

RCL Foods Limited
(Incorporated in the Republic of South Africa)
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JSE share code: RCL
ISIN: ZAE000179438
RCL Foods Limited ("RCL Foods" or "the Company")

GROUP FINANCIAL RESULTS
AND CASH DIVIDEND DECLARATION

FOR THE SIX MONTHS ENDED DECEMBER 2018

FINANCIAL HIGHLIGHTS
FOR THE SIX MONTHS ENDED DECEMBER 2018

REVENUE
R13,3 billion
Up 3.5%

EBITDA
R1 082,2 million
Down 9.9%

HEADLINE
EARNINGS
R475,1 million
Down 26.3%

HEADLINE
EARNINGS
PER SHARE
54.8 cents
Down 26.4%

RETURN ON
INVESTED
CAPITAL
7.1%
Up 0.2 ppts

CASH
GENERATED BY
OPERATIONS
R697,5 million
Up >100%

INTERIM
DIVIDEND
PER SHARE
15.0 cents

KEY FEATURES

- Groceries deliver consistent growth
- Suppressed market pricing in Chicken
- Adverse sales mix in Sugar
- Millbake turnaround progressing well
- Cost pressures erode Animal Feed and Logistics margins

- Strong cash generation and low gearing

INTRODUCTION

RCL FOODS' headline earnings for the six months ended December 2018 decreased by 26.3% to R475,1 million (December 2017: R644,7 million). The decline was largely a result of significant challenges within the Sugar and Chicken business units resulting from lower prices realised, mainly due to oversupply. Margins across the Group were negatively impacted by higher commodity and transport costs.

Muted economic growth, weak consumer demand and high levels of unemployment continued to impact the South African economy and the consumer market. Despite the difficult trading environment, pleasing gains were made in certain business units. Groceries continues to perform well with volume and margin gains across most categories, whilst Millbake has shown steady improvement following targeted interventions to improve profitability.

RCL FOODS measures its efficiency and effectiveness of capital allocation through return on invested capital (ROIC). December 2018 ROIC was 7.1% (December 2017: 6.9%). The decline in profitability was mitigated by a lower invested capital balance as a result of lower working capital balances, which translated into a slight ROIC improvement.

STRATEGIC PROGRESS

RCL FOODS has continued to pursue a variety of initiatives in line with its long-term strategic thrusts. We have entrenched a strong grocery portfolio with leading brands which is generating much improved results. We continued to strengthen our brands through consistent investment and innovation, which has sustained and grown market share positions. The performance of Groceries is testament to the success of this focus. Efforts will be intensified to leverage the integrated customer and marketing capability built over recent years and to accelerate the contribution from branded and added-value categories into the future to deliver a more sustainable quality of earnings. Understanding our customers' businesses and providing them with relevant solutions is also core to this strategy.

Our synergised ONE RCL FOODS platform, including integrated structures, systems, customer and shared service capability, is geared for future growth. To further leverage this platform, in H2 we anticipate assuming responsibility for the support and outbound supply chain functions for Sigalo Foods Proprietary Limited (100% subsidiary of Remgro Limited), being the Spreads business which Remgro Limited acquired from Unilever South Africa Holdings Proprietary Limited.

We continue to engage with government to pave the way for a level playing field in the chicken and sugar markets. Whilst we have maintained well-invested and vertically integrated agricultural businesses strategically suited to South African demographics, we acknowledge the need to continue to see and do things differently in this space. We are confident in our ability to fully restore the Rainbow brand to pre-Listeriosis levels and will intensify efforts for the delivery of a more consistent through the cycle earnings profile in our revised Chicken model. As we strive to build a more sustainable Sugar business model, we will continue to maintain our leading low-cost production capability.

We have successfully extended our leading supply chain with additional investment in frozen and super-frozen (ice-cream) logistics infrastructure to position us as an operator of choice in the multi-temperature supply chain market.

In terms of our approach to expansion in the rest of Africa, increased focus has been placed on our export efforts and potential route-to-market acquisitions before making investments in other assets. In line with this, a 45.0% shareholding in L&A Logistics Limited (L&A) was acquired on 1 October 2018. L&A is currently a leading distributor of products in the Zambian market, including brands such as Cadbury's, Dentyne, Bavaria, Divella and Liberty Foods. The acquisition provides entry into the Zambian logistics market and opportunities to grow our business further in this geography.

RCL FOODS has been driving sustainability as a key business and social imperative for many years and this has gained further prominence due to current energy and water challenges in South Africa. Co-generation at our Sugar plants, waste-to-value energy production and solar power already provide 25% energy self-sufficiency to our operations, with a further aim to increase it to 50% over the medium term. The success of our Worcester waste-to-value plant has prompted us to invest in a similar waste-to-value plant in Rustenburg, where we expect to provide 65% and 50% respectively of the energy and water requirements of the total site.

Our land transfer programmes in the Nkomazi region have been responsible for remarkable transformation for the local

communities. We have been empowering and supporting the local communities as partners in the sugarcane growing industry and supporting small-scale cane growers with finance and other skills required to sustain their businesses. We believe that this successful model can be used to further drive the transformation agenda.

Our DO MORE FOUNDATION continues to further our social agenda in terms of doing more for young children, easing hunger and supporting youth.

INCOME STATEMENT

RCL FOODS' revenue for the six months to December 2018 increased 3.5% to R13,3 billion (December 2017*: R12,8 billion), driven largely by higher volumes in Animal Feed as well as in the Pies and Dressings categories. EBITDA for the period declined 9.9% to R1 082,2 million (December 2017: R1 201,0 million) with the associated margin declining 1.2 ppts to 8.2%.

Rm	December 2018	Margin %	December 2017	Margin %	% change	Margin change
EBITDA	1 082,2	8.2	1 201,0	9.4	(9.9)	(1.2)
Consumer	624,1	9.3	594,2	8.9	5.0	0.4
Sugar & Milling	358,0	4.7	501,0	7.1	(28.5)	(2.4)
Logistics	88,5	8.2	105,7	10.5	(16.3)	(2.3)
Group	11,6		0,1			

*December 2017 revenue has been restated due to the implementation of IFRS 15 'Revenue from contracts with customers'. Refer page 9 for further details. The restatement has not had a material impact on margins.

