incorporates higher-margin added-value components.
- We engage with government, labour and industry on an ongoing basis.

EMPLOYEES

(Employees, Unions, Potential Employees)

We are committed to engaging the hearts and minds of our employee community as it is their skill, attitude and potential that determines our ability to succeed and realise Our Passion.

For more detail on our employee initiatives, refer to our Strategic Performance section on pages 38 to 51, Our Sustainable Business Report and our Remuneration Report both available at www.rclfoods.com

KEY ISSUES RAISED

- Career development and growth
- Education and training
- Diversity and equal opportunities in the workplace
- Constructive employee relations and engagement
- Employee wellness
- Remuneration and benefits

OUR RESPONSE

- In partnership with the Gordon Institute of Business Science (GIBS), we launched the RCL FOODS Leadership Development programme for our management.
- We have spent R40 million on training and development of our people.
- We have strengthened our relationship with Union partners, assisted by the establishment of national working forums across our divisions.
- Our five-year employment equity plan has been aligned to Department of Labour targets.
- We provide varying levels of occupational healthcare services at our operating sites.

LOCAL COMMUNITIES

(Communities, NGOs, Activists)

We actively promote inclusive, sustainable economic growth through local community upliftment and economic development initiatives, such as our unique economic partnership with small-scale sugarcane growers.

For more detail on our social development initiatives, refer to Our Sustainable Business Report at www.rclfoods.com.

KEY ISSUES RAISED

- Social and economic development

OUR RESPONSE

- Akwandze Agricultural Finance (a joint venture of the Group) completed its five-year, R50 million rehabilitation of irrigation infrastructure which created approximately 2 900 jobs.
- TSGRO, a farming and business support services joint venture successfully provided a new Bulk Water Supply (BWS) paid service to 630 small-scale growers and seven co-operatives.
- We assisted in facilitating a number of public-private partnerships in the Nkomazi area where our early childhood development project is being piloted.

GOVERNMENT

We identify and discuss areas of mutual concern, share industry expertise and contribute to policy formulation.

For more details on government engagement, refer to Our Sustainable Business Report at www.rclfoods.com

KEY ISSUES RAISED

- Ongoing compliance with regulatory frameworks
- Partnerships
- Job losses

OUR RESPONSE

- We actively monitor all compliance requirements and engage extensively with government to understand any proposed changes.
- We engaged extensively with government to highlight the plight of the chicken industry and find joint solutions.
- With the support of the Department of Rural Development and Land Reform, our Sugar business unit partnered with farmers in KwaZulu-Natal and Mpumalanga to produce 1 096 500 tons of cane during the 2016/17 season.

BUSINESS PARTNERS

(Customers, Agencies, Suppliers)

We seek to build strong, collaborative partnerships with our business partners that deliver service excellence while advancing our mutual growth ambitions.

For more details on our business partners, refer to Our Sustainable Business Report at www.rclfoods.com and our Strategic Performance section on pages 38 to 51.

KEY ISSUES RAISED

- Opportunities to supply RCL FOODS
- Access to finance
- Growth and development
- One RCL FOODS sales team

OUR RESPONSE

- Our joint venture agreements provide for ownership of land, infrastructure and water rights to be passed to the community and leased back by RCL FOODS at market rates with offtake agreements for cane supply.
- The Group implemented a single sales interface for customers, receiving very positive feedback on service improvements and the broad range of product solutions offered.

CONSUMERS

We actively build trust through brand experiences where product value, safety and quality are paramount.

For more details on our consumers, refer to Our Sustainable Business Report at www.rclfoods.com.

KEY ISSUES RAISED

- Affordability
- Quality

OUR RESPONSE

- High input costs resulted in significant margin pressure this year. A return to more normal rainfall patterns is alleviating the pressure and should translate into lower prices in the next year.
- International Standards Organisation (ISO) principles are embedded in our integrated management systems which span the supply chain to ensure customer satisfaction, build customer trust, reap commercial benefits and drive sustainability in a changing environment.

MEDIA

Through our press releases, advertising and announcements, we engage with the media and the public on current industry issues, our company performance, our brands and our corporate social investment initiatives.

KEY ISSUES RAISED

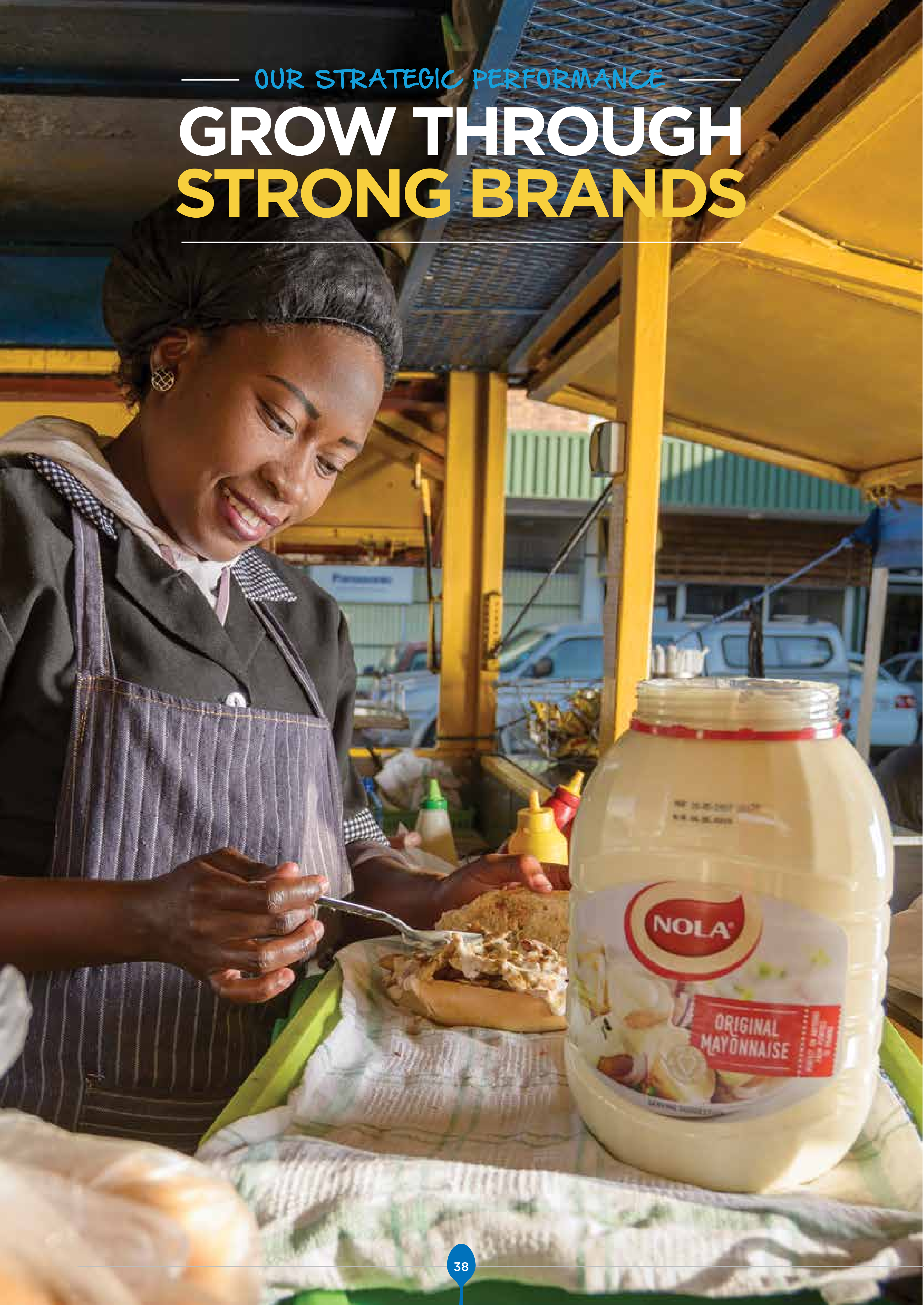
- Timing of results announcements
- Access to management
- Rapid response to queries
- Up-to-date reporting

OUR RESPONSE

Brand innovations and achievements, promotions, financial updates, HR initiatives, community development news and industry opinions are externally reported on via press releases, advertisements, advertorials, our website and our social media pages.

OUR STRATEGIC PERFORMANCE

GROW THROUGH STRONG BRANDS



We own a large portfolio of leading brands in multiple product categories. Consistent investment in our brands to drive their market penetration and consumption enables us to grow our categories and market share even further. Our ability to produce product extensions and innovations to meet changing consumer needs further enhances our market leadership.

In the well-developed South African market, our strategy focuses on maximising the potential of our core categories and accelerating growth in added-value categories tailored for customer and consumer needs, in line with our business model. In this way we aim to grow ahead of the market in key categories while driving a steady and sustainable improvement in operating margin. We also look to acquire new brands and/or businesses to gain access to strategic new growth categories.

2017 ACHIEVEMENTS

Our brand strategies and investment behind brands has strengthened our market share* with a number of our brands being market leaders in their respective categories.

- **Nola Mayonnaise** has achieved market leadership in seven of the 12 months of the year. Market share for this brand hit a record high of 51% during the year.
- **Yum Yum Peanut Butter** was market leader for six of the 12 months of the year. The brand is continuing to build momentum in respect of its market share.
- **Ouma Rusks** remains South Africa's leading mainstream rusk brand. Market share is being entrenched with the launch of the "homestyle" Ouma Premium Rusks during the year – the brand's first entry into the premium rusk segment.
- **Canine Cuisine** almost doubled its market share from 8,8% to over 17%. The brand has become the number two premium pet food brand in a remarkably short time.
- **Bobtail Dog Food** has achieved consistent market share gains during the second half of the financial year in the economy dog food category. A revitalised design and marketing campaign have been gaining traction and contributed to the market share gains.
- **Catmor** remains the number one cat food brand and continues to gain market share.

2018 DELIVERABLES

- We will continue to focus on building stronger brands across the portfolio.
- We have embarked on an intensive innovation programme and have invested in the technology and infrastructure to deliver a range of new products. Several product launches are planned for 2018 to entrench market positions and build momentum in groceries, beverages and pet food categories.
- A full business review is being undertaken on the Millbake brand portfolio.
- The Mageu beverage range will be relaunched with associated product improvements, and further innovation is in the pipeline for delivery.

** As read by Aztec.*

OUR STRATEGIC PERFORMANCE

PARTNER WITH STRATEGIC CUSTOMERS

We have mutually beneficial, strategic partnerships with customers in the food service industry – including Quick Service Restaurant (QSR) customers such as KFC, Nando's, Chicken Licken, and retail customers such as Woolworths. Leveraging our expanded "ONE RCL FOODS" portfolio enables us to extend our existing food service customer relationships and to develop new ones.

We also have partnerships with various retail and wholesale customers for whom we produce and package customised, dealer-owned brands in categories such as sugar, chicken, mayonnaise, peanut butter and pet food. We strategically pursue joint business partnerships with retailers in key categories where we have common growth and profitability ambitions.

2017 ACHIEVEMENTS

- Providing key customers with a dedicated "ONE RCL FOODS" sales team enabled us to step change our customer relationships, strategies and availability.
- In the retail and wholesale channels, engagements with senior leadership at our key customers have supported our desire to drive common growth ambitions.
- In the Foodservice channel we continued to drive our strategy of growing our basket with current and new customers, with tailored solutions developed across various categories.
- In 2017 we completed the integration of the "ONE RCL FOODS" front-end team to include both the Milling and Sugar business units.

2018 DELIVERABLES

- We will continue to strengthen relationships with key customers.
- We will further sharpen our strategic focus per category and customer and build joint business partnerships where relevant.
- We will continue to drive common ways of working across all customer teams with "Best in Class" service methodologies and support.
- We will continue to produce dealer-owned brands that make good business sense and promote winning partnerships between our customers and us.
- We will use the scale of RCL FOODS to deliver enhanced solutions to customers and shoppers, with a number of projects identified to continue leveraging our RCL FOODS basket across the customer base and partnerships.
- We will explore the viability of new innovation within a number of categories.

EXTEND OUR LEADING VALUE CHAIN

Our enhanced scale enables us to optimise resources and costs in key areas such as Finance, IT Resources and Systems, Strategic Sourcing, and People and Organisational Management. In addition we leverage Vector's route-to-market capabilities (warehousing and distribution, call centres, sales and merchandising, and debtors and information management) across RCL FOODS with the intention of Vector influencing 100% of our route-to-market.

2017 ACHIEVEMENTS

- The expansion of our Thekwini logistics hub was completed as part of an overall network investment plan of R325 million over two years to align us with customers as a specialist multi-temperature service provider.
- The commissioning of the new R123 million pet food plant is on track, with full production expected by December 2017. The plant will feature innovation and technology that is not currently available in South Africa, and will assist to entrench and grow market leadership with a focus on the "premium" segment and vet channel.
- We placed a significant focus on leveraging our IT resources to analyse our spend by material (irrespective of which enterprise resource planning (ERP) system is being transacted from) to maximise savings opportunities. As part of our efforts to bring spend under a system-enabled contract management regime, 85% of the spend value in targeted categories was contract migrated during the year.
- Key processes and structures were aligned and centralised, including fixed assets, accounts payable, rebates and pricing. Consolidating oversight for finance teams embedded in each division has led to improvements in moving talent through the organisation and leveraging off the centres of excellence. All the legacy payroll systems have now been consolidated into a single payroll.
- Using an integrated planning process in order to optimise customer service and value remains a key focus area within the value chain. A robust, consistent and integrated demand planning process was implemented in all Consumer business units during the year, and the process and supporting system has been rolled out to the Sugar & Milling business units. This will enable meaningful conversation and insights across the new front-end structure that spans the divisions.
- Major multi-year initiatives are under way to unlock business value by integrating business platforms, profitability systems and aligning master data across all business units. The Pies and Beverages business units successfully went live on SAP during the year and process and structure alignment work is well in hand for the other Consumer business units. All business units have aligned their transactional systems with the Group financial reporting calendar and the Animal Feed business unit is in the final round of preparation for a go live on SAP during the first half of the 2018 financial year. The process for consolidating all Baking operations onto a single Syspro (financial management system) instance is well under way and scheduled for completion during 2018.

2018 DELIVERABLES

- We will continue our focus on IT as a key driver in unlocking business value through its ability to extract synergies and optimise the supply chain. The major multi-year projects under way in all divisions are scheduled for completion during the 2018 and 2019 financial years.
- Our ONE RCL FOODS journey will continue through enablement and transformation projects. These focus on entrenching and enhancing shared service centres and centres of excellence, utilising aligned systems and structures, and leveraging information and insights across the business.
- Logistics plays a pivotal role in delivering business benefits through "Extending our leading value chain". Our roadmap of initiatives that can deliver significant value by the 2020 financial year is in the process of being refined through an evaluation of optimised network design, based on our five-year projections.

OUR STRATEGIC PERFORMANCE

INSPIRE GREAT PEOPLE

Developing our talent and building leaders play a crucial role in achieving our growth ambition and delivering on our Passion. Our Leadership Standards capture the leadership attributes and behaviours we see as key in developing a performance-driven organisation that combines excellence with a passion for innovation and inspires greatness in all its people.

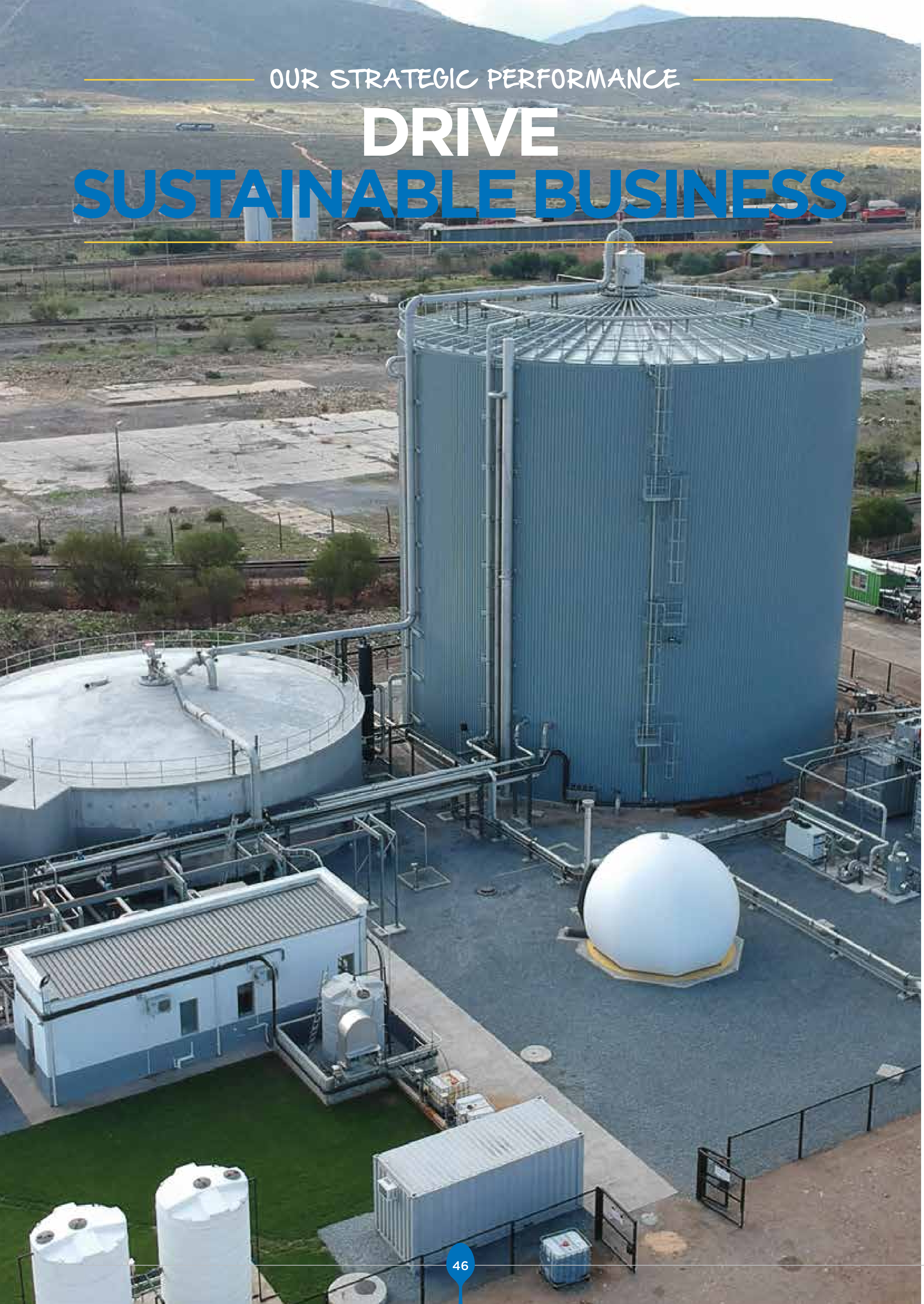
2017 ACHIEVEMENTS

- We have completed two successful executive development programmes at director level which have been extended to middle and junior management levels. Almost 40% of our management team have attended these programmes during the year.
- Over R40 million was invested in training for over 16 000 of our people.
- Our relationships with our Union partners have been strengthened over the past year, assisted by the establishment of National Working Forums across our divisions and our collaborative efforts to create awareness of the issues in the chicken industry.
- We have continued with our efforts to create stability for our staff by implementing several multi-year wage agreements, converting casual staff to permanent employees and entrenching programmes to identify and develop talent.
- We have implemented our first large-scale employee survey, with the response rate to the survey in excess of 60%, indicating a high level of engagement from our employees. The results are currently being evaluated to address any concerns.
- We have enhanced our internal recruitment team, and our increased visibility on social and media platforms has proven highly successful in terms of attracting and recruiting talented individuals.
- All payrolls have been migrated and consolidated on one platform to leverage scale.

2018 DELIVERABLES

- We will continue to focus on developing our home-grown leaders for tomorrow and to build a strong talent pipeline.
- We will persist in working with our partners and employees to create strong relationships and stability through continuous, direct engagement and communication. We have successfully implemented conflict resolution procedures with some labour unions, and these will be extended further.
- We will build awareness around health issues together with our on-site clinics. Medical aid participation will be extended to shop floor employees in the coming year.
- We will continue to build an irresistible RCL FOODS culture – OUR WAY. Employees at all levels are actively being engaged to identify ways of entrenching our values and behaviours in order to bring our unique way of doing business to life.

DRIVE SUSTAINABLE BUSINESS



To keep growing we need to stay relevant and provide solutions to the real needs of our people and environment. By finding new business models to meet the economic, social and environmental challenges that come our way, we will secure the future, not just of RCL FOODS, but all of our stakeholders.

In practical terms this means that we continue to do our daily business in the very best possible way, while constantly reinventing ourselves for the future. From an operational perspective this means producing more food products that meet social needs – while adapting innovative new business models to our production and consumption patterns, and developing our people and their communities at the same time. Our work in this space is guided by our Sustainable Business Framework, which you can read more about in Our Sustainable Business Report at www.rclfoods.com.

2017 ACHIEVEMENTS

- We have made significant progress, together with our joint venture partners – Trigen Group, on our waste-to-value plant in Worcester, where waste water from our chicken processing plant is treated using a biological process.

