RCL FOODS LIMITED

2022 GROUP INTERIM FINANCIAL RESULTS AND CASH DIVIDEND DECLARATION

FOR THE SIX MONTHS ENDED DECEMBER 2021

FINANCIAL HIGHLIGHTS

RCL FOODS has maintained its positive momentum to deliver a pleasing set of interim results. Despite extremely tough market conditions, revenue increased by 9.2% to R17,1 billion *versus* the comparative period, while earnings before interest, taxation, depreciation, amortisation and impairments (EBITDA) rose by 14.4% to R1 292,7 million. Underlying EBITDA growth of only 2.5% highlights the significant margin pressure all business units experienced this trading period.

REVENUE

R17,1 BILLION

↑ **9.2%**

EBITDA

R1 292,7 MILLION

↑ **14.4%**

UNDERLYING* EBITDA

R1 378,4 MILLION

↑ **2.5%**

HEADLINE EARNINGS

R645,6 MILLION

↑ **21.5%**

HEADLINE EARNINGS PER SHARE

72.7 CENTS

↑ **21.6%**

UNDERLYING* HEADLINE EARNINGS

R707,3 MILLION

↑ **3.1%**

UNDERLYING* HEADLINE EARNINGS PER SHARE

79.6 CENTS

↑ **3.1%**

INTERIM DIVIDEND PER SHARE

15.0 CENTS

* *The underlying view of the results excludes material once-offs and accounting adjustments related to IFRS 9 Financial Instruments (IFRS 9), the net direct cost impact of COVID-19, the direct cost impact of the civil unrest in July 2021 and the fire at our Sugar warehouse in Komatipoort in the current period. The underlying results constitute pro-forma financial information in terms of the JSE Listings Requirements. Refer to the "Reconciliation between unadjusted and underlying results" section provided on page 14 of this announcement for further details and the applicable criteria and the basis on which this pro-forma financial information has been prepared.*

COMMENTARY

KEY FEATURES

- **Revenue increased amidst tough operating conditions**
- **Pricing pressure driven by significant input cost hikes**
- **Volumes resilient in most categories**
- **Continued solid performance from Groceries**
- **Baking margins challenged by high input costs**
- **Positive Sugar momentum largely maintained**
- **Chicken returns to break-even**
- **Pleasing results from Vector Logistics**
- **Well-managed working capital**

RESILIENCE IN A CHALLENGING MARKET

Between record high unemployment levels, intermittent COVID-19 lockdowns and associated international travel bans, Eskom load shedding, low GDP growth and the civil unrest in KwaZulu-Natal and Gauteng in July 2021, the period under review has been a challenging one for food manufacturers and consumers alike. The recent surge in fuel and raw material costs, together with higher food prices and electricity tariffs, have driven increases in both consumer price index (CPI) and producer price index (PPI) levels. Of particular concern for food producers is the continued rise in agricultural commodity input costs due to escalating world prices, fuelled by lower global crop estimates and continued higher demand, mainly from China. Maize, sunflower seed and wheat are key raw materials in our animal feed and pet food, mayonnaise and baked products respectively, and are a key contributor to pricing pressure in multiple categories.

The current outbreak of Avian Influenza (AI) continues to impact the local poultry industry despite the implementation of stringent biosecurity controls. By December 2021 nearly three million birds had been culled industrywide to contain the virus.

The civil unrest in July 2021 impacted certain RCL FOODS operations in KwaZulu-Natal and Gauteng, with deliveries to some areas being temporarily suspended during this period. With relatively minimal infrastructure damage, we were relieved to be able to resume normal operations quickly and to contribute to the collaborative efforts of government and business to restore economic activity.

While price increases have been kept to a minimum to support customers and protect volumes, delivering relevant and accessible solutions that meet consumer needs remains vital. To enlarge the value-added component of the business, a robust innovation pipeline is being built to deliver brand extensions and new offerings over the next two years, with Nola Value Mayonnaise, Pies into the retail freezer cabinet and a new crumb coating for the food service channel launched during the period. The business continues to enter private label partnerships with customers where appropriate.

COMMENTARY CONTINUED

STRATEGIC REVIEW UPDATE

A key part of RCL FOODS' journey to create a resilient and future-fit business has been its recent strategic portfolio review. As communicated at the end of the 2021 financial year, this confirmed that the RCL FOODS portfolio is not optimally configured for sustainable shareholder value creation due to the extent of its diversification across different asset classes. A decision was taken to separate the value-add branded foods business (Groceries and Baking) ("FMCG") from the poultry (Chicken and grain-based feed), sugar (Sugar and molasses-based feed) and logistics (Vector Logistics) businesses with a view to preparing them to operate in a more pureplay environment, and to scale the FMCG component through sharper strategic focus and active investment. Both initiatives are progressing simultaneously, with the focus being a responsible and well-considered transition.

NEW OPERATING MODEL

With Paul Cruickshank assuming the role of Chief Executive Officer (CEO) from 1 December 2021 following Miles Dally's retirement, a new executive structure and operating model have been implemented as part of RCL FOODS' ongoing evolution. This includes consolidating the role of CEO and Chief Operating Officer (COO) and integrating the RCL FOODS Group executive team and the former Food Division executive team into a single executive structure.

The operating model change has also initiated a review and consolidation of the Group and Food Division strategy. The focus of the strategy has pivoted to a growth agenda, supported by an integrated growth structure to drive our brands, including into adjacent categories. We continue to believe that our integrated services platform, now known and appropriately resourced as the RCL FOODS Business Services Organisation, is key to our unique capability set and will enable our growth into the future.

RCL FOODS FINANCIAL REVIEW

INCOME STATEMENT

RCL FOODS' revenue for the current period increased 9.2% to R17,1 billion (December 2020: R15,7 billion). The increase was largely due to improved volumes and prices in Chicken, improved pricing in Groceries and higher Vector Logistics revenue resulting from volume recovery and the consolidation of L&A Logistics Limited (which was only consolidated from the second half of the 2021 financial year).

