



Rhodes Food Group Holdings Limited

(formerly Rhodes Food Group Holdings Proprietary Limited)

(Incorporated in South Africa)

(Registration number 2012/074392/06)

Share code: RFG ISIN: ZAE000191979

("RFG" or the "Company")

PRE-LISTING STATEMENT

This Pre-listing Statement relates to a private placement by way of an offer for subscription by RFG to raise R600 million, and a concurrent offer for sale by the Company's existing shareholders (the "Selling Shareholders"), of up to 99 892 857 Offer Shares (placed within the Offer Price Range) (the "Offer"). The Offer Shares comprise up to 57 142 857 new Subscription Shares and 42 750 000 existing Sale Shares. In addition, Capitalworks will grant to the Stabilisation Manager an Over-allotment Option to purchase for resale up to 9 989 286 Over-allotment Shares (at the Offer Price), which may be used for the purposes of covering over-allotments before the end of the Stabilisation Period. This Pre-listing Statement is not an invitation to the general public to subscribe for or purchase the Offer Shares, but is issued in compliance with the Listings Requirements for information purposes.

It is currently estimated that the price at which the Offer Shares will be offered for sale or subscription pursuant to this Pre-listing Statement (the "Offer Price") will be between R10.50 and R13.50 per Offer Share (the "Offer Price Range"). However, the Offer Price may be outside the Offer Price Range. If the Offer Price is below the Offer Price Range for any reason, or if the Directors in their discretion determine that it would not be advisable to proceed, the Company shall not be obliged to proceed with the Offer, but reserves the right to do so.

There is no minimum capital requirement to be realised by the Offer. The minimum subscription that must be realised by the Company is that which enables it to ensure (in conjunction with the Shares sold by the Selling Shareholders) that the Company has, once the Offer is completed, such number and composition of shareholders as will enable it to meet the minimum free-float and shareholder spread requirements, as prescribed by the Listings Requirements and acceptable to the JSE.

The Offer Shares will be issued in dematerialised form only and, accordingly, no physical Documents of Title will be issued or delivered to successful applicants. The Offer Shares will rank *pari passu* with all other Ordinary Shares in issue.

The JSE has granted RFG a listing in respect of up to 228 142 857 Ordinary Shares (the "Listing") in the "Food Products" sector of the main board of the JSE under the abbreviated name "Rhodes", symbol "RFG" and ISIN: ZAE000191979, subject to the fulfilment of the conditions precedent set out in paragraph 14 of Section 2 below. The Listing is expected to be effective from the commencement of business on Thursday, 2 October 2014. Application has not been made for the listing of the A Convertible Preference Shares and B Convertible Preference Shares on the JSE and, accordingly, such shares will remain unlisted shares of RFG.

At the Listing Date, RFG's authorised shares will comprise 1 800 000 000 Ordinary Shares; 9 000 000 A Convertible Preference Shares; and 9 000 000 B Convertible Preference Shares. At the Listing Date, RFG's issued shares will comprise a maximum of 228 142 857 Ordinary Shares; 9 000 000 A Convertible Preference Shares; and 9 000 000 B Convertible Preference Shares. All of RFG's authorised A Convertible Preference Shares and B Convertible Preference Shares have been issued. Consequently, no further A Convertible Preference Shares or B Convertible Preference Shares can be issued by RFG. The Subscription Shares will represent up to 33% of RFG's issued Ordinary Shares (up to 32% of the Fully Diluted Shares) prior to the Offer. The Sale Shares will represent 25% of RFG's issued Ordinary Shares (up to 24% of the Fully Diluted Shares) prior to the Offer. The Over-allotment Shares represent up to 6% of RFG's issued Ordinary Shares (up to 6% of the Fully Diluted Shares) prior to the Offer.

All of the Company's classes of shares are of no par value and, accordingly, the Company does not have a share premium account. The total value of the share capital account as at the Last Practicable Date is R142 500 000. The Company does not have any treasury shares.

The A Convertible Preference Shares and B Convertible Preference Shares are related and were created in conjunction with the Group Restructuring in order to incentivise management over a five-year period, commencing in October 2012.

The A Convertible Preference Shares were issued to, and are held by Capitalworks. The A Convertible Preference Shares rank *pari passu* with the Ordinary Shares in all respects and the holder shall be entitled to receive all notices of general meetings, to attend, vote at and speak at all such general meetings, other than that, for as long as the A Convertible Preference Shares remain unlisted, the votes of the holders of A Convertible Preference Shares will not be taken into account in determining either a quorum or for approval of any resolution considered at a general meeting of Shareholders required in terms of the Listings Requirements.

The B Convertible Preference Shares were issued to, and are held by certain executives of RFG as incentive shares and do not have any voting or distribution rights unless they are converted into Ordinary Shares upon the occurrence of certain events prescribed in RFG's MOI. The conversion mechanism operates as follows:

- in the event that certain predetermined targets relating to RFG's performance metrics are achieved, a percentage of the B Convertible Preference Shares shall convert into Ordinary Shares and an equivalent number of A Convertible Preference Shares will be redeemed for R0.8333 per A Convertible Preference Share;
- the number of B Convertible Preference Shares to be converted into Ordinary Shares will be linked to RFG's performance, measured against the predetermined targets and for each multiple of 5% by which RFG's performance exceeds the predetermined targets, a higher percentage of B Convertible Preference Shares will be converted into Ordinary Shares; and
- any B Convertible Preference Shares that are not converted into Ordinary Shares will be redeemed at a value of R1.00 multiplied by 5/90 000 per B Convertible Preference Share and an equivalent number of A Convertible Preference Shares will convert into Ordinary Shares.

The number of A Convertible Preference Shares and B Convertible Preference Shares that are authorised is limited, in terms of the MOI of the Company, to the number currently issued, being 9 000 000 A Convertible Preference Shares and 9 000 000 B Convertible Preference Shares. The number of A Convertible Preference Shares and B Convertible Preference Shares that will convert into Ordinary Shares is limited to 9 000 000 Ordinary Shares collectively. This constitutes 5.0% of the issued Ordinary Shares prior to the Listing, which percentage is expected to be diluted to no more than 4.1% on Listing.

This conversion mechanism is incorporated in RFG's MOI and will be maintained post-Listing.

The Offer is not an offer to the public as contemplated in the Companies Act and, accordingly, no prospectus will be issued or registered in respect of the Offer. The Offer will only be made to Offerees, who, subject to certain conditions, comprise selected institutional investors in South Africa (within the ambit of section 96(1)(a) of the Companies Act), and to selected institutional investors in other jurisdictions.

The subscription for, and purchase of, Offer Shares involves risks. Investors are referred to the section entitled "Risk Factors" in Section 4 of this Pre-listing Statement.

The Offer is not being made, and the Offer Shares are not being offered or sold, in the USA. Accordingly, the Offer Shares have not been and will not be registered under the US Securities Act, or with any securities laws of any state of, or other jurisdiction in, the USA, and may not be offered or sold within the USA unless the Offer Shares are registered under the US Securities Act or pursuant to an exemption from the registration requirements under the US Securities Act.

See the section entitled "Important Legal Notices" on page 2 of this Pre-listing Statement for more information.

All times referred to in this Pre-listing Statement are times in South Africa and may be amended.

The Offer is subject to the conditions set out in paragraph 14 of Section 2 "Particulars of the Offer" below.

The Directors of RFG, whose names are set out below in paragraph 44.1 of Section 5 "Management and Corporate Governance" of this Pre-listing Statement, collectively and individually, accept full responsibility for the accuracy of the information contained herein pertaining to RFG and its Business and certify that to the best of their knowledge and belief, there are no facts that have been omitted that would make any statement in this Pre-listing Statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that this Pre-listing Statement contains all information required by the Listings Requirements.

**Joint Bookrunner, Stabilisation
Manager and Sponsor**



Legal Counsel to RFG

WEBBER WENTZEL
in alliance with > **Linklaters**

Joint Bookrunner

Morgan Stanley

**Legal Counsel to the
Joint Bookrunners**

Davis Polk

Joint Bookrunner

**Renaissance
Capital**

Independent Reporting Accountants

Deloitte.

RFG will not receive any proceeds from the Sale Shares to be sold by the Selling Shareholders nor the Overallotment Shares, if any, to be sold by Capitalworks in terms of the Overallotment Option.

The Independent Reporting Accountants, whose reports are contained in this Pre-listing Statement, have given, and have not withdrawn, prior to the date of this Pre-listing Statement, their written consent to the inclusion of their reports in the form and context in which they appear.

Each of the Company's advisers, whose name appears on this cover page and in the "Corporate Information and Advisers" section of this Pre-listing Statement, has consented in writing to act in the capacities stated and to its name appearing in this Pre-listing Statement, and has not withdrawn its consent prior to the publication of this Pre-listing Statement.

This Pre-listing Statement is only available in English and copies may be obtained from 09:00 on Monday, 15 September 2014 until 16:00 on Thursday, 2 October 2014 from RFG, the Sponsor and the Transfer Secretaries at their respective physical addresses which appear in the "Corporate Information and Advisers" section of this Pre-listing Statement and on RFG's website, www.rhodesfoodgroup.com. An abridged version of this Pre-listing Statement will be published on SENS on Monday, 15 September 2014 and in the press on Tuesday, 16 September 2014.

The definitions and interpretations commencing on page 11 of this Pre-listing Statement apply throughout this Pre-listing Statement.

Date of issue: Monday, 15 September 2014

CORPORATE INFORMATION AND ADVISERS

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Joint Bookrunner

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Joint Bookrunner

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Date of incorporation: 23 April 2012

Transfer Secretaries

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South Africa

Place of incorporation: South Africa

IMPORTANT LEGAL NOTICES

The definitions and interpretations commencing on page 11 of this Pre-listing Statement apply in this section and throughout this Pre-listing Statement.

Special note with regard to the Offer

Notwithstanding that this document constitutes a pre-listing statement, it is not an offer to the public and relates to an offer for subscription and an offer for sale to the Offerees to whom the Offer will specifically be addressed, and is only addressed to persons to whom the Offer may lawfully be made. In addition, this document is not a prospectus and will not be registered as a prospectus or registered at all with the Commission or with any regulator in any other jurisdiction.

The Offer will only be made to Offerees, who, subject to certain conditions, comprise selected institutional investors in South Africa (within the ambit of section 96(1)(a) of the Companies Act), and to selected institutional investors in other jurisdictions.

The Offer and the distribution of this Pre-listing Statement in jurisdictions other than South Africa may be restricted by law, and a failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, this Pre-listing Statement and the Offer do not constitute an offer to issue or sell, or a solicitation of an offer to subscribe for or purchase, any securities in or from any jurisdiction in which such offer or solicitation would be unlawful, including, without limitation, in or from any Affected Jurisdiction. To the extent that this Pre-listing Statement may be sent to any Affected Jurisdiction, it is provided for information purposes only. Persons in Affected Jurisdictions may not accept the Offer. No person accepting the Offer should use the mail of any such Affected Jurisdiction nor any other means, instrumentality or facility in such Affected Jurisdiction for any purpose, directly or indirectly, relating to the Offer. Persons into whose possession this Pre-listing Statement comes must inform themselves about and observe any such restrictions. Save as specifically set out herein, no actions have been taken that would permit a public offering of Offer Shares to occur outside South Africa.

Prospective investors should not treat the contents of this Pre-listing Statement as advice relating to legal, taxation, investment or any other matters and should consult their own professional advisers concerning the consequences of their acquiring, holding or disposing of Offer Shares. Prospective investors should inform themselves as to:

- the legal requirements within their own countries for the purchase, holding, transfer or disposal of Offer Shares;
- any foreign exchange restrictions applicable to the purchase, holding, transfer or disposal of Offer Shares which they might encounter; and
- the income and other tax consequences which may apply to them as a result of the purchase, holding, transfer or disposal of Offer Shares. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, and not those of the Company, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

The information contained in this Pre-listing Statement constitutes factual information as contemplated in section 1(3)(a) of the South African Financial Advisory and Intermediary Services Act No. 37 of 2002 and should not be construed as an express or implied recommendation, guidance or proposal that any particular transaction in respect of the Offer Shares is appropriate to the particular investment objectives, financial situations or needs of a prospective investor.

USA

The Offer is not being made, and the Offer Shares are not being offered, in the USA. The Offer Shares are being offered and sold only outside the USA in reliance upon Regulation S and have not been, nor will they be, registered under the U.S. Securities Act, or any securities laws of any state of, or other jurisdiction in, the USA. This Pre-listing Statement may not be distributed or forwarded in or into the USA.

The Offer Shares have not been recommended, approved or disapproved by the U.S. Securities and Exchange Commission, any other federal or any state securities commission in the USA or any other USA regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Offer Shares nor the accuracy or adequacy of this Pre-listing Statement. Any representation to the contrary is a criminal offence in the USA.

EEA

This Pre-listing Statement has been prepared on the basis that all offers of the Offer Shares will be made pursuant to an exemption under the Prospectus Directive, as implemented in Member States of the EEA, from the requirement to produce a prospectus for offers of the Offer Shares. Accordingly, any person making or intending to make any offer within the EEA of Offer Shares which are the subject of the private placement contemplated in this Pre-listing Statement should only do so in circumstances in which no obligation arises for RFG or the Joint Bookrunners to produce a prospectus for such offer. Neither RFG nor the Joint Bookrunners have authorised, nor do they authorise, the making of any offer of Offer Shares through any financial intermediary, other than offers made by the Joint Bookrunners that constitute the final placement of Offer Shares contemplated in this Pre-listing Statement.

In relation to each Relevant Member State, an offer to the public of any Offer Shares which is the subject of the Offer contemplated by this Pre-listing Statement may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of any Offer Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to any legal entity that is a qualified investor as defined in the Prospectus Directive;
- by the Joint Bookrunners to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the sponsor; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Offer Shares shall require RFG or the Joint Bookrunners to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this legal notice, the expression an “offer to the public” in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offer and any Offer Shares to be offered so as to enable an investor to decide to subscribe for any Offer Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

United Kingdom

In the United Kingdom, this Pre-listing Statement has not been approved by an authorised person and is directed only at, and addressed solely to, persons who: (i) are qualified investors, as defined in the Prospectus Directive, who have professional experience in matters relating to investments and who fall within Article 19(5) of the “Order” and/or are high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (ii) persons to whom it may otherwise be lawfully communicated (all such persons together being referred to as “**Relevant Persons**”). This Pre-listing Statement is directed only at Relevant Persons and must not be acted on or relied upon in the United Kingdom by persons who are not Relevant Persons. Any investment or investment activity to which this Pre-listing Statement relates is available in the United Kingdom only to Relevant Persons and will be engaged in only with such persons.

Stabilisation

In connection with the Offer, the Stabilisation Manager may, subject to law and only during the Stabilisation Period, overallocate Offer Shares or effect transactions which may support the market price of the Ordinary Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. Such stabilising action may under no circumstances continue beyond the Stabilisation Period. There is, however, no assurance that the Stabilisation Manager will undertake stabilisation actions. Such transactions may be effected on the JSE and will be carried out in accordance with applicable rules and regulations. Such stabilisation, if commenced, may be discontinued at any time without prior notice and will in any event be discontinued after the Stabilisation Period.

Forward-looking statements

This Pre-listing Statement contains statements about RFG that are or may be forward looking statements. All statements, other than statements of historical fact, are, or may be deemed to be, forward looking statements, including, without limitation, those concerning: strategy; the economic outlook for the food industry; cash costs; operating results; growth prospects and outlook for operations, individually or in the aggregate; liquidity, capital resources and expenditure; and the outcome and consequences of any pending litigation

proceedings. These forward looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or similar words and phrases.

Examples of forward looking statements include statements regarding a future financial position or future profits, cash flows, corporate strategy, estimates of capital expenditures, acquisition strategy, or future capital expenditure levels, and other economic factors, such as, amongst other things, interest and exchange rates.

By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. RFG cautions that forward looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which RFG operates may differ materially from those made in, or suggested by, the forward looking statements contained in this Pre-listing Statement.

All these forward looking statements are based on estimates and assumptions, all of which estimates and assumptions, although RFG may believe them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Many factors (including factors not yet known to RFG, or not currently considered material), could cause the actual results or matters, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those estimates, statements or assumptions.

Shareholders should keep in mind that any forward looking statement made in this Pre-listing Statement or elsewhere is applicable only at the date on which such forward looking statement is made. New factors that could cause the business of RFG or other matters to which such forward looking statements relate, not to develop as expected, may emerge from time to time, and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results or matters to differ materially from those contained in any forward looking statement are not known. RFG has no duty, and does not intend, to update or revise the forward looking statements contained in this Pre-listing Statement after the date of this Pre-listing Statement, except as may be required by law.

Presentation of financial information

RFG presents its financial statements in South African Rand.

The Company’s financial year ends in September. RFG’s financial year reflects 52 weeks of trading and as a result the reporting date may differ year on year. References to a “financial year” are to the 52 weeks ended on or about 30 September of a given year. The audited annual financial statements of the Company contained in this Pre-listing Statement have been prepared in accordance with IFRS.

RFG’s consolidated interim financial statements contained in Annexure 5 are for the nine-month periods ended 29 June 2014 and 30 June 2013. The interim financial statements for the period ended 29 June 2014 have been reviewed by the Reporting Accountants. The interim financial statements for the period ended 30 June 2013 are included for comparative purposes and have been reviewed by the Reporting Accountants. RFG has chosen to present its nine-month interim financial statements as they reflect the most recent financial position and performance of the Company. After the Listing and on an ongoing basis, RFG will disclose its interim financial statements at the six-month period.

The *pro forma* statements of comprehensive income and of financial position for the nine months ended 29 June 2014 and as at 29 June 2014, respectively, (refer to Annexure 7) were prepared to show the impact of the Offer as if it had occurred on 1 October 2013, for the purposes of the *pro forma* statement of comprehensive income, and 29 June 2014, for purposes of the *pro forma* statement of financial position.

Authorised and issued shares

As at the Last Practicable Date, RFG’s authorised and issued shares comprised:

Description	Authorised	Issued
Ordinary Shares	1 800 000 000	171 000 000
A Convertible Preference Shares	9 000 000	9 000 000
B Convertible Preference Shares	9 000 000	9 000 000
Fully Diluted Shares	1 800 000 000	180 000 000

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SUMMARY

This summary highlights information from this Pre-listing Statement. It is not complete and does not contain all of the information that readers of this Pre-listing Statement should consider before investing in the Ordinary Shares. Investors should read this Pre-listing Statement carefully in its entirety, including the “Risk Factors” section, the financial statements provided and the notes to those financial statements.

Overview

Based in Groot Drakenstein in the Western Cape, RFG is a leading, internationally recognised food production, processing and distribution company operating in South Africa and Swaziland, which provides an established and diversified range of quality, value-added fresh and canned food products to customers and consumers. RFG focuses on the “soil to shelf” quality control process which ensures that its products are of the highest calibre. This has been a key factor in RFG’s successes to date.

RFG distributes its diverse range of fresh and canned food products through an extensive and sophisticated distribution network which grants RFG access to a vast cross-section of local and international customers and consumers. RFG’s business platform spans the value chain from manufacture to sales and integrates key value-added support services, such as quality control, logistics and supply chain management. RFG’s market penetration, coupled with its value-added services offering, positions RFG to exploit attractive opportunities for organic and acquisitive growth.

The summarised financial performance of RFG, in terms of revenue and EBITDA for financial year 2012, financial year 2013 and the nine months to 29 June 2014 is set out below.

(R’m)	June 2014	September 2013	September 2012
Revenue	1 769.8	1 859.1	1 557.6
EBITDA	194.9	227.0 ⁽¹⁾	162.6

Note: (1) EBITDA of 227.0 million for FY 2013 is calculated after adjusting for once off costs of 23.9 million from the Group Restructuring.

Unless otherwise noted, all financial information in this Pre-listing Statement is presented on a continuing operations basis.

Key strengths

RFG believes that the following strengths contribute to its success and distinguish it from its competitors:

- offers convenient meal solutions in fresh, frozen and long-life formats, catering for needs across consumer income groups;
- number 1 or strong number 2 positions in its long-life categories;
- trusted and recognisable brands, such as Rhodes, Bull Brand, Hazeldene, Trout Hall and Magpie, across a range of products;
- significant, long-term supplier of many private label meal solutions, internationally and regionally in sub-Saharan Africa, for other strongly branded companies;
- world-class production facilities located close to end markets and sources of raw materials that are maintained and upgraded with ongoing investment in state-of-the-art technology and production processes;
- continuous innovation, which assists RFG in meeting changing market dynamics and preferences and creates opportunities for lateral product extension;
- an experienced management team with a wealth of experience in growing RFG organically and through acquisitions; and
- exposure to international markets ensures a diversity of revenues, an element of internal hedging and potential to increase global volumes.

Growth strategy

RFG intends to grow organically and through strategic value accretive acquisitions thereby becoming a diversified Pan African food group operating primarily in the domestic market and high growth Sub-Saharan countries. RFG’s strategic mission is to be the supplier of choice across the markets for fresh, frozen and long-life meal solutions. This will be achieved by continuing to perform against the following strategic objectives:

- maintaining a broad range of products, customers, sales channels and regions and continuously looking to expand via organic growth and value accretive acquisitions;
- developing innovative products, which cater to a broad range of Living Standard Measure (“LSM”) groups across geographies, in fresh, frozen and long-life formats;
- capitalising on its leading brand portfolio and private label products and also extending existing partnerships and establishing new long-term relationships with local and international customers; and
- investing in its world-class facilities and production processes.

Summary of the Offer

The Offer

The Offer comprises an offer for subscription by the Company and a concurrent offer for sale by the Selling Shareholders made up as follows:

- an offer for subscription of up to 57 142 857 Subscription Shares to raise R600 million; and
- an offer for sale by the Selling Shareholders of 42 750 000 Sale Shares.

The Offer Shares will represent approximately 44% of the Ordinary Shares (and 42% of the Fully Diluted Shares) of the Company, following the issuance of the Subscription Shares.

South African investors shall comprise of only persons falling within the ambit of section 96(1)(a) of the Companies Act, and, non-South African investors shall comprise of only selected institutional investors, subject to certain conditions.

The Offer consists of:

- an offer to selected institutional investors in South Africa (the Offer is not an invitation to the general public to subscribe for or purchase the Offer Shares); and
- an offering outside South Africa and the United States to selected institutional investors in reliance on Regulation S.

Use of proceeds

The gross proceeds from the subscription for the Subscription Shares are estimated to be R600 million, before deducting commissions and other Offer expenses, which are expected to amount to up to R48 million. The net proceeds received by the Company will be used to:

- settle RFG’s R169 million mezzanine loan facility;
- settle the subordinated funding, provided by Capitalworks to facilitate the Group Restructuring and specifically the acquisition by management of its 29% shareholding of the Ordinary Shares (27.5% of the Fully Diluted Shares). The subordinated funding comprises shareholder loans (and accrued interest thereon) and Funding Preference Shares (and accrued dividends related thereto), which will amount to a total of R257 million at 30 September 2014;
- fund investment by the Company in capacity expansion, which is planned to be R71 million in 2015;
- reduce the working capital facility utilisation (detailed in paragraph 36 below); and
- provide the Company with greater balance sheet flexibility and a listed currency to accelerate its strategic growth plan.

The planned settlement of the bank borrowings and subordinated funding as envisaged above has enabled RFG to renegotiate its banking facilities, which will result in an extension of the term of the debt and lower interest rates. Pre-tax annual cost savings from the settlement, extension of the term and reduction in rates are estimated to be R76 million for the September 2015 financial year assuming the settlement of the funding, as described above, takes place on 2 October 2014.

Offer period

Opening date of the Offer at 09:00 on Monday, 15 September 2014
Closing date at 12:00 on Thursday, 25 September 2014

Joint Bookrunners

The Joint Bookrunners for the Offer are Morgan Stanley, Rand Merchant Bank and Renaissance Securities.

Admission and listing	The JSE has granted the Company a listing in respect of up to 228 142 857 shares (the “Listing”) in the “Food Products” sector under the abbreviated name “Rhodes”, share code “RFG” and ISIN: ZAE000191979, subject to the fulfilment of certain conditions (including the JSE’s spread and free-float requirements, as set out in the Listings Requirements), being attained.
Subscription conditions	<p>There is no minimum capital requirement to be realised by the Offer. The minimum subscription that must be realised by the Company is that which enables it to ensure (in conjunction with the Shares sold by the Selling Shareholders) that the Company has, once the Offer is completed, such number and composition of shareholders as will enable it to meet the minimum free-float and shareholder spread requirements, as prescribed by the Listings Requirements and acceptable to the JSE.</p> <p>The Listings Requirements provide that a minimum of 20% of the Shares must be held by the public and the number of public shareholders must be at least 300, all as defined by the Listings Requirements. The Listing will not proceed if these minimum requirements are not achieved, and any acceptance of the Offer shall not take effect and no person shall have any claim whatsoever against the Company, the Selling Shareholders, the Joint Bookrunners or any other person as a result of the failure of any condition.</p> <p>If the Offer Price is below the Offer Price Range for any reason, or if the Directors in their discretion so determine that it would not be advisable to proceed, the Company shall not be obliged to proceed with the Offer, but reserves the right to do so.</p>
Lock-up agreement	<p>The Company and Capitalworks have agreed with the Joint Bookrunners that they will not, without the prior written consent of the Joint Bookrunners, issue, sell or otherwise dispose of any of the Ordinary Shares they owned prior to the Listing for 180 days following the Listing Date, subject to certain exceptions set out in “Particulars of the Offer” section.</p> <p>The Executive Directors and members of senior management have agreed with the Joint Bookrunners that the Management Shareholders and the Management Trust will not, without the prior written consent of the Joint Bookrunners, sell or otherwise dispose of any of the Ordinary Shares they owned prior to the Listing for 365 days following the Listing Date, subject to certain exceptions set out in “Particulars of the Offer” section.</p> <p>The lock-ups referred to in this paragraph and in the “Particulars of the Offer” section shall not preclude any person who acquires Offer Shares in connection with the Offer from trading in and transferring any Ordinary Shares. For the avoidance of doubt, the lock-ups referred to in this paragraph and set out in the “Particulars of the Offer” section shall not apply to transactions relating to Shares (or other securities of the Company) acquired in open market transactions after the completion of the Offer.</p>
Overallotment	Capitalworks intends to grant to the Joint Bookrunners a 30-day option to purchase additional Ordinary Shares up to a maximum of 10% of the Offer Shares, on the same terms and conditions as those applicable to the Offer, for the purpose of covering short positions resulting from overallotments or from sales of Offer Shares at or before the end of the Stabilisation Period.
JSE Sponsor	Rand Merchant Bank is the JSE sponsor for the Company.
Stabilisation Manager	Rand Merchant Bank is the Stabilisation Manager.