  The plant not only produces "green" energy for our manufacturing site but results in 80% cleaner waste water that can be re-used for certain functions on site. Electricity generated will reduce our municipal energy costs and move us closer to our goal of energy self-sufficiency. Start-up testing results have indicated that electricity generation is ahead of target by 5%.
- Our Sugar business is working on ways to improve their resilience during times of water shortage and drought. More water-efficient irrigation has already yielded water savings of more than 20% of their water requirements.
- We were one of only 11 companies in South Africa to achieve an "A" rating in the Global Carbon Disclosure Project in 2016 – after receiving a "B" rating in both 2014 and 2015. The Global Carbon Disclosure Project encourages the top companies in each country to calculate their direct and indirect carbon emissions and come up with plans to lower them.
- Akwandze Agricultural Finance (our joint venture with Nkomazi small-scale growers and the Land Bank) completed its five-year, R50 million rehabilitation of irrigation infrastructure using a Jobs Fund grant, which created approximately 1 300 permanent jobs and 1 600 short-term jobs.
- TSGRO, a farming and business support services joint venture between our Sugar business unit and 1 200 Nkomazi small-scale growers, successfully provided a new Bulk Water Supply (BWS) paid service to 630 small-scale growers and seven co-operatives (representing 456 members) during 2017.
- We supported employees affected by the chicken restructure
  - R1 million was provided by our Consumer Division to assist in re-training the affected employees to help them find alternative employment or start their own businesses.
  - 344 out of 391 retrenched employees registered their training interests with Lima, our DoMore4Hammarsdale implementation partner, as part of the economic linkages programme.
  - Training with accredited providers is scheduled to be completed by October 2017. Areas covered include driving, forklift and reach truck operation, handyman skills, baking, sewing, firefighting, first aid, fashion design, computers and office administration.

- Significant progress has been made in our early childhood development (ECD) project, “Leave No Child Behind”, which focuses on food and nutrition, health, early learning, parenting, infrastructure and services for young children in the Nkomazi area of Mpumalanga. We have been instrumental in facilitating a number of partnerships between government departments, municipalities, NGOs, corporates and other stakeholders which are leading to improved services for children in the community. We currently lead the food provision agenda by providing a daily snack of Monati porridge and Yum Yum peanut butter to 850 children from 28 ECD centres in the Nkomazi area.

- Our multi-stakeholder community development initiative in the Hammarsdale area of KwaZulu-Natal, DoMore4Hammarsdale, consolidates a number of previous smaller initiatives focusing on social and economic upliftment. During the year the initiative has been particularly successful in facilitating formal supply agreements between our newly empowered vegetable growers and customers such as Hammarsdale Spar. This has resulted in economic linkages for nearly 25 small farmers.

- In keeping with our strategy of facilitating impactful change through partnerships, we have established and launched our “Do More Foundation”, a separate non-profit organisation that will undertake all our CSI initiatives and enable us to attract even greater support from potential stakeholders, so that together we can #DoMore.

2018 DELIVERABLES

- We will continue our journey towards energy self-sufficiency through our identified waste-to-value and other renewable energy projects. Once these are successful, the focus will be on rolling these out to other sites in the business.

- We will continue to explore alternative business models through new “disruptive” thinking and technology.

- We will continue to drive our “Leave No Child Behind” project through our partnership facilitation approach, with a view to rolling out the model to other communities needing similar support.

- We will progress with growing our Do More Foundation by engaging with stakeholders to gain support for future community and social support initiatives.

OUR STRATEGIC PERFORMANCE

EXPAND INTO AFRICA

Given the instability of the current political and economic environment in Africa, we have adopted a low-risk strategy into Africa. This entails following our established customers into selected locations, entering into joint ventures with other established food and route-to-market players, and acquiring new businesses where appropriate to broaden ownership of our value chain.

2017 ACHIEVEMENTS

- Our investment in Zambia was disposed of, with Zambeef electing to settle our shareholding in cash.
- Modest infrastructure investments were made within Senn Foods (Botswana) and HMH (Uganda).
- RSSC (Swaziland) continues to position itself as a leading low-cost sugar producer.

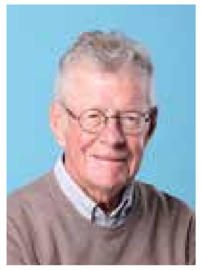
2018 DELIVERABLES

- We will continue to pursue opportunities in Africa, maintaining a cautious approach.

OUR LEADERS

JJ (Jannie) Durand (50)#
Non-executive Chairman
BAcc (Hons), MPhil (Oxon), CA(SA)

Appointed: June 2012
Directorships: Chief Executive Officer of Remgro Limited and currently a director of a number of companies including, Distell Group Limited, Mediclinic International Limited, RMI Holdings Limited and FirstRand Limited. Jannie is a Chartered Accountant and was previously the Chief Investment Officer of Remgro Limited. He was also previously the Financial Director and Chief Executive Officer of VenFin Limited. Prior to his appointment as Chairman, Jannie had served as a non-executive director of RCL FOODS since March 2010.



RV (Roy) Smither (72)*^#
Lead independent non-executive director
CA(SA)

Appointed: December 2008
Roy has a wealth of corporate experience, having served as a director and CEO of the ICS Group from 1987 to 1998 and as an executive director of Tiger Brands from 1998 to 2006.

NP (Peter) Mageza (62)*#
Independent non-executive director
ACCA (UK)

Appointed: September 2009
Directorships: Anglo American Platinum Limited, Eqstra Holdings Limited, MTN Group Limited, Remgro Limited, SAPPI Limited. Peter was formerly the Chief Operations Officer of the Absa Group. He is a Chartered Certified Accountant and a Fellow of The Association of Chartered Certified Accountants (ACCA) UK. He has gained extensive experience through holding various executive positions in the audit, financial services and the transport and logistics sectors.

MM (Manana) Nhlanhla (65)•
Independent non-executive director
BSc, MA (Information Science)

Appointed: May 2005
Directorships: Mion Holdings and all its subsidiaries, Vunani Fund Managers Proprietary Limited, Prospect Resources Proprietary Limited and Gold Circle Proprietary Limited. Manana's experience covers 10 years of University Lectureship in Information Science, serving on various boards as non-executive director and currently as executive chairperson of Mion Holdings, a company she co-founded in 2003, based in KwaZulu-Natal.

DTV (Derrick) Msibi (48)*
Independent non-executive director
BBusSc (Hons), BCom (Hons), MCom, CA(SA)

Appointed: August 2013
Directorships: STANLIB Asset Management Proprietary Limited, STANLIB Wealth Proprietary Limited, STANLIB Collective Investments Proprietary Limited, Real People Investment Holdings Proprietary Limited, Real People Assurance Company Limited and Bakwena Platinum Concessionaire Company Proprietary Limited. Derrick is currently Chief Executive Officer of STANLIB Asset Management and Executive for the Asset Management Cluster of Liberty Group Holdings Limited. He previously served as the Managing Director of Investment Solutions (now known as Alexander Forbes Investments) the investment services arm of the Alexander Forbes Group from 2009 to 2017. He was also joint head/leader of the Institutional Business Cluster of the Alexander Forbes Group. Derrick, a Chartered Accountant, serves on the boards and committees of entities forming the Asset Management Cluster of the Liberty Group. He is an Independent Investment Committee member of Trinitas Private Equity Fund and a board member of TSIBA Education, a scholarship-only tertiary institution registered with the Department of Higher Education. He contributes to the advancement of the financial sector by being the Deputy Chair of the Regulatory Affairs of the ASISA.

GM (George) Steyn (58)^#
Independent non-executive director
BA (Law) LLB

Appointed: August 2013
Directorships: Du Toit Group Proprietary Limited (Chairman) and Kaap Agri Limited (Chairman). George has extensive experience in the retail sector, having joined the Pepkor Group in 1986 and has served as an Executive Director of Pep Retail Limited and Pepkor Retail Limited from 1991 to 2005 and as Managing Director from 2005 to 2011. He served as a non-executive director of Pepkor Retail Limited until 2015. George also farms in the Karoo and is actively involved in the broader community, and serves as Chairman of Stellenbosch University Council.

HJ (Hein) Carse (56)
Non-executive director
M Eng (US), MBA (UP)

Appointed: February 2013
Directorships: Air Products SA Proprietary Limited, eMedia Investments Proprietary Limited, Seacom Limited, Historical Homes of South Africa Limited. Hein joined Rupert International in 1996 and continued to serve the Remgro Group in the capacity of an Investment Executive of VenFin Limited until November 2009, when he assumed his current position as an Investment Executive of Remgro Limited. He has gained extensive knowledge through holding positions on various boards and committees during his career.

PR (Pieter) Louw (48)
Non-executive director
CA(SA)

Appointed: December 2008
Directorships: Various wholly-owned subsidiaries within the Remgro Group and Capevin Holdings Limited. Pieter is a Chartered Accountant who qualified with PricewaterhouseCoopers Inc. in Stellenbosch before joining the Remgro Group in 2001. He is currently Head of Corporate Finance.

GC (Gcina) Zondi (44)^•
Non-executive director
BCompt (Hons), AGA (SA)

Appointed: July 2008
Directorships: Imbewu Capital Partners, Isegen South Africa, Container Conversions, Icon Construction, International Facilities Services (SA) and Hulamin Limited. Gcina is the founding Chief Executive and shareholder of Imbewu Capital Partners. He is a qualified General Accountant and is an associate of the South African Institute of Chartered Accountants. He has more than 17 years' experience in the private equity industry of which six years were spent with Nedbank Capital Private Equity as a Private Equity Manager. Prior to joining Nedbank, Gcina completed his articles of clerkship at KPMG Durban and has also worked for Hulamin Limited in the finance division for two and a half years prior to joining KPMG.

M (Miles) Dally (60)^•
Executive director, Chief Executive Officer
BCom

Appointed: February 2003
Directorships: RCL Foods Limited and its subsidiary companies. Miles has over 30 years' experience in the consumer goods industry and served as Group Managing Director of Robertsons Holdings Proprietary Limited from 1995 to 2002. After the unbundling of Robertsons Holdings he accepted the position of Chief Executive Officer at RCL Foods Limited. Miles has served previously as non-executive Chairman of SC Johnson and Son South Africa Proprietary Limited as well as on the boards of the Consumer Goods Council of South Africa (CGCSA) and Umhlanga College.

RH (Rob) Field (46)^•
Executive director, Chief Financial Officer
CA(SA)

Appointed: July 2004
Directorships: RCL Foods Limited and its subsidiary companies. Rob is a Chartered Accountant who qualified with Deloitte & Touche in Durban. Prior to joining Rainbow in May 2003 he spent four years as Commercial Director of Robertsons Homecare Proprietary Limited.

* *Audit Commitee (RV Smither, Chairman)*
\# *Remuneration and Nominations Committee (NP Mageza, Chairman)*
^ *Risk Committee (GC Zondi, Chairman)*
• *Social and Ethics Committee (GC Zondi, Chairman)*

CHAIRMAN'S REPORT

FINANCIAL PERFORMANCE

RCL FOODS reported EBITDA of R1 747,6 million, headline earnings of R548,5 million or 63,5 cents per share and declared a dividend of 30,0 cents per share for the 2017 financial year.

MARKET CONDITIONS

Severe drought conditions in the previous financial year coupled with a lack of economic growth over the past two years have intersected to create a tough environment for consumers and businesses alike. Demand and volumes have become constricted and record drought-related hikes in input costs could in many cases not be passed on, leading to contracting margins. Drought conditions will have lingering effects on sugar production volumes in the next two years, however the current season's record maize crop will offer some relief. Customers are generally under pressure, resulting in competitive pricing and further margin compression. Poultry imports have been swamping the market and, more recently, rapidly increasing sugar imports have been adding pressure to domestic supplies.

Against this negative background, RCL FOODS benefitted from an improved channel mix in the Sugar business unit and a higher sugar price, which compensated for the decline in sugar production volumes. The increased engagement and understanding among industry players and government in response to the poultry crisis is an encouraging step towards a resolution of the issues facing the industry.

In such turbulent times, clear strategic direction and good execution becomes a critical differentiator. It is therefore pleasing to report that substantial progress was made in the last year to position RCL FOODS optimally for growth. Initiatives such as expanding our infrastructure, restructuring teams to improve the customer interface, the development of a strong innovation pipeline, investment in the brands and significant time and energy invested in our people, provide the platform to achieve our long-term financial objectives.

REGULATORY ENVIRONMENT

Measures to safeguard the local poultry industry against unmitigated dumping by foreign markets of their by-products and excess supply have been at the forefront of engagements with government over the past year. The dumping relates to the global surplus of leg quarters, a portion of the chicken that is not consumed in the northern hemisphere and which is exported to other countries at below cost. This practice is evident in South Africa where imports are at record levels. Most African countries have banned chicken imports to protect their own industries whilst other countries around the world use non-trade phytosanitary barriers to achieve the same objective.

Over recent months there has been some short-term relief as imports from many countries have been banned because of avian flu, but these are temporary measures and a long-term solution needs to be found to protect our local industry against predatory practices with its related negative effect on employment. RCL FOODS remains committed to the principles of fair trade and will continue to seek redress against dumping. A key measure to safeguard the local industry is government's enforcement of legitimate phytosanitary regulations, as opposed to simply relying on duties and tariffs. Together with the industry, we are working closely with the International Trade Administration Commission (ITAC) to come up with a suitable solution for all stakeholders.

Government implemented an interim 13,9% safeguard duty on frozen chicken leg quarters imported from the European Union earlier in the year. All parties acknowledge that this interim duty is inadequate to provide any relief for local producers.

Government also effected new brining regulations during the year, of which RCL FOODS is strongly supportive. The regulations limit brine injection to 15% for individual frozen portions of chicken and 10% for whole carcasses. The impact of the implementation is not yet fully evident, however prices have increased as the volume of chicken (as opposed to brine) per bag has increased. In some cases the pack sizes have been reduced whilst maintaining the protein content, however it is not clear whether and to what extent, the price increases relate to higher feed input costs or to the impact of the reduced brining.

Discussions have also started around the rapid rise in imports of sugar during this financial year, which is destabilising the local industry.

Government announced in 2016 its intention to implement a sugar tax as part of its strategy to prevent and control obesity. Since then, the level of the proposed tax has been halved, while legislative approval and an implementation date remain outstanding. RCL FOODS, together with the rest of the industry, continues to engage with government on this issue as it believes that singling out a single ingredient such as sugar cannot be a solution to complex health problems that require education and promotion of healthy balanced diets.

For more detail about our response to these issues, refer to the segmental performance section in the CEO report on pages 60 to 62.

POULTRY INDUSTRY CRISIS

Over the past year, RCL FOODS has been one of the leaders in the industry fighting against poultry dumping, creating awareness and understanding of the issues amongst government, labour, the media and the broader public. While we have deep roots in the South African poultry industry and will remain invested, the current crisis has prompted us to implement a revised business model for our Chicken business unit, which is focused on minimising the exposure to low-margin commodity chicken and growing the exposure to added-value chicken products. As part of the implementation, RCL FOODS is finalising the sale of its Tzaneen chicken operation, has reduced its Hammarsdale operation to a single shift and is in the process of selling the related farms. This implementation has not come without hardship for the communities involved, as valued staff members have had to be retrenched. A further unfortunate outcome of these actions, is that they will lead to a permanent contraction in production capacity and employment opportunities in this region. We provided support to those retrenched, by providing R1 million to help in re-training the affected employees to assist them in finding employment or starting their own businesses. It also affects other aspects of our business, particularly Vector and Animal Feed, both of whom act as suppliers to the Chicken business unit.

We strongly believe the new model will be beneficial for RCL FOODS as a Group, despite its impact on individual business units. The Chicken business unit is expected to return to a higher level of profitability in the coming year, as input costs reduce and the new business model takes effect.

For more detail about the Chicken business unit, refer to the CEO Report on pages 58 to 63.

INCREASING ENGAGEMENT WITH STAKEHOLDERS

The events of the past year have once again highlighted that a resilient partnership between government, labour and industry is important, to ensure stronger local industries and to protect and enhance employment wherever possible. Engagement between government departments, industry bodies and labour unions have increased further over the past year, as issues such as anti-dumping measures, sugar tariffs, sugar taxes, job losses and the continued sustainability of local industries demanded inputs from all role players. We are actively involved in these conversations to ensure that all relevant considerations are contemplated in deciding on these key issues.

Our engagement with government and communities has already led to improved economic and social development of our communities through collaborative long-term partnerships with notable successes around land reform initiatives. Through our Akwandze operation in partnership with the Land Bank, we have also successfully developed partnerships with land claimants and government to provide developmental financing for small-scale growers and land reform farming enterprises. With the support of the Department of Rural Development and Land Reform, we partnered with a growing number of small-scale growers to improve their agricultural practices, enhance their competitiveness and better their livelihoods, culminating in the production of more than 436 000 tons of cane across more than 6 300 hectares of land during the 2016/17 season.

If there is any good news from the chicken crisis, it is that this has increased cooperation between labour and business, as union leaders and management worked (and walked) hand-in-hand in campaigns to raise awareness of the issues and find solutions that would save the industry.

For more information on our stakeholder engagement initiatives, refer to the stakeholder engagement section on pages 34 to 37.

CORPORATE CITIZENSHIP

We are mindful of our responsibility to all stakeholders, appreciating that strategy, risk, financial performance and sustainable practices are inextricably linked and that sound governance structures are an essential foundation for the long-term success of RCL FOODS. As a Board, we accept ultimate responsibility for advancing sustainable development at RCL FOODS and for continued performance across all these dimensions.

As a food producer, we recognise the environmental footprint that extends across our entire value chain, which spans from raw material production, to the end-users of our products and the communities in which we operate. In the same way, a wide range of social, environmental and ethical matters have an impact on our business, either directly or through our supply chain and resource base. As a result, we have to manage a continually evolving set of issues to sustain what we do, both now and into the future. We constantly ensure that sustainable development considerations are integrated into our decision-making processes and that an appropriate balance is maintained between RCL FOODS' financial performance, its environmental responsibilities and the broad social benefit for the communities in which we operate. Whilst our decision to restructure our chicken operation has had an impact on the Hammarsdale community, we have taken steps to assist those affected, as indicated above.

For more information on our social investments and environmental projects, refer to Our Sustainability Report on www.rclfoods.com.

DIVIDEND DECLARATION

The directors have resolved to declare a final gross cash dividend (number 85) of 20,0 cents per share, which brings the total dividend for the year ended June 2017 to 30,0 cents per share (2016: 30,0 cents).

PROSPECTS

We believe that economic growth will continue to be lacklustre in the coming year, which implies that demand will remain constrained, with flat to declining volumes. On the positive side, the record maize crop, as well as improved supply of other crops should restore margins and contribute to welcome price relief for consumers.

The Chicken business unit is expected to achieve significant improvements in profitability relative to the past financial year, due to the revised business model as well as lower input costs. Production volumes in Sugar should improve on the back of renewed irrigation, although the increasing trend in sugar imports and its impact on local sugar prices remains a major concern and places the Sugar business unit's 2018 performance at risk.

Groceries has a good pipeline of innovations. A strong focus will also be placed on capitalising on opportunities that will become available as a result of the new plant and equipment coming into operation at the UHT and pet food plants.

Logistics will focus on operationalising the recent contract wins, pursuing further opportunities to replace the business that was lost through Chicken's restructuring, and the implementation of a number of cost containment initiatives. In addition, the Logistics division will look to capitalise on its new brand positioning launched in June 2017, which reflects a spirit of innovation and a desire to "go beyond" simply logistics and supply chain.

Further internal opportunities in synergies, overhead savings and production efficiencies that flow from our "ONE RCL FOODS" initiatives will continue to receive substantial focus.

The outcome of the chicken industry's crisis remains uncertain, but substantial work has been done between government and industry to find a sustainable solution.

We remain confident in our strategy and are making steady progress towards our goal of a diversified food portfolio, focused on adding higher margin, added-value products and categories.

ACKNOWLEDGEMENTS

On behalf of the Board, we thank all key stakeholders, including our management team, employees, customers, government, suppliers and investors for their ongoing support. To have continued to deliver in this tough environment is testament to the strong commitment, dedication and loyalty of our employees and management team and we thank them for that. We also express gratitude to all members of the Board for their valuable input and guidance, and to our shareholders for their continued support and faith in RCL FOODS. Your efforts are helping us move towards a stronger, more diversified business that is geared for growth.

JJ Durand
Non-executive Chairman

CEO'S REPORT

INTRODUCTION

Amidst the perfect storm of challenges that faced us in the last three financial years – from the drought and the dumping crisis in the chicken industry to a depressed consumer market, political instability and currency fluctuations – we have continued to press forward in Our Passion to provide "more food to more people, more often".

Our Passion is a key enabler in achieving our ambition to build a profitable business of scale by creating food brands that matter. In the context of the challenges we have been faced with, it has been critical for us to steadfastly implement our strategy of moving towards a more balanced portfolio with strong added-value categories and reduced exposure to commodity product lines.

Our efforts in this area have resulted in more stability across our portfolio of core and added-value categories. Our core categories of Chicken, Sugar, Grains (Milling) and Animal Feed continue to play a central role in our business model. Not only do their substantial scale support the RCL FOODS infrastructure, but they provide us with diverse consumer touch points and are the foundation of many of our added-value offerings. Our added-value categories (Grocery, Beverages, Pies, Speciality, Baking, FoodSolutions and Added-Value Chicken), on the other hand, are critical in helping us drive growth and improve our overall profitability through a better mix of higher-margin categories and wide opportunity to innovate and differentiate ourselves. Our Logistics business is a key enabler in our business model, providing us with an integrated route-to-market for our products.

As we moved towards a more balanced portfolio, we have also stabilised each of our category clusters, creating a solid foundation for growth even while we continue to experience challenges in some areas. Having reached the end of our third full year as "ONE RCL FOODS", a brief review of what we have achieved so far puts this journey into perspective.

