2016 ABRIDGED INTEGRATED ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2016

REVENUE

R25,0 billion

6,8% ↑

EBITDA

R1,8 billion

20,6% ↓

HEADLINE EARNINGS

continuing operations

R849,7 million

11,9% ↓

HEPS

continuing operations

98,5 cents

12,2% ↓

TOTAL DIVIDENDS DECLARED PER SHARE

30,0 cents

18,9% ↓

CONTENTS

ABOUT THE REPORT

BOUNDARY AND SCOPE

The aim of the 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. This report includes all the subsidiaries of RCL FOODS. It covers the performance for the year ended 30 June 2016 and provides a view of operations of the Group with relevant comparatives to the previous period.

MATERIAL ASPECTS

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.

REPORTING FRAMEWORK

ASSURANCE AND APPROVAL

The Board acknowledges its responsibility for the content of RCL FOODS' Abridged Integrated Annual Report and the suite of reports detailed below. 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 30 August 2016. 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 providers are set out in the relevant sections of the Annual Financial Statements, page 5 and the Sustainability Report, both reports being available on our website: **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 and other relevant additional supporting reports and compliance information such as the Group's Sustainability Report for the 2016 financial year, King III application table and Committee Charters.

RELATED REPORTS

The abridged integrated report forms part of, and should be read in conjunction with a suite of reports available on our website. Other reports available are:

Annual financial statements
Corporate Governance report
Risk Management report
Remuneration report
Sustainability report

USABILITY FEATURES

For ease of use and referencing, all the reports have also been incorporated into an expanded integrated report, available online or in downloadable form. Shareholders are also reminded that they are entitled to a hard copy on demand. Shareholders may request a copy by contacting the Company Secretary.

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

Directs readers to the page in this Abridged Integrated Annual Report with more details.

Directs readers to where related information is available in the Sustainability Report.


SUNBAKE
Supreme
"YUM YUM"
creamy
Selati
Muesli Lite
SLICED

OUR PASSION

MORE FOOD TO MORE PEOPLE, MORE OFTEN

WE BELIEVE IN DOING MORE....

with a single minded passion to provide more food to more people, more often. We believe that by nourishing people while sustaining our resources, everyone wins. Communities will be enriched, employees inspired and our customers and shareholders will enjoy the benefits.

Deliver more nourishing food, better value and greater choice.

Make food choices available to all people.

Provide affordable food to everyone, every day, everywhere.

MORE FOOD

MORE PEOPLE

MORE OFTEN

Build our portfolio with strong brands. Gain a bigger share of meals by driving added value products and relentless innovation.

Increase market share in existing categories and find new consumers in new categories and markets.

Reach new consumer occasions through increased distribution and better penetration.

AMBITION To build a profitable business of scale by creating food brands that matter.

STRATEGIC THRUSTS

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

OUR VALUES

RESPECT FOR PEOPLE

SEEING AND DOING THINGS DIFFERENTLY

UNCOMPROMISING INTEGRITY

ACT RESPONSIBLY

OUR WAY

WE'RE FOR MORE

We see and do things differently
We're restless, **often maverick**
We rattle complacency's cage, upset the status quo
Not just for the sake of it
But because **we want to make an impact**
One that matters

We want to do more and be more
We want people to lead **better lives**
We want business to do **better business**
We want relationships to be more resilient …
We want to **embrace change, nurture longevity**

It's a big ask, but we're up for it.
Because **our passion, our purpose** –
is simple and powerful:
MORE FOOD TO MORE PEOPLE MORE OFTEN

And we'll do this with **great people.**
Brave, curious, real, honest,
passionate, ideas people
Who break down barriers, build new bridges
and **change the rules**

BECAUSE ANYTHING LESS, WON'T ACHIEVE MORE

MORE IMPACT	For the greatest impact, you need to face the brutal facts and clear the biggest hurdles.
MORE BRAVE	Have the courage to do the right thing. Make bold decisions. Learn from your mistakes.
MORE CURIOUS	It's curious people who have game-changing ideas. Be curious!
MORE OPEN	Be generous with knowledge, value the views of others, regardless of who they are.
MORE SPEED	Speed and simplicity go hand in hand – so be clear, stay lean, go fast.
MORE YOU	Be yourself. Be authentic. Be more you!
PS. MORE FUN!	… because it's contagious!

OUR LEADERSHIP STANDARDS

LEADING PERFORMANCE, CHANGE, PEOPLE & SELF

At the core of RCL FOODS is **authentic leadership** which is about seeing and doing things differently and displaying **judgement, drive and influence,** supported by the Standards of Leadership.

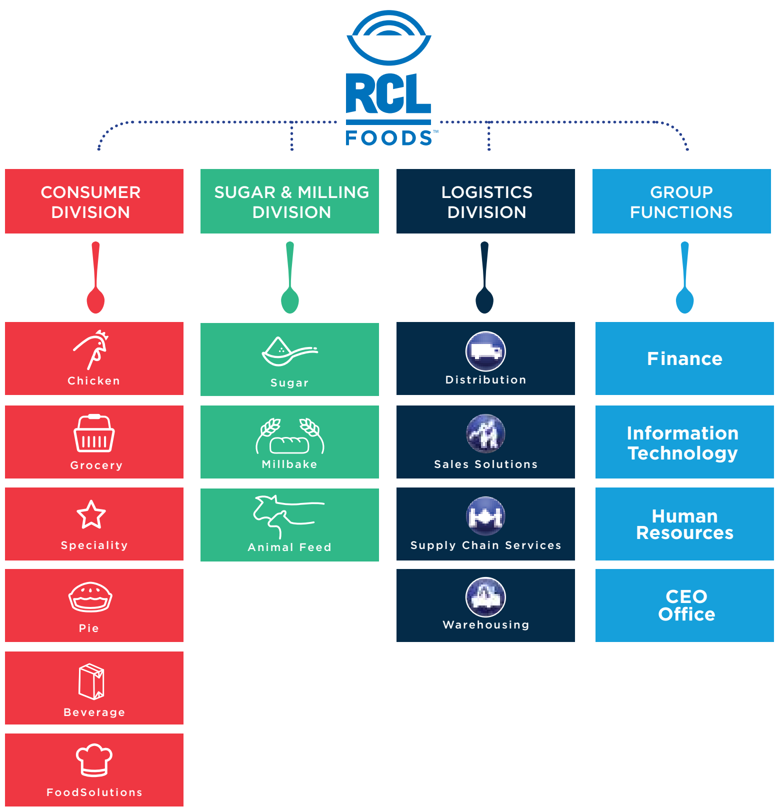
WHO WE ARE AND WHAT WE DO

RCL FOODS is a leading African food producer with a market capitalisation of R13 billion and employing more than 20 000 people in operations across South Africa. We manufacture a wide range of branded and private label food products which we distribute through our own route-to-market supply chain specialist, Vector Logistics.

In line with our Passion to provide more food to more people, more often, we have acquired a number of businesses with deep South African roots and strong brands, which have enabled us to diversify our offering and enhance our reach. Included in our portfolio are well-known South African brands such as Selati sugar, Supreme flour, Rainbow and Farmer Brown chicken, Pieman's pies, Mageu Number 1 beverages, Sunbake bread, Nola mayonnaise, Yum Yum peanut butter, Ouma rusks, Bobtail and Catmor pet food products and Epol and Molatek animal feed. We also offer a wide range of dedicated services to foodservice customers across South Africa and beyond our borders.

In line with our strategy, we have recently transformed from four separate businesses (TSB Sugar, Rainbow Chicken, Foodcorp and Vector Logistics) into "One RCL FOODS", an integrated company made up of three divisions supported by common Group functions. This structure allows for an enhanced category focus in our core businesses (chicken, sugar, grains and animal feed), whilst delivering into the rapidly growing area of added-value products (grocery, pies, baking, beverages, added-value chicken, speciality products and foodsolutions for the foodservice industry). Our Logistics division (Vector) is a key enabler in this enterprise, providing RCL FOODS and various third party customers with a fleet of over 400 vehicles that distribute more than 60 million cases across South and Southern Africa each year.

IAR 10
IAR 12
IAR 14



A BOWL

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

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.


Supreme
FLOUR

NUMBER ONE
LONG LIFE
Smooth
MAGEU
CREAMY
VANILLA
FLAVOUR

ULTRA DOG
ULTRA DOG
SUPERWOOF

NOLA
NOLA



vector

OUMA
CONDENSED
MILK
FLAVOURED RUSKS
CHUNKY



PIEMAN'S


WE ARE IN ALMOST EVERY SOUTH AFRICAN HOUSEHOLD, WITH MORE THAN

20 MUCH LOVED BRANDS

SPANNING STAPLES TO TOP-END OFFERINGS

WE ARE 30 million CHICKENS

ON THE GROUND AT ANY GIVEN TIME FROM OVER 200 FARMS COUNTRYWIDE

5,5 million tons OF CANE CRUSHED EVERY YEAR

500 000 tons

OF WHEAT & MAIZE MILLED EVERY YEAR

1,4 million tons

OF ANIMAL FEED PRODUCED ANNUALLY

WE ARE OVER 400 000 PIES
SOLD EVERY DAY

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

HALF A MILLION
LOAVES OF BREAD
SOLD EVERY DAY

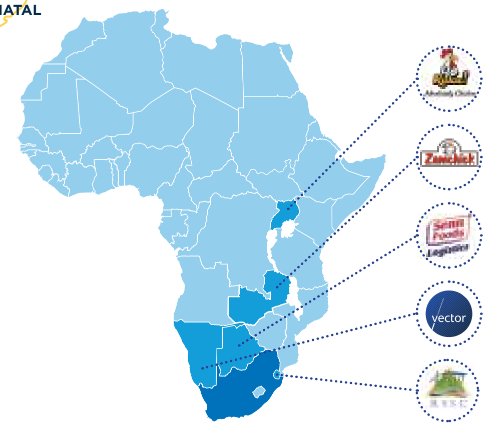
WE ARE NEARLY 100 tons
OF MAYONNAISE SOLD EVERY DAY

WE ARE ALSO A FLEET OF MORE THAN
1 500 VEHICLES
TRANSPORTING OUR PRODUCTS FROM ...

11 MILLS 9 FACTORIES 7 BAKERIES
6 PROCESSING PLANTS 16 DISTRIBUTION CENTRES
... TO OUR CONSUMERS

AND FINALLY, WE ARE
20 000 EMPLOYEES
DEDICATED TO MAKING THIS HAPPEN EVERY DAY

WHERE
WE ARE



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

GAUTENG

- 1 Grocery Mega Plant
- 1 Chicken Processing Plant
- 16 Chicken Farms
- 1 Pie Factory
- 2 Beverage Plants
- 3 Speciality Plants
- 2 Animal Feed Mills
- 1 Flour Mill
- 3 Bakeries
- 2 Vector Distribution Sites
- 1 Vector Plant Based Cold Store

KWAZULU-NATAL

- 53 Chicken Farms
- 2 Chicken Processing Plants
- 2 Animal Feed Mills
- 1 Sugar Mill
- 1 Vector Plant Based Cold Store
- 3 Vector Distribution Sites

FREE STATE

- 1 Chicken Processing Plant
- 1 Vector Distribution Site
- 1 Vector Plant Based Cold Store

NORTH WEST

- 55 Chicken Farms

WESTERN CAPE

- 37 Chicken Farms
- 1 Chicken Processing Plant
- 1 Speciality Plant
- 1 Animal Feed Mill
- 2 Vector Plant Based Cold Stores
- 3 Vector Distribution Sites

LIMPOPO

- 16 Chicken Farms
- 1 Chicken Processing Plant
- 2 Bakeries
- 1 Vector Plant Based Cold Store
- 1 Vector Distribution Site

MPUMALANGA

- 9 Chicken Farms
- 2 Bakeries
- 1 Animal Feed Mill
- 2 Sugar Mills
- 1 Vector Distribution Site

EASTERN CAPE

- 9 Chicken Farms
- 1 Grocery Plant – Ouma Rusks
- 1 Animal Feed Mill
- 2 Vector Distribution Sites

OUR HISTORY

THE BUSINESSES THAT FORM RCL FOODS SHARE DEEP SOUTH AFRICAN ROOTS, DATING BACK OVER 120 YEARS

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

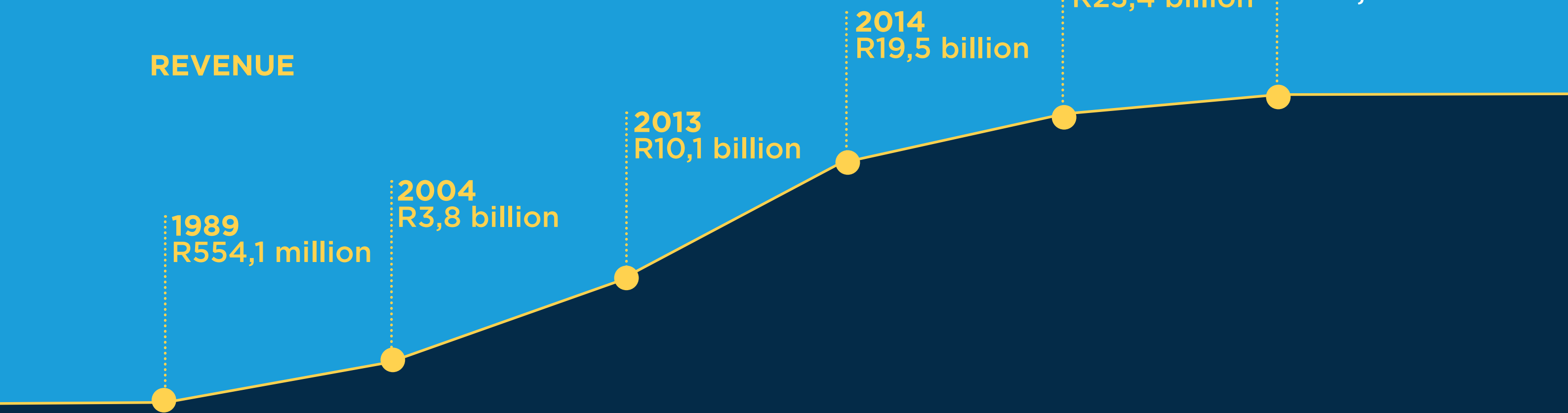
44 years later, on a humble farm in Hammarsdale, Rainbow Chicken started its operation.

1963

Not long after our first processing plant was commissioned in Hammarsdale. Today Rainbow Chicken is one of the biggest processors and marketers of chicken in Africa.

1965

Then 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.



RCL FOODS IS BUILT ON STRONG STRATEGIC ACQUISITIONS MAKING IT ONE OF THE LARGEST FOOD PRODUCERS IN SOUTH AFRICA

1989

Rainbow Chicken 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

Acquired 49% interest in Zam Chick a poultry producer in Zambia

Company name changed from Rainbow Chicken Limited to RCL FOODS Limited

2014

Aquired TSB Sugar Holdings

Acquired 49% of Botswana based Logistics company, Senn Foods Logistics

Implemented a new BEE transaction

2015

Invested in a greenfields hatchery operation in Zambia – 51% in Zamhatch

2016

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

OUR BUSINESS

CONSUMER DIVISION AT A GLANCE

Our Consumer division manufactures, markets and sells quality food and beverage products across a range of categories in the local market. These are delivered through five business units: Chicken, Grocery, Pie, Beverage and Speciality with the Foodsolutions service brand spanning across the division supporting key QSR customers.

CHICKEN	GROCERY	PIE	BEVERAGE	SPECIALITY
RAINBOW, Rainbow Simply Chicken, Farmer Brown	Nola, Bobtail, Yum Yum, Ultra Dog, Ouma, Canine Cuisine, Monati, Catmor, Dogmor, Bonzo, Opti Mizor	Pieman's	Mageu Number 1, Number 1 Smooth, Mnandi Amahewu	Woolworths Food

FOODSOLUTIONS
KEY CUSTOMERS

Chicken Licken, Burger King, KFC, McDonald's i'm lovin' it, Nando's, Starbucks Coffee

6 CHICKEN PROCESSING PLANTS

2 BEVERAGE FACTORIES
1 FRESH, 1 UHT

NET ASSET VALUE R2,7 billion

1 MEGA GROCERY PLANT PRODUCING CULINARY & PET FOOD PRODUCTS

50 000 SPECIALITY PRODUCT LINES ACROSS 4 SPECIALITY FACTORIES

REVENUE R13,3 billion CONTRIBUTING 52% TO GROUP REVENUE

NEARLY 10 000 PEOPLE

EBITDA R701,7 million CONTRIBUTING 40% TO GROUP EBITDA

Our Consumer division has 20 leading South African brands.

LESS THAN R100 million	R100 million	R300 million	R1 billion
Number 1 Smooth, Mnandi Amahewu, Opti Mizor, Canine Cuisine, Catmor, Dogmor, Bonzo	Bobtail, Farmer Brown, Monati, Ouma, Ultra Dog, Cobb	Nola, Mageu Number 1, Rainbow Simply Chicken, Yum Yum	Rainbow, Pieman's, Rainbow Foodsolutions


BEY
OND
YUM
YUM
DOUBLE
CRUNCH

OUR BUSINESS

SUGAR & MILLING DIVISION AT A GLANCE

Our Sugar & Milling division produces a number of much-loved South African brands across its three business units: Sugar, Millbake and Animal Feed. The brands of each business unit hold significant market share in their respective categories.

SUGAR

MILLBAKE

ANIMAL FEED

67 000 HECTARES OF IRRIGATED CANE PRODUCING 700 000 tons OF SUGAR

3 SUGAR MILLS CRUSHING 5,5 million tons OF CANE

1 MILL PRODUCING 500 000 tons OF WHEAT AND MAIZE

7 BAKERIES PRODUCING 500 000 LOAVES OF BREAD PER DAY

7 ANIMAL FEED MILLS PRODUCING 1,4 million tons OF FEED

NEARLY 7 500 PEOPLE

NET ASSET VALUE R2,1 billion

REVENUE R14,9 billion CONTRIBUTING 44% TO GROUP REVENUE

EBITDA R831,0 million CONTRIBUTING 42% TO GROUP EBITDA

Our Sugar & Milling division has 9 leading South African brands.

LESS THAN R100 million

MORE THAN R100 million

R1 billion


SAVE MONEY
15
Selati
WHITE SUGAR
5 kg
1 kg

LOGISTICS DIVISION AT A GLANCE

Our Logistics division (Vector) provides warehousing, distribution, supply chain intelligence and sales solutions to RCL FOODS and numerous third parties. Vector Logistics has partnered with several leading food manufacturers and retailers to ensure efficient and streamlined distribution of frozen, chilled and ambient food products to the consumer market in Southern Africa.

LOGISTICS DIVISION

- WAREHOUSING
- DISTRIBUTION
- SUPPLY CHAIN INTELLIGENCE
- SALES

230 000 CASES DELIVERED DAILY

OVER **4 500 PEOPLE**

OVER **400** AMBIENT & CHILLED VEHICLES

14 DISTRIBUTION SITES

6 PLANT BASED COLD STORES

NATIONAL FOOTPRINT EXTENDING INTO NAMIBIA AND BOTSWANA

NET ASSET VALUE **R237 million**

REVENUE **R2,0 billion** CONTRIBUTING **4%** TO GROUP REVENUE

EBITDA **R260,7 million** CONTRIBUTING **14%** TO GROUP EBITDA

Vector Logistics serves two main types of clients: Food manufacturers (which we refer to as Principals) and foodservice groups and national retailers (which we refer to as Customers). Together, they represent a large portfolio of leading brands that we are proud to assist in bringing to the market.

PRINCIPALS

Mello, Sea Harvest, Hodari, Quorn, Heinz, Pieman's, Dr.Oetker, IJ, Rainbow, Willowton Group, Nature's Garden, Eskort, Renown, Fry's, Findus

PRINCIPAL SECONDARY DISTRIBUTION (PSD)

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

CUSTOMERS

Compass Group, Spur Steak Ranches, Chicken Licken, Giramundo, John Dory's, Wimpy, KFC, Nando's, Panarottis, Captain DoRegos, Pick n Pay, Hungry Lion, Burger King

CUSTOMER SECONDARY DISTRIBUTION (CSD)

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


vector
logisticsolutions

OUR STRATEGY

Our strategy is founded on a clear sense of who we are and where we are going as ONE RCL FOODS. We aim to create the future OUR WAY driven by OUR PASSION and OUR AMBITION, guided by OUR VALUES and OUR LEADERSHIP STANDARDS.

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.

More Food means delivering more nourishing food, better value and greater choice to our consumers. We achieve this as a business by building our portfolio with strong brands and by gaining a bigger share of consumer meals by driving added-value products and relentless innovation.

More People means making food choices available to all people not just some. Doing so requires us to increase our market share in our existing categories and find new consumers in new categories and markets.

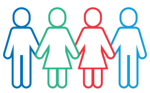
More Often means providing affordable food to everyone, every day, everywhere. We will achieve this by reaching new consumer occasions through increased distribution of our products and better market penetration.

OUR AMBITION

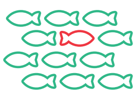
Our ambition is to build a profitable business of scale by creating food brands that matter. Having expanded our scale through strategic acquisitions in 2013/14, we are now working towards a goal of doubling our revenue by 2020, whilst driving a steady and sustainable improvement in operating margin. To realise our ambition, we are dedicated to creating food brands that people love – brands that make an impact on their lives and cater to their needs.

OUR VALUES

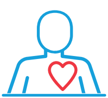
A strong value system underpins our business model, drives our strategy and informs our behaviours at all levels.



Respect for people goes hand in hand with seeing and doing things differently. By treating all people with dignity and fairness, we get to create a diverse, inclusive, performance-based culture where people are inspired to be the best they can be.



Seeing and doing things differently is our key competitive advantage, and the reason why we can keep moving forward and achieve more. We are energetic, passionate and driven by a desire to innovate in every part of our business. Not only do we encourage change to create value, but we embrace it to stay relevant.