IMPORTANT DATES AND TIMES

The definitions and interpretations commencing on page 11 of this Pre-listing Statement apply, *mutatis mutandis*, to the following important dates and times relating to the Offer and the Listing:

Key action	2014
Opening date of the Offer at 09:00 on	Monday, 15 September
Publication of the Pre-listing Statement on	Monday, 15 September
Release of the abridged Pre-listing Statement on SENS on	Monday, 15 September
Publication of the abridged Pre-listing Statement in the press on	Tuesday, 16 September
Last date and time for indications of interest for purposes of bookbuilding to be received up until 12:00 on	Thursday, 25 September
Closing Date of the Offer at 12:00 on	Thursday, 25 September
Successful applicants advised of allocations on	Thursday, 25 September
Publication date of the final Offer Price and final number of Offer Shares released on SENS on	Friday, 26 September
Publication date of the final Offer Price and final number of Offer Shares published in the press on	Monday, 29 September
Listing Date on	Thursday, 2 October

Notes:

1. The above dates and times are subject to amendment. Any such material amendment or other material amendments to this Pre-listing Statement will be released on SENS and published in the South African Press.
2. All times quoted in this Pre-listing Statement are local times in South Africa on a 24-hour basis, unless specified otherwise.

DEFINITIONS AND INTERPRETATIONS

In this Pre-listing Statement and its annexures, unless otherwise stated or the context otherwise indicates, the following terms have the meanings provided next to them; words and expressions in the singular shall include the plural and *vice versa*; words importing natural persons shall include corporations and associations of persons, whether incorporated or unincorporated, and *vice versa*; and any reference to one gender shall include the others:

“A Convertible Preference Shares”	redeemable, convertible, no par value A preference shares in the Company;
“Affected Jurisdiction”	a jurisdiction where the dissemination of the Pre-listing Statement or the making of the Offer may be illegal or fails to conform to the laws of such jurisdiction or requires any type of registration or the like with any regulator or public body or the like, including, without limitation, the USA, Canada, Australia and Japan (absent an applicable exemption from registration requirements);
“ALDI”	ALDI Einkauf GmbH & Compagnie, oHG, doing business as Aldi, is a global discount supermarket chain based in Germany;
“Apex”	Apex is a brand of corned meat products, produced and distributed by RFG;
“B Convertible Preference Shares”	redeemable, convertible, no par value B preference shares in the Company;
“Board” or “Directors”	the board of directors of RFG as at the Last Practicable Date, whose names are listed in paragraph 44.1 of Section 5 of this Pre-listing Statement;
“BH Trust”	the Bruce Henderson Trust (Master’s reference number IT421/02), of which Bruce Henderson is the beneficiary, holding 12.63% of the Ordinary Shares (equivalent to 12.00% of the Fully Diluted Shares);
“BRC”	the global food standard developed by the British Retail Consortium to evaluate companies supplying retailer branded foods, assist such companies to fulfil their legal obligations and ensure the highest level of client protection;
“Broker”	any person registered as a broking member in equities in terms of the rules of the JSE in accordance with the provisions of the Financial Markets Act;
“Bull Brand”	Bull Brand refers to a branded canned meat range of products, produced by RFG;
“Bull Brand Acquisition”	the acquisition by Rhodes Food of the Bull Brand business from KAP as a going concern, as more fully described in paragraph 2 of Annexure 14;
“Business Day”	any day other than a Saturday, Sunday or official public holiday in South Africa;
“Capitalworks”	collectively, the SA Fund, SAIP I and SAIP II, which hold, in aggregate, 71.05% of the Ordinary Shares (equivalent to 72.50% of the Fully Diluted Shares);
“CEO”	chief executive officer;
“Certificated Shareholders”	Shareholders who hold Certificated Shares;
“Certificated Shares”	Ordinary Shares that are not dematerialised in terms of the Companies Act, the Financial Markets Act and the requirements of Strate, title to which is represented by a share certificate or other Documents of Title;
“CFO”	chief financial officer;
“CGT”	capital gains tax levied in terms of section 26A of the Income Tax Act and read with the Eighth Schedule to the Income Tax Act;
“Closing Date”	the closing date of the Offer, expected to be 12:00 on Thursday, 25 September 2014, but which may be amended by RFG by way of an announcement released on SENS and published in the South African Press;

“Coles”	Coles Supermarkets is an Australian supermarket chain owned by Wesfarmers;
“Commission”	the Companies and Intellectual Property Commission established in terms of the Companies Act;
“Common Monetary Area” or “CMA”	collectively, South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Companies Act”	the South African Companies Act, No. 71 of 2008, as amended from time to time;
the “Company”	Rhodes Food Group Holdings Limited (registration number 2012/074392/06) (formerly Rhodes Food Group Holdings Proprietary Limited), a public company duly registered and incorporated in accordance with the laws of South Africa;
“CSDP”	Central Securities Depository Participant, a participant as defined in section 1 of the Financial Markets Act;
“CTC”	Contributed Tax Capital, as defined under the Income Tax Act;
“Del Monte”	Del Monte Foods, a North American food production and distribution company;
“Dematerialised Shares”	Ordinary Shares that have been dematerialised in terms of the Companies Act, the Financial Markets Act and Strate, and ownership of which is recorded in a sub-register of Shareholders administered by a CSDP, which sub-register forms part of the Company’s Register;
“Directors”	the directors of RFG from time to time;
“Documents of Title”	share certificates or any other documents of title to Certificated Shares acceptable to the Company;
“Dole”	Dole Food Company, Inc. is an American-based agricultural multinational corporation headquartered in Westlake Village, California;
“DWT”	Dividends Withholding Tax;
“EEA”	the European Economic Area;
“Exchange Control Regulations”	the Exchange Control Regulations, 1961, as amended from time to time, promulgated pursuant to section 9 of the South African Currency and Exchanges Act, No. 9 of 1933, as amended from time to time;
“Financial Markets Act”	the Financial Markets Act, No. 19 of 2012, as amended or replaced from time to time;
“FMCG”	fast moving consumer goods;
“Fresh Foods Division”	the fresh foods division of Rhodes Food which, as at the Last Practicable Date, is involved in the production, processing, distribution, marketing and sale of a wide range of dairy products, pies and ready-made fresh food items;
“Fully Diluted Shares”	the aggregate number of shares including total issued Ordinary Shares, and the number of A Convertible Preference Shares and B Convertible Preference Shares that will convert to Ordinary Shares, which number is limited to 9 000 000 collectively;
“Funding Preference Shares”	preference share funding provided by Capitalworks in the Group Restructuring to Rhodes Food being 10 000 cumulative redeemable preference shares in Rhodes Food bearing interest at a rate of 18% per annum;
“Giants Canning”	Giants Canning is a canned food manufacturer and was responsible for producing the Giants range of canned food from 2000 until January 2008;
“Group Restructuring”	the internal RFG Group and debt restructuring, as more fully described in paragraph 1 of Section 1 below and paragraph 1 of Annexure 14;
“HACCP”	Hazard Analysis and Critical Control Points, the internationally recognised structured operating method that helps organisations in the food and beverage industry identify their food safety risks, prevent food safety hazards and address legal compliance;

“Heinz”	H. J. Heinz Company is a United States food processing company with world headquarters in Pittsburgh, Pennsylvania;
“IFS”	IFS Food, the global food safety standard for the auditing of companies that process or handle food products;
“Income Tax Act”	the South African Income Tax Act, No. 58 of 1962, as amended from time to time;
“International Segment”	the international business segment comprises that component of the Long-life Foods Division that supplies product to markets outside Sub-Saharan Africa;
“ISO”	International Organisation for Standardisation;
“Joint Bookrunners”	collectively, Morgan Stanley, Rand Merchant Bank and Renaissance Securities, and “Joint Bookrunner” shall mean any one of them as the context may indicate;
“JSE” or “JSE Limited”	the JSE Limited (registration number 2005/022939/06), a public company duly incorporated and registered with limited liability under the company laws of South Africa, licensed to operate an exchange under the Financial Markets Act;
“KAP”	KAP Manufacturing (Proprietary) Limited (registration number 1957/001891/07), a private company incorporated in accordance with the laws of South Africa, being a wholly-owned subsidiary company of KAP Industrial Holdings Limited;
“King Code”	the Code of Corporate Practices and Conduct as set out in the King Report III on Corporate Governance for South Africa, 2009;
“Last Practicable Date”	the last practicable date prior to finalisation of this Pre-listing Statement, being 5 September 2014;
“Libby’s”	Libby’s is a North American canned food business owned by Nestle;
“LIDL”	LIDL is a German global discount supermarket chain, based in Neckarsulm, Baden-Württemberg, Germany;
“Listing”	the admission of the Ordinary Shares to the JSE’s main board for listed securities in accordance with the Listings Requirements;
“Listing Date”	the date of the Listing, which date is expected to be 2 October 2014;
“Listings Requirements”	the listings requirements of the JSE, as amended from time to time;
“Listing Restructure” or “Listing Restructuring”	the restructure of RFG’s authorised and issued Ordinary Shares, which took effect on 29 August 2014, to facilitate the Offer and the Listing as more fully set out in Section 6 of this Pre-listing Statement;
“Loblaws”	Loblaws is a supermarket chain with over 70 stores in Canada, headquartered in Brampton, with stores across British Columbia, Alberta, Ontario and Quebec. Loblaws is a division of Loblaw Companies Limited;
“Lock-up Period”	the periods of time, being 180 calendar days calculated from (and including) the Listing Date, during which the Company is restricted from issuing new Shares and Capitalworks is restricted from selling the Ordinary Shares held by it at the Listing Date, and 365 calendar days calculated from (and including) the Listing Date, during which the Management Shareholders and the Management Trust are restricted from selling the Ordinary Shares held by them at the Listing Date, as more fully set out in the Placement Agreement;
“Long-life Foods Division”	the long-life foods division of Rhodes Food, which is involved in the manufacture, processing, distribution, marketing and sale of a variety of canned: (i) fruit and vegetable products, including their by-products such as purees; (ii) jams; and (iii) meat products;
“Magpie”	Magpie is a brand of pies manufactured and marketed by RFG;

“Management Shareholders”	collectively, the BH Trust; the Jacian Trust; the Costaras Family Trust; the Lahanja Trust; the RK Phillips Family Trust; and Job Mpele, who hold, in aggregate, 23.16% of the Ordinary Shares (equivalent to 22.00% of the Fully Diluted Shares);
“Management Trust”	the Rhodes Food Group Management Trust (Master’s reference number IT2388/2012), a trust through which certain members of management of the RFG Group, excluding the Management Shareholders, collectively hold 5.79% of the Ordinary Shares (equivalent to 5.50% of Fully Diluted Shares);
“Member States”	the member states of the EEA;
“Metcash”	Metcash Limited an Australian wholesale distribution and marketing company specialising in grocery, fresh food, liquor, hardware and automotive parts and accessories;
“MOI”	memorandum of incorporation;
“Morgan Stanley”	Morgan Stanley & Co. International plc. (registration number 2068222), a company with limited liability duly incorporated in accordance with the laws of England and Wales;
“Morrisons”	Wm Morrison Supermarkets plc. is a large chain of supermarkets in the United Kingdom, headquartered in Bradford, West Yorkshire, England;
“Nedbank”	Nedbank Limited (registration number 1951/000009/06), a public company duly registered and incorporated in accordance with the laws of South Africa;
“Offer”	collectively and unless the contrary appears from the context, the Offer for Subscription and the Offer for Sale;
“Offerees”	selected institutional investors in South Africa (within the ambit of section 96(1)(a) of the Companies Act) and in other jurisdictions (other than Affected Jurisdictions), in respect of an offer for subscription of the Subscription Shares and an offer for purchase of the Sale Shares, to whom the Offer will be specifically addressed, subject to certain conditions;
“Offer for Sale”	an offer for sale by the Selling Shareholders to selected institutional investors in South Africa (within the ambit of section 96(1)(a) of the Companies Act) and in other jurisdictions (other than Affected Jurisdictions) of 42 750 000 Sale Shares (excluding the Overallotment Shares), to whom the Offer will be specifically addressed, subject to certain conditions;
“Offer for Subscription”	an offer for subscription by RFG to selected institutional investors in South Africa (within the ambit of section 96(1)(a) of the Companies Act) and in other jurisdictions (other than Affected Jurisdictions) of up to 57 142 857 new Subscription Shares, to whom the Offer will be specifically addressed, subject to certain conditions;
“Offer Price”	the price at which the Subscription Shares are offered for subscription and the Sale Shares are offered for sale, pursuant to this Pre-listing Statement, to be determined in accordance with the: (i) provisions of paragraph 16 in Section 5 below; and (ii) Placement Agreement. The Offer Price may fall outside the Offer Price Range;
“Offer Price Range”	the proposed pricing range of the Offer, being R10.50 to R13.50 per Offer Share;
“Offer Shares”	collectively and unless the contrary appears from the context, the Subscription Shares and the Sale Shares and a reference to “Offer Shares” shall embrace a reference to each of them as the context may require;
“Old Rhodes Food”	Old Rhodes Food Group (Proprietary) Limited (registration number 1999/020998/07), which was the former operating company of RFG prior to the Group Restructuring;
“Old RFG”	Old Rhodes Food Group Holdings (Proprietary) Limited (registration number 1998/023285/07), which was the former holding company of RFG prior to the Group Restructuring;

“Opening Date”	the opening date of the Offer, expected to be 09:00 on Monday, 15 September 2014;
“Ordinary Shares”	ordinary shares of no par value in the Company, which reference shall expressly exclude any reference to preference shares of the Company;
“Overallotment Option”	the option granted by Capitalworks to the Stabilisation Manager to purchase, or procure purchasers for, the Overallotment Shares;
“Overallotment Shares”	up to 9 989 286 Ordinary Shares;
“Pick n Pay”	Pick n Pay refers to the Pick n Pay supermarket chain that operates throughout South Africa;
“Placement Agreement”	the placement agreement entered into between the Selling Shareholders, Joint Bookrunners and RFG in connection with the Offer on or about Monday, 15 September 2014;
“Pre-listing Statement”	this pre-listing statement, together with all annexures hereto, dated Monday, 15 September 2014;
“Prospectus Directive”	Directive 2003/71/EC and any relevant implementing measure in each Relevant Member State;
“Rand” or “ZAR” or “R”	the lawful currency of South Africa;
“Rand Merchant Bank” or “RMB”	Rand Merchant Bank, a division of FirstRand Bank Limited (registration number 1929/001225/06), a public company duly registered and incorporated in accordance with the laws of South Africa;
“Regional Segment”	the regional segment is comprised of the Fresh Foods Division and the component of the Long-life Foods Division that supplies product to markets within Sub-Saharan Africa;
“Register”	the register of Certificated Shareholders of the Company maintained by the Company, and each of the sub-registers of Dematerialised Shareholders maintained by the relevant CSDPs in terms of the Financial Markets Act;
“Relevant Member State”	each Member State of the EEA which has implemented the Prospectus Directive;
“Relevant Persons”	persons who: (i) are qualified investors, as defined in the Prospectus Directive, who have professional experience in matters relating to investments and fall within Article 19(5) of the “Order” and/or are high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (ii) persons to whom the Offer may otherwise be lawfully communicated;
“Regulation S”	Regulation S under the US Securities Act;
“Renaissance Securities”	Renaissance Securities (Cyprus) Limited (registration number HE 724787), a limited liability company duly incorporated in accordance with the laws of Cyprus on 24 July 1995;
“Reporting Accountants” or “Independent Reporting Accountants” or “Accountants”	Deloitte & Touche (practice number 902276), registered auditors, a firm of chartered accountants (SA) and the independent reporting accountants to RFG;
“Rhodes Food”	Rhodes Food Group Proprietary Limited (registration number 2012/074402/07), a private company duly registered and incorporated in accordance with the laws of South Africa, the operating company of RFG and a wholly-owned Subsidiary of RFG;
“RFG” or “RFG Group”	Rhodes Food Group Holdings Limited (registration number 2012/074392/06) (formerly Rhodes Food Group Holdings Proprietary Limited) and, to the extent applicable, shall also mean Rhodes Food Group Holdings Limited and its Subsidiaries from time to time (and “member of RFG” shall be construed accordingly);
“Sainsbury’s”	Sainsbury’s is a large chain of supermarkets in the UK;

“SAIP I”	the South African Investment GP Trust (Master’s reference IT1721/2011) in its capacity as the general partner of the South African Investment Partnership, or its nominee, holding 6.74% of the Ordinary Shares (equivalent to 6.88% of the Fully Diluted Shares);
“SAIP II”	the South African Investment GP Trust (Master’s reference IT1721/2011) in its capacity as the general partner of the South African Investment Partnership II, or its nominee, holding 19.11% of the Ordinary Shares (equivalent to 19.49% of the Fully Diluted Shares);
“SA Fund”	Capitalworks Private Equity GP (Proprietary) Limited (registration number 2007/006614/07), a private company duly registered and incorporated under the laws of South Africa, in its capacity as the general partner of Capitalworks Rhodes Food Investment Partnership, or its nominee, holding 45.20% of the Ordinary Shares (equivalent to 46.13% of the Fully Diluted Shares);
“SA Holder”	a shareholder who is: (i) a natural person ordinarily resident in South Africa; (ii) a natural person not ordinarily resident in South Africa but whose physical presence in South Africa exceeds certain thresholds; or (iii) a person, other than a natural person, which is incorporated, established or formed in South Africa or which has its place of effective management in South Africa;
“Sale Shares”	42 750 000 Ordinary Shares offered for sale by the Selling Shareholders in terms of the Offer for Sale;
“SANAS”	the South African National Accreditation System;
“SARB”	the South African Reserve Bank, which includes both the Financial Surveillance Department and the Banking Supervisory Department;
“Selling Shareholders”	RFG’s existing Shareholders, as set out in Annexure 17 to this Pre-listing Statement, who will, in terms of the Placement Agreement, offer to sell the Sale Shares in terms of the Offer for Sale in the proportions set out in the Placement Agreement;
“SENS”	the Stock Exchange News Service of the JSE;
“Settlement Date”	the date of settlement of the Offer when the Offer Shares will be issued by RFG and transferred by the Selling Shareholders against payment of the Offer Price in accordance with paragraph 17.5 of Section 5 of this Pre-listing Statement, which is expected to be on Thursday, 2 October 2014;
“Shareholder(s)”	holders of Ordinary Shares in the Company from time to time;
“Shoprite”	Shoprite is a supermarket retail chain of stores of the Shoprite group of companies;
“SKU”	stock keeping unit is a distinct item, such as a product or service, as it is offered for sale, that embodies all attributes associated with the item and that distinguishes it from all other items;
“Somersfield”	Somersfield is a chain of small to medium sized supermarkets operating in the United Kingdom;
“South Africa”	the Republic of South Africa;
“South African Press”	The South African newspaper named the Business Day;
“Spar”	SPAR is a retail brand of the SPAR Group, which is a wholesaler and distributor of goods and services to independent retailers that trade under the SPAR brand;
“Spekenam”	Spekenam is a range of no pork canned meat and no pork canned meals. The Spekenam brand of products is manufactured and distributed by RFG;
“Sponsor”	Rand Merchant Bank;
“Stabilisation Manager”	Rand Merchant Bank;
“Stabilisation Period”	a period of up to 30 calendar days after the Listing Date;

“Strate”	Strate Limited (registration number 1998/022242/06), a public company registered in accordance with the laws of South Africa, being a licensed central securities depository in terms of Section 1 of the Financial Markets Act and the entity that manages the electronic custody, clearing and settlement environment for all share transactions concluded on the JSE and off-market, and in terms of which transactions in securities are settled and transfers of ownership in securities are recorded electronically;
“Subscription Shares”	up to 57 142 857 new Ordinary Shares offered for subscription by RFG in terms of the Offer for Subscription;
“Subsidiary”	has the meaning ascribed in Section 1, read with Section 3, of the Companies Act and/or the Listings Requirements to the extent applicable;
“Sunpie”	Sunpie is a manufacturing operation acquired by RFG;
“Swazican”	Swaziland Fruit Cannery (Proprietary) Limited (registration number 132/1969), a company incorporated in accordance with the laws of Swaziland, and a 93.77% held Subsidiary of RFG;
“SZL”	Swazi Lilangeni, the lawful currency of Swaziland, having the same currency value as the Rand;
“Tesco”	Tesco PLC is a British multinational grocery and general merchandise retailer, headquartered in Cheshunt, Hertfordshire, England, United Kingdom;
“Transfer Secretaries”	Computershare Investor Services (Proprietary) Limited, (registration number 2004/003647/07), a private company duly registered and incorporated under the laws of South Africa;
“United States” or “USA” or “US”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
“US Securities Act”	the United States Securities Act of 1933, as amended from time to time;
“VAT”	Value-added tax levied in terms of the South African Value-Added Tax Act, No. 89 of 1991, as amended from time to time;
“Woolworths”	a supermarket and food retailer chain of stores that operates under the Woolworths brand for Woolworths Holdings Ltd, a South African holding company; and
“Woolworths Ltd”	an Australian fresh food retailer founded in 1924.

INFORMATION ON RFG

1. INTRODUCTION

RFG is a leading, internationally recognised food production, distribution and processing company operating in South Africa and Swaziland, which manufactures an established and diversified range of quality, value-added fresh and canned food products.

RFG's history can be traced back to around 1897 when Cecil John Rhodes started purchasing former grape producing farms in the Stellenbosch, Wellington and Groot Drakenstein areas and converted these into deciduous fruit producing farms, and together with his partners, formed Rhodes Fruit Farms Limited. For over one hundred years RFG has delivered premium quality fresh and canned food products to customers and consumers around the world.

From its humble beginnings, RFG has evolved into a dynamic, demand driven branded food production, distribution and processing company with strong market position and attractive growth prospects. As part of its evolution, RFG implemented the Group Restructuring, comprising of an internal reorganisation and debt restructuring on or about 1 October 2012 through a series of inter-related transactions in terms of which, amongst other things:

- all of the shares and claims in Old RFG were acquired by RFG from the then current shareholders, a private investor (90% shareholder) and the BH Trust (10% shareholder);
- immediately after the acquisition of the shares in Old RFG, the business conducted by Old Rhodes Food was acquired by Rhodes Food as a going concern; and
- RFG's existing bank borrowings with Nedbank were refinanced with new banking facilities advanced by Nedbank to RFG.

Further details regarding the Group Restructuring are set out in paragraph 1 of Annexure 14 "Material Acquisitions and Disposals".

The Group Restructuring provided RFG with access to new capital in order to further its development. Furthermore, in 2013/14, RFG implemented and reformulated operational segments as discussed in more detail below.

RFG anticipates that the Listing will have the following benefits for RFG and its stakeholders:

- provide RFG with additional capital to support growth;
- establish a platform from which equity capital may be raised in the future (to the extent required, to facilitate further growth and potential value accretive acquisition opportunities);
- allow RFG to optimise its capital structure and further strengthen its balance sheet and profitability;
- provide investors, both institutional and private, with an opportunity to participate in the income streams and future capital growth of the Company;
- enhance the liquidity and tradability of the Ordinary Shares through a spread of investors; and
- increase the public profile and transparency of RFG's businesses and thereby assist in unlocking new business opportunities for RFG, particularly in Sub-Saharan Africa and internationally.

Accordingly, the main purposes of this Pre-listing Statement are to: (i) provide investors with relevant information relating to RFG; (ii) communicate the strategy and the objectives of RFG; and (iii) set out the salient details of the Offer and the procedure for participating therein.

2. BUSINESS AND GROUP OVERVIEW

RFG specialises in food production and distribution in order to provide value-added fresh and long-life food products to customers and consumers throughout South Africa and the rest of the world.

Based in Groot Drakenstein in the Western Cape, South Africa, RFG runs several highly successful processing operations in South Africa and Swaziland with select, limited agricultural operations. RFG focuses on the "soil to shelf" quality control process which ensures that its products are regimentally scrutinised and of the highest quality. This has been a key factor in RFG's successes thus far.

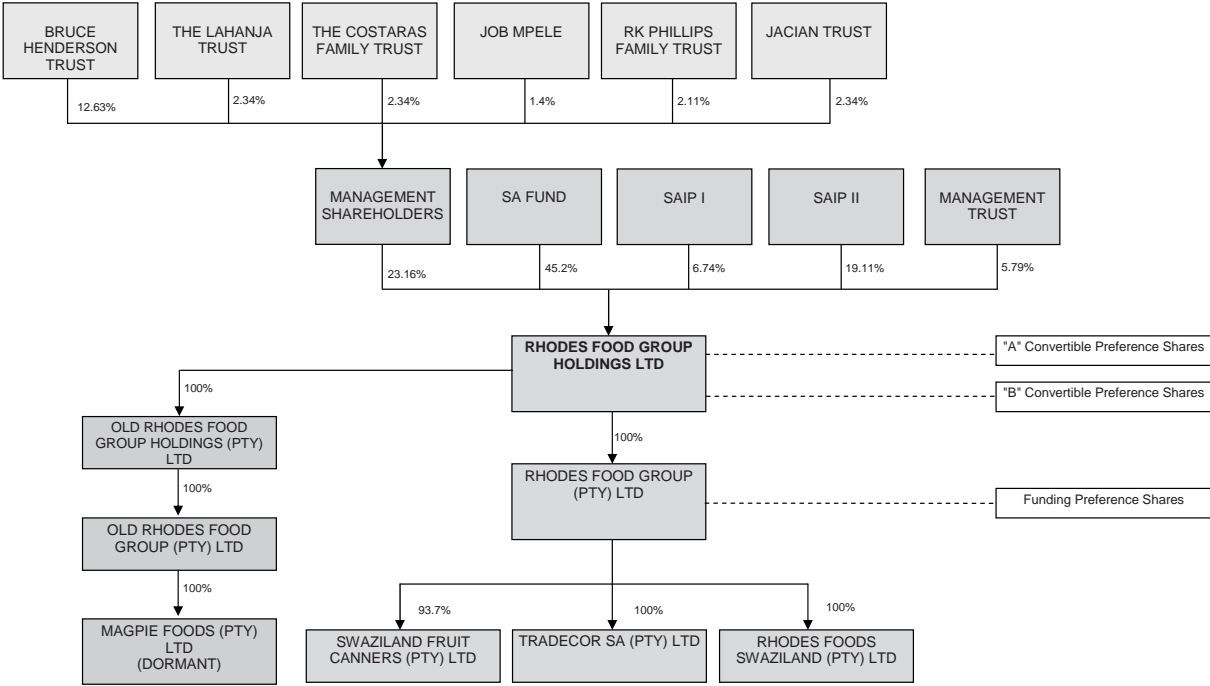
RFG's operations are divided into the Regional Segment and the International Segment.