EBITDA improved by R162,7 million (14.4%) to R1 292,7 million (December 2020: R1 130,0 million) due mainly to an improved Chicken result which was up R191,3 million on the prior period. The EBITDA by business unit is reflected in the table below:

Rm	December 2021	Margin %	December 2020	Margin %	% Change	Margin change (ppts)
EBITDA	**1 292,7**	**7.5**	1 130,0	7.2	14.4	0.3
Food Division	**1 025,3**	**9.8**	1 040,6	10.3	(1.5)	(0.5)
Groceries	**334,1**	**10.9**	317,6	11.5	5.2	(0.6)
Baking	**243,8**	**8.2**	265,8	9.1	(8.3)	(0.9)
Sugar	**447,4**	**10.1**	457,2	10.4	(2.1)	(0.3)
Chicken Division	**58,3**	**1.1**	(133,0)	(2.7)	143.8	3.8
Vector Logistics	**182,1**	**10.0**	162,8	10.7	11.9	(0.7)
Group	**27,0**		59,6		(54.8)	

The current and prior period EBITDA were materially impacted by the following once-off items and accounting adjustments:

- Positive fair value adjustments on the Group's commodity raw material procurement positions, which increased EBITDA by R2,7 million (December 2020: R95,2 million negative adjustment). The R97,9 million year-on-year movement relates mainly to the weakening of the Rand and SAFEX maize pricing at the end of December 2021 relative to our positions;
- A R4,2 million net negative impact arising from COVID-19 direct costs incurred (offset partially by an insurance receipt) (December 2020: R119,6 million);
- Direct costs of R44,7 million, incurred in relation to the civil unrest in KwaZulu-Natal and Gauteng in July 2021; and
- A net loss of R39,6 million arising from fire damage at our Komatipoort sugar warehouse.

Refer to the "Reconciliation between unadjusted and underlying results" section provided on page 14 of this announcement for further details.

The "underlying" EBITDA excluding the above items is reflected in the table below:

Rm	December 2021	Margin %	December 2020	Margin %	% Change	Margin change (ppts)
Underlying EBITDA	**1 378,4**	**8.0**	1 344,8	8.6	2.5	(0.6)
Food Division	**1 052,8**	**10.0**	1 033,0	10.3	1.9	(0.3)
Groceries	**308,7**	**10.0**	301,6	10.9	2.4	(0.9)
Baking	**245,7**	**8.2**	269,1	9.2	(8.7)	(1.0)
Sugar	**498,4**	**11.2**	462,3	10.6	7.8	0.6
Chicken Division	**115,1**	**2.1**	85,8	1.8	34.2	0.3
Vector Logistics	**183,5**	**10.0**	168,0	11.1	9.2	(1.1)
Group	**27,0**		58,0		(53.6)	

The Group's underlying EBITDA improved R33,6 million (2.5%), driven mainly by the gains in Sugar, Chicken Division and Vector Logistics.

RCL FOODS FINANCIAL REVIEW CONTINUED

TAXATION

The Group's effective tax rate for the period (excluding joint ventures and associates) was 27.5% (December 2020: 32.2%).

NET FINANCE COSTS

Net finance costs for the period decreased by R21,9 million (13.7%) largely due to improved cash balances in the current period and lower interest paid on capitalised leases due to certain remaining lease terms being reassessed in the current period. Net finance costs paid for the period of R111,8 million are R26,0 million lower than net finance costs expensed in the income statement mainly due to the non-cash IFRS 16 leases interest charge and the unrealised movement on the Group's interest rate collar hedges.

STATEMENT OF FINANCIAL POSITION

Property, plant and equipment increased R129,8 million from June 2021, largely driven by capital expenditure of R490,1 million, offset by depreciation of R321,4 million.

Capital expenditure including intangibles for the six months to December 2021 was R492,8 million (December 2020: R424,2 million). Major spend items included:

- Expansion of Vector Logistics' Thekweni chiller (R23,1 million);
- Expansion of the Bread, Buns and Rolls production lines (R29,9 million);
- Expansion of Vector Logistics' cold storage plant at Estoire in Bloemfontein (R20,1 million); and
- Replacement of Ambient Cake lines in Speciality (R20,3 million).

An amount of R618,4 million (December 2020: R535,8 million) has been contracted and committed, but not spent, whilst a further R707,6 million (December 2020: R415,3 million) has been approved but not contracted. Major items included in these amounts relate to:

- Expansion of the Bread, Buns and Rolls production lines (R157,3 million);
- Replacements related to the fire at the Komatipoort warehouse (R150,0 million); and
- Replacements within the Vector Logistics fleet (R53,0 million).

Right-of-use assets capitalised under IFRS 16 Leases decreased by R332,5 million from June 2021, mainly driven by the reassessment of lease terms which resulted in a decrease of R262,2 million, coupled with depreciation of R104,7 million, partially offset by new leases capitalised of R26,9 million.

Investment in associates increased by R85,3 million from June 2021 driven mainly by profits capitalised from the Royal Eswatini Sugar Corporation (RES) of R119,5 million partially offset by dividends received from RES of R35,1 million.

Net working capital decreased by R181,9 million (5.2%) from December 2020, and as a percentage of revenue decreased to 10.0% in the current period (December 2020: 12.0%). The decrease in this interim reporting period was mainly a result of a R1 156,8 million decrease in trade and other receivables, partially offset by a R911,1 million decrease in trade and other payables. Biological assets increased by R120,1 million mainly due to an increase in bird volumes and input pricing in Chicken, as well as improved cane quality and a higher declared recovered value (RV) prices in Sugar.

The timing of period-end cut-off had a significant impact on the gross trade and other receivables and trade and other payables balances. The current period ended on Sunday, 2 January 2022, whilst the prior period ended on Sunday, 27 December 2020, which resulted in inflated trade and other receivables and trade and other payables balances.

RCL FOODS FINANCIAL REVIEW CONTINUED

CASH FLOW AND WORKING CAPITAL

Cash generated by operations of R1 540,3 million was R1 132,6 million higher than the prior period mainly driven by working capital requirements reducing by R944,0 million from the prior period, largely related to the later cut-off.

Cash outflows from investing activities for the six months to December 2021 of R467,2 million increased by R78,5 million, and consist mainly of capital expenditure.

Cash outflows from financing activities for the six months to December 2021 of R258,9 million consist mainly of repayments on leases capitalised in terms of IFRS 16 Leases and a repayment on the Group's term-funded debt package.