Uncompromising integrity ensures that we are consistently ethical in our conduct, and that honesty and transparency govern all our business relationships.

Act responsibly is a collective mandate that drives our actions at all levels. We believe that we have both a responsibility and accountability for protecting our business, the environment, and the wellbeing of the communities in which we operate.

OUR WAY

"Our Way", was born out of the understanding that a business strategy is only as strong as the culture that underpins it. "Our Way" translates our Passion for More and our Values into six key behaviours which inspire the way we work and create value – both within RCL FOODS and with our external stakeholders. Together with our Standards of Leadership (SoL), these behaviours are the "how" to our "why" and the foundation of our future success as a business. As we say in our Culture Manifesto, "Anything less won't achieve more!"

MORE IMPACT
We strive to make the greatest impact by facing the brutal facts and clearing the biggest hurdles.

MORE BRAVE
We have the courage to do the right thing, make bold decisions and learn from our mistakes.

MORE CURIOUS
We are persistent in seeing and doing things differently and we encourage curiosity which leads to game-changing ideas.

MORE OPEN
We believe in sharing knowledge and we value the views of others, regardless of who they are.

MORE SPEED
We strive to combine speed and simplicity to do better business.

MORE YOU
We encourage authenticity because great ideas come from real, honest and passionate people.

P.S. MORE FUN!
... because it is contagious!

OUR LEADERSHIP STANDARDS

At the core of RCL FOODS is **authentic leadership** which is about seeing and doing things differently and displaying **judgement, drive and influence,** supported by the Standards of Leadership.

LEADING PERFORMANCE

- Creating a high performance culture
- Developing a customer service obsession
- Driving brilliant basics

LEADING CHANGE

- Seeing and doing things differently to unlock business value
- Experimentation and innovation
- Developing commitment through engagement

LEADING PEOPLE

- Inspiring people to exceed expectations
- Building an inclusive culture that respects race and gender
- Actively promoting collaboration across team and organisational boundaries

LEADING SELF

- Demonstrating self-drive
- Energising and motivating others by leading through example
- Displaying a relentless focus and desire for continual learning

OUR BUSINESS MODEL

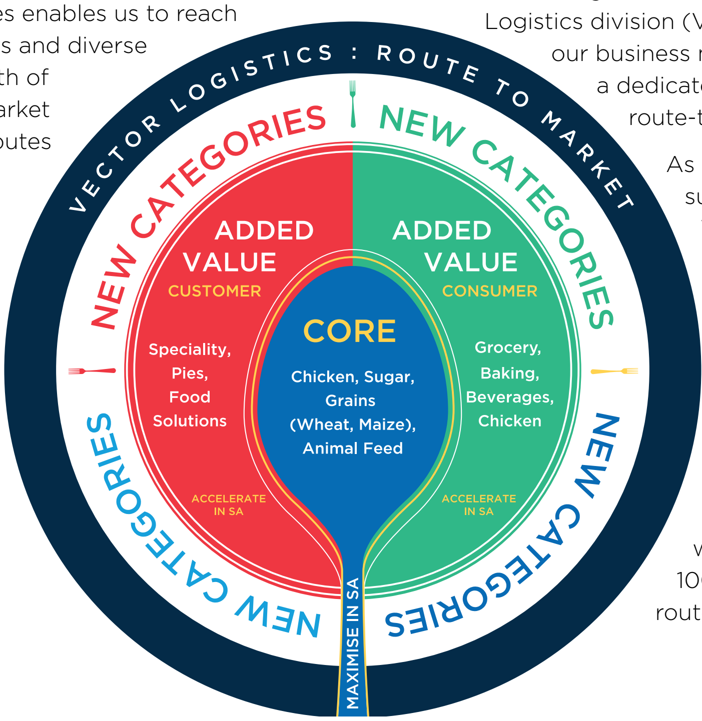
Our journey started over three years ago with the restructuring of the Rainbow business and the acquisition of Foodcorp. With our subsequent acquisition of TSB and the establishment of joint ventures in Zambia (Zam Chick, Zamhatch), Botswana (Senn Foods) and Uganda (HMH), we were transformed into an African food producer of scale. This gave us a solid foundation from which to expand through the execution of our growth-focused business model.

Both in South Africa and the rest of Africa, substantial opportunities exist to expand RCL FOODS' market share across food product categories. Our sizeable portfolio of core categories enables us to reach a wide range of consumers and diverse touch points through depth of distribution and strong market penetration. It also contributes to growing our scale and cash flow as a basis for future strategic growth.

Our business model focuses on growing our revenue and profit across both our core and added-value categories. In South Africa, where we already have a wide market penetration, we focus on maximising the potential of our core categories (chicken, sugar, grains and animal feed) while accelerating growth in higher-margin, added-value categories tailored to our customers requirements (food solutions, speciality products and pies) and our consumers needs (groceries, baking, beverages and added-value chicken).

In the rest of Africa, we focus our efforts on first establishing a strong presence in the four core categories, then on introducing added-value offerings as we build scale in these markets. At the same time, we are always looking to expand our markets across South Africa and in the rest of Africa by acquiring new businesses or categories in line with our ambition. Our Logistics division (Vector) is a key enabler in our business model, providing us with a dedicated and highly efficient route-to-market service.

As an integrated outbound supply chain business, Vector's sales, logistics and distribution capabilities play a crucial role in delivering on our business model while boosting efficiencies in line with our ambition. Going forward, it is our intention that Vector will be responsible for 100% of RCL FOODS' route-to-market.



OUR STRATEGIC THRUSTS

Our business model is delivered through six strategic thrusts:

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

1. GROW THROUGH STRONG BRANDS

We own a large portfolio of leading brands that enjoy wide support from consumers across multiple product categories. We intend to exploit this position of strength by investing consistently behind our brands.

10,1%

VOLUME GROWTH IN GROCERIES
IN A DECLINING MARKET

2016 ACHIEVEMENTS

Nola gained significant share from competitors growing 8,0% year-on-year and achieved market lead for most of the year.

Yum Yum also performed well, holding market share.

The Mageu brand is showing encouraging signs of growth, with the category expanding due to the success of the new Smooth range, strong brand investment and a solid innovation strategy.

We have seen excellent growth in our Groceries category cluster (Grocery, Pie, Beverage, and Speciality) which grew by 10,1% year-on-year to June 2016 against the backdrop of a declining market (ask'd – June 2016).

Our vet channel pet food brand, Ultra Dog, and our premium brand, Canine Cuisine, both enjoyed healthy volume increases over the past year, due to a relentless focus on strengthening brand awareness and driving sales in the category.

The comprehensive set of turnaround strategies developed for the Pie business unit is bearing fruit. The master brand positioning, as well as our leveraging of the increase in pie fill and our aggressive innovation through the "Mighty Fine" range, helped to stabilise the Pie customer base and grow volumes.

Speciality showed a modest volume growth and gained category share in 8 of 9 categories.

2017 DELIVERABLES

We will continue to grow our brands through our solid marketing strategies, strong investment and aggressive launch plans aimed at disrupting the market.

Our relentless focus on market share leadership for Nola and Yum Yum will continue and we will strive for share gains in Canine Cuisine and Ultra Dog.

Product and packaging innovations will be a significant feature for the next year with exciting offerings being brought to the market.

We will continue to invest in developing marketing superiority which will be underpinned by brilliant skills and capabilities for the future. We will drive the marketing agenda through one marketing lead for the business.

THE RISK	OUR RESPONSE
Commodity price fluctuations which cannot always be passed on to the consumer	• A clear procurement strategy is in place • The RCL FOODS Commodity Procurement Committee reviews strategy, prices and mandates bi-monthly • Comparison and reporting of raw material prices against SAFEX market prices • Ongoing review of procurement positions against policy
Pricing pressure due to oversupply in the chicken market, increased competition, customer pressures and government regulations	• Regular management forecasts focused on actions that will deliver desired performance • Building our brands through innovation and marketing programmes • Emphasis on cost reductions and operational effectiveness
Failure to establish and monitor customer relations and brand preference	• Continuous monitoring of external market trends • Developing category and brand strategies • Continuous investment in R&D and product/brand development

2. PARTNER WITH STRATEGIC CUSTOMERS

We develop mutually beneficial, strategic partnerships with a range of quick service restaurant ("QSR") and retail customers by providing solutions tailored to their needs.

R80 million NEW REVENUE
DUE TO OUR
BASKET EXTENSION ACROSS CUSTOMERS

2016 ACHIEVEMENTS

We have increased our relevance and basket to existing QSR customers KFC, Nando's and Chicken Licken, through the introduction of new categories such as mayonnaise, sauces, desserts and sugar, resulting in the generation of significant new revenue during the year.

Providing key customers with a dedicated "One RCL FOODS" sales team has played a vital role in strengthening our relationships with customers, by giving the company one consistent "face" and enhancing our understanding of how the customer works, which builds both focus and trust.

Our basket extension across our customers has allowed for new strategic partnerships to be formed with Starbucks, McDonald's and Burger King, driven by Nola dressings and sauces and Speciality's dessert range.

Top-to-top engagements have supported our desire to drive common growth ambitions with our QSR and retail customers. Our relationship with Woolworths has also been further strengthened.

2017 DELIVERABLES

We will continue to sharpen our strategic focus per category and customer and to build joint business partnerships where relevant.

We will continue to strengthen relationships with customers and introduce further products into the QSR market.

We will continue to produce dealer owned brands that make good business sense and promote winning partnerships between our customers and us.

We will continue our work on driving efficiencies and operational excellence in the Speciality manufacturing area, while creating space for growth and innovation opportunities.

THE RISK	OUR RESPONSE
Commodity price fluctuations which cannot always be passed on to the consumer	• A clear procurement strategy is in place • The RCL FOODS Commodity Procurement Committee reviews strategy, prices and mandates bi-monthly • Comparison and reporting of raw material prices against SAFEX market prices • Ongoing review of procurement positions against policy
Pricing pressure due to oversupply in the chicken market, increased competition, customer pressures and government regulations	• Regular management forecasts focused on actions that will deliver desired performance • Building our brands through innovation and marketing programmes • Emphasis on cost reductions and operational effectiveness
Failure to establish and monitor customer relations and brand preference	• Development of joint engagement plans with key customers • Continuous monitoring of external market trends • Collation of consumer and customer insight to develop category and brand strategies • Continuous investment in R&D and product/brand development

3. EXTEND OUR LEADING VALUE CHAIN

We leverage our Logistics division's (Vector) route-to-market capabilities (warehousing and distribution, call centres, sales and merchandising and debtors and information management) across the Group with the intention of Vector being responsible for 100% of our route-to-market. Our enhanced scale provides opportunities to optimise resources and costs in key areas and maximise growth opportunities through leveraging our foodsolutions and marketing and sales capabilities.

R325 million
ROUTE-TO-MARKET EXPANSION

R250 million
INVESTMENT IN CONSUMER PET FOOD AND BEVERAGE PLANTS

R150 million
INVESTMENT IN IT SYSTEMS INTEGRATION

2016 ACHIEVEMENTS

We have increased our storage capacity within the Logistics division through two key expansion projects (Vector Peninsula and Vector Thekwini, yielding 50% and 43% more pallet positions respectively) and construction of a new 7 500-pallet facility at the Coega IDZ in Port Elizabeth (commissioned September 2015) which formed part of our R325 million route-to-market expansion.

We have invested R127 million in our UHT (ultra-high temperature) plant that will enable the addition of a long-life variant to the current fresh Mageu offering. This allows for new growth opportunities in the current Mageu category and possible entry into new categories.

In our drive to lead the pet food category and grow the 'premium' segment and vet channel, we have invested in a R123 million new pet food plant. Its progressive technology allows for product premiumisation, differentiation, innovation and operational efficiencies.

There has been intense focus on systems that drive a "one company" mindset and enable our growth. Our R150 million investment in enhancing and consolidating our various ERP systems into an integrated solution included the move to an integrated business network and a single RCL FOODS intranet (Let's Talk) and email platform (Microsoft Exchange).

Centralised sourcing generated significant savings and ongoing focus has been placed on leveraging IT to maximise opportunities.

2017 DELIVERABLES

Our "One RCL FOODS" journey will continue through the enablement and transformation projects. These span across the creation of shared service centres and centres of excellence, payroll migration, system enablement initiatives and leveraging information and insight across the business.

With IT being a key driver in unlocking business value through its ability to extract synergies and optimise the supply chain, the focus for the next year will be on integrating business unit platforms and profitability systems within the divisions, thereby maximising competitive advantage. Major multi-year initiatives are in place to deliver this.

Logistics is pivotal in delivering benefit through "Extending our leading value chain". A clear roadmap now exists of the range of initiatives that can deliver value by the year 2020. Logistics took on a key portion of the Grocery business route-to-market during July 2016 and will extend their responsibility across the business as part of an integration project.

THE RISK	OUR RESPONSE
Supply chain business interruption due to physical disruptions, environmental and industrial actions or supplier ineffectiveness impacting our ability to deliver orders to our customers	• RCL FOODS adheres to good farming practices • Our key suppliers are either internally and/or externally certified • Business continuity, disaster recovery and strike action plans are in place • We subscribe to the highest level of fire detection and prevention standards

4. INSPIRE
GREAT PEOPLE

Developing our talent, building leaders and creating the right organisation and culture are crucial to achieving our growth ambitions and delivering on our passion.

SHARED
OUR PASSION
AND NEW CORPORATE BRAND WITH OUR 20 000 EMPLOYEES

LAUNCH OF OUR NEW CULTURE MANIFESTO
OUR WAY

2016 ACHIEVEMENTS

We successfully completed the higher levels of our organisational structure and have seen a transformation in the Customer, Marketing, Commercial Functions & Shared Services, which now drives a common RCL FOODS agenda with joint leadership and synergy benefits.

We provided more job security to our people by converting the bulk of our casual staff into permanent employees.

Our efforts to implement multi-year wage agreements have also created stability amongst our staff, allowing us to focus on relationship building and talent development initiatives.

We have implemented a range of outstanding programmes to identify and develop talent and help build a high performance culture, one of which is the RCL FOODS Leadership Development programme, developed in partnership with GIBS. The excellent course results so far attest to the success of the programme.

Our RCL FOODS identity has been brought to life with the launch of our compelling new corporate brand. Our people have embraced our new identity during the internal rollout of OUR PASSION, and our culture manifesto, "OUR WAY".

We implemented the new Standards of Leadership (SoL) to develop a common vision across management on how to create a high performance culture, inspire people to exceed expectations, encourage innovation and lead by example. During the year employees were rated on these leadership standards for the first time in the newly-launched performance evaluation system.

The rollout of new, common HR policies and terms and conditions for all 800 managers across the business has been successfully completed and well received.

2017 DELIVERABLES

We will continue to develop leaders and build talent by extending the RCL FOODS Leadership Programme to directors, fast-tracking graduates to management level and making progress in employment equity at senior management level.

We will continue with the complete payroll migration and create HR shared services across all RCL FOODS divisions to leverage scale and take advantage of cost benefits.

We will continue to seek the best talent by extending our recruitment services using social media and talent mapping.

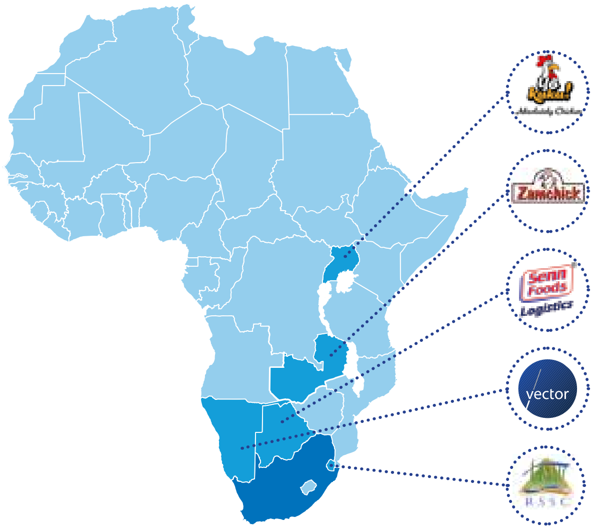
We will continue to focus on labour relations by dealing with issues proactively, working with the unions, setting up national working forums and making sure that we align our staff.

We will continue to define our RCL FOODS employment equity policy and strategic road map policy to reach our key objective of social transformation.

THE RISK	OUR RESPONSE
Managing talent and skills shortage to identify, attract and retain qualified personnel	• Talent management and the skills shortages are key agenda items for the RCL FOODS Executive committees • We foster the development of a positive, progressive and high performance culture • Our recruitment strategy includes building a talent pipeline through the Graduate Recruitment Programme • Specific processes support employee retention and development

5. EXPAND INTO AFRICA

Our goal is for our rest of Africa operations to contribute approximately 10% of our revenue by 2020. We follow a low-risk expansion strategy by following our established customers, entering into joint ventures with other established players in food and route-to-market, and acquiring or establishing new businesses to broaden ownership of our value chain.



2016 ACHIEVEMENTS

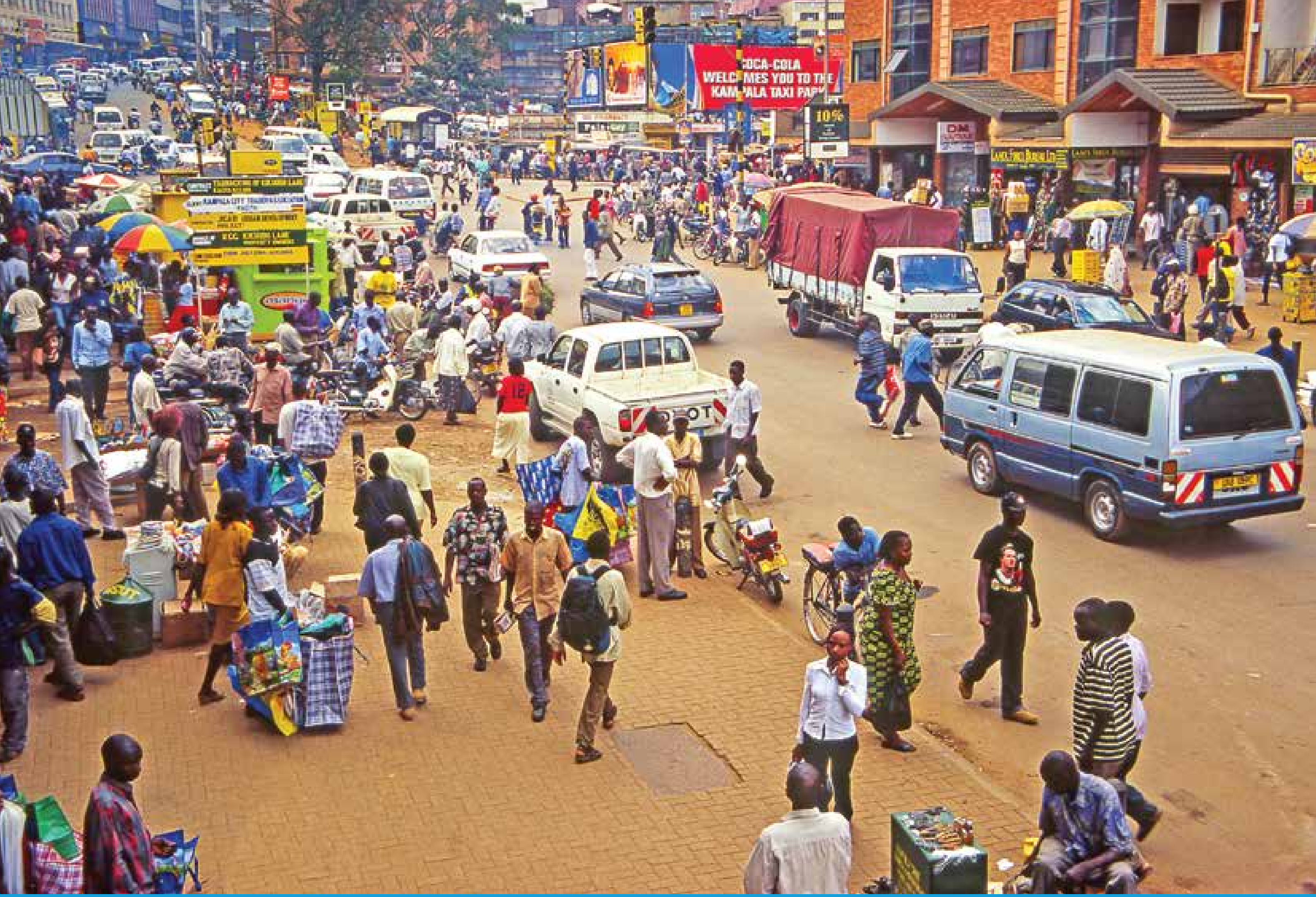
Our investment of 33,5% in HMH Rainbow Limited (HMH), a poultry producer in Uganda, has given us the opportunity to enter the East Africa region. During the current year, two more retail stores were opened in Uganda and construction of a new broiler farm commenced. A capital investment was made to enable HMH to produce pelleted feed which improves the feed conversion ratio and allows it to compete in the external feed market.

Despite profitability being significantly constrained by the drought, RSSC performed commendably. RSSC contributed an after-tax profit of R68,5million to our earnings, a decrease of 18,6% against the prior year.

Senn Foods Logistics (Senn Foods), our joint venture in Botswana, continued to deliver solid results with an after-tax profit contribution of R8,4 million and an improvement of 10,5% on the prior year. The capital expansion initiatives that commenced in the prior year were successfully commissioned in 2016 and will position Senn Foods well for future growth.

RCL FOODS exercised its put options in Zam Chick and Zamhatch. We are of the opinion that our joint venture and involvement with Zambeef would be better aligned with the shareholders of Zambeef if our indirect investments were exchanged for a direct interest in Zambeef (the listed holding company of the Zambeef group of companies).

Although numerous deals have been considered, we have not felt comfortable to proceed with any new opportunities in Africa this year.