Consumer's EBITDA improved 5.0% to R624,1 million, driven by gains in the Groceries cluster. Included in the Consumer result is a R105,0 million profit on dormant farm sales in the Chicken business unit and a positive R34,1 million IFRS 9 fair value adjustment on commodity procurement positions in Groceries (December 2017: R8,8 million positive adjustment). Excluding these items, Consumer's EBITDA decreased by 17.2% to R485,0 million, driven by declines in Chicken's underlying profitability. Sugar & Milling's EBITDA declined R143,0 million (28.5%) to R358,0 million largely as a result of a R147,2 million drop in Sugar's EBITDA. Logistics EBITDA declined 16.3% to R88,5 million due mainly to higher operating costs.

TAX

The Group's effective tax rate excluding joint venture's and associates is 29.1% (December 2017: 28.1%).

STATEMENT OF FINANCIAL POSITION AND CAPITAL EXPENDITURE

Property, plant and equipment increased R202,5 million from June 2018. The increase was largely driven by capital expenditure of R532,9 million, offset by depreciation charges of R344,6 million.

Capital expenditure (including intangibles) for the six months ended December 2018 was R534,0 million (December 2017: R317,8 million).

Major spend items in the current period include:

- Construction of the Rustenburg waste-to-value plant which forms part of the Group's overall sustainability strategy (R51,0 million);
- Logistics fleet and infrastructure to build our frozen and super-frozen capabilities (R48,6 million);
- Spend to move the remaining Bronkhorstspuit operations to other Speciality sites, required as part of the decision taken to exit the Speciality Prepared lines (R34,4 million); and
- Investments behind high-pressure processing equipment that provides additional food safety measures for vienna's (R22,5 million).

An amount of R551,0 million (December 2017: R358,9 million) has been contracted and committed, but not spent, whilst a further R278,9 million (December 2017: R318,1 million) has been approved but not contracted.

Major items included in these amounts relate to:

- Completion of the Rustenburg waste-to-value plant (R249,0 million);
- ERP implementations across RCL FOODS (R30,8 million); and
- Expansion of the Pies production lines (R25,1 million).

Investments in associates increased R153,6 million from June 2018. The movement was largely attributable to equity

accounted earnings from the Royal Swaziland Sugar Corporation (RSSC) of R125,6 million for the six months to December 2018 and the acquisition of a 45.0% stake in L&A for R40,6 million on 1 October 2018. L&A have a March year-end and due to the practicality of obtaining audited results timeously, their results will be accounted for three months in arrears. As such their results will only be equity accounted from the second half of this financial year.

The goodwill increase of R21,2 million from June 2018 is largely due to the acquisition of Driehoek Voere (Driehoek) (R17,1 million) on 2 July 2018. The Driehoek purchase price allocation is still provisional and will be finalised at year-end.

Net working capital has decreased R666,3 million (17.2%) from December 2017 to R3 212,0 million mainly due to movements in trade receivables and payables.

Trade receivables increased by R404,8 million to R4 834,1 million, whilst trade payables increased by R1 443,0 million to R5 797,9 million. The timing of the period end cut-off had a significant impact on normal month-end receipts and payments. The current period ended on Sunday, 30 December 2018, whilst the prior period ended on Sunday, 31 December 2017. On a net basis, receivables and payables have declined R1 038,2 million. The decline is due to sound management of the debtors book which resulted in R324,1 million in early payments from customers in December 2018 and a higher trade creditors balance due to month-end creditors payments falling due post the period end cut-off. In addition, trade

and other payables included a R182,0 million increase in short-term funding versus the prior year as part of the cash flow assistance provided to industry participants by the South African Sugar Association (SASA) and a R140,0 million increase in sugar payables due to higher production volumes.

Inventory increased by R293,2 million driven by higher sugar and molasses volumes on hand and higher feed input costs which drove a higher chicken finished goods value. Due to a longer crushing season, sugar production increased by 48 428 tons (up 12.7%) for the six months to December 2018, which drove a 17.8% increase in raw and packaged sugar on hand at December 2018. Biological assets increased R78,7 million with the increase stemming from a higher chicken valuation as a result of higher feed input costs and additional breeder flocks placed to mitigate the impact of potential losses from Avian Influenza (AI). Sugar's biological assets valuation was largely in line with the prior year. A 14.6% increase in sugarcane tons on hand was offset by a 11.1% decrease in the SASA expected price due to a shift in sales mix towards the lower priced export market.

Interest-bearing liabilities have decreased R480,3 million over the corresponding period mainly due to a R502,0 million payment resulting from the restructuring of the Group's debt package in December 2018 to take advantage of favourable capital market conditions. The restructuring resulted in the existing loan of R2 852,0 million being replaced with a R2 350,0 million debt package. The new debt package has a five-year term expiring in December 2023, with interest at a rate of three-month JIBAR plus a margin of between 1.5% and 1.55%, compared to a rate of three-month JIBAR plus a margin of 1.8% and 2.25% on the previous package. The first capital payment on the new debt package is due in December 2021. The Group has entered into a collar structure for R1 762,5 million of the total debt package to hedge interest rate variability, effective from 1 April 2019 to 31 March 2022.

Despite the R502,0 million debt repayment, cash (net of bank overdrafts) increased R494,0 million to R637,5 million, driven by the lower working capital requirements.

CASH FLOW AND WORKING CAPITAL

Non-cash items are R99,2 million lower than the prior year, mainly due to the R105,0 million profit on dormant farm sales, the cash proceeds of which are reflected under investing activities. Working capital requirements have reduced R1,0 billion from the prior year stemming from the lower net working capital balance versus December 2017. Investing activities include capital expenditure of R534,0 million (December 2017: R317,8 million), the profit on dormant farm sales, and outflows for the investments in Driehoek (R60,9 million) and L&A (R40,6 million). The R458,7 million outflow from financing activities is largely due to the R502,0 million payment arising from the restructuring of the debt package.