RETURN ON INVESTED CAPITAL

RCL FOODS measures its efficiency and effectiveness of capital allocation through return on invested capital (ROIC). ROIC is calculated using a rolling 12-month net operating profit after tax (including share of profits/losses of associates and joint ventures) divided by invested capital. Equity-accounted investments are now reflected as part of segmental reporting, whereas they were previously only recognised at a consolidated level for ROIC purposes. Unadjusted ROIC is reflected in the table below:

Unadjusted ROIC (%)	December 2021	December 2020	% change
Group	**9.4**	(4.4)	13.8ppts
Food Division	**14.2**	0.8	13.4ppts
Chicken Division	**(4.3)**	(14.1)	9.8ppts
Vector Logistics	**8.6**	(28.5)	37.1ppts

ROIC has been materially impacted by once-off items and accounting adjustments referred to earlier in the announcement, as well as by cash-generating unit impairments recognised in June 2020. Excluding these items, "underlying" ROIC is reflected in the table below:

Underlying ROIC (%)	December 2021	December 2020	% change
Group	**9.2**	6.2	3.0ppts
Food Division	**14.7**	8.1	6.6ppts
Chicken Division	**(6.3)**	0.5	(6.8ppts)
Vector Logistics	**8.8**	2.2	6.6ppts

The decline in Chicken's underlying ROIC to negative 6.3% is mainly due to the impact of AI and Salmonella Enteritis on the rolling 12-month result, which items are not included as underlying adjustments.

REVIEW OF OPERATIONS

FOOD DIVISION

	December 2021	December 2020	% change
Revenue (Rm)	**10 490,8**	10 057,8	4.3
EBITDA (Rm)	**1 025,3**	1 040,6	(1.5)
EBITDA margin (%)	**9.8**	10.3	(0.5ppts)
Underlying EBITDA (Rm)	**1 052,8**	1 033,0	1.9
Underlying EBITDA margin (%)	**10.0**	10.3	(0.3ppts)

The Food Division comprises the Groceries, Baking and Sugar business units. The division had a resilient underlying performance in the first half of the 2022 financial year, with demand across most categories remaining relatively strong despite the implementation of selective price increases to offset growing commodity cost pressure.

GROCERIES

	December 2021	December 2020	% change
Revenue (Rm)	**3 078,2**	2 762,5	11.4
EBITDA (Rm)	**334,1**	317,6	5.2
EBITDA margin (%)	**10.9**	11.5	(0.6ppts)
Underlying EBITDA (Rm)	**308,7**	301,6	2.4
Underlying EBITDA margin (%)	**10.0**	10.9	(0.9ppts)

Ultra Cat recorded its highest turnover ever in September 2021

Grocery had a solid performance driven by improving market shares across most categories. This was in spite of price increases implemented in Mayonnaise and Pet Food to offset the steep rise in commodity input costs. Current period EBITDA performance should be read against higher-than-normal oil margins in the prior period due to a favourable seed position. Nola Value Mayonnaise was launched in September 2021 as a new economy proposition within the wholesale channel, and early indications are positive so far. Yum Yum volumes are trending upwards again, although they continue to face stiff competition from peanut butter imports which attract no duties, whereas raw peanuts are still subject to import tariffs. Although the total Pet Food market remains under pressure, our pet food brands have all increased their market share over the last six months. Branded Pet Food volumes were 9.2% higher than the previous period, helping to offset the loss of some private label volumes during the previous period. Cat Food saw meaningful share gains in both the mainstream and premium segments of the retail channel. Catmor gained an extra 6.2 percentage points to reach 72.6% of the Mainstream Dry segment, while Feline Cuisine gained 5.4 percentage points to occupy 20.8% of the Premium Retail segment. A strong focus on marketing support resulted in increased trial and retention in the premium retail (Feline and Canine Cuisine) and veterinary (Ultra Cat and Ultra Dog) ranges. A raft of Pet Food innovation is ready to launch in the market once approved by government.

Pies volumes have made a positive rebound in the last six months, led initially by growth in the forecourt channel as COVID-19 restrictions were relaxed, and followed by improvements in retail. New product offerings have contributed significantly to volume recoveries, with the Pieman's Big Deal pie and the recently-launched frozen Pieman's offering contributing to good growth in the forecourt and retail channels respectively. The Pies operating unit has however come under pressure in recent months due to margin compression linked to raw material cost increases.

Beverages continue to deliver an improved performance from a cost perspective, with the consolidation of the ultra-high temperature (UHT) and fresh plants yielding the anticipated efficiency benefits. However, volumes remain challenged as the category struggles to recover post the lockdown.

REVIEW OF OPERATIONS CONTINUED

BAKING

	December 2021	December 2020	% change
Revenue (Rm)	**2 980,3**	2 917,4	2.2
EBITDA (Rm)	**243,8**	265,8	(8.3)
EBITDA margin (%)	**8.2**	9.1	(0.9ppts)
Underlying EBITDA (Rm)	**245,7**	269,1	(8.7)
Underlying EBITDA margin (%)	**8.2**	9.2	(1.0ppts)

The Bread, Buns and Rolls operating unit has achieved good volume growth despite price increases necessitated by high raw material and distribution (diesel) costs. Sunbake is gaining traction in the retail channel and is showing strong growth and performance in the general trade, driven by effective regional and national campaigns and a new depot rollout programme. The capital expansion project at the Polokwane bakery is on track for commissioning before financial year-end.

An improved operational performance contributed to the Milling operating unit's result, bolstered by the early benefits of the Enterprise Resource Planning (ERP) system that is being implemented at our Milling site. While the system itself will only go live at the end of the 2022 financial year, a number of changes to business processes are already in place, benefiting operating results.

The Speciality operating unit experienced margin pressure due to increased input costs as well as a shift in product mix.

SUGAR

	December 2021	December 2020	% change
Revenue (Rm)	**4 432,2**	4 377,9	1.2
EBITDA (Rm)	**447,4**	457,2	(2.1)
EBITDA margin (%)	**10.1**	10.4	(0.3ppts)
Underlying EBITDA (Rm)	**498,4**	462,3	7.8
Underlying EBITDA margin (%)	**11.2**	10.6	0.6ppts

The Sugar business unit had another strong performance aided by continued operational efficiency, a relatively high world sugar price, favourable local industry factors and strong local market demand. This demand has been supported for two consecutive years by a continuous industry focus on the Buy Local campaign and the intent of the Sugar Industry Master Plan to drive consumption of South African sugar and reduce the inflow of imports.