2017 **DELIVERABLES**

Africa remains a strategic priority and we are convinced of the growth opportunities in certain African markets.

We will continue to expand our logistics footprint across Africa through our Logistics division, Vector.

We will explore opportunities for synergies with all our current African investments.

We will place renewed focus on our export efforts.

We will continue to explore further low-risk entry points into Africa in line with our Africa expansion strategy.

THE RISK	OUR RESPONSE
Strategic acquisitions, mergers and divestiture not successfully identified	• Sound due diligence disciplines are used • Projects are resourced by dedicated and qualified personnel

6. DRIVE SUSTAINABLE BUSINESS

SR

We are proud of our ambition to create a profitable business of scale by creating food brands that matter, and we are open about our aim of doubling our revenue to R50 billion by 2020. To keep growing we need to stay relevant and keep providing solutions to the real needs of our people and environment.

ENERGY PRODUCED FROM OUR WORCESTER WASTE TO VALUE PLANT IS ENOUGH TO POWER OUR ADJACENT SPECIALITY PLANT

2016 ACHIEVEMENTS

A unified and transformative RCL FOODS Sustainable Business Framework has been developed with a focus on securing the future and creating competitive advantage

An Energy Roadmap has been developed that proves self-sufficiency is within our reach. We have made an excellent start with a key project. A Waste to Value plant is currently being constructed in Worcester where waste water from our chicken plant will be treated using a biological process, and the gas and heat generated from this process will be used to produce energy for the entire site.

Akwandze Agricultural Finance* completed a five year R50 million project to rehabilitate small grower sugar cane irrigation infrastructure. This project has also created approximately 1 100 permanent jobs and 1 600 short term jobs. Better management of irrigation infrastructure also ensures better climate resilience especially in time of drought. Based on the success of this project a new application has been submitted to the Jobs Fund for additional grant funding for commencement in 2017.

* *Akwandze Agricultural Finance is a joint venture between RCL FOODS' Sugar business unit and Nkomazi small scale growers, that provides small scale growers access to unsecured credit at reduced interest rates.*

** *TSGRO is a joint venture between RCL FOODS' Sugar business unit and Nkomazi small scale growers, that provides farming and business support services to small scale growers to enable them to overcome their key challenges.*

TSGRO** has provided a new Bulk Water Supply (BWS) paid service to 630 small scale growers and seven cooperatives with 450 members on 5 500 hectares of sugar cane in 2016. The primary purpose being to fix, maintain, service and protect irrigation infrastructure on an ongoing basis. Despite the severe drought the 2016 year to date yield for small scale growers supported by BWS has only declined 2,1% compared to other small scale grower yields which have declined by 9,1%.

As part of our drive to improve child nutrition and food develop communities, an early childhood development (ECD) project called "Leave No Child Behind" has been initiated in the Nkomazi area. All stakeholders delivering services to young children in the area have been brought together and joint task teams have been created to address solutions.

2017 DELIVERABLES

We will understand the nutritional profile of our current product range and explore innovation opportunities.

We will continue to drive the "Leave no Child Behind" project with key actions to close gaps identified.

We will explore alternative business models through new "disruptive" thinking and technology.

We will continue pursuing our Energy Roadmap and the identified projects.

We will develop a Roadmap to build a culture fit for millennials in the new world of work.

We will develop a Water Roadmap with a focus on water reduction and zero waste water.

THE RISK	OUR RESPONSE
Climate change risk affecting our and the industry's environment, economic performance, social behaviour and infrastructure	• We have a dedicated Sustainability team which drives our sustainability agenda, which forms part of the RCL FOODS strategy • Targets and performance are set and reviewed by the Executives and RCL FOODS Risk Committee
Managing talent and skills shortage to identify, attract and retain qualified personnel	• Talent management and the skills shortages are key agenda items for the RCL FOODS Executive committees • We foster the development of a positive, progressive and high performance culture • Our recruitment strategy includes building a talent pipeline through the Graduate Recruitment Programme • Specific processes support employee retention and development

OUR STAKEHOLDERS

We place a strong emphasis on developing positive relationships and where possible, we follow a partnership approach to engage and find solutions for common business impact. Our material stakeholders and their key interests are illustrated below.

EMPLOYEES

By seeing and doing things differently we seek to create a work experience where work is safe, fun, meaningful and enriching. We are committed to engaging the hearts and minds of our people as it is their skill, attitude and potential that determine our ability to succeed and realise our Passion.

CONSUMERS

By seeing and doing things differently we create more much-loved food brands that matter. We actively build trust through brand experiences where product value, safety and quality are paramount. Our consumer care-line and website are platforms where we welcome consumers who want to share their product experiences with us.

INVESTORS

By seeing and doing things differently we ensure more shareholder value and confidence. We engage regularly with our shareholders and investors keeping them informed about our financial performance, overall sustainability, business risk management and strategic growth opportunities.

BUSINESS PARTNERS

By seeing and doing things differently, we create more WIN-WIN partnerships. We seek to build strong strategic collaborative partnerships with our Customers, Distributors, Agencies and Suppliers that deliver required service excellence whilst achieving our mutual growth ambitions.

EACH OF OUR STAKEHOLDERS PLAYS AN IMPORTANT ROLE IN HELPING US ACHIEVE OUR PASSION OF PROVIDING

MORE FOOD TO MORE PEOPLE, MORE OFTEN

GOVERNMENT

By seeing and doing things differently we desire to go beyond compliance. We identify and discuss areas of mutual concern, share business knowledge and industry expertise and contribute to policy formulation, through our regular and structured engagement with various government departments.

LOCAL COMMUNITIES

By seeing and doing things differently we make an important difference to the lives of the communities we operate in. We actively promote inclusive, sustainable economic growth through local community upliftment and economic development initiatives such as our unique economic partnership with small scale sugar cane growers.

MEDIA

By seeing and doing things differently we seek to provide more compelling story angles that build public interest and strengthen reputability of the media. We engage timeously with the media and the public on brand innovation, promotions, industry opinion pieces, financial updates and community updates through our press releases, advertising, announcements and responses.

DEFINITIONS AND RATIOS

SHAREHOLDER RATIOS

EARNINGS PER SHARE FROM CONTINUING OPERATIONS

Profit for the year from continuing operations attributable to equity holders of the company divided by weighted average ordinary shares in issue

DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS

Profit for the year from continuing operations attributable to equity holders of the company divided by diluted weighted average ordinary shares in issue

HEADLINE EARNINGS PER SHARE FROM CONTINUING OPERATIONS

Headline earnings from continuing operations 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

RESULTS RATIOS

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 from continuing operations

DEBT RATIOS

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

FIVE-YEAR REVIEW

		****2016	2015	***2014	2013	2012
KEY STATISTICS						
Earnings per share from continuing operations*	cents	**65,4**	102,4	46,7	4,5	88,3
Diluted earnings per share from continuing operations*	cents	**65,2**	101,7	46,6	4,4	88,1
Headline earnings per share from continuing operations*	cents	**65,8**	112,2	45,1	4,8	88,4
Dividends per share	cents	**30,0**	37,0	20,0		60,0
Dividend cover	times	**2,2**	3,0	2,3		1,5
Cash generated by operations	R million	**1 440**	2 066	1 174	669	506
Capital expenditure (excluding intangibles)	R million	**1 013**	757	654	486	481
Net assets	R million	**10 090**	10 113	9 436	7 045	2 896
Net asset value per share	cents	**1 168,3**	1 173,9	1 098,8	1 226,9	985,2
RESULTS RATIOS						
EBITDA margin	%	**6,8**	9,5	6,4	4,4	7,8
Operating profit margin	%	**3,8**	6,2	3,5	1,7	5,3
Return on net assets	%	**7,3**	12,4	5,9	1,0	14,1
Net asset turn	times	**2,5**	2,3	2,4	1,4	2,7
Return on equity	%	**5,4**	8,7	5,2	0,5	9,3
DEBT RATIOS						
Senior leverage ratio	times	**1,8**	1,3			
Senior interest cover ratio	times	**5,6**	6,6			
Gearing ratio		**35,6**	34,7	3,9	79,3	2,3
SHARE INFORMATION						
Number of ordinary shares						
– weighted average in issue**	'000	**862 739**	859 611	853 924	391 076	302 193
– diluted weighted average in issue **	'000	**864 727**	865 355	856 264	392 189	302 876
– at year-end (statutory, includes BEE shares)	'000	**934 410**	932 325	929 569	625 434	346 170
– at year-end (for accounting purposes)**	'000	**863 651**	861 566	858 810	574 256	294 992

* *Year 2012 figures adjusted for impact of the rights issue.*

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

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

**** *Financial information 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.*

For further details pertaining to shareholder information refer to note 32 of the consolidated financial statements.

FIVE-YEAR REVIEW CONTINUED

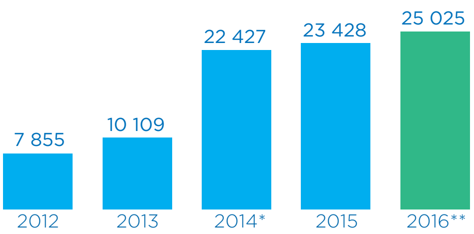
	**2016 R'000	2015 R'000	*2014 R'000	2013 R'000	2012 R'000
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION					
ASSETS					
Property, plant and equipment	**5 696 096**	5 193 089	5 132 889	3 647 206	1 824 072
Intangible assets	**4 942 492**	5 675 862	5 776 041	5 816 643	317 318
Biological assets	**624 917**	549 608	498 803		
Investment in joint ventures	**206 036**	416 626	347 819	128 955	
Investment in associates	**485 054**	406 250	356 013		
Deferred income tax asset	**19 658**	8 320	8 678	4 327	
Loan receivable	**1 555**	1 555	1 555		
Trade and other receivables	**12 288**				
Current assets	**8 302 728**	7 441 885	7 788 962	7 794 864	3 054 901
Total assets	**20 290 824**	19 693 195	19 910 760	17 391 995	5 196 291
EQUITY AND LIABILITIES					
Equity	**10 090 210**	10 113 499	9 436 286	7 045 420	2 896 117
Deferred income	**734**	1 849	5 153		
Interest-bearing liabilities	**3 598 846**	3 511 271	367 556	5 588 248	65 642
Deferred income tax liabilities	**1 370 009**	1 458 933	1 362 670	1 281 318	428 673
Retirement benefit obligations	**165 354**	187 656	225 776	170 335	122 811
Trade and other payables	**5 716**	8 567	35 260	24 398	
Current liabilities	**5 059 955**	4 411 420	8 478 059	3 282 276	1 683 048
Total equity and liabilities	**20 290 824**	19 693 195	19 910 760	17 391 995	5 196 291
CONSOLIDATED INCOME STATEMENTS					
Continuing operations					
Revenue	**25 025 159**	23 428 206	22 426 607	10 108 812	7 855 142
Operating profit before depreciation, amortisation and impairment (EBITDA)	**1 698 758**	2 224 045	1 434 561	445 347	614 510
Depreciation, amortisation and impairment	**(745 524)**	(771 654)	(655 992)	(278 294)	(200 286)
Operating profit	**953 234**	1 452 391	778 569	167 053	414 224
Finance costs	**(365 194)**	(373 607)	(403 500)	(153 675)	(11 358)
Finance income	**38 361**	52 056	65 233	53 874	7 370
Share of profits of joint ventures	**44 527**	38 004	21 207		
Share of profit/(loss) of associate	**64 796**	84 178	95 560		
Profit/(loss) before tax	**735 724**	1 253 022	557 069	67 252	410 236
Income tax expense	**(171 724)**	(359 160)	(160 381)	(75 435)	(143 469)
Profit/(loss) for the year from continuing operations	**564 000**	893 862	396 688	(8 183)	266 767
(Loss)/profit for the year from discontinued operation		(31 905)	29 755	15 311	
Profit/(loss) for the year	**564 000**	861 957	426 443	7 128	266 767
Profit/(loss) for the year attributable to:					
Equity holders of the company	**548 254**	848 121	428 404	27 246	266 767
Non-controlling interests	**15 746**	13 836	(1 961)	(20 118)	

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

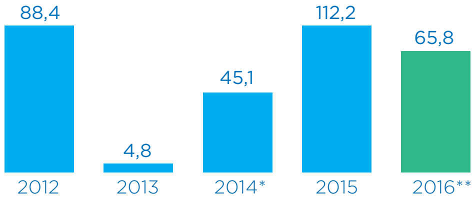
** *Financial information normalised to exclude the impact on the income statement of the impairment charge, Zambian put option exercise and the release of the provision for uncertain tax positions.*

FINANCIAL

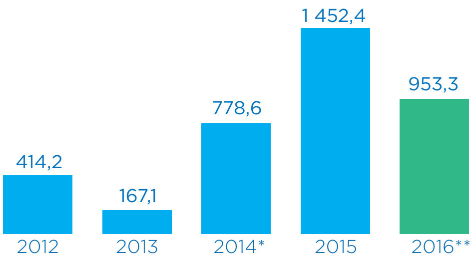
REVENUE (R million)



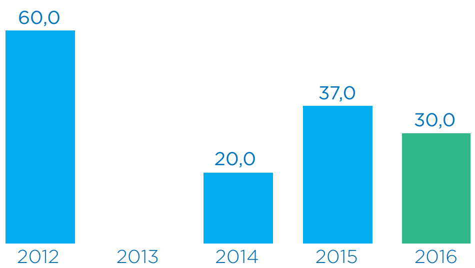
HEADLINE EARNINGS PER SHARE FROM CONTINUING OPERATIONS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (cents)



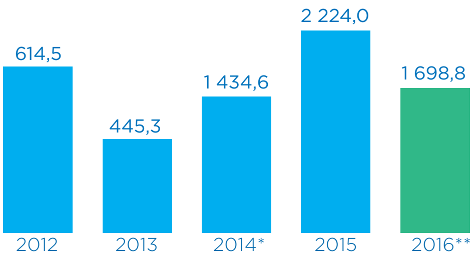
EBIT (R million)



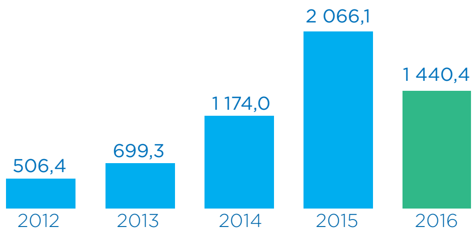
DIVIDENDS PER SHARE (cents)



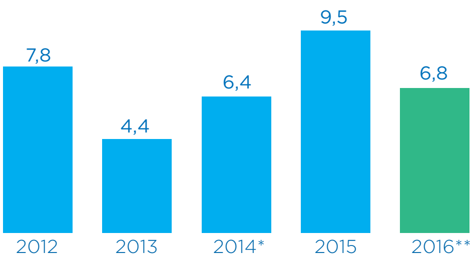
EBITDA (R million)



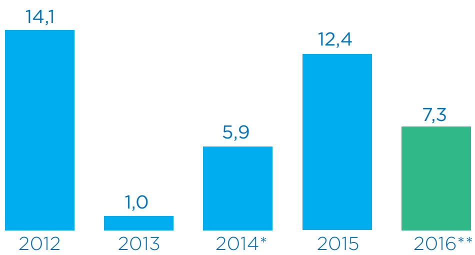
CASH GENERATED BY OPERATIONS (R million)



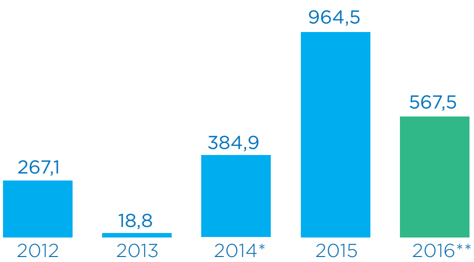
EBITDA MARGIN (%)



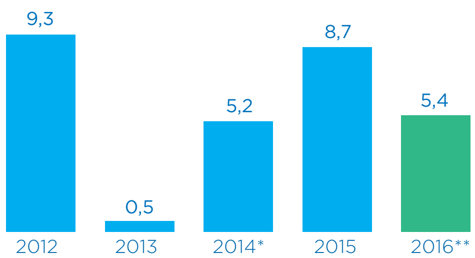
RETURN ON NET ASSETS (%)



HEADLINE EARNINGS FROM CONTINUING OPERATIONS 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.*

ENVIRONMENTAL AND SOCIAL

		2016	2015
ENVIRONMENTAL PERFORMANCE INDICATORS			
Water consumption	Mℓ	**8 211**	8 576
Energy consumption:			
– electricity (Eskom)	GWh	**533,0**	538,6
– electricity (own generation)	GWh	**166,0**	223,8
– coal	tons	**219 390**	183 444
– gas	kℓ	**3 339**	3 072
– diesel	kℓ	**20 435**	19 401
Recycled waste products:			
– cardboard waste	tons	**556**	768
– plastic waste	tons	**584**	486
– scrap metal and timber	tons	**221**	425
– treated water for recycling	kℓ	**2 758 000**	2 850 955
– treated water as a percentage of total water consumption	%	**36**	37
Non-compliance, prosecution and fines		**nil**	nil
SOCIAL PERFORMANCE INDICATORS			
Full-time employees		**21 072**	20 479
Net full-time employment increase		**593**	2 521
Bargaining unit employees	%	**76**	75
Training expenditure	Rm	**38**	33
Disabling incident frequency rate:			
– Consumer		**1,16**	*
– Sugar & Milling		**0,58**	*
– Logistics		**1,32**	*
Number of working days lost through strike action**		**4**	79

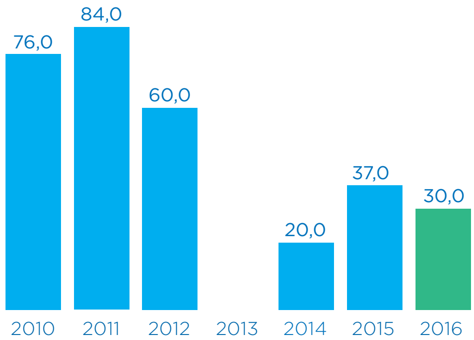
* *As a result of the new segmental reporting structures effective this financial year it is not possible to calculate comparative figures.*

** *Refers to the number of production days lost by any production facility due to industrial action.*

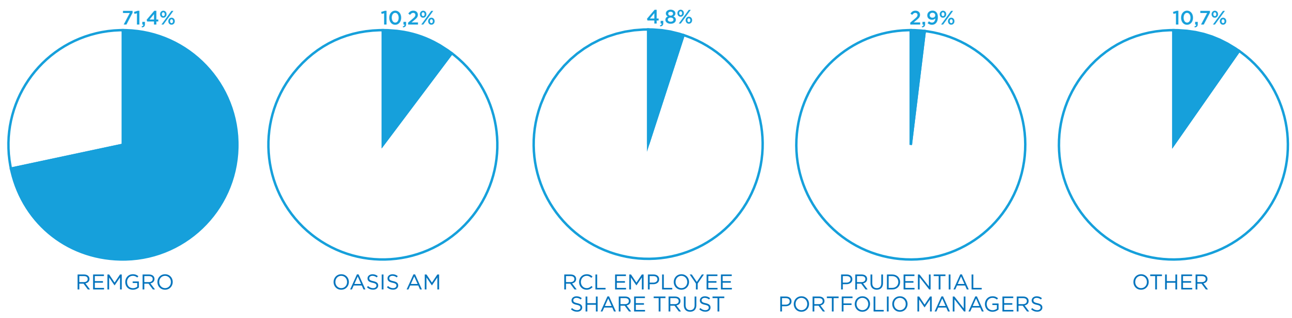
SHAREHOLDER INFORMATION

RCL FOODS SHARE PRICE (cents)

DIVIDENDS DECLARED PER SHARE (cents)



SHAREHOLDERS



STOCK EXCHANGE PERFORMANCE

12 months		**2016**	2015
Share price			
– lowest	cents	**1 100**	1 526
– highest	cents	**1 850**	1 950
– at year-end	cents	**1 390**	1 725
Number of shares traded	million	**37,7**	52,6
Value traded	R million	**557,0**	893,5
Number of shares in issue at year-end	'000	**934 410**	932 325
Number of shares traded as a percentage of issued shares	%	**4,0**	5,6
PE ratio at year-end	ratio	**14,1**	15,3
Market capitalisation	R billion	**13,0**	16,1

LISTING INFORMATION

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

REPORTING DATES

Interim results	February 2017
Year-end results	September 2017
Annual report published	September 2017
Annual general meeting	November 2017

DIRECTORATE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1. JJ (Jannie) Durand (49)#

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.

2. RV (Roy) Smither (71)*^#

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.

3. NP (Peter) Mageza (61)*#

Independent non-executive director

ACCA (UK)

Appointed: September 2009

Directorships: Anglo American Platinum Limited, Eqstra Holdings Limited, MTN Group Limited, Remgro Limited, RCL Group 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.

4. DTV (Derrick) Msibi (47)*

Independent non-executive director

BBusSc (Hons), BCom (Hons), MCom, CA(SA)

Appointed: August 2013

Directorships: Investment Solutions Holdings and Subsidiaries, Real People Investment Holdings (Pty), Ltd, Real People Assurance Company Limited and Bakwena Platinum Concessionaire Company (Pty) Limited. Derrick is currently Managing Director of Investment Solutions, the investment services arm of the Alexander Forbes Group. He is also joint head/leader of the Institutional Business Cluster of the Alexander Forbes Group. Derrick, a chartered accountant serves on the boards of Investment Solutions and its subsidiaries and joint ventures in South Africa, Namibia and the Channel Islands. He is an independent investment committee member of Trinitas Private Equity Fund 1 and the ASISA (Association for Savings and Investments South Africa) Enterprise Development Fund. He contributes to the advancement of the financial sector by being the Deputy Chair of the Regulatory Affairs of the ASISA and a trustee of the ASISA Enterprise Development Fund.