REVIEW OF OPERATIONS

CONSUMER DIVISION

December 2018	December 2017	% change
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Revenue (Rm)	6 738,3	6 687,6	0.8
EBITDA (Rm)	624,1	594,2	5.0
EBITDA margin (%)	9.3	8.9	0.4 ppts

Consumer's revenue grew 0.8% on the back of good revenue growth in the Groceries cluster (up 6.6%), whilst revenue from Chicken declined 3.9% on the prior year. EBITDA improved by 5.0% to R624,1 million. Excluding the dormant farm sales and IFRS 9 fair value adjustments mentioned earlier, Consumer's EBITDA decreased 17.2% to R485,0 million, driven by a substantially lower contribution in Chicken. Chicken experienced a significant decline in EBITDA due to an oversupplied market which resulted in lower pricing, rising input costs and the continued impact of the listeria crisis.

The Groceries cluster delivered double-digit growth in EBITDA, benefiting from volume and margin increases in the Grocery and Pies business units and market share gains in several categories.

GROCERIES (GROCERY, BEVERAGES, PIES AND SPECIALITY)

Groceries delivered another solid result for the period. EBITDA rose 22.9% to R373,8 million at a margin of 11.9% (December 2017: R304,1 million at a margin of 10.3%). Excluding the IFRS 9 fair value adjustments, Groceries EBITDA increased 15.0% to R339,7 million at a margin of 10.8% (December 2017: R295,3 million at a margin of 10.0%). The positive result was driven by excellent volume growth in the Pies and Dressings categories as well as good gains made in the Beverages and Spreads (Peanut butter) categories. Despite Ask'd food basket data for the six months to December 2018 indicating lower growth for the RCL FOODS' basket of 1.2% relative to market growth of 4.3%, RCL FOODS continued to experience strong market shares with gains in some areas, amid a fiercely competitive category. Margins have expanded, aided by the higher volumes, as well as an unrelenting focus on innovation and production savings.

In Grocery, promotional activities in the Nola and Yum Yum ranges drove volume growth and market share gains at significantly improved margins. Good market share gains were also achieved across key categories of dog and cat food. Focused investment in our brands over an extended period, consistent strategies to remain relevant to consumers in terms of price, as well as value and continuous innovation, have entrenched RCL FOODS' position as market leader in key categories. This business unit's expanding portfolio of number one ranked brands include Catmor, Canine Cuisine, Bobtail, Nola, Yum Yum and Ouma Rusks.

The Pet Food category experienced favourable consumer reaction on the new ranges launched over recent months, translating into good market share gains, although the level of competitive response has intensified. The business is well advanced in building its product ranges into a more credible, complete offering, with innovative launches in special diets and additional offerings in the Vet channel.

Results within the Grocery business unit were improved further by significant margin gains on by-product oil recoveries due to the benefit of lower sunflower prices and an increase in internal oil sales to the Animal Feed business unit.

Pies continued to benefit from the initiatives to drive down cost and reinvest in quality, price and targeted marketing. The business unit generated strong volume growth off an already high base and achieved pleasing margin expansion due to effective cost savings initiatives. Market response to the recent launch of pie mini's and sausage rolls has been positive. A bakery fire at the Pies factory in Krugersdorp has placed pressure on meeting current demand. The rebuild of the bakery is expected to be completed in June 2019 and initiatives are under way in the interim to increase production to supply the required volumes.

Speciality's performance was negatively impacted by lower volumes and a strike at the Centurion facility. Additional costs incurred during the strike to maintain appropriate services levels for customers and relocate lines to other sites as an interim measure, further contributed to the decline in profitability. A decision was taken in the 2018 financial year to focus on driving growth in the business unit's Bakery categories and to exit the Prepared lines (which consists primarily of the deli snacks, sandwiches, salads, biltong and pizza lines). The restructure process is well under way, with the exit from the Prepared lines expected to be complete in the second half of the 2019 financial year.

Beverages reflected an improved result, supported by good volume growth. There is a strong focus on driving costs down and on innovative product launches to improve capacity utilisation in the new plant. The business unit recently introduced exciting new innovations, which are performing well. Another exciting range, YogoBoost, was launched in October 2018 and has been well received by the market.

CHICKEN

Chicken's EBITDA for the six months to December 2018 disappointingly declined 13.7% to R250,3 million at a margin of 6.9% (December 2017: R290,1 million at a margin of 7.7%). The current period result includes a profit on dormant farm sales of R105,0 million, excluding which Chicken's EBITDA declined 49.9% to R145,3 million at a margin of 4.0%. The industry, after nine months of relatively stable trading, is in oversupply due to dumped imports entering the market. Profitability in the Chicken business unit was hampered by a combination of lower pricing and a 9.6% average increase in feed costs versus the prior period. The prior period result was negatively impacted by AI, which had an estimated financial impact of R58,0 million in the period, including R48,3 million in once-off losses.

Chicken imports have grown, mainly from Brazil and America, with the only partial relief to the market's oversupply position being provided by the reduction in volumes as a result of RCL FOODS' changed business model. Dumped imports remain a significant component of, and issue for, the local poultry market. From November, feed costs increased markedly, while excess supply created by dumping pushed prices below those of the prior year, with little opportunity to recover the increased costs.

The Quick Service Restaurant (QSR) market was stable, as was our overall market share. This sector is showing signs of recovery with key customers growing again.

RCL FOODS was drawn into the Listeriosis crisis despite the fact that no trace of the ST6 "outbreak strain" was identified at our plants. This unfortunate event damaged our brands and resulted in the loss of higher margin added-value volumes for an extended period at significant financial loss. Post the Listeriosis crisis we have introduced a variety of initiatives to restore confidence in the Rainbow brand and the chilled processed meats category. Our polonies were relaunched in August 2018 and have already attained close to 80% of previous volume levels. Viennas are expected to be relaunched in the third quarter of 2019 with new and advanced high-pressure processing equipment which is currently being commissioned and that has been installed to exacting standards.

We remain comfortable that the revised Chicken business model has positioned RCL FOODS optimally to continue to deliver a business with far less reliance on commodity cycle pricing, resulting in better sustainability and consistency of profits.