RFG distributes its diverse range of fresh and long-life food products through an extensive and highly sophisticated distribution network that grants RFG access to a complete cross-section of local and international customers and consumers.

RFG’s business platform spans the value chain from manufacture to sales and integrates key value-added support services, such as quality control, logistics and supply chain management. RFG’s market penetration coupled with its value-added services offering, positions RFG to exploit attractive opportunities for organic and acquisitive growth.

Further information regarding RFG’s operations is set out in paragraph 9 of this Pre-listing Statement.

The following diagram summarises RFG’s structure as at the Last Practicable Date:



3. HISTORY

RFG’s history dates back to the late 1800s and its key periods of development have been as follows:

1896 to 1999

During the late 1800s, at a time where most of the fertile land in the regions around Cape Town consisted of vineyards utilised for growing grapes, a phylloxera pest epidemic broke out which caused thousands of these vineyards to be destroyed. Around 1897, Cecil John Rhodes began buying these farms in the Stellenbosch, Wellington and Groot Drakenstein areas and, together with his partners, planted some 200 000 deciduous fruit trees in place of the vines, and formed a new company, Rhodes Fruit Farms. Rhodes Fruit Farms thrived during the next century with sales of fresh deciduous fruit, canned products and jams.

1999

Old Rhodes Food was established and acquired Rhodes Fruit Farms. Old Rhodes Foods thereafter comprised Rhodes Fruit Farms, Wonderland Foods, the Rhodes Dairy and sister company Swazican.

2004

Old Rhodes Food acquired the pie manufacturing businesses of Magpie CC.
 Old Rhodes Food extended its Groot Drakenstein cannery and installed a fruit puree plant.

2006

Old Rhodes Food acquired the pie manufacturing businesses of Sunpie.
 Swazican installed a plastic cup production facility in Swaziland.

2007

Old Rhodes Food acquired the food manufacturing business of Giants Canning in Limpopo.

2010

Old Rhodes Food acquired the fruit canning business of Del Monte Fruits (S.A.) (Proprietary) Limited and the immovable properties owned by Del Monte South Africa (Proprietary) Limited and Zanthus Investments (Proprietary) Limited for an aggregate purchase consideration of R60 000 000.

Old Rhodes Food acquired 91.8% of the issued shares in Swazican from Fertrade Swaziland (Proprietary) Limited and Matsapha Pineapple Growers (Proprietary) Limited in two separate transactions for an aggregate purchase consideration of SZL 50 422 966.

Old Rhodes Food constructed a ready-made meals production facility in Gauteng and installed new equipment.

2011

Old Rhodes Food expanded production facilities for pies and pastries.

2012

As part of its corporate development, RFG implemented the Group Restructuring on 1 October 2012. Further details regarding the Group Restructuring are set out in paragraph 1 of Annexure 14.

2013/2014

Rhodes Food acquired the Bull Brand business of KAP in 2013 as a going concern for an aggregate amount of R128 097 507. Bull Brand is the market leader in canned meat products, has exceptional brand awareness and has a long-standing reputation for affordable, good quality meat. This acquisition included other well-known brands such as Giants, Spekenam and Apex. Further details regarding the Bull Brand Acquisition are set out in paragraph 2 of Annexure 14.

Rhodes Food's jam plant operations moved to Swaziland (from the Western Cape).

Rhodes Food's baked beans production line moved to Limpopo (from the Western Cape).

4. KEY STRENGTHS

Rhodes Food's core competencies comprise the manufacture, production and processing of a variety of canned fruit, vegetable, meat and dairy products, pastries and ready-prepared meals and the distribution of such products to consumers and customers throughout South Africa and the rest of the world.

RFG's business platform extends across the entire value chain from manufacture to sales. RFG fosters a culture of innovation which, together with management's skills and expertise, contributes to the supply of premium, high-quality products specifically tailored for their individual market requirements. RFG has a diversified product range that caters for a broad spectrum of customers.

Sustainable strategic alliances and partnerships, with both suppliers and customers, provide RFG with unique market insights that further contribute to the innovation that is evident in both processes and products. RFG's geographically diversified operations ensure cost leadership, owing to efficient access to materials and labour, and optimal logistics. Further margin expansion is achievable through further economies of scale.

RFG has its own strong brands and is an internationally recognised producer of select private label ranges. Rhodes branded products have consistently gained market share over the last few years.

RFG has a strong focus on corporate culture that attracts and retains exceptional talent and has proven to be an essential driver for the overall success of the business.

The key strengths of RFG are expanded upon below:

4.1 Diversified product portfolio

RFG produces a wide range of high quality, convenience meal solutions for distribution regionally and internationally. The portfolio includes ready-made meals, pies and dairy products, as well as canned fruit, vegetable, jam and meat products. Its diversified product range caters for customers across all LSM levels. Ready-made meals are typically bought by high income segments of the market, with long-life foods bought across all income groups. This has provided RFG with resilience in years of consumer downturn, with exposure to the higher income segment of the market that is less impacted than the middle income groups. Furthermore, canned foods provide a more affordable meal option.

4.2 Continuous innovation

High value-add fresh products such as pies, cheeses and ready-made meals require specific production know-how and continuous innovation to meet changing market dynamics and preferences, as well as creating opportunities for lateral product extension. This includes products that can be customised through flexible production lines and artisanal input. A combination of the high level of skills embedded within RFG, together with a culture of innovation, has facilitated an evolving product range that has further strengthened RFG's relationships with key customers. This is particularly prevalent in the ready-made meals division, which has seen numerous, profitable products added over the last 10 years and now produces over 160 products between its operations in Gauteng and the Western Cape.

In the Long-life Foods Division, RFG has led a number of innovations, predominantly in packaging formats, but also through the launch of a host of product extensions, such as value-added tomato products. In terms of packaging innovation, RFG introduced easy-open cans to the local market, and more recently, plastic cups for its jams. Another key innovation in the long-life business was the introduction of fruit cups to meet the demand of some of its large international customers. This product format presents RFG with good growth prospects in its markets, given its convenience and initial success.

4.3 Trusted and recognisable brands

RFG has a number of market leading brands which are household names in their respective categories. Fruit, jam and vegetable products are sold under the Rhodes and Hazeldene brands to large retailers such as Pick n Pay, Spar and Shoprite. Citrus products are sold in the United Kingdom under the Trout Hall brand.

Canned meat products are sold under the Bull Brand, Spekenam and Apex brands. Bull Brand has been an iconic South African brand for over 50 years and has a long-standing reputation for affordable, good quality meat. All Bull Brand products are Halaal certified.

Pies, pastries and sausage rolls are sold under the Magpie brand. All of these premium quality products are Halaal certified.

RFG's award-winning Portobello cheese range is sold to the larger South African retail market. RFG also supplies Woolworths nationally with a range of specialty cheeses.

4.4 Strong, integrated customer relationships

RFG has integrated relationships with key customers, which result in co-dependence between the customer and RFG. In many instances, RFG is the supplier of choice and, in the case of Woolworths, is the exclusive supplier for its ready-made meals product portfolio on a nationwide basis, in addition to an exclusive Ayrshire dairy supply agreement in the Western Cape and Eastern Cape.

These integrated customer relationships, together with the quality and technical nature of RFG's manufacturing and logistics processes, have resulted in RFG remaining at the forefront of product development and serve as a significant barrier to entry.

During the 2014 financial year, RFG entered into an exclusive supply agreement, which commenced in July 2014, with Corner Bakery for the provision of pies, pastries and sausage rolls. This agreement, which relates to all of Corner Bakery's over 380 outlets in South Africa, significantly increases the distribution network for these RFG products.

4.5 Well-located world-class production facilities

RFG has invested significantly in its production capabilities to ensure that its equipment and processes are best of breed.

The production of specific ready-made meals products is split between the ready-made meals plants in Aeroton in Gauteng and Groot Drakenstein in the Western Cape, allowing for the development of specialised skills at each of the plants and the realisation of benefits from economies of scale. This has contributed to RFG being able to produce the highest quality products, while creating the capability to meet increased order demand and facilitating product development in conjunction with key customers. The ready-made meals plants have ISO 9002, ISO 9001:2008 and HACCP accreditation.

Significant historical investment in technology in the pie factory has enabled RFG to produce high-volume and high-quality pies, pastries and sausage rolls which may be frozen, baked, unbaked or fresh. The pie factory uses the latest technology imported from Europe, which is continuously updated as technology evolves.

The Rhodes Ayrshire stud farm utilises the latest technology for its farming and milking processes and is home to an award-winning herd of Ayrshire cattle, forming the cornerstone for the milk supply to the RFG dairy operation. The dairy operation produces and supplies milk, cream and cheese products under the "Ayrshire" brand to Woolworths and cheese under RFG's own "Portobello" brand.

Canned fruit is produced at the high-tech facility in Tulbagh, which is centrally located in terms of the major fruit suppliers in the Western Cape and is close to Cape Town for products to be shipped to international markets. The Tulbagh cannery maintains high food safety standards, with annual HACCP, BRC and IFS certifications.

The Swazican cannery, responsible for producing processed pineapple and citrus products, is situated adjacent to a number of pineapple plantations owned by RFG. Raw materials are delivered directly to the factory, ensuring freshness of the raw product and a premium quality final product. Swazican also benefits from a cost advantage over major competitors, which serves as a point-of-

difference. RFG recently relocated its jam operation from the Western Cape to Swaziland, moving it closer to key markets in Gauteng and KwaZulu-Natal and more favourably priced sugar, the key cost component in the manufacture of jam.

The canned meat products are made in a central facility in Krugersdorp, close to its largest market and well situated to benefit from the established distribution networks from Gauteng into the rest of Africa.

The canned vegetable facility is located in Limpopo within a short distance of its major supply base of raw materials. This allows RFG to source and procure the highest quality vegetables that can be canned within 12 hours of harvesting, ensuring premium product quality. The facility is continuously being upgraded and benchmarked against best practice globally. It complies with international food regulations and undergoes annual HACCP, and IFS certifications.

4.6 Experienced, incentivised management team

Each key member of the executive management team has over a decade of experience with RFG. The management team also has a successful track record of integrating acquisitions such as Magpie, Giants Canning and Del Monte, along with a demonstrated ability to drive organic growth, e.g. through successful expansion of capacity at existing facilities. Furthermore, senior management has an effective 29% interest in the Company (equivalent to 27.5% of the Fully Diluted Shares). The management team is committed to ensuring RFG remains at the forefront of global best practice, technology and innovation in each of its facilities.

4.7 Robust long-term partnerships with key suppliers

The Company has established long-term and mutually beneficial relationships with its raw material suppliers. Fruit suppliers share in a portion of the risk of the price achieved in international markets, ensuring RFG is not exposed to the full effect of weak international markets or a strong Rand, while both the suppliers and RFG share the benefits of a weaker Rand.

The integrated nature of RFG's relationships with can suppliers has ensured RFG remains on the forefront of technology and innovation. This has enabled RFG to respond quickly to market requirements.

4.8 Strong business momentum and attractive market shares

RFG has gained strong business momentum by increasing market share in key geographies. For example, the UK is the world's largest market for canned grapefruit. RFG is a significant player in this market with a 21.8%¹ share in 2013, from its Swaziland operation. In addition, South African peaches are highly sought after by top Chinese bakers and sell at a premium to local Chinese products. China is a key market for South African peaches, and RFG has a 55% share of imported product into this market.²

RFG leads many of its long-life categories through private label and Rhodes branded products. The Rhodes food brand is either the number 1 or dominant number 2 brand in most of its targeted categories and has seen a significant increase in market share between 2010 and 2014 across multiple products as set out in the table below:

Rhodes brand growth in market share

	2010 market share	2014 market share	Market position (2014)
Tomato paste	4.0%	32.7%	1
Canned vegetables	4.7%	12.5%	2
Canned tomato	6.6%	22.9%	2
Jams	11.5%	17.0%	2
Canned pineapple	45.1%	50.4%	1
Canned deciduous fruit	7.9%	17.8%	2
Canned fruit (aggregate)	14.1%	23.1%	2

Note: (1) Market share represents a moving annual total from May 2014 (market share over the course of the previous 12 months).

Source: Company data, Retailer Scanning data processed by Aztec South Africa (market shares in retail channel, in retail prices)

¹ Source: UK import stats 2013, Foodnews

² Source: DAFF – Customs export data, Company data

4.9 **Exposure to lucrative international markets**

South Africa is a significant global player in canned deciduous fruit and dominates certain key niche markets with its product considered to be of significantly better quality than its competitors. RFG's primary exports are canned fruit and fruit juice purees and concentrates to Europe, the Far East, USA, Canada, Australasia, Russia and the Middle East.

Products out of Swaziland enjoy duty free access to the EU, USA and South African markets. Swazican is one of the largest citrus canning operations in the world. Most of the citrus products are exported to the UK but other destinations include Europe, the USA and Japan. Key customers include premium retailers and strong branded food businesses globally. Retailers include Tesco, Sainsbury's and Morrisons in the UK, Loblaw's in Canada and Woolworths Ltd and Coles in Australia. Its large branded food clients include Del Monte, Dole and subsidiaries of Nestlé, all of whom have exceptional, coveted brands and exacting quality standards.

International orders are generally taken at the start of the season and delivered over the following 12 months, providing RFG with good visibility of demand and enabling optimal balance between international and regional sales.

4.10 **Track record of successful acquisitions**

RFG has a successful track record of accretive and transformational acquisitions of brands and business operations that have facilitated market and product expansion. These include the acquisition of Rhodes Fruit Farms in 1999, Magpie Foods in 2004, the manufacturing, canning, and distribution business of Giants Canning in Limpopo in 2007, the fruit canning business of Del Monte Fruits SA in 2010, and the Bull Brand business from KAP in 2013. Additional detail on each of these acquisitions can be found under paragraph 3 above.

5. **STRATEGIES FOR GROWTH**

RFG continues to drive organic growth and sees strong growth potential in its existing business. Where value-accretive acquisition opportunities arise, management will look to acquire companies that are aligned with RFG's strategy and core competencies. Sub-Saharan Africa has several of the world's fastest growth markets and is an area of focus for RFG's management team.

5.1 **Acquisitions**

The management team has a track record of acquiring underperforming assets, improving operations and either revitalising existing brands or extending the Rhodes brand into new categories. The Bull Brand Acquisition is the most recent example of execution against this strategy. RFG will continue to look to make value accretive acquisitions of other food producers in existing and new segments of RFG's operations, including segments where organic growth is limited.

5.2 **Organic growth**

RFG expects to realise organic growth in conjunction with Woolworths through continued expansion of the ready-made meals product portfolio. RFG has recently expanded its distribution of pies through the exclusive supply agreement concluded with Corner Bakery, which commenced in July 2014.

In the Long-Life Division, RFG has a significant opportunity to grow its vegetable and meat offerings into African countries. Excluding Bull Brand, approximately 10% of Regional Long-life sales are into African countries. Bull Brand currently only has approximately 2% of its sales into the rest of the continent, indicating that there is significant growth potential.

In addition, canned fruit and vegetables are under-indexed in wholesale markets in SA relative to retail. Bull Brand is strong in the wholesale channel, providing RFG with an opportunity to improve penetration across its other long-life products.

Through years of under-investment in marketing and merchandising Bull Brand has become under-indexed in formal retail, while retaining strong brand loyalty, which again presents a significant opportunity for the business.

Further long-life growth opportunities are available through product and packaging innovation.

5.3 Investments

Management has identified opportunities to increase capacity and production efficiency by investing further in its facilities. RFG will also continue to invest in research and development, creating new product lines and packaging formats, which allow RFG to enhance its market position and boost organic growth.

6. GROUP STRATEGY

RFG aims to ensure diversity across products, customers, regions and revenue streams. Operations are primarily focused in the regional market and high growth Sub-Saharan countries, while RFG enjoys the diversification benefits from having a presence in international markets.

RFG focuses on value-add meal solutions offering convenience food in fresh, frozen and long-life formats, providing meal solutions across customer income groups and ensuring continuous innovation in products, production processes and packaging formats.

RFG will continue to create strategic partnerships with industry leading customers. These partnerships will be utilised to expand into new geographies and access new markets.

RFG is the number 1 or dominant number 2 food producer in its targeted product categories. RFG intends to continue producing quality and trusted own branded and private label products.

The world-class manufacturing facilities of RFG and the continued investment to maintain efficiencies and expand capacity are central to the strategy. Related to this, RFG has located facilities in close proximity to end markets and sources of raw materials; this has resulted in significant efficiencies, cost savings and improved customer relationships.

RFG looks to entrench long-term relationships with its regional and international customer base. These strategic partnerships with industry leading customers help RFG maintain volumes and increase the size of established markets.

7. PROSPECTS

RFG has identified a number of exciting opportunities that have realistic prospects of success over the near to medium term as set out below:

7.1 Long-life meal solutions

RFG believes there is an opportunity to manufacture products to fill the gap between ready-made meals and long-life foods with long-life meal solutions. RFG is well placed to exploit these opportunities through leveraging its expertise in both product formats.

7.2 Packaging innovations

Packaging innovations driven by RFG will continue to offer points-of-difference relative to competing offerings, rather than just price. It is the overall culture of continuous innovation that offers the sustainable differentiation rather than any particular feature at any point in time.

7.3 Growing product range through new product development

RFG believes it will be able to expand its product offering in its existing categories and leverage off its strong brands.

7.4 Increasing brand value

RFG will focus on increasing its above-the-line marketing for its current products. Furthermore, there is an opportunity to reintroduce dormant brands, such as Giants. Historically RFG has devoted limited marketing spend, while still achieving significant market share growth across all major categories. Potential geographic expansion, as well as entry into new market segments, may require greater marketing spend compared to prior years. However, RFG will continue to use proven methods for increasing volume growth, which include increasing production efficiency, improving logistics and capitalising on under-utilised distribution channels.

7.5 Africa expansion opportunity

There is a significant opportunity for Bull Brand and other RFG brands to expand into selected markets in Africa, starting with South Africa's neighbouring states and other Sub-Saharan countries. Market penetration for RFG's canned meat offering is lower than that for rest of its long life product range, highlighting the growth potential for Bull Brand. Existing facilities at the factory in Krugersdorp can be scaled up at limited cost. This represents an extremely attractive opportunity for RFG to leverage its brands and existing facilities and benefit from faster growing African countries. Projects are already underway to automate the production process further, which will increase efficiency and capacity to support growth.

8. KEY INVESTMENT HIGHLIGHTS

8.1 RFG operates in highly attractive markets with significant growth potential

The meal solutions market grew at 8.6% per annum in South Africa from 2008 to 2013, according to Euromonitor, with ready meals being one of the fastest growing sub-categories, and RFG has experienced significant growth in the meal solutions segment during this period.

In South Africa, RFG stands to continue to benefit from the growing middle class and increasing urbanisation levels. In addition, RFG is well positioned to capitalise on favourable macroeconomics and population growth within Sub-Saharan Africa.

The Bull Brand Acquisition provides RFG with another means by which to benefit from greater representation in wholesale distribution channels for its existing product range and to expand its presence in Sub-Saharan Africa. International markets offer opportunities to boost exports selectively, e.g. canned fruit in Asia.

8.2 Major food producer with sustainable long-term relationships with key global players

RFG's consistently high product quality and business standards are reflected in the extensive track record of growing and fostering customer partnerships with leading global businesses.

8.3 Market leading brands and continuous innovation

RFG's brands occupy the number 1 or number 2 positions in their relevant categories within South Africa as demonstrated below:

Category	Market position ⁽¹⁾	Market share (value terms) ⁽¹⁾
Canned fruit	2	23%
Canned deciduous fruit	2	18%
Canned pineapples	1	50%
Jams	2	17%
Canned vegetables	2	13%
Canned tomato	2	23%
Tomato paste	1	33%
Canned meats and meals	1	39%

Note: (1): Data is as at April 2014.

Source: Retailer scanning data processed by Aztec South Africa (market shares in retail channel, in retail prices)

Part of RFG's success in growing market share is attributed to investment in research and development to create new product lines and packaging innovation, which has facilitated the formulation of new SKUs and extended RFG's geographic reach. Since the beginning of 2013, RFG has launched approximately 90 new SKUs in fresh and long-life foods and, for fresh foods alone, has 91 new line launches in the pipeline for the next 12 months.

8.4 Well located, world-class production facilities

RFG's eight world-class production facilities are located in close proximity to end markets and sources of raw materials. R158 million was invested in RFG's facilities during the 2011 to 2013 financial years. These facilities are world class and are equipped with modern technology and certified according to international standards (ISO, HACCP). In addition, regular inspections and revisions are performed by major customers.

As a result of its acquisition strategy, RFG has significant excess capacity, including at the Bull Brand facility, which allows it to increase production at limited cost.

8.5 **Experienced and long-serving management team with proven track record of profitable growth and successful acquisitions**

Each member of the executive management team has been with RFG for over 10 years.

In 2012, the management team participated in a management buyout and acquired 29.0% of the Ordinary Shares (27.5% of the Fully Diluted Shares) in RFG. This was facilitated by subordinated funding provided by Capitalworks in the form of shareholder loans and Funding Preference Shares.

Major acquisitions concluded by the current management team include Magpie (2004), Sunpie (2006), Giants Canning (2007), Del Monte (2010) and Bull Brand (2013).

8.6 **Strong growth opportunities through organic development, investments and recent and future acquisitions**

RFG will continue to make investments into the production platform to support innovation and unlock additional capacity. The ongoing upgrade of the Bull Brand production facility will create additional capacity, as well as synergistic gains. There is a significant opportunity for geographic expansion into Sub-Saharan Africa, particularly in the Long-life Foods Division, using existing strong brands, including Bull Brand.

The exclusive supply agreement with Corner Bakery, which commenced in July 2014, will add meaningfully to revenue and profitability.

9. **OPERATING DIVISIONS**

Rhodes Food is the operating company of RFG. RFG's operations are split into the Regional Segment and the International Segment.

9.1 **Regional Segment**

The Regional Segment is comprised of the Fresh Foods and Long-life Foods Divisions as follows:

9.1.1 ***Regional Segment: Fresh Foods Division***

The Fresh Foods Division produces, processes, distributes and markets a wide range of dairy products, pies and ready-made fresh food items. Certain key facts and information regarding these business units are set out below:

Ready-made meals

The ready-made meals business unit has facilities at RFG's home base in Groot Drakenstein in the Western Cape and at Aeroton in Gauteng.

The factory in Groot Drakenstein supplies the South African retail and catering industry with a diverse range of chilled and frozen fresh ready-made meals. This business unit employs an experienced team of food technologists and chefs to develop the ready-meals, using carefully selected ingredients and resulting in end product ready-meals of the highest international culinary standards.

Ongoing product development, new ideas and packaging innovation have given rise to a vast range of authentic cuisines, including Italian and Indian ranges. Stringent quality regimes, incorporating organoleptic sampling and a fully equipped SANAS accredited microbiological laboratory, ensure that the highest quality and hygiene standards are met and maintained. The factory also has ISO 9002 and HACCP accreditation.

RFG increased its capacity in Gauteng by establishing a high-tech, state-of-the-art, purpose-built factory located in Aeroton. The facility produces a range of fresh ready-made meals, pastas, sauces, party foods and pastry-based products in both frozen and chilled formats.

A key customer to RFG is Woolworths, with whom RFG has an integrated relationship. RFG has exclusive arrangements with Woolworths for its ready-made meals product portfolio on a nationwide basis.

Pies, pastries and sausage rolls

There are three broad channels into which pies and pastries are sold, namely the Magpie brand (sold to various retailers), Woolworths and Corner Bakery.

Products sold include fresh and frozen baked and unbaked pies, pastries and sausage rolls. All of these premium quality products are certified as Halaal.

National distribution is enabled through a network of regional depots and distributors.

Dairy products

This business unit has its base in Groot Drakenstein in the Western Cape, where it owns a dairy processing factory, as well as the Rhodes Ayrshire stud farm.

The farm is based on 104 hectares of land and houses one of South Africa's top, award-winning herds of Ayrshire cattle, which is approximately 1 000 head strong. The milk produced at the farm forms the cornerstone of RFG's dairy supply base for its production and supply of milk, cream and cheese. Milk and cream are supplied exclusively to Woolworths in the Western Cape and Eastern Cape under the Ayrshire label. Cheese is supplied as private label to Woolworths and to other retailers under Rhodes Food's own label, Portobello. The award-winning Portobello range includes French-style white mould cheeses and soft and fresh Italian cheeses, as well as certain other unique South African cheeses.

9.1.2 Regional Segment: Long-life Foods Division

The Long-life Foods Division within the Regional Segment comprises of the canned fruit, vegetable, jam and meat business units. Certain key facts and information regarding these business units are set out below:

General

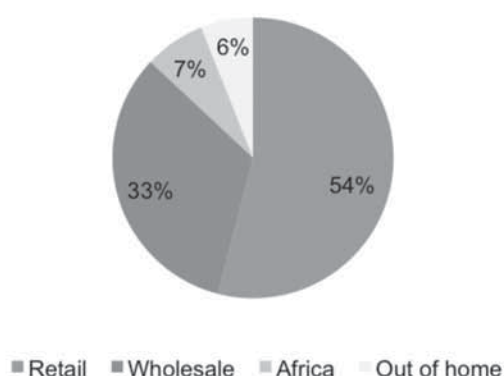
The regional Long-life Foods Division sells fruit, vegetable and jam products under the "Rhodes" and "Hazeldene" brand names to retailers such as Pick n Pay, Spar and Shoprite. The Division also runs a private label program for many of the national retailers across its range of long-life foods.