5. MM (Manana) Nhlanhla (64)•

Independent non-executive director

BSc, MA (Information Science)

Appointed: May 2005

Directorships: Mion Holdings and all its subsidiaries, Vunani Fund Managers Pty Ltd, Prospect Resources Proprietary Limited and Gold Circle Pty Ltd.

Manana's experience cover 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.

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

6. GM (George) Steyn (57)^#

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.

7. HJ (Hein) Carse (55)

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.

8. PR (Pieter) Louw (47)

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, at Remgro.

9. GC (Gcina) Zondi (43)^•

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.

10. M (Miles) Dally (59) ^•

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 on the board and as Chairman of SC Johnson and Son South Africa (Pty) Ltd. He has also previously served as Co-Chairman of the Consumer Goods Council of South Africa (CGCSA) and currently serves on the board of Umhlanga College.

11. RH (Rob) Field (45)^•

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.

CHAIRMAN'S REPORT

FINANCIAL PERFORMANCE

RCL FOODS reported headline earnings from continuing operations of R849,7 million or 98,5 cents per share. Excluding the once-off tax provision release of R163,3 million and the profit made on the exercise of the Zambian put options of R118,9 million, headline earnings and headline earnings per share from continuing operations is R567,5 and 65,8 cents per share, a decline of 41,2% and 41,4% respectively. IAR 70

An impairment of R642,8 million (excluded from headline earnings) in the Millbake business unit was required in the current year due to lower forecasted cash flows as a result of a competitive trading environment and the increases in the 10-year government bond yield driving up the discount rate.

MARKET CONDITIONS

Market conditions have been challenging in the past year, with the pervasive effects of the drought, an unexpected and substantial deterioration in the currency and a significant increase in dumped chicken imports creating volatility and pricing pressures in key markets we serve. Food inflation, which has averaged 6,5% between 2009 and 2016, increased to 10,8% in June this year as a result of the drought, further impacting an already weak consumer environment.

POULTRY INDUSTRY CRISIS

A restoration of normal trading conditions is required for the poultry industry in South Africa to survive. A return to adequate profitability in Chicken is dependent on the local industry returning to relative supply/demand balance, of which the successful implementation of import tariffs is one part. An impairment will need to be raised should the supply/demand equilibrium not be restored or, despite the management interventions, there is no meaningful improvement in the Chicken business unit's profitability.

STRATEGIC UPDATE

Results were positively influenced by our more aggressive approach to innovation to ensure an enhanced offering of our key brands as well as a strong focus on costs and initiatives to maximise production efficiencies. This is evidenced by strong growth in the balance of RCL FOODS' portfolio excluding Sugar and Chicken. During the year RCL FOODS committed dedicated senior resources to a Transformation Management Office (TMO) to drive integration projects associated with the new business structure. TMO's focus is to prioritise projects that deliver maximum benefit and implement the detailed structures, processes and systems to leverage synergies across the divisions. More than 180 projects have been identified covering compliance, legal structure and business enablement. Of these identified projects, close to 50 have been implemented this year, without notable disruption to the businesses. IAR 20

Significant benefits have already been realised from our move towards "One RCL FOODS", as evidenced by the increased sales and market shares, wide-ranging innovation, improved customer management and growing efficiencies generated through centralised strategic sourcing and cost reductions across the RCL FOODS supply chain. Our Passion of providing more food, to more people, more often, has certainly gained momentum over this last year.

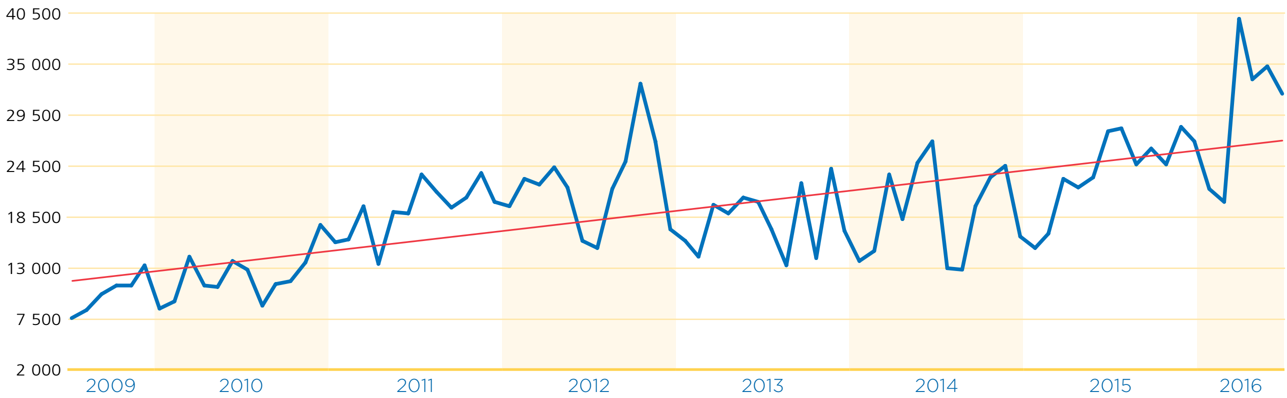
WE CONTINUE TO MAKE EXCELLENT PROGRESS IN TRANSFORMING RCL FOODS INTO A STRONGER MORE DIVERSIFIED FOOD BUSINESS THAT IS GEARED FOR GROWTH

REGULATORY ENVIRONMENT

The increases in the dollar-based reference price of sugar that were implemented to safeguard local production afforded the sugar industry important protection against imports during this financial year. Imports were substantially down on the previous year, which offered support for an industry that has been hard hit by the drought.

CHAIRMAN'S REPORT CONTINUED

IMPORTS: TOTAL CHICKEN (excluding MDM) tons per month



Source: SAPA

In February 2016 government announced its intention to implement a sugar tax from 1 April 2017 as part of its strategy to prevent and control obesity. RCL FOODS together with the rest of the industry is engaging 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. We are conscious of trends and are constantly reviewing our product portfolio. RCL FOODS believes that we should give consumers the power to choose through clear labelling. Natural sugar remains a significant source of energy for many of our people, particularly in lower income groups.

The African Growth and Opportunity Act (AGOA) between the United States and South Africa was renewed earlier this year, after protracted negotiation. The renewal of the agreement ultimately hinged on the lifting of the anti-dumping duty on chickens from the United States and culminated in an agreed annual 65 000 tons of United States chicken into South Africa, without anti-dumping duty. We support the renewal of this trade agreement for reasons of national interest even though it is detrimental to the poultry industry and ongoing job preservation. The quota, relative to the total annual poultry consumption in South Africa, is not substantial. Yet it is a further source of supply in an extremely oversupplied market. The oversupply has been caused to some extent by local players who increased volumes during the temporary market recovery last year but is substantially exacerbated by the dumping of the global surplus of leg quarters, a portion of the chicken that is not consumed in the northern hemisphere. Thus despite the deterioration of the rand, imports are at a record high level. Most African countries have banned chicken imports in order to protect their own industries. Other countries around the world use non-trade phytosanitary barriers to achieve the same end.

RCL FOODS remains committed to the principles of fair trade and will continue to seek redress against dumped product and for this reason, 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.

BRINING

Government also announced that injection brine in frozen chicken will be capped at 15% from October 2016. Currently poultry manufacturers inject brine up to 43% into frozen chicken portions. RCL FOODS is supportive of the cap on brine injection because South African levels of brine in frozen portions of chicken are unsupported by science, and excessive injection levels by the larger manufacturers has compromised the integrity of South African chicken and the poultry industry.

RCL FOODS has taken a firm stance to only inject sufficient brine into frozen chicken to maintain the succulence once frozen. The implementation of the proposed brining regulations will restore trust in the poultry industry, level the competitive playing fields and benefit RCL FOODS' competitive position.

INCREASING ENGAGEMENT WITH GOVERNMENT

A strong partnership between government and industry is of significant importance to ensure stronger local industries and enhance employment wherever possible. Engagement between government departments and various industry bodies has increased over the past year, as issues such as AGOA, brining, sugar tariffs and taxes, as well as the ITAC application for anti-dumping against Europe demanded inputs from all role players. We are actively involved in these conversations to ensure that all relevant considerations are taken into account in decisions on these key issues.

Our engagement with government and communities has already led to significant successes around land reform initiatives, as well as mentorship and skills transfer programmes in the Sugar business. 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, Sugar partnered with farmers in KwaZulu-Natal and Mpumalanga to produce 779 471 tons of cane during the 2015/16 season.

CORPORATE CITIZENSHIP

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

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.

DIVIDEND DECLARATION

The Board declared a final dividend of 15,0 cents per ordinary share in respect of the year ended 30 June 2016 (2015: 22,0 cents). An interim dividend of 15,0 cents per share was declared and paid during the year. It is the Board's intention to continue paying dividends, subject to RCL FOODS' underlying profit delivery.

PROSPECTS

RCL FOODS believes that the local poultry industry is in a crisis. As a consequence the Board is forced to relook at all options in evaluating our Chicken business model.

The headwinds of low economic growth, a volatile currency, high commodity input costs and drought impacts are real and understood. However, the strong platform that we are establishing internally for our business will create even bigger and better opportunities for RCL FOODS. The Group is well-capitalised and we are investing extensively in our people, our brands, our assets and our systems to gain additional advantage and ensure a larger market share. The resulting scale, as well as strengthened product and service offerings, will culminate in a stronger and more robust business, providing future value and benefits to all stakeholders.

ACKNOWLEDGMENTS

On behalf of the Board, we thank all stakeholders, including our management team, employees, customers and investors for their ongoing support during the year. The hard work and dedication of our employees has been pivotal in ensuring the successful delivery of RCL FOODS' strategic ambitions. In particular, we 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 towards a stronger, more diversified business that is geared for growth.

JJ Durand
Non-executive Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

INTRODUCTION

In pursuit of our Passion to provide **more food to more people, more often,** the last financial year has been another period of significant transformation. We have had our first full year of the new "One RCL FOODS" structure, with our three operating divisions and our senior leadership in place. Steered by our Transformation Management Office (TMO), a lot of work has also gone into creating the necessary systems and processes to enable us to function as one company and effectively drive our strategic thrusts. Although the transformation journey will continue for a few more years, we celebrate the fact that we are now operating in key structures as "One RCL FOODS". This has paved the way for another aspect of our transformation: bringing our identity and culture to life in the hearts and minds of our people. During the last six months we have rolled out our corporate brand to almost all of our 20 000 employees across the country. The positive feedback from our people indicates that our values and our "Passion for More" are resonating with our employees and preparing the ground for building an "irresistible" culture, OUR WAY.

IAR 3

With the right structure, a compelling strategy and a differentiated culture, we are now in a position to maximise our delivery on our business model. In South Africa our focus is on accelerating growth in higher-margin added value categories while maximising our core, which means that the commodity components of our basket will grow smaller over time on a relative basis – although they remain a key platform for growth into the rest of Africa. In line with this approach, we have made good progress in achieving a more balanced portfolio over the last financial year. Amidst tough trading conditions, strong growth in the Groceries category cluster (Grocery, Speciality, Pie and Beverage) not only helped safeguard our profitability, but lowered our dependency on the Chicken and Sugar business units.

WE HAVE MADE MAJOR STRIDES IN TRANSFORMING INTO "ONE RCL FOODS" WITH FIRST FULL YEAR OF OPERATING UNDER NEW STRUCTURE AND LEADERSHIP

In the dynamic economic and social environment in which we operate, it is important for us to move beyond "business as usual" if we wish to stay ahead of the game. As the ongoing drought reminds us, we need to create a resilient business that is able to see and do things differently in order to secure our future. With change happening in every sphere – social change, climate change, resource scarcity, food insecurity and the digital revolution we can either lead the change or sit back and react, in which case we'll be too late. So, as much as we need to focus on executing our current business model in the very best way we can, we also need to find ways to create new business models that give a competitive advantage for the future. In pursuit of our sixth strategic thrust, Drive Sustainable Business, we will see the opportunities amidst the challenges, apply a disruptive mindset to the way we do business and transform before we have to.

OUR PROGRESS

I am pleased to report that we made substantial progress against each of our strategic thrusts in the 2016 financial year (see page 20 to 30). A few key highlights emerge which I would like to touch on briefly below.

GROW THROUGH STRONG BRANDS

IAR 20

Our brands performed strongly in the 2016 financial year, with our market share and margins increasing in a number of our categories. The biggest win in the brand space has been in our Groceries category cluster which grew by 10,1% for the 12 months ended 30 June 2016, against a 0,4% total market decline over the same period (ask'd – 30 June 2016). This strong growth has been driven largely by "brilliant basics" at store level, including better distribution, better on-shelf availability and ensuring that our products are sold at the right price in the right place. Furthermore, we have

CHIEF EXECUTIVE OFFICER'S REPORT CONTINUED

started to modernise our packaging and drive stronger innovation, and we expect to see the benefits of these initiatives coming through more in the next year.

In FY17 we will keep investing behind our brands, with an emphasis on brand communication, product range expansion and innovation to support continued strong growth. Driving our marketing skills and capabilities will also be a key enabler in our brand building efforts.

PARTNER WITH STRATEGIC CUSTOMERS

IAR 22

Our strong and long-standing relationships with general foodservice, Quick Service Restaurant (QSR) and Delicatessen customers are an essential element of our DNA that differentiates us from other food producers. Leveraging these strong relationships and our expanded product portfolio, we have been able to introduce new products into our existing QSR customer base while also tapping into new relationships with Starbucks, McDonald's and Burger King. The result of our brand basket extension in QSR has been an additional R80,0 million in new revenue for the business in 2016, with a corresponding increase in our foodservice customer base.

We have also leveraged our enlarged portfolio and existing relationships to strengthen our customer relationships in retail/wholesale channels. Providing key customers with a dedicated "One RCL FOODS" sales team has played a vital role in this process by giving the company one consistent "face" and enhancing our understanding of how the customer works, which builds both focus and trust.

In the coming year we will continue to focus on leveraging our increased scale, portfolio and sales capabilities to drive new business opportunities and further improve relationships in the foodservice and retail/wholesale space.

EXTEND OUR LEADING VALUE CHAIN

IAR 24

Given the critical role of an effective route-to-market in extending our leading value chain, we implemented a R325,0 million expansion in our Logistics division (Vector Logistics) to enhance our storage capacity in Port Elizabeth, Cape Town and Durban. We also invested R250,0 million in new UHT and pet food plants to build manufacturing capabilities in higher-margin added value products. A further R150,0 million was invested in integrating our information systems to enable us to provide a common platform, better information and improved decision-making capabilities.

In the next financial year we will continue to drive key initiatives in route-to-market, manufacturing capability and information systems. These include rolling out SAP in the Consumer division as part of Project Simunye, pursuing our 2020 Route-to-Market Roadmap, and implementing the Animal Feed Enterprise Resource Planning (ERP) project.

EXPAND INTO AFRICA

IAR 28

Building our African footprint will be a key enabler in achieving our ambition of doubling our revenue by 2020. This will require us not only to grow and strengthen our existing African ventures, but to make further acquisitions in line with our low-risk expansion strategy. In this context, having secured a foothold in East Africa through our acquisition of a 33,5% stake in Ugandan chicken producer HMH Rainbow Limited (HMH), we have made further investments in the business via the construction of a new broiler farm and a milling capability extension which will improve HMH's competitiveness in the external market.

Our general progress in terms of new business acquisitions in the rest of Africa was slower than planned. Although we have considered a number of possible deals, we have not felt comfortable to proceed with any new African opportunities this year. In line with our cautious approach in this area, we are of the opinion that our joint venture and involvement with Zambeef would be better aligned with its shareholders if our indirect investments were exchanged for a direct interest in Zambeef (the listed holding company of the Zambeef group of companies). We are awaiting Zambeef's decision on whether to settle our options in cash or shares.

Going forward, we remain committed to expanding our influence on the continent with due care and diligence. In tandem with this, we will place renewed focus on expanding our export efforts in the coming year.

INSPIRE GREAT PEOPLE

IAR 26

Over the last financial year, we have successfully completed the higher levels of our organisational structure and provided more job security to our people by converting the bulk of our casual staff into permanent employees. At the same time, our efforts to implement multi-year wage agreements have also created stability amongst our staff, allowing us to focus on relationship building and talent development initiatives. In this context we have implemented a range of outstanding programmes to identify and develop talent and help build a high performance culture. We continue to focus on labour relations by dealing with issues proactively, working with the unions, setting up national working forums and making sure that we align our staff.

A major highlight of the year has been the rollout of our corporate brand across the business, as a result of which we have come a long way in aligning our people around a common Passion and identity. By creating a culture where work is meaningful, employees are secure and engaged and leadership is inspiring and authentic, we will build our competitive advantage in a way that strategy alone cannot. Having spent much of last year creating the material basis for employee engagement and bringing RCL FOODS to life in the hearts and minds of our people, embedding "OUR WAY" in our behaviours will be a key focus going forward.

IAR 30 DRIVE SUSTAINABLE BUSINESS

The 2016 financial year saw us engaging more fully with the question of what sustainable business means for RCL FOODS and how we can turn contextual challenges into opportunities to secure our future and create competitive advantage. A major initiative in this area has been the creation of our Energy Roadmap which includes key projects that will help bring us closer to energy self-sufficiency as a business. We have the unique ability to not only supply all of our own energy needs by the end of the decade but, depending on enabling legislation, to export additional power into the national grid. The challenge is huge, but we have good reason to be confident. Our Malalane Sugar operations are already self-sufficient and export modest amounts (29,0 GWh) of electricity to the grid, and in Worcester we are making company history by constructing our first Waste-to-Value plant, which will harvest enough energy from post-processing waste water to power our entire Speciality plant.

In the coming year we will focus on aggressively driving our Sustainable Business thrust, which will include pursuing our Energy Roadmap projects, drafting an equally game-changing Water Roadmap and exploring other disruptive business models.

OUR PERFORMANCE

RCL FOODS is reporting its annual results on its new segments for the first time in this set of results. These segments are "Consumer" (which includes the Chicken and Groceries business units), "Sugar & Milling" (which includes the Sugar, Animal Feed and Millbake business units), while the Logistics division (Vector) is responsible for the Group's route-to-market.

RCL FOODS' headline earnings from continuing operations for the twelve months ended 30 June 2016 amounted to R849,7million (2015: R964,5 million), which translates into headline earnings per share of 98,5 cents (2015: 112,2 cents). Excluding the once-off tax provision release and the profit on the exercise of the Zam Chick and Zamhatch put options, as well as expressing the results on a pre-IAS 39 basis, headline earnings and headline earnings per share from continuing operations would be R625,5 million and 72,5 cents, a decline of 29,6% and 29,8% respectively when compared to the previous year. The Board has declared a final dividend of 15,0 cents per share (2015: 22,0 cents).

For more details regarding our financial performance please refer to the CFO report on page 55.

REVIEW OF OPERATIONS

CONSUMER DIVISION

Revenue increased by 10,1% to R13,3 billion (2015: R12,1 billion) whilst pre-IAS 39 EBITDA for the division declined by 19,2% to R701,7 million (2015: R868,8 million). The Chicken business unit (EBITDA down 62,0%) negated the performance of the balance of the business units (Groceries) where EBITDA increased by 19,9%. The payoff from the substantial increase in investment in brands and strong emphasis on marketing "brilliant basics" was evident from the significant inroads made in market share during the year. The Consumer division has made use of ask'd, an independent company that specialises in providing benchmarks that measure industry growth and trends, company performance and consumer dynamics for a defined group, which represents the majority of food manufacturers. For the 12 months ended 30 June 2016 the Consumer divisions sales volumes, excluding Chicken, grew by a remarkable 10,1% despite the ask'd basket sales volumes declining by 0,4%.

CHIEF EXECUTIVE OFFICER'S REPORT
CONTINUED

Chicken

The Chicken business unit delivered a pre-IAS 39 EBITDA result of R158,1 million (2015: R415,5 million), down 62,0% on the comparable period. Within Chicken, gains were made in Quick Service Restaurant (QSR) share while chilled processed meat markets were more competitive as consumers traded down in tough times.

The biggest crisis facing the South African poultry industry remains the massively oversupplied market as a result of surplus domestic volumes as well as record levels of dumped imports. In line with its new business model, Chicken has continued to focus on reducing the cyclical nature and volatility of its business by increasing QSR business and steering away from the consequential commodity chicken market where most imports (i.e. dumped chicken) are targeted. Part of the strategy has been to deliberately reduce bird volumes to fit the demand profile. Over a period of 24 months, Chicken has more than halved the production of Individual Quick Frozen, from 600 tons, to 260 tons a day. Without this action, the oversupply in the market would have been even greater and the impact on profitability more severe. During this period, QSR growth has been muted for some customers which required that overall bird numbers be reduced further to limit additional consequential volume.

The impact of the devastating drought, combined with the weakening of the rand and a recent spike in the soybean meal price due to flooding in Argentina is driving commodity prices to new highs. Whilst the substantial increases in yellow maize and other soft commodities used in poultry feed was to a large extent effectively hedged in the first half of the reporting period, the cost of feed was significantly affected in the second half of the reporting period. The successful reduction in Chicken's cost base, despite lower volume throughput and the achievement of excellent agriculture performance, was unable to outweigh the high feed prices.

The poultry industry remains exposed to two critical issues, dumping of leg quarters and the brining injection cap proposed by government.