ONE RCL FOODS: THE FIRST THREE YEARS

Our first step towards realising our ambition was to consolidate our four subsidiaries (Rainbow Chicken, Vector Logistics, Foodcorp and TSB Sugar) into a single, integrated food business of scale. Our 2015 business restructure was accompanied by a strong push to put in place the right strategy, organisational structure, leadership, people, culture, brand identity and systems to operate as ONE RCL FOODS. This brought about a significant transformation in our business – uniting our diverse operations and people around a common Passion, Strategy, Ambition and Values, supported by a compelling culture, Our Way, and guided by Our Leadership Standards. At the same time, we have been investing in the future by developing our people and building leaders, expanding our manufacturing and logistics capabilities, and working towards a more socially, economically and environmentally sustainable business. Our Group Functions, Finance, HR and IT have played a critical role in achieving our ONE RCL FOODS agenda by creating the right building blocks and facilitating the realisation of opportunities and synergies across our business.

With the dumping crisis decimating profits in the Chicken business unit, we took the decision to accelerate the implementation of our business model by reducing our commodity chicken component to an absolute minimum. We also initiated the industry's fight against dumping, driving constructive engagement with government in a bid to find an acceptable solution. Our revised Chicken business model has already begun to yield some early improvements, and we expect the prospects for our Chicken business unit to be even better should the right level of protection be applied to curb unfair trade practices.

In our Groceries cluster (comprising our Grocery, Beverages, Pies and Speciality business units) we have benefited from a strong portfolio of leading brands.

Our enhanced ONE RCL FOODS Marketing and Customer capabilities have led to an improvement in service levels, stronger relationships in the food service and retail/wholesale sectors and increased market shares across the cluster. A sizeable innovation pipeline has also been set up in Groceries, and we have invested R250 million in beverages and pet food infrastructure to enhance our manufacturing capabilities in higher-margin, added-value products.

In the Sugar business unit, our performance was significantly affected by the prolonged drought, although its impact was initially offset by our ability to irrigate. Improvements in our sales mix and better pricing over the last year have played a key role in Sugar's recovery from the impact of the drought, which was assisted further by a successful reduction in sugar industry costs. Our "ONE RCL FOODS" Marketing and Customer teams have also helped provide a clearer brand focus and enhanced customer service. While work continues on post-drought replanting, we are also investigating ways of creating a more drought-resilient sugar business.

In the Millbake business unit, our concerted efforts to resolve operational issues in our Gauteng bakeries have resulted in a pleasing turnaround in our Baking business' performance. However, Milling volumes continue to experience significant pressure due to an oversupply in the local market. Although our strategies to stabilise this area have led to some improvement, we acknowledge that there is still work to be done to position Millbake for the right level of growth and profitability.

In the Animal Feed business unit, we have successfully merged two separate feed businesses (Epol and Molatek – formerly of Rainbow and TSB) to create South Africa's largest animal feed business. A clear strategy is in place to diversify and grow other animal feed categories.

Our Logistics business (Vector) has been positioning itself to respond to a growing industry shift from a Principal model (led by the manufacturer) to a Customer-led one. In this context, we have invested R325 million in enhancing storage capacity in Port Elizabeth, Cape Town and Durban over the last two years. This played a key role in Vector recently being awarded a landmark contract to manage Pick n Pay's entire frozen supply chain. We have also started to implement a number of key initiatives to contain costs and help replace business lost due to the implementation of the revised business model in Chicken.

For more information on our strategic initiatives, refer to the section on Our Strategic Thrusts on pages 38 to 51 .

OUR FINANCIAL PERFORMANCE

RCL FOODS' headline earnings for the year ended June 2017 amounted to R548,5 million (2016: R832,9 million). These results include certain once-offs, including a tax provision release and a profit on the exercise of the Zam Chick and Zamhatch put options ("Zam options") in the prior year, and in the current year, a foreign exchange loss on settlement of the Zam options, once-off costs incurred in relation to the Chicken restructure, and an insurance receipt related to the Pongola silo claim for which a portion of the business interruption claim related to the previous financial year. Excluding these items, normalised headline earnings for 2017 of R593,1 million (2016: R550,7 million) is up 7,7% on the prior year.

The Group's financial results were severely impacted by the performance of the Chicken business unit with the widely-reported poultry industry issues having decimated profits. Strategies implemented to ensure that the Chicken business unit will be more profitable and sustainable going forward, will ultimately benefit RCL FOODS as a Group, yet they have had a notable impact on the performance of the Logistics division and the Animal Feed business unit, which both act as suppliers to Chicken.

The Group's pre-IAS 39 normalised EBITDA, excluding the Chicken business unit, was down 0,3% to R1 612,8 million at a margin of 9,6% (2016: R1 617,2 million at a margin of 9,7%). The profit recovery in the Sugar business unit and good progress made in the turnaround of the Gauteng bakeries was offset by higher input costs and slow demand in most of the other business units.

For more details regarding our financial performance please refer to pages 67 to 71 of the Chief Financial Officer's Report.

REVIEW OF OPERATIONS

CONSUMER DIVISION

Revenue increased by 1,3% to R13,5 billion (2016: R13,3 billion), whilst pre-IAS 39 EBITDA for the division declined by 25,8% to R520,8 million (2016: R701,7 million). The Chicken business unit EBITDA was down R101,0 million or 63,9%. Most Grocery categories performed well, but a voluntary product withdrawal in Beverages, and operational issues in Speciality caused pre-IAS 39 EBITDA excluding Chicken to decline by 14,7% to R463,7 million.

Despite declining market volumes across most food categories, the Consumer division has shown pleasing volume growth on key grocery brands and good market share gains in a very competitive market environment. Good progress was made in terms of the integration of teams, setting up of a dedicated sales force and the bedding down of a "ONE RCL FOODS" customer interface, along with successful efforts to reduce costs.

CHICKEN

The local poultry market remains significantly oversupplied due to the substantial increase in dumped product that has occurred in recent years and which has continued to grow during the year. Input costs escalated substantially in the financial year as a result of the drought, and there was limited capacity to pass on the cost increases given the oversupplied market.

During the period the Chicken business unit implemented a new and more resilient business model designed to permanently reduce the reliance on commodity-driven categories. The Hammarsdale operation was reduced to a single shift and the Tzaneen operation is in the process of being sold, thereby eliminating a significant portion of loss-making Individually Quick-Frozen ("IQF") product. Following the change in our business model, the number of birds produced per week has declined from 4,7 million to 3,8 million. The total cost of implementing these strategic actions was R223,9 million, comprising:

- R172,0 million impairment to the fixed asset base as a consequence of the downsizing, predominantly in the IQF space;
- R42,9 million in restructuring costs; and
- R9,0 million in biological assets write-downs, directly related to the reduction in the size of flocks and bird numbers at Hammarsdale as a result of moving to a single shift.

The new business model has shown positive early results with a second half EBITDA profit in Chicken of R94,9 million relative to the normalised EBITDA profit of R14,1 million for the first six months of the year.

The Quick Service Restaurant ("QSR") category suffered the same consumer pressure as general grocery categories are under. This negatively affected Chicken results in this period as more of the mix needed to be sold in the retail sector.

The Rainbow Freezer to Fryer category was a highlight this year, growing volumes with market share up 10,4% to 34,1% and gaining key clients.

GROCERIES (Grocery, Beverages, Pies and Speciality)

Pre-IAS 39 EBITDA declined by 14,7% to R463,7 million (2016: R543,6 million).

Commodity input cost pressure and volume challenges affected most of the food industry. ASK'd (an independent company that measures industry growth, trends and consumer dynamics for the majority of food manufacturers) indicates that RCL FOODS' declines were not as pronounced as the market which are clear signs that our internal change strategies are having an effect.

The Grocery business unit gained further market share in its top brands including Yum Yum Peanut Butter and Nola Mayonnaise and within the cat food category. The Grocery business unit is also working with key customers on exciting new ranges, launching new technologies into the trade and planning a range of key innovations for the next financial year.

The commissioning of the new pet food plant remains on track, with full production expected by December 2017. The Grocery business unit has had good success in the pet food category with leading market shares in mainstream pet food. In addition, RCL FOODS' premium supermarket pet food category, led by Canine Cuisine which has only been in existence for four years, is already competing for market leadership in that category. Our new pet food plant will feature innovation and technology that are not available in South Africa and will further assist to entrench and grow market leadership, with exciting new ranges on track for roll-out.

The Beverages business unit delivered disappointing results. Market share pressure from lower priced brands affected our Mageu range, while overall sluggish consumer demand and a cool summer led to reduced category consumption, which negatively affected volumes. This was compounded by the voluntary withdrawal of a long-life UHT Mageu innovation that was launched in the year, when it was found to thicken after being refrigerated and the consistency made it difficult to pour. The product was withdrawn and will be re-launched in the first quarter of the new financial year.

The Pies business unit maintained volumes despite a very competitive environment. Key initiatives for the year included the successful launch of Mighty Fine, a lower-priced pie offering, an increase in the quality and fill level in the Classic Pie range, as well as reductions in the cost base. Pies has an innovation pipeline that will continue to be rolled out to drive profitability. The business has also identified numerous cost-saving initiatives that will be utilised to fund growth and defend price positions in the year ahead.

The Speciality business unit suffered as underlying market conditions caused lower than expected orders from key customers and factory efficiencies fell well short in some key months. Speciality remains a key priority for RCL FOODS and significant resources and focus are being applied to the business unit. The focus in the next year will be on positioning the Speciality business unit to be more innovative and responsive.

SUGAR & MILLING DIVISION

Whilst the Sugar & Milling division's revenue declined 3,0% to R14,5 billion, pre-IAS 39 EBITDA increased by 27,6% to R1 054,1 million (2016: R826,0 million), at a margin of 7,3% (2016: 5,5%). This performance was attributable to good increases in sugar prices and the operational turnaround of the Gauteng bakeries within the Millbake business unit.

The division also benefited from the R154,8 million payment of an insurance claim against the buckled sugar silo in Pongola which occurred in July 2015. Of the R154,8 million claim, R109,2 million related to the assets portion and was therefore excluded from headline earnings for the year. The remaining R45,6 million related to business interruption and the higher costs of operating, of which R28,9 million related to the previous financial year.

Sugar

Favourable sugar prices and an improved channel mix compensated for the drought-induced decline in production volumes and culminated in EBITDA increasing by 119,2% to R507,0 million (2016: R231,3 million).

The late onset of summer rain last year delayed replanting and will consequently impact production recovery. Sugar sales volumes were down 22% to 485 000 tons in 2017. Production volumes are expected to gradually recover over the next two financial years with restoration to pre-drought sugar volumes expected in the 2019 financial year. Dam levels are now at acceptable levels to irrigate through winter.

The pending sugar tax remains a risk to volumes in the local market.

Globally, sugar stocks are rising, driven by increased production mainly out of Pakistan and an embargo on sugar imports in China. This is putting pressure on the market and bringing global sugar prices down. Domestically, a stronger rand is causing imports to be cheaper and, at the same time, is placing a strain on sugar export margins. Imports have increased rapidly from the first quarter of the 2017 calendar year. Domestic sugar tariffs are not being gazetted timeously and are not sufficient to protect local farms from imports. Increasing supplies are causing mixed shifts towards lower margin exports and industrial sales, with a commensurate change in total realisation per ton of sugar.

Animal Feed

The need to import molasses due to the drought, combined with the high cost of raw materials, impacted on the results for Animal Feed. Volumes have reduced by 13,8%, due to smaller herds, induced by the drought, and cash-constrained farmers looking for alternative feeding methods. The Chicken business unit procures a substantial amount of product from the Animal Feed business unit and the revised business model has had a notable impact. In mitigation, the Pietermaritzburg mill eliminated one of its three shifts and is also pursuing other cost-saving measures. Pre-IAS 39 EBITDA declined by 16,8% to R268,3 million (2016: R322,4 million). The current focus remains on reducing the dependency on broiler feed and growing a more diversified product basket.

Millbake (Milling & Baking)

The Millbake business unit's results improved due to the operational turnaround in Baking, with pre-IAS 39 EBITDA of R278,9 million, up 2,4% (2016: R272,3 million).

Lower volumes and a steep increase in raw material costs negatively affected the Milling operation. Commodity prices have started to ease as a result of better rainfall and crops. This will improve operating conditions for Milling, but excess capacity in the industry remains a significant challenge.

The Baking business improved profitability after resolving most of the operational issues experienced at the Gauteng bakeries in the prior year. The resolution has resulted in increased service levels and a pleasing reduction in damages and returns. Previously unutilised capacity that was recommissioned to allow the remedial work to be done on the other bakeries, is now also available to grow volumes into the future.

LOGISTICS DIVISION

Logistics achieved revenue growth of 2,3% to R2 033,1 million (2016: R1 986,9 million), with EBITDA declining 22,1% to R203,1 million at a margin of 10,0% (2016: R260,7 million, 13,1%). The generally muted economic environment and resulting subdued consumer spending, coupled with significant disruptions in the chicken industry, served to constrain growth during the period.

Highlights for the period included Logistics being awarded a key long-term contract by Pick n Pay, as well as increased volumes from the internal Grocery and Sugar business units. Logistics' strategy has been to align with customers as a specialist multi-temperature service provider for the industry, with a significant investment of R325 million in warehousing infrastructure over the last two years coupled with skills development.

Bulk storage recorded a poor performance for the year. Substantial excess capacity for most of the year was largely due to market pressures and volume reductions by key customers and significant overcapacity in this sector of the market. Food-service performed well for the first three quarters of the year, tapering off into the last quarter as consumer pressure tempered volume growth. The downsizing of the Hammarsdale Chicken operation from February 2017 significantly affected the Logistics division. This impact is expected to continue until the revenue from this source has been replaced by new business. Logistics is also implementing cost containment initiatives including network redesign, hub and transport optimisation.

EQUITY ACCOUNTED INVESTMENTS

Royal Swaziland Sugar Corporation ("RSSC")

RCL FOODS' Sugar business unit has a 27,4% shareholding in RSSC. RSSC's results for the year ended June 2017 improved significantly due to improved sugar prices and access to additional water for irrigation.

The after-tax profit contribution was R110,6 million (2016: R68,5 million).

Senn Foods

RCL FOODS has a joint venture with Senn Foods in Botswana. Senn Foods continued to deliver a sound performance with an after-tax profit contribution of R9,9 million (2016: R8,4 million).

OUR JOURNEY IN PERSPECTIVE

Despite the considerable challenges we have faced over the last three years, we have succeeded in solidly positioning the business to take advantage of growth opportunities in current and new markets. This we have done through the committed implementation of our business model and strategy, and through exploiting synergies and opportunities arising from our transformation into ONE RCL FOODS.

Looking forward, we will continue to experience the effects of the economic downturn on our business. Increasing sugar imports remain a major concern, while the outcome of the chicken industry crisis is still uncertain, despite the substantial work that has been done by government and industry. On a positive note, we can expect some relief as the drought's impact lessens.

Undertaking a transformation like ours is challenging in any context, and we always understood that our journey to become an integrated food business of scale would not be without its difficulties. Given the fact that we have achieved such a meaningful transformation over a three-year period marked by such external instability, I am confident that we have the right people, structure and strategy in place to deliver on our ambition.

Miles Dally
Chief Executive Officer

CFO'S REPORT

OVERVIEW OF MARKET CONDITIONS – F17

The year in review has seen a spotlight focused on politics and policy, driving most of the volatility on international and local markets.

The first half of our financial year (H1) saw two major global shocks, with the United States of America (US) election that culminated in Donald Trump's victory, and the United Kingdom (UK) referendum on Britain's future as a member of the European Union (Brexit), which ultimately resulted in a move to decouple from Brussels.

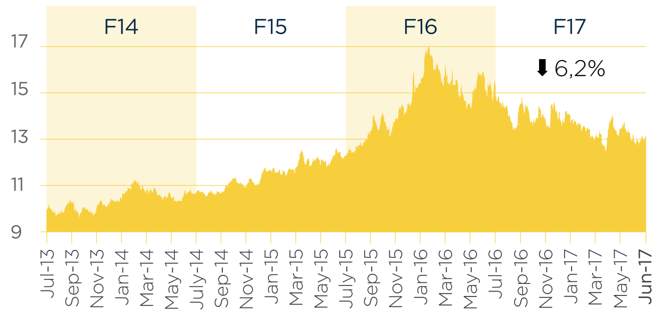
These events resulted in market uncertainty through most of H1. Direction eventually came from the expectation of changes to policy, both from a domestic tax and global trade perspective. Despite both the US and the UK being troubled by relatively slow growth, languid business investment and deflationary pressures, markets rallied. The Standard & Poors (S&P) index and US dollar index surged based on the expectation of proposed tax breaks for big business and protectionism for struggling industries boosting the US economy. The US Federal Reserve hiked the interest rate in December 2016, with further hikes of 0,25% in March and June of 2017. Energy prices lifted and emerging market currencies rallied on global economic optimism, whilst the strengthening rand has provided relief to domestic imports.

The US dollar came under pressure in the second half of our financial year (H2), trading as low as R12,30 in early March. Improved certainty around the future of the European Union (EU) on the back of positive elections results in the Netherlands, France and Germany for the EU, improved the outlook for global trade and supporting emerging market currencies, notably the rand.

Domestically, inflationary pressures eased because of softer energy prices and lower food price inflation as one of South Africa's worst droughts came to an end. Consumer price inflation has declined below the Reserve Bank's top-end target of 6,0%, hovering closer to 5,0% in H2. The decline in inflation, although gradual, is expected to support GDP growth which has shown a quarterly decline over the period October 2016 to March 2017, as consumer spending stabilises and improves. South Africa's GDP growth for the 2016 calendar year was 1,0%, with projections for the 2017 calendar year ranging from 0,3% to 1,1%. Improved growth seen in the mining and agriculture sectors to date has supported economic growth in 2017, albeit nominal.

The rand, faced with the axing of Finance Minister Pravin Gordhan, turmoil at state-owned enterprises, downgrades from key rating agencies, deep divisions in the ruling party and flat to low economic growth prospects, has fared well against major currencies and demonstrated a high degree of resilience. South Africa is viewed as one of the safer and more stable emerging market destinations and continued to attract investment over the last year. In addition the trade surplus, albeit nominal, also contributed to the rand's resilience. However, the rand remains one of the most volatile currencies against the US dollar, trading within a wide range of R12,30 to R14,95 over the past financial year, providing little assistance in what has been a tough business environment.

RAND/USD



Source: Reuters

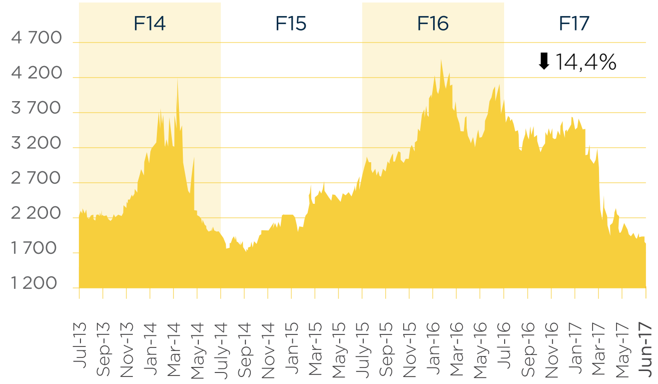
SOFT COMMODITY PROCUREMENT

Globally a growing middle-class has strengthened demand for both food and animal feed, and has driven technological advancement in crop production to meet the demand. Global soft commodity markets were characteristically volatile over the past year. The demand and focus on crops for biofuel production is expected to both promote production and support prices going forward.

The Group procures maize (500 000 tons) and soybean meal (200 000 tons) for the Animal Feed business unit, white maize (90 000 tons) and wheat (380 000 tons) for the Millbake business unit and 140 000 tons of sunflower seeds for use by the Grocery business unit on an annual basis.

MAIZE (CORN)

SAFEX YELLOW MAIZE (R/TON)



Source: Reuters

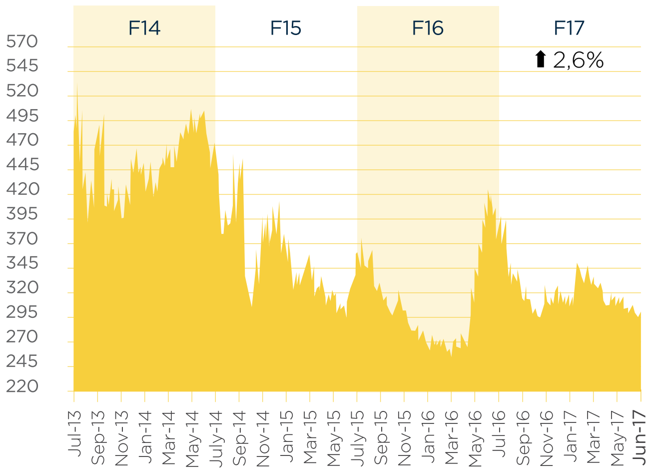
Chicago corn (maize) prices, the benchmark for corn prices across the globe, declined from $4,35 to below $3,50 per bushel in early July 2016 as markets reacted to news that US farmers had planted 94,1 million acres, the third largest area planted in 72 years. This bearish news also resulted in downward pressure on the soybean and wheat markets. September 2016 saw corn prices break the psychologically significant $3,00 level as excess global stocks weighed on prices. Into the first half of 2017, corn traded within a relatively tight range of $3,50 to $3,95. South Africa's previous season's maize crop total of 7,8 million tons trickled into the local market at the start of the season in May 2016. Dismal crop yields due to the effects of the severe drought saw local yellow maize prices climb to highs of above R3 800/ton with the market opening on 1 July 2016 at R3 476/ton. The combination of tight local stocks and a large global crop saw imports of maize into the South African market. The necessary 2,3 million tons of imports over the course of last season had the effect of capping local prices, with imported maize landing cheaper at our operations in some instances. Local yellow maize prices traded in a narrow range between R3 460/ton and R2 950/ton from July 2016 to the end of January 2017 as most of the country's maize requirement, primarily along the coast, was met by steady South American and Black Sea imports.