SUGAR & MILLING DIVISION

	December 2018	December 2017	% change
Revenue (Rm)*	7 548,2	7 062,1	6.9
EBITDA (Rm)	358,0	501,0	(28.5)
EBITDA margin (%)	4.7	7.1	(2.4) ppts

*December 2017 revenue has been restated due to the implementation of IFRS 15 'Revenue from contracts with customers'. Refer page 9 for further details. The restatement has not had a material impact on margins.

The Sugar & Milling division generated a 6.9% increase in revenue mainly as a result of volume recoveries in the Animal Feed business unit, and good revenue growth at Millbake due to the strategic interventions in this business unit over the past year. An adverse channel mix in Sugar combined with margin erosion due to unrecovered higher input costs in Animal Feed, led to the EBITDA decline.

SUGAR

EBITDA reduced by 69.9% to R63,5 million at an unacceptable margin of 2.2% (December 2017: R210,7 million at a margin of 7.1%). Sugar production volumes have increased by 12.7% to 429 466 tons for the six months to December 2018, due to the continued improvement in the sugar crop and a longer crushing season. Notwithstanding improved production, balancing supply and demand in the local market remained challenging throughout the period due to reduced domestic sugar consumption and the continued impact of imports. Domestic sugar consumption was hampered by both financial pressure on consumers and declines in consumption brought about by the implementation of the Health Promotion Levy (sugar tax) in the prior year. Market estimates indicate the latter has reduced domestic consumption by up to 10% of annual industry production or 200 000 tons per annum. The lower demand, as well as continued volumes of dumped

imports in the first quarter of the period, drove a shift in sales mix towards raw (unrefined) exports. Suppressed world sugar prices resulted in average export selling prices which were significantly lower than local market prices.

A revised Dollar-Based Reference Price and tariff protection was granted by the Department of Trade and Industry in August 2018, with a 19.5% price increase implemented by the industry in September 2018. The levels of imports have noticeably decreased during the second quarter of the period, however, high levels of imported stocks remain. Adequate water supplies will also aid sustained sugar production into the next season. Our recent sweetener acquisition is meeting performance expectations and has allowed an extension of the product range into the expanding low-carb and low-calorie segment. We expect to see good growth from this category.

There remains a strong focus within Sugar to ensure the continued sustainability of the business, as well as the industry. This is being achieved through a range of cost, productivity and efficiency improvement initiatives, coupled with continuous interaction with government and industry bodies. Alternative products and uses over the longer term, including ethanol production, electricity co-generation and bio-plastics are also being considered.

ANIMAL FEED

Animal Feed achieved revenue growth of 19.2%. Volume growth was generated from external business while internal poultry feed volumes remained flat, post the implementation of the revised Chicken business model. Our product performance, service delivery, improved technical support and strong value proposition regained key bulk customers. Driehoek, a recent acquisition, has exceeded expectations and improved RCL FOODS' offering in both the horse and game sectors.

Profitability was negatively impacted by increases in raw material prices for maize, soya and particularly molasses. The Molatek business model is under pressure in the short to medium term due to the industry-set molasses price relative to maize-based alternatives. Animal Feed generated EBITDA of R138,2 million, down 9.8%, at a margin of 5.1% (December 2017: R153,3 million at a margin of 6.7%).

Despite current challenges, the business has been successful in establishing itself as a leading provider in the industry, with a well-diversified product basket. Animal Feed has a multi-pronged strategy in place to drive growth through diversification into further animal feed categories and expanding into new markets and geographies. There is a continuous focus on developing innovative feed solutions to strengthen brands and broaden the customer base.

MILLBAKE (MILLING AND BAKING)

Millbake delivered a pleasing performance, growing volumes and margins. The Millbake business unit generated an EBITDA of R156,3 million at a margin of 8.0% (December 2017: R137,0 million at a margin of 7.4%).

Milling reported an improved result, driven by higher sales volumes and cost savings. Milling volumes have improved despite excess capacity in the industry and strong competition. Our well-regarded brand and better offering in terms of product performance and technical support have continued to win customers. The focus remains on volumes to increase capacity utilisation and efficiencies. Increased investment in marketing and sales has been made to drive volumes.

Baking produced a positive result due to higher sales volumes (up 5.3%) and good traction in the cost reduction programmes in Gauteng, despite the implementation of the promulgated minimum wage and escalating fuel prices. Progress has also been made with cost initiatives in distribution and manufacturing, which should be realised in the remainder of the year. Sales volumes in the comparative period were negatively impacted by strike action at the Rustenburg bakery. Labour conditions have remained stable across the business unit in the current period.

LOGISTICS DIVISION

	December 2018	December 2017	% change
Revenue (Rm)	1 076,5	1 006,5	7.0
EBITDA (Rm)	88,5	105,7	(16.3)
EBITDA margin (%)	8.2	10.5	(2.3) pts

The Logistics division generated revenue of R1 076,5 million. Revenue growth, despite the tough trading conditions currently prevalent in the logistics industry, was driven largely by the following factors:

- A key long-term contract with Pick n Pay for their frozen category (including ice-cream) was signed in the latter half of the 2018 financial year. These additional volumes have been seamlessly integrated into our network, thereby offsetting a significant proportion of the internal volumes lost through the implementation of the revised Chicken business model.
- Foodservice revenue has grown.

EBITDA was R17,1 million (16.3%) behind the prior year. The reduction was attributable to the cost headwinds faced, which included once-off start-up costs to enable the Pick n Pay contract, coupled with significant increases in the fuel price which reached an all-time high.

Logistics acquired a 45.0% shareholding in L&A on 1 October 2018. The purchase price was denominated in Zambian Kwacha and a forward exchange contract was entered into to fix the rand value of the investment. Due to a significant devaluation of the Zambian Kwacha close to acquisition date, a R6,2 million loss was incurred on settlement of the forward exchange contract. This loss was expensed through the income statement, with the investment in L&A recorded at the "lower" spot rate on date of acquisition.

Logistics has recently repositioned its brand as "Going beyond" which encompasses our ability to "constantly look beyond what is now, to co-create what's next". A partial rollout of the new branding in respect of our fleet has been completed and "Going beyond" has been entrenched as the foundation of our identity, with innovation and collaboration being the key pillars.