- The African Growth and Opportunity Act (AGOA) between the United States and South Africa was renewed earlier this year, after protracted negotiations. The renewal of the agreement ultimately hinged on the lifting of the anti-dumping duty on chickens from the United States and culminated in an agreed 65 000 tons of United States chicken into South Africa annually, without anti-dumping duty. RCL FOODS supports the renewal of this trade agreement for reasons of national interest, even though it is detrimental to the poultry industry and ongoing job preservation. The quota, relative to the total annual poultry consumption in South Africa, is not substantial, yet it is a further source of supply in an extremely oversupplied market. The oversupply is substantially exacerbated by the dumping of the global surplus of leg quarters, a portion of the chicken that is not consumed in the northern hemisphere. Most African countries have banned chicken imports in order to protect their own industries whilst other countries around the world use non-trade phytosanitary barriers to achieve the same end. Together with the industry, we are working closely with the International Trade Administration Commission (ITAC) and have made application for a 37% import tariff on European Union (EU) bone in chicken products.
- Brining – RCL FOODS welcomed the announcement that injection brine in frozen chicken will be capped at 15% from October 2016. Currently poultry manufacturers inject brine up to 43% into frozen chicken portions. RCL FOODS is supportive of the cap on brine injection because South African levels of brine in frozen portions of chicken are unsupported by science, and excessive injection levels by the larger manufacturers has compromised the integrity of South African chicken and the poultry industry. RCL FOODS generally injects at least 10% less brine than its nearest competitors. The implementation of the proposed brining regulations will restore trust in the poultry industry, level the competitive playing field and benefit RCL FOODS' competitive position.

Groceries (Grocery, Speciality, Pie and Beverage)

Notwithstanding spiralling commodity prices and a very competitive environment, the remaining business units in the Consumer division achieved exceptional results driven by a revised pricing strategy, well executed marketing and sales plans and commitment to continuous cost savings and operational synergies. EBITDA was R543,6 million (2015: R453,3 million), up 19,9% on the comparable period.

Sound pricing strategies together with solid marketing and promotional activities have been successful in achieving robust volume growth and market share gains across a range of categories. These market share gains have not been secured by discounting. The dressings category is probably the greatest success story for the period. The broadening of our customer base has led to the mayonnaise category volume share growing by some 8,0% year-on-year. In the peanut butter category, despite aggressive competitor activity, Yum Yum has maintained its market share year-on-year. Good share gains have been seen in premium pet food, the key growth sector of pet food, with Canine Cuisine and Ultra Dog growing market share. All pet food brands will benefit from the ability to deliver world class innovations through the sizeable investment in the pet food plant which will be rolled out over the next 18 months.

The Speciality business unit has shown outstanding growth in this financial year, both as a result of increased demand and through growth in its market share. Speciality is the biggest supplier of handmade food products such as cakes and desserts, speciality breads, sandwiches, salads, muffins and pizzas to Woolworths and the QSR industry. Despite the tough environment, Speciality delivered an improved result after excluding the base effect of the R23,0 million strike impact in the comparable period, however the Speciality margin remains below acceptable levels.

Whilst the Pie business unit has progressively reduced its cost base, it operates in a market experiencing declining volumes and increased commoditisation. Some of the initiatives underway to improve profitability in this business include an appropriate portfolio strategy, investment in the differentiation of our core range, exciting innovation in the form of our new range of "Mighty Fine" pies and the relentless focus on plant optimisation and cost saving initiatives.

The modernisation of the Mageu No. 1 brand through the launch of Smooth, together with a heatwave in most parts of South Africa during December 2015, contributed to a strong performance by Mageu No. 1. The completion of the UHT project, which will enable the ability to deliver a long-life product will provide the opportunity to enter into new channels and access an entirely new range of customers that we have never been able to do before with a chilled product, as well as creating exciting export opportunities.

SUGAR & MILLING DIVISION

The Sugar & Milling division grew revenue by 5,6% to R14,9 billion (2015: R14,1 billion). Pre-IAS 39 EBITDA declined by 20,7% to R830,1 million (2015: R1 047,2 million).

Sugar

The increases in the dollar-based reference price of sugar that were implemented to safeguard local production afforded the sugar industry important protection against imports during this financial year. Imports were substantially down on the previous year which offered support for an industry that has been hard hit by the drought. The use of irrigation that offered Sugar a greater degree of protection than the rest of the industry during the first year of the drought, had to be moderated in the current financial year because of declining dam levels and rainfall that has been significantly below the long-term average. The cane crop decreased by 1 175 352 tons, resulting in some 152 980 tons less sugar produced than the comparable period. Despite damage caused to the standing cane crops as a result of the drought, the net amount of the year-on-year impact from crop valuations was a positive R4,8 million mainly due to the increase in sugar prices.

As a result of an expected decline in sugar availability in the country, the sugar industry reduced its exports in order to ensure sufficient sugar supply for the domestic market. The increased sales in the domestic market significantly changed the mix of retail, wholesale and industrial business for RCL FOODS Sugar, which placed margins under pressure. The South African Sugar Association (SASA) recovers its costs from industry members through an industrial levy on a R/ton basis. Despite the Sugar business units' lower manufacturing volumes, the significantly lower industry crop has resulted in a higher R/ton

CHIEF EXECUTIVE OFFICER'S REPORT
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charge. This together with the Sugar business units' increase in share of South African sugar production has resulted in an overall increase in Sugar's share of industry costs. RCL FOODS is currently engaging with SASA, other millers and growers to review the level and costs of SASA's operations given the current economic and drought conditions. The financial results were further impacted by higher cane costs, lower throughput and increased energy cost, resulting in EBITDA declining 42,5% to R235,4 million.

Although weather conditions are expected to normalise in late 2016, 2017 volumes and profitability will still be impacted due to the effect of the drought on cane quality and yields. A return to acceptable profitably is only expected in the 2018 financial year.

Massingir, the greenfield sugar project in Mozambique has been terminated and a R13,0 million final impairment has been raised.

Animal Feed

The merging of Epol and Molatek into one Animal Feed business unit has resulted in an entity which is a R6,0 billion business, creating one of the largest Animal Feed companies in the country, increasing the sales footprint and product offering. It has also allowed for the rationalisation and related cost benefit of Epol and Molatek's sales and marketing efforts. "One RCL FOODS" synergies have led to Animal Feed increasing the utilisation of Millbake by-products such as bran, benefitting both business units.

Despite the business unit's continued focus on reducing exposure to "pure commodity" segments of the market and increased focus on the higher margin horse and game sector, substantial commodity price increases coupled with reduced volumes to the Chicken business resulted in pre-IAS 39 EBITDA decreasing by 3,6% to R322,4 million (2015: R334,6 million). The reduction in feed sales to the Chicken business unit is in line with Chicken's strategy to reduce bird volumes.

Millbake (Milling and Baking)

The Milling and Baking businesses were combined during the previous financial year, recognising their highly integrated nature. An impairment in the Milling cash generating unit was required due to the competitive trading environment and increases in the ten-year government bond yield driving up the discount rate. Operational challenges and consequently lower volumes in Baking combined with an inability to recover an 18.0% increase in the wheat price in Milling, resulted in the business unit achieving an EBITDA of R272,3 million (2015: R303,8 million).

Millbake is currently evaluating the opening of new sales channels through innovation, leveraging existing QSR relationships as well as rivitalising the Sunbake brand.

The outlook for the Millbake business unit as a whole is for a substantial improvement in profitability as a result of fixing the operational issues in the Gauteng bakeries. More recently service levels have improved, lost customers regained and damages reduced, all of which bodes well for the new financial year.

LOGISTICS DIVISION

Despite revenue growth of only 5,5% to R1 986,9 million (2015: R1 883,7 million) after the loss of some less profitable customers, Logistics achieved a commendable EBITDA of R260,7 million (2015: R206,2 million). Excluding the impact of the labour disruptions (R20,0 million) in the comparable period, EBITDA increased by 15,3%. The results are mainly driven by sound cost control which has been a key focus area during the financial year. The business has been successful in gaining new business to replace most of the lost revenue, albeit in staggered intervals. Volumes in the foodservice industry remain resilient.

The new leased facility in Port Elizabeth (Coega) as well as the expansion at Peninsula was successfully commissioned during the current year. The expansion of the Thekwini depot has been successfully commissioned subsequent to year-end.

EQUITY ACCOUNTED INVESTMENTS

Royal Swaziland Sugar Corporation ("RSSC")

RCL FOODS Sugar has a 27,4% shareholding in RSSC. Results were impacted upon by similar conditions to the South African operations such that its after tax contribution to RCL FOODS declined by 18,6% to R68,5 million (2015: R84,2 million). The Group's share of the negative fair value biological asset valuation was an after tax amount of R5,8 million.

Zam Chick Limited ("Zam Chick") and Zamhatch Limited ("Zamhatch")

As the Zam Chick and Zamhatch put options were exercised at the end of March, the Group stopped equity accounting the results of Zam Chick. Due to differing year-end periods, the Group has equity accounted Zam Chick's 12-month results to 31 March 2016. Zam Chick equity accounted earnings increased by 27,4% versus the comparable period to R13,5 million (2015: R10,6 million).

Senn Foods Logistics ("Senn Foods")

RCL FOODS acquired 49,0% of Senn Foods in Botswana during 2014. Senn Foods continued to deliver pleasing results notwithstanding the challenging economic conditions with an after tax profit contribution of R8,4 million (2015: R7,6 million).

HMH Rainbow Limited ("HMH")

RCL FOODs acquired 33,5% in HMH during the current financial year. The Ugandan poultry producer is in the start-up phase and as expected the Group made a small loss during the year. Profitability is dependent on increasing volumes. Capital projects are currently in progress to support the increased volumes required.

MEETING THE CHALLENGE "OUR WAY"

We have made great progress on our journey towards "One RCL FOODS". Through our new structure, processes and systems, combined with strong leadership across the business, we are bringing a clear "one company" focus to our strategic thrusts and are already making significant gains. Key among these is our move to a more balanced portfolio, without which we would have been far more seriously impacted by the ongoing drought and the oversupply of chicken in the local market.

As we continue to transform as "One RCL FOODS", we aim to lead the change by finding new ways of doing business, not just to survive in the future but to thrive by creating long-term competitive advantage. Going forward, our ability to see and do things differently, and hence find opportunities within the many challenges that face us, will play a significant role in assuring our delivery against both our short-term goals and long-term ambition.

Our progress so far is a positive indication of the achievability of this ambition, and I look forward to even more as we head into the new financial year. On that note, I would like to thank each person in our business for their contribution to our meaningful achievements over the last year.

M Dally
Chief Executive Officer

CHIEF FINANCIAL OFFICER'S REPORT

OVERVIEW AND MARKET CONDITIONS

This past financial year has been characterised by unrelenting market price volatility and global uncertainty. Investor confidence, both locally and abroad, has remained low, stock markets were turbulent and energy prices stumbled for traction.

Stimulating global growth proved extremely difficult as the US economy appeared in less of a position to drive global growth and heightened concerns around the state of China's economy doubly weighed on the world economy. A slump in China's equity market in August 2015 and a surprise devaluation in the Chinese yuan adversely impacted global equity markets and rattled confidence in Chinese authorities. Speculation around when the US Federal Reserve ("the Fed") would hike interest rates continued to categorise the latter half of calendar 2015. Cautious inaction in September and October was followed by a highly anticipated US rate hike in December 2015. Global markets faced the dichotomy of diverging monetary policy across nations, the central bank policy theme dominated markets into calendar 2016 with rates close to zero and a surging US dollar. Calls for continuing rate hikes early in the year were repressed, with expectations for a resumption in rate hikes delayed to September 2016, or even as late as 2017, as US data failed to support a decisive decision.

Closer to home and amid the Fed looking likely to commence its hiking cycle, the South African Reserve Bank ("SARB") increased rates in November 2015, raising the repo rate by 25 basis points to 6,25%. Inflationary pressures – primarily on the back of a firmer US dollar and a rand heavily weakened by the fallout from who would head up South Africa's Ministry of Finance – saw CPI forecasts for 2016 trend toward 7,0%, outside of the SARB's 6,0% target. The SARB responded with further rate hikes in January 2016 and March 2016, by 50 and 25 basis points respectively. With South Africa's GDP growth for 2015 decreasing to 1,5% and 2016 growth expected to be around 0,6% or less, a resumption in rate hikes could further dampen GDP forecasts and exacerbate the current stresses faced by the local consumer and corporate borrowers.

The rand continued the downward trend into the current financial year, depreciating from R12,16 at the start of the year, reaching an all-time high of R17,82 to the US dollar in December 2015. However, the results of the British referendum on continuing participation in the European Union, the decision by credit ratings agencies not to downgrade South Africa's sovereign status as well as the divergence in interest rate policies between the SARB and the Fed have seen a strong recovery in the rand, ending at R14,68, albeit still 21,0% weaker than the same time in 2015.

		2016	2015	%
FINANCIAL HIGHLIGHTS				
Revenue	Rm	**25 025,2**	23 428,2	6,8
EBITDA	Rm	**1 766,5**	2 224,0	(20,6)
EBITDA margin	%	**7,1**	9,5	(2,4)
Operating profit	Rm	**378,2**	1 452,4	(74,0)
Operating profit margin	%	**1,5**	6,2	(4,7)
Net finance cost	Rm	**326,8**	321,6	(1,6)
Headline earnings – continuing operations	Rm	**849,7**	964,5	(11,9)
Headline earnings per share – continuing operations	cents	**98,5**	112,2	(12,2)
Capital expenditure (excluding intangible assets)	Rm	**1 012,7**	756,6	33,8
Return on equity	%	**2,1**	8,7	(6,6)
Cash generated by operations	Rm	**1 440,4**	2 066,1	(30,3)
Gearing ratio	%	**35,6**	34,7	(0,9)

CHIEF FINANCIAL OFFICER'S REPORT
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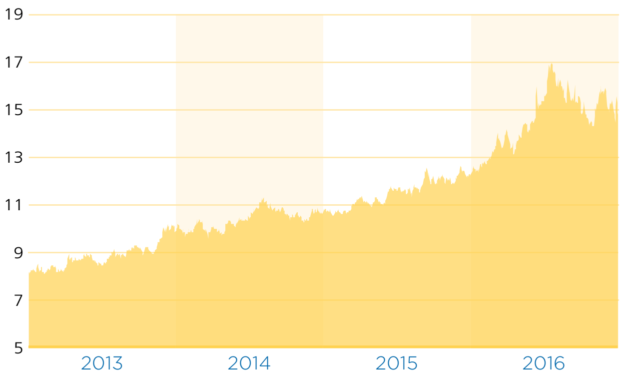
EXCHANGE RATE (R/US$)



Source: Reuters

AGRICULTURAL COMMODITY PROCUREMENT

Price volatility on the local and international soft commodity markets was relentless throughout the reporting period. Local speculation relating to the effects of a protracted drought together with volatility in the exchange rate were primary drivers.

Over the past decade, the increased demand for both food and animal feed have placed tremendous pressure on global grain stocks. The growth in biofuel production, particularly in the USA, has further added to pressure on crops and supported prices.

Maize and soya are the key ingredients utilised in the production of animal feed and for the year under review, 630 000 tons of yellow maize and 235 000 tons of soya were procured. A further 80 000 tons of white maize and 406 000 tons of wheat (local and imported) were used in our Millbake business unit and, in the Consumer division, approximately 120 000 tons of sunflower seed was used in production. These soft commodities are addressed individually below.

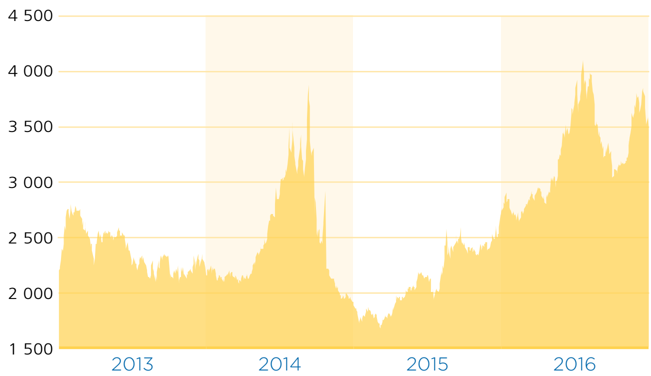
MAIZE

South Africa's 2014/2015 crop of 10,06 million tons started to enter the local market in May 2015. Initial uncertainty around crop yields saw prices of maize steadily increase to the end of June 2015 to R2 680. With South Africa's annual total maize requirements for food and feed totalling just under 10,0 million tons, promising feedback on yields and a healthy carry-in indicated that the countries requirements for both the white and yellow variety would be adequately met.

Prices corrected from mid-July 2015 and traded between R2 610/ton and R2 960/ton, a relatively tight range till early November. The middle of November saw local SAFEX prices commence a violent bull run with yellow maize prices from mid-November climbing R1 160/ton from R2 980/ton to peak at R4 140/ton by the middle of January 2016. White maize prices touched a high of R5 350/ton, sparking concerns around food price inflation. The dominant driver of this rally was the much publicised and protracted drought which saw expected yields on the new season crops revised substantially lower whilst rand weakness also played a role. Visibly barren fields, scorched crops and the culling of herds all added to concerns.

Rallying local prices saw end-users turn to the international market, with imports particularly to the coast and in some instances to the reef, pricing competitively. Tonnages from South America were booked and began to arrive at ports around the country from March 2016. With South Africa's coastal requirements expected to be met by imports, yellow

YELLOW MAIZE PRICE



Source: Reuters

maize prices declined sharply from the beginning of February 2016 high of R4 000/ton to a low of R3 119/ton at season end. The period April to June 2016 saw prices spike to R3 843/ton from R2 991/ton driven largely by surging US corn prices, (US corn prices shot through the psychologically important R4 000/ton level on drought concerns and fund activity) and then back down to R3 465/ton as US corn prices retreated and the rand strengthened.

The average SAFEX yellow maize price for this reporting period was R3 245/ton compared to the previous period of R2 111/ton, an increase of 53,7%.

SOYBEAN MEAL

The soybean meal price, as traded on the Chicago Mercantile Exchange ("CME"), continued the bearish trend from the previous financial year to average marginally above $300 per short ton for the past financial year – some 17,0% lower year-on-year. The main contributor to the bearish trend was a recovery of the USA season-ending soybean stock-to-use ratio to around 10,0%, the highest in nine years. The relatively strong US dollar was also a contributor to lower world commodity prices in general.

Flood damage to the promising 2015/16 Argentinian crop, resulting in a crop loss of 5,0% to 10,0%, exacerbated by concerns of a La Ninã phenomenon (hotter and drier than normal) potential impact on the 2016/17 USA crop have resulted in a substantial rally in soy prices on the CME (soymeal rallied over $100/ton) in the last quarter of the 2016 financial year.

The season-ending soybean stock-to-use ratio for the USA is currently projected to decline from 10,0% to approximately 6,0%, providing further support to the soy prices.

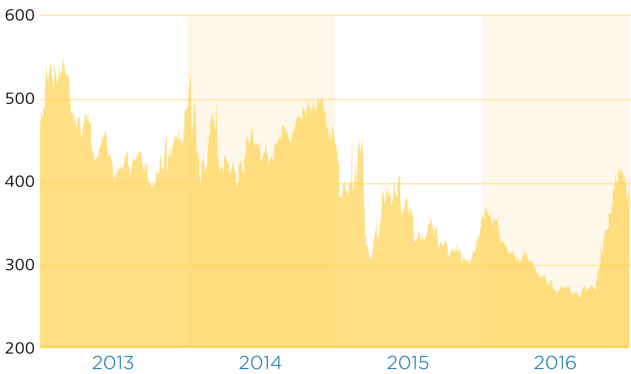
With the recent change in government in Argentina (third biggest soybean producer, biggest soymeal exporter) has come a change in export taxes with those on maize and wheat removed whilst those on soybean and soymeal reduced to 30,0% and 27,0% respectively. This will favour the planting of maize and wheat over soybeans in Argentina and will thus provide further support to soy prices going forward.

Prices are thus expected to remain firmly above the $300/ton level on the CME and likely to trade a $350/ton to $450/ton range with weather playing a dominant role (i.e. increased volatility) in the foreseeable future due to tightening carry-out stocks of soybeans and sustained demand from a growing global middle-class, particularly in China.

WHEAT

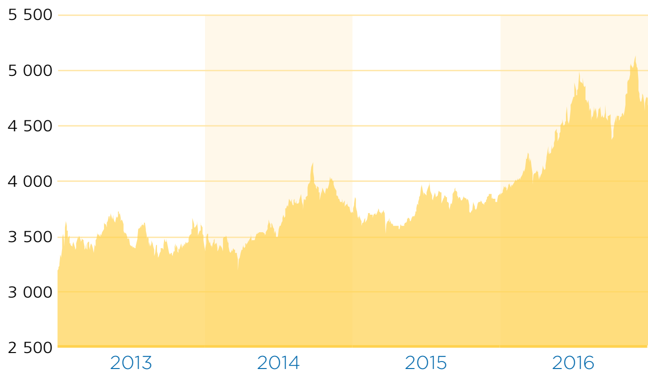
Local wheat spot prices peaked at R5 116/ton during the period under review. The average market price for local wheat for this period was R4 457/ton compared to the average market price of R3 776/ton over the previous 12 month period, an increase of 18,0%. The weakening of the rand and the sharp increase in the wheat import tariff in the past 19 months from R157/ton to the current R1 224/ton were the major contributors to the wheat price increase.

CME SOYBEAN MEAL PRICE



Source: Reuters

SAFEX WHEAT PRICE



Source: Reuters

CHIEF FINANCIAL OFFICER'S REPORT
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South Africa is a net importer of wheat and wheat prices are therefore correlated to imported international wheat prices, the exchange rate and the derived inland import parity price. For the year ended June 2016, a total of 406 000 tons of wheat was milled through our facilities.

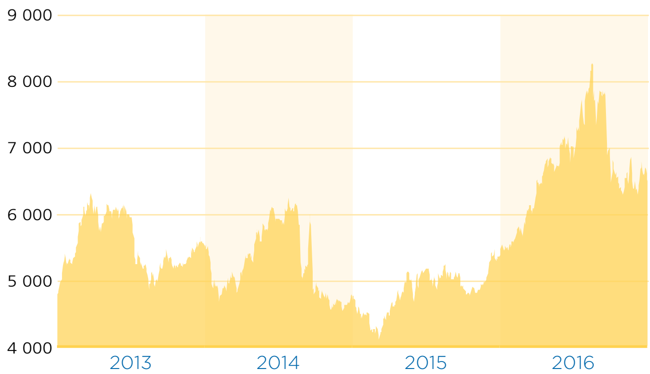
SUNFLOWER SEED

Although sunflower seed was the only commodity where the crop size was not affected by the drought, the lack of rain in the optimal planting season, low stocks and volatility in the R/$ exchange rate saw sunflower seed prices reach record highs.