Heavy and consistent rain over key South African maize growing regions in December 2016 and January 2017, brought a sense of relief to the market and a degree of certainty that South Africa was likely to meet it's annual total maize requirements for food and feed of just under 10,0 million tons. Maize prices began a downward correction in late February 2017 as the crop outlook improved. Yellow maize prices dropped from R3 000/ton at the end of February 2017 to R1 800/ton by the end of March 2017. Over the period April 2017 to June 2017 yellow maize has traded largely below R2 000/ton. The lower input price of this key soft commodity has improved the prospects of both the food and feed industry, and has played a key role in driving down food price inflation. The average SAFEX yellow maize price for the financial year was R2 778/ton compared to the previous period of R3 245/ton, a decrease of 14,4%.

SOYBEAN MEAL

The international price of soybean meal, on a US Dollar basis, entered a period of lower volatility in the 2017 financial year trading within a range of $293/ton and $404/ton on the Chicago Mercantile Exchange (CME) compared to a range of between $260/ton and $420/ton in the 2016 financial year. In addition to the reduced volatility, the price trend has been bearish after a substantial weather driven rally in prices late in the 2016 financial year. The bearish price trend is on the back of successive record soybean crop productions in the US and South America. This led to the US stock-to-use

CME SOYBEAN MEAL PRICE ($/TON)



Source: Reuters

ratio remaining above 10,0% after a number of years around a low 5,0% with the world stock-to-use remaining very healthy at over 25%.

The US 2017/2018 soybean crop shows a substantial increase in acres planted and with the expectation of a trend yield, the soybean meal prices on the CME should remain in a relatively narrow range of $260/ton to $350/ton. With the speculative hedge funds holding a near record net short soybean meal position on the CME, we can expect to see a sharp rally in the CME prices should there be any weather concerns either for the current US crop and/or the forthcoming South American crop.

This is due to the US, Brazil and Argentina producing approximately 80% of the world soybean crop. Over the medium term, the CME soybean meal price is expected to find support above $300/ton given the growing world middle-class population and associated increase in demand for animal proteins resulting in higher demand for soybean meal in animal feed.

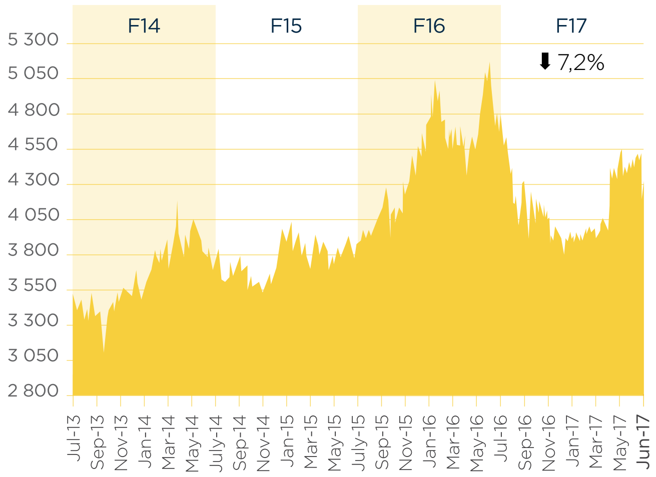
On the local front the 2016/2017 soybean supply was impacted by the drought and saw the country slip to below a 50% self-sufficiency in soybean meal supply with crushing margins under pressure. The record 2017/2018 crop is expected to double the crop of the previous year which is further expected to result in soybean prices trending toward export parity and a substantial improvement in crush margins. South Africa remains a net importer of proteins including soybean meal, so the price of soybean meal (whether local or imported) is significantly impacted by the rand/dollar exchange rate.

The combination of a lower soybean meal price on the CME and a stronger rand/dollar exchange rate resulted in a substantial decline in the rand-based soybean meal prices in South Africa through the 2017 financial year. The average CME soybean meal price for the financial year was $321/ ton compared to the previous period of $313/ton, an increase of 2,6%.

WHEAT

Local wheat spot prices peaked at R4 720/ton during the period under review, highly correlated to a weak rand. The average spot market price for local wheat for this period was R4 166/ton compared to the average of R4 457/ton over the previous 12-month period, a decrease of 6,5%. The recent strengthening of the rand in 2017 and the decline in international prices resulted in a higher local wheat tariff which was a major contributor to the recent local wheat price increase. The wheat tariff remains contentious and fluctuated from a record high tariff of R1 591/ton to the current R947/ton under a new reference price formula. The lack of clarity pertaining to when a higher or lower newly triggered wheat tariff should be implemented relative to when it is actually implemented has lead to market price confusion during the past season. South Africa is a net importer of wheat and wheat prices are therefore correlated to imported international wheat prices, the foreign exchange rate and the derived inland import parity price. The average SAFEX wheat price for the financial year was R4 166/ton compared to the previous period of R4 488/ton, a decrease of 7,2%.

SAFEX WHEAT (R/TON)

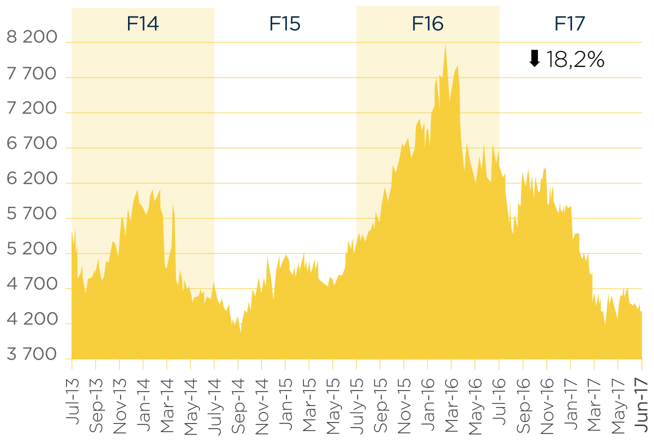


Source: Reuters

SUNFLOWER SEED

Sunflower seed prices were a reflection of the only crop in South Africa that performed well this past year, due to the fact that it is more drought resistant and due to the good rains that fell in January and February 2017 which resulted in an increase of hectares. This, coupled with the strengthening of the rand boded well for sunflower seed prices. Prices decreased at the start of the year from R6 450/ton to R4 230/ton in March 2017. The average spot price for the year was R5 416/ton around which prices have stabilised compared to R6 625/ton in the previous year, a decline of 18,2%.

SUNSEED (R/TON)



Source: Reuters

FINANCIAL REVIEW

		2017	2016*	%
Financial highlights				
Revenue	Rm	**24 950,7**	25 025,2	(0,3)
EBITDA	Rm	**1 747,6**	1 762,4	(0,8)
EBITDA margin	%	**7,0**	7,0	
Operating profit	Rm	**776,5**	317,2	144,8
Operating profit margin	%	**3,1**	1,3	1,8
Net finance cost	Rm	**332,7**	326,8	(1,8)
Headline earnings	Rm	**548,5**	832,9	(34,1)
Headline earnings per share	cents	**63,5**	96,5	(34,2)
Capital expenditure (including intangibles)	Rm	**834,5**	1 049,3	20,5
Return on equity	%	**5,0**	1,8	3,2
Cash generated by operations	Rm	**2 293,7**	1 462,4	56,8

**Restated for the impact of the amendments to IAS 16 and IAS 41 regarding bearer plants*

RCL FOODS' headline earnings for the year ended June 2017 amounted to R548,5 million (2016: R832,9 million). These results include certain "once-offs", including a tax provision release and a profit on the exercise of the Zam options in the prior year, and in the current year, a foreign exchange loss on settlement of the Zam options, once-off costs incurred in relation to the Chicken business unit restructure, and an insurance receipt related to the Pongola silo claim, for which a portion of the business interruption claim related to the previous financial year. **Excluding these items, normalised headline earnings for 2017 of R593,1 million (2016: R550,7 million) is up 7,7% on the prior year.**

Material financial impacts in the current and prior periods included:

- Impairments of R172,0 million (R123,8 million post-tax) in the Chicken business unit relating to redundant plant and equipment identified as part of the decision to reduce commodity chicken volumes and from the related decision to dispose of the Tzaneen chicken operation;
- The recognition of R51,9 million (R37,4 million post-tax) in restructuring costs and fair value adjustments on biological assets, also associated with the decision to reduce chicken volumes;
- A R154,8 million (R117,6 million post-tax) insurance receipt for the Pongola silo claim in the Sugar business unit, of which R109,2 million related to the assets portion of the claim and the remaining R45,6 million related to business interruption and the higher costs of operating after the silo was damaged. R28,9 million of the business interruption portion related to the previous financial year;
- A negative IAS 39 adjustment associated with the Group's commodity raw material procurement strategy, which reduced EBITDA by R32,4 million (R23,3 million post-tax) for the current period (2016: R80,6 million negative movement, R58,0 million post-tax). The prior year negative movement was largely due to unfavourable currency positions resulting from the stronger rand, which has reversed in the current financial year. The R32,4 million negative movement for 2017 was due to falling maize and sunflower spot prices relative to our positions;
- A foreign exchange loss of R27,9 million relating to the settlement of the Zam options in the current year, with the prior period including a R67,7 million gain (R118,9 million headline earnings gain) related to the accounting for the exercise of the options;
- An impairment loss in the prior year of R642,8 million (goodwill R377,4 million and trademarks R265,4 million) relating to the Milling cash-generating unit in the Sugar & Milling division due to a combination of a competitive trading environment and increases in the ten-year government bond yield driving up the discount rate; and
- The prior period included the release of a R163,3 million provision for uncertain taxation disputes raised in terms of IFRS 3 (Business Combinations) as part of the Foodcorp acquisition. This matter was finalised with the South African Revenue Service and consequently the income tax expense for the year ended June 2016 was reduced by R163,3 million.

Consumer's pre-IAS 39 EBITDA for the period dropped by 25,8% to R520,8 million (2016: R701,7 million). Results were materially impacted by the Chicken business unit, due to an oversupplied retail market and high input costs particularly in H1.

In response to the chicken crisis, the Group has taken steps to further reduce its exposure to commodity driven lines by reducing its Hammarsdale plant to a single shift from 1 February 2017, and taking the decision to dispose of its Tzaneen chicken operation. An impairment charge of R172,0 million relating to IQF assets and the disposal of the Tzaneen operation was processed as a result. The remaining assets of the Chicken cash-generating unit, were tested for impairment, and no further write-downs were required at this stage. The sale of the Tzaneen operation is at an advanced stage and is expected to be finalised in H1 2018. As a result, the assets and liabilities pertaining to these operations were classified as held-for-sale during the financial year.

Excluding Chicken, the remaining Groceries business units' pre-IAS 39 EBITDA declined by 14,7% to R463,7 million at a margin of 8,5% (2016: R543,6 million, 10,7%). The decline was largely due to challenges in the Speciality and Beverages business units, mainly stemming from lower demand. Despite slow market growth, the Grocery business unit grew volumes, with highlights in the peanut butter, mayonnaise and cat food categories. The Pies business unit focus on restoring volumes showed signs of encouragement in the last quarter with growth in the Classic range, whilst overall volumes for the year were flat on 2016.

Sugar & Milling's pre-IAS 39 EBITDA increased 27,6% to R1 054,1 million (2016: R826,0 million) mainly because of a recovery in the Sugar business unit and the continued improvement in the Baking operations due to the operational turnaround of the Gauteng bakeries.

The Sugar business unit's EBITDA of R507,0 million was 119,2% ahead of the prior year (2016: R231,3 million). The result includes a R154,8 million insurance claim receipt relating to its Pongola silo which buckled in 2015. Excluding the assets portion of the claim of R109,2 million and the R28,9 million business interruption portion that related to the previous financial year, the Sugar business unit's EBITDA still showed an improvement of R137,6 million over the prior year, largely due to two price increases taken in the first half of the financial year and an improved channel mix. Import levels have risen in H2, and local market volumes have suffered with declines in the last quarter and remain a major concern going into 2018. The year-on-year fair value adjustment on the sugar biological assets decreased R25,9 million, driven by lower year-end prices and lower cane yields compared to the prior year. During the current financial year, the Group disposed of its interest in Booker Tate Holdings, the UK based subsidiary that provided sugar management and consulting services, as the nature of operations was not in line with our long-term strategy.

The Animal Feed business unit's pre-IAS 39 EBITDA declined 16,8% to R268,3 million (2016: R322,4 million). The impact of the drought was the main contributor to the result, driving up input costs, with the inability to recover these costs reducing margins. In addition, volumes were down as the drought stricken farmers traded down. The downstream impact of the decision to reduce volumes in the Chicken business unit in H2 placed further pressure on Animal Feed in the latter half of the year with the focus in 2018 being on continuing to build a more diversified portfolio in order to restore the lost volumes.

Within the Millbake business unit there was a contrast in the performance of the operations, with an improved Baking result offsetting a difficult year for Milling, resulting in a pre-IAS 39 EBITDA of R278,9 million (up 2,4%). High commodity costs due to the drought and the resulting impact on volumes resulted in a decline within the Milling operations. Whilst an impairment of goodwill and trademarks of R642,8 million was recorded in the Milling operations in the prior year, the impairment review conducted in 2017 did not require any further impairments. Profitability in Baking improved, driven by the operational turnaround in Gauteng with lower returns and damages and higher service levels improving margins.

Logistics' EBITDA of R203,1 million for the year, down 22,1% on 2016, was impacted by the restructure within the Chicken business unit. Excluding this impact, the business unit delivered an EBITDA of R246,9 million, down 5,3% with revenue up 4,5%. The division concluded a long-term contract with Pick n Pay as well as increased volumes from the Groceries and Sugar & Milling operations. Spare capacity within bulk storage remained an issue throughout the year due to reduced volumes and overcapacity in the market.

The table below depicts EBITDA from both a statutory perspective and adjusted for unrealised gains and losses on financial instruments (pre-IAS 39) used in the Group's raw material procurement strategy. Reporting (in terms of IAS 39) the financial effects of certain financial instruments used in the Group's procurement strategy introduces volatility to the Group's financial results. For the period under review, the pre-taxation impact on the Group's results of these unrealised positions is a negative impact of R32,4 million (2016: R80,6 million), being largely related to unfavourable maize and sunflower positions.

		June 2017	June 2016	% change
EBITDA				
– Statutory	(R million)	**1 747,6**	1 762,4	(0,8)
– Pre-IAS 39	(R million)	**1 780,0**	1 843,0	(3,4)
EBITDA margin				
– Statutory	(%)	**7,0**	7,0	–
– Pre-IAS 39	(%)	**7,1**	7,4	(0,3)

As mentioned above, the results were impacted by material items in both the current and previous financial year. A reconciliation of the pre-IAS 39 EBITDA and statutory Headline Earnings to the "underlying" performance is illustrated below, stripping out the once-off items.

	June 2017 R million	June 2016 R million	% change
Pre-IAS 39			
EBITDA	**1 780,0**	1 843,0	(3,4)
Zam options	**27,9**	(67,7)	
Pongola silo claim receipt (assets and prior year business interruption portion)	**(138,1)**		
Once-off Chicken restructure costs	**51,9**		
Normalised EBITDA	**1 721,8**	1 775,3	(3,0)
Chicken EBITDA (Excluding once-off)	**109,0**	158,1	(31,1)
Normalised EBITDA excluding Chicken	**1 612,8**	1 617,2	(0,3)

	June 2017 R million	June 2016 R million	% change
Headline earnings	**548,5**	832,9	(34,1)
Zam options	**27,9**	(118,9)	
Pongola silo receipt (prior year business interruption portion)	**(20,8)**		
Once-off Chicken restructure costs	**37,4**		
Release of Foodcorp provision for uncertain tax positions		(163,3)	
Normalised headline earnings	**593,1**	550,7	7,7

FINANCE COSTS

Net finance costs increased R5,9 million to R332,7 million due to higher interest rates, as well as lower cash profits stemming largely from the Chicken business unit in the first half of the year. The fixed interest rate term on the R1 355,0 million and R847,0 million portion of the debt package ended in February 2017, with the floating interest rates on R1 500 million of the remaining R2 852 million of the debt package hedged by the interest rate collar. Interest rates traded between the "cap" and "floor" rates on the collar hedge for the effective period. A negative fair value adjustment of R7,6 million on the interest rate collar was recorded in the current year (2016: R6,8 million negative adjustment). In January 2017, the Group repaid its revolving credit facility portion of the term-funded debt package of R498,0 million, which resulted in reduced finance costs in H2.

EQUITY ACCOUNTED INVESTMENTS

ROYAL SWAZILAND SUGAR CORPORATION ("RSSC")

RCL FOODS Sugar & Milling holds a 27,4% shareholding in RSSC. RSSC's equity accounted earnings for the 12 months to June 2017 was an after tax profit of R110,6 million, an increase of 61,4% against 2016's R68,5 million, driven by improved sugar prices and access to additional water for irrigation.

AKWANDZE AGRICULTURAL FINANCE PROPRIETARY LIMITED ("AKWANDZE") AND MANANGA SUGAR PACKERS PROPRIETARY LIMITED ("MANANGA")

Sugar & Milling's Akwandze and Mananga contributed a combined after-tax profit of R38,6 million for the 12 months to June 2017 (2016: R22,7 million).

ZAM CHICK ("ZAM CHICK") AND ZAMHATCH ("ZAMHATCH")

In the prior financial year, RCL FOODS exercised its put option to exit the Zambian investments. The settlement was concluded in September 2016, with a R27,9 million foreign exchange loss realised on receipt of the proceeds.

SENN FOODS

Logistics' investment in Senn Foods delivered a solid result, with the Group's share of after-tax profits amounting to R9,9 million (2016: R8,4 million). Due to differing year-end periods, the Group has equity accounted Senn Foods 12-month results to March 2017.

HMH

RCL FOODS' share of after-tax loss for 2017 was R1,1 million (2016: R3,7 million). The Ugandan chicken business is relatively new and current year results were constrained by the loss of export markets due to avian influenza in Kenya.

TAX

The Group's effective tax rate for the period excluding joint ventures and associates was 27,4%. The rate was impacted by the accounting for capital losses which was utilised against capital gains in the current year. This was partially offset by non-deductible items which included IFRS 2 share option expenses and the realised foreign exchange loss which arose on the settlement of the Zam options.

STATEMENT OF FINANCIAL POSITION

Key Statement of Financial Position items are highlighted below.

NON-CURRENT ASSETS

PROPERTY, PLANT AND EQUIPMENT (PP&E)

PP&E declined R183,3 million largely due to the R172,0 million chicken impairment as well as the transfer of the Tzaneen Chicken operation assets to "held-for-sale" of R55,3 million. Other major movements included capital expenditure investments of R793,3 million which was partially offset by depreciation charges of R675,5 million.

CAPITAL EXPENDITURE

Capital expenditure (including intangibles) for the year ended June 2017 was R834,5 million (2016: R1 049,3 million).

The prior year included expansionary spend on the UHT project at the Beverages business unit, the upgrade to the pet food plant in the Grocery business unit and the expansion at the Logistics division's Peninsula and Thekwini sites, with additional spend to complete these projects in the current year. The upgrade to the pet food plant in the Grocery business unit and the expansion at the Logistics division's Thekwini site progressed well during the period, with the Thekwini site being commissioned during H1.

In addition, investments have been made in optimising the ERP platforms within the Group, with the Pies and Beverages business unit SAP implementations having gone live.

An amount of R155,5 million (2016: R323,3 million) has been contracted and committed, but not spent, whilst a further R354,9 million (2016: R227,2 million) has been approved but not contracted. Major items included in these amounts relate to further spend required to restore the Pongola silo, investments in the ERP implementations across the Group and replacement spend on critical infrastructure.

IMPAIRMENT

During the current financial year, impairments recorded were largely in the Chicken business unit because of the decision to reduce commodity volumes and dispose of the Tzaneen chicken operation.

The Group has completed its annual impairment review on goodwill and indefinite useful life trademarks and no further impairments were required in the current financial year. Key assumptions used in these calculations and sensitivity analysis are provided in note 1 and 2 to the Annual Financial Statements, available at www.rclfoods.com.

INVESTMENT IN ASSOCIATES AND JOINT VENTURES

The increase in the investment in associates and joint ventures is mainly due to the current year undistributed equity accounted profits of our associates and joint ventures, with RSSC being the major contributor.

HELD-FOR-SALE ASSETS AND LIABILITIES

Held-for-sale assets and liabilities relate to the Tzaneen Chicken operation. A sale agreement is in the process of being finalised, with the sale expected to be completed in H1 2018. The assets and liabilities have been impaired in terms of IAS 36 before transfer to assets held-for-sale.

CURRENT ASSETS AND CURRENT LIABILITIES

Net working capital (including biological assets) has decreased by R808,6 million over the comparative period, and from 13,3% to 10,1% as a percentage of revenue.

Inventory has reduced by R273,7 million, due to a shift from imports to locally sourced commodities which resulted in lower buffer stock requirements, and lower commodity prices which further drove the decrease at year-end.

Biological assets have reduced R176,7 million, impacted by the decision to reduce commodity-driven volumes in Chicken, with some 4,5 million less birds on the ground over the comparative period.

Trade and other receivables decreased by R474,1 million, as the receivable related to the Zam options included in the 2016 balance was settled in the current year resulting in a R289,5 million cash receipt and R27,9 million foreign exchange loss. In addition, lower sales volumes in the Chicken business unit because of the revised business model, resulted in lower receivables due at June 2017. Trade debtors continue to be well managed across the Group with only 1,4% of trade debtors being considered doubtful. Trade and other payables reduced R115,9 million compared to the prior year, influenced by the lower stock balances.

Cash on hand net of overdrafts, has increased from R363,2 million in 2016 to R1 053,8 million in 2017, mainly because of the release of working capital, the proceeds received on the exit from the Zambian operations and well controlled capital expenditures. The inflow of cash was used to settle the revolving credit facility of R498,0 million in January 2017, 13 months before the settlement date.