On the downside, cane quality and yields were temporarily affected by an aphid infestation and heatwaves in the northern irrigated region in the early part of the financial year. The fire at our Komatipoort sugar warehouse, which destroyed 40 000 tons of raw sugar in October 2021, had a R25 million impact on the period related to the insurance excess.

Molatek delivered a strong performance during the period, especially considering the prior period's above-average result. The prior period result was bolstered mainly by farmers starting to rebuild their herds post the drought. We continue to look at opportunities to drive a more profitable product mix and reduce overall costs of production.

CHICKEN DIVISION

	December 2021	December 2020*	% change
Revenue (Rm)	**5 517,9**	4 875,2	13.2
EBITDA (Rm)	**58,3**	(133,0)	143.8
EBITDA margin (%)	**1.1**	(2.7)	3.8ppts
Underlying EBITDA (Rm)	**115,1**	85,8	34.2
Underlying EBITDA margin (%)	**2.1**	1.8	0.3ppts

* *The results for the Chicken Division in the comparative period have been restated to include the Group's Waste-to-Value operations, which now form part of the Chicken business for segmental reporting purposes. The Waste-to-Value results were previously included as part of the Group segment.*

Simply Chicken viennas reached an all-time value share high of 38% in September 2021

After an extremely tough start to the financial year, the Chicken Division has seen a pleasing improvement in performance in the last few months, aided by better agricultural results and by higher price realisations amidst the AI outbreak which has depressed local market supply. Supported by strong marketing campaigns, the Simply Chicken and Rainbow brands continue to achieve double-digit volume growth in the Chilled Processed Meats (CPM) category.

Notwithstanding increased revenue and volumes, earnings were impacted by high external costs related to AI, the impact of the civil unrest and unprecedented commodity input costs. The impacts of AI and the unrest are estimated at R85,8 million and R34,0 million respectively. Costs associated with AI have not been adjusted for in underlying results as they relate to operational risks inherent in the Chicken business and are not considered to be "once-off".

From an imports perspective, the business has seen a reduction in bone-in portions, mainly driven by AI in Europe, high shipping charges, import duties and a stronger currency.

Chicken is making progress with the various elements of its turnaround strategy, with a focus on fixing agricultural performance, reducing costs and driving growth. Addressing the underperformance of the Cobb breed is of paramount importance in this regard and the business is currently implementing a breed change. We have taken all measures possible to fast track the introduction of new breeds and, as a result, are already banking some benefits of breed improvement. The majority of the breed improvement benefits will only start flowing early in the 2023 calendar year. In the meantime, a strong cost and operational focus has resulted in improved agricultural performance. Alongside this, we have implemented regional management structures which focus on integrating the value chain (feed, breed, agriculture, processing, distribution and sales) to ensure a clearer focus on producing the lowest cost chicken in each region, relevant to specific regional demand.

Epol's result is improved over the prior period as a result of higher volumes, sound cost control and procurement focus.

VECTOR LOGISTICS

	December 2021	December 2020	% change
Revenue (Rm)	**1 829,8**	1 519,5	20.4
EBITDA (Rm)	**182,1**	162,8	11.9
EBITDA margin (%)	**10.0**	10.7	(0.7ppts)
Underlying EBITDA (Rm)	**183,5**	168,0	9.2
Underlying EBITDA margin (%)	**10.0**	11.1	(1.1ppts)

A pleasing performance driven by volume recovery and good progress with the consolidation of duplicated networks

Vector Logistics generated a pleasing turnaround in revenue and EBITDA performance in the first six months of the financial year. This was driven by the good progress achieved with the integration of Imperial Logistics South Africa's cold chain business (ICL) network and a recovery in the food service space, with volumes returning almost to pre-COVID-19 levels. This performance was despite the civil unrest in the first quarter, which impacted Vector Logistics directly in lost revenue due to store closures and the looting of the Cornubia depot in KwaZulu-Natal (impact not included as an underlying adjustment).

Vector Logistics experienced a better than anticipated recovery in food service volumes over the year with the easing of COVID-19 restrictions. This performance was further enhanced by Vector's ability to leverage the retail secondary business, where higher volumes boosted revenue. Financial performance was also supported by progress made with the final phase of the ICL network integration into the Vector network post the ICL acquisition, realising further cost and scale benefits as these projects are finalised.

The integrated network capacity builds in Durban, Gqeberha (previously Port Elizabeth), Polokwane and Bloemfontein are due to come online by the end of the financial year and will drive further efficiencies. The business also continues to optimise its transport network through customer backdoor efficiencies and digital solutions. Having focused on rolling out the newly-acquired Empty Trips digital freight matching platform with its internal customers during the 2021 financial year, it is currently in the process of launching to external shippers and carriers to create a smarter, more sustainable logistics marketplace.

In the second half of the 2021 financial year, Vector Logistics acquired an additional 40.0% of L&A Logistics Limited in Zambia, thus increasing its shareholding in the company to 85.0%. As a result, L&A Logistics Limited has been consolidated for the six months ended December 2021, whereas it was equity-accounted in the comparative period.

EQUITY-ACCOUNTED INVESTMENTS

RCL FOODS' share of profits from joint ventures for the current period was down by R2,5 million to R17,2 million (December 2020: R19,7 million). The decline was largely due to lower volumes in Mananga Sugar Packers (MSP) due to a shift in focus toward higher margin sales.

RCL FOODS' share of profits from associates for the current period was down by R39,6 million to R114,3 million (December 2020: R153,9 million), largely due to a R33,0 million decline in RES. Despite higher sugar prices, RES's decrease was largely attributable to lower sugar and ethanol sales volumes over the period, as well as lower ethanol prices.

B-BBEE SCHEMES

The current broad-based black economic empowerment (B-BBEE) schemes, of which the Employee Share Ownership Scheme is the majority participant, were implemented in January 2014 and will vest in May 2022. These schemes remain underwater and further announcements will follow in due course.

PROSPECTS

While South Africa managed to achieve a 5.0% rebound in GDP growth in 2021, notwithstanding the impact of the July civil unrest, growth forecasts for 2022 are substantially lower, with the official Medium-Term Budget Policy Statement (MTBPS) in November projecting an average growth rate of 1.7% over the next three years. Amidst much uncertainty on the economic, political and pandemic front, high commodity input prices, rising inflationary pressures and a slow economic recovery are key risks going forward.