Sunflower seed started the financial year at R5 300/ton and despite good rain in the summer production area in January 2016 which was supportive of sunflower seed planting, unfortunately the new crop was too late and lack of early deliveries saw prices rocket to all-time highs of R8 200/ton.

With sunflower seed harvesting starting and the rand strengthening against the dollar, sunflower seed prices dropped back to R6 400/ton at the end of the financial year. The average SAFEX sunflower seed price for this reporting period was R6 625/ton compared to the previous period of R4 817/ton, an increase of 37,5%.

SAFEX SUNFLOWER SEED PRICE



Source: Reuters

FINANCIAL REVIEW

RCL FOODS' headline earnings from continuing operations for the twelve months ended 30 June 2016 amounted to R849,7 million (2015: R964,5 million), which translates into headline earnings per share of 98,5 cents (2015: 112,2 cents). Excluding the once-off tax provision release and the profit on the exercise of the Zam Chick and Zamhatch put options as well as expressing the results on a pre-IAS 39 basis, headline earnings and headline earnings per share from continuing operations would be R625,5 million and 72,5 cents, a decline of 29,6% and 29,8% respectively when compared to the previous period. The Board has declared a final dividend of 15,0 cents per share (2015: 22,0 cents).

Significant individual financial impacts in the current period include:

- An impairment loss 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 10-year government bond yield driving up the discount rate.;
- The release of a R163,3 million provision for uncertain tax disputes raised in terms of IFRS 3 (Business Combinations) as part of the Foodcorp acquisition. This matter has now been finalised with the South African Revenue Service and consequently the income tax expense for the period has been reduced by R163,3 million;
- Recognition of R67,7 million profit after tax (headline earnings R118,9 million) relating to the exercise of the Zam Chick and Zamhatch put options; and
- An unrealised IAS 39 adjustment which reduced EBITDA by R80,6 million (2015: R106,2 million profit), relating to the Group's commodity procurement strategy. This negative adjustment is largely attributable to long foreign exchange positions entered into in the last quarter of the year and an appreciating rand exchange rate at year-end.

Consumer's pre-IAS 39 EBITDA for the period dropped by 19,2% to R701,7 million (2015: R868,8 million). Results were materially impacted by the Chicken business unit, which despite its continued commitment to reducing its exposure to commodity based lines, was severely impacted by the oversupplied chicken market and rising feed costs. Notwithstanding spiralling commodity prices and a very competitive environment, the remaining business units in the Consumer division achieved exceptional results driven by a revised pricing strategy, well executed marketing and sales plans and commitment to continuous cost savings and operational synergies. pre-IAS 39 EBITDA was R543,6 million (2015: R453,3 million), up 19,9% on the comparable period.

The decrease in Sugar & Milling's pre-IAS 39 EBITDA to R830,1 million (2015: R1 047,2 million) is driven largely by lower sugar volumes as a result of the drought. Despite the Animal Feed business units' continued focus of reducing exposure to "pure commodity" segments of the market and increased focus on the higher margin horse and game sector, substantial commodity price increases coupled with reduced volumes to the Chicken business resulted in pre-IAS 39 EBITDA decreasing by 3,6% to R322,4 million (2015: R334,6 million). Operational challenges and consequently lower volumes in Baking, combined with an inability to recover an 18,0% increase in the wheat price in Milling, resulted in the Millbake business unit achieving an EBITDA of R272,3 million (2015: R303,8 million).

Despite revenue growth of only 5,5% to R1 986,9 million (2015: R1 883,7 million) after the loss of some less profitable customers, Logistics achieved a commendable EBITDA of R260,7 million (2015: R206,2 million). Excluding the impact of the labour disruptions (R20,0 million) in the comparable period, EBITDA increased by 15,3%. The results are mainly driven by sound cost control which has been a key focus area during the financial year. The business has been successful in gaining new business to replace most of the lost revenue, albeit in staggered intervals. Volumes in the foodservice industry remain resilient.

The table below depicts EBITDA from a statutory perspective and adjusted for unrealised gains and losses on financial instruments (pre-IAS 39) used in the Group's commodity procurement strategy. Reporting the financial effects of certain financial instruments used in the procurement strategy in terms of IAS 39, introduces volatility to the Group's financial results. For the year under review, the pre-tax impact on the Group's results of these unrealised positions is a negative impact of R80,6 million (2015: R106,2 million positive), which is largely attributable to long foreign exchange positions entered into in the last quarter of the year and an appreciating rand exchange rate at year-end. The underlying EBITDA decline moderates to 12,8% on a pre-IAS 39 basis.

		12 months 30 June 2016	12 months 30 June 2015	% change
EBITDA				
– pre-IAS 39	(Rm)	**1 847,1**	2 117,8	(12,8)
– statutory	(Rm)	**1 766,5**	2 224,0	(20,6)
EBITDA margin				
– pre-IAS 39	(%)	**7,4**	9,0	(1,6)
– statutory	(%)	**7,1**	9,5	(2,4)

Excluding the Chicken and Sugar EBITDA, the remaining business units had pleasing growth of 12,4%. The table below depicts an analysis of EBITDA on a pre-IAS 39, excluding the Chicken and Sugar business units.

	12 months 30 June 2016 Rm	12 months 30 June 2015 Rm	% change
Total Group pre-IAS 39 EBITDA	**1 847,1**	2 117,8	(12,8)
Chicken EBITDA	**158,1**	415,5	(62,0)
Sugar EBITDA	**235,4**	408,8	(42,5)
EBITDA excluding Chicken and Sugar	**1 453,6**	1 293,5	12,4

CHIEF FINANCIAL OFFICER'S REPORT
CONTINUED

FINANCE

Despite increases in interest rates over the current financial year, net finance costs of R326,8 million (2015: R321,6 million) have remained fairly static. As reported at June 2015, the majority of the interest rate exposure on the debt package was fixed for the first 24 months. During the period under review, RCL FOODS hedged the interest rates on R1,5 billion of the R3,35 billion debt package relating to years three and four through a collar structure. These hedges are proving valuable in the current volatile interest rate environment.

EQUITY ACCOUNTED INVESTMENTS

Royal Swaziland Sugar Corporation ("RSSC")

RCL FOODS Sugar holds a 27,4% shareholding in RSSC, a company incorporated in Swaziland which grows and mills sugar cane as well as manufactures ethanol from molasses. Results were impacted upon by similar conditions to the South African operations such that its after tax contribution to RCL FOODS declined by 18,6% to R68,5 million (2015: R84,2 million). The Group's share of the negative fair value biological asset valuation in RSSC was an after tax amount of R5,8 million.

Akwandze Agricultural Finance Proprietary Limited ("Akwandze") and Mananga Sugar Packers Proprietary Limited ("Mananga")

Akwandze and Mananga contributed a combined after tax profit of R22,7 million for the 12 months to June 2016 (2015: R19,8 million). Akwandze's main activities are to provide finance and management services to sugarcane growers. Mananga is a sugar packaging and selling company which sells sugar in Swaziland as well as South Africa.

Zam Chick Limited ("Zam Chick") and Zamhatch Limited ("Zamhatch")

In terms of the Shareholders' Agreements RCL FOODS, as a standard protection mechanism, negotiated put options that would require Zambeef Products PLC to acquire all of the ordinary shares held by RCL FOODS in Zam Chick and Zamhatch. RCL FOODS are of the opinion that our joint venture and involvement with Zambeef would be better aligned with the shareholders of Zambeef if RCL FOODS' indirect investments were to be exchanged for a direct interest in Zambeef, the listed holding company of the Zambeef group of companies. We chose to exercise the put options prior to their expiry and await Zambeef's decision as to whether to settle them in cash or shares, or a combination of both, settlement date being 23 September 2016 at the latest.

The exercise of the put options resulted in a loss of joint control in the investments in Zam Chick and Zamhatch and consequently the investment was disposed of for accounting purposes. A net gain of R67,7 million profit after tax (headline earnings profit impact R118,9 million) was made. The difference between the headline earnings and the earnings impact is due to the foreign currency translation reserve which was recycled on disposal of the investments.

As the Zam Chick and Zamhatch options were exercised at the end of March the Group stopped equity accounting the results of Zam Chick. Due to differing year-end periods, the Group has equity accounted Zam Chick's 12-month results to 31 March 2016. Zam Chick equity accounted earnings increased by 27,4% versus the comparable period to R13,5 million (2015: R10,6 million).

Senn Foods Logistics ("Senn Foods")

RCL FOODS acquired 49% of Senn Foods in Botswana during 2014. Senn Foods is involved in the trading and distribution of dry, frozen and chilled food. Senn Foods continued to deliver pleasing results notwithstanding the challenging economic conditions, with an after tax profit contribution of R8,4 million (2015: R7,6 million).

HMH Rainbow Limited ("HMH")

RCL FOODs acquired 33,5% in HMH during the current financial year. The Ugandan poultry producer is in the start-up phase and as expected the Group made a small loss during the year. Profitability is dependent on increasing volumes. Capital projects are currently in progress to support the increased volumes required.

TAX

The Group's tax charge has been materially impacted by the release of the R163,3 million provision for uncertain tax disputes and the effect of the non-deductible loss resulting from the impairment of goodwill in the Milling operation (R105,6 million tax impact). The effective tax rate is 30,1% excluding abnormal items.

DISCONTINUED OPERATION

The discontinued operation in the prior year relates to the sale of Foodcorp's Fishing division.

STATEMENT OF FINANCIAL POSITION

Key statement of financial position items are highlighted below.

NON-CURRENT ASSETS

PROPERTY, PLANT AND EQUIPMENT (PP&E)

Capital expenditure (excluding intangibles) for the year was R1 012,7 million (2015: R756,6 million). Significant spend includes the UHT project at the Beverage business unit, the upgrade to the pet food plant in the Grocery business unit and the expansion at the Logistics division's Peninsula and Thekweni sites.

An amount of R323,3 million (2015: R461,7 million) has been contracted and committed, but not spent, whilst a further R227,2 million (2015: R460,7 million) has been approved, but not contracted. These projects mainly relate to continued investment in the projects above.

IMPAIRMENT

Massingir, the greenfield sugar project in Mozambique has been terminated and a R13,0 million final impairment has been raised.

INVESTMENT IN ASSOCIATES AND JOINT VENTURES

The increase in the investment in associates is mainly due to the additional investment of R61,5 million in HMH, a poultry producer in Uganda .The purchase price allocation exercise has not yet been finalised.

The decrease in investment in joint venture is largely attributable to the exercise of the Zam Chick and Zamhatch put options which resulted in the investments being disposed of.

BIOLOGICAL ASSETS

Non-current biological assets relate to sugar cane roots and standing cane. The increase of 13,7% from the prior year mainly relates to the increase in the sugar price. This has been offset to a certain degree by standing cane that was damaged as a result of the drought.

CURRENT ASSETS AND CURRENT LIABILITIES

The increase in inventories is largely driven by the increased commodity stock holding which has arisen due to the maize import programme as a result of the drought and increased commodity pricing.

Trade receivables has increased mainly due to increased sales on behalf of third party principals in the Logistics division. Despite difficult economic conditions, trade debtors continue to be well managed across the Group with only 2,0% of trade debtors being considered doubtful (2015: 2,3%).

Chicken biological assets have increased as a result of increased feed prices resulting from increased commodity pricing.

The reduction in cash and cash equivalents by R507,3 million largely relates to weaker trading, the capital investment programme and the increased trade receivables.

LONG- AND SHORT-TERM INTEREST-BEARING LIABILITIES

The increase in interest-bearing liabilities mainly relates to the Logistics divisions' new leased facility in Port Elizabeth (Coega).

OTHER NON-CURRENT LIABILITIES

Deferred tax of R1 370,0 million (2015: R1 458,9 million) arises from numerous temporary differences across the Group.

The post-retirement medical obligation of R165,4million (2015: R187,7 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 the prior year resulting in an amount of R27,3 million (2015: R47,0 million) being transferred to a registered third party annuity provider.

CHIEF FINANCIAL OFFICER'S REPORT
CONTINUED

CASH FLOW AND WORKING CAPITAL

Cash generated by operations decreased to R1 440,4 million (30,3%), mainly as a result of the weaker financial performance and increased trade receivables and commodity stock holding.

Net finance costs per the income statement are lower than net finance costs paid due the positive mark-to-market valuation of R1,3 million relating to the interest rate hedges which have no cash flow impact.

Cash from investing activities was distorted in the previous period as a result of a R446,0 million inflow from a money market account that was closed. In order to realign its cash resources, the Group disinvested from the money market account which, due to its maturity profile, was not classified as cash and cash equivalents. The remaining increase in investing activities mainly relates to the significant capital investment programme and the investment in HMH (Uganda).

SUMMARISED CASH INFORMATION

	2016 Rm	2015 Rm
Opening balance*	**870,5**	1 472,7
Operating profit adjusted for non-cash flow items	**1 321,8**	1 914,8
Working capital changes	**118,6**	151,4
Net finance costs paid	**(325,5)**	(322,6)
Tax paid	**(254,6)**	(280,9)
Dividends paid	**(320,1)**	(301,8)
Capital expenditure (including intangibles)	**(1 027,3)**	(756,6)
Proceeds on disposal of Fishing division (net of cash) sold	**25,0**	251,1
Additional investment in Associate	**(61,5)**	(46,0)
Proceeds on sale of PP&E	**43,5**	31,6
Interest-bearing liabilities	**(88,8)**	(1 357,7)
Discontinued operation – net cash inflows		35,3
Other	**61,6**	79,2
Closing balance*	**363,2**	870,5

** Net of overdrafts and including money market fund.*

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

As a result of the Group changing its operating structure from the four operating subsidiaries, Foodcorp, Rainbow, TSB and Vector to three business divisions: Consumer, Sugar & Milling and Logistics, the Group has updated the disclosures of the previously disclosed segments to align with the information reviewed by the Group's Chief Operating Decision Maker for the purpose of allocating resources. The prior year segmental reporting has been restated.

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 cash dividend of 15,0 cents per share for the year ended 30 June 2016. An interim dividend of 15,0 cents was declared and paid during the financial year. The dividend has been declared from income reserves. Dividend tax will amount to 2,25 cents per share and consequently shareholders, who are not exempt from dividend tax, will receive a net dividend amount of 12,75 cents per share.

FINANCIAL STRATEGY

The recent integration of the four businesses of Foodcorp, Rainbow, TSB and Vector into "One RCL FOODS" together with the rapidly expanding Group has presented both challenges and opportunities from a financial perspective. Some of the key opportunities are covered below:

FINANCE FUNCTION MATURITY ANALYSIS

In the current financial year, together with a leading consultancy firm, the Group embarked on an exercise to assess the maturity of the Finance function. The results of the exercise provided valuable insight into high priority areas. Overall the assessment indicated that the Finance function compares very well to international benchmarks.

One of the key initiatives resulting from the maturity analysis, was the transformation of the traditional budgeting process. In these times of rapid change, the Group found that outputs from the traditional budgeting process often become outdated or unrealistic early into the financial year. The traditional budgeting processes consumed enormous amounts of time and resources yet it was often not aligned and integrally linked to strategic plans. The traditional budget has now been replaced by a "Business plan process" which has enabled the Group to be more agile and dynamic to responding to issues, changes and opportunities and to focus on strategic decisions.

The "Business plan process" centres on the five year business plan. The five year business plan, which is updated annually by each division by business unit, is a highly integrated strategic document that can be updated immediately for changes in the business environment to enable the divisions to rapidly respond to threats and take advantage of opportunities.

The five-year business plan, together with existing market conditions are in turn used by the divisions as a basis for agreeing a one year target.

The full success of the "Business plan process" will only be known once the 2017 financial year is complete but the process has already yielded benefits in the form of a reduction in hours which has enabled the divisions to redeploy key resources to focus on strategic ways to improve operating efficiencies and identify opportunities and market gaps. In addition, as this is the first year that the Group has done a consolidated five-year business plan for all of the business units, it has allowed for a thorough review and broad consensus as to the brands we are looking to build and what our investment approach should be over the next couple of years.

STRATEGIC SOURCING

Group Strategic Sourcing has engaged with the various business units and suppliers to identify, leverage and deliver spend benefits across the Group. In the forthcoming year identification of these spend opportunities will become easier with the ex-Foodcorp business units adopting our standard procurement and SAP ERP contract management systems as and when they replace their existing ERP systems. These same business unit's spend will then additionally be managed against the Group Strategic Sourcing target of 85% of "spend value" being managed under vendor spend contracts, thereby delivering even further benefits.

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.

CHIEF FINANCIAL OFFICER'S REPORT
CONTINUED

CENTRAL TREASURY AND DEBT REFINANCE

The inheritance of significant debt levels through the Foodcorp acquisition has led to an increased focus on gearing and cash flow management. Monthly management reporting and incentive structures now include a direct link to free cash flow generation and return on assets managed.

The treasury function has been centralised in order to minimise the cost of funding and to provide a single point of reference with funders.

The objective of the centralised treasury 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 risks 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.

The participants in the package are Rand Merchant Bank, Standard Bank of South Africa, ABSA and HSBC.

The funding package is structured on the following basis:

Facilities	Type	Term	Rm	Repayment date
Senior A Loan	Bullet	5 years	**1 755**	15.2.2020
Senior B Loan	Bullet	4 years	**1 097**	15.2.2019
Senior C Loan	Revolving	3 years	**498**	15.2.2018
Total			**3 350**	

The Group will continue to seek ways to reduce volatility in cash flows through strict management of working capital investment, the hedging of interest rate risk and partnering with our funding service providers to improve transparency and forecasting of cash flows.

Key covenants on the debt package are net interest-bearing senior debt/pre-IAS 39 headline EBITDA cover ratio of less than 3,0 and a senior interest cover ratio of greater than 3,0. All covenants have been met with a significant safety margin in the 2016 financial year.

RH Field
Chief Financial Officer

CONTENTS

RCL Foods Limited
Six The Boulevard
Westway Office Park
Westville
3629

Dear shareholder,

Kindly note that the information contained in this printed version of the 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 30 September 2016.

Any investment decisions by investors and/or shareholders should be based on a consideration of the full annual report as a whole and shareholders are encouraged to review the full 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 annual report by contacting the company secretary at john.maher@rclfoods.com or on 031 242 8580.

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 273 4• Westway Office Park • 3635 • Tel +27 31 242 8600

REPORT OF THE AUDIT COMMITTEE

This report sets out how the Audit Committee discharged its responsibilities during the financial year ended 30 June 2016 as required in terms of section 94 of the Companies Act of South Africa (the "Act").

MANDATE AND TERMS OF REFERENCE

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

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

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 three times during the year as per the Audit Committee charter. The Chairman of the Board, Chief Executive Officer, Chief Financial Officer, Group Audit and Risk Manager (GARM) 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 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.

Committee members	31 Aug 2015	25 Nov 2015	22 Feb 2016
NP Mageza ACCA (UK) Appointed: September 2009	Present	Present	Present
DTV Msibi BBusSc, BCom (Hons), MCom, CA(SA) Appointed: August 2013	Present	Present	Present
RV Smither (Committee Chairman) BCom (Hons) CA(SA) Appointed: December 2008	Present	Present	Present

ELECTION OF COMMITTEE MEMBERS

In terms of section 94 (2) of the Act, it is proposed in the notice of the annual general meeting to be held on 8 November 2016 that Messrs RV Smither, NP Mageza and DTV Msibi be re-appointed as members of the Audit Committee until the next annual general meeting in 2017.

ROLES AND RESPONSIBILITIES

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

The Audit Committee has discharged its key responsibilities as follows:

- Reviewed the interim results, period-end 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 financial statements are prepared in accordance with International Financial Reporting Standards (IFRS); and
  - considered and, when appropriate, made recommendations on financial statements, accounting practices and internal financial controls;
- Confirmed the Internal Audit charter and audit plan and revised structure;
- Evaluated the effectiveness of internal 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

REPORT OF THE AUDIT COMMITTEE
CONTINUED

- 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 2016 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 (PwC) are the incumbent auditors for all the Group companies. The Audit Committee continually monitors the independence and objectivity of the external auditors and satisfied itself with the ethical requirements regarding independence. The external auditors 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 African 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 2016 financial year to PwC totalled R21,3 million of which R1,6 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 2017 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 GARM. To ensure independence, the GARM reports functionally to the Audit Committee and, only from an administration perspective, to the CEO.

INTERNAL FINANCIAL CONTROLS

The Audit Committee is satisfied that the Group's system of internal financial controls is effective and forms a basis for the preparation of reliable financial statements, 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 Audit Committee to indicate that any material breakdown in internal controls has occurred during the past financial year.