The Long-life Foods Division sells meat products under into the private label market, as well as under Company-owned brands, such as the market-leading Bull Brand label, with its factory situated in Krugersdorp, Gauteng.

The Long-life Foods Division in the Regional Segment also has deciduous fruit canning operations in Tulbagh in the Western Cape; citrus, pineapple and jam production facilities in the Malkerns Valley in Swaziland; and a vegetable canning plant in Limpopo.

The majority of regional branded sales is through the retail sales channel. Management intend to pursue opportunities to increase revenue through wholesale and out of home channels, whilst also increasing sales into the greater Sub-Saharan African region. As at the end of March 2014, the Regional Segment's branded sales by channel were as follows:

Regional branded sales by channel



Canned fruit products: Tulbagh

In 2010, RFG extended its fruit canning operations by acquiring the Tulbagh properties referred to in Annexure 12 from Del Monte. This allowed RFG to move its canning operations from Groot Drakenstein to the high-tech canning facility previously owned by the vendor. The facility has maintained its high food safety standards, with annual HACCP, BRC and IFS certifications.

This business unit's deciduous fruit range includes canned apricots, peaches, pears, fruit cocktail and guavas. These fruit types are packed as halved, sliced and diced fruit and also packed aseptically as fruit purées.

The facility is run by a team of dedicated staff with many years of canning experience.

Canned fruit products: Swazican (Swaziland)

Swazican is situated in the fertile Malkerns Valley and is Swaziland's only canning operation. It was established in 1954 when pineapples were first grown commercially in the country.

Today, Swazican is a leading producer of processed pineapple and citrus products and remains the primary grower of pineapples in Swaziland. RFG owns a number of pineapple plantations, which are situated adjacent to the Swazican cannery. Pineapples are harvested from February to May and again from August to November and are delivered direct to the factory, ensuring the freshness of the raw product and resulting in a premium quality final product.

Swazican also produces the RFG's choice-grade canned and bottled jams and marmalades.

The production plant maintains high food safety standards, with annual HACCP and BRC certifications in place. The product range comprises canned citrus (orange and grapefruit segments), canned pineapple (slices, pieces and crush), citrus and pineapple juice concentrate and a range of prepared fruit and jelly products, packed in plastic cups, as well as assorted jams and marmalades.

Depending on client needs and market demands, jams and marmalades can be made available in cans, glass containers or the newly introduced plastic cups, as well as single servings for the hospitality industry.

Canned meat products

Rhodes Food acquired the Bull Brand business as a going concern from KAP in 2013.

Bull Brand is South Africa's leading producer of quality canned meat products, including corned meat and corned beef. Bull Brand operates out of its central production facility located in Krugersdorp, Gauteng. The facility is ISO 22000 accredited.

All Bull Brand products are Halaal.

In addition to Bull Brand, other canned meat products are also produced, such as Spekenam's range of "No Pork" canned products and Apex's value for money corned meat brand.

Canned vegetable products

In 2007, RFG bought the Giants Canning facility based in the Limpopo Province in South Africa. The factory produces premium quality canned vegetable products, including tomatoes, sweet corn, whole kernel corn, mixed vegetables, baked beans and various derivatives of the aforementioned products combined with spaghetti, chakalaka and curry sauces, amongst others.

This business unit focuses on: (i) choosing only the best quality raw materials; (ii) buying produce from farmers within a 300 km radius of the factory to ensure freshness; and (iii) canning all fresh produce within 12 hours of picking.

The facility is continually being upgraded and is benchmarked against the best in the world. It complies with international food safety regulations and undergoes annual HACCP, BRC and IFS certifications.

The majority of Regional Segment branded sales are through the retail sales channel. Management intends to pursue opportunities to increase revenue through wholesale and out of home channels, while also increasing sales into the greater Sub-Saharan African region.

International Segment

The International Segment comprises that component of long-life that supplies product to markets outside Sub-Saharan Africa. The product range includes:

- canned pineapple and citrus products, including citrus and pineapple juice concentrate;
- a range of prepared fruit and jelly products packed in plastic cups, processed at Swazican; and
- canned deciduous fruit products, including peach, pear, apricots and fruit cocktail, from the facility in Tulbagh.

The International Segment is responsible for supplying:

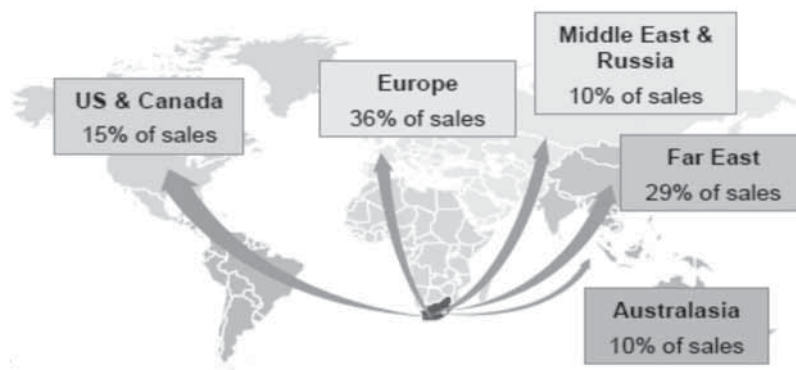
- premium retailers globally with the Rhodes branded and private label products. Customers include retailers, such as Tesco, Sainsbury's and Morrisons in the UK, Loblaws in Canada, Woolworths Ltd and Coles in Australia;
- branded food companies globally, including Del Monte International, Dole and Nestlé; and
- industrial food processors, such as bakeries and fruit juice manufacturers.

RFG partners with the following global fruit brands:

Global fruit brands		Selected global private label customers	
Brand	Region/country	Customer	Region/country
	• USA		• Canada
	• USA • Europe • Middle East • Southeast Asia • Far East		• UK
	• Europe • Middle East		• UK
	• Southeast Asia		• UK
	• Southeast Asia • Far East		• UK
	• Japan		• UK • Europe
	• New Zealand		• UK • Europe
			• Australia
			• Australia
			• Australia

RFG's export sales are as follows:

Company's export geographies (2013)



Source: Company records

Operations across segments

Over the period 2011 – 2013, RFG experienced volume growth in the majority of food categories. RFG experienced reduced volumes in the tropical and sub-tropical food categories, due to a deliberate shift in volumes from exports to domestic sales. RFG also had a reduction in jam volumes, owing to an exit from the industrial jam market, which was overly price competitive and not sufficiently profitable. With the move of jam manufacturing up to the Swaziland operations, significant procurement savings on sugar have been achieved, in addition to being closer to the main markets for jam (Gauteng and KwaZulu-Natal), and Rhodes has re-entered the industrial jam market.

The table below highlights the volume growth per food category over the period 2011 – 2013:

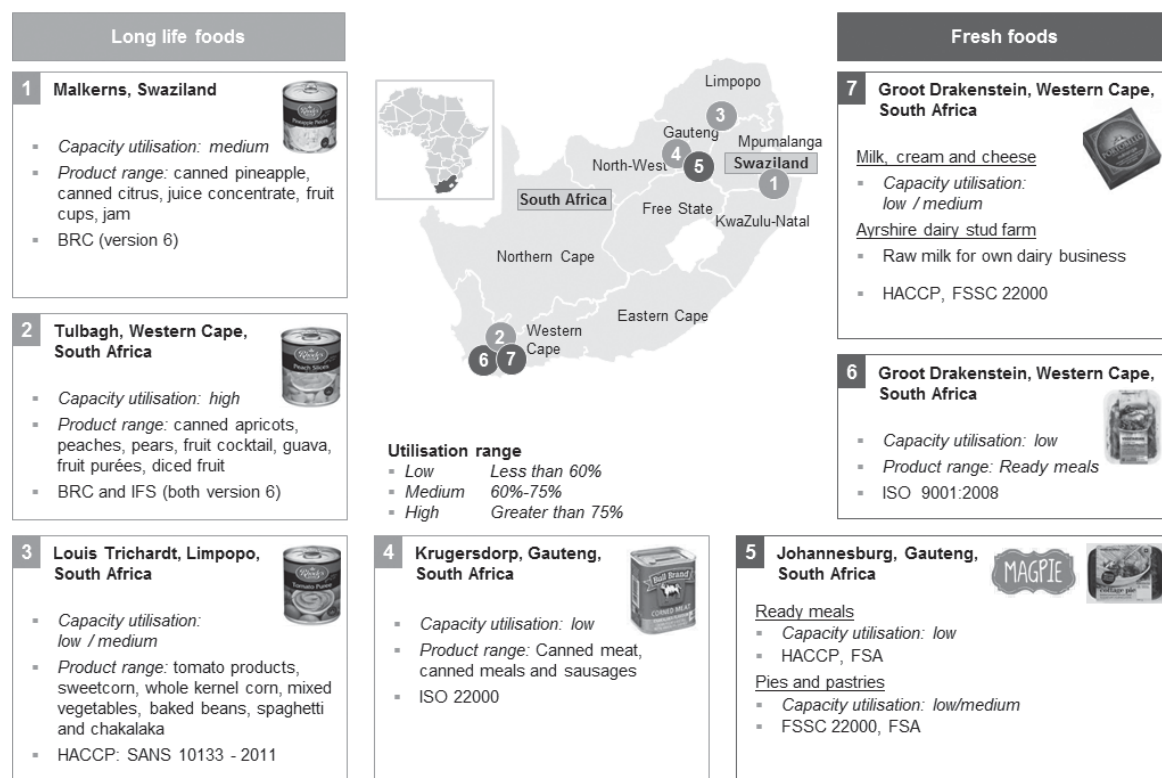
Food category	Volume CAGR (2011 – 2013)
Regional Segment: Long-life	
Fruit and purees	14.2%
Vegetables	9.8%
Jams	(2.8)%
Regional Segment: Fresh foods	
Ready meals	2.4%
Pies and pastries	2.6%
Dairy	8.0%
International Segment: Canned fruit	
Deciduous fruit	22.0%
Tropical and sub-tropical	(6)%

Since the beginning of 2013, RFG has launched nearly 90 SKUs in the Fresh Foods and Long-life Divisions. The table below highlights the diversity of SKUs that RFG has across its various segments and brands:

Brands and business unit	Number of SKUs ⁽¹⁾
Regional Segment: Long-life	
Rhodes	133
Hazeldene	2
Regional Segment: Canned meat	
Bull Brand	22
Spekenam	9
Apex	1
Pies and pastries	20

Note: (1) As at June 2014.

RFG has capacity available at several of its facilities, and management intends to capitalise on excess capacity to increase volumes and SKUs.



Facility	Capacity utilisation⁽¹⁾
Production base overview	
Malkerns, Swaziland	medium
Tulbagh, Western Cape, South Africa	high
Louis Trichardt, Limpopo, South Africa	low-medium
Krugersdorp, Gauteng, South Africa	low
Johannesburg, Gauteng, South Africa	low
Groot Drakenstein, Western Cape, South Africa	low
Groot Drakenstein, Western Cape, South Africa (dairy)	low-medium
Warehousing	
Malkerns, Swaziland	full
Tulbagh, Western Cape, South Africa	full
Louis Trichardt, Limpopo, South Africa	medium-high
Krugersdorp, Gauteng, South Africa	medium
Groot Drakenstein, Western Cape, South Africa	low
Johannesburg, Gauteng, South Africa (pies and pastries)	full

Note: (1) Low represents less than 60% utilisation; medium represents 60% – 75% utilisation; high represents greater than 75% utilisation.

Headcount and staff

RFG has experienced low turnover in staff numbers over the past three years and maintains a lean permanent staff headcount. As at 30 September 2013 60% (2 040) of RFG's employees were non-permanent employees and 40% were permanent employees (1 358). As at 30 September 2013 28% (952) of employees were employed in the fresh foods division, 1% (39) were employed in head office positions and 71% (2 407) were employed in the long life foods division. The table below highlights RFG's employee statistics.

	Headcount		
	2011	2012	2013
Total	2 575	3 138	3 398
Production	2 477	3 027	3 275
Admin	98	111	123
Staff turnover	3%	5%	3%

10. BROAD-BASED BEE STRATEGY

RFG shares and subscribes to the philosophies and principles of the South African government's Broad-Based Black Economic ("B-BBEE") transformation strategy.

RFG's activities in this regard will be those that add value, and contribute to the transformation of the business and greater society. RFG believes that empowerment, development and economic growth are complementary processes.

RFG seeks to align its B-BBEE strategy and initiatives with its business strategy and objectives and focuses on core competencies and strengths in its transformation endeavours as follows:

- **Employees** – focus on employment equity based recruitment and placement practices, skills training and employee development;
- **Business Partners** – developing meaningful and enduring business partnerships that will provide value creating opportunities; and
- **Community** – contributing to the development of the community through socio economic development, skills development, enterprise development and preferential procurement practices.

RFG's current B-BBEE score is 57.2 points under the Agri-B-BBEE sector scorecard and 60.9 points (80% procurement recognition) under the current Generic scorecard. The scores are based on an independent B-BBEE verification carried out by Empowered in November 2013. RFG's immediate target is to reach Level 4 (65 scorecard points; 100% procurement recognition) under the current Agri-B-BBEE sector codes.

Prior to April 2016, when certification will be carried out under the revised codes, RFG intends to take action to ensure its Level 4 status is maintained.

PARTICULARS OF THE OFFER

11. PURPOSE OF THE OFFER AND LISTING

RFG anticipates that the Listing will have the following benefits for RFG and its stakeholders:

- provide RFG with additional capital to support growth;
- establish a platform from which equity capital may be raised to the extent any is required, to facilitate further growth and value accretive acquisition opportunities;
- allow RFG to optimise its capital structure and further strengthen its balance sheet and profitability;
- provide investors, both institutional and private, with an opportunity to participate in the income streams and future capital growth of RFG;
- enhance the liquidity and tradability of the Ordinary Shares through a spread of investors; and
- increase the public profile and transparency of RFG's businesses and thereby assist in unlocking new business opportunities for RFG, particularly in Sub-Saharan Africa and internationally.

RFG will not receive any proceeds from the sale of the Sale Shares to be sold by the Selling Shareholders or Overallotment Shares, if any, to be sold by Capitalworks.

As far as the Directors are aware, the Selling Shareholders remain committed to RFG, with the Listing being an opportunity to rebalance their portfolios while retaining a significant proportion of their interests.

12. THE OFFER

The Offer comprises an offer for subscription by RFG and a concurrent offer for sale by the Selling Shareholders in terms of a private placement to the Offerees, to whom the Offer will specifically be addressed, of up to 99 892 857 Offer Shares to be placed within the Offer Price Range, subject to the fulfilment (or waiver, where capable, by RFG in its sole discretion) of the conditions precedent specified in paragraph 14 below.

The Offer Shares comprise up to 57 142 857 new Subscription Shares and 42 750 000 existing Sale Shares and will rank *pari passu* with all of the other issued Ordinary Shares.

Capitalworks will grant to the Stabilisation Manager an Overallotment Option to purchase up to 9 989 286 Overallotment Shares (at the Offer Price), which may be used for the purposes of covering overallotments before the end of the Stabilisation Period.

The Offer Shares will be issued in dematerialised form only and, accordingly, no physical Documents of Title will be issued or delivered to successful applicants.

RFG, the Selling Shareholders and the Joint Bookrunners have entered into the Placement Agreement in connection with the Offer, the details of which are set out in paragraph 23 below, and the Offer is conditional on (amongst others) the Placement Agreement becoming unconditional and the JSE's approval of the Listing, failing either of which, the Offer and any acceptance thereof shall not be of any force or effect and no person shall have any claim whatsoever against RFG, any Selling Shareholder, any of the Joint Bookrunners or any other person as a result of the failure of any condition.

The Offer will consist of an offering to selected Offerees, to whom the Offer will specifically be addressed, and, accordingly, is not an invitation to the general public to subscribe for or purchase the Offer Shares.

13. TIME AND DATE OF OPENING AND CLOSING THE OFFER

The expected dates of certain important steps relating to the Offer and the Listing are as follows:

	2014
Opening date of the Offer at 09:00 on	Monday, 15 September
Last date and time for indications of interest for purposes of bookbuilding to be received up until 12:00 on	Thursday, 25 September
Closing Date of the Offer at 12:00 on	Thursday, 25 September
Listing Date on	Thursday, 2 October

Notes:

- (1) The above dates and times are subject to amendment. Any such material amendment or other material amendments to this Pre-listing Statement will be released on SENS and published in the South African Press.
- (2) All times quoted in this Pre-listing Statement are local times in South Africa on a 24-hour basis, unless specified otherwise.

14. **CONDITIONS PRECEDENT TO THE OFFER AND LISTING**

The Offer and Listing are subject to the fulfilment (or waiver, where capable, by RFG in its sole discretion) of the following conditions precedent:

- the approval for the Listing having been granted by the JSE and not been revoked or withdrawn; and
- as at the Listing Date, at least 20% of RFG's Ordinary Shares being held by at least 300 public shareholders, unless the JSE determines otherwise.

If the Offer Price is below the Offer Price Range for any reason, or if the Directors in their discretion determine that it would not be advisable to proceed, RFG shall not be obliged to proceed with the Offer but reserves the right to do so.

15. **AFFECTED JURISDICTIONS**

To the extent that this Pre-listing Statement is provided to persons outside of South Africa, recipients are referred to the "Important Legal Notices" on page 2 of this Pre-listing Statement. No action has been or will be taken in any jurisdiction, including South Africa that would permit a public offering of the Offer Shares. Neither this Pre-listing Statement nor the Offer constitute an offer to subscribe for or purchase, or a solicitation of an offer to subscribe for or purchase, any securities in or from any jurisdiction where the Offer or dissemination of this Pre-listing Statement may be illegal or fail to conform to the laws of such jurisdiction (including any laws requiring registration or the like of this Pre-listing Statement or the Offer with any regulator or public body or the like). No person accepting the Offer should use the mail of any such jurisdiction for any purpose, directly or indirectly, relating to the Offer. It shall be the responsibility of any persons resident in a jurisdiction outside South Africa to inform themselves about and observe any applicable legal requirements in the relevant jurisdiction.

USA

The Offer Shares have not been and will not be registered under the US Securities Act and, subject to certain exceptions, may not be offered or sold within the USA.

The Offer is not being made, and the Offer Shares are not being offered or sold, in the USA. Outside the USA, the Offer Shares are being offered and sold only in reliance upon Regulation S and have not been, nor will they be, registered under the US Securities Act, or any securities laws of any state of, or other jurisdiction in, the USA. This Pre-listing Statement may not be distributed or forwarded in or into the USA.

Each acquirer of Offer Shares will be deemed to have represented and agreed that it has received a copy of this Pre-listing Statement and such other information as it deems necessary to make an informed investment decision and that:

- it is aware that the sale of the Offer Shares to it is being made in reliance on an exemption from the registration requirements of the US Securities Act, or in a transaction not subject to the registration requirements of the US Securities Act, and that such Offer Shares have not been and will not be registered under the US Securities Act, or with any securities laws of any state of, or other jurisdiction in, the USA;
- it is subscribing for the Offer Shares in an "offshore transaction" (as defined in Regulation S);
- it is not an affiliate of RFG or a person acting on behalf of such affiliate;
- it is aware of the restrictions on the sale of the Offer Shares pursuant to Regulation S described in this Pre-listing Statement; and
- the Offer Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S.

Until 40 days after the commencement of the Offer, an offer, sale or transfer of the Offer Shares within the USA by a dealer (whether or not participating in the Offer) may violate the registration requirements of the US Securities Act.

16. **OFFER PRICE**

It is currently estimated that the Offer Shares will be offered for subscription and sale pursuant to the Offer within the Offer Price Range. However, the Offer Price may be outside the Offer Price Range. The Offer Price will be payable in full in Rand without deduction or set-off. RFG will pay Securities Transfer Tax due on the transfer of any Sale Shares and Overallotment Shares.

The Joint Bookrunners are seeking indications of interest from selected Offerees to subscribe for (in terms of subscriptions for Subscription Shares) and/or purchase (in terms of purchases of Sale Shares) the Offer Shares as part of a “book building” process. Offerees shall, in respect of South African investors, comprise of only persons falling within the ambit of section 96(1)(a) of the Companies Act, and, in respect of foreign investors, shall only comprise selected institutional investors in other jurisdictions, subject to certain conditions. Following this book building process, the Offer Price will be determined by the Joint Bookrunners and RFG either prior to, or on the Closing Date, and will be announced on SENS on Friday, 26 September 2014 and in the South African Press on Monday, 29 September 2014. Any change to these dates and times will be announced on SENS and published in the South African Press.

Among the factors which may be considered by the Joint Bookrunners and RFG in determining the Offer Price are the prices at which investors bid to acquire the Offer Shares during the book building process and the desire to establish an orderly after-market in the Ordinary Shares.

17. TERMS, CONDITIONS AND PROCEDURES FOR ACCEPTANCE

17.1 Participation in the Offer

An Offeree wishing to participate in the Offer should contact the Joint Bookrunners prior to the Closing Date, which is expected to be on Thursday, 25 September 2014. Indications of interest for the Offer need to be submitted by 12:00 on the Closing Date. Such cut-off time is as specified in the “Important Dates and Times” section on page 17 of this Pre-listing Statement. Any material change thereto will be announced on SENS and published in the South African Press.

Successful applicants will be advised of their allocations of Offer Shares on Thursday, 25 September 2014.

17.2 Representation

Any person applying for or accepting an offer of Offer Shares shall be deemed to have represented to RFG and the Joint Bookrunner that such person was in possession of a copy of this Pre-listing Statement at that time and was a person whose ordinary business or part of whose ordinary business, is to deal in securities, whether as principals or agents.

Any person applying for or accepting an offer of Offer Shares on behalf of another:

- shall be deemed to have represented to RFG and RMB that such person is duly authorised to do so and warrants, to the extent applicable, that such person and the purchaser and/or subscriber for whom such person is acting as agent is duly authorised to do so in accordance with all relevant laws;
- guarantees the payment of the Offer Price;
- shall be deemed to confirm that a copy of this Pre-listing Statement was in the possession of the purchaser and/or subscriber for whom they are acting as agent; and
- shall, in relation to an application for Offer Shares, warrant that the purchaser and/or subscriber for whom such person is acting as agent is acting as principal.

17.3 Issue and allocation of Ordinary Shares

There are no conversion or redemption provisions relating to the Offer Shares.

All Ordinary Shares issued pursuant to the Offer will be allotted subject to the provisions of the MOI of the Company and will rank *pari passu* in all respects with the existing Ordinary Shares in issue.

In the event of an over-application for Offer Shares, the Joint Bookrunners, after consultation with RFG, will determine the basis for allocating the Offer Shares in accordance with the Listings Requirements. Factors to be considered in allocating Offer Shares include the JSE spread requirements and promoting liquidity, tradability and an orderly after-market in the Offer Shares.

It is intended that notice of the allocations of Offer Shares (including any Over-allotment Shares to be allocated in respect of over-allotments) will be given on Thursday, 25 September 2014. Applicants may receive no Offer Shares or fewer than the number of Offer Shares for which they applied.

17.4 Dematerialisation of Offer Shares

The Offer Shares will be issued or transferred to the extent applicable, to successful applicants in dematerialised form only. Accordingly, all successful applicants must appoint a CSDP under the terms of the Financial Markets Act, directly or through a Broker, to receive and hold the Offer Shares on their behalf. Should a Shareholder require a physical share certificate for its Offer Shares, it will have to materialise its Offer Shares following the Listing and should contact its CSDP to do so. There are risks associated with holding shares in certificated form, including the risk of loss or tainted scrip, which is no longer covered by the JSE Guarantee Fund. All Shareholders who elect to convert their Dematerialised Shares into Certificated Shares will have to dematerialise their Offer Shares should they wish to trade them in accordance with the rules of Strate (see paragraph 21 of this Pre-listing Statement below).

Each applicant's duly appointed CSDP or Broker will receive the Offer Shares in dematerialised form on its behalf against payment of the Offer Price by the applicant's CSDP, which is expected to occur on Thursday, 2 October 2014.

17.5 Payment and delivery of Offer Shares

Each successful applicant must, as soon as possible after being notified of an allocation of Offer Shares, forward to:

- its CSDP, all information required by its CSDP and instruct its CSDP to pay, against delivery of the applicant's allocation of Offer Shares, the aggregate price for such Offer Shares to the account designated by the Company. Such information and instructions must be confirmed to the applicant's CSDP no later than 12:00 on Tuesday, 30 September 2014; and
- RMB, details of its CSDP, the name of the account holder and number of Ordinary Shares to be acquired and such other information as is required by RMB in order to effect delivery of the relevant Offer Shares. Such information must be confirmed to RMB no later than 12:00 on Tuesday, 30 September 2014.

By no later than 12:00 on Tuesday, 30 September 2014, each applicant must place its funds with its CSDP or make other necessary arrangements to enable its CSDP to make payment for the allocated Offer Shares on the Settlement Date, in accordance with each applicant's agreement with its CSDP.

The applicant's CSDP must commit in Strate to the receipt of the applicant's allocation of Offer Shares against payment by no later than 17:00 on Tuesday, 30 September 2014.

On the Settlement Date (which is expected to be Thursday, 2 October 2014), the applicant's allocation of Offer Shares will be credited to the applicant's CSDP or broker account against payment during the Strate settlement runs which occur throughout the day.

18. USE OF PROCEEDS

The gross proceeds from the subscription for the Subscription Shares are estimated to be R600 million, before deducting commissions and Offer expenses, which are expected to amount to approximately R48 million. The net proceeds received by the Company will be used to:

- settle RFG's mezzanine loan facility amounting to R169 million and reduce the working capital facility utilisation (detailed in 36 below);
- settle the subordinated funding provided by Capitalworks to facilitate the Group Restructuring and specifically the acquisition by management of its 29% shareholding of the Ordinary Shares (equivalent to 27.5% Fully Diluted Shares). The subordinated funding comprises shareholder loans (and accrued interest thereon) and Funding Preference Shares (and accrued dividends related thereto), which will together amount to a total of R257 million at 30 September 2014;
- fund investment by the Company in capacity expansion; and
- provide the Company with greater balance sheet flexibility and a listed currency to accelerate its strategic growth plan.