In this volatile context, RCL FOODS' approach is to focus on the variables within its control and to consistently excel at the basics. Delivering relevant and affordable product solutions will be important, driven by innovation and a heightened focus on growth. Scale and efficiency will be key to minimise the impact of price increases necessitated by agricultural commodity pricing levels.

Groceries is expected to remain resilient despite the likelihood of higher input costs dampening demand in upcoming months.

Sugar is expected to continue benefiting from a more favourable local industry position and sustained higher demand, although the full year result is expected to be materially lower than the record results achieved in the prior financial year due to agricultural challenges.

While Chicken has made strides in implementing its turnaround strategy, it is not yet at a sustainable level due mainly to the ongoing breed challenges and commodity input cost hikes, exacerbated during the period by AI.

Vector Logistics is at the point of finalising its consolidated network as its capacity builds come online. This will enable Vector Logistics to deliver on its customer-focused recovery strategy.

Following the strategic review conducted in 2021, we will continue to drive the managed separation pathway of the Chicken, Sugar and Vector businesses as a key focus in the second half of the financial year.

BOARD AND COMMITTEE CHANGES

During the current period, the following changes to the Board and committee members took place:

- Miles Dally retired from the Board in accordance with company policy, and simultaneously resigned as a member of the Risk Committee and Social and Ethics Committee (effective from 30 November 2021);
- Paul Cruickshank was appointed Chief Executive Officer, and was consequently also appointed as a member of the Board, Risk Committee and Social and Ethics Committee (effective from 1 December 2021); and
- Manana Nhlanhla retired as a non-executive director from the Board, and as a member of the Social and Ethics Committee (effective from 16 November 2021).

CASH DIVIDEND DECLARATION

Notice is hereby given that the directors have declared an interim gross cash dividend (number 94) of 15.0 cents (12.0 cents net of dividend withholding tax) for the six months ended December 2021.

The dividend has been declared from income reserves.

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

The issued share capital at the declaration date is 952 257 203 ordinary shares. The Company's income tax reference number is 9950019712.

The salient dates for the dividend will be as follows:

Publication of declaration data	Monday, 28 February 2022
Last day of trade to receive a dividend	Tuesday, 19 April 2022
Shares commence trading "ex" dividend	Wednesday, 20 April 2022
Record date	Friday, 22 April 2022
Payment date	Monday, 25 April 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 20 April 2022 and Friday, 22 April 2022, both days inclusive.

RESTATEMENT

As part of the managed separation of the Chicken business, the Group's Waste-to-Value operations now form part of the Chicken business for segmental reporting purposes. The Waste-to-Value results were previously included as part of the Group segment. The disclosures in this report have been updated to align with the information reviewed by the Group's chief operating decision-maker for the purposes of allocating resources. The prior year segmental reporting has been restated to reflect the above.

BASIS OF PREPARATION

The summarised consolidated 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 circulars, Financial Pronouncements as issued by the Financial Reporting Standards Council 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 and corresponding interim period.

RECONCILIATION BETWEEN UNADJUSTED AND UNDERLYING RESULTS

The underlying view of results which is considered *pro forma* financial information, has been presented for illustrative purposes only, to provide users with relevant information and measures used by the Group to assess performance for the period under review. The underlying adjustments have been extracted from the Group's accounting records and is the responsibility of its board of directors. The underlying view of results is a non-IFRS measure and therefore may not fairly present the Group's financial position, changes in equity, results of operations or cash flows for the periods presented.

December 2021 (Rm)	Unadjusted	COVID-19	Civil Unrest	Komati Fire	IFRS 9 Fair value adjustments	Underlying
EBITDA	1 292,7	**4,1**	**44,7**	**39,6**	**(2,7)**	1 378,4
Food Division	1 025,3	**4,9**	**10,7**	**39,6**	**(27,7)**	1 052,8
Groceries	334,1	**0,2**	**0,8**		**(26,4)**	308,7
Baking	243,8	**3,0**	**0,2**		**(1,3)**	245,7
Sugar	447,4	**1,7**	**9,7**	**39,6**		498,4
Chicken Division	58,3	**(2,2)**	**34,0**		**25,0**	115,1
Vector Logistics	182,1	**1,4**				183,5
Group	27,0					27,0
EPS (cents)	73.8	**0.3**	**3.6**	**3.2**	**(0.2)**	80.7
Headline earnings	645,6	**3,0**	**32,2**	**28,5**	**(2,0)**	707,3
HEPS (cents)	72.7	**0.3**	**3.6**	**3.2**	**(0.2)**	79.6

December 2020 (Rm)	Unadjusted	COVID-19	IFRS 9 Fair value adjustments	Underlying
EBITDA	1 130,0	**119,6**	**95,2**	1344,8
Food Division	1 040,6	**13,7**	**(21,3)**	1 033,0
Groceries	317,6	**3,3**	**(19,3)**	301,6
Baking	265,8	**5,3**	**(2,0)**	269,1
Sugar	457,2	**5,1**		462,3
Chicken Division	(133,0)	**100,7**	**118,1**	85,8
Vector Logistics	162,8	**5,2**		168,0
Group	59,6		**(1,6)**	58,0
EPS (cents)	61.6	**9.7**	**7.7**	79.0
Headline earnings*	531,5	**86,1**	**68,6**	686,2
HEPS (cents)*	59.8	**9.7**	**7.7**	77.2

* *Headline earnings for the six months ended December 2020 have been restated to align with the requirements of Circular 1/2021, which became effective for the Group for the year ended June 2021.*

RECONCILIATION BETWEEN UNADJUSTED AND UNDERLYING RESULTS CONTINUED

- COVID-19 relates to the negative impact arising from COVID-19 direct costs incurred and excludes any revenue impact.
- Civil unrest relates to the negative impact arising from direct costs incurred as a result of the civil unrest, which included looting and vandalism of property during July 2021 in KwaZulu-Natal and Gauteng and excludes any revenue impact.
- Komati fire relates to losses incurred in respect of the fire at the Sugar warehouse in Komatipoort, net of insurance accruals for claims instituted.
- IFRS 9 fair value adjustments relate to the fair value gains and losses on commodity contracts entered into as part of the Group's raw material procurement strategy.