GOING CONCERN ASSESSMENT

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

R Smither
Chairman of the Audit Committee

30 August 2016

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	2016 R'000	2015 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	**5 696 096**	5 193 089
Intangible assets	**2 283 999**	2 640 039
Biological assets	**624 917**	549 608
Investment in joint ventures	**206 036**	416 626
Investment in associates	**485 054**	406 250
Deferred income tax asset	**19 658**	8 320
Loan receivable	**1 555**	1 555
Trade and other receivables	**12 288**	
Goodwill	**2 658 493**	3 035 823
	11 988 096	12 251 310
Current assets		
Inventories	**2 940 337**	2 761 151
Biological assets	**611 760**	548 525
Trade and other receivables	**3 926 404**	3 156 670
Derivative financial instruments	**8 036**	10 438
Tax receivable	**30 210**	9 923
Loan receivable	**41 342**	5 239
Cash and cash equivalents	**744 639**	873 397
Assets of disposal group classified as held for sale		76 542
	8 302 728	7 441 885
Total assets	**20 290 824**	19 693 195
EQUITY		
Capital and reserves	**10 090 210**	10 113 499
LIABILITIES		
Non-current liabilities		
Deferred income	**734**	1 849
Interest-bearing liabilities	**3 598 846**	3 511 271
Deferred income tax liabilities	**1 370 009**	1 458 933
Retirement benefit obligations	**165 354**	187 656
Trade and other payables	**5 716**	8 567
	5 140 659	5 168 276
Current liabilities		
Trade and other payables	**4 514 392**	4 184 985
Deferred income	**3 928**	5 239
Interest-bearing liabilities	**112 402**	131 559
Derivative financial instruments	**38 828**	16 277
Tax payable	**8 966**	52 680
Bank overdraft	**381 439**	2 891
Liabilities of disposal group classified as held for sale		17 789
	5 059 955	4 411 420
Total liabilities	**10 200 614**	9 579 696
Total equity and liabilities	**20 290 824**	19 693 195

ABRIDGED CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

		Year ended 30 June 2016 R'000	Year ended 30 June 2015 R'000
Continuing operations			
Revenue		**25 025 159**	23 428 206
Operating profit before depreciation, amortisation and impairment (EBITDA)		**1 766 500**	2 224 045
Depreciation, amortisation and impairment		**(1 388 287)**	(771 654)
Operating profit		**378 213**	1 452 391
Finance costs		**(365 194)**	(373 607)
Finance income		**38 361**	52 056
Share of profits of joint ventures		**44 527**	38 004
Share of profits of associates		**64 796**	84 178
Profit before tax		**160 703**	1 253 022
Income tax credit/(charge)		**65 892**	(359 160)
Profit after tax from continuing operations		**226 595**	893 862
Loss for the year from discontinued operation			(31 905)
Profit for the year		**226 595**	861 957
Attributable to:			
Equity holders of the company		**210 849**	848 121
Non-controlling interests		**15 746**	13 836
HEADLINE EARNINGS			
Continuing operations			
Profit for the year attributable to equity holders of the company		**210 849**	880 026
Profit on disposal of property, plant and equipment		**(6 473)**	(3 920)
Loss on biological assets		**6 796**	
Profit on sale of investment			(1 546)
Insurance proceeds		**152**	630
Reclassification of foreign exchange translation reserve on sale of Zambian investments		**51 163**	
Impairment loss		**587 211**	89 269
Headline earnings from continuing operations		**849 698**	964 459
Discontinued operation			
Loss for the year attributable to equity holders of the company			(31 905)
Loss on disposal of discontinued operation			28 193
Impairment of fair value less cost to sell			11 424
Headline earnings from discontinued operation			7 712
Earnings per share from continuing and discontinued operations attributable to equity holders of the company			
Continuing operations			
Basic earnings per share	(cents)	**24,4**	102,4
Basic earnings per share – diluted	(cents)	**24,4**	101,7
Headline earnings per share	(cents)	**98,5**	112,2
Headline earnings per share – diluted	(cents)	**98,2**	111,5
Discontinued operation			
Basic earnings per share	(cents)		(3,7)
Basic earnings per share – diluted	(cents)		(3,7)
Headline earnings per share	(cents)		0,9
Headline earnings per share – diluted	(cents)		0,9

ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Year ended 30 June 2016 R'000	Year ended 30 June 2015 R'000
Profit for the year	226 595	861 957
Other comprehensive income		
Items that will not be reclassified to profit and loss		
Remeasurement of retirement medical obligations - net of tax	154	(4 299)
Share of associates other comprehensive income	(3 286)	854
Items that may be reclassified subsequently to profit and loss		
Share of associates other comprehensive income	(1 867)	
Cash flow hedges	(17 598)	28 114
Currency translation differences	18 668	(6 129)
Other comprehensive income for the year - net of tax	(3 929)	18 540
Total comprehensive income for the year	222 666	880 497
Total comprehensive income for the year attributable to:		
Equity holders of the company	206 920	866 661
Non-controlling interests	15 746	13 836
	222 666	880 497

ABRIDGED CONSOLIDATED CASH FLOW INFORMATION
FOR THE YEAR ENDED 30 JUNE 2016

	Year ended 30 June 2016 R'000	Year ended 30 June 2015 R'000
Operating profit	378 213	1 452 391
Non-cash items	943 591	462 448
Operating profit before working capital requirements	1 321 804	1 914 839
Working capital requirements	118 591	151 276
Cash generated by operations	1 440 395	2 066 115
Net finance cost	(325 470)	(322 558)
Net cash flows from operating activities - discontinued operation		54 275
Tax paid	(254 560)	(280 896)
Cash available from operating activities	860 365	1 516 936
Dividends received	68 595	46 955
Dividends paid	(320 091)	(301 777)
Cash outflows from investing activities – continuing operations	(993 993)	(80 720)
Cash outflows from investing activities – discontinued operation		(17 510)
Cash inflows from financing activities – continuing operations	(123 453)	(1 320 625)
Cash inflows from financing activities – discontinued operation		(1 455)
Net movement in cash and cash equivalents	(508 577)	(158 196)
Cash and cash equivalents at the beginning of the year	870 506	1 026 717
Exchange rate translation	1 271	1 985
Cash and cash equivalents at the end of the year	363 200	870 506

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	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	Controlling interest total R'000	Non-controlling interest R'000	Total R'000
Balance at 1 July 2014	9 955 700	2 462	(1 919 832)	330 338	1 005 921	9 374 589	61 697	9 436 286
Profit for the year					848 121	848 121	13 836	861 957
Other comprehensive income		21 985			(3 445)	18 540		18 540
Ordinary dividends paid					(300 963)	(300 963)	(814)	(301 777)
Transfer of non-controlling interests to retained earnings					(4 063)	(4 063)	4 063	
BEE share-based payments charge				17 600		17 600		17 600
Employee share incentive scheme:								
proceeds from shares issued	37 115					37 115		37 115
value of employee services				43 778		43 778		43 778
Balance at 30 June 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					**210 849**	**210 849**	**15 746**	**226 595**
Other comprehensive income		**1 070**			**(4 999)**	**(3 929)**		**(3 929)**
Ordinary dividends 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**	**1 432 329**	**9 996 681**	**93 529**	**10 090 210**

SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2016

		Year ended 30 June 2016 R'000	Year ended 30 June 2015 R'000
Capital expenditure contracted and committed		**323 299**	461 742
Capital expenditure approved but not contracted		**227 199**	460 658
Additions due to replacement of property, plant and equipment		**451 716**	476 459
Additions due to expansion of property, plant and equipment		**561 010**	280 161
Intangible asset additions		**14 608**	6 927
Amount expensed as write-down to net realisable value		**76 069**	45 131
Statistics			
Statutory ordinary shares in issue (includes BEE shares)	('000)	**934 410**	932 325
Ordinary shares in issue for accounting purposes	('000)	**863 651**	861 566
Weighted average ordinary shares in issue	('000)	**862 739**	859 611
Diluted weighted average ordinary shares in issue	('000)	**864 727**	865 355
Net asset value per share	(cents)	**1 168,3**	1 173,9
Ordinary dividends per share:			
Interim dividend paid	(cents)	**15,0**	15,0
Final dividend declared/paid	(cents)	**15,0**	22,0
Total dividends	(cents)	**30,0**	37,0

ABRIDGED SEGMENTAL ANALYSIS
FOR THE YEAR ENDED 30 JUNE 2016

	Year ended 30 June 2016 R'000	Restated Year ended 30 June 2015 R'000
Revenue	**25 025 159**	23 428 206
Consumer	**13 301 265**	12 084 157
Sugar & Milling	**14 914 754**	14 121 534
Logistics	**1 986 899**	1 883 664
Sales between segments:		
Consumer to Sugar & Milling	**(210 105)**	(213 331)
Sugar & Milling to Consumer	**(3 864 143)**	(3 484 062)
Logistics to Consumer	**(1 078 012)**	(950 309)
Logistics to Sugar & Milling	**(25 499)**	(13 447)
Operating profit before depreciation, amortisation and impairment (EBITDA) pre-IAS 39	**1 847 070**	2 117 833
Consumer	**701 653**	868 806
Sugar & Milling	**830 123**	1 047 177
Logistics	**260 662**	206 190
Unallocated group costs	**54 632**	(4 340)
IAS 39 adjustment	**(80 570)**	106 212
Operating profit before depreciation, amortisation and impairment (EBITDA)	**1 766 500**	2 224 045
Depreciation, amortisation and impairment	**(1 388 287)**	(771 654)
Operating profit		
Consumer	**345 714**	513 712
Sugar & Milling	**(197 027)**	790 955
Logistics	**184 962**	153 570
Unallocated group costs	**44 564**	(5 846)
Operating profit	**378 213**	1 452 391
Finance costs	**(365 194)**	(373 607)
Finance income	**38 361**	52 056
Share of profit of joint ventures	**44 527**	38 004
Sugar & Milling	**22 661**	19 815
Logistics	**8 359**	7 569
Zambian operations	**13 507**	10 620
Share of profit/(loss) of associates	**64 796**	84 178
Sugar & Milling	**68 530**	84 178
Ugandan operation	**(3 734)**	
Profit before tax	**160 703**	1 253 022
ASSETS		
Consumer	**9 903 523**	9 259 852
Sugar & Milling	**9 214 874**	9 174 697
Logistics	**3 341 240**	2 609 742
Unallocated segment (treasury and consolidation entries)	**445 655**	370 641
Zambian operations		230 382
Ugandan operation	**66 599**	
Set-off of inter-segment balances	**(2 681 067)**	(1 952 119)
Total per statement of financial position	**20 290 824**	19 693 195
LIABILITIES		
Consumer	**3 368 466**	2 908 280
Sugar & Milling	**2 604 151**	2 793 750
Logistics	**3 089 711**	2 382 657
Unallocated segment (treasury and consolidation entries)	**3 819 353**	3 447 128
Set-off of inter-segment balances	**(2 681 067)**	(1 952 119)
Total per statement of financial position	**10 200 614**	9 579 696

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1. BASIS OF PREPARATION

The abridged consolidated annual financial statements have been extracted from the audited annual financial statements for the year ended 30 June 2016, 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.

2. DIRECTORS' EMOLUMENTS

	Basic salary R'000	Pension contribution R'000	Bonus* R'000	Other benefits** R'000	Total R'000
2016					
M Dally	**7 241**	**571**	**8 310**	**272**	**16 394**
RH Field	**3 746**	**394**	**3 790**	**147**	**8 077**
Total	**10 987**	**965**	**12 100**	**419**	**24 471**
2015					
M Dally	6 688	527	2 750	191	10 156
RH Field	3 300	347	1 142	103	4 892
Total	9 988	874	3 892	294	15 048

* *Bonus payments relate to the prior financial year.*

** *Other benefits include company contributions to disability insurance, medical aid and UIF.*

	2016 R'000	2015 R'000
Non-executives (for services as a director)		
HJ Carse*	**263**	246
JJ Durand*	**344**	302
PR Louw*	**263**	246
NP Mageza	**502**	455
DTV Msibi	**373**	345
MM Nhlanhla	**319**	296
RV Smither	**643**	582
GM Steyn	**424**	383
GC Zondi**	**594**	541
Total	**3 725**	3 396

* *Paid to Remgro Management Services Limited.*

** *Paid to Imbewu Capital Partners Consulting Proprietary Limited.*

2. DIRECTORS' EMOLUMENTS CONTINUED

Interests of directors of the company in share options granted in terms of the RCL FOODS Share Incentive Scheme

Options granted to executive directors and unexpired or unexercised as at 30 June 2015 are as follows:

	Issue price prior to rights issue Rand	Issue price post rights issue Rand	Options exercisable at 30 June 2014	Options exercised during the year	Options exercisable at 30 June 2015	Exercise price Rand	Gain on options exercised R'000
M Dally	14,20	13,21	542 224	(542 224)		17,16	2 141
RH Field	14,20	13,21	284 319	(284 319)		17,16	1 122
Total			826 543	(826 543)			3 263

No options were granted during the year, nor will any further options be issued under the RCL Foods Share Incentive Scheme, as this scheme has been replaced by the RCL FOODS Share Appreciation Rights Scheme approved at the 43rd annual general meeting of shareholders held on 31 July 2009. The scheme was allowed to run its course and the final tranche of options was exercised in the 2015 financial year.

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

Share appreciation rights awarded to executive directors and unexpired or unexercised as at 30 June 2016 are as follows:

	Award price prior to rights issue Rand	Award* price post rights issue Rand	Rights at 30 June 2015	Rights awarded during the year	Rights at 30 June 2016	Grant date fair value of rights awarded during the year** R'000	Rights exercisable at 30 June 2016
M Dally	15,34	14,27	908 945		908 945		908 945
	15,83	14,73	929 256		929 256		929 256
	17,68	16,45	714 572		714 572		714 572
	14,19	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	
Sub total			5 576 653	540 869	6 117 522	1 698	2 806 251
RH Field	15,34	14,27	427 702		427 702		427 702
	15,83	14,73	431 618		431 618		431 618
	17,68	16,45	364 999		364 999		364 999
	14,19	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	
Sub total			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

* *The award price and number of outstanding rights were amended as a result of the rights issue in order to place the holders in the same position as they were before the rights issue. These amendments have no financial effect on the Group as they have placed the participants in the same economic position as they were before the rights issue.*

** *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.*

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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 30 June 2015 are as follows:

	Award price prior to rights issue Rand	Award price post rights issue* Rand	Rights at 30 June 2014	Rights awarded during the year	Rights at 30 June 2015	Grant date fair value of rights awarded during the year** R'000	Rights exercisable at 30 June 2015
M Dally	15,34	14,27	908 945		908 945		908 945
	15,83	14,73	929 256		929 256		929 256
	17,68	16,45	714 572		714 572		471 617
	14,19	13,20	768 117		768 117		
		16,54	1 240 943		1 240 943		
		15,93		1 014 820	1 014 820	2 760	
Sub total			4 561 833	1 014 820	5 576 653	2 760	2 309 818
RH Field	15,34	14,27	427 702		427 702		427 702
	15,83	14,73	431 618		431 618		431 618
	17,68	16,45	364 999		364 999		240 899
	14,19	13,20	374 505		374 505		
		16,54	621 765		621 765		
		15,93		559 397	559 397	1 522	
Sub total			2 220 589	559 397	2 779 986	1 522	1 100 219
Total			6 782 422	1 574 217	8 356 639	4 282	3 410 037

* *The award price and number of outstanding rights were amended as a result of the rights issue in order to place the holders in the same position as they were before the rights issue. These amendments have no financial effect on the Group as they have placed the participants in the same economic position as they were before the rights issue.*

** *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.*

2. DIRECTORS' EMOLUMENTS CONTINUED

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

	Conditional shares at 30 June 2015	Conditional shares awarded during the year	Conditional shares settled during the year	Conditional shares at 30 June 2016	Conditional shares vested at 30 June 2016	Gain on conditional shares exercised during the year 30 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**

	Conditional shares at 30 June 2014	Conditional shares awarded during the year	Conditional shares settled during the year	Conditional shares at 30 June 2015	Conditional shares vested at 30 June 2015	Gain on conditional shares exercised during the year 30 June 2015
M Dally	675 547			675 547		
RH Field	340 124			340 124		
Total	1 015 671			1 015 671		

Interests of directors of the company in stated capital

The aggregate beneficial holdings as at 30 June of those directors of the company holding issued ordinary shares are detailed below:

	2016		2015	
	Direct beneficial	**Indirect beneficial**	Direct beneficial	Indirect beneficial
Executive directors				
M Dally	**1 201 653**		1 201 653	
RH Field	**450 000**		250 000	
Non-executive directors				
NP Mageza		**386**		386
MN Nhlanhla*		**229 559**		229 559
GC Zondi*		**4 251 093**		4 251 093
Total	**1 651 653**	**4 481 038**	1 451 653	4 481 038

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

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

The above interest of directors represents the aggregate interest of directors. No interest is held by a director's associate.

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

2. DIRECTORS' EMOLUMENTS CONTINUED

Directors' emoluments paid by Remgro Limited

Fixed pay	Fees R'000	Salaries R'000	Retirement fund R'000	Other benefits* R'000	Total R'000
30 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
Sub total	300	13 375	2 726	831	17 232
Non-executive					
NP Mageza	400				400
Sub total	400				400
Total	700	13 375	2 726	831	17 632
30 June 2015					
Executive					
HJ Carse		1 717	340	231	2 288
JJ Durand	245	9 204	1 874	302	11 625
PR Louw		1 530	303	232	2 065
Sub total	245	12 451	2 517	765	15 978
Non-executive					
NP Mageza	328				328
Sub total	328				328
Total	573	12 451	2 517	765	16 306

** 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) 2016

	Balance of SARs accepted as at 30 June 2015	SARs accepted during the year	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 30 June 2016	Grant date fair value of SARs granted during the year R'000
Executive										
HJ Carse	28 062			97,55	(10 000)	3/11/2015	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	24/11/2015	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	24/11/2015	272,00					192 676	15 591
PR Louw	8 998			65,50	(8 998)	26/10/2015	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	24/11/2015	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.*

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

2. DIRECTORS' EMOLUMENTS CONTINUED

Remgro Equity Settled Share Appreciation Right Scheme (SARs) 2015*

	Balance of SARs accepted as at 30 June 2014	SARs accepted during the year	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 30 June 2015	Grant date fair value of SARs granted during the year R'000
Executive										
HJ Carse	20 613			78,30	(20 613)	23/09/2014	239,20	3 317		
	38 062			97,55	(10 000)	15/05/2015	257,40	1 599	28 062	
	7 546			147,25					7 546	
	11 767			191,70					11 767	
		17 775	26/11/2014	253,53					17 775	1 219
JJ Durand	108 236			78,30	(108 236)	3/11/2014	252,98	18 907		
	7 572			75,38	(7 572)	3/11/2014	252,98	1 345		
	235 895			97,55	(78 633)	3/11/2014	252,98	12 222	157 262	
	271 258			147,25					271 258	
	93 128			191,70					93 128	
		108 468	26/11/2014	253,53					108 468	7 442
PR Louw	8 998			65,50					8 998	
	27 432			97,55					27 432	
	22 646			147,25					22 646	
	12 944			191,70					12 994	
		5 952	26/11/2014	253,53					5 952	408
Total	866 097	132 195			(225 054)			37 390	773 288	9 069

* *The comparative information has been updated for a late exercise of share options (5 000 options) which were not disclosed in the prior period financial statements.*

** *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.*

	2016 R'000	2015 R'000
3. FINANCE COSTS		
Interest – financial institutions	**318 130**	351 541
Fair value adjustment on interest rate collar option	**6 763**	3 176
Transaction costs on term-funded debt	**1 876**	882
Foreign exchange losses	**5 880**	
Interest – Group companies	**2 921**	5 932
Interest – other	**29 624**	33 269
	365 194	394 800
Less: amounts capitalised on qualifying assets		(21 193)
Total	**365 194**	373 607
4. INTEREST-BEARING LIABILITIES		
Long-term		
Institutional borrowings	**49 310**	56 392
Finance lease liabilities	**168 185**	62 102
Term-funded debt package	**3 350 000**	3 350 000
Loan from Ingwenyama Simhulu Trust	**8 000**	
Loan from Akwandze Agricultural Finance Proprietary Limited	**23 351**	42 777
Total	**3 598 846**	3 511 271
Short-term		
Institutional borrowings	**5 859**	4 637
Finance lease liabilities	**10 055**	33 073
Loan from Ingwenyama Simhulu Trust	**19 427**	
Loan from Akwandze Agricultural Finance Proprietary Limited	**77 061**	93 849
Total	**112 402**	131 559

Institutional borrowings

Long-term institutional borrowings are loans from Futuregrowth Asset Management Proprietary Limited with a carrying value of R49,3 million (2015: R56,4 million) with an amount of R5,9 million included in short-term institutional borrowings (2015: R4,6 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 rate with a margin of between 1,5% and 4,25% (2015: 1,5% and 5,25%). 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 institutional borrowings approximates their fair values.

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

4. INTEREST-BEARING LIABILITIES CONTINUED

Finance lease liabilities

The finance lease liabilities bear interest at a rate between 7,0% and 10,5%.

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 approximates 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 debt package comprises two bullet loans and a revolving credit facility.

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

The interest rate is fixed in years one and two at 8,48% and 8,73% respectively on a portion of the bullet loans and thereafter a floating rate is applied.

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

	Amount R'000	Term years	Effective interest rate %
Type			
Bullet loan (A)	1 755 000	5	8,57
Bullet loan (B)	1 097 000	4	8,34
Revolving credit facility	498 000	3	8,38
Total	3 350 000		

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 investment in money market fund.

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 (formerly TSB Sugar Proprietary Limited), RCL Foods Consumer Proprietary Limited (formerly Rainbow Farms Proprietary Limited), Rainbow Farms Investments Proprietary Limited, RCL Group Services Proprietary Limited and Vector Logistics Proprietary Limited.

All of the above loans are unsecured.

The fair value of the term-funded debt package at 30 June 2016 amounted to R3,4 billion (2015: R3,4 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.

Loan from Ingwenyama Simhulu Trust

Libuyile Farming Services is a 50% held subsidiary of the Group. Libuyile Farming Services provides professional agricultural assistance to various community based growers. Libuyile Farming Services Proprietary Limited obtained a shareholder loan from Ingwenyama Simhulu Trust during the current 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.

Loan 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 sugar cane growers. Certain funding has been channelled through the Group to small scale growers. The loans from Akwandze Agricultural Finance Proprietary Limited are repayable annually, over a maximum period of six years. These loans bear interest at a fixed rate of 4,0% 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 sugar cane 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 carrying amount of these loans approximates their fair values.

	2016 R'000	Restated 2015 R'000

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

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

	2016 R'000	Restated 2015 R'000
Assets		
Sugar & Milling		76 542
Total		76 542
Liabilities		
Sugar & Milling		17 789
Total		17 789

Sugar & Milling

Shubombo Agricultural Services Proprietary Limited was engaged in a lease agreement as a lessee with the local community (lessor) in respect of a cane and fruit producing farm. An option to exit the lease agreement was exercised during the prior financial year. The assets of the farm to which the lease agreement pertains were transferred to the local community in the current financial year as part of the exit agreement.