LONG-TERM AND SHORT-TERM INTEREST-BEARING LIABILITIES

The decrease in interest-bearing liabilities is due to repayment of the revolving credit facility of R498,0 million offset partially by Akwandze loan advances for the sugarcane growers during the year, which replaced internal funding. Akwandze is a joint venture with RCL FOODS and hence the loans obtained represent an external source of funding for consolidation purposes.

OTHER NON-CURRENT LIABILITIES

Deferred tax of R1 248,1 million (2016: R1 352,9 million) arises from numerous temporary differences across the Group. The decrease is attributable to the utilisation of assessed losses and the impairment losses recorded during the year.

The post-retirement medical obligation of R136,7 million (2016: R165,4 million) arises from the actuarial valuation of the Group's potential liability resulting from post-retirement medical aid contributions in respect of current and future retirees. This liability is unfunded. The obligation of the Group to pay medical aid benefits after retirement is no longer part of the conditions of employment of the Group. In the current year the Group continued the outsourcing exercise that it commenced in 2015 resulting in an amount of R30,2 million (2016: R27,3 million) being transferred to a registered third-party annuity provider.

CASH FLOW AND WORKING CAPITAL

Cash generated by operations improved to R2 293,7 million, an increase of 56,8%. The improvement was driven largely by the release in working capital as indicated above.

Net finance cost paid was in line with the prior year, with the R7,7 million difference to the income statement being due to the non-cash fair value adjustments on the interest rate collar options. Dividends received include an amount of R69,1 million received from the RSSC.

The decrease in capital expenditure is due to significant expansionary investments in the prior year relating to the UHT project at the Beverages business unit, the upgrade to the pet food plant in the Grocery business unit and the expansion at the Logistics division's Peninsula and Thekwini sites.

SUMMARISED CASH INFORMATION

	June 2017 R million	June 2016 R million
Opening balance*	**363,2**	870,5
Operating profit adjusted for non-cash flow items	**1 466,2**	1 343,8
Working capital changes	**827,5**	118,6
Net finance costs paid	**(325,1)**	(325,5)
Tax paid	**(262,0)**	(254,6)
Dividends received	**93,5**	68,6
Dividends paid	**(217,1)**	(320,1)
Capital expenditure (including intangibles)	**(834,5)**	(1 049,3)
Proceeds on disposal of Fishing operations		25,0
Proceeds on disposal of Zambian operations	**289,5**	
Acquisition of associate		(61,5)
Proceeds on sale of PP&E	**34,6**	43,5
Interest-bearing liabilities	**(406,0)**	(88,8)
Other	**24,0**	(7,0)
Closing balance*	**1 053,8**	**363,2**

** Net of overdrafts.*

ACCOUNTING POLICIES

The Group's accounting policies are governed by International Financial Reporting Standards (IFRS). Guidance has been obtained from the International Financial Reporting Interpretations Committee (IFRIC) and circulars.

The Group maintains the view that the standards set the minimum requirements for financial reporting. The Financial Statements in this Integrated Annual Report have been prepared with the aim of exposing the reader to a detailed view of the results, using a simplified approach, in the hope of facilitating a deeper and more informed understanding of the Group's performance.

PRIOR PERIOD RESTATEMENT

Amendments to IAS 16 and IAS 41 regarding the treatment of bearer plants were effective for the Group from 1 July 2016. The amendments require bearer plants to be accounted for in the same way as PP&E because their operation is similar to that of manufacturing. The amendments to IAS 16 and IAS 41 have been applied retrospectively in accordance with the transitional provisions.

Consequently, the Group has restated its reported results throughout the comparative periods presented. The restatement has resulted in a decrease of R4,1 million in EBITDA and R28,8 million in headline earnings attributable to the equity holders, on the previously reported 2016 results.

Further details on the restatement are included in note 34 of the Annual Financial Statements, available at www.rclfoods.com

CHANGE IN PRESENTATION DATE OF RESULTS

The Group's accounting systems are configured to close the reporting period and apply all month end rules on the last Sunday of the month. This results in the divisions having to perform a manual accounting roll-back to the calendar month-end of 30 June.

From the current financial year, the Group has reported its results on the retail calendar of trading weeks which treats each financial year as an exact 52-week period, incorporating trade from Monday to Sunday each week. This treatment effectively results in the loss of a day (or two in a leap year) per calendar year. These days are brought to account approximately every six years by including a 53rd week.

This change has improved efficiency over the year-end close period by eliminating the need for manual adjustments outside of the accounting system and reducing audit time.

The Financial Statements and results for 2017 financial year are presented for the 367-day period, ended 2 July 2017, compared to a 366-day period in the previous financial year. The impact of the additional day does not have a material impact on profit for the period.

CASH DIVIDEND DECLARATION

It is the Board's intention to continue paying dividends, subject to the Group's underlying profit delivery.

The directors have resolved to declare a final gross cash dividend (number 85) of 20,0 cents per share bringing the total dividend declared for the year ended June 2017 to 30,0 cents per share (2016: 30,0 cents per share). Dividend tax will amount to 4,0 cents per share and consequently shareholders, who are not exempt from dividend tax, will receive a net dividend amount of 16,0 cents per share.

FINANCIAL STRATEGY

During the current financial year, the Group continued its roadmap towards a "ONE RCL FOODS" company. In line with our strategy, the finance function has made good progress in aligning our teams, systems, and procedures across the business units, with a focus on consistent best practice being applied across the Group. Some of these highlights include:

ONE Shared Services

RCL FOODS furthered its evaluation of the maturity of the finance function in the current year. The Group engaged with a leading consulting firm and a maturity exercise of our current shared services function was performed. The outputs of this exercise are currently being evaluated to define the optimal long-term role of shared services within the Group.

ERP Systems implementation

The Group commenced with its programme to roll out the SAP ERP system to all business units in the 2016 financial year. On 1 November 2016 and 1 February 2017, SAP was successfully rolled out in the Pies and Beverages business units respectively. As part of the take-on, key processes have been centralised, such as fixed assets, creditors, rebates and pricing as well as overall oversight of the general ledger. In addition the Group has leveraged its Business Intelligence systems and the capabilities of SAP to improve profitability and cost reporting as part of the roll-out. The systems have provided greater insight to management which is leading to faster, better decision-making.

A process is currently underway to consolidate all the Baking operations onto a single Syspro instance and good progress is being made in terms of alignment of masterdata and business processes. SAP implementations across the remaining Consumer business units and the EPOL operations in Sugar & Milling is expected to be completed in the 2018 and 2019 financial years.

Team alignment and structure

Our ambition to provide "MORE" has presented challenges in ensuring that, whilst we grow our business, the finance functions of the respective business units are able to work for the collective of the Group, whilst maintaining compliance with tax, accounting and other reporting requirements. A single point of oversight for the finance teams embedded in each division has led to improvements in the moving of talent within the Group as well as leveraging off centres of excellence. One key example of this has been the centralisation of accounts receivable for the entire Group within the Vector team. As part of the systems implementations, structures and ways of working have been aligned across Pies and Beverages, with ongoing progress being made in the remaining Consumer business units and Sugar & Milling.

STRATEGIC SOURCING

Group Strategic Sourcing actively works together with the various business units to identify spend opportunities and has been able to achieve some significant spend leverage and savings. Where the business units have replaced their existing ERP systems with SAP ERP, SAP Contract management systems have been implemented and 85% of the value spend has been brought under the umbrella of contract spend management. Alternative manual contract management systems are relied on where the existing ERP Systems have not been replaced with SAP ERP contract management. Group Master Data has been working with these non-SAP ERP business units to help align their spend materials to the Group listed SAP materials, so that the Group will still be able to analyse spend by material irrespective of what ERP system it transacts on.

INFORMATION SECURITY

The risks relating to a loss of data and the leaking of sensitive information have become more prevalent in the current financial year, with cyber-attacks across the world causing financial and reputational damage to many companies. The Group is committed to protecting the interests of its investors and stakeholders and ensuring that it fully complies with the provisions of the Protection of Personal Information Act. As a Group we are aware of the importance of safeguarding our information and currently have in place well-designed information systems and policies to control our data. However in response to the heightened level of risk, the Group established a project team in the current financial year to critically evaluate and improve our information security. Information security reviews of business processes utilised and the information produced in key high risk business operations were performed and appropriate controls or mitigations were implemented where necessary. A review of the remaining business operations will continue into the 2018 financial year.

Some of the controls implemented over the distribution of sensitive financial information included the elimination of emailing of such information, the implementation of access controlled board reporting software and better use of shared intranet points.

INSURANCE

The Group applies an umbrella approach to insurance, and aims to insure all Group companies under the same insurance structure.

The Group strategy is to keep insurance to a minimum without exposing the Group's assets or profitability to unacceptable financial loss which could materially affect either trading results or cash flow. RCL FOODS' stronger balance sheet has allowed more scope to self-insure predictable losses and less material risks which are not administratively cost effective to transfer to insurers. The level of self-insurance is determined based on the recommendations of RCL FOODS' broker, given the levels of policy deductibles and general risk environment.

The increased scale of the Group's assets has also allowed the underwriting to be broadened to include international insurance markets. A balanced placement of underwriting between local and international underwriters is considered to be more cost effective over the long-term, as it protects the Group should the market experience excessive claims which would impact pricing risk in that market.

CENTRAL TREASURY AND DEBT REFINANCE

The inheritance of significant debt levels through the Foodcorp acquisition led to an increased focus on gearing and cash flow management and the subsequent establishment of a centralised treasury function. The treasury function is our single point of reference with funders and is tasked with minimising our cost of funding across the Group. Monthly management reporting and incentive structures across the Group also include a direct link to free cash flow generation and return on assets managed.

The objective of the centralised treasury function is to:

- ensure that sufficient cash resources are available to meet working capital requirements across the Group;
- ensure that excess cash is pooled and invested optimally;
- reduce risk related to changes in asset values, interest rates and foreign currency holdings by the use of hedging and netting strategies;
- determine and implement an optimal level of debt financing; and
- minimise transaction costs.

In order to meet these objectives, the Group relies on regular cash forecasting in order to identify the most financially effective cash management strategy. An evaluation of cash management systems was completed during the year and an optimal package was identified for implementation. The system, once implemented, is expected to further enhance our cash forecast accuracy and provide better management of our credit lines and foreign exchange.

OUR DEBT HISTORY

The Group acquired R5,5 billion in Euro-Denominated debt through the Foodcorp acquisition in 2013. In the 2015 financial year, the Euro debt was replaced with a R4,5 billion bridging loan, before being replaced with a R3,35 billion long-term term-funded debt package, across three, four and five year terms. Given the current growth trajectory and significant capital expenditure, flexibility within the funding package was key with R0,5 billion designated as a revolving credit facility.

The Group's cash flow for the current financial year was once again impacted by lower profits in Chicken, though the recovery in Sugar and sale of the Zambian operations improved the cash position to the extent that the Group repaid the revolving credit facility 13 months before its required date of repayment and the facility has remained undrawn since January 2017. A summary of the remaining construct of the term-funded debt package is illustrated below:

Term	Value	Year 1 (Feb 16)	Year 2 (Feb 17)	Year 3 (Feb 18)	Year 4 (Feb 19)	Year 5 (Feb 20)
5 Year	1 355	Fixed Interest	Fixed Interest	Partial Hedge (R1,5 billion, 53% hedged)		Variable
	400	Variable	Variable			Variable
4 Year	847	Fixed Interest	Fixed Interest			
	250	Variable	Variable			
3 Year – RCF	498					

The fixed interest rate period on the R1 355,0 million and R847,0 million portions of the debt came to an end in February 2017. In the prior financial year, the Group entered into two interest rate collar options to hedge R1,5 billion of the debt package in years three and four.

The interest rate collar consists of a "cap" rate of 8,5% and a "floor" rate of 7,0% for a notional R1,0 billion and a further "cap" rate of 8,0% and a "floor rate" of 6,5% for a further notional R500,0 million. The collar became effective on expiry of the fixed interest rate in February 2017. Interest rates have traded between the "cap" and "floor" rates on the collar options since February 2017. Whilst the Group has not benefited from the hedge in the current financial year, its implementation reduces our exposure should the base on the Johannesburg Interbank Average Rate ("JIBAR") on the debt package increase above the "cap" rate.

Key covenants on the debt package are net interest-bearing senior debt/pre-IAS 39 EBITDA cover ratio of less than 2,75 and a senior interest cover ratio of greater than 3,5. All covenants have been met with a significant safety margin in the 2017 financial year.

CONCLUSION

The results for the year are a reflection of the impact of the diversification in our business, with the Sugar recovery and Baking turnaround providing partial relief against the poultry industry crisis and weak consumer demand. Effective working capital and capital expenditure management has strengthened our cash position and allowed us to repay a significant portion of the debt package.

We continue to manage exposure to market volatility through our procurement strategies and the treasury management function. We have made good progress in equipping the finance function with appropriate team structures and systems to be able to respond to the ever-changing market environment as well as to support the Group strategy.

RH Field
Chief Financial Officer

DEFINITIONS AND RATIOS

SHAREHOLDER

Earnings per share
Profit for the year attributable to equity holders of the company divided by weighted average ordinary shares in issue

Diluted earnings per share
Profit for the year attributable to equity holders of the company divided by diluted weighted average ordinary shares in issue

Headline earnings per share
Headline earnings divided by weighted average ordinary shares in issue

Dividend cover
Headline earnings per share divided by dividends per share

Net asset value per share
Ordinary shareholders' equity divided by ordinary shares in issue at year-end

Normalised headline earnings
Headline earnings of the Group excluding abnormal or non-recurring gains and losses

RESULTS

EBITDA margin
Operating profit before depreciation, amortisation and impairment expressed as a percentage of revenue

Operating profit margin
Operating profit expressed as a percentage of revenue

Return on net assets
Profit before tax, expressed as a percentage of net assets

Net asset turn
Revenue divided by net assets

STATEMENT OF FINANCIAL POSITION

Total assets
Non-current and current assets

Total liabilities
Non-current and current liabilities

Net assets
Total assets less total liabilities

INCOME STATEMENT

Operating profit (EBIT)
Earnings before interest and tax

Return on equity
Profit attributable to equity holders of the company expressed as a percentage of average total equity

SHARE INFORMATION

PE ratio
Market share price at year-end divided by headline earnings per share

DEBT

Net senior debt
Total unsubordinated debt less cash and cash equivalents

Senior leverage ratio
Net senior debt divided by pre-IAS 39 headline earnings before interest, tax, depreciation, amortisation and impairment

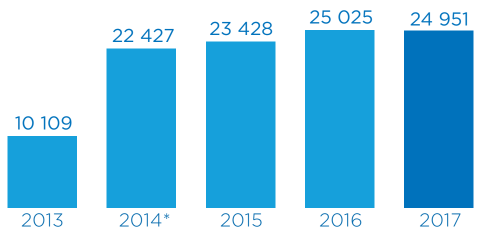
Senior interest cover ratio
Pre-IAS 39 headline earnings before interest, tax, depreciation, amortisation and impairment divided by senior net finance charges

Senior net finance charges
Finance charges on unsubordinated debt less interest income

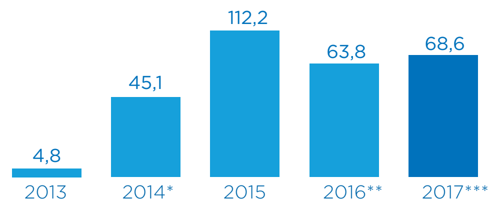
Gearing ratio
Total interest-bearing liabilities as a percentage of shareholders' equity

FINANCIAL

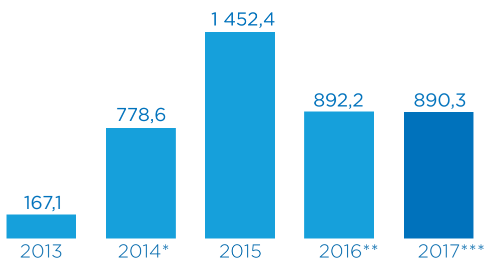
REVENUE (R million)



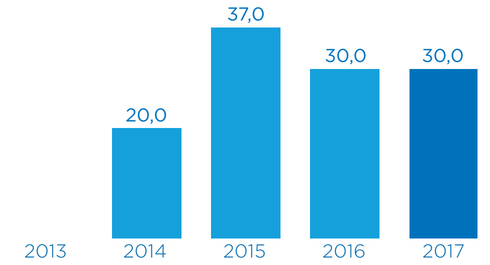
HEADLINE EARNINGS PER SHARE attributable to equity holders of the company (cents)



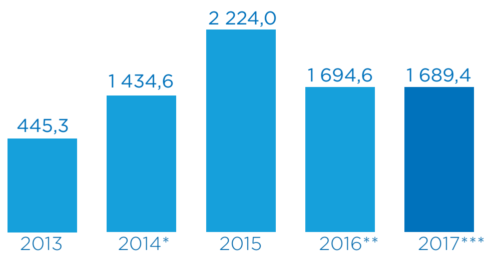
EBIT (R million)



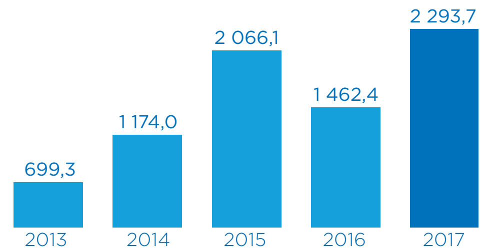
DIVIDENDS PER SHARE (cents)



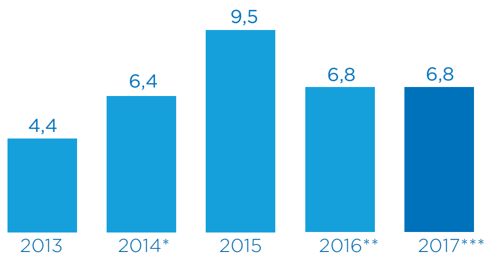
EBITDA (R million)



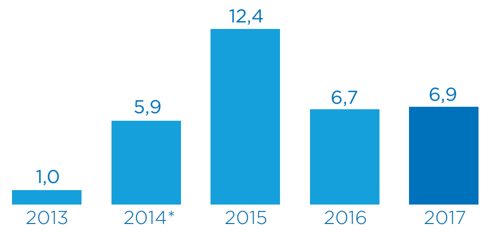
CASH GENERATED BY OPERATIONS (R million)



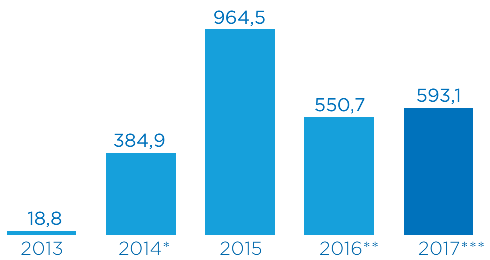
EBITDA MARGIN (%)



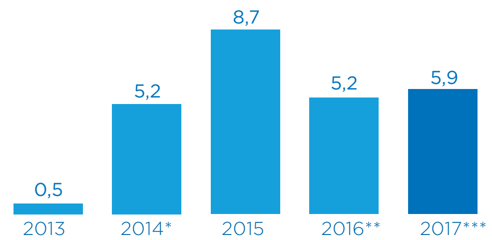
RETURN ON NET ASSETS (%)



HEADLINE EARNINGS attributable to equity holders of the company (R million)



RETURN ON EQUITY (%)



* *2014 results have been normalised to exclude the impact of corporate transactions as disclosed in the 2014 pro forma consolidated income statement.*

** *2016 results have been normalised to exclude the impact of the impairment charge, exercise of the Zambian put options and the reversal of the provision for uncertain tax positions.*

*** *2017 results have been normalised to exclude the impact of the impairment charge, Chicken business unit restructuring costs, insurance proceeds on the Pongola Silo and the foreign exchange loss on the Zambian receivable.*

FIVE-YEAR REVIEW

	2017* R'000	2016^ R'000	2015# R'000	2014> R'000	2013 R'000
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION					
ASSETS					
Property, plant and equipment	**5 720 285**	5 903 566	5 461 690	5 347 188	3 647 206
Intangible assets	**4 881 405**	4 942 492	5 675 862	5 776 041	5 816 643
Investment in joint ventures	**227 366**	206 036	416 626	347 819	128 955
Investment in associates	**513 323**	485 054	406 250	356 013	
Deferred income tax asset	**6 876**	19 658	8 320	8 678	4 327
Loan receivable	**1 555**	1 555	1 555	1 555	
Trade and other receivables	**12 788**	12 288			
Current assets	**8 144 716**	8 659 127	7 722 892	8 073 466	7 794 864
Total assets	**19 508 314**	20 229 776	19 693 195	19 910 760	17 391 995
EQUITY AND LIABILITIES					
Equity	**10 386 753**	10 046 256	10 113 499	9 436 286	7 045 420
Deferred income	**141**	734	1 849	5 153	
Interest-bearing liabilities	**3 078 822**	3 598 846	3 511 271	367 556	5 588 248
Deferred income tax liabilities	**1 248 056**	1 352 915	1 458 933	1 362 670	1 281 318
Retirement benefit obligations	**136 668**	165 354	187 656	225 776	170 335
Trade and other payables	**3 157**	5 716	8 567	35 260	24 398
Current liabilities	**4 654 717**	5 059 955	4 411 420	8 478 059	3 282 276
Total equity and liabilities	**19 508 314**	20 229 776	19 693 195	19 910 760	17 391 995
CONSOLIDATED INCOME STATEMENTS					
Revenue	**24 950 655**	25 025 159	23 428 206	22 426 607	10 108 812
Operating profit before depreciation, amortisation and impairment (EBITDA)	**1 689 424**	1 694 645	2 224 045	1 434 561	445 347
Depreciation, amortisation and impairment	**(799 144)**	(802 459)	(771 654)	(655 992)	(278 294)
Operating profit	**890 280**	892 186	1 452 391	778 569	167 053
Finance costs	**(373 741)**	(365 194)	(373 607)	(403 500)	(153 675)
Finance income	**40 999**	38 361	52 056	65 233	53 874
Share of profits of joint ventures	**48 577**	44 527	38 004	21 207	
Share of profit of associate	**109 516**	64 796	84 178	95 560	
Profit before tax	**715 631**	674 676	1 253 022	557 069	67 252
Income tax expense	**(155 694)**	(154 630)	(359 160)	(160 381)	(75 435)
Profit/(loss) for the year from continuing operations	**559 937**	520 046	893 862	396 688	(8 183)
(Loss)/profit for the year from discontinued operation			(31 905)	29 755	15 311
Profit for the year	**559 937**	520 046	861 957	426 443	7 128
Profit/(loss) for the year attributable to:					
Equity holders of the company	**599 287**	519 427	848 121	428 404	27 246
Non-controlling interests	**(39 350)**	619	13 836	(1 961)	(20 118)