In keeping with this positioning, we are rolling out an electronic proof of delivery (EPOD) platform which not only significantly reduces the administrative burden for us as well as customer, but also provides the potential for improved turnaround times, driving more efficient utilisation of our fleet and an improved customer experience at the backdoor.

EQUITY ACCOUNTED INVESTMENTS

Share of profits from associates increased R6,4 million to R125,8 million, due mainly to gains in RSSC. RSSC's results were not as severely impacted by market conditions as the Sugar business unit, due to a higher share of sales into SADC markets at higher prices.

Included in the share of profits from joint ventures are the equity accounted results of Mananga Sugar Packers (MSP) (Eswatini - formerly known as Swaziland), Akwandze Agricultural Finance and Senn Foods Logistics (Botswana). Share of profits from joint ventures increased R5,7 million to R28,7 million due mainly to higher volumes of sugar processed in MSP.

PROSPECTS

We expect trading conditions to remain challenging due to South Africa's poor economic outlook. The upcoming elections are likely to result in an extended period of uncertainty and the prospect of labour instability remains high. We expect that the poultry market will remain depressed whilst the market remains oversupplied and as commodity input costs continue to rise. Further volume and market share growth in Groceries will be challenging in a highly competitive market. The Consumer division will continue to focus on strong innovation, brand investment and efficiencies to optimise profitability.

The short-term outlook for Sugar remains challenged with the overhang of high levels of imported sugar still impacting the local market, despite the implementation of tariffs that are offering some level of protection for the industry. The negative impact of the Health Protection Levy on local market demand is expected to continue. The sugar industry has significant structural issues which require resolution to ensure long-term sustainability. Various SASA initiatives and engagements with relevant industry participants are under way to find an optimal solution. We expect the good progress made in the first six months at Millbake to continue. Animal Feed will focus on regaining lost volume and margin.

The Logistics division is well positioned to offer customers a multi-temperature (including chilled, frozen and super-frozen) route-to-market supply chain solution. The new business won during the period under review bodes well for the remainder of the year and the focus will be on bedding down these opportunities.

Despite the expected economic headwinds, our strong balance sheet and cash flow generation positions us well.

CASH DIVIDEND DECLARATION

Notice is hereby given that the directors have declared an interim gross cash dividend (number 88) of 15.0 cents (12.0 cents net of dividend withholding tax) per ordinary share for the six-month period ended December 2018.

The dividend has been declared from income reserves.

A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt
The issued share capital at the declaration date is 940 880 696 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, 4 March 2019
Last day of trade to receive a dividend	Tuesday, 23 April 2019
Shares commence trading "ex" dividend	Wednesday, 24 April 2019
Record date	Friday, 26 April 2019
Payment date	Monday, 29 April 2019

Share certificates may not be dematerialised or rematerialised between Wednesday, 24 April 2019 and Friday, 26 April 2019, both days inclusive.

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 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, except for the adoption of new and amended standards as set out below.

New and amended standards adopted by the Group

A number of new and amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting the following standards:

- IFRS 9 'Financial instruments'
- IFRS 15 'Revenue from contracts with customers'

The impact of the adoption of these standards and related new accounting policies are disclosed in the "Change in accounting policies" section below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

Impact of standards issued but not yet effective

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has not yet determined to what extent the current operating lease commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The Group does not intend to adopt the standard before its effective date. The date of initial application of the standard for the RCL FOODS Group is 1 July 2019 (the 2020 financial year).

CHANGES IN ACCOUNTING POLICIES

This section explains the impact of the adoption of IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from contracts with customers' on the Group's financial statements and discloses the new accounting policies that have been applied from 2 July 2018, where they are different to those applied in prior periods.

(a) Impact of IFRS 15 and IFRS 9 on the financial statements

As a result of the changes in the Group's accounting policies, prior year financial statements had to be restated. As explained below, IFRS 9 was generally adopted without restating comparative information. The adjustments arising from the new impairment rules are therefore not reflected in the balance sheet as at 1 July 2018, but are recognised in the opening balance sheet on 2 July 2018. The adoption of IFRS 15 resulted in the reclassification of amounts previously disclosed in cost of sales to revenue. This reclassification had no impact on profit, retained earnings or the balance sheet.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail in the sections that follow.

	1 July 2018		
Consolidated statement of financial position (extract) R'000	As originally presented	IFRS 9 impact	2 July 2018
Assets			
Non-current assets	11 516 204	369	11 516 573
Deferred income tax asset	28 448	369	28 817
Current assets	9 318 513	(8 955)	9 309 558
Trade and other receivables	4 254 014	(8 955)	4 245 059
Total assets	20 991 297	(8 587)	20 982 710
Equity	11 179 703	(6 447)	11 173 256
Retained earnings	2 336 451	(6 288)	2 330 163
Non-controlling interest	48 729	(159)	48 570
Liabilities			
Non-current liabilities	3 361 071	(2 139)	3 358 932
Deferred income tax liabilities	1 253 584	(2 139)	1 251 445
Total liabilities	9 811 594	(2 139)	9 809 455
Total equity and liabilities	20 991 297	(8 587)	20 982 710
	December 2017		December 2017
Consolidated income statement (extract) R'000	As originally presented	IFRS 15 impact	(restated)
Revenue	12 765 148	52 107	12 817 255
	June 2018		June 2018
Consolidated income statement (extract) R'000	As originally presented	IFRS 15 impact	(restated)
Revenue	24 425 996	101 965	24 527 961

(b) Impact of adoption - IFRS 9 'Financial instruments'

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 from 2 July 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in part (c) below. In accordance with the transitional provisions in IFRS 9(7.2.15) comparative figures have not been restated.

The total impact on the Group's total equity as at 2 July 2018 is as follows:

Non-

R'000	Retained earnings	controlling interests	Total equity
Closing retained earnings - 1 July 2018	2 336 451	48 729	11 179 703
Increase in provision for trade receivables	(8 734)	(221)	(8 955)
Increase/decrease in deferred tax	2 446	62	2 508
Opening retained earnings - 2 July 2018	2 330 163	48 570	11 173 256

The impact on the Group's results from the adoption of IFRS 9 relate solely to the new impairment requirements. The Group has financial assets carried at amortised cost consisting of:

- current trade and other receivables related to sales of goods comprising the sale of milling, agricultural produce and consumer goods and from service revenue comprising logistics, distribution and consulting services;
- trade and other receivables - non-current;
- cash and cash equivalents; and
- loans receivable.