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

	2016 R'000	Restated 2015 R'000
Assets		
Biological assets		30 316
Property, plant and equipment		2 947
Total		33 263

Movements during the year:

	2016 R'000	Restated 2015 R'000
Assets		
Opening balance	**33 263**	
Transferred (to)/from property, plant and equipment	**(334)**	1 459
Transferred from biological assets		30 316
Additions of property, plant and equipment		1 488
Fair value adjustment on biological assets	**14 039**	
Disposal	**(46 968)**	
Closing balance		33 263

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016 R'000	2015 R'000
5. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATION CONTINUED		
Discontinued operation		
The last of the conditions precedent pertaining to the sale of the Fishing division were fulfilled during the previous financial year. The sale was concluded subject to a condition that the Glenryck trademark not form part of the transaction. The sale of the Glenryck brand to a third party has been completed in the current financial year.		
Net cash inflow from operating activities		54 275
Net cash outflow from investing activities		(17 510)
Net cash outflow from financing activities		(1 455)
Total cash flows – discontinued operation		35 310
Assets of disposal group classified as held for sale		
Trademarks and other intangibles		24 376
Inventory		4 873
Trade and other receivables		1 586
Trade receivables – intercompany		12 444
Total assets		43 279
Liabilities of disposal group classified as held for sale		
Trade and other payables		10 790
Deferred tax liability		6 999
Total liabilities		17 789
Non-controlling interest classified as held for sale		
As the assets and liabilities presented as held for sale were acquired in a business combination, no income/expenses have been recognised in other comprehensive income relating to disposal group classified as held for sale.		
An analysis of the result of the discontinued operation, and the result recognised on the measurement and sale of assets or disposal group, is as follows:		
Revenue		298 318
Expenses		(287 866)
Profit before tax		10 452
Income tax expense		(2 740)
Profit for the year from discontinued operation		7 712
Loss on disposal of discontinued operation (net of tax)		(28 193)
Impairment to fair value less cost to sell (net of tax)*		(11 424)
Loss for the year from discontinued operation		(31 905)
Attributable to:		
Equity holders of the company		(31 905)
The fair value was determined using the selling price of the asset based on the impending sale to a third party. The fair value is a level 3 input.		
Reconciliation of carrying amount of Glenryck trademark:		
Balance at 1 July	**24 376**	40 000
Impairment to fair value less cost to sell		(15 624)
Sale of Glenryck trademark	**(24 376)**	
Balance at 30 June		24 376

** The impairment relates to the write down of the carrying amount of the Glenryck trademark to fair value less cost of disposal.*

6. 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, contained in the consolidated financial statements which are available at www.rclfoods.com, the company has concluded certain lending transactions with these related parties. In addition the following transactions were concluded:

	2016 R'000	2015 R'000
Transactions and balances with ultimate holding company		
Interest paid to Remgro Management Services Limited	13 237	8 725
Interest received from Remgro Management Services Limited	5	
Administration and other fees paid to Remgro Management Services Limited	18 754	19 148
Amount owing to Remgro Management Services Limited included in payables	7 160	6 492
Directors' fees	870	794
Transactions and balances with associates of the holding company		
Bank charges paid to First National Bank Limited	2 212	2 946
Bank balances with First National Bank Limited included in cash and cash equivalents	125 186	129 027
Bank balances with First National Bank Limited included in bank overdraft	178 700	
Net interest paid to First National Bank Limited	2 746	11 925
Interest received from First National Bank Limited	1 491	
Amount owing to First National Bank Limited included in payables	3 755	
Corporate finance transaction costs paid to Rand Merchant Bank	5 400	10 000
Commitment, settlement and facility fees paid to Rand Merchant Bank	18 635	864
Amount owing to Rand Merchant Bank included in short-term interest-bearing liabilities	947	7 105
Amount owing to Rand Merchant Bank included in long-term interest-bearing liabilities	1 126 000	1 126 000
Interest paid to Rand Merchant Bank	97 960	254 302
Interest received from Rand Merchant Bank	212	
Bank charges paid to Rand Merchant Bank	768	
Bank balances with Rand Merchant Bank included in cash and cash equivalents	6	
Purchases from Falconair Proprietary Limited	15	5
Sales to Falconair Proprietary Limited	4	
Purchases from Total South Africa Proprietary Limited	51 926	56 692
Amount owing to Total South Africa Proprietary Limited included in payables	433	1 232
Purchases from Unilever South Africa Proprietary Limited	86 842	88 257
Amount owing to Unilever South Africa Proprietary Limited included in payables	8 930	15 141
Purchases from PG Glass Proprietary Limited	146	100
Amount owing to PG Glass Proprietary Limited included in payables	46	11
Bank charges paid to First Auto Proprietary Limited	7	27
Purchases from First Auto Proprietary Limited	1 947	5 299
Interest paid to First Auto Proprietary Limited	11	9
Amount owing to First Auto Proprietary Limited included in payables	135	410
Purchases from Blue Bulls Proprietary Limited	451	379
Purchases from Tracker and Signal Distribution Technologies Proprietary Limited	271	7
Purchases from Unitrade Management Services Proprietary Limited		20
Purchases from Rohlig Grindrod Proprietary Limited	391	201
Amount owing to Rohlig Grindrod Proprietary Limited included in payables		33
Purchases from Mediclinic Proprietary Limited	319	1
Amounts owing to Mediclinic Nelspruit Investments Proprietary Limited included in payables	169	
Purchases from National Auto Glass Proprietary Limited	7	
Purchases from Rapitrade 98 Proprietay Limited	460	
Purchases from Firefly Investments CC T/A C&R Brand Solutions	479	

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	2016 R'000	2015 R'000
6. RELATED PARTY TRANSACTIONS CONTINUED		
Transactions with associates and joint ventures within the Group		
Interest paid to Akwandze Agricultural Finance Proprietary Limited	**5 610**	5 687
Management fee received from Managa Sugar Packers Proprietary Limited	**1 289**	1 230
Service fees received from The Royal Swaziland Sugar Corporation Limited	**3 326**	3 684
Dividend received from The Royal Swaziland Sugar Corporation Limited	**53 669**	35 741
Dividend received from Managa Sugar Packers Proprietary Limited	**10 092**	10 215
Dividend received from Akwandze Agricultural Finance Proprietary Limited	**1 372**	999
Dividend received from Senn Foods Logistics Proprietary Limited	**3 462**	
Amount owing to Akwandze Agricultural Finance Proprietary Limited included in payables		106
Amounts owing by Akwandze Agricultural Finance Proprietary Limited included in receivables	**31 182**	
Loans from Akwandze Agricultural Finance Proprietary Limited	**100 412**	136 626
Sales to Akwandze Agricultural Finance Proprietary Limited	**247**	344
Sales to Managa Sugar Packers Proprietary Limited	**1 705**	2 390
Purchases from Managa Sugar Packers Proprietary Limited	**830 479**	817 969
Amount owing by Managa Sugar Packers Proprietary Limited included in receivables	**1 390**	1 593
Amount owing to Managa Sugar Packers Proprietary Limited included in payables	**87 040**	84 999
Sales to The Royal Swaziland Sugar Corporation Limited	**3 326**	3 300
Amount owing by The Royal Swaziland Sugar Corporation Limited included in receivables	**61**	392
Purchases from The Royal Swaziland Sugar Corporation Limited	**1 044**	731
Interest received from TSGRO Farming Service Proprietary Limited	**774**	111
Service fees paid to TSGRO Farming Service Proprietary Limited	**8 338**	1 982
Sales to TSGRO Farming Service Proprietary Limited	**4 198**	389
Purchases from TSGRO Farming Service Proprietary Limited	**8 506**	2 312
Amount owing by TSGRO Farming Service Proprietary Limited included in receivables	**739**	366
Amount owing to TSGRO Farming Service Proprietary Limited included in payables		857
Loan to Zamhatch	**29 434**	
Interest received from Zamhatch	**885**	
Amounts owing by Zamhatch included in receivables	**227**	
Key management of RCL Foods Limited		
In terms of IAS24: 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 and post-employment benefits	**416 844**	415 220
– share-based payments	**55 259**	47 546
Total	**472 103**	462 766

7. SUBSEQUENT EVENTS

No material change has taken place in the affairs of the Group between the end of the financial year and the date of this report.

NOTICE TO SHAREHOLDERS

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, 23 September 2016. 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, 28 October 2016. 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, 25 October 2016.

Notice is hereby given that the 50th annual general meeting of shareholders of RCL Foods Limited will be held at Ten The Boulevard, Westway Office Park, Westville, KwaZulu-Natal on Tuesday 8 November 2016 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 30 June 2016 be received and adopted.

2. ELECTION AND 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 JJ Durand, 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 PR Louw, 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 GC Zondi, 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 an director of the company.

Ordinary resolution number 2.5

Resolved that Mr NP Mageza, 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 page 41 of this integrated annual report, of which this notice forms part.

NOTICE TO SHAREHOLDERS CONTINUED

3. RE-APPOINTMENT OF EXTERNAL AUDITORS

Ordinary resolution number 3

Resolved that the re-appointment of PricewaterhouseCoopers Incorporated as the company's auditors, as nominated by the company's Audit Committee, be approved, and to note that the individual registered auditor who will undertake the audit during the financial year ending 30 June 2017 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 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 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. APPROVAL OF GROUP REMUNERATION POLICY

Ordinary resolution number 6

Resolved that the Group Remuneration Policy, as described in the Remuneration Report available on our website at www.rclfoods.com of which this notice forms part, is hereby approved by way of a non-binding advisory vote, as recommended in the King Code of 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 Special resolution number 1, Special resolution number 2 and Special resolution number 3.

8. APPROVAL OF AMENDMENTS TO EXISTING CONDITIONAL SHARE PLAN

Ordinary resolution number 8

Resolved that the existing Conditional Share Plan ("CSP") of RCL Foods Limited (formerly Rainbow Chicken Limited) adopted on 20 November 2012 be amended in the following respects:

8.1 Rule 4.3 be amended to read:

"In all instances, Vesting of the Awards of Conditional Shares will be subject to the Vesting Condition for the duration of the Vesting Period, unless otherwise stated in Rule 8, as well as any performance condition which the Committee may, in its discretion, attach to an Award by inclusion in the Award Letter issued to that Employee."

8.2 Rule 5.1.1 of the CSP be amended by the deletion of "8 654 220 (eight-million-six-hundred-and-fifty-four-thousand-two-hundred-and-twenty)" and the replacement thereof with "46 720 000 (forty-six-million-seven-hundred-and-twenty-thousand)"

8.3 Rule 5.2 of the CSP be amended by the deletion of "865 422 (eight-hundred-and-sixty-five-thousand-four-hundred-and-twenty-two)"and the replacement thereof with 4 672 000" (four-million-six-hundred-and-seventy-two-thousand)"

Explanation

8.1: To permit the Remuneration Committee at its discretion to attach performance conditions to a CSP Award, in addition to the current Vesting Condition (continued employment with the Group for the full vesting period required by the CSP).

8.2: To increase the overall limit of shares which may at any one time be allocated under the CSP to 5,0% of the company's current issued share capital of 934,4 million shares, from 8 654 220 shares which was 2,5% of the company's issued share capital of 346,1 million shares at inception of the CSP.

8.3: To maintain the individual limit of shares which may at any one time be allocated to any Participant at 10% of the overall limit in 8.2.

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

NOTICE TO SHAREHOLDERS CONTINUED

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 2016, be approved as follows:

Rands per annum	Current	Proposed
Board		
Chairman	267 500	286 225
Members	267 500	286 225
Audit Committee		
Chairman	223 300	238 931
Members	112 200	120 054
Remuneration and Nominations Committee		
Chairman	132 000	141 240
Members	82 500	88 275
Risk Committee		
Chairman	132 000	141 240
Members	82 500	88,275
Social and Ethics Committee		
Chairman	94 600	101 222
Members	57 200	61 204

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.

3. AMENDMENTS TO EXISTING MEMORANDUM OF INCORPORATION

Special resolution number 3.1 Amendment of Clause 1 of existing MOI

Resolved as a special resolution that:

(i) A definition of Financial Markets Act be inserted as follows: "Financial Markets Act" means the Financial Markets Act, No 19 of 2012, including any amendment, consolidation or re-enactment thereof;

(ii) The definition of "Securities Services Act" be deleted in its entirety;

(iii) The reference to the "Securities Services Act" in clauses 1.1.4 (Central Securities Depositary); 1.1.12 (JSE); 1.1.14 (Participant); 1.1.17.2 (Securities); and 1.1.25 (Uncertificated Securities), be deleted and replaced with the "Financial Markets Act";

(iv) The reference to "clause 28" in clause 1.1.25 be deleted in its entirety and replaced with "clause 26"; and

(v) The consequent renumbering of clause 1.

Special resolution number 3.2 Amendment to clause 7.3 of the existing MOI to provide for rounding down of fractional entitlements and a cash payment for fractions

Resolved as a special resolution that clause 7.3 which reads as follows:

"If a fraction of a Share comes into being as a result of any action contemplated in clause 7.1, the board may, subject to compliance with the JSE Listings Requirements, to the extent applicable, round all allocations of Shares down to the nearest whole number, if they are less than 0,5, and up to the nearest whole number, if they are equal to or greater than 0,5, resulting in allocations of whole Shares and no fractional entitlements."

be substituted in its entirety with:

"If a fraction of a Share comes into being as a result of any action contemplated in clause 7.1, or any other corporate action as defined in the JSE Listings Requirements, the board may, subject to compliance with the JSE Listings Requirements, to the extent applicable, round all allocations of Shares down to the nearest whole number resulting in allocations of whole Shares, and a cash payment for the fraction. The weighted average traded price for LDT + 1 less 10% (ten percent) must be used as the cash value."

Special resolution number 3.3 Amendments to clause 16.2 of the existing MOI to provide for rounding down of fractional entitlements and a cash payment for fractions

Resolved as a special resolution that clause 16.2.1 which reads as follows:

"the issue of certificates for fractions of Shares; or"

be substituted in its entirety with:

"Subject to 16.3, determining that fractions of Shares be issued; or"

Special resolution number 3.4 Amendments to clause 16 of the existing MOI to provide for rounding down of fractional entitlements and a cash payment for fractions

The insertion of a new clause 16.3 which reads:

"In respect of fractional entitlements that arise, all allocations of capitalisation Shares will be rounded down to the nearest whole number resulting in allocations of whole securities and a cash payment for the fraction. The weighted average traded price for LDT + 1 less 10% (ten percent) must be used as the cash value."

and the consequent renumbering of the existing clauses 16.3 to 16.4.

Explanation

3.1: The Securities Services Act has been repealed and replaced with the Financial Markets Act. The reason for Special Resolution 3.1 is to ensure that the MOI refers to up to date legislation.

3.2, 3.3 and 3.4: Companies have been given until 1 May 2017 to align their MOI with the amended Schedule 18 of the JSE Listings Requirements, which deals with the treatment of fractional entitlement in corporate actions. Previously, fractional entitlements were rounded up or down to the nearest whole number, but as a result of the amendment, all allocations of securities which result in a fractional entitlement, must be rounded down to the nearest whole number and a cash payment being paid for the fraction.

The reason for Special Resolutions 3.2, 3.3 and 3.4 is to align the RCL FOODS' MOI with the requirements of the JSE Listings Requirements.

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.

Ordinary resolution number 8 contained in this notice requires the approval of a 75% (seventy five percent) majority of all equity securities holders present or represented by proxy at the annual general meeting, in terms of the JSE Listings Requirements. Votes attaching to all equities securities owned or controlled by persons who are existing participants in the scheme are to be excluded from the vote.

Special resolutions numbers 1 to 3 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.

NOTICE TO SHAREHOLDERS CONTINUED

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, together with a notarially certified copy of the power of attorney (if applicable) or other instrument (if any), appointing the proxy and the authority under which it is signed (if any), must be deposited at the registered office of the company or posted to the Company Secretary, PO Box 2734, Westway Office Park 3635, or lodged with the transfer secretaries of the company, Computershare Investor Services Proprietary Limited at 70 Marshall Street, Johannesburg 2001, or posted to the transfer secretaries at PO Box 61051, Marshalltown 2107, so as to arrive no later than 8:30 on Friday, 4 November 2016.

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.

Any forms of proxy not received by this time must be handed to the Chairman of the annual general meeting immediately prior to the annual general meeting.

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 Tuesday, 1 November 2016 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

30 August 2016

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; or
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 Cellphone 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 Tuesday, 8 November 2016 at 08:30 and at any adjournment thereof as follows:

		In favour	Against	Abstain
ORDINARY RESOLUTIONS				
1.	Adoption of annual financial statements			
2.	Re-election of directors			
2.1	Mr RV Smither			
2.2	Mr JJ Durand			
2.3	Mr PR Louw			
2.4	Mr GC Zondi			
2.5	Mr NP Mageza			
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 in respect of the Group Remuneration Policy			
7.	Enabling Resolution			
8.	Approval of amendments to existing Conditional Share Plan			
SPECIAL RESOLUTIONS				
1.	Financial assistance in terms of sections 44 and 45 of the Companies Act 2008			
2.	Approval of non-executive directors' remuneration			
3.	Amendments to existing Memorandum of Incorporation			

(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 2016.

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 must 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 must be deposited at the registered office of the company or posted to the Company Secretary, PO Box 2734, Westway Office Park 3635, or lodged with the transfer secretaries of the company, Computershare Investor Services Proprietary Limited at 70 Marshall Street, Johannesburg 2001, or posted to the transfer secretaries at PO Box 61051, Marshalltown 2107, so as to arrive no later than 8:30 on Friday, 4 November 2016.
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	September
Annual financial statements posted	September
Interim report for the 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 Westville 3635
Transfer secretaries	Computershare Investor Services Proprietary Limited 70 Marshall Street Johannesburg 2001 PO Box 61051 Marshalltown 2107
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, Standard Bank Limited
Website	www.rclfoods.com

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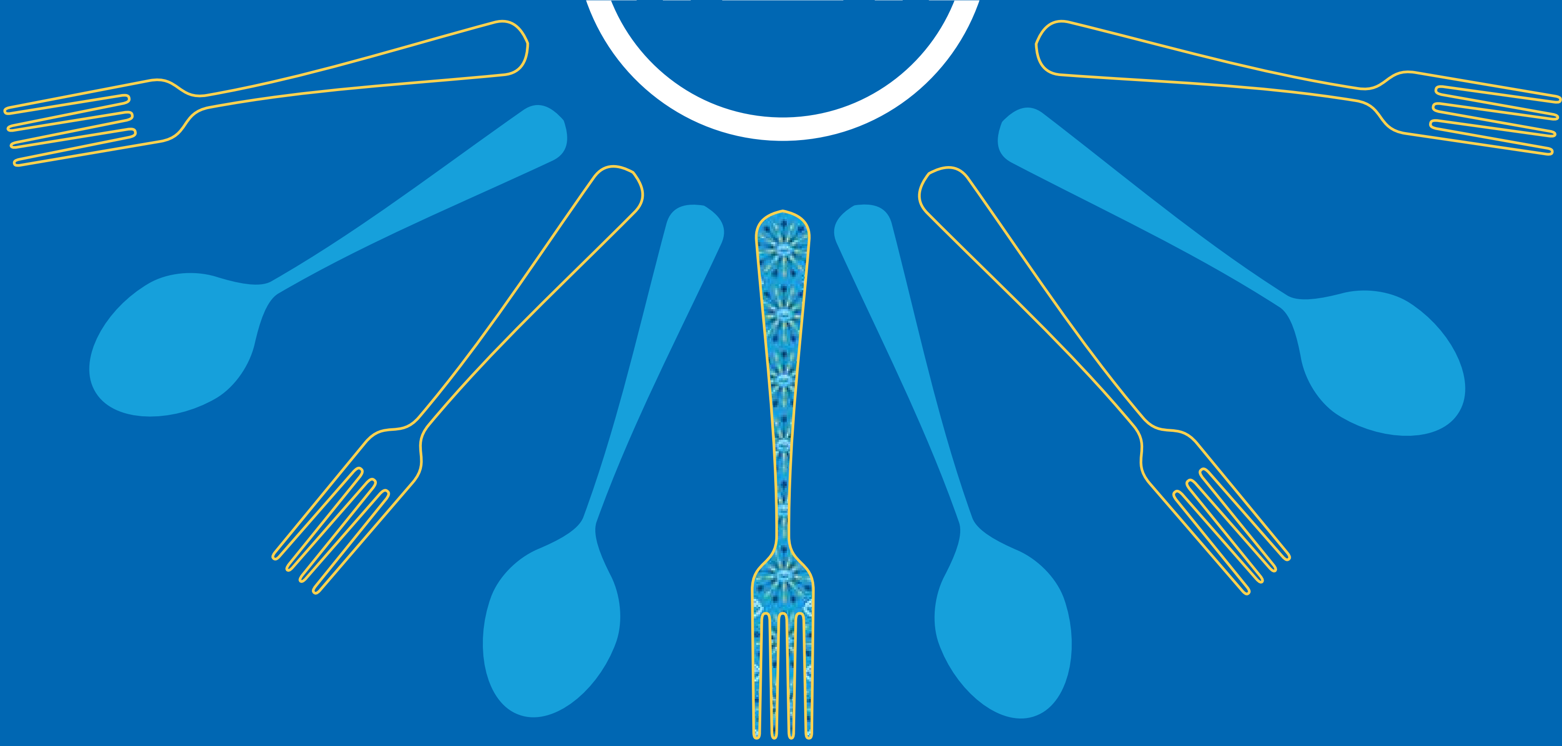

MORE FOOD TO **MORE** PEOPLE, **MORE** OFTEN

www.rclfoods.com