* *2017 information normalised to exclude the impact on the income statement of the impairment charge, Chicken business unit restructuring costs, insurance claim on the Pongola silo and the foreign exchange loss on the Zambian receivable.*

^ *Restated for the impact of amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" regarding bearer plants and normalised to exclude the impact on the income statement of the impairment charge, Zambian put option exercise and the release of the provision for uncertain tax positions.*

\# *Restated for the impact of amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" regarding bearer plants.*

> Pro forma *financial information to reflect a normalised view before corporate transactions.*

FIVE-YEAR REVIEW

		2017*	2016*^	2015	2014#	2013
KEY STATISTICS						
Earnings per share from continuing operations	cents	**69,3**	63,6	102,4	46,7	4,5
Diluted earnings per share from continuing operations	cents	**68,8**	63,6	101,7	46,6	4,4
Headline earnings per share from continuing operations	cents	**68,6**	63,8	112,2	45,1	4,8
Dividends per share	cents	**30,0**	30,0	37,0	20,0	
Dividend cover	times	**2,3**	2,1	3,0	2,3	
Cash generated by operations	R million	**2 294**	1 462	2 066	1 174	669
Capital expenditure (excluding intangibles)	R million	**793**	1 035	757	654	486
Net assets	R million	**10 387**	10 046	10 113	9 436	7 045
Net asset value per share	cents	**1 201,0**	1 163,2	1 173,9	1 098,8	1 226,9
RESULTS RATIOS						
EBITDA margin	%	**6,8**	6,8	9,5	6,4	4,4
Operating profit margin	%	**3,6**	3,6	6,2	3,5	1,7
Return on net assets	%	**6,9**	6,7	12,4	5,9	1,0
Net asset turn	times	**2,4**	2,5	2,3	2,4	1,4
Return on equity	%	**5,9**	5,2	8,7	5,2	0,5
DEBT RATIOS						
Senior leverage ratio	times	**1,3**	1,9	1,3		
Senior interest cover ratio	times	**5,1**	5,6	6,6		
Gearing ratio		**31,8**	36,9	34,7	3,9	79,3
SHARE INFORMATION						
Number of ordinary shares						
– weighted average in issue>	'000	**864 167**	862 739	859 611	853 924	391 076
– diluted weighted average in issue>	'000	**870 908**	864 727	865 355	856 264	392 189
– at year-end (statutory, includes BEE shares)	'000	**935 566**	934 410	932 325	929 569	625 434
– at year-end (for accounting purposes)>	'000	**864 807**	863 651	861 566	858 810	574 256

* *2017 information normalised to exclude the impact on the income statement of the impairment charge, Chicken business unit restructuring costs, insurance claim on the Pongola silo and the foreign exchange loss on the Zambian receivable.*

^ *Restated for the impact of amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" regarding bearer plants and normalised to exclude the impact on the income statement of the impairment charge, Zambian put option exercise and the release of the provision for uncertain tax positions.*

\# Pro forma *financial information to reflect a normalised view before corporate transactions.*

> *Excludes shares issued in terms of the BEE schemes, refer to note 31 of the annual financial statements.*

For further details pertaining to shareholder information refer to note 11 of the annual financial statements.

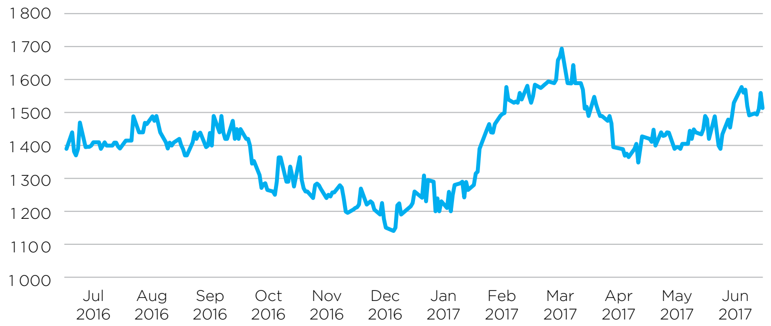
ENVIRONMENTAL AND SOCIAL

		June 2017	June* 2016
ENVIRONMENTAL PERFORMANCE INDICATOR			
Water consumption	Mℓ	**6 527**	8 211
Energy consumption:			
– electricity (Eskom)	GWh	**505**	541#
– electricity (own generation)	GWh	**138**	166
– coal	tons	**203 468**	207 977#
– liquid petroleum gas	kℓ	**3 141**	3 596
– diesel	kℓ	**18 653**	19 580#
Recycled waste products:			
– cardboard waste	tons	**462**	556
– plastic waste	tons	**194**	584
– scrap metal and timber	tons	**121**	221
– treated water discharged to municipality	kℓ	**2 033 560**	2 758 000
– treated water as a percentage of total water consumption	%	**31**	36
Levies for non-compliance+	R'000	**642**	Nil
SOCIAL PERFORMANCE INDICATORS			
Full-time employees		**20 111**	21 072
Net full-time employment (decrease)/increase		**(961)**	593
Bargaining unit employees	%	**74**	76
Training expenditure	Rm	**40**	38
Disabling incident frequency rate:			
– Consumer		**1,01**	1,16
– Sugar & Milling		**1,71**	0,58
– Logistics		**1,86**	1,32
Number of working days lost through strike action^		**Nil**	4

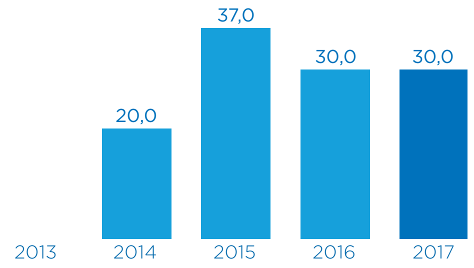
* *Restated for the change in IAS 16 and IAS 41 related to the treatment of bearer plants.*
\# *Restated due to revised calculation methodology from 2017.*
\+ *Relates to water discharge quality.*
^ *Refers to the number of production days lost at a production facility due to strike action.*

SHAREHOLDER INFORMATION

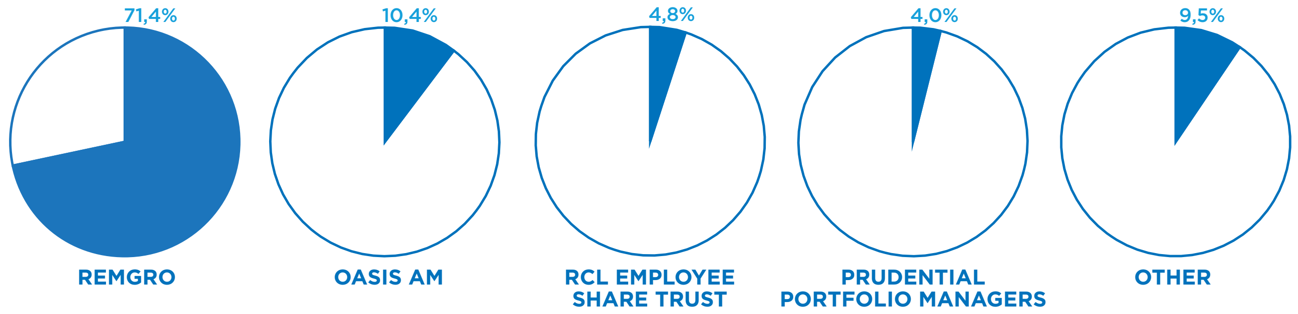
RCL FOODS SHARE PRICE (cents)



DIVIDENDS DECLARED PER SHARE (cents)



SHAREHOLDERS



STOCK EXCHANGE PERFORMANCE

12 months		2017	2016
Share price			
– lowest	cents	**1 150**	1 100
– highest	cents	**1 720**	1 850
– at year-end	cents	**1 524**	1 390
Number of shares traded	million	**33,5**	37,7
Value traded	R million	**472,8**	557,0
Number of shares in issue at year-end	'000	**935 566**	934 410
PE ratio at year-end	ratio	**24,0**	14,0
Market capitalisation	R billion	**14,3**	13,0

LISTING INFORMATION

JSE share code:	RCL
Sector:	Consumer Goods – Food & beverages
Subsector:	Food Producers

REPORTING DATES

Interim results:	February 2018
Year-end results:	August 2018
Annual Report published:	September 2018
Annual General Meeting:	November 2018

ABRIDGED ANNUAL FINANCIAL STATEMENTS

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RCL FOODS

RCL Foods Limited
Ten The Boulevard
Westway Office Park
Westville
3629

Dear shareholder,

Kindly note that the information contained in this printed version of the Abridged Integrated Annual Report represents a summary of the information contained in the full Integrated Annual Report published on the RCL FOODS website at www.rclfoods.com on 29 September 2017.

Any investment decisions by investors and/or shareholders should be based on a consideration of the full Integrated Annual Report as a whole and shareholders are encouraged to review the full Integrated Annual Report, which is available for viewing on the company's website set out above.

Investors and/or shareholders may request copies of the full Integrated Annual Report by contacting the company secretary at john.maher@rclfoods.com or on 087 362 8501.

Yours faithfully

JJ Durand
Non-executive Chairman

CHAIRMAN JJ Durand **CHIEF EXECUTIVE OFFICER** M Dally
DIRECTORS HJ Carse, RH Field, PR Louw, NP Mageza, DTV Msibi, MM Nhlanhla, RV Smither, GM Steyn, GC Zondi
HEAD OFFICE Ten The Boulevard • Westway Office Park • Westville • 3629 • PO Box 2734 • Westway Office Park • 3635 • KZN • South Africa
TEL +27 31 242 8600 **RCL FOODS LIMITED REGISTRATION NUMBER** 1966/004972/06

REPORT OF THE AUDIT COMMITTEE

This Report sets out how the Audit Committee discharged its responsibilities during the financial year ended June 2017 as required in terms of section 94 of the Companies Act of South Africa.

MANDATE AND TERMS OF REFERENCE

The responsibilities of the Audit Committee are incorporated into the committee's charter which is reviewed annually and approved by the Board. The committee has conducted its affairs in compliance with this charter and has discharged its responsibilities contained therein.

A copy of the charter can be found on our website www.rclfoods.com

AUDIT COMMITTEE MEMBERSHIP AND RESOURCES

The Audit Committee consists of three independent non-executive directors. All members of the committee have the requisite financial knowledge and commercial skills and experience to contribute effectively to committee deliberations.

The committee met four times during the year, one more than the three required per the Audit Committee charter. The Chairman of the Board, Chief Executive Officer, Chief Financial Officer, Group Services Finance Director, Group Audit and Risk Director (GARD) and representatives from the external auditors attend meetings by invitation. Other members of the Board and management team attend as required. The committee meets separately with the external auditors and internal auditors at least once a year without management present, to ensure that all relevant matters have been identified and discussed without undue influence.

Board members	Appointed	29/8/2016	7/11/2016	22/2/2017	21/6/2017
NP Mageza ACCA (UK)	September 2009	Present	Present	Present	Present
DTV Msibi BBusSc, BCom (Hons), MCom, CA(SA)	August 2013	Present	Apology	Present	Present
RV Smither (Committee Chairman) CA(SA)	December 2008	Present	Present	Present	Present

ELECTION OF COMMITTEE MEMBERS

In terms of section 94 (2) of the Companies Act, it is proposed in the notice of the Annual General Meeting that was held on 8 November 2016 that RV Smither, NP Mageza and DTV Msibi were re-appointed as members of the Audit Committee until the next Annual General Meeting on 8 November 2017.

ROLES AND RESPONSIBILITIES

The Audit Committee's roles and responsibilities include its statutory duties per the Companies Act of South Africa and the responsibilities assigned to it by the Board. The Audit Committee fulfils an oversight role regarding financial reporting risks, internal financial controls and fraud risk and Information Technology (IT) risks as it relates to financial reporting.

The Audit Committee has discharged its key responsibilities as follows:

- Reviewed the interim results, Annual Financial Statements, sustainability disclosure and Integrated Report, culminating in a recommendation to the Board. In the course of its review the committee:
  - took appropriate steps to ensure that the Annual Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS);
  - considered and, when appropriate, made recommendations on the Annual Financial Statements, accounting practices and internal financial controls;
- Confirmed the Internal Audit charter and audit plan;
- Evaluated the effectiveness of risk management, controls and governance processes and satisfied itself about the adequacy and effectiveness of the Group's system of internal financial controls;
- Reviewed the appropriateness of the combined assurance model in addressing all significant risks facing the Group;
- Considered and recommended to the Board the appointment and retention of external auditors;
- Approved the audit fees and engagement terms of the external auditors; and
- Determined the nature and extent of allowable non-audit services and approved the terms for the provision of non-audit services by the external auditors.

The role of the Audit Committee applies to all the divisions of the Group.

EXPERTISE AND EXPERIENCE OF THE CFO AND FINANCE FUNCTION

The Audit Committee performed an assessment of the Chief Financial Officer (CFO), Robert Field and the Finance function. Based on the 2017 assessment the Audit Committee is satisfied that Robert Field and his management team have the appropriate expertise and experience to service the Group's finance function. It further considered and satisfied itself of the overall appropriateness of the expertise and adequacy of resources of the Group's finance function. The Annual Financial Statements were compiled under the supervision of Robert Field, CA(SA).

EXTERNAL AUDIT

PricewaterhouseCoopers Inc. (PwC) are the incumbent auditors for all the Group companies. The committee continually monitors the independence and objectivity of the external auditors and satisfied itself with the ethical requirements regarding independence and were considered independent with respect to the Group as required by the Codes endorsed and administered by the Independent Regulatory Board for Auditors and the South Africa Institute of Chartered Accountants.

During the period, PwC provided certain non-audit services, including tax services and a review of the Group commodity procurement process. Total fees incurred during the 2017 financial year to PwC were R20,5 million of which R1,4 million related to non-audit services.

The Audit Committee has nominated, for election at the Annual General Meeting, PwC as the external audit firm responsible for performing the functions of auditor for the 2018 financial year. The Audit Committee has satisfied itself that the audit firm and designated auditor are accredited as such on the JSE list of auditors.

INTERNAL AUDIT

The Audit Committee is responsible for ensuring that the RCL FOODS' Internal Audit function is independent and has the necessary resources and authority to enable it to discharge its duties.

Internal Audit comprises a dedicated team of appropriately qualified and technically experienced personnel. Where necessary certain audits are outsourced to consultants with appropriate skills and technical expertise. The activities of the Internal Audit function are co-ordinated by the GARD. To ensure independence, the GARD reports functionally to the Audit Committee and, only from an administrative perspective, to the CEO.

INTERNAL FINANCIAL CONTROLS

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

GOING CONCERN ASSESSMENT

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

RV Smither
29 August 2017

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT

	2 July 2017 R'000	Restated* 30 June 2016 R'000	Restated* 1 July 2015 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	**5 720 285**	5 903 566	5 461 690
Intangible assets	**2 222 911**	2 283 998	2 640 039
Investment in joint ventures	**227 366**	206 036	416 626
Investment in associates	**513 323**	485 054	406 250
Deferred income tax asset	**6 876**	19 658	8 320
Loan receivable	**1 555**	1 555	1 555
Trade and other receivables	**12 788**	12 288	
Goodwill	**2 658 494**	2 658 494	3 035 823
	11 363 598	11 570 649	11 970 303
Current assets			
Inventories	**2 666 622**	2 940 337	2 761 151
Biological assets	**791 469**	968 159	829 532
Trade and other receivables	**3 452 331**	3 926 404	3 156 670
Derivative financial instruments	**1 339**	8 036	10 438
Tax receivable	**70 410**	30 210	9 923
Loan receivable	**17 200**	41 342	5 239
Cash and cash equivalents	**1 056 660**	744 639	873 397
	8 056 031	8 659 127	7 646 350
Assets of disposal group classified as held for sale	**88 685**		76 542
Total assets	**19 508 314**	20 229 776	19 693 195
EQUITY			
Capital and reserves	**10 386 753**	10 046 256	10 113 499
LIABILITIES			
Non-current liabilities			
Deferred income	**141**	734	1 849
Interest-bearing liabilities	**3 078 822**	3 598 846	3 511 271
Deferred income tax liabilities	**1 248 056**	1 352 915	1 458 933
Retirement benefit obligations	**136 668**	165 354	187 656
Trade and other payables	**3 157**	5 716	8 567
	4 466 844	5 123 565	5 168 276
Current liabilities			
Trade and other payables	**4 398 538**	4 514 392	4 184 985
Deferred income	**8 338**	3 928	5 239
Interest-bearing liabilities	**226 383**	112 402	131 559
Derivative financial instruments	**12 995**	38 828	16 277
Current income tax liabilities	**4 190**	8 966	52 680
Bank overdraft	**2 878**	381 439	2 891
	4 653 322	5 059 955	4 393 631
Liabilities of disposal group classified as held for sale	**1 395**		17 789
Total liabilities	**9 121 561**	10 183 520	9 579 696
Total equity and liabilities	**19 508 314**	20 229 776	19 693 195

** The prior year information has been restated for the impact of amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" regarding bearer plants.*

ABRIDGED CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED JUNE 2017

		June 2017 R'000	Restated* June 2016 R'000
Revenue		**24 950 655**	25 025 159
Operating profit before depreciation, amortisation and impairment (EBITDA)		**1 747 633**	1 762 387
Depreciation, amortisation and impairment		**(971 125)**	(1 445 222)
Operating profit		**776 508**	317 165
Finance costs		**(373 741)**	(365 194)
Finance income		**40 999**	38 361
Share of profits of joint ventures		**48 577**	44 527
Share of profit of associates		**109 516**	64 796
Profit before tax		**601 859**	99 655
Income tax expense		**(125 552)**	82 986
Profit for the period		**476 307**	182 641
Attributable to:			
Equity holders of the company		**515 657**	182 022
Non-controlling interests		**(39 350)**	619
Headline earnings			
Profit for the year attributable to equity holders of the company		**515 657**	182 022
(Profit)/loss on disposal of property, plant and equipment		**(3 423)**	12 365
Gain on disposal of subsidiary		**(4 512)**	
Insurance proceeds		**(87 735)**	152
Recycling of foreign exchange translation reserve			51 163
Impairments		**128 554**	587 211
Headline earnings		**548 541**	832 913
Earnings per share attributable to equity holders of the company			
Basic earnings per share	(cents)	**59,7**	21,1
Basic earnings per share – diluted	(cents)	**59,2**	21,0
Headline earnings per share	(cents)	**63,5**	96,5
Headline earnings per share – diluted	(cents)	**63,0**	96,3

** The prior year information has been restated for the impact of amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" regarding bearer plants.*

ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 2017

	June 2017 R'000	Restated* June 2016 R'000
Profit for the period	**476 307**	182 641
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurement of retirement medical obligations – net of tax	**7 713**	154
Share of associates other comprehensive income	**(2 090)**	(3 286)
Items that may subsequently be reclassified to profit or loss		
Share of associates other comprehensive income		(1 867)
Cash flow hedges	**(9 194)**	(17 598)
Currency translation differences	**(11 651)**	18 668
Other comprehensive income for the year - net of tax	**(15 222)**	(3 929)
Total comprehensive income for the year	**461 085**	178 712
Total comprehensive income for the year attributable to:		
Equity holders of the company	**500 435**	178 093
Non-controlling interests	**(39 350)**	619
	461 085	178 712

ABRIDGED CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 2017

	June 2017 R'000	Restated* June 2016 R'000
Operating profit	**776 508**	317 165
Non-cash items	**689 669**	1 026 605
Operating profit before working capital requirements	**1 466 177**	1 343 770
Working capital requirements	**827 506**	118 591
Cash generated by operations	**2 293 683**	1 462 361
Net finance cost	**(325 081)**	(325 470)
Tax paid	**(262 030)**	(254 560)
Cash available from operating activities	**1 706 572**	882 331
Dividend received	**93 522**	68 595
Dividend paid	**(217 147)**	(320 091)
Cash outflows from investing activities	**(486 322)**	(1 015 960)
Cash outflows from financing activities	**(406 043)**	(123 453)
Net movement in cash and cash equivalents	**690 582**	(508 578)
Cash and cash equivalents at the beginning of the year	**363 200**	870 506
Exchange rate translation		1 272
Cash and cash equivalents at the end of the year	**1 053 782**	363 200

** The prior year information has been restated for the impact of amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" regarding bearer plants.*