The impact of the change in impairment methodology on the Group's total equity is disclosed above. The adjustment arose from changes in the impairment provisions for the Group's current trade and other receivables. Adjustments to all other financial assets were not material and hence did not warrant a restatement to opening equity.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses on its current trade receivables, which calculates the loss allowance on a lifetime basis. The Group has credit insurance in place with Lombard for all domestic trade debtors above R75 000, subject to an excess. The credit policy requires each new customer to be analysed individually for creditworthiness before delivery and payment terms are offered. The insurance cover is taken out at inception of the sale and is integral to the enactment of the sale.

To measure the expected credit loss, trade receivables have been grouped based on shared characteristics and days past due. The calculation of the expected credit loss takes into account the insurance cover in place. Reconciliation of loss allowance for trade receivables as at 1 July 2018 to 2 July 2018:

R'000	Trade receivables - impairment provision
Closing impairment provision (as calculated under IAS 39) - 1 July 2018	35 656
Amount restated through opening equity	8 955
Opening impairment provision (as calculated under IFRS 9) - 2 July 2018	44 611

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, a failure to make contractual payments for a period of greater than 120 days past due and/or when the legal process has not enabled recovery.

The adoption of the classification and measurement and hedging requirements of IFRS 9 have not had any impact on the Group's results.

(c) Accounting policies adopted 2 July 2018 - IFRS 9 'Financial instruments' Classification

From 2 July 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss; and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or loss.

The Group reclassifies financial assets when, and only when, its business model for managing those assets changes.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Subsequent measurement of financial assets depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its financial assets:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

FVPL: Assets that do not meet the criteria for amortised cost are measured at FVPL. A gain or loss on a financial asset that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Impairment

From 2 July 2018, the Group assesses on a forward-looking basis, the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(d) Impact of adoption - IFRS 15 'Revenue from contracts with customers'

The Group has adopted IFRS 15 from 2 July 2018 which resulted in changes in accounting policies and adjustments to amounts recognised in the financial statements. In accordance with the transitional provisions in IFRS 15, the Group has adopted the new rules retrospectively and has restated comparatives, being the December 2017 and June 2018 periods presented in this report. The adoption of IFRS 15 has required the Group to identify separate performance obligations in contracts with customers. Certain instances of transport income within the Sugar & Milling division have been identified as an additional separate performance obligation to the sale of goods. This income has been reclassified out of cost of sales and into revenue on adoption of IFRS 15. The impact of this change is reflected in the tables below:

	December 2017	Reclassifi- cation adjustment	December 2017 (restated)
Consolidated income statement (extract) R'000	As originally presented		
Revenue	12 765 148	52 107	12 817 255
	June 2018	Reclassifi- cation adjustment	June 2018 (restated)
Consolidated income statement (extract) R'000	As originally presented		
Revenue	24 425 996	101 965	24 527 961

(e) Accounting policies adopted 2 July 2018 - IFRS 15 'Revenue from contracts with customers'

Revenue comprises income arising in the course of the Group's ordinary activities. Revenue is measured based on

the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer. Revenue is disclosed net of value added tax, returns, rebates, discounts and other allowances and after eliminating sales within the Group.

Sales of goods comprise the sale of milling, agricultural produce and consumer goods. Sales of services comprise logistics, warehousing, distribution and consulting services.

In certain instances, the sale of goods includes delivery and these sales are identified as being a single performance obligation. In all other cases, where the Group is requested to arrange transport for the customer, two separate performance obligations arise - the sale of goods and the provision of transport. To the extent that the Group is responsible for the provision of the transport services to the customer, the Group acts as principal and revenue from transport services is recorded at the gross amount.

Revenue from the sale of goods is recognised only when the performance obligations arising from the contract with a customer is satisfied and the amount of revenue that it expects to be entitled to can be determined. For sales that include delivery (as indicated above), this occurs when a Group entity has delivered the products to the customer and the customer has accepted delivery. In instances where the delivery is a separate performance obligation (as indicated above), revenue from the sale of goods is recognised when the goods are transferred to the transport provider for delivery. Revenue from the sale of services relate mainly to transport services and is recognised when the underlying goods have been delivered. The Group is not entitled to payment until the delivery service has been completed.

The Group bases its estimates of incentive rebates and settlement discounts on historical results. Variable consideration is calculated by applying percentages agreed with customer to actual sales for the period.

The following payment terms are applicable to the Group:

- Sale of goods: 0 to 90 days
- Sale of services: 0 to 30 days

The Group currently accepts returns from customers for damaged goods, with the corresponding refund liability recorded within trade and other receivables unless a separate obligation to settle the customer exists, in which case the liability is recorded within trade and other payables.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

The directors take full responsibility for the preparation of these results.

RCL FOODS has reported on the retail calendar of trading weeks which treats each financial year as an exact 52-week period, incorporating trade from Monday to Sunday each week. This treatment effectively results in the loss of a day (or two in a leap year) per calendar year. These days are brought to account approximately every six years by including a 53rd week. The results are for the period ended 30 December 2018, a 182-day period, which is consistent with the prior period. For and on behalf of the Board

JJ Durand
Non-executive Chairman

M Dally
Chief Executive Officer

Durban
4 March 2019

Directors: JJ Durand (Non-executive Chairman), M Dally (CEO)*, HJ Carse, RH Field*, CJ Hess, PR Louw, NP Mageza, DTV Msibi, MM Nhlanhla, RV Smither, GM Steyn, GC Zondi and PM Moumakwa (appointed 1 January 2019)

* Executive directors

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, First National Bank of Southern Africa Limited, Investec Bank Limited and Standard Bank Limited
Website: www.rclfoods.com