The planned settlement of the bank borrowings and subordinated funding as envisaged above from the Listing has enabled RFG to renegotiate its banking facilities, which will result in an extension of the term of the debt. Pre-tax cost savings from the settlement, extension and reduction in rates are estimated to be R76 million for the September 2015 financial year.

19. SOUTH AFRICAN EXCHANGE CONTROL REGULATIONS

Currency and shares are not freely transferable from South Africa and must be dealt with in terms of the Exchange Control Regulations as described more fully in the section entitled “South African Exchange Control” in section 8 of this Pre-listing Statement. The Exchange Control Regulations also regulate the acquisition by former residents and non-residents of the Common Monetary Area of Offer Shares. Applicants who are resident outside the Common Monetary Area should seek advice as to whether any governmental and/or other legal consent is required and/or whether any other formality must be observed to enable an acceptance of the Offer.

20. APPLICABLE LAW

The Offer, applications, allocations and acceptances in terms thereof will be exclusively governed by the laws of South Africa, and each applicant will be deemed, by applying for Offer Shares, to have consented and submitted to the jurisdiction of the courts of South Africa in relation to all matters arising out of or in connection with the Offer.

21. STRATE AND TRADING OF SHARES ON THE JSE

Shares may only be traded on the JSE in electronic form (Dematerialised Shares) and will be trading for electronic settlement via Strate immediately following the Listing.

Strate is a system of “paperless” transfer of securities. If investors have any doubt as to the mechanics of Strate they should consult their Broker, CSDP or other appropriate adviser, and they are referred to the Strate website at <http://www.strate.co.za>. The contents of this website are not incorporated by reference and do not form part of this Pre-listing Statement and should not be relied upon for the purposes of forming an investment decision with respect to the Offer Shares. Some of the principal features of Strate are as follows:

- electronic records of ownership replace share certificates and physical delivery of certificates;
- trades executed on the JSE must be settled within five Business Days;
- all investors owning Dematerialised Shares or wishing to trade their securities on the JSE are required to appoint either a Broker or a CSDP to act on their behalf and to handle their settlement requirements; and
- unless investors owning Dematerialised Shares specifically request their CSDP to register them as an “own name” shareholder (which entails a fee), their CSDP’s or Broker’s nominee company, holding shares on their behalf, will be the shareholder of the relevant company and not the investor. Subject to the agreement between the investor and the CSDP or Broker (or the CSDP’s or Broker’s nominee company), generally in terms of the rules of Strate, the investor is entitled to instruct the CSDP or Broker (or the CSDP’s or Broker’s nominee company) as to how it wishes to exercise the rights attaching to the Offer Shares and/or to attend and vote at shareholders’ meetings.

22. LISTING OF THE OFFER SHARES ON THE JSE

The JSE has granted RFG a listing in respect of all of its issued Ordinary Shares in the “Food Products” sector of the main board of the JSE under the abbreviated name “Rhodes”, symbol “RFG” and ISIN: ZAE000191979, subject to the conditions precedent referred to in paragraph 14 above being fulfilled. The Listing is expected to be effective from the commencement of business on Thursday, 2 October 2014. Securities for which Listing is sought will be fully paid up and freely transferable.

23. PLACEMENT AGREEMENT

RFG, the Selling Shareholders and the Joint Bookrunners have entered into the Placement Agreement in connection with the Offer. RFG and the Selling Shareholders have, subject to the further terms and conditions described in the Placement Agreement, agreed to issue and sell the Offer Shares (by way of an issue of the Subscription Shares by the Company and a sale of the Sale Shares by the Selling Shareholders), and the Joint Bookrunners have agreed to procure subscribers and purchasers for the Offer Shares (by way of subscriptions for the Subscription Shares and purchases of the Sale Shares) at the Offer Price to be determined in accordance with paragraph 16 of this Pre-listing Statement.

23.1 Commissions

Pursuant to the Placement Agreement, the total commissions comprise the following:

- a project management fee of R5 000 000 payable by RFG to the Sponsor;
- a commission of 2.5% of the Offer Price paid by a successful applicant per Offer Share payable by RFG to the Joint Bookrunners; and

- a further discretionary commission of up to 0.5% of the Offer Price per Offer Share paid by a successful applicant may be payable by the Company to the Joint Bookrunners upon completion of the Offer, with any such fee being allocated and payable at the sole discretion of the Company.

23.2 Termination

Pursuant to the Placement Agreement, the Joint Bookrunners will have the right to terminate the Placement Agreement under specified circumstances upon written notice to RFG and the Selling Shareholders at any time after conclusion of the Placement Agreement, but before the Settlement Date. These circumstances include, amongst others, the following:

- any material breach of the Placement Agreement;
- any event rendering untrue or incorrect in any material respect any of the warranties and representations contained in the Placement Agreement;
- any failure to satisfy any of, amongst others, the following conditions which are required to be met in order for the Joint Bookrunners' obligations (which are several in nature) to purchase and pay, or procure the purchase and payment, for the Offer Shares (other than the Overallotment Shares) on the Settlement Date:
 - prior to the Settlement Date, there will not have occurred any material adverse change or any development reasonably likely to give rise to a material adverse change, in the condition, financial or otherwise, or in the earnings, business or operations of the Company and its Subsidiaries, taken as a whole, from that set forth in the Placement Agreement and this Pre-listing Statement provided to the prospective purchasers of the Offer Shares;
 - the Joint Bookrunners shall have received on the Settlement Date: (i) legal opinions from Webber Wentzel and Davis Polk & Wardwell London LLP; and (ii) a comfort letter from Deloitte;
 - the Joint Bookrunners will be satisfied that, by the Settlement Date, the Ordinary Shares will be approved for listing on the JSE and settlement through the electronic settlement system of Strate. No order suspending the Offering of the Offer Shares shall have been issued and no proceeding for any such purpose shall have been instituted or threatened by the JSE or any other person. The Offer Shares shall have been accepted by Strate for clearing and settlement in its electronic settlement system; and
 - all relevant South African Exchange Control approvals required for the transactions contemplated by the Placement Agreement shall have been duly obtained and be in full force and effect;
- trading generally shall have been suspended or materially limited on, or by, as the case may be, any of the New York Stock Exchange, the American Stock Exchange, the NASDAQ Global Market, the London Stock Exchange or the JSE;
- a material disruption in securities settlement, payment or clearance services in England or South Africa shall have occurred;
- any moratorium on commercial banking activities shall have been declared by United Kingdom or South African authorities; or
- there shall have occurred any outbreak or escalation of hostilities, or any change in financial markets, currency exchange rates or controls, or any calamity or crisis that, in the Joint Bookrunners' good faith judgement, is material and adverse and which, singly or together with any other event specified in this paragraph 23.2, makes it, in the Joint Bookrunners' good faith judgment, to the extent reasonably practical in the circumstances, after consultation with the Company and the Selling Shareholders, inappropriate or inadvisable to proceed with the Offer on the terms and in the manner contemplated in the Placement Agreement or Pre-listing Statement.

24. LOCK-UP ARRANGEMENTS

The Company will not be entitled to issue any Ordinary Shares and the Selling Shareholders will not be entitled to dispose of any of their Ordinary Shares held at the Listing Date for the duration of the Lock-Up Period. For the avoidance of doubt, the lock-up arrangements shall not apply to transactions relating to Shares (or other securities of the Company) acquired in open market transactions after the completion of the Offer.

25. **JOINT BOOKRUNNERS**

Rand Merchant Bank

Name: Rand Merchant Bank, a division of FirstRand Bank Limited

Registration number: 1929/001225/06

Registered office: 1 Merchant Place, Corner Fredman Drive and Rivonia Road, Sandton, Johannesburg, 2146

Directors: LL Dippenaar (Chairman)
SE Nxasana (Chief Executive Officer)
VW Bartlett
JJH Bester
JP Burger
MS Bomela
P Cooper (Alternate)
L Crouse
JJ Durand
GG Gelink
PM Goss
NN Gwagwa
PK Harris
WR Jardine
HS Kellan
EG Matenge-Sebesho
AT Nzimande
D Premnarayen (India)
KB Schoeman
BJ van der Ross
JH van Greuning

Morgan Stanley

Name: Morgan Stanley & Co. International plc.

Registration number: 2068222

Registered office: 25 Cabot Square, Canary Wharf, London, E14 4QA, United Kingdom

Directors: CDS Bryce
DA Russel
DO Cannon
FR Petitgas
I Plenderleith
RP Rooney
TC Kelleher
CE Woodman
MC Phibbs
EJW Gieve

Renaissance Securities

Name:	Renaissance Securities (Cyprus) Limited
Registration number:	HE 72487
Registered office:	9th Floor, Capital Centre 2-4, Archbishop Makarios, III Avenue, 1065 Nicosia, Cyprus
Directors:	M Hadjiyiannakis K Georgallis N Bormanis G Pelekanos A Demetriou S Solomides

26. OVERALLOTMENT AND STABILISATION

In connection with the Offer, the Stabilisation Manager may, subject to law and only during the Stabilisation Period, over allot Offer Shares or effect transactions which may support the market price of the Ordinary Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. Such stabilising action may under no circumstances continue beyond the Stabilisation Period. There is, however, no assurance that the Stabilisation Manager will undertake stabilisation actions. Such transactions may be effected on the JSE and will be carried out in accordance with applicable rules and regulations. Such stabilisation, if commenced, may be discontinued at any time without prior notice and will in any event be discontinued after the Stabilisation Period.

The Selling Shareholders have granted the Stabilisation Manager the Over allotment Option which is up to 10% of the final number of the Offer Shares and up to a maximum of up to 9 989 286 Ordinary Shares.

27. MINIMUM SUBSCRIPTION

There is no minimum capital requirement to be realised by the Offer. The minimum subscription which must be realised by the Company is that which enables it to ensure (in conjunction with the Shares sold by the Selling Shareholders) that the Company has, once the Offer is completed, such number and composition of shareholders as will enable it to meet the minimum free-float and shareholder spread requirements, as prescribed by the Listings Requirements and acceptable to the JSE.

If the Offer Price is below the Offer Price Range for any reason, or if the Directors in their discretion so determine that it would not be advisable to proceed, the Company shall not be obliged to proceed with the Offer, but reserves the right to do so.

28. STATEMENTS AND REPORTS RELATING TO THE OFFER

28.1 Statement as to adequacy of capital

The Directors are of the opinion that the:

- working capital available to RFG and its Subsidiaries is adequate for the present requirements of RFG and, accordingly, for a period of 12 months from the date of issue of this Pre-listing Statement;
- RFG and its Subsidiaries will be able, in the ordinary course of business, to pay its debts;
- assets of RFG will be in excess of its liabilities, the assets and liabilities being recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements for the year ended 29 September 2013; and
- stated capital and/or reserves are adequate for the ordinary purposes of RFG.

The application for listing does not coincide, directly or indirectly, with the acquisition by RFG, or any of its Subsidiaries, of securities in, any other company.

28.2 Reports by Directors as to material changes

The Directors report that there have been no material changes in the financial and trading position or the assets and liabilities of RFG or any company within the RFG Group between 29 June 2014 (date of the reviewed financial statements) and the Last Practicable Date.

28.3 Statements as to no other Listing

RFG has not applied for a listing on any exchange other than the JSE and has accordingly never been refused a listing on any exchange nor had any such application for a listing deferred.

28.4 Report by Reporting Accountants where business undertaking is to be acquired

As at the Last Practicable Date, RFG has not identified any business undertaking which it will purchase directly or indirectly using the proceeds of the Offer, or any part of such proceeds, or any other funds.

28.5 Report by Reporting Accountants where Company will acquire a subsidiary

As at the Last Practicable Date, no part of the proceeds of the Offer, whether directly or indirectly, will be used in a manner that results in the acquisition by RFG or any company within RFG of securities of any other legal person, with the direct or indirect result that the other juristic person will become a Subsidiary of the Company.

28.6 Report by Reporting Accountants of Company

The audited historical financial information of RFG as of and for the financial years ended 29 September 2013, and the reviewed historical financial information of Old Rhodes Food Group as of and for the financial years ended 30 September 2012 and 2 October 2011, are presented in Annexure 1 and Annexure 3, respectively. The reviewed historical financial information of RFG as of and for the nine-month period ended 29 June 2014 is presented in Annexure 5. The Independent Reporting Accountants' reports on the audited and reviewed financial information is contained in Annexures 2, 4 and 6.

29. ADDITIONAL FINANCIAL INFORMATION

The *pro forma* financial information for RFG, the preparation of which is the responsibility of the Directors, is presented in Annexure 7.

The *pro forma* financial information should be read in conjunction with the Independent Reporting Accountants' Report thereon as presented in Annexure 8.

The *pro forma* financial information has been prepared for illustrative purposes only and, because of its nature, may not fairly present RFG's financial position, changes in equity, results of operations or cash flows, nor the effect and impact of the Offer going forward.

The Independent Reporting Accountants have provided confirmation to the JSE that they have reviewed this Pre-listing Statement and that the content hereof is not contradictory to any of the information contained in any of their reports.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion and analysis of the financial conditions and results of operations of RFG are based on financial information derived from the audited financial statements of RFG for the financial year ended 29 September 2013 and reviewed financial statements for the years ended September 2012 and 2011, as well as the financial results for the nine months ended June 2014 and 2013.

The consolidated financial results for the financial years ended September 2013, 2012 and 2011 were prepared in accordance with IFRS and appear in Annexure 1 and Annexure 3. The financial results reflected in Annexure 1 represent the audited financial statements of Rhodes Food Group Holdings Limited. The financial results in Annexure 3 reflect the financial statements of Old Rhodes Food Group Holdings Proprietary Limited, the holding company prior to the Group Restructuring.

The audited financial information for the financial year ended September 2013 and the reviewed financial information for the financial years ended 30 September 2012 and 2 October 2011 have been prepared by the Chief Financial Officer, as stated in the report appearing in Annexure 4 of this Pre-listing Statement. The Reporting Accountants have also reviewed the financial results for the nine months ended June 2014 and 2013, as stated in their report appearing in Annexure 6.

The historical results presented in the following discussion and analysis are not necessarily indicative of the results to be expected for any future period.

30. OVERVIEW

RFG is an internationally-recognised food producer offering quality prepared meal solutions in fresh, frozen and long-life formats for distribution in Southern Africa and in selected international markets. RFG's product range comprises canned fruit, jam, vegetable and meat products, fresh ready-made meals, pies, pastries and dairy products.

RFG has a growing portfolio of strong brands including Rhodes, Magpie, Bull Brand, Hazeldene, Portobello and Trout Hall. This is complemented by several private label product ranges packed for premium domestic and international retailers and food businesses, with export sales accounting for approximately 35% of RFG's revenue.

With a diversified product range, RFG caters for a broad spectrum of customers. For example, fresh convenience foods are typically purchased by higher income groups, whereas value long-life foods are bought by all income groups.

RFG's business has proven to be resilient in the recent consumer downturn in South Africa, mainly owing to the strength of its brands, its integrated customer relationships and its exposure to higher income consumers who have been less impacted than the middle-market income groups.

The following table contains key performance indicators and ratios of the audited results for the year ended September 2013 and the reviewed results for the years ended September 2012 and 2011, together with the reviewed nine-month results ended June 2013 and 2014.

(R'm)	Reviewed nine months ended June 2014	Reviewed nine months ended June 2013	Audited year ended Sept 2013	Reviewed year ended Sept 2012	Reviewed year ended Sept 2011
Revenue	1 769.8	1 315.6	1 859.1	1 557.6	1 386.3
Revenue growth (%)	34.5	17.1	19.4	12.4	37.5
Gross profit margin (%)	26.5	28.0	28.8	26.1	25.9
EBITDA	194.9	148.2 ¹	227.0 ¹	162.6	101.7 ²
EBITDA margin (%)	11.0	11.3	12.2	10.4	7.3 ²
EBITDA growth (%)	31.5	52.5	39.6	59.9	1.3 ²
Operating profit	160.1	93.8	159.7	126.4	68.6 ²
		(117.7) ¹	(183.6) ¹		
Operating profit margin (%)	9.0	7.1	8.6	8.1	4.9 ²
		(8.9)	(9.9) ¹		
Operating profit growth (%)	70.7	31.8	26.3	84.3	(21.1) ²
	(36.0) ¹	(65.4) ¹	(45.3) ¹		
Profit after tax	54.1	9.4	38.2	64.2	25.5
		(32.0)	(60.7) ¹		
Profit after tax margin (%)	3.1	0.7	2.1	4.1	1.8
		(2.4) ¹	(3.3) ¹		
Profit after tax growth (%)	475.5	(72.5)	(40.5)	151.8	(44.9)
	(69.1) ¹	(7.0) ¹	(5.5) ¹		
Total assets	1 715.1	1 364.4	1 476.9	1 005.9	942.4
Net working capital	247.6	172.1	162.6	125.1	79.7
Cash generated from operations	38.0	50.3	202.2	131.5	5.1
		(74.2) ¹	(226.1) ¹		
Return on equity (%)	21.9	5.7	19.8	18.7	8.8
		(19.5) ¹	(31.4) ¹		

Notes:

- Adjusted for once-off transaction costs of R23.9 million relating to the Group Restructuring.
- Acquisition of Del Monte's Tulbagh Plant ("Del Monte Acquisition") at the beginning of the 2011 financial year resulted in additional costs being incurred for several months of the 2011 financial year before the canning operation at Groot Drakenstein was closed and all fruit canning operations transferred to Tulbagh.

Acquisitions

RFG aims to complement its organic growth strategy with value accretive acquisitions of businesses and reputable brands that are strategically aligned to its core fresh food and long-life food product categories. The results since the 2011 financial year have been influenced by the following acquisitions:

- the fruit canning operation in Tulbagh, Western Cape from USA-based Del Monte, effective from October 2010, for R60.0 million; and
- the Bull Brand Acquisition from KAP, effective 1 August 2013, for R128.1 million.

In addition, the funding of the Group Restructuring, effective 1 October 2012, has impacted RFG's financial results in the form of higher finance charges on bank debt and shareholder funding. The latter comprises subordinated shareholder loans and preference shares and was provided by Capitalworks to facilitate the Group Restructuring and specifically the acquisition by management of its 29% shareholding of the Ordinary Shares (equivalent to 27.5% Fully Diluted Shares). The subordinated funding comprises shareholder loans and the Funding Preference Shares.

31. SEASONALITY OF RESULTS

The revenue and operating profit contributions have traditionally been stronger in the second half of RFG's financial year. This is mainly due to the higher volume of exports of canned fruit in the Northern Hemisphere Summer when consumption of these products increases.

The following table highlights the seasonal effects on revenue between the first and second halves of the 2013, 2012 and 2011 financial years.

Seasonal contribution (%)	2013		2012		2011	
	H1	H2	H1	H2	H1	H2
Revenue	45.5	54.5	47.7	52.3	43.8	56.2

The seasonal effects in the International Segment between the first nine months and the last three months of the 2011 to 2013 financial years are illustrated below:

Seasonal contribution International Segment	2013		2012		2011	
	1-Q3	Q4	Q1-Q3	Q4	Q1-Q3	Q4
Revenue (R'm)	472.4	221.8	398.7	180.2	291.3	147.3
Revenue % of full year	68.0	32.0	68.9	31.1	66.4	33.6
Volumes (containers)	2 609	1 134	2 493	1 036	2 145	999
Volumes % of full year	69.7	30.3	70.6	29.4	68.2	31.8

As at the Last Practicable Date, the trading of RFG since 30 June 2014 has been consistent with historical trends.

32. FINANCIAL PERFORMANCE

32.1 Revenue

Consistent revenue growth over the past three years has resulted in market share gains across all key product categories. Revenue for the 2011 financial year increased by 37.5% to R1 386.3 million as RFG benefited from increased production as a result of the acquisition of the Del Monte plant in Tulbagh. It should be noted that this plant only generated incremental sales from March 2011 as the operations were acquired without any stock.

In 2012, RFG reported revenue growth of 12.4% to R1 557.6 million. Regional Segment revenue showed low single digit growth, while International Segment revenue grew by almost 32%, largely due to volume growth arising from the inclusion of the revenue contribution from the Del Monte acquisition for the full financial year. The depreciating Rand also played a role, with the Rand having depreciated by approximately 12.5% against RFG's basket of trading currencies relative to the prior period.

Revenue increased by 19.4% from R1 557.6 million to R1 859.1 million in 2013, driven by continued organic growth across both business segments. The 19.4% growth was achieved approximately evenly in the International and Regional Segments. The inclusion of revenue from the Bull Brand acquisition for two months represented growth of approximately 3% on RFG's prior year revenue. Growth in the International Segment arose from volume growth aided by a depreciation in the Rand of approximately 15% against RFG's basket of trading currencies in this period.

Revenue for the nine months to June 2014 increased by 34.5% over the corresponding period in 2013. International Segment revenue grew by 23% against the backdrop of a Rand depreciation of approximately 20% over the period. Owing to the combination of the natural internal hedge and the FEC hedging policy, the full impact of currency fluctuations is dampened and does not reflect immediately in earnings. Regional revenue grew by 41%, the majority of which may be attributed to the inclusion of Bull Brand for the full nine-month period.

32.2 Gross profit margin

The gross profit margin has shown consistent improvement over the past three years from 25.9% in 2011 to 26.1% in 2012 and 28.8% in 2013. This margin expansion has been mainly in the canned fruit business and has been due to improving efficiencies in the Del Monte plant following the acquisition, better pricing and the depreciation of the Rand against the basket of currencies in which RFG transacts.

In the nine months to June 2014, the gross margin declined to 26.5% (nine months to June 2013: 28.0%), owing to the impact of the Bull Brand Acquisition and certain once-off increases in the costs of specific raw materials due to a global shortage.

The following table provides detail of cost of goods sold (“COGS”) for 2013:

Packaging	28.8%
Fruit	26.9%
Labour	11.5%
Recoveries	7.2%
Sugar	5.3%
Meat	4.4%
Dairy	3.9%
Other	11.9%

32.3 Operating expenses

Operating costs reflected an increase of 1.2% from 2011 to 2012. In 2013, expenses increased by 24.5%, owing to transaction costs relating to the Group Restructuring. Furthermore, following the Bull Brand Acquisition there has been an incremental, expected increase in operating expenses as its results are incorporated into those of RFG.

Operating expenses for the nine months to June 2014 have, excluding the once-off transaction costs relating to the Group Restructuring in 2013, increased by 23.1%, following the inclusion of the Bull Brand Acquisition for the full period.

	Reviewed nine months ended June 2014	Reviewed nine months ended June 2013	Audited year ended Sept 2013	Reviewed year ended Sept 2012	Reviewed year ended Sept 2011
Operating expenses (R'm)					
Advertising and promotions	11.9	8.6	11.9	7.0	5.7
Depreciation	34.8	30.6	43.4	36.2	33.1
Other ¹	60.8	62.6	86.2	76.9	99.0
Repairs and maintenance	41.2	26.8	38.0	36.2	42.9
Salaries and wages	169.5	129.9	188.5	158.5	130.4
Transaction costs	–	24.0	23.9	–	–
Total	318.2	282.5	391.9	314.8	311.1

Note:

1. Comprises various smaller cost items, including professional fees, travel, cleaning, training, and lease charges.

32.4 Operating margin and operating profit

RFG’s operating margin increased significantly from 4.9% in 2011 to 8.1% in 2012, largely owing to improved efficiencies in the canned fruit operation and the impact of the weakening Rand. Furthermore, the integration of the Del Monte Acquisition resulted in additional costs being incurred for several months of the 2011 financial year before the canning operation at Groot Drakenstein was closed and all fruit canning operations transferred to Tulbagh.

In 2013, the operating margin increased by 50 basis points to 8.6% as a result of further operating efficiencies across RFG and continued weakening of the Rand. This translated into a 26.3% annual increase in operating profit to R159.7 million (45.3% growth and R183.6 million, after adjusting for Group Restructuring transaction costs).

Group operating margin for the nine months to June 2014 was 9.0%, with a 36.0% increase in normalised operating profit to R160.1 million.

The inclusion of Bull Brand’s earnings for the nine months to June 2014 has had the effect of diluting margins for the Regional Segment. This has been offset by margin expansion in the International Segment. As at the Last Practicable Date, margins for the Company are broadly in line with those achieved for the first three quarters of 2014.

32.5 Profit after tax

After increasing by 151.8% from 2011 to 2012, profit after tax declined by 40.5% from R64.2 million to R38.2 million in 2013. This was attributable to an increase of R54.7 million in net interest expense to R89.1 million from funding and once-off transaction costs of R23.9 million related to the Group Restructuring.

32.6 Financial and operating targets

The Board and management have identified the following financial and operating targets against which the performance of RFG can be evaluated:

Performance indicator	Medium-term target range (2017 and beyond)	Reviewed nine months ended June 2014	Reviewed nine months ended June 2013	Audited year ended Sept 2013	Reviewed year ended Sept 2012	Reviewed year ended Sept 2011
Gross profit margin (%)	>30.0	26.5	28.0	28.8	26.1	4.9
Operating profit margin (%)	>10.0	9.0	7.1 (8.9) ¹	8.6 (9.9) ¹	8.1	

Note: (1) Adjusted for once-off transaction costs of R23.9 million relating to the Group Restructuring.

33. SEGMENTAL PERFORMANCE

RFG reports revenue and operating profit in two segments: the Regional Segment and the International Segment.

Segmental report (R'm)	Reviewed nine months ended June 2014	Reviewed nine months ended June 2013	Audited year ended Sept 2013	Reviewed year ended Sept 2012	Reviewed year ended Sept 2011
Revenue					
Regional Segment	1 188.7	843.2	1 164.9	978.7	947.7
International Segment	581.1	472.4	694.2	578.9	438.7
Group	1 769.8	1 315.6	1 859.1	1 557.6	1 386.4
Operating profit					
Regional Segment	102.1	89.9	120.7	90.4	89.1
International Segment	57.2	23.2	58.1	26.5	(28.5)
Group	159.3	113.1	178.8	116.9	60.6

33.1 Regional Segment

The Regional Segment includes business generated in South Africa, which accounts for the majority of the segment, and SSA countries. Sales in this segment are diversified across the entire product range.

Regional Segment revenue increased by 19.0% to R1 164.9 million in 2013, accounting for 62.7% of total RFG revenue. Revenue for the nine months to June 2014 has increased by 41.0%, and the contribution to Group revenue has increased to 67.2%, owing to the Bull Brand Acquisition.