For and on behalf of the Board

JJ Durand
Non-executive Chairman

PD Cruickshank
Chief Executive Officer

Durban
28 February 2022

CORPORATE INFORMATION

Directors: JJ Durand (Non-executive Chairman), PD Cruickshank (CEO)*, HJ Carse, RH Field*, CJ Hess, GCJ Tielenius Kruythoff**, PR Louw, NP Mageza, PM Moumakwa, DTV Msibi, PJ Neethling***, GM Steyn and GC Zondi.

**Executive directors; **Dutch; ***Alternate director*

Company secretary: JMJ Maher

Registration number: 1966/004972/06

JSE share code: RCL

ISIN: ZAE000179438

Registered office: RCL Foods Limited, Ten The Boulevard, Westway Office Park, Westville, 3629

Transfer secretaries: Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

Auditors: PricewaterhouseCoopers Inc.

Sponsor: RAND MERCHANT BANK (a division of FirstRand Bank Limited)

Bankers: Absa Bank Limited, FirstRand Bank Limited, Investec Bank Limited, Nedbank Limited and The Standard Bank of South Africa Limited

Website: www.rclfoods.com

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at	2 January 2022 R'000	27 December 2020 R'000	4 July 2021 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	**5 689 644**	5 401 031	5 559 851
Right-of-use assets	**772 754**	1 305 127	1 105 221
Intangible assets	**1 623 760**	1 699 816	1 667 018
Investment in joint ventures	**305 024**	329 107	287 828
Investment in associates	**939 166**	801 296	853 866
Deferred income tax asset	**116 223**	91 294	99 742
Loans receivable	**48 216**	62 860	49 375
Trade and other receivables	**25 437**	23 813	24 597
Investment in financial asset	**235 390**	137 039	214 138
Goodwill	**1 992 947**	1 939 123	1 992 947
	11 748 561	11 790 506	11 854 583
Current assets			
Inventories	**3 283 923**	3 340 136	3 171 386
Biological assets	**934 997**	814 880	955 343
Trade and other receivables	**6 018 753**	7 175 575	5 427 265
Derivative financial instruments	**210**	25 094	62 979
Tax receivable	**66 270**	18 459	32 503
Loan receivable		2 500	
Cash and cash equivalents	**1 191 275**	1 127 518	896 969
	11 495 428	12 504 162	10 546 445
Assets of disposal group classified as held-for-sale	**15 785**	672	6 978
Total assets	**23 259 774**	24 295 340	22 408 006
EQUITY			
Capital and reserves	**11 118 953**	10 281 787	10 693 667
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities	**1 987 558**	2 678 341	2 274 763
Lease liabilities	**897 930**	1 427 845	1 250 568
Deferred income tax liabilities	**1 016 936**	1 045 794	1 051 561
Retirement benefit obligations	**111 822**	106 598	106 900
Trade and other payables		3 584	461
	4 014 246	5 262 162	4 684 253
Current liabilities			
Trade and other payables	**6 918 783**	7 829 843	6 083 071
Deferred income	**1 773**	3 345	2 078
Interest-bearing liabilities	**867 776**	434 781	690 210
Lease liabilities	**165 286**	172 592	164 481
Derivative financial instruments	**19 389**	94 187	41 090
Current income tax liabilities	**109 789**	133 115	49 156
Bank overdraft	**43 779**	83 528	
	8 126 575	8 751 391	7 030 086
Total liabilities	**12 140 821**	14 013 553	11 714 339
Total equity and liabilities	**23 259 774**	24 295 340	22 408 006

CONSOLIDATED INCOME STATEMENT

	Six months December 2021 R'000	Six months December 2020 R'000	Year ended June 2021 R'000
Revenue from contracts with customers	**17 146 793**	15 701 441	31 687 850
Operating profit before depreciation, amortisation and impairment* (EBITDA)	**1 292 685**	1 130 003	2 409 135
Depreciation, amortisation and impairment*	**(475 586)**	(453 661)	(932 330)
Operating profit	**817 099**	676 342	1 476 805
Finance costs	**(156 366)**	(171 335)	(326 161)
Finance income	**18 534**	11 566	37 053
Share of profits of joint ventures	**17 196**	19 747	11 331
Share of profits of associates	**114 347**	153 892	135 553
Profit before tax	**810 810**	690 212	1 334 581
Income tax expense	**(198 701)**	(184 847)	(338 824)
Profit for the period	**612 109**	505 365	995 757
Attributable to:			
Equity holders of the Company	**655 131**	547 519	992 909
Non-controlling interests	**(43 022)**	(42 154)	2 848
HEADLINE EARNINGS**			
Profit for the period attributable to equity holders of the Company	**655 131**	547 519	992 909
Profit on disposal of property, plant and equipment and assets held-for-sale	**(6 637)**	(14 687)	(18 225)
Insurance proceeds	**(198)**	(631)	(1 234)
Net impairments of fixed assets and intangibles		(739)	7 070
Change in ownership of associate	**(2 768)**		(2 298)
Gain on deemed disposal of associate			(16 396)
Profit on disposal of property, plant and equipment included in equity accounted earnings of associates	**24**		(247)
Net impairments included in equity accounted earnings of associates			(1 858)
Gain on bargain purchase included in equity accounted earnings of associates			(1 582)
Headline earnings**	**645 552**	531 462	958 139
	Cents	Cents	Cents
Earnings per share attributable to equity holders of the Company			
Basic earnings per share	**73.8**	61.6	111.8
Basic earnings per share – diluted	**73.5**	61.6	111.7
Headline earnings per share**	**72.7**	59.8	107.9
Headline earnings per share – diluted**	**72.4**	59.8	107.7

* *Impairments relate only to impairments of property, plant and equipment, goodwill and intangible assets.*

** *Headline earnings for the six months ended December 2020 have been restated to align with the requirements of Circular 1/2021 which became effective for the Group for the year ended June 2021.*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	December 2021 R'000	December 2020 R'000	June 2021 R'000
Profit for the period	**612 109**	505 365	995 757
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Remeasurement of retirement medical obligations – net of tax			185
Share of associates other comprehensive income			543
Items that may subsequently be reclassified to profit and loss			
Currency translation differences	**12 475**	(5 720)	(12 279)
Other comprehensive income for the period – net of tax	**12 475**	(5 720)	(11 551)
Total comprehensive income for the period	**624 584**	499 645	984 206
Total comprehensive income for the period attributable to:			
Equity holders of the Company	**667 606**	541 799	981 358
Non-controlling interests	**(43 022)**	(42 154)	2 848
	624 584	499 645	984 206