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 December 2018 R'000	31 December 2017 R'000	1 July 2018 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	6 125 356	5 808 672	5 922 829
Intangible assets	2 125 557	2 166 158	2 162 828
Investment in joint ventures	269 936	250 378	248 570
Investment in associates	680 031	624 985	526 437
Deferred income tax asset	51 173	6 247	28 448
Loans receivable	43 494	1 555	35 920
Trade and other receivables	57 104	54 315	58 010
Goodwill	2 554 398	2 658 493	2 533 162
	11 907 049	11 570 803	11 516 204
Current assets			
Inventories	3 478 428	3 185 222	2 926 748
Biological assets	697 331	618 670	807 331
Trade and other receivables	4 834 093	4 429 313	4 254 014
Derivative financial instruments	4 727	8 311	5 031
Tax receivable	509	60 722	32 953
Loan receivable	33 880	15 991	29 072
Cash and cash equivalents	1 194 375	426 475	1 263 364
	10 243 343	8 744 704	9 318 513
Assets of disposal group classified as held for sale	156 876	15 936	156 580
Total assets	22 307 268	20 331 443	20 991 297
EQUITY			
Capital and reserves	11 589 447	10 958 913	11 179 703
LIABILITIES			
Non-current liabilities			
Deferred income		64	22
Interest-bearing liabilities	2 549 805	3 073 147	1 965 983
Deferred income tax liabilities	1 312 868	1 241 562	1 253 584
Retirement benefit obligations	140 607	143 714	135 072
Trade and other payables	5 382	645	6 410
	4 008 662	4 459 132	3 361 071
Current liabilities			
Trade and other payables	5 797 863	4 354 880	5 116 615
Deferred income	5 526	5 067	7 835
Interest-bearing liabilities	220 648	177 634	1 282 673
Derivative financial instruments	13 790	13 752	31 056
Current income tax liabilities	114 417	79 047	12 344
Bank overdraft	556 915	283 018	
	6 709 159	4 913 398	6 450 523
Total liabilities	10 717 821	9 372 530	9 811 594
Total equity and liabilities	22 307 268	20 331 443	20 991 297

CONSOLIDATED INCOME STATEMENT

	Six months December 2018 R'000	Six months December 2017 R'000	Year ended June 2018 R'000
Revenue*	13 265 392	12 817 255	24 527 961
Operating profit before depreciation, amortisation and impairment (EBITDA)	1 082 159	1 200 984	2 045 984
Depreciation, amortisation and impairment	(390 108)	(390 714)	(775 640)
Operating profit	692 051	810 270	1 270 344
Finance costs	(164 920)	(161 446)	(315 104)
Finance income	25 832	18 385	62 624
Share of profits of joint ventures	28 727	23 011	28 268
Share of profits of associates	125 810	119 391	51 834
Profit before tax	707 500	809 611	1 097 966
Income tax expense	(175 418)	(199 659)	(219 589)
Profit for the period	532 082	609 952	878 377
Attributable to:			
Equity holders of the company	578 980	663 376	922 439
Non-controlling interests	(46 898)	(53 424)	(44 062)
HEADLINE EARNINGS			
Profit for the period attributable to equity holders of the company	578 980	663 376	922 439
Profit on disposal of property, plant and equipment	(93 628)	(17 330)	(77 583)
Insurance proceeds	(10 264)	(7 493)	(11 931)
Impairments		6 180	6 107
Insurance proceeds included in equity accounted earnings of associates			(2 344)
Loss on disposal of property, plant and equipment included in equity accounted earnings of associates			1 047
Headline earnings	475 088	644 733	837 735
	Cents	Cents	Cents
Earnings per share attributable to equity holders of the company			
Basic earnings per share	66.7	76.7	106.6
Basic earnings per share - diluted	65.6	75.6	104.1
Headline earnings per share	54.8	74.5	96.8
Headline earnings per share - diluted	53.8	73.4	94.5

* The prior periods revenue figures have been restated due to the implementation of IFRS 15, 'Revenue from contracts with customers'.

CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME

	December 2018 R'000	December 2017 R'000	June 2018 R'000
Profit for the period	532 082	609 952	878 377
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of retirement medical obligations - net of tax			9 041
Share of associates other comprehensive income			(664)
Items that may subsequently be reclassified to profit or loss			
Cash flow hedges - net of tax		5 173	(467)
Currency translation differences	2 948	(2 115)	(10 011)
Other comprehensive income for the period - net of tax	2 948	3 058	(2 101)
Total comprehensive income for the period attributable to:	535 030	613 010	876 276
Total comprehensive income for the period attributable to:			
Equity holders of the company	581 928	666 434	920 338

Non-controlling interests	(46 898)	(53 424)	(44 062)
	535 030	613 010	876 276

CONSOLIDATED CASH FLOW INFORMATION

	Six months December 2018 R'000	Six months December 2017 R'000	Year ended June 2018 R'000
Operating profit	692 051	810 270	1 270 344
Non-cash items	134 950	234 199	512 686
Operating profit before working capital requirements	827 001	1 044 469	1 783 030
Working capital requirements	(129 551)	(1 144 200)	1 587
Cash generated/(utilised) by operations	697 450	(99 731)	1 784 617
Net finance cost	(141 768)	(142 754)	(257 901)
Tax paid	(985)	(122 991)	(180 351)
Cash available from operating activities	554 697	(365 476)	1 346 365
Dividends received	23 164	31 966	62 394
Dividends paid	(218 091)	(174 572)	(304 610)
Cash outflows from investing activities	(526 971)	(347 821)	(838 018)
Cash outflows from financing activities	(458 703)	(54 422)	(56 549)
Net movement in cash and cash equivalents	(625 904)	(910 325)	209 582
Cash and cash equivalents at the beginning of the period	1 263 364	1 053 782	1 053 782
Cash and cash equivalents at the end of the period	637 460	143 457	1 263 364