Operating profit increased by 33.5% from R90.4 million to R120.7 million in 2013. Operating profit for the nine month period to June 2014 was 13.6% higher, as a result of organic growth and the inclusion of Bull Brand for the full period. The contribution of the Regional Segment to operating profit was 67.5% in 2013 (2012: 77.3%) and 64.2% for the nine months to June 2014 (nine-month ended June 2013: 79.5%). These fluctuations in the contribution mainly reflect the investment phase in the Bull Brand operation with a view to improving margins.

33.2 International Segment

The International Segment exports mainly canned fruit, fruit juice purees and concentrates. The main export markets are Europe, the Far East, USA, Canada, Australasia, Russia and the Middle East.

International Segment revenue grew by 19.9% from R578.9 million to R694.2 million in 2013, accounting for 37.3% of total RFG revenue as a result of increased volumes, price increases and weakening of the Rand.

Operating profit recovered strongly to R26.5 million in 2012, after a loss of R28.5 million in 2011, owing largely to the integration of the Del Monte Acquisition. The weakening of the Rand in the 2012 year also had a positive effect in 2012. In 2013, International Segment operating profit increased by 119.2% to R58.1 million driven off increased revenue, the realisation of operating leverage and a weakening of the Rand. Operating profit for the nine months to June 2014 was 146.6% higher.

The operating margins for the International Segment for both the first three quarters and the final quarter of the 2013 financial year are not reflective of the sustainable margins of the business at current exchange rates. In addition, the margin differential between those two periods is not reflective of any fundamental seasonality trend. As at the Last Practicable Date, margins experienced in the International Segment were broadly in line with those achieved in the first three quarters of 2014.

The seasonal effects on historical revenue and volume for the International Segment have been provided in section 30.1.

34. STATEMENT OF CASH FLOWS

Cash generated from operations has increased significantly each year from R5.1 million in 2011 to R131.4 million in 2012 to R202.2 million in 2013. Cash generated from operations for the nine months to June 2014 totalled R38.0 million (nine months to June 2013: R50.2 million).

Cash flows used in investing activities increased to R982.3 million in 2013, owing mainly to the R798 million Group Restructuring and the R128.1 million for the Bull Brand Acquisition.

Cash flows from financing activities increased to R724 million (2012: – R1.2 million) owing mainly to the issue of Ordinary Shares (R142.5 million) and Funding Preference Shares (R163.5 million), loans raised to finance the Group Restructuring (R443.6 million) and other loans raised (R64.2 million). This was partially offset by loan repayments of R89.9 million.

35. CAPITAL MANAGEMENT AND COMMITMENTS

As part of its capital management strategy, RFG invests in equipment, technology and infrastructure to maintain and expand the business and to create efficiencies to improve the operating margin further. Capital expenditure also unlocks spare capacity in certain of the food production facilities.

Capital expenditure incurred over the past three financial years and planned for 2014 is as follows:

Capital expenditure (R'm)	2015 planned	2014 planned	2013	2012	2011
Maintenance	57.5	40.7	31.5	22.9	34.0
Expansion	71.0	60.0	19.9	31.0	78.7
Total	128.5	100.7	51.4	53.9	112.7

The major capital projects undertaken from 2011 to 2013 included:

- increasing capacity in and upgrading the pie production facility (R34.6 million);
- new equipment for the ready-made meals production plant in Gauteng (R13.8 million); and
- relocation of jam and vegetable production facilities to other RFG facilities to optimise production capacity (R15.6 million).

The investment programme planned for the 2014 and 2015 includes:

- increasing capacity and upgrading the meat production facility (R41.0 million);
- further increasing capacity and upgrading the pie production facility (R11.0 million); and
- increasing storage and dispatch capacity at the fruit production facilities (R50.0 million).

RFG targets returns of 18% – 25% on expansionary capital expenditure.

36. MATERIAL FINANCING INSTRUMENTS

RFG currently has the following working capital facilities:

Institution	Amount	Expiry date	Interest rate
Nedbank Limited	R410 000 000	30 November 2014	Interest rate of SA prime interest rate minus 0.5%
Nedbank Swaziland Limited	SZL25 000 000	31 January 2015	Interest charged at Swaziland prime interest rate
Standard Bank Swaziland Limited	SZL10 000 000	31 January 2015	Interest charged at Swaziland prime interest rate

RFG currently has the following loan facilities (please refer to Annexure 10):

Institution	Description	Amount	Term	Interest rate
Nedbank Limited Business Bank	Senior debt facilities	R300 179 404	Term varies between 60 and 120 months	Interest rate varies between SA prime minus 1.75% to minus 1.0%
Nedbank Limited Capital	Senior debt facility	R40 050 000	Term 39 months	Interest rate JIBAR plus 3.5%
Nedbank Limited Capital	Mezzanine debt facility	R168 817 554	Term 51 months	Interest rate JIBAR plus 6.9%
Nedbank Swaziland Limited	Senior debt	SZL25 842 255	Term 60 months	Interest rate varies between Swaziland prime rate minus 2.0% to minus 0.5%
Standard Bank Swaziland Limited	Overdraft facility	SZL4 029 003	Term 60 months	Interest rate Swaziland prime interest rate plus 1.0%
First National Bank	Asset-based finance facility	R6 814 822	Term 60 months	Interest rate SA prime plus 1.0%
Capitalworks	Funding Preference Shares	R156 005 319	No fixed term	Coupon rate of 18%
Capitalworks	Shareholder loans	R32 068 499	Repayable on demand, but not within next 12 months	Interest rate of 18%

The proceeds from the Offer for Subscription will be used as detailed below:

- repayment of the Funding Preference Shares and any related accrued preference dividends (R223.0 million);
- settlement of shareholder loans and related accrued interest (R33.5 million);
- settlement of the mezzanine loan from Nedbank Capital raised in the Group Restructuring (R168.8 million); and
- reduce amounts drawn under working capital facilities from Nedbank Business Banking.

In conjunction with the recapitalisation associated with the Offer, RFG has renegotiated its debt facilities with Nedbank. These new facilities are described below and are subject to conditions, including the Listing being implemented.

Facility type	Amount	Rate	Term	Repayments	Notes
Working Capital Facilities	up to R430 000 000	Prime	Renewable annually		Fluctuating in line with working capital cycle
Medium Term Loan 1	R134 000 000	Prime less 1.75%	10 years	Quarterly	Replacing all property debt currently in business
Nedbond	R30 000 000	Prime less 1.75%	10 years	Quarterly	Specific capital expenditure funding
Medium Term Loan 2	R154 000 000	Prime less 1.25%	5 years	Quarterly	Replacing all Medium Term Loans currently in business

Revolving Capex and Acquisition Facility	R150 000 000	Prime less 1.25%	5 years from date of drawdown of each amount	Quarterly	New facility negotiated for strategic capex and acquisitions. Available for drawdown until December 2015, renewable annually thereafter
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The planned settlement of the bank borrowings and subordinated funding as envisaged above from the proceeds of the Listing has enabled RFG to renegotiate its banking facilities, which will result in an extension of the term of the debt. Pre-tax cost savings from the settlement, extension and reduction in rates are estimated to be R76 million for the September 2015 financial year.

Other loans and facilities in existence prior to the Offer, which will continue to exist after the Offer are detailed below:

Facility type	Amount	Rate	Term	Repayments	Notes
Nedbank Swaziland Limited	SZL25 842 255	Interest rate varies between Swaziland prime rate minus 2.0% to minus 0.5%	5 years	Monthly except for one loan of SZL13 375 000 is payable semi-annually	Senior debt
Standard Bank Swaziland Limited	SZL4 028 982	Interest rate Swaziland prime interest rate plus 1.0%	5 years	Monthly	Overdraft facility
Nedbank Swaziland Limited	SZL25 000 000	Interest charged at Swaziland prime interest rate	Expires on 31 January 2015	Overdraft facility is repayable on demand	Working capital facility
Standard Bank Swaziland Limited	SZL10 000 000	Interest charged at Swaziland prime interest rate	Expires on 31 January 2015	Overdraft facility is repayable on demand	Working capital facility
First National Bank	R6 814 822		5 years	Monthly	Asset-based finance facility

37. OFF-BALANCE SHEET ARRANGEMENTS

RFG has no material off-balance sheet arrangements as at the Last Practicable Date.

38. CONTINGENT LIABILITIES

RFG has no material contingent liabilities as at the Last Practicable Date.

39. DIVIDEND POLICY

The Directors recognise the importance of maintaining a consistent and transparent dividend policy and will endeavour to avoid volatile swings in the dividend profile by ensuring high quality medium-term strategic and financial planning. It is the intention to pay regular dividends. However, there is no assurance that a dividend will be paid in respect of any financial period, and any future dividends will be a function of the profitability and return on equity of RFG, the future organic or acquisitive growth strategies, and/or the need to strengthen the balance sheet during periods of economic uncertainty.

The Directors intend to declare the first dividend of the Company in early 2016 based on the earnings to 30 September 2015 and to adopt a dividend cover of three times diluted earnings per share at that time. The Directors believe this approach is compatible with the Company's growth opportunities and ambitions and will regularly review the dividend policy.

Pursuant to the MOI of the Company, any dividends unclaimed for a period of not less than three years from the date on which the dividend became payable may be forfeited by resolution of the Directors for the benefit of the Company.

There are no arrangements under which future dividends have been waived or have been agreed to be waived.

RISK FACTORS

Potential investors should carefully consider the risk factors described below and all other information contained in this Pre-listing Statement before deciding to invest in the Ordinary Shares. If any of the following risk factors (as well as other risks and uncertainties that are not currently known to RFG or that it currently believes are not material) actually occur, RFG's business, reputation, financial condition, revenue, margins, cash flows and/or results of operations could be materially and adversely affected. Accordingly, the trading price of the Ordinary Shares could decline, and you may lose part or all of your investment. The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence or of their severity or significance.

40. BUSINESS SPECIFIC RISKS

Prices of food products in South Africa and international markets are subject to change with volatility resulting from imbalances in aggregate levels of raw materials and final product supply and demand. Since revenues are largely dependent on prices RFG receives for its products, such volatility could materially and adversely affect the Company's financial results. Potential factors influencing final product prices, which are beyond the Company's control, include:

- supply and demand for raw materials, such as fresh fruit and vegetables, raw meat, sugar and flour in South Africa and international markets;
- quantity and quality of products available from RFG's direct and indirect competitors;
- economic and financial conditions in South Africa and export markets, including economic downturns and financial crises, which may reduce the purchasing activity of RFG's customer base;
- adverse weather or other natural conditions, including natural disasters; and
- changes in legislative or regulatory developments in South Africa and export markets, such as import/export bans, duty tariffs and quotas.

40.1 Supplier and contractual risks

RFG produces and supplies some of its own raw materials, being milk from its dairy operations and pineapples for the Swazican factory. Its fruit suppliers are generally contracted for three years. The remainder of RFG's raw material suppliers are not under long-term supply contracts, and raw material prices are usually set and communicated by suppliers on an annual basis.

Most suppliers, other than the contracted fruit suppliers, are free to supply alternative buyers if they so wish. The price paid to suppliers is a key factor in being able to attract and retain supply.

40.2 Reliance on major customers and end consumers

RFG relies on ongoing commercial relationships with major customers, including large retailers such as Pick n Pay, Spar, Shoprite and Woolworths. The loss of a major customer, the inability of RFG to continue to contract on commercially similar terms with any of these major customers or the inability of a customer to meet its payment obligations to RFG, resulting in increasing bad debt, could result in significant adverse financial consequences.

RFG is dependent on its commercial relationships with major retailers to sell its products to end consumers. This represents a risk for RFG to the extent that retailers set prices for RFG's products and determine product placement in accordance with their company-specific retail policies and strategies. RFG's limited influence over the setting of certain end customer prices represents a risk to RFG's competitive position and market share across its various private label and branded products.

While modern retail outlets continue to invest in their expansion and growth strategies, RFG's relative dependence on retailers and key retail relationships also represents a risk. Should retailers scale back their growth strategies or, change their purchasing activity with respect to specific food products or brands, RFG may be impacted as it relates to revenue growth, profitability and ability to extend its product lines and brands.

40.3 Risks beyond RFG's control

RFG's operations are subject to risks that are beyond its control and which could materially and adversely affect RFG's ability to produce final product and consequently impact its financial performance.

Like many businesses, RFG depends on the ongoing and efficient operations of its production facilities and business systems. RFG faces inherent risks, including failure of machinery, energy supplies, computer equipment, industrial action and natural disasters. In particular, aging infrastructure may cause breakdowns and unplanned stoppages, which may result in production delays, increased costs and industrial accidents. RFG is also dependent on essential infrastructure, specifically electricity, water and transport networks. Any disruption to the availability of these services could severely impact the production and distribution of final products to customers which is core to the business. Furthermore, any significant price increases for these services may not be recoverable to the same extent and would impact RFG's financial performance. Power stoppages, fluctuations and usage constraints may also force RFG to halt or curtail certain of its operations.

RFG has established an extensive and reliable supply chain that allows it to procure and deliver products to customers in a timely and efficient manner. Disruption to any aspect of this supply chain could have a material adverse impact on RFG's operational and financial performance, particularly on the fresh and ready-made meals products which have limited shelf lives.

40.4 Risks of adverse weather and natural disasters

Fresh produce, including raw material used in canning and other packaged food operations, is vulnerable to adverse weather conditions which are difficult to predict. Unfavourable growing conditions can reduce both crop size and crop quality and worsen the effects of seasonality or reduce production volumes of certain SKUs, which require specific raw materials features (e.g. large spotless peaches for canned peach halves). These factors can increase raw material costs owing to more expensive alternative options or the necessity to import essential raw material and decrease revenues due to lower production and sales volumes.

A significant portion of RFG's raw materials include high-quality fresh fruit and vegetables. Natural disasters, crop disease, pests and other natural conditions can impose significant costs and losses on RFG's business as a result of interrupted supply of these raw materials.

40.5 Consumer risk

RFG's business is exposed to the end consumer across all income levels and is, therefore, sensitive to downturns in the economy, economic uncertainty and other factors affecting discretionary consumer spending.

Since RFG sells its products both locally and internationally, it is exposed to a variety of general domestic and global economic and business conditions that will impact on consumer spending. This includes, but is not limited to, interest rates, exchange rates, local and international fiscal and monetary policy. Prolonged unfavourable movements in any of the above factors may have a material adverse effect on RFG's financial performance.

40.6 Dependence upon key personnel

RFG's success depends on its key personnel, in particular the senior management team described in Section 5. These individuals have extensive experience in, and knowledge of, the regions and markets in which they operate. Changes that adversely affect RFG's ability to retain key personnel, in spite of management incentives and share ownership or execution against its succession plan or an inability to recruit additional personnel could materially impact RFG's business, operational performance and financial results.

40.7 Risk of poor quality perception and erosion of brand premium

The reputation and value associated with RFG's branded products (Rhodes, Hazeldene, Bull Brand, Magpie, Portobello, Trout Hall, etc.), which contribute a significant proportion of RFG's revenues, could be adversely impacted by a number of factors, including failure to provide customers with the quality of products they expect, disputes or litigation with third parties, such as employees, suppliers or customers, or adverse media coverage. Significant erosion in the reputation of, or value associated with, RFG's brands could have an adverse effect on RFG's future financial performance.

Actual or alleged contamination or deterioration of, or safety concerns about, RFG's food products or similar products produced by third parties could give rise to product liability claims and harm RFG's reputation, especially in the light of stringent regulation governing health and safety matters in South Africa and elsewhere.

40.8 Risk of information systems and technology failure

Any interruption to RFG's sophisticated billing and credit control systems could interrupt RFG's operations and financial reporting. RFG's integrated distribution and logistics business cannot be managed effectively without leveraging on an integrated and regional IT system.

In the event of a failure of RFG's data storage/system and the disaster recovery system, RFG may lose critical operational or billing data or important email correspondence with its customers and suppliers. An interruption or breakdown in RFG's IT system may have a material adverse effect on its ability to conduct business.

40.9 Risks relating to acquisitions and divestitures, including the inability to integrate acquired companies successfully

RFG's strategy of growth, including acquisitions, entering new product categories and regional expansion, may not always be successful or may entail significant costs, which could adversely affect its business, financial condition and results of operations. As part of its expansion plans, which include acquisitions, RFG may make significant investments that may not result in favourable returns.

Acquisitions involve risks that may only become apparent after the acquisition is finalised, such as difficulties associated with integration and management of operations and systems, integration and retention of key personnel, co-ordination of sales and marketing efforts, and diversion of management's attention from other on-going business concerns. In the food industry in particular, integrating production facilities and rationalising suppliers might pose additional challenges.

Some of RFG's growth will depend on its ability to successfully manage the expansion of its operations and integrate the operations of acquired businesses. There can be no assurance that any such expansion or acquisition will be a success, or that it would not present any of the challenges described in this section.

40.10 Segment-specific risks

Risks specific to the Long-life Foods Division

Specific risks relating to RFG's Long-life Foods Division include those relating both to private label products and branded products. These food products carry the risk of contamination or deterioration, which exists at each stage of the production cycle, including the purchase and delivery of perishable raw materials, the processing and packaging of food products, the stocking and delivery of the finished products to customers, and the storage and display of finished products at the points of final sale.

In addition, reports or allegations of inadequate quality control with respect to similar food products manufactured by other companies may negatively affect the sales of RFG's products.

Revenues in the International Segment are subject to foreign exchange fluctuations as set out in paragraph 41.4 below.

Risks specific to the Fresh Foods Division

There is the risk that competitors create innovative product lines which have greater consumer appeal resulting in lost market share and revenues for RFG.

Inventory obsolescence risk pertains to RFG's fresh and FMCG products, which have limited shelf lives. These food products require good storage conditions that maintain their quality e.g. they need to be stored under frozen, chilled, air-conditioned and ambient conditions, depending on the products' needs. However, as the age of the products increases, the risk of obsolescence also increases.

Compliance with retailers' requirements for frequent inspections and adherence to expensive standards of production might create costly operational challenges to production.

41. SYSTEMIC RISKS

41.1 Macroeconomic changes

Global economic and political factors that are beyond RFG's control can directly affect RFG's financial performance. These factors include interest rates, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, foreign exchange fluctuations, financial, banking or liquidity crises, consumer credit availability, consumer debt levels, unemployment trends, and other matters that influence consumer confidence and spending.

RFG's profitability may also be adversely affected by fixed costs and the possible inability to scale back operations within a time frame sufficient to match any decreases in revenue relating to changes in market and economic conditions.

41.2 Changes in tax legislation

South Africa has a stable tax environment, and the tax administration system is advanced and transparent in many aspects. Changes in general corporate or other taxation legislation could however affect RFG's results of operations. Such Government action may be unpredictable and beyond RFG's control, and any adverse changes in Government policies could have a material adverse effect on RFG's business prospects, results of operation and financial position, and may cause the market price of the Offer Shares to decline. Furthermore, compliance with the relevant taxation laws could come with a regulatory cost, and non-compliance could be subject to fines, penalties and/or legal action.

41.3 Interest rate fluctuations

Material adverse fluctuations of market interest rates can significantly impact RFG's financing costs, cash flow and net income. This may make it more difficult for RFG to meet its debt obligations and limit its ability to borrow.

41.4 Foreign exchange fluctuations

RFG sells a significant proportion of its canned fruit to foreign markets and purchases a great share of raw materials from foreign suppliers, including tomato paste, flour and meat products for Bull Brand. Accordingly, RFG has an element of internal hedge but remains partially exposed to fluctuations in foreign exchange rates.

41.5 Increased competition

While RFG benefits from strong market share across its various operating segments in a fragmented market, it cannot be assured that this market position will be maintained. Many companies compete in RFG's different business segments, although only a few well-established companies operate on both a national and regional basis with one or several branded product lines.

Several of RFG's packaged food product lines are sensitive to competition from national or regional brands, and some of RFG's product lines compete with imports, private label products and other alternatives.

RFG cannot predict the pricing or promotional actions of competitors or whether those actions will have a negative effect on RFG.

41.6 Legal and regulatory restrictions

RFG's Regional and International Segments are subject to various agricultural, food, health, safety, environmental and labour regulations and legislations, such as the South African Department of Health food labelling regulation R146, etc. Non-compliance of these various laws and regulations by RFG can lead to varying degrees of fines, penalties and license suspensions.

The food industry is subject to extensive regulation and licensing requirements, and RFG's failure to comply in any of its operations could result in the loss of one or more of RFG's operating licences or severe fines. RFG's canned meat operations are strictly regulated, and any product changes require lengthy process to obtain regulatory approval.

The success of RFG's businesses depends in part upon its relationships with government and regulatory authorities.

42. RISKS RELATED TO THE OFFER

42.1 Liquidity risk

Although the Ordinary Shares are expected to be listed on the JSE, there is no guarantee that an active trading market for the Offer Shares will develop and continue after the Offer. In addition, the JSE may prove to be less liquid than other internationally-recognised stock exchanges. If no active trading in the Offer Shares develops and continues after the Offer, this could have a material adverse effect on the liquidity and market price of the Offer Shares. The Offer Price will be determined by the Joint Bookrunners in consultation with RFG and the Selling Shareholders and may not be indicative of the market price of the Offer Shares after the Listing. Up to 55% of the Ordinary Shares in issue after the Listing will be closely held by certain key Shareholders. Although there will be a shareholder spread, upon listing, of at least 45% (if the Offer for the Sale Shares is accepted in full), practically, certain shareholders within that spread may have long-term investment horizons.

In addition, the Selling Shareholders will be restricted from disposing of their Ordinary Shares for the Lock-Up Period. Sales of substantial amounts of Ordinary Shares, or the perception that such sales could occur, may adversely affect the market price of the Offer Shares.

42.2 **Share price volatility**

The Offer Price will be determined by the Joint Bookrunners in consultation with the Selling Shareholders and RFG and may not be indicative of the market price at which the Offer Shares will trade after the Listing. The market price of the Offer Shares could be volatile and subject to significant fluctuations due to a variety of factors, some of which do not relate to RFG's financial performance, including changes in general market conditions, the general performance of the JSE, changes in sentiment in the market regarding the Offer Shares (or securities similar to them), regulatory changes affecting RFG's operations, variations in RFG's operating results, business developments for RFG or its competitors, the operating and share price performance of other companies in the industries and markets in which RFG's businesses operate, speculation about RFG's business in the press, media or the investment community. Furthermore, RFG's operating results and prospects from time to time may vary and may not meet the expectations of market analysts and investors which could result in share price fluctuations.

42.3 **Dividends**

The Directors recognise the importance of maintaining a consistent and transparent dividend policy and will endeavour to avoid volatile swings in the dividend profile by ensuring high quality, medium-term strategic and financial planning. However, there is no assurance that a dividend will be paid in respect of any financial period, and any future dividends will be a function of the profitability and return on equity of RFG, the future organic or acquisitive growth strategies which require capital investment, and/or the need to strengthen the balance sheet during periods of economic uncertainty.

43. **RISKS RELATED TO SOUTH AFRICA AND INVESTING IN SOUTH AFRICA**

43.1 **Political, social and economic conditions in South Africa or regionally may adversely affect economic conditions and demand for RFG's products and services**

As an emerging market, South Africa has experienced, and may continue to experience periods, of political, social and/or economic instability, all of which have had and could in future have an adverse impact on RFG's operations. In South Africa, RFG is exposed to, among other factors, the impact of Exchange Control Regulations, historically volatile and at times high rates of inflation and volatility in foreign exchange rates between the Rand and other major currencies. All of these factors could in the future have an impact on the financial position and results of operations of RFG.

RFG cannot provide assurance that there will be no changes in South African Exchange Control Regulations that would result in dividends no longer being freely payable outside South Africa to shareholders who are not residents of the CMA.

43.2 **Risks relating to strike actions**

South Africa has a highly unionised work force and is subject to planned legal strike action and unplanned and illegal strike action from time to time. Such actions and in particular prolonged and frequent strike action may have a negative impact on RFG and its customer base.

43.3 **Currency exchange rate fluctuations**

In recent years, the value of the Rand, as measured against foreign currencies, including the Pound Sterling and the Euro, has been very volatile. Fluctuations in the exchange rate between the Rand and foreign currencies could have an adverse impact on the foreign currency equivalent of the share price of the Offer Shares and/or any cash dividends or distributions made in respect of the Offer Shares.

43.4 **Shareholders' rights will be governed by South African law, which may differ in material respects from the rights of shareholders under the laws of other jurisdictions**

RFG is a public limited liability company incorporated under the laws of South Africa. The rights of holders of Offer Shares are governed by RFG's MOI and by South African law, which could change.

43.5 **It may not be possible for foreign investors to effect service of legal process, enforce judgments of courts outside of South Africa or bring actions based on securities laws of jurisdictions other than South Africa against RFG or members of its Board.**

RFG and its executive officers are all residents of South Africa. In addition, RFG's assets are located either wholly or substantially within South Africa. As a result, it may not be possible for investors to effect service of legal process outside of South Africa upon RFG, the members of its Board and its executive officers. Moreover, it may not be possible for investors to enforce against RFG, the members of its Board or its executive officers, judgments obtained in courts outside South Africa, based on the civil liability provisions of the securities laws of those countries.

MANAGEMENT AND CORPORATE GOVERNANCE

44. DIRECTORS AND MANAGEMENT

44.1 Board structure of RFG

The Board comprises two Executive Directors and six Non-executive Directors.

The members of the Board are as follows:

Name (age)	Nationality	Business address	Position	Date of appointment as Director and term of office
Dr Yvonne Muthien (57)	South African	Pniel Road Grootdrakenstein	Independent Chairperson	1/08/2014; Appointment to be confirmed on annual basis
Mark Bower (59)	South African	Pniel Road Grootdrakenstein	Independent Non-executive Director	1/08/2014; Appointment to be confirmed on annual basis
Thabo Patrick Leeuw (51)	South African	Thesele Group 28 Fricker Road Illovo Johannesburg	Independent Non-executive Director	1/08/2014; Appointment to be confirmed on annual basis
Lehlohonolo Andrew Makenete (47)	South African	83 Bayhill Avenue Eagle Canyon 3 Blueberry Road Honeydew Johannesburg	Independent Non-executive Director	1/10/2012; Appointment to be confirmed on annual basis
Chad Leonard Smart (41)	South African	25 Farringdon Street London EC4A 4AB United Kingdom	Non-executive Director	1/10/2012; Appointment to be confirmed on annual basis
Garth John Henry Willis (42)	South African	Capitalworks 24 Central Building Corner of Gwen Lane and Fredman Drive Sandton Johannesburg	Non-executive Director	21/5/2012; Appointment to be confirmed on annual basis
Bruce Alan Scott Henderson (50)	South African	Pniel Road Groot Drakenstein	CEO/ Executive Director	1/10/2012; Appointment to be confirmed on annual basis
Christiaan Cornelius Schoombie (52)	South African	Pniel Road Groot Drakenstein	CFO/ Executive Director	1/10/2012; Appointment to be confirmed on annual basis

None of the Directors, nor any other Directors within the Group, is a partner with unlimited liability.