CONSOLIDATED CASH FLOW INFORMATION

	December 2021 R'000	December 2020 R'000	June 2021 R'000
Operating profit	**817 099**	676 342	1 476 805
Non-cash items	**367 907**	320 057	557 306
Operating profit before working capital requirements	**1 185 006**	996 399	2 034 111
Working capital requirements			
Movement in inventories	**(100 183)**	(359 471)	(176 336)
Movement in biological assets	**217 298**	124 975	127 612
Movement in trade and other receivables	**(580 950)**	(1 211 048)	550 872
Movement in trade and other payables	**819 172**	856 853	(908 834)
Cash generated by operations	**1 540 343**	407 708	1 627 425
Net finance cost	**(111 816)**	(100 426)	(216 592)
Tax paid	**(218 426)**	(78 608)	(335 127)
Cash available from operating activities	**1 210 101**	228 674	1 075 706
Dividends received	**35 148**	24 682	96 046
Dividends paid	**(269 485)**	(92 075)	(225 316)
Cash outflows from investing activities			
Replacement property, plant and equipment	**(239 368)**	(247 958)	(579 145)
Expansion property, plant and equipment	**(250 726)**	(168 810)	(320 582)
Intangible asset additions	**(2 746)**	(7 438)	(21 546)
Acquisition of business			(4 528)
Acquisition of associate			(155 949)
Advances of interest-bearing loans			(5 969)
Advances of non-interest-bearing loans	**(4 223)**	(2 861)	(5 274)
Receipts of interest-bearing loans	**4 470**	6 832	8 393
Proceeds on disposal of non-current assets held-for-sale			4 650
Proceeds on disposal of property, plant and equipment and intangible assets	**25 429**	31 521	37 169
Net cash outflow from investing activities	**(467 164)**	(388 714)	(1 042 781)
Cash outflows from financing activities			
Repayment of interest-bearing liabilities	**(358 767)**	(152 773)	(421 775)
Advances of interest-bearing liabilities	**99 850**	394 155	385 246
Net cash (outflow)/inflow from financing activities	**(258 917)**	241 382	(36 529)
Net movement in cash and cash equivalents	**249 683**	13 949	(132 874)
Cash and cash equivalents at the beginning of the period	**896 969**	1 030 041	1 030 041
Exchange rate translation	**844**		(198)
Cash and cash equivalents at the end of the period	**1 147 496**	1 043 990	896 969

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital R'000	Share-based payments R'000	Other reserves R'000	Common control reserve R'000	Retained earnings R'000	Controlling interest total R'000	Non-controlling interest R'000	Total R'000
Balance at 28 June 2020	10 318 079	683 728	11 220	(1 919 832)	784 524	9 877 719	(55 743)	9 821 976
Profit/(loss) for the period					547 519	547 519	(42 154)	505 365
Other comprehensive income for the period			(5 720)			(5 720)		(5 720)
BEE share-based payments charge		8 800				8 800		8 800
Employee share option scheme:								
Value of employee services		43 441				43 441		43 441
Ordinary dividend paid					(88 825)	(88 825)	(3 250)	(92 075)
Balance at 27 December 2020	10 318 079	735 969	5 500	(1 919 832)	1 243 218	10 382 934	(101 147)	10 281 787
Profit for the period					445 390	445 390	45 002	490 392
Other comprehensive income for the period			(6 559)		728	(5 831)		(5 831)
BEE share-based payments charge		8 800				8 800		8 800
Employee share option scheme:								
Value of employee services		31 456				31 456		31 456
Equity component of tax on share-based payments		(2)				(2)		(2)
Shareholder loans converted to equity							17 701	17 701
Acquisition of business							2 605	2 605
Ordinary dividend paid					(133 241)	(133 241)		(133 241)
Balance at 4 July 2021	**10 318 079**	**776 223**	**(1 059)**	**(1 919 832)**	**1 556 095**	**10 729 506**	**(35 839)**	**10 693 667**
Profit/(loss) for the period					**655 131**	**655 131**	**(43 022)**	**612 109**
Other comprehensive income for the period			**12 475**			**12 475**		**12 475**
BEE share-based payments charge		**8 800**				**8 800**		**8 800**
Employee share option scheme:								
Value of employee services		**49 662**				**49 662**		**49 662**
Equity component of tax on share-based payments		**5 419**				**5 419**		**5 419**
Exercise of employee share options	**2 212**	**(2 212)**						
Foreign currency translation							**(1 152)**	**(1 152)**
Shareholder loans converted to equity							**7 458**	**7 458**
Ordinary dividend paid					**(266 535)**	**(266 535)**	**(2 950)**	**(269 485)**
Balance at 2 January 2022	**10 320 291**	**837 892**	**11 416**	**(1 919 832)**	**1 944 691**	**11 194 458**	**(75 505)**	**11 118 953**

SUPPLEMENTARY INFORMATION

		December 2021 R'000	December 2020 R'000	June 2021 R'000
Capital expenditure contracted and committed		**618 363**	535 753	513 988
Capital expenditure approved but not contracted		**707 637**	415 288	394 781
STATISTICS				
Statutory ordinary shares in issue (includes BEE shares)	(000's)	**952 257**	959 004	959 004
Ordinary shares in issue for accounting purposes	(000's)	**888 427**	888 246	888 246
Weighted average ordinary shares in issue	(000's)	**888 310**	888 246	888 246
Diluted weighted average ordinary shares in issue	(000's)	**891 128**	888 759	889 274
Net asset value per share	(cents)	**1 251.5**	1 157.5	1 203.9
Ordinary dividends per share:				
Interim dividend declared	(cents)		15.0	15.0
Final dividend declared	(cents)			30.0
Total dividends	(cents)		15.0	45.0