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 2017

	Attributable to equity holders of the company							
	Stated capital R'000	Other reserves R'000	Common control reserve R'000	Share-based payments R'000	Retained earnings R'000	Total R'000	Non-controlling interest R'000	Total R'000
Balance at 1 July 2015	9 992 815	24 447	(1 919 832)	391 716	1 545 571	10 034 717	78 782	10 113 499
Profit for the year*					182 022	182 022	619	182 641
Other comprehensive income		1 070			(4 999)	(3 929)		(3 929)
Ordinary dividend paid					(319 092)	(319 092)	(999)	(320 091)
BEE share-based payments charge				17 600		17 600		17 600
Employee share incentive scheme:								
– Proceeds from shares issued	30 989					30 989		30 989
– Value of employee services				55 259		55 259		55 259
– Exercise of employee share schemes				(29 712)		(29 712)		(29 712)
Balance at 30 June 2016*	10 023 804	25 517	(1 919 832)	434 863	1 403 502	9 967 854	78 402	10 046 256
Profit/(loss) for the year					**515 657**	**515 657**	**(39 350)**	**476 307**
Other comprehensive income		**(20 845)**			**5 623**	**(15 222)**		**(15 222)**
Ordinary dividend paid					**(216 079)**	**(216 079)**	**(1 068)**	**(217 147)**
BEE share-based payments charge				**17 600**		**17 600**		**17 600**
Employee share incentive scheme:								
– Proceeds from shares issued	**17 886**					**17 886**		**17 886**
– Value of employee services				**78 959**		**78 959**		**78 959**
– Exercise of employee share schemes				**(17 886)**		**(17 886)**		**(17 886)**
Balance at 2 July 2017	**10 041 690**	**4 672**	**(1 919 832)**	**513 536**	**1 708 703**	**10 348 769**	**37 984**	**10 386 753**

** The prior year information has been restated for the impact of amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" regarding bearer plants.*

SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 2017

		June 2017 R'000	Restated* June 2016 R'000
Capital expenditure contracted and committed		**155 492**	323 299
Capital expenditure approved but not contracted		**354 869**	227 199
Additions due to replacement of property, plant and equipment		**(401 882)**	(473 683)
Additions due to expansion of property, plant and equipment		**(391 333)**	(561 010)
Intangible asset additions		**(41 326)**	(14 608)
Amount expensed as write-down to net realisable value		**35 015**	76 069
Statistics			
Statutory ordinary shares in issue (includes BEE shares)	('000)	**935 566**	934 410
Ordinary shares in issue for accounting purposes	('000)	**864 807**	863 651
Weighted average ordinary shares in issue	('000)	**864 167**	862 739
Diluted weighted average ordinary shares in issue	('000)	**870 488**	864 727
Net asset value per share	(cents)	**1 201,0**	1 163,2
Ordinary dividends per share:			
Interim dividend paid	(cents)	**10,0**	15,0
Final dividend declared/paid	(cents)	**20,0**	15,0
Total dividends	(cents)	**30,0**	30,0

** The prior year information has been restated for the impact of amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" regarding bearer plants.*

ABRIDGED SEGMENTAL ANALYSIS
FOR THE YEAR ENDED JUNE 2017

	June 2017 R'000	Restated* June 2016 R'000
Revenue	**24 950 655**	25 025 159
Consumer	**13 474 031**	13 301 265
Sugar & Milling	**14 467 407**	14 914 754
Logistics	**2 033 102**	1 986 899
Sales between segments:		
Consumer to Sugar & Milling	**(230 274)**	(210 105)
Sugar & Milling to Consumer	**(3 713 778)**	(3 864 143)
Logistics to Consumer	**(1 050 894)**	(1 078 012)
Logistics to Sugar & Milling	**(28 939)**	(25 499)
Operating profit before depreciation, amortisation and impairment (EBITDA) – pre-IAS 39	**1 780 010**	1 842 957
Consumer	**520 790**	701 653
Sugar & Milling	**1 054 144**	826 010
Logistics	**203 117**	260 662
Unallocated group costs**	**1 959**	54 632
IAS 39 adjustment	**(32 377)**	(80 570)
Operating profit before depreciation, amortisation and impairment (EBITDA)	**1 747 633**	1 762 387
Depreciation, amortisation and impairment	**(971 125)**	(1 445 222)
Operating profit/(loss)		
Consumer	**(7 404)**	345 714
Sugar & Milling	**669 184**	(258 075)
Logistics	**121 776**	184 962
Unallocated group costs**	**(7 048)**	44 564
Operating profit	**776 508**	317 165
Finance costs	**(373 741)**	(365 194)
Finance income	**40 999**	38 361
Share of profits of joint ventures	**48 577**	44 527
Sugar & Milling	**38 628**	22 661
Logistics	**9 949**	8 359
Zambian operations		13 507
Share of profit/(loss) of associates	**109 516**	64 796
Sugar & Milling	**110 590**	68 530
Ugandan operation	**(1 074)**	(3 734)
Profit before tax	**601 859**	99 655
ASSETS		
Consumer	**8 363 089**	9 903 523
Sugar & Milling	**8 208 674**	9 153 826
Logistics	**3 307 004**	3 341 240
Unallocated Group assets***	**833 157**	445 655
Ugandan operation	**58 146**	66 599
Set-off of inter-segment balances	**(1 261 756)**	(2 681 067)
Total per statement of financial position	**19 508 314**	20 229 776
LIABILITIES		
Consumer	**2 693 566**	3 368 466
Sugar & Milling	**2 484 827**	2 587 057
Logistics	**2 235 929**	3 089 711
Unallocated Group liabilities***	**2 968 995**	3 819 353
Set-off of inter-segment balances	**(1 261 756)**	(2 681 067)
Total per statement of financial position	**9 121 561**	10 183 520

* *The prior year information has been restated for the impact of amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" regarding bearer plants.*

** *The unallocated Group costs include the operating costs of RCL Foods Limited and RCL Group Services Proprietary Limited as well as gains made on the exercise of the Zambian options in the prior year, and foreign exchange loss on the settlement in the current year.*

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

1. BASIS OF PREPARATION

The Abridged Consolidated Annual Financial Statements have been extracted from the Audited Annual Financial Statements for the year ended June 2017, available at www.rclfoods.com. The Abridged Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the information required by IAS 34 "Interim Financial Reporting", IFRIC interpretations, SAICA financial reporting guides and in compliance with the Companies Act of South Africa and the Listings Requirements of the JSE Limited, under the supervision of the Chief Financial Officer, Robert Field CA(SA). The accounting policies comply with IFRS and are consistent with those applied in the previous year except for the adoption of the amendments to IAS 16 "Property, Plant and Equipment", IAS 41 "Agriculture", Annual Improvements 2012 and Annual Improvements 2013 which became effective 1 July 2016.

2. DIRECTORS' EMOLUMENTS

	Basic Salary R'000	Pension contribution R'000	Bonus* R'000	Other benefits** R'000	Total R'000
June 2017					
M Dally	7 954	569	3 114	182	11 819
RH Field	3 939	434	1 519	335	6 227
	11 893	1 003	4 633	517	18 046
June 2016					
M Dally	7 241	571	8 310	272	16 394
RH Field	3 746	394	3 790	147	8 077
	10 987	965	12 100	419	24 471

* *Bonus payments relate to the prior financial year.*
** *Other benefits include company contributions to disability insurance, medical aid and UIF.*

Non-executives (for services as a director)	2017 R'000	2016 R'000
HJ Carse***	282	263
JJ Durand***	368	344
PR Louw***	282	263
NP Mageza	538	502
DTV Msibi	400	373
MM Nhlanhla	342	319
RV Smither	690	643
GM Steyn	455	424
GC Zondi****	638	594
Total	3 995	3 725

*** *Paid to Remgro Management Services Limited.*
**** *Paid to Imbewu Capital Partners Consultancy Proprietary Limited*

2. DIRECTORS' EMOLUMENTS CONTINUED

Interests of directors of the company in share appreciation rights awarded in terms of the RCL FOODS Share Appreciation Rights Scheme

Share appreciation rights awarded to executive directors and unexpired or unexercised as at June 2017 are as follows:

	Award price post rights issue Rand	Rights at June 2016	Rights awarded during the year	Rights exercised during the year	Rights forfeited during the year	Rights at June 2017	Grant date fair value of rights awarded during the year* R'000	Rights exercisable at June 2017	Gain on rights exercised during the year R'000
M Dally	14,27	908 945		(279 074)	(629 871)				137
	14,73	929 256		(929 256)					883
	16,45	714 572				714 572		714 572	
	13,20	768 117				768 117		506 957	
	16,54	1 240 943				1 240 943		409 511	
	15,93	1 014 820				1 014 820			
	15,92	540 869				540 869			
	14,05		1 962 930			1 962 930	6 007		
		6 117 522	1 962 930	(1 208 330)	(629 871)	6 242 251	6 007	1 631 040	1 020
RH Field	14,27	427 702		(427 702)					210
	14,73	431 618		(431 618)					747
	16,45	364 999				364 999		364 999	
	13,20	374 505				374 505		247 173	
	16,54	621 765				621 765		205 182	
	15,93	559 397				559 397			
	15,92	319 448				319 448			
	14,05		1 087 325			1 087 325	3 327		
		3 099 434	1 087 325	(859 320)		3 327 439	3 327	817 354	957
Total		9 216 956	3 050 255	(2 067 650)	(629 871)	9 569 690	9 334	2 448 394	1 977

* *Grant date fair value of rights awarded represents the total fair value of rights awarded during the year. This cost will be expensed over the rights' vesting period.*

2. DIRECTORS' EMOLUMENTS CONTINUED

Interests of directors of the company in share appreciation rights awarded in terms of the RCL FOODS Share Appreciation Rights Scheme

Share appreciation rights awarded to executive directors and unexpired or unexercised as at June 2016 are as follows:

	Award price post rights issue Rand	Rights at June 2015	Rights awarded during the year	Rights at June 2016	Grant date fair value of rights awarded during the year* R'000	Rights exercisable at June 2016
M Dally	14,27	908 945		908 945		908 945
	14,73	929 256		929 256		929 256
	16,45	714 572		714 572		714 572
	13,20	768 117		768 117		253 478
	16,54	1 240 943		1 240 943		
	15,93	1 014 820		1 014 820		
	15,92		540 869	540 869	1 698	
		5 576 653	540 869	6 117 522	1 698	2 806 251
RH Field	14,27	427 702		427 702		427 702
	14,73	431 618		431 618		431 618
	16,45	364 999		364 999		364 999
	13,20	374 505		374 505		123 586
	16,54	621 765		621 765		
	15,93	559 397		559 397		
	15,92		319 448	319 448	1 003	
		2 779 986	319 448	3 099 434	1 003	1 347 905
Total		8 356 639	860 317	9 216 956	2 701	4 154 156

** Grant date fair value of rights awarded represents the total fair value of rights awarded during the prior year. This cost will be expensed over the rights' vesting period.*

Interests of directors of the company in conditional shares awarded in terms of the RCL FOODS Conditional Share Plan

	Conditional shares at June 2016	Conditional shares at awarded during the year	Conditional shares at June 2017
M Dally	865 422	3 620 565	4 485 987
RH Field	649 067	1 448 226	2 097 293
Total	1 514 489	5 068 791	6 583 280

	Conditional shares at June 2015	Conditional shares awarded during the year	Conditional shares settled during the year	Conditional shares at June 2016	Gain on conditional shares exercised during the year June 2016
M Dally	675 547	865 422	(675 547)	865 422	9 390
RH Field	340 124	649 067	(340 124)	649 067	4 728
Total	1 015 671	1 514 489	(1 015 671)	1 514 489	14 118

2. DIRECTORS' EMOLUMENTS CONTINUED

Interests of directors of the company in stated capital

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

	2017 Direct beneficial	2017 Indirect beneficial	2016 Direct beneficial	2016 Indirect beneficial
Executive directors				
M Dally	1 212 372		1 201 753	
RH Field	511 971		450 000	
Non-executive directors				
NP Mageza		386		386
MM Nhlanhla*		229 559		229 559
GC Zondi*		2 932 004		4 251 093
Total	1 724 343	3 161 949	1 651 753	4 481 038

** Assumes 100% vesting in terms of BEE transaction.*

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

Directors' emoluments paid by Remgro Limited

	Fees R'000	Salaries R'000	Retirement fund R'000	Other benefits** R'000	Total R'000
June 2017					
Executive					
HJ Carse		1 972	391	258	2 621
JJ Durand	321	10 506	2 147	344	13 318
PR Louw		2 399	476	339	3 214
Subtotal	321	14 877	3 014	941	19 153
Non-executive					
NP Mageza	455				455
Subtotal	455				455
Total	776	14 877	3 014	941	19 608
June 2016					
Executive					
HJ Carse		1 840	365	244	2 449
JJ Durand	300	9 815	2 006	322	12 443
PR Louw		1 720	355	265	2 340
Subtotal	300	13 375	2 726	831	17 232
Non-executive					
NP Mageza	400				400
Subtotal	400				400
Total	700	13 375	2 726	831	17 632

*** Other benefits include medical aid contributions and vehicle benefits.*

2. DIRECTORS' EMOLUMENTS CONTINUED

Variable pay – long-term incentive plans

Remgro Equity Settled Share Appreciation Right Scheme (SARs) – 2017

Participant	Balance of SARs accepted as at June 2016	SARs accepted during the period	Offer date	Offer price Rand	Balance of SARs accepted as at June 2017	Grant date fair value of SARs granted during the year R'000
Executive						
HJ Carse	18 062			92,83	18 062	
	7 546			142,04	7 546	
	11 767			185,07	11 767	
	17 775			245,53	17 775	
	8 273			262,77	8 273	
		9 988	1/12/2016	209,11	9 988	699
JJ Durand	157 262			92,83	157 262	
	271 258			142,04	271 258	
	93 128			185,07	93 128	
	108 468			245,53	108 468	
	192 676			262,77	192 676	
		150 872	1/12/2016	209,11	150 872	10 553
PR Louw	27 432			92,83	27 432	
	22 646			142,04	22 646	
	12 944			185,07	12 944	
	5 952			245,53	5 952	
	9 497			262,77	9 497	
		91 120	1/12/2016	209,11	91 120	6 374
Total	964 686	251 980			1 216 666	17 626

2. DIRECTORS' EMOLUMENTS CONTINUED

Remgro Equity Settled Share Appreciation Right Scheme (SARs) – 2016

Participant	Balance of SARs accepted as at June 2015	SARs accepted during the period	Offer date	Offer price Rand	Number of SARs exercised	Date exercising SARs	Share price on exercise date	Increase in value* R'000	Balance of SARs accepted as at June 2016	Grant date fair value of SARs granted during the period R'000
Executive										
HJ Carse	28 062			97,55	(10 000)	11/3/2016	279,00	1 815	18 062	
	7 546			147,25					7 546	
	11 767			191,70					11 767	
	17 775			253,53					17 775	
		8 273	24/11/2016	272,00					8 273	669
JJ Durand	157 262			97,55					157 262	
	271 258			147,25					271 258	
	93 128			191,70					93 128	
	108 468			253,53					108 468	
		192 676	24/11/2016	272,00					192 676	15 591
PR Louw	8 998			65,50	(8 998)	26/10/2016	278,58	1 917		
	27 432			97,55					27 432	
	22 646			147,25					22 646	
	12 944			191,70					12 944	
	5 952			253,53					5 952	
		9 497	24/11/2016	272,00					9 497	768
Total	773 238	210 446			(18 998)			3 732	964 686	17 028

** Refers to the increase in value of the SARs Scheme shares of the indicated participants from the offer date to the date of payment of delivery.*

	2017 R'000	2016 R'000
3. FINANCE COST		
Interest – financial institutions	306 689	318 130
Fair value adjustment on interest rate collar option	7 661	6 763
Transaction costs on term-funded debt	4 031	1 876
Foreign exchange losses	2 334	5 880
Interest – holding company, joint ventures and associates*	36 598	13 340
Interest – other*	16 428	19 205
Total	373 741	365 194

** 2016 restated to align grouping of interest with 2017 disclosure.*

	2017 R'000	2016 R'000
4. INTEREST-BEARING LIABILITIES		
Long-term		
Institutional borrowings	43 452	49 310
Finance lease liabilities	169 962	168 185
Term-funded debt package	2 852 000	3 350 000
Loan from Ingwenyama Simhulu Trust	8 000	8 000
Loans from Akwandze Agricultural Finance Proprietary Limited	5 408	23 351
Total	3 078 822	3 598 846
Short-term		
Institutional borrowings	5 859	5 859
Finance lease liabilities	9 652	10 055
Current portion of long-term loan from Akwandze Agricultural Finance Proprietary Limited	18 023	19 427
Short-term loans from Akwandze Agricultural Finance Proprietary Limited	192 849	77 061
Total	226 383	112 402

Bank borrowings

Long-term institutional borrowings are loans from Futuregrowth Asset Management Proprietary Limited with a carrying value of R43,5 million (2016: R49,3 million) with an amount of R5,9 million included in short-term institutional borrowings (2016: R5,9 million). These loans were used to fund new contract grower operations in the Chicken business unit. These loans bear interest at the three-month JIBAR with a margin of between 1,5% and 4,25% (2016: 1,5% and 4,25%). The outstanding loan together with the accrued interest is required to be repaid in instalments based on the contract growers operating cycle at intervals of between 40 to 50 days between payments.

The carrying amount of bank borrowings approximate their fair values.

Finance lease liabilities

The finance lease liabilities bear interest at a rate between 7,0% and 10,0% per annum.

Finance lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

The carrying amount of the finance lease liabilities approximate their fair values.

Term-funded debt package

During the 2015 financial year, the RMB bridging loan was replaced with a term-funded debt package.

The loans bear interest at a floating rate (JIBAR) plus a margin of between 1,65% and 2,25%.

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

	Amount R'000	Term (years)	Effective interest rate	Repayment date
Type				
Bullet loan (A)	1 755 000	5	9,03%	February 2020
Bullet loan (B)	1 097 000	4	8,81%	February 2019
Revolving credit facility	498 000	3	8,91%	Undrawn
Total	3 350 000			

The R498,0 million Revolving Credit Facility was repaid in January 2017 from available cash resources and has remained undrawn since.

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

	June 2017	June 2016
Senior leverage ratio	<2,75:1	<3:1
Senior interest cover ratio	>3,5:1	>3:1

4. INTEREST-BEARING LIABILITIES CONTINUED

Term-funded debt package continued

In the event that the Net Senior Debt to EBITDA ratio exceeds 2,7 times on a measurement date, the applicable interest rate will be increased by 0,25% until the cover is restored. Net Senior Debt represents all unsubordinated debt less cash and cash equivalents and any investment in money market fund.

The terms of the term-funded debt package require lender pre-approval for the following specified events:

- Any acquisition funded from internally generated cash in excess of R250,0 million per annum;
- Any loan or investment in a joint venture in excess of R500,0 million over the period of the debt package;
- More than two dividends paid in a financial year;
- Entering into acquisitions and the payment of dividends requires the Group to meet the financial covenants specified in the term-funded debt package agreement both immediately after the proposed transaction and on a look forward basis for the next interim and year-end reporting date after the proposed transaction; and
- In addition, there are various transactions in the normal course of business which require that the Group remain within the specified financial covenants.

The obligation in respect of the debt package discussed above has been guaranteed by each of Foodcorp Proprietary Limited, RCL FOODS Limited, New Foodcorp Holding Proprietary Limited, RCL FOODS Sugar & Milling Proprietary Limited, RCL FOODS Consumer Proprietary Limited, Rainbow Farms Investments Proprietary Limited, RCL Group Services Proprietary Limited and Vector Logistics Proprietary Limited. The debt package is held through RCL FOODS Treasury Proprietary Limited.

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

The fair value of the term-funded debt package at June 2017 amounted to R2,98 billion (2016: R3,47 billion). The fair value is calculated using cash flows discounted at a rate based on the ZAR Swap Curve over the period of the loan and are within level 2 of the fair value hierarchy.

Loans from Ingwenyama Simhulu Trust

Libuyile Farming Services is a 50% held subsidiary of the Group, which farms sugarcane.

Libuyile Farming Services Proprietary Limited obtained a shareholder loan from Ingwenyama Simhulu Trust during the 2016 financial year. No interest is payable within the first three years. A rate of 4,0% interest will be charged from years three to five. A prime less 1,0% interest will be charged after year five. The repayment of the shareholder loan will be considered after year five at a Libuyile Farming Services Proprietary Limited board meeting.

Loans from Akwandze Agricultural Finance Proprietary Limited

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

The long-term loans from Akwandze Agricultural Finance Proprietary Limited are repayable annually, over a maximum remaining period of three years. These loans bear interest at a fixed rate between 8,5% to 9,0% per annum and are secured by a cession over Libuyile Farming Services Proprietary Limited, Mgubho Farming Services Proprietary Limited and Sivunosetfu Proprietary Limited's rights and interest in the gross revenue accruing to these companies from all sugarcane cut and delivered to any mill, including revenue from any seed cane sold or disposed otherwise. These loans have been guaranteed by RCL FOODS Sugar & Milling Proprietary Limited.

Included in the short-term loans from Akwandze Agricultural Finance Proprietary Limited of R192,8 million is an amount of R134,3 million relating to loans which are repayable within one year. These loans bear interest at a fixed rate of 10,5% per annum and are secured by a cession over Libuyile Farming Services Proprietary Limited, Mgubho Farming Services Proprietary Limited and Sivunosetfu Proprietary Limited rights and interest in the gross revenue accruing to these companies from all sugarcane cut and delivered to any mill, including revenue from any seed cane sold or disposed otherwise. These loans have been guaranteed by RCL FOODS Sugar & Milling Proprietary Limited.

The remaining short-term loans from Akwandze Agricultural Finance Proprietary Limited, amounting to R58,5 million, are unsecured, payable on demand and bear interest at a variable rate of 9,5% per annum.

The carrying amount of these loans approximate their fair values.