44.2 Experience of Directors and the company secretary

The profiles and experience of the Directors and the company secretary are set out below:

Executive Directors

Bruce Henderson

BA, LLB, MBA

CEO

Bruce has been with RFG for over 15 years. He began his career with RFG at the Swaziland operations as General Manager. Bruce led the acquisition of Rhodes Fruit Farms and the resultant establishment of Rhodes Food Group and has headed the business since then. Bruce has a Bachelor of Arts Degree with an LLB from the University of Kwa-Zulu Natal and a Masters in Business Administration from the University of Cape Town.

Christiaan (or “Tiaan”) Schoombie

B.Com, B.Compt (Hons), CA(SA)

CFO

Tiaan has been CFO for the last 14 years. Prior to joining RFG, Tiaan spent nine years at Deemster Foods in various financial management and operational management positions, prior to joining the Rhodes business. Tiaan has a Bachelor of Commerce Degree and an Honours Degree in Accounting from the University of South Africa. Tiaan is a qualified Chartered Accountant (SA).

Independent Non-executive Directors

Dr Yvonne Muthien

BA, BA (Hons), Masters (Palilcal Science), D.Phil Oxford University

Chairperson

Yvonne currently serves on several boards, including serving as the Chairperson of the Sasol Inzalo Foundation and Chairperson of the Thebe Resource Incubator. She also serves as a director on the board of Thebe Investment Corporation, as well as Bankserv. Yvonne previously served as Chief Executive Group Services and Executive Director on the Board of Sanlam Limited, Vice-President of Public Affairs for Coca-Cola Africa and as Group Executive Corporate Affairs for MTN Group Limited. Yvonne has a Bachelor of Arts Degree in Sociology & Psychology and an Honours Degree in Sociology from the University of the Western Cape, a Masters in Political Science from North-western University and a Doctorate of Philosophy in Sociology and Politics from Oxford University.

Mark Bower

B.Com, B.Compt (Hons), CA(SA)

Mark formerly served as Deputy Chief Executive and Chief Financial Officer of Edcon Limited. He also served as a board member of Edcon Holdings Limited and all its subsidiaries. Mark was previously a director on the board of Edgars Consolidated Stores Limited (a listed entity). Mark has a Bachelor of Commerce degree (*cum laude*) and a B.Compt Honours degree and is a qualified Chartered Accountant (SA). He qualified as a Chartered Accountant with honours as the nation's top accounting candidate.

Thabo Patrick Leeuw

B.Compt (Hons)

Thabo is currently the Chief Executive Officer of the Thesele Group. He currently serves on several boards of directors, including Hulamin, where he is Chairman of the Audit Committee, Prudential Portfolio Managers South Africa, Vodacom Insurance Company Limited and Vodacom Assurance Company Limited. Thabo served as Chief Financial Officer of Afric Oil (Proprietary) Limited from 1995 – 1998 prior to spending seven years at Cazenove initially as an investment research analyst and later as a director in the Corporate Finance division. Thabo has a Bachelor of Commerce Degree in Accounting from the University of Zululand, a Bachelor of Accounting Science Honours degree from the University of South Africa and he completed a Management Advancement Programme at the University of the Witwatersrand Business School.

Lehlohonolo Andrew Makenete

B.Sc, M.Sc. (Agric Management)

Andrew serves as economic advisor to the African Farmers Association of South Africa (AFASA) and is responsible for the development of its investment arm. He consults to both private and public sector clients including various government departments. He has served on the boards of the Landbank, New Farmers Development Company and Motorsport South Africa. Andrew was previously a general manager of Agribusiness at ABSA Bank Limited and chief strategist at the Landbank. Andrew has a Bachelor of Science Degree in Agricultural Economics from North Carolina Agricultural and Technical State University and a Master of Science Degree in Agricultural Economics from the University of Natal.

Non-executive Directors

Chad Leonard Smart

B.Com (Hons), CA(SA), CFA

Chad is Chairman and Chief Investment Officer of the Capitalworks group which he co-founded in 2006. He has over 16 years of private equity investing experience. He serves on the board of a number of portfolio companies of the Capitalworks group. Chad has a Bachelor of Commerce Degree in Accounting and an Honours Degree in Accounting from the University of the Witwatersrand. He is a qualified Chartered Accountant (SA) and a CFA charter holder. Chad is an appointee of the SA Fund.

Garth John Henry Willis

B.Com (Hons), CA(SA)

Garth is a Principal of Capitalworks' private equity funds. He joined Capitalworks in 2007 and has over 16 years of experience in private equity investing and corporate finance. He serves on the board of a number of portfolio companies of Capitalworks' private equity funds. Garth has a Bachelor of Commerce Degree in Accounting and an Honours Degree in Accounting from the University of the Witwatersrand. He is a qualified Chartered Accountant (SA). Garth is an appointee of the SA Fund.

Company secretary

The company secretary of RFG is Statucor (Proprietary) Limited ("**Statucor**"), which was appointed on 18 July 2012.

44.3 Appointment, qualification, remuneration and borrowing powers of Directors

Set out in Annexure 11 to this Pre-listing Statement are summaries of the relevant provisions of the Company's MOI regarding, amongst other things:

- the qualification, appointment, terms of office and remuneration of Directors;
- the borrowing powers exercisable by the Directors. The borrowing powers may be varied by an amendment to the MOI;
- powers enabling Directors to vote on a proposal, arrangement or contract in which they are materially interested and to vote in respect of remuneration to any member of the Board;
- retirement of Directors by rotation;
- the determination of the remuneration of Directors within RFG; and
- any power enabling Directors within RFG to vote remuneration to themselves or any members of the Board.

The Directors' borrowing powers have never been exceeded.

No person holds any right in regard to the appointment of Directors, and appointments are made on the basis of the relevant provisions of the MOI as summarised in Annexure 11.

44.4 Directors' remuneration and benefits

For the nine-month period ended 29 June 2014 and the financial year ended 30 September 2013, remuneration paid and benefits accrued to the Directors were as follows:

Nine-month period ended 29 June 2014						
	Director/ Service fees R'000	Basic salary R'000	Bonuses and performance related payments R'000	Contribution to pension funds R'000	Other related benefits⁽³⁾ R'000	Total R'000
Executive Directors						
Bruce Henderson	–	1 779	4 747	272	406	7 204
Christiaan Schoombie	–	1 157	2 735	177	172	4 241
Total	–	2 936	7 482	449	578	11 445
Independent Non-executive Directors						
Andrew Makenete	132	–	–	–	–	132
Yvonne Muthien ⁽²⁾	–	–	–	–	–	–
Mark Bower ⁽²⁾	–	–	–	–	–	–
Thabo Leeuw ⁽²⁾	–	–	–	–	–	–
Non-executive Directors						
Chad Smart ⁽¹⁾	–	–	–	–	–	–
Garth Willis ⁽¹⁾	–	–	–	–	–	–
Total	132	–	–	–	–	132

Notes:

1. The SA Fund charged a management fee to Rhodes Food for the services of Chad Smart and Garth Willis as Directors.
2. Appointed 1 August 2014.
3. Other related benefits relate to travel allowance, funeral plan and disability plan contributions.

For the year ended 30 September 2013						
	Director/ Service fees R'000	Basic salary R'000	Bonuses and performance related payments R'000	Contribution to pension funds R'000	Other related benefits⁽³⁾ R'000	Total R'000
Executive Directors						
Bruce Henderson	–	2 183	2 281	334	489	5 287
Christiaan Schoombie	–	1 377	2 841	211	216	4 645
Total	–	3 560	5 122	545	705	9 932
Independent Non-executive Directors						
Andrew Makenete	166	–	–	–	–	166
Mark Bower ⁽²⁾	–	–	–	–	–	–
Thabo Leeuw ⁽²⁾	–	–	–	–	–	–
Yvonne Muthien ⁽²⁾	–	–	–	–	–	–
Non-executive Directors						
Chad Smart ⁽¹⁾	–	–	–	–	–	–
Garth Willis ⁽¹⁾	–	–	–	–	–	–
Total	166	–	–	–	–	166

Notes:

1. The SA Fund charged a management fee to Rhodes Food for the services of Chad Smart and Garth Willis as Directors.
2. Appointed 1 August 2014.
3. Other related benefits relate to travel allowance, funeral plan and disability plan contributions.

All Directors' remuneration and benefits are paid by Rhodes Food.

Non-executive fees have recently been reviewed.

No awards or options have been granted to the Directors to acquire Offer Shares. No share options have been granted to Directors in the last financial reporting period by the Company or its Subsidiaries.

The SA Fund charged a management fee to Rhodes Food for the services of Chad Smart and Garth Willis as Directors as follows:

- for the nine-month period ended 29 June 2014, the fee was R337 500; and
- for the financial year ending on 29 September 2013, the fee was R450 000.

Other than this management fee arrangement with the SA Fund, (i) no fees have been paid or accrued to third parties *in lieu* of Directors' fees since the incorporation of the Company on 23 April 2012; and (ii) no business of RFG is managed or proposed to be managed by a third party under any contract.

RFG has a performance-based incentive plan, comprised of an annual bonus for a broad group of senior employees and a longer-term programme for senior executives. The incentive plan is reviewed regularly by the Company's Remuneration Committee. The Listing will provide an additional tool, being listed securities, which is likely to be incorporated into the incentive plan. Any such change to the plan is not expected to have any material impact on the cost of the incentive plan to the Company and to the extent required by the Listings Requirements, will be subject to prior approval by Shareholders.

44.5 Directors' interests

The Directors held the following direct and indirect interests in the Company's issued Ordinary Shares, A Convertible Preference Shares and B Convertible Preference Shares as at the Last Practicable Date:

Name	Direct beneficial interest	Indirect beneficial interest	Beneficial interest of associates	Total beneficial interest	Total percentage interest
Executive Directors					
Bruce Henderson	-	-	21 600 000 Ordinary Shares	21 600 000 Ordinary Shares	12.6% of the Ordinary Shares (12.0% of Fully Diluted Shares)
Christiaan Schoombie	-	-	4 001 400 Ordinary Shares	4 001 400 Ordinary Shares	2.3% of the Ordinary Shares (2.2% of Fully Diluted Shares)
			1 999 800 B Convertible Preference Shares	1 999 800 B Convertible Preference Shares	22.2% of the B Convertible Preference Shares
Totals			25 601 400 Ordinary Shares	25 601 400 Ordinary Shares	15.0% of the Ordinary Shares (14.22% of Fully Diluted Shares)
			1 999 800 B Convertible Preference Shares	1 999 800 B Convertible Preference Shares	22.2% of the B Convertible Preference Shares
Non-executive Directors					
Chad Smart ⁽¹⁾	-	-	2 516 174 Ordinary Shares	2 516 174 Ordinary Shares	1.5% of the Ordinary Shares (1.4% of Fully Diluted Shares)
	-	-	186 401 A Convertible Preference Shares	186 401 A Convertible Preference Shares	2.1% of A Convertible Preference Shares
Non-executive Directors					
Garth Willis ⁽¹⁾	-	-	344 886 Ordinary Shares	344 886 Ordinary Shares	0.2% of the Ordinary Shares (0.2% of Fully Diluted Shares)

Name	Direct beneficial interest	Indirect beneficial interest	Beneficial interest of associates	Total beneficial interest	Total percentage interest
	-	-	25 549 A Convertible Preference Shares	25 549 A Convertible Preference Shares	0.3% of A Convertible Preference Shares
Independent Non-executive directors					
Andrew Makenete	-	-	-	-	-
Yvonne Muthien	-	-	-	-	-
Mark Bower	-	-	-	-	-
Thabo Leeuw	-	-	-	-	-
Total	-	-	2 861 060 Ordinary Shares	2 861 060 Ordinary Shares	1.7% of the Ordinary Shares (1.6% of Fully Diluted Shares)
	-	-	211 950 A Convertible Preference Shares	211 950 A Convertible Preference Shares	2.4% of A Convertible Preference Shares

Note:

- In addition, Garth Willis and Chad Smart have an indirect economic interest in RFG by way of a carried interest that could be earned in relation to the investments held by SA Fund and SAIP I.

Subsequent to the Offer (assuming an Offer Price at the mid-point of the Offer Price Range and that the Over-allotment Option is fully exercised), the Directors are expected to hold the following direct and indirect interests in the Company's issued Ordinary Shares, A Convertible Preference Shares and B Convertible Preference Shares:

Name	Direct beneficial interest	Indirect beneficial interest	Beneficial interest of associates	Total beneficial interest	Total percentage interest
Executive Directors					
Bruce Henderson	-	-	16 200 000 Ordinary Shares	16 200 000 Ordinary Shares	7.3% of the Ordinary Shares (7.00% of Fully Diluted Shares)
Christiaan Schoombie	-	-	3 001 050 Ordinary Shares	3 001 050 Ordinary Shares	1.4% of the Ordinary Shares (1.3% of Fully Diluted Shares)
			1 999 800 B Convertible Preference Shares	1 999 800 B Convertible Preference Shares	22.2% of the B Convertible Preference Shares
Totals			19 201 050 Ordinary Shares	19 201 050 Ordinary Shares	8.7% of the Ordinary Shares (8.30% of Fully Diluted Shares)
			1 999 800 B Convertible Preference Shares	1 999 800 B Convertible Preference Shares	22.2% of the B Convertible Preference Shares
Non-executive Directors					
Chad Smart ⁽¹⁾	-	-	1 887 131 Ordinary Shares	1 887 131 Ordinary Shares	0.9% of the Ordinary Shares (0.8% of Fully Diluted Shares) ⁽²⁾

Name	Direct beneficial interest	Indirect beneficial interest	Beneficial interest of associates	Total beneficial interest	Total percentage interest
	–	–	186 401 A Convertible Preference Shares	186 401 A Convertible Preference Shares	2.1% of A Convertible Preference Shares
Non-executive Directors					
Garth Willis ⁽¹⁾	–	–	258 664 Ordinary Shares	258 664 Ordinary Shares	0.1% of the Ordinary Shares (0.1% of Fully Diluted Shares) ⁽²⁾
	–	–	25 549 A Convertible Preference Shares	25 549 A Convertible Preference Shares	0.3% of A Convertible Preference Shares
Independent Non-executive directors					
Andrew Makenete	–	–	–	–	–
Yvonne Muthien	–	–	–	–	–
Mark Bower	–	–	–	–	–
Thabo Leeuw	–	–	–	–	–
Total	–	–	2 145 795 Ordinary Shares	2 145 795 Ordinary Shares	1.0% of the Ordinary Shares (0.9% of fully diluted shares)
	–	–	211 950 A Convertible Preference Shares	211 950 A Convertible Preference Shares	2.4% A Convertible Preference Shares

Notes:

⁽¹⁾ In addition, Garth Willis and Chad Smart have an indirect economic interest in RFG by way of a carried interest that could be earned in relation to the investments held by SA Fund and SAIP I.

⁽²⁾ The interests of Garth Willis and Chad Smart do not include the effects of the Overallotment Shares, if any.

There have been no dealings in Ordinary Shares by any of the Directors or their associates in the period between 29 June 2014 and the Last Practicable Date.

44.6 Borrowing powers of Directors of RFG

The borrowing powers exercisable by the Directors are governed by the MOI, relevant summaries of which are set out in Annexure 11, and can be varied by an amendment effected in accordance with section 16(1) of the Companies Act and a special resolution passed by the holders of the Ordinary Shares in the Company.

The borrowing powers exercisable in relation to RFG Group companies, other than RFG, are similarly governed by the memorandum of incorporation of each Subsidiary. The borrowing powers of the directors of all Subsidiaries are limited such that the total amount owing by the Subsidiary in respect of monies raised, borrowed or secured by the directors exercising their powers of management shall not exceed the amount authorised by its holding company, RFG. The borrowing powers exercisable in relation to RFG Group companies, other than RFG, may only be varied by amending the relevant provisions of the memorandum of incorporation of the particular Subsidiary. Such amendment must be effected in accordance with section 16(1) of the Companies Act and would require a special resolution.

44.7 Details of other directorships

Details of other directorships held by the Directors of the Company and the directors of the Company's major Subsidiaries are contained in Annexure 15.

44.8 Directors and managers of major subsidiaries of RFG

Details of all Subsidiaries of RFG and their directors are set out in Annexure 10. The profiles and experience of the directors of major Subsidiaries of RFG are set out below:

Rhodes Food

Name (age)	Nationality	Business address	Function/ Occupation	Date of appointment as Director and term of office
Bruce Alan Scott Henderson (50)	South African	Pniel Road Groot Drakenstein 7680	Executive Director	1/10/2012; Appointment to be confirmed on annual basis
Christiaan Cornelius Schoombie (52)	South African	Pniel Road Groot Drakenstein 7680	Executive Director	1/10/2012; Appointment to be confirmed on annual basis
Constantine Costaras (49)	South African	Pniel Road Groot Drakenstein 7680	Executive Director	1/10/2012; Appointment to be confirmed on annual basis
Gerhardus Cornelis Kotzé (51)	South African	Pniel Road Groot Drakenstein 7680	Executive Director	1/10/2012; Appointment to be confirmed on annual basis
Job Bonginkosi Mpele (45)	South African	Pniel Road Groot Drakenstein 7680	Executive Director	2/10/2012; Appointment to be confirmed on annual basis
Richard Phillips (45)	South African	Pniel Road Groot Drakenstein 7680	Executive Director	1/10/2012; Appointment to be confirmed on annual basis

Bruce Henderson

Refer to paragraph 44.2 above.

Tiaan Schoombie

Refer to paragraph 44.2 above.

Constantine Costaras***B.Soc.Sc (Hons-Bus. Econ), B.Com (Hons)***

Constantine completed his accounting articles with Hills Howard in 1994. He then moved onto Woolworths where he became commercial head for prepared foods. Constantine served at Halls and First Lifestyle as a senior manager before joining RFG. Constantine has been with RFG for 13 years and is currently responsible for the Fresh Foods Division.

Gerhardus Cornelis Kotzé***B.Eng (Mech), M.Eng (Ind), MBA***

Gerhard has extensive engineering and production experience in the food industry. Prior to joining RFG in 2002, Gerhard was a project manager at Denel and then Sasol. Thereafter Gerhard became a manufacturing executive with Tiger Brands. Gerhard has been a senior manager of Rhodes Foods since 2002.

Job Bonginkosi Mpele***BA (Law), MBL***

Job has considerable human resources experience, having started his career in the legal profession and later moving into human resources and industrial relations. He has been involved in the mining and beverage industry in South Africa and was the HR Manager at Swazican until moving to Rhodes Food in 2005.

Richard Phillips

M.Sc, MBA

Richard joined RFG in 2002 to head up the Rhodes Foods International office. He was General Manager of Rhodes Food International for six years before taking up a secondment to Swaziland to head up RFG's operations there. He now holds the position of Commercial Executive responsible for the sales and marketing activities of the Long-life Foods Division.

Swazican

Name (age)	Nationality	Business address	Function/ Occupation	Date of appointment as Director and term of office
Nicholas Peaty (59)	English	Peaty Mills PLC Bridge House Endeavour Park Addington West Malling Kent ME19 5SH United Kingdom	Executive Director	02/09/1993; Appointment to be confirmed on annual basis
Bruce Alan Scott Henderson (50)	South African	Pniel Road, Groot Drakenstein, 7680	Executive Director	30/09/2008; Appointment to be confirmed on annual basis
Christiaan Cornelius Schoombie (52)	South African	Pniel Road, Groot Drakenstein, 7680	Executive Director	09/12/2003; Appointment to be confirmed on annual basis
Gerhardus Cornelis Kotzé (51)	South African	Pniel Road, Groot Drakenstein, 7680	Executive Director	01/02/2011; Appointment to be confirmed on annual basis
Delsey J Ndlangamandla (58)	Swaziland	Houses of Parliament PO Box 37 Lobamba Swaziland	Executive Director	03/08/2011; Appointment to be confirmed on annual basis

Nicholas Peaty

Nicholas was appointed as a director of Swazican in 1993. Nicholas is the Chairman of Peaty Mills, RFG's distributor in the UK. He has over 30 years' experience in the food industry.

Bruce Henderson

Refer to paragraph 44.2 above.

Tiaan Schoombie

Refer to paragraph 44.2 above.

Gerhardus Cornelis Kotzé

Refer to paragraph 44.8 above.

Delsey J Ndlangamandla

Delsey has been on the Swazican board since 2011. Delsey represents the Swaziland Government.

44.9 Additional information regarding the Directors

None of the Directors of RFG, nor the directors of any of its Subsidiaries, has:

- been declared bankrupt, insolvent or has entered into any individual voluntary compromise arrangements;
- been or is a Director with an executive function in respect of any company or entity in respect of which business rescue plans and/or resolutions have been proposed, application has been made for any such entity to be put in business rescue or any notices in terms of section 129(7) of the Companies Act have been issued, or which have entered into any

- receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company during the preceding 12 months;
- save for in the ordinary course of business, entered into any compulsory liquidations, administrations or partnerships, voluntary arrangements of any partnerships where such directors are or were partners during the preceding 12 months;
 - entered into any receiverships of any asset(s) or of a partnership where such directors are or were partners during the preceding 12 months;
 - been publicly criticised by a statutory or regulatory authority, including recognised professional bodies or disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
 - committed any offence of dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement;
 - been removed from an office of trust, on the grounds of misconduct, involving dishonesty;
 - been declared delinquent by an order of court nor been placed under probation in terms of section 162 of the Companies Act and/or section 47 of the South African Close Corporations Act, 1984 (Act 69 of 1984) (as amended) nor been disqualified by a court to act as a director in terms of section 219 of the Companies Act, 1973 (Act 61 of 1973) (as amended) or Section 69 of the Companies Act;
 - been found guilty in disciplinary proceedings, by an employer or regulatory body, due to dishonest activities;
 - been barred from entry into any profession or occupation; or
 - been convicted in any jurisdiction of any criminal offence, of an offence under legislation relating to the Companies Act, or been a director of a company which was convicted in any jurisdiction of any criminal offence, of an offence under legislation relating to the Companies Act.

44.10 **Directors' interests in transactions**

Other than as disclosed in paragraphs 1 and 2 of Annexure 14, no Director of RFG nor any director of any of its Subsidiaries has or had any beneficial interest, directly or indirectly, in any transaction which is, or was, material to the business of RFG and which was effected by RFG during the current financial year or the immediately preceding financial year or in respect of any previous financial year which remains in any respect outstanding or unperformed.

The relevant provisions of the MOI relating to any power enabling a Director to vote on a proposal, arrangement or contract in which he is materially interested are set out in Annexure 11.

45. **CORPORATE GOVERNANCE**

45.1 **Commitment and approach**

The Board is responsible for ensuring that RFG complies with all of its statutory obligations as specified in the MOI, the Companies Act, the Listings Requirements and all other regulatory requirements. The Board at all times acts in the best interests of the Company in ensuring an effective compliance framework, the integrity of its financial reporting and risk management, together with timely and transparent disclosure to Shareholders.

RFG is committed to the principles of effective corporate governance and application of the highest ethical standards in the conduct of its business and affairs. The Directors endorse the King Code and recognise the need to conduct the affairs of the Company with integrity and in accordance with generally accepted corporate practices. The Directors recognise that they are ultimately responsible for the financial performance of the Company. A full analysis of the steps taken by the Company to comply with the King Code is available on the Company's website (www.rhodesfoodgroup.com).

45.2 **Board of Directors' practices**

The Company's Board currently consists of two Executive Directors and six Non-executive Directors, four of whom are Independent Non-executive Directors. In accordance with RFG's board charter (the "**Board Charter**"); the Board composition reflects a majority of Non-executive Directors. Pursuant to the abovementioned composition and the policies set out in the Board Charter, no one Director has unfettered powers of decision making.

The Board is ultimately responsible for the management of RFG's business, RFG's strategy and key policies. The Board is also responsible for approving RFG's financial objectives and targets.

Appointments to the Board are in terms of a formal and transparent procedure and are a matter for the Board, subject to Shareholder approval.

The Board also has the power to appoint additional Directors.

The Company's Executive Directors are involved in the day-to-day business activities of RFG and are responsible for ensuring that the decisions of the Board are implemented in accordance with the mandates given by the Board.

The Board has a minimum of four scheduled meetings per financial year. *Ad hoc* meetings are held to consider special business, if required.

45.3 Committees

Audit and risk committee

The audit and risk committee is responsible for performing the functions required of it in terms of section 94(7) of the Companies Act. These functions include: (i) nominating and appointing the Company's auditors and ensuring that such auditors are independent of the Company; (ii) determining the auditors' fees and terms of engagement; (iii) ensuring that the appointment of the auditors complies with the provisions of the Companies Act and any other relevant legislation; (iv) determining, from time to time, the nature and extent of non-audit services to be provided by the Company's auditors and to pre-approve any agreement in respect of such services; (v) preparing a report to be included in the annual report of the Company, in compliance with the Companies Act; (vi) dealing with any complaints (whether from within or outside the Company) relating to accounting practices, internal audits of the Company or the content of the Company's financial statements and related matters; and (vii) making submissions to the Board on any matter concerning the Company's accounting policies and financial control.

The non-statutory functions of this committee are to assist the Board in discharging its duties relating to the safeguarding of the assets of RFG, the operation of adequate systems, the formulation of internal controls and control processes and the review and preparation of accurate financial reporting and statements in compliance with all applicable legal requirements, corporate governance and accounting standards and addressing statutory and regulatory issues, including the nomination for appointment, removal and replacement of the external auditors, with the appointment being subject to the approval by Shareholders at the next annual general meeting. With regard to risk, this committee is to assist the Board to ensure that: (i) the Company has implemented relevant risk management processes that will enhance RFG's ability to achieve its strategic objectives; and (ii) the Company's disclosure regarding risk is comprehensive, timely and relevant.