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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 2 July 2017	10 041 690	4 672	(1 919 832)	513 536	1 708 703	10 348 769	37 984	10 386 753
Profit/(loss) for the period					663 376	663 376	(53 424)	609 952
Other comprehensive income for the period		3 058				3 058		3 058
Ordinary dividend paid					(173 030)	(173 030)	(1 542)	(174 572)
Acquisition of subsidiary							56 349	56 349
BEE share-based payments charge				8 800		8 800		8 800
Employee share option scheme:								
Value of employee services				68 573		68 573		68 573
Exercise of employee share options	4 058			(4 058)				
Balance at 31 December 2017	10 045 748	7 730	(1 919 832)	586 851	2 199 049	10 919 546	39 367	10 958 913
Profit for the period					259 063	259 063	9 362	268 425
Other comprehensive income for the period		(13 536)			8 377	(5 159)		(5 159)
Ordinary dividend paid					(130 038)	(130 038)		(130 038)
BEE share-based payments charge				8 800		8 800		8 800
Employee share option scheme:								
Value of employee services				65 757		65 757		65 757
Equity component of tax on share-based payments				13 005		13 005		13 005
Exercise of employee share options	41 493			(41 493)				
Balance at 1 July 2018	10 087 241	(5 806)	(1 919 832)	632 920	2 336 451	11 130 974	48 729	11 179 703
Change in accounting policy*					(6 288)	(6 288)	(159)	(6 447)
Balance at 2 July 2018	10 087 241	(5 806)	(1 919 832)	632 920	2 330 163	11 124 686	48 570	11 173 256
Profit/(loss) for the period					578 980	578 980	(46 898)	532 082
Other comprehensive income for the period		2 948				2 948		2 948
Ordinary dividend paid					(216 841)	(216 841)	(1 250)	(218 091)
Additional capital contribution by non-controlling interest							19 500	19 500
BEE share-based payments charge				8 800		8 800		8 800
Employee share option scheme:								
Value of employee services				70 103		70 103		70 103
Equity component of tax on share-based payments				849		849		849
Exercise of employee share options	47 031			(47 031)				

Balance at 30 December 2018	10 134 272	(2 858)	(1 919 832)	665 641	2 692 302	11 569 525	19 922	11 589 447
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* Restated for the impact from the implementation of IFRS 9 'Financial Instruments', which relates to the adoption of an expected credit loss model for impairments of financial assets.

SUPPLEMENTARY INFORMATION

		Six months December 2018 R'000	Six months December 2017 R'000	Year ended June 2018 R'000
Capital expenditure contracted and committed		551 023	358 860	327 259
Capital expenditure approved but not contracted		278 919	318 138	586 140
STATISTICS				
Statutory ordinary shares in issue (includes BEE shares)	(000's)	940 881	935 827	938 087
Ordinary shares in issue for accounting purposes	(000's)	870 122	865 068	867 328
Weighted average ordinary shares in issue	(000's)	867 668	864 973	865 649
Diluted weighted average ordinary shares in issue	(000's)	882 390	877 802	886 486
Net asset value per share	(cents)	1 331.9	1 266.8	1 289.0
Ordinary dividends per share:				
Interim dividend declared	(cents)	15.0	15.0	15.0
Final dividend declared	(cents)			25.0
Total dividends	(cents)	15.0	15.0	40.0

SEGMENTAL ANALYSIS

		Six months December 2018 R'000	Six months December 2017 R'000	Year ended June 2018 R'000
Revenue*		13 265 392	12 817 255	24 527 961
Consumer		6 738 307	6 687 574	12 752 874
Sugar & Milling		7 548 238	7 062 071	13 668 815
Logistics		1 076 532	1 006 514	1 979 958
Sales between segments:				
Consumer to Sugar & Milling	(110 766)		(57 694)	(136 392)
Sugar & Milling to Consumer	(1 482 784)		(1 369 834)	(2 727 031)
Logistics to Consumer	(487 028)		(496 675)	(977 755)
Logistics to Sugar & Milling	(17 107)		(14 701)	(32 508)
Operating profit before depreciation, amortisation and impairment (EBITDA)		1 082 159	1 200 984	2 045 984
Consumer		624 089	594 238	985 205
Sugar & Milling		357 980	501 006	869 037
Logistics		88 504	105 641	204 341
Group		11 586	99	(12 599)
Depreciation, amortisation and impairment		(390 108)	(390 714)	(775 640)
Operating profit		692 051	810 270	1 270 344
Consumer		467 874	423 903	654 055
Sugar & Milling		177 338	327 634	521 204
Logistics		48 992	69 274	131 054
Group		(2 153)	(10 541)	(35 969)
Finance costs		(164 920)	(161 446)	(315 104)
Finance income		25 832	18 385	62 624
Share of profits of joint ventures				
Sugar & Milling		22 107	16 920	16 576
Logistics		6 620	6 091	11 692
Share of profits of joint ventures		28 727	23 011	28 268
Share of profits of associates				

Sugar & Milling	125 564	119 387	50 889
Ugandan Operation	246	4	945
Share of profits of associates	125 810	119 391	51 834
Profit before tax	707 500	809 611	1 097 966

* The prior periods revenue figures have been restated due to the implementation of IFRS 15, 'Revenue from contracts with customers'.

REVENUE

	Six months December 2018 R'000	Six months December 2017 R'000	Year ended June 2018 R'000
Disaggregation of revenue from contracts ¹ with customers			
Revenue*	13 265 392	12 817 255	24 527 961
Consumer	6 738 307	6 687 574	12 752 874
Chicken	3 432 459	3 609 899	6 693 374
Groceries**	2 858 738	2 692 947	5 244 924
Sales between business units	(14 693)	(17 399)	(35 497)
Cost recoveries - Chicken***	181 340	150 502	316 052
Cost recoveries - Groceries***	280 463	251 625	534 021
Sugar & Milling	7 548 238	7 062 071	13 668 815
Sugar	2 934 051	2 966 809	5 419 904
Animal Feed	2 734 161	2 294 222	4 691 376
Millbake	1 948 166	1 849 644	3 646 531
Sales between business units	(68 140)	(48 604)	(88 996)
Logistics	1 076 532	1 006 514	1 979 958
Sales between segments	(2 097 685)	(1 938 904)	(3 873 686)
Timing of revenue recognition ²			
Point in time	12 673 391	12 304 950	23 536 361
Over time	592 001	512 305	991 600

* The prior periods revenue figures have been restated due to the implementation of IFRS 15, 'Revenue from contracts with customers'.

** Groceries category includes the Beverages, Grocery, Pies and Speciality business units.

*** Revenue includes items which are considered revenue in terms of IFRS but are cost recoveries for management reporting purposes (e.g. poultry by-products, sunflower-oil and cake).

(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.