	2017 R'000

5. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale relate to the following segments:

	2017 R'000
Assets	
Consumer	71 102
Logistics	1 647
Sugar & Milling	15 936
Total assets	88 685
Liabilities	
Consumer	1 221
Logistics	174
Total liabilities	1 395

Tzaneen Operations

In line with RCL FOODS' revised business model for its Chicken business unit, a decision was taken during the financial year to dispose of our Tzaneen operations in its entirety. A buyer has been located for the operations and the sale is expected to be finalised in the 2018 financial year. The carrying values of the assets and liabilities to be disposed of, which belong to the Consumer and Logistics segments, are illustrated below:

	2017 R'000
Assets	
Property, plant and equipment	55 306
Biological assets	14 758
Inventory	2 685
Total assets	72 749
Liabilities	
Trade and other payables	1 395
Total liabilities	1 395

The Tzaneen operations do not represent a separate major line of business or geographical area and hence have not been presented separately as a discontinued operation.

Sugar & Milling

During the financial year, the Group replaced its existing corporate plane. The existing plane is in the process of the being sold, a buyer has been located, and the sale is expected to be completed in the 2018 financial year.

A decision was taken to dispose of cane trucks and a premix plant within the Sugar & Milling segment. The cane trucks are being actively marketed for sale whilst an agreement of sale has already been entered into with a buyer as at year-end for the premix plant.

Details of the assets classified as held for sale are as follows:

	2017 R'000
Assets	
Property, plant and equipment	15 936
Total assets	15 936

No assets were classified as held-for-sale in the 2016 financial year.

6. BIOLOGICAL ASSETS

	Breeding stock R'000	Broiler stock R'000	Sugarcane plants R'000	Banana fruit R'000	Total 2017 R'000
June 2017					
At the beginning of the year at fair value	348 983	262 777	352 695	3 704	968 159
Gains arising from cost inputs	914 841	3 828 769			4 743 610
Decrease due to harvest	(1 016 404)	(3 897 877)			(4 914 281)
Fair value adjustments recorded in profit or loss	25 844	13 221	318 050	6 878	363 993
Transferred to cost of sales			(351 550)	(3 704)	(355 254)
Transferred to assets held for sale		(14 758)			(14 758)
At the end of the year at fair value	273 264	192 132	319 195	6 878	791 469

	Breeding stock R'000	Broiler stock R'000	Sugarcane plants R'000	Banana fruit R'000	Total 2016 R'000
June 2016*					
At the beginning of the year at fair value	307 911	240 614	276 035	4 972	829 532
Gains arising from cost inputs	1 024 731	4 025 344			5 050 075
Decrease due to harvest	(1 033 139)	(4 014 949)			(5 048 088)
Fair value adjustments recorded in profit or loss	49 480	11 768	347 148	3 704	412 100
Transferred to cost of sales			(270 488)	(4 972)	(275 460)
At the end of the year at fair value	348 983	262 777	352 695	3 704	968 159

** The prior year information has been restated for the impact of amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" regarding bearer plants.*

7. RELATED PARTY TRANSACTIONS

Related party relationships exist between RCL Foods Limited, its subsidiaries, associates, joint ventures and Remgro Limited and its subsidiaries, associates and joint ventures. Remgro Management Services Limited provides treasury services to the Group.

The ultimate controlling party of the Group is Remgro Limited.

Group

As detailed in note 1 to the company financial statements included in the Annual Financial Statements for the year ended June 2017, available at www.rclfoods.com, the Group has concluded certain lending transactions with these related parties. In addition the following transactions were concluded:

	2017 R'000	2016 R'000
Transactions and balances with ultimate holding company		
Interest paid	16 336	13 237
Interest received		5
Administration and other fees paid	20 496	18 754
Amounts owing included in trade and other payables	103	7 160
Directors' fees	931	870
Purchases of property, plant and equipment	41 400	
Transactions and balances with associates of the holding company		
Bank charges paid	3 492	2 987
Bank balances included in cash and cash equivalents	220 277	125 192
Bank balances included in bank overdraft		178 700
Interest paid	95 490	100 717
Interest received	4 185	1 703
Amounts owing included in payables	16 586	13 468
Corporate finance transaction costs		5 400
Commitment, settlement and facility fees paid	2 677	18 635
Amounts owing included in short-term interest-bearing liabilities	497	947
Amounts owing included in long-term interest-bearing liabilities	954 000	1 126 000
Purchases	153 268	143 254
Sales	52	4
Transactions with associates and joint ventures within the Group		
Interest paid	20 262	10 419
Interest received	9 533	1 948
Management fees received	1 366	1 289
Service fees received	2 382	3 326
Service fees paid	8 473	8 338
Dividends received	89 093	68 595
Sales	4 206	9 476
Purchases	843 864	840 029
Amounts owing by associates and joint ventures within the Group included in receivables	1 132	63 033
Amounts owing to associates and joint ventures within the Group included in interest-bearing liabilities	157 683	119 839
Amounts owing to associates and joint ventures within the Group included in payables	86 428	87 040
Key management of RCL Foods Limited		
In terms of IAS 24 "Related party disclosures", key management are considered to be related parties.		
Executive management and the senior leadership team are classified as key management.		
The following transactions were carried out with key management individuals within the Group:		
– short-term	434 022	384 074
– post-employment benefits	26 592	30 535
– termination benefits	2 477	2 235
– share-based payments	78 959	55 259
Total	542 050	472 103

RCL FOODS LIMITED

(Incorporated in the Republic of South Africa)
Registration number: 1966/004972/06
Share code: RCL
ISIN: ZAE000179438
("RCL FOODS" or "the company")

In terms of section 59(1)(a) of the South African Companies Act, No 71 of 2008, as amended, ("the Companies Act") the record date for the purpose of determining which shareholders of the company are entitled to receive notice of the Annual General Meeting is Friday, 22 September 2017. In terms of section 59(1)(b) of the Companies Act, the record date for the purpose of determining which shareholders of the company are entitled to participate in and vote at the annual general meeting is Friday, 3 November 2017. Accordingly, the last day to trade in order to be registered in the register of members of the company and therefore be eligible to participate in and vote at the annual general meeting is Tuesday, 31 October 2017.

Notice is hereby given that the 51st Annual General Meeting of shareholders of RCL FOODS will be held at Ten The Boulevard, Westway Office Park, Westville, KwaZulu-Natal on Wednesday 8 November 2017 at 08:30 to consider and, if deemed fit, to pass the following ordinary and special resolutions with or without modification and to transact such other business as may be transacted at an Annual General Meeting.

ORDINARY RESOLUTIONS

1. ADOPTION OF ANNUAL FINANCIAL STATEMENTS

Ordinary resolution number 1

Resolved that the Audited Annual Financial Statements of the company and the Group, including the Directors' Report, Report of the Audit Committee and Independent Auditor's Report, for the year ended June 2017 be received and adopted.

2. RE-ELECTION OF DIRECTORS

Ordinary resolution number 2.1

Resolved that Mr RV Smither, having retired and been re-appointed in accordance with the company's retirement policy since the last Annual General Meeting, be re-elected as a director of the company.

Ordinary resolution number 2.2

Resolved that Mr DTV Msibi, who retires by rotation in accordance with the Memorandum of Incorporation of the company and who, being eligible, has offered himself for re-election, be re-elected as a director of the company.

Ordinary resolution number 2.3

Resolved that Mr GM Steyn, who retires by rotation in accordance with the Memorandum of Incorporation of the company and who, being eligible, has offered himself for re-election, be re-elected as a director of the company.

Ordinary resolution number 2.4

Resolved that Mr M Dally, who retires by rotation in accordance with the Memorandum of Incorporation of the company and who, being eligible, has offered himself for re-election, be re-elected as a director of the company.

Ordinary resolution number 2.5

Resolved that Mr RH Field, who retires by rotation in accordance with the Memorandum of Incorporation of the company and who, being eligible, has offered himself for re-election, be re-elected as a director of the company.

Biographical details of the above directors can be found on pages 52 and 53 of this Abridged Integrated Annual Report, of which this notice forms part.

3. RE-APPOINTMENT OF EXTERNAL AUDITORS

Ordinary resolution number 3

Resolved that the re-appointment of PricewaterhouseCoopers Incorporated as the company's auditor, as nominated by the company's Audit Committee, be approved, and to note that the individual registered auditor who will perform the function of auditor during the financial year ending June 2018 is Mrs S Randelhoff.

4. **ELECTION OF MEMBERS OF THE AUDIT COMMITTEE**

Ordinary resolution number 4.1
Resolved that Mr NP Mageza, an independent non-executive director of the company, be elected as a member of the Audit Committee until the next Annual General Meeting.

Ordinary resolution number 4.2
Resolved that subject to re-election under resolution 2.2 above, Mr DTV Msibi, an independent non-executive director of the company, be elected as a member of the Audit Committee until the next Annual General Meeting.

Ordinary resolution number 4.3
Resolved that subject to re-election under resolution 2.1 above, Mr RV Smither, an independent non-executive director of the company, be elected as a member of the Audit Committee until the next Annual General Meeting.

5. **CONTROL OF AUTHORISED BUT UNISSUED SHARES**

Ordinary resolution number 5
Resolved that the authorised but unissued ordinary shares in the capital of the company remain under the control of the directors who shall be authorised to issue these shares at such times and on such terms as they may determine, subject to the Companies Act, the company's Memorandum of Incorporation and the Listings Requirements of the JSE Limited (JSE).

Explanation
This general authority, once granted, authorises the board of directors to issue ordinary no par value shares from time to time as may be required. The directors have decided to seek annual renewal of this authority in accordance with best practice. The directors wish to ensure that, by having this authority in place, the company has the necessary flexibility in managing the Group's capital resources and to enable the company to take advantage of any business opportunity that may arise in the future. It is noted that the authority granted under this resolution excludes an issue as contemplated in sections 41(1) and (3) of the Companies Act, which must first be approved by way of a special resolution of shareholders.

6. **NON-BINDING ADVISORY NOTE ON THE REMUNERATION POLICY OF THE COMPANY**

Ordinary resolution number 6
Resolved that the Group Remuneration Policy, as described in the Remuneration Report available at www.rclfoods.com, is hereby approved by way of a non-binding advisory vote, as recommended in the King III Report on Corporate Governance for South Africa 2009, commonly referred to as King III.

7. **ENABLING RESOLUTION**

Ordinary resolution number 7
Resolved that any director of the company and/or the Company Secretary be and is hereby authorised to do all such things and sign all such documents as may be necessary for, or incidental to, the implementation of the ordinary and special resolutions set out in this notice.

SPECIAL RESOLUTIONS

1. **FINANCIAL ASSISTANCE IN TERMS OF SECTIONS 44 AND 45 OF THE COMPANIES ACT, 2008**

Special resolution number 1
Resolved as a special resolution that the Board may, subject to sections 44 and 45 of the Companies Act, the Memorandum of Incorporation of RCL FOODS and the JSE Limited Listings Requirements, authorise RCL FOODS to provide direct or indirect financial assistance as contemplated by sections 44 and 45 of the Companies Act:

(i) by way of loan, guarantee, the provision of security or otherwise to any person for the purpose of, or in connection with, the subscription for any option, or any securities, issued or to be issued by RCL FOODS, or any related or inter-related company, or for the purchase of any securities of RCL FOODS, or any related or inter-related company; and/or

(ii) to a director or prescribed officer of RCL FOODS or of a related or inter-related company, or to a related or inter-related company or corporation, or to a member of a related or inter-related corporation, or to a person related to any such company, corporation, director, prescribed officer or member,

provided that no such financial assistance may be provided at any time in terms of this authority after the expiry of two years from the date of the adoption of this special resolution.

Explanation
On a regular basis, and in the ordinary course of business, the company provides loan financing, guarantees, and other support to the related and inter-related companies/legal entities in the Group.

Sections 44 and 45 of the Companies Act empower the board of a company to provide direct or indirect financial assistance to a related or inter-related company or corporation pursuant to a special resolution of the shareholders of the company adopted within the previous two years.

The reason for and effect of special resolution number 1 is to grant the directors of the company the authority to cause the company to provide financial assistance to any company or other legal entity which is related or inter-related to the company, in accordance with the Companies Act. This authority is necessary to enable the company to provide financial assistance in appropriate circumstances. The financial assistance will be provided where the board of directors of the company is satisfied that immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test and that the terms under which the financial assistance is proposed to be given are fair and reasonable to the company. In the circumstances and in order to, *inter alia,* ensure that the company's subsidiaries and other related and inter-related companies and corporations have access to financing, it is necessary to obtain the approval of shareholders, as set out in special resolution number 1.

2. **APPROVAL OF NON-EXECUTIVE DIRECTORS' REMUNERATION**

Special resolution number 2
Resolved as a special resolution that, unless otherwise determined by the company in a general meeting, the annual fees payable by the company to its non-executive directors, with effect from 1 October 2017, be approved as follows:

	Rands per annum	
	Current	Proposed
Board		
Chairman	**286 225**	303 398
Members	**286 225**	303 398
Audit Committee		
Chairman	**238 931**	253 266
Members	**120 054**	127 257
Remuneration and Nominations Committee		
Chairman	**141 240**	149 714
Members	**88 275**	93 571
Risk Committee		
Chairman	**141 240**	149 714
Members	**88 275**	93 571
Social and Ethics Committee		
Chairman	**101 222**	107 295
Members	**61 204**	64 876

Explanation
Section 66(9) of the Companies Act requires that a company may pay remuneration to its directors for their services as directors only in accordance with a special resolution approved by the shareholders within the previous two years.

The reason for and effect of special resolution number 2 is to grant the company the authority to pay fees to its non-executive directors for their services as directors.

APPROVALS REQUIRED FOR RESOLUTIONS

Ordinary resolutions numbers 1 to 7 contained in this notice require the approval of more than 50% (fifty percent) of the voting rights exercised on the resolution by members present or represented by proxy at the annual general meeting.

Special resolutions numbers 1 to 2 contained in this notice require the approval of more than 75% (seventy-five percent) of the voting rights exercised on the resolutions by members present or represented by proxy at the annual general meeting.

ATTENDANCE AND VOTING BY MEMBERS OR PROXIES

Ordinary members who have not dematerialised their ordinary shares or who have dematerialised their ordinary shares with own name registration, are entitled to attend and to vote at the meeting. Any such member may appoint a proxy/proxies to attend, speak and vote in their stead (on a poll) at the meeting. A proxy need not be a member of the company. Forms of proxy should be completed and returned to the transfer secretary, Computershare Investor Services Proprietary Limited at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, or posted to PO Box 61051, Marshalltown 2107, to be received by 08:30 on 6 November 2017 for administrative purposes, or alternatively handed to the Company Secretary of the company or the Chairperson of the Annual General Meeting prior to its commencement at 08:30 on 8 November 2017.

Any shares held by a share trust or scheme will not have their votes at the annual general meeting taken into account for the purposes of resolutions proposed in terms of the Listings Requirements. In terms of section 48(2)(b)(ii) of the Companies Act, no voting rights may attach to any shares held in treasury.

On a show of hands, every member of the company present in person or represented by proxy shall have one vote only. On a poll, every member of the company shall have one vote for every share held in the company by such member.

Ordinary members who have dematerialised their ordinary shares other than with "own name" registration, should contact their Central Securities Depository Participant (CSDP) or broker in the manner and time stipulated in their agreement:

- to furnish them with their voting instructions; or
- in the event that they wish to attend the meeting, to obtain the necessary authority to do so.

Shareholders or their proxies may participate by electronic communication in all or part of the meeting and, if they wish to do so:

- must contact the Company Secretary (by email at the address: John.Maher@rclfoods.com) by no later than 16:00 on Wednesday, 1 November 2017 in order to facilitate participation; and
- the electronic communication is at the expense of the shareholders or proxy.

PROOF OF IDENTIFICATION REQUIRED

The Companies Act requires that any person who wishes to attend or participate in a shareholders' meeting must present reasonably satisfactory identification at the meeting. Any shareholder or proxy who intends to attend or participate at the Annual General Meeting must be able to present reasonably satisfactory identification at the meeting for such shareholder or proxy to attend and participate at the meeting. A green bar-coded identification document issued by the South African Department of Home Affairs, a driver's licence or a valid passport will be accepted as sufficient identification.

JMJ Maher
Company Secretary

29 August 2017

Registered office
Ten The Boulevard
Westway Office Park
Westville
3629

FORM OF PROXY

RCL FOODS LIMITED

Incorporated in the Republic of South Africa
Registration number: 1966/004972/06
Share code: RCL
ISIN: ZAE000179438
("the company")

This form of proxy is only for use by:

1. Registered members who have not yet dematerialised their ordinary shares
2. Registered members who have already dematerialised their ordinary shares and registered them in their own name*

* *See explanatory note 3 overleaf*

I/We (name in block letters)

Of (address)

Telephone number Cell phone number

being a member/members of RCL Foods Limited (registration number 1966/004972/06)

and the registered holder/s of ordinary shares in the company, hereby appoint (see instruction 1 overleaf)

1. or failing him/her
2. or failing him/her
3. the Chairman of the annual general meeting,

as my/our proxy to attend, speak and vote for me/us and on my/our behalf or to abstain from voting at the Annual General Meeting of the company to be held at Ten The Boulevard, Westway Office Park, Westville, KwaZulu-Natal on Wednesday, 8 November 2017 at 08:30 and at any adjournment thereof as follows:

ORDINARY RESOLUTIONS		In favour	Against	Abstain
1.	Adoption of annual financial statements			
2.	Re-election of directors			
2.1	Mr RV Smither			
2.2	Mr DTV Msibi			
2.3	Mr GM Steyn			
2.4	Mr M Dally			
2.5	Mr RH Field			
3.	Re-appointment of external auditors			
4.	Election of members of the Audit Committee			
4.1	Mr NP Mageza			
4.2	Mr DTV Msibi			
4.3	Mr RV Smither			
5.	Control of authorised but unissued shares			
6.	Non-binding advisory vote on the reumuneration policy of the company			
8.	Enabling Resolution			
SPECIAL RESOLUTIONS				
1.	Financial assistance in terms of sections 44 and 45			
2.	Approval of non-executive directors' remuneration			

(Indicate instructions to proxy by way of a cross in the space provided). Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed this day of 2017.

Signature

(Please read the notes and instructions overleaf)

NOTES TO THE FORM OF PROXY

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a registered member of the company. Satisfactory identification must be presented by any person wishing to attend the annual general meeting, as set out in the notice.
2. Every member present in person or by proxy and entitled to vote at the Annual General Meeting of the company shall, on a show of hands, have one vote only, irrespective of the number of shares such member holds. In the event of a poll, each member shall be entitled to one vote in respect of each ordinary share held in the company by him/her.
3. Members registered in their own name are members who elected not to participate in the Issuer-Sponsored Nominee Programme and who appointed Computershare Custodial Services as their Central Securities Depository Participant (CSDP) with the express instruction that their uncertified shares are to be registered in the electronic sub-register of members in their own names.

INSTRUCTIONS ON SIGNING AND LODGING THE FORM OF PROXY

1. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space/s provided overleaf, with or without deleting "the Chairman of the Annual General Meeting", but any such deletion must be initialled by the member. Should this space be left blank, the proxy will be exercised by the Chairman of the Annual General Meeting. The person whose name appears first on the form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A member's voting instructions to the proxy should be indicated by the insertion of an "X", or the number of votes exercisable by the member, in the appropriate spaces provided overleaf. Failure to do so shall be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting, as he/she thinks fit in respect of all the member's exercisable votes. A member or his/her proxy is not obliged to use all the votes exercisable by him/her or by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the member or by his/her proxy.
3. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
4. To be valid, the completed forms of proxy should be completed and returned to the transfer secretary, Computershare Investor Services Proprietary Limited at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, or posted to PO Box 61051, Marshalltown 2107, to be received by 08:30 on 6 November 2017 for administrative purposes, or alternatively handed to the Company Secretary of the company or the Chairperson of the Annual General Meeting prior to its commencement at 08:30 on 8 November 2017.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries or waived by the Chairman of the Annual General Meeting.
6. The completion and lodging of this form of proxy shall not preclude the relevant member from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.
7. The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this form of proxy must be initialled by the signatory/ies.
8. The provisions of the Companies Act in relation to the revocation of the appointment of a proxy apply. A member may accordingly revoke a proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of such revocation to the proxy and the company.
9. The Chairman of the Annual General Meeting may reject or accept any form of proxy which is completed other than in accordance with these instructions provided that he is satisfied as to the manner in which a member wishes to vote.

SHAREHOLDERS' DIARY

Financial year-end	June
Annual General Meeting	November

FINANCIAL REPORTS

Announcement of results for the year	August
Annual Financial Statements posted	September
Interim report for half year to December	February

FUTURE ORDINARY DIVIDENDS

Interim dividend	
Declaration	February
Payment	April
Final dividend	
Declaration	August
Payment	October

CORPORATE INFORMATION

Company registration number	1966/004972/06
JSE Share code	RCL
ISIN code	ZAE000179438
Registered office/street address	Ten The Boulevard Westway Office Park Westville 3629
Postal address	PO Box 2734 Westway Office Park 3635
Transfer secretaries	Computershare Investor Services Proprietary Limited Rosebank Towers 15 Biermann Avenue Rosebank 2196
Company secretary	JMJ Maher
Auditors	PricewaterhouseCoopers Incorporated
Listing	JSE Securities Exchange South Africa
Sector	Food Producers
Sponsor	Rand Merchant Bank (a division of FirstRand Bank Limited)
Bankers	ABSA Bank Limited, First National Bank of Southern Africa Limited, Standard Bank Limited
Website	www.rclfoods.com

MORE FOOD
TO MORE
PEOPLE
MORE OFTEN

www.rclfoods.com