SEGMENTAL ANALYSIS

	December 2021 R'000	December 2020* R'000	June 2021* R'000
Revenue from contracts with customers	**17 146 793**	15 701 441	31 687 850
Food Division	**10 490 806**	10 057 765	19 768 620
Groceries	**3 078 214**	2 762 480	5 521 971
Baking	**2 980 344**	2 917 383	5 848 982
Sugar	**4 432 248**	4 377 902	8 397 667
Chicken Division	**5 517 931**	4 875 248	10 335 889
Vector Logistics	**1 829 790**	1 519 521	3 153 570
Group#	**93 547**	74 220	152 166
Sales between segments:			
Groceries sales to Baking	**(368)**	(258)	(356)
Groceries sales to Sugar	**(8 346)**	(6 702)	(14 824)
Groceries sales to Chicken Division	**(68 959)**	(89 799)	(194 367)
Groceries sales to Group	**(50)**		
Baking sales to Groceries	**(69 738)**	(76 708)	(151 431)
Baking sales to Sugar	**(559)**		(1 253)
Baking sales to Chicken Division	**(62 031)**	(33 804)	(113 523)
Sugar sales to Groceries	**(45 325)**	(44 027)	(82 214)
Sugar sales to Baking	**(29 799)**	(27 281)	(67 746)
Sugar sales to Chicken Division	**(1 307)**	(910)	(1 609)
Chicken Division sales to Groceries	**(8 131)**	(9 937)	(24 451)
Vector Logistics sales to Groceries	**(130 211)**	(122 559)	(249 267)
Vector Logistics sales to Baking	**(11 576)**	(8 442)	(16 739)
Vector Logistics sales to Sugar	**(15 786)**	(16 209)	(31 288)
Vector Logistics sales to Chicken Division	**(333 095)**	(388 677)	(773 327)
Operating profit before depreciation, amortisation and impairment^ (EBITDA)	**1 292 685**	1 130 003	2 409 135
Food Division	**1 025 285**	1 040 540	1 978 790
Groceries	**334 107**	317 588	557 843
Baking	**243 746**	265 762	520 586
Sugar	**447 432**	457 190	900 361
Chicken Division	**58 300**	(132 986)	17 458
Vector Logistics	**182 147**	162 813	282 859
Group+	**26 953**	59 636	130 028
Depreciation and amortisation	**(475 586)**	(454 687)	(922 511)
Net impairments of assets		1 026	(9 819)
Operating profit	**817 099**	676 342	1 476 805
Food Division	**793 031**	827 052	1 542 894
Groceries	**266 478**	259 935	434 355
Baking	**158 894**	181 280	352 539
Sugar	**367 659**	385 837	756 000
Chicken Division	**(61 226)**	(242 542)	(209 487)
Vector Logistics	**87 620**	62 020	72 832
Group+	**(2 326)**	29 812	70 566

* *The results for the Chicken Division and Group segments in the comparative periods have been restated to reallocate the Group's Waste-to-Value operations, which now form part of the Chicken business for segmental reporting purposes. The Waste-to-Value results were previously included as part of the Group segment.*

\# *Group revenue relates to management fees earned for shared services performed for Siqalo Foods Proprietary Limited and Livekindly Collective Africa Proprietary Limited.*

^ *Impairments relate only to impairments of property, plant and equipment, goodwill and intangible assets.*

\+ *Includes the operating costs of RCL Foods Limited and RCL Group Services Proprietary Limited, losses/gains on the Group's self-insurance arrangement and profit from management fees earned on shared services functions for Siqalo Proprietary Limited and Livekindly Collective Africa Proprietary Limited.*

SEGMENTAL ANALYSIS CONTINUED

	December 2021 R'000	December 2020* R'000	June 2021* R'000
Finance costs	**(156 366)**	(171 335)	(326 161)
Finance income	**18 534**	11 566	37 053
Share of profits of joint ventures	**17 196**	19 747	11 331
Sugar	**11 464**	15 057	1 832
Vector Logistics	**5 732**	4 690	9 499
Share of profits/(loss) of associates	**114 347**	153 892	135 553
Sugar	**119 541**	152 574	128 697
Livekindly Collective Africa	**(2 193)**		504
Ugandan Operation	**(3 001)**	811	5 646
Vector Logistics		507	706
Profit before tax	**810 810**	690 212	1 334 581

* *The results for the Chicken Division and Group segments in the comparative periods have been restated to reallocate the Group's Waste-to-Value operations, which now form part of the Chicken business for segmental reporting purposes. The Waste-to-Value results were previously included as part of the Group segment.*

REVENUE

	December 2021 R'000	December 2020* R'000	June 2021* R'000
Disaggregation of revenue from contracts[1] with customers			
Revenue	**17 146 793**	15 701 441	31 687 850
Food Division	**10 490 806**	10 057 765	19 768 620
Groceries	**3 078 214**	2 762 480	5 521 971
Groceries	**2 703 035**	2 423 366	4 813 011
Sundry sales^	**375 179**	339 114	708 960
Baking	**2 980 344**	2 917 383	5 848 982
Sugar	**4 432 248**	4 377 902	8 397 667
Chicken Division	**5 517 931**	4 875 248	10 335 889
Chicken	**5 345 791**	4 722 327	9 994 730
Sundry sales^	**172 140**	152 921	341 159
Vector Logistics	**1 829 790**	1 519 521	3 153 570
Group#	**93 547**	74 220	152 166
Sales between segments	**(785 281)**	(825 313)	(1 722 395)
Timing of revenue recognition[2]	**17 146 793**	15 701 441	31 687 850
Point in time	**15 714 124**	14 643 587	29 432 885
Over time	**1 432 669**	1 057 854	2 254 965

* *The results for the Chicken Division and Group segments in the comparative periods have been restated to reallocate the Group's Waste-to-Value operations, which now form part of the Chicken business for segmental reporting purposes. The Waste-to-Value results were previously included as part of the Group segment.*

^ *Sundry sales consists of poultry by-products and sunflower-oil and cake. The sale of these items arise in the course of the Group's ordinary activities but are considered cost recoveries as they are by-products of the Group's core operations.*

\# *Group revenue relates to management fees earned for shared services performed for Siqalo Foods Proprietary Limited and Livekindly Collective Africa Proprietary Limited.*

1 *An agreement between two or more parties that creates enforceable rights and obligations, can be written, oral or implied by customary business practices.*

2 *Revenue recognised at a point in time relates to the sale of goods whilst revenue recognised over time relates to the sale of services.*

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