The audit and risk committee shall normally invite the CEO, the CFO, managers responsible for finance, the head of internal audit and the external audit partners to attend meetings and to make proposals as necessary and should invite the Chairperson of the Board to all audit and risk committee meetings.

The audit and risk committee reviews the expertise, experience and performance of the Company's financial Director (or CFO), Christiaan Schoombie, annually and reports on whether or not it is satisfied therewith. The audit and risk committee confirms this review by reporting to the Shareholders in the annual report of the Company that it has executed this responsibility. The audit and risk committee has determined that it is satisfied with Christiaan Schoombie's current expertise, experience and performance as RFG's CFO in the last reporting period. In addition, the audit and risk committee reviews and reports on the expertise, resources and experience of the Company's finance function.

The audit and risk committee meets a minimum of twice per financial year. *Ad hoc* meetings are held to consider special business, as required.

The audit and risk committee is chaired by Mark Bower, an independent Non-executive Director, and its other members are Thabo Leeuw and Andrew Makenete. All three members are Independent Non-executive Directors of the Company.

Remuneration committee

Andrew Makenete, an Independent Non-executive Director, chairs the remuneration committee which is comprised entirely of Non-executive Directors. The other members of the remuneration committee are Mark Bower and Garth Willis.

The remuneration committee is responsible for the specific remuneration packages for Executive Directors, including, but not limited to, basic salary, performance-based short-term and long-term incentives, pensions and other benefits (recommendations in this regard are made after considering both the interests of the Shareholders and the financial and commercial health of RFG), long-term incentive schemes and the allocation of Shares and rights in terms thereof. The remuneration committee is also responsible for recommending to the Board, fees for the Directors and the Chairperson, as well as fees for members and chairmen of sub-committees of the Board, for subsequent approval by Shareholders of the Company.

The remuneration committee meets a minimum of twice per financial year. Ad-hoc meetings are held to consider special business, as required.

Social and ethics committee

This committee comprises Thabo Leeuw, who chairs the committee, Garth Willis and Job Mpele, the executive in charge of Human Resources. The social and ethics committee monitors the Company's activities, having regard to any relevant legislation, other legal requirements and prevailing codes of best practice, in respect of social and economic development, good corporate citizenship (including the promotion of equality, prevention of unfair discrimination, the environment, health and public safety, including the impact of the Company's activities and of its products or services), stakeholder and consumer relationships and labour and employment issues.

The social and ethics committee draws to the attention of the Board, matters within its mandate as occasion requires and reports to the Shareholders at the Company's annual general meeting on such matters.

In order to carry out its functions, the social and ethics committee will be entitled to request information from any Directors or employees of the Company, attend and be heard at general Shareholders' meetings, and receive notices in respect of such meetings.

The social and ethics committee meets a minimum of twice per financial year. Ad-hoc meetings are held to consider special business, as required.

45.4 Internal control systems

To meet RFG's responsibility to provide reliable financial information, RFG maintains financial and operational systems of internal control. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority, that the assets are adequately protected against material losses, unauthorised acquisition, use or disposal, and that transactions are properly authorised and recorded.

The Company monitors the operation of the internal control systems in order to determine if there are deficiencies. Corrective actions are taken to address control deficiencies as they are identified. The Board, operating through the audit and risk committee, oversees the financial reporting process and internal control systems. There are inherent limitations on the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and the safeguarding of assets.

45.5 Company secretarial function

Statucor, as company secretary of RFG, is a suitably-qualified, competent and experienced company secretary and has been appointed and appropriately empowered to fulfil duties with regards to assistance to the Board. The company secretary is not a Director of the Company. The Board has considered the individuals at Statucor who perform the company secretarial functions, as well as the directors and shareholders of Statucor, and is satisfied that there is an arms-length relationship between the company secretary and the Board, who can remove the company secretary from office.

The Board reviews the competence, qualifications and experience of the company secretary, Statucor, annually and reports on whether or not it is satisfied therewith. This report is confirmed by reporting to Shareholders in the annual report of the Company. The Board has determined that it is satisfied with Statucor's current competence, qualifications and experience as RFG's company secretary.

The company secretary of the Company is required to provide the Directors, collectively and individually, with guidance as to their duties, responsibilities and powers and is also required to ensure that the Directors are aware of all laws and legislation relevant to, or affecting the Company and reporting to any meetings, of the Shareholders of the Company or of the Directors, any failure on the part of the Company or a Director to comply with the MOI or rules of the Company or the Companies Act.

The company secretary must certify in the Company's annual financial statements whether the Company has filed required returns and notices in terms of the Companies Act, and whether all such returns and notices appear to be true, correct and up to date, and ensure that a copy of the Company's annual financial statements is sent, in accordance with the Companies Act, to every person who is entitled to it. Furthermore the company secretary is responsible for carrying out the functions of a person designated in its annual returns to ensure the Company's compliance with its transparency, accountability and integrity of requirements set out in sections 22 to 34 of the Companies Act, and the enhanced accountability and transparency requirements set out in Chapter 3 of the Companies Act, to the extent applicable.

The company secretary is also required to ensure that minutes of all Shareholders' meetings, Directors' meetings and any committee meetings of the Directors are properly recorded in accordance with sections 24(d) and (e) and section 73 of the Companies Act.

ADDITIONAL INFORMATION

46. NAME, ADDRESS AND INCORPORATION

RFG was incorporated under the name “Main Street 1008 Proprietary Limited” on 23 April 2012 with registration number 2012/074392/07. It was converted from a private company to a public company with effect from 29 August 2014 with registration number 2012/074392/06.

The Company’s registered office and the address of its Transfer Secretaries are set out in the “*Corporate Information and Advisers*” section on page 1 of this Pre-listing Statement.

The name, date and place of incorporation of each of the Subsidiaries of RFG (none of which is a listed company) are set out in Annexure 10.

The names and business addresses of the Joint Bookrunners, Stabilisation Manager, Independent Reporting Accountants, Legal Advisers, Transfer Secretaries and Company Secretary are set out in the “*Corporate Information and Advisers*” section on page 1 of this Pre-listing Statement.

47. SHARES OF THE COMPANY

47.1 Authorised and issued shares

The numbers of authorised and issued shares of RFG before and after the Listing are set out in the table below:

	Prior to the Offer		After the offer
	Authorised	Issued	Issued ¹
Ordinary Shares	1 800 000 000	171 000 000	221 000 000
A Convertible Preference Shares	9 000 000	9 000 000	9 000 000
B Convertible Preference Shares	9 000 000	9 000 000	9 000 000
Fully Diluted Shares	1 800 000 000	180 000 000	230 000 000

Note: (1) Assuming an Offer Price at the mid-point of the Offer Price Range.

All of RFG’s authorised A Convertible Preference Shares and B Convertible Preference Shares have been issued, consequently, no further A Convertible Preference Shares or B Convertible Preference Shares can be issued by RFG.

In the event that there are any classes of RFG shares that are not listed on the JSE, the share certificates of such securities will be held in trust and stamped with the words “unlisted securities” and may only be released with written permission from the JSE, which permission shall provide further instruction concerning the stamping and transferability of such securities. As at the Last Practicable Date, no other class of security is listed on any stock exchange.

As the Company was incorporated in terms of the Companies Act, all classes of its shares are of no par value and, accordingly, the Company does not have a share premium account.

Resolutions passed by Shareholders in accordance with the Companies Act on 1 August 2014 approved, among other things, the following special resolutions:

- a sub-division of 1 000 000 authorised Ordinary Shares into 1 800 000 000 Ordinary Shares;
- a sub-division of 95 000 issued Ordinary Shares into 171 000 000 Ordinary Shares;
- a sub-division of 1 000 000 authorised A Convertible Preference Shares into 1 800 000 000 A Convertible Preference Shares;
- a sub-division of 5 000 issued A Convertible Preference Shares into 9 000 000 issued A Convertible Preference Shares;
- subsequent to the sub-division of the A Convertible Preference Shares referred to above, a reduction in the number of authorised A Convertible Preference Shares from 1 800 000 000 to 9 000 000 A Convertible Preference Shares;
- a sub-division of 1 000 000 authorised B Convertible Preference Shares into 1 800 000 000 B Convertible Preference Shares;
- a sub-division of 5 000 issued B Convertible Preference Shares into 9 000 000 B Convertible Preference Shares;
- subsequent to the sub-division of the B Convertible Preference Shares referred to above, a reduction in the number of authorised B Convertible Preference Shares from 1 800 000 000 to 9 000 000 B Convertible Preference Shares;

- authorising, by way of a general authority contemplated in paragraph 5.72 of the Listings Requirements read with section 48 of the Companies Act, the repurchase by the Company of shares issued by the Company, subject to a maximum of 5% of the issued Ordinary Shares of the Company;
- authorising the Company to provide financial assistance, as contemplated by section 44 of the Companies Act;
- authorising the Company to provide financial assistance, as contemplated by section 45 of the Companies Act;
- authorising Directors to issue Ordinary Shares to persons contemplated in section 41(1) of the Companies Act and in excess of 30% of the aggregate voting rights of the Ordinary Shares as contemplated by section 41(3) of the Companies Act;
- approving remuneration to be paid to the Directors in accordance with section 66(9) of the Companies Act; and
- adopting a new MOI of the Company in compliance with the conversion of the Company from a private company to a public company;

and the following ordinary resolutions:

- authorising the Directors, by way of a general authority, to issue equity securities (including Ordinary Shares) for cash;
- authorising the Directors to create and issue convertible debentures, debenture stock, bonds or other similar instruments convertible into Ordinary Shares up to a maximum of 5% of the ordinary issued share capital of the Company; and
- placing the authorised but unissued Ordinary Shares under the control of the Directors.

47.2 Issue of shares

Please see Annexure 16 which contains details of the allotments, issues and offers of shares by the Company and its Subsidiaries which have taken place in the three years preceding the Last Practicable Date. Other than the issues referred to in Annexure 16, no shares have been issued by the Company or by any of its Subsidiaries in the three years preceding the Last Practicable Date.

Save as set out in this paragraph 47.2 or as envisaged in terms of the Offer, no further issues or offers of shares or securities have been made or are anticipated to be made by RFG and its Subsidiaries and no further share repurchases or consolidations have been undertaken by RFG and its Subsidiaries.

The authorised but unissued Ordinary Shares after Listing will be under the control of the Directors.

Neither the Company nor Rhodes Food holds any treasury shares. Furthermore, as at the Last Practicable Date, none of the Company's other Subsidiaries holds any treasury shares in the Company.

Prior to the date of this Pre-listing Statement, the Shareholders of RFG have granted the Board a general authority to issue Ordinary Shares for cash, subject to the provisions of the MOI of the Company and the Listings Requirements, which authority shall endure to the first annual general meeting of the Company post Listing.

The A Convertible Preference Shares and B Convertible Preference Shares are related and were created in conjunction with the Group Restructuring in order to incentivise management over a five-year period, commencing in October 2012.

The A Convertible Preference Shares were issued to, and are held, by Capitalworks. The A Convertible Preference Shares rank *pari passu* with the Ordinary Shares in all respects and the holder shall be entitled to receive all notices of general meetings, to attend, vote at and speak at all such general meetings, other than that, for as long as the A Convertible Preference Shares remain unlisted, where Shareholders are required to vote in terms of the Listings Requirements, the votes of the holders of A Convertible Preference Shares will not be taken into account in determining either a quorum or for approval of any resolution considered at any such general meeting required in terms of the Listings Requirements.

The B Convertible Preference Shares were issued to, and are held by certain executives of RFG as incentive shares and do not have any voting or distribution rights unless they are converted into Ordinary Shares upon the occurrence of certain events prescribed in RFG's MOI. The conversion mechanism operates as follows:

- in the event that certain predetermined targets relating to RFG's performance metrics are achieved, a percentage of the B Convertible Preference Shares shall convert into Ordinary Shares and an equivalent number of A Convertible Preference Shares will be redeemed for R0.8333 per A Convertible Preference Shares;

- the number of B Convertible Preference Shares to be converted into Ordinary Shares will be linked to the RFG's performance, measured against the predetermined targets and for each multiple of 5% by which the RFG's performance exceeds the predetermined targets, a higher percentage of B Convertible Preference Shares will be converted into Ordinary Shares; and
- any B Convertible Preference Shares that are not converted into Ordinary Shares will be redeemed at a value of R1.00 multiplied by 5/90 000 per B Convertible Preference Share and an equivalent number of A Convertible Preference Shares will convert into Ordinary Shares.

The number of A Convertible Preference Shares and B Convertible Preference Shares that are authorised is limited, in terms of the MOI, to the number currently issued, being 9 000 000 A Convertible Preference Shares and 9 000 000 B Convertible Preference Shares. The number of A Convertible Preference Shares and B Convertible Preference Shares that will convert into Ordinary Shares is limited to 9 000 000 Ordinary Shares collectively. This constitutes 5.0% of the Fully Diluted Shares prior to the Listing, which percentage is expected to be diluted to no more than 4.0% on Listing.

This conversion mechanism is incorporated in RFG's MOI and will be maintained post-Listing.

47.3 Authority to repurchase shares

Prior to the date of this Pre-listing Statement, the Shareholders of RFG have granted the Board a general authority to repurchase shares for cash, subject to the provisions of the MOI of the Company and the Listings Requirements, which authority shall endure to first annual general meeting of the Company post Listing.

47.4 Preference Shares

RFG has A Convertible Preference Shares and B Convertible Preference Shares in issue, in addition to the Ordinary Shares. The A Convertible Preference Shares and B Convertible Preference Shares have the following rights insofar as dividend entitlements and voting are concerned:

A Convertible Preference Shares

Each A Convertible Preference Share shall:

- until it is converted or redeemed in accordance with its terms, rank *pari passu* with an Ordinary Share in regard to distributions;
- have the right to receive a portion of any distribution, if and when declared, calculated by multiplying the aggregate amount available for distribution, as determined by the Board ("Distribution Amount"), in question by a fraction determined by dividing the number 1 by the then total number of Ordinary Shares and A Convertible Preference Shares in issue as at the applicable record date with respect to that Distribution Amount.

The A Convertible Preference Shares rank *pari passu* with the Ordinary Shares in all respects and the holder shall be entitled to receive all notices of general meetings, to attend, vote at and speak at all such general meetings, other than that, for as long as the A Convertible Preference Shares remain unlisted, where Shareholders are required to vote in terms of the Listings Requirements, the votes of the holders of A Convertible Preference Shares will not be taken into account in determining either a quorum or for approval of any resolution considered at any such general meeting required in terms of the Listings Requirements.

B Convertible Preference Shares

The B Convertible Preference Shares shall not, until they are converted in accordance with their terms, confer on the holders of the B Convertible Preference Shares, the right to any distribution.

The B Convertible Preference Shares shall only entitle their holders to vote where there is a proposed amendment to the terms of the B Convertible Preference Shares or as specified in the Companies Act but their holders shall be entitled to receive all notices of general meetings and to attend all such general meetings provided that, for so long as the B Convertible Preference Shares remain unlisted, where Shareholders are required to vote in terms of the Listings Requirements, the votes of the holders of B Convertible Preference Shares will not be taken into account in determining either a quorum or for approval of any resolution considered at any such general meeting required in terms of the Listings Requirements.

At every meeting of the holders of the B Convertible Preference Shares, the provisions of the Company's MOI relating to the general meetings of ordinary shareholders shall apply, *mutatis mutandis*, except that a quorum at any such general meeting shall be any person or persons holding or representing by proxy at least 75% of the B Convertible Preference Shares, provided that if at any adjournment of such meeting a quorum is not present, the provisions of the Company's MOI relating to adjourned general meetings shall, *mutatis mutandis*, apply.

At every general meeting of the Company at which holders of the B Convertible Preference Shares as well as holders of other classes of shares are present and entitled to vote, upon a poll, each holder of a B Convertible Preference Shares shall be entitled to one vote for each B Convertible Preference Shares held by such holder, provided that, for so long as the B Convertible Preference Shares remain unlisted, where Shareholders are required to vote in terms of the Listings Requirements, the votes of the holders of B Convertible Preference Shares will not be taken into account in determining either a quorum or for approval of any resolution considered at any such general meeting required in terms of the Listings Requirements.

47.5 Alterations to authorised and issued shares

Set out below are the alterations to the Company's authorised and issued shares which have occurred since its incorporation, including in conjunction with the Group Restructuring and Listing Restructuring:

On 29 August 2012 – the Company's authorised shares were amended by creating:

- a further 999 999 Ordinary Shares, resulting in a total of 1 000 000 authorised Ordinary Shares;
- 1 000 000 A Convertible Preference Shares; and
- 1 000 000 B Convertible Preference Shares;

On 28 September 2012:

- 67 499 Ordinary Shares were issued to Capitalworks as follows:
 - the SA Fund – 42 943 Ordinary Shares for an aggregate subscription price of R62 065 441;
 - SAIP I – 6 406 Ordinary Shares for an aggregate subscription price of R9 282 814; and
 - SAIP II – 18 150 Ordinary Shares for an aggregate subscription price of R26 651 745;
 - 5 500 Ordinary Shares were issued to the Management Trust for an aggregate subscription price of R11 500 000;
 - 12 000 Ordinary Shares were issued to the BH Trust for an aggregate subscription price of R18 000 000;
- 10 000 Ordinary Shares were issued to the Management Shareholders as follows:
 - 2 223 Ordinary Shares were issued to the Jacian Trust (the representative trust of Christiaan Schoombie) for an aggregate subscription price of R3 333 333;
 - 2 222 Ordinary Shares were issued to the Costaras Family Trust (the representative trust of Constantine Costaras) for an aggregate subscription price of R3 333 333;
 - 2 222 Ordinary Shares were issued to the Lahanja Trust (the representative trust of Gerhardus Kotzé) for an aggregate subscription price of R3 333 333;
 - 2 000 Ordinary Shares were issued to the RK Phillips Family Trust (the representative trust of Richard Phillips) for an aggregate subscription price of R3 000 000; and
 - 1 333 Ordinary Shares were issued to Job Mpele for an aggregate subscription price of R2 000 000;
- 5 000 A Convertible Preference Shares were issued to Capitalworks as follows:
 - the SA Fund – 3 181 A Convertible Preference Shares for an aggregate subscription price of R4 749 906;
 - SAIP I – 475 A Convertible Preference Shares for an aggregate subscription price of R710 419; and
 - SAIP II – 1 344 A Convertible Preference Shares for an aggregate subscription price of R2 039 674;
- 5 000 B Convertible Preference Shares were issued to the Management Shareholders as follows:
 - 1 111 B Convertible Preference Shares were issued to the Jacian Trust (the representative trust of Christiaan Schoombie) for an aggregate subscription price of R111;
 - 1 111 B Convertible Preference Shares were issued to the Costaras Family Trust (the representative trust of Constantine Costaras) for an aggregate subscription price of R111;
 - 1 111 B Convertible Preference Shares were issued to the Lahanja Trust (the representative trust of Gerhardus Kotzé) for an aggregate subscription price of R111;
 - 1 000 B Convertible Preference Shares were issued to the RK Phillips Family Trust (the representative trust of Richard Phillips) for an aggregate subscription price of R100; and

- 667 B Convertible Preference Shares were issued to Job Mpele for an aggregate subscription price of R67; and

On 29 August 2014:

- 1 000 000 authorised Ordinary Shares were sub-divided into 1 800 000 000 Ordinary Shares;
- 95 000 issued Ordinary Shares were sub-divided into 171 000 000 Ordinary Shares;
- 1 000 000 authorised A Convertible Preference Shares were sub-divided into 1 800 000 000 A Convertible Preference Shares;
- 5 000 issued A Convertible Preference Shares were sub-divided into 9 000 000 A Convertible Preference Shares;
- subsequent to the sub-division of the A Convertible Preference Shares referred to above, the number of authorised A Convertible Preference Shares was reduced from 1 800 000 000 A Convertible Preference Shares to 9 000 000 A Convertible Preference Shares;
- 1 000 000 authorised B Convertible Preference Shares were sub-divided into 1 800 000 000 B Convertible Preference Shares;
- 5 000 issued B Convertible Preference Shares were converted into 9 000 000 B Convertible Preference Shares; and
- subsequent to the sub-division of the B Convertible Preference Shares referred to above, the authorised number of B Convertible Preference Shares was reduced from 1 800 000 000 B Convertible Preference Shares to 9 000 000 B Convertible Preference Shares.

Aside from these alterations, there have been no alterations in the authorised shares of RFG since its incorporation and up to the Last Practicable Date.

47.6 Voting, variation, conversion of rights and other rights of shareholders

The provisions of the MOI relating to the voting rights and variation of rights attaching to Ordinary Shares are summarised in Annexure 11.

Save in respect of the A Convertible Preference Shares and B Convertible Preference Shares, which are convertible into Ordinary Shares as more fully set out in Annexure 11, there are no conversion or exchange rights to Ordinary Shares, nor do any Shareholders have any redemption rights or preferential rights to profits or capital.

The rights of Shareholders to participate in dividends, rights to profits or capital, including the rights of Shareholders on liquidation or distribution of capital assets of the Company, are determined by the MOI and the relevant summaries thereof are set out in Annexure 11.

Options or preferential rights in respect of shares

Save in respect of any stabilisation by the Stabilisation Manager as envisaged in this Pre-listing Statement, there is no contract or arrangement, nor has any been proposed, whereby any option or preferential right of any kind has been or will be given to any person to subscribe for any shares in the Company or any of its Subsidiaries.

48. MAJOR SHAREHOLDERS OF RFG

48.1 Share ownership

As at the Last Practicable Date, to the best of the Directors' knowledge and belief, the following Shareholders have beneficial interests in 5% or more of the issued shares of RFG (including any preference shares):

Ordinary Shareholder	Number of Ordinary Shares held prior to the Offer	% of issued Ordinary Shares prior to the Offer (direct interest)	Number of Ordinary Shares held subsequent to the Offer ¹	% of issued Ordinary Shares subsequent to the Offer ¹	% of Fully Diluted Shares subsequent to the Offer ¹
SA Fund	77 299 200	45.2	52 073 576	23.6	22.6
SAIP II	32 670 000	19.1	22 008 556	10.0	9.6
BH Trust	21 600 000	12.6	16 200 000	7.3	7.0
SAIP I	11 530 800	6.7	7 767 868	3.5	3.4
Management Trust	9 900 000	5.8	7 425 000	3.4	3.2

Note:

1. Assuming an Offer Price at the mid-point of the Offer Price Range and that the Overallotment option is fully exercised.

A Convertible Preference Shareholder	Number of A Convertible Preference Shares held prior to the Offer	% of issued A Convertible Preference Shares prior to the Offer (direct interest)	Number of A Convertible Preference Shares held subsequent to the Offer	% of issued A Convertible Preference Shares subsequent to the Offer
SA Fund	5 725 800	63.6	5 725 800	63.6
SAIP II	2 419 200	26.9	2 419 200	26.9
SAIP I	855 000	9.5	855 000	9.5

B Convertible Preference Shareholder	Number of B Convertible Preference Shares held prior to the Offer	% of issued B Convertible Preference Shares prior to the Offer (direct interest)	Number of B Convertible Preference Shares held subsequent to the Offer	% of issued B Convertible Preference Shares subsequent to the Offer
Costaras Family Trust	1 999 800	22.2	1 999 800	22.2
Jacian Trust	1 999 800	22.2	1 999 800	22.2
Lahanja Trust	1 999 800	22.2	1 999 800	22.2
RK Phillips Family Trust	1 800 000	20.0	1 800 000	20.0
Job Mpele	1 200 600	13.3	1 200 600	13.3

48.2 Controlling Shareholders

As at the Last Practicable Date, the SA Fund was the controlling Shareholder of RFG. Following the Listing, no single Shareholder will exercise control over RFG.

49. MATERIAL LEASE PAYMENTS, COMMITMENTS AND CONTINGENT LIABILITIES

Details regarding RFG's material lease payments and commitments are set out in Annexure 12 and Annexure 13, respectively. RFG has no material contingent liabilities.

50. MATERIAL CONTRACTS

As at the Last Practicable Date, other than the Placement Agreement and the agreements relating to material acquisitions and disposals as set out in Annexure 14, there are no material contracts, being restrictive funding arrangements and/or a contract entered into (whether verbally or in writing) otherwise than in the ordinary course of business carried on, or proposed to be carried on, by RFG or its Subsidiaries during the two years preceding the Last Practicable Date, or at any time but containing an obligation or settlement that is material to RFG or its Subsidiaries.

As at the Last Practicable Date, RFG and its Subsidiaries have not entered into any agreements relating to the payment of technical, administrative or secretarial fees nor are they party to any material restraint or trade payments or any agreements in terms of royalties.

None of the Directors have concluded service contracts with the Company. Bruce Henderson (as the CEO) and Christiaan Schoombie (as the CFO) as the Executive Directors of the Company, have service contracts with, and their remuneration is paid for by, Rhodes Food. Furthermore, each of the directors of Rhodes Food (all of whom are executive) has concluded a service contract with Rhodes Food on terms and conditions that are broadly consistent with market standards for such appointments. Summaries of service agreements entered into during the three years preceding the Last Practicable Date are available for inspection as set out in paragraph 69 below. The principal terms of the service agreements are set out below:

Name	Position	Date of appointment to current role	Notice period	Restraint
Bruce Alan Scott Henderson	Executive director of RFG and Rhodes Food	1 October 2012	2 months	A restraint is in place which is linked to the director's association with RFG
Christiaan Cornelius Schoombie	Executive director of RFG and Rhodes Food	1 October 2012	2 months	A restraint is in place which is linked to the director's association with RFG
Constantine Costaras	Executive director of Rhodes Food	1 October 2012	2 months	A restraint is in place which is linked to the director's association with RFG
Gerhardus Cornelis Kotzé	Executive director of Rhodes Food	1 October 2012	2 months	A restraint is in place which is linked to the director's association with RFG
Job Bonginkosi Mpele	Executive director of Rhodes Food	1 October 2012	2 months	A restraint is in place which is linked to the director's association with RFG
Richard Phillips	Executive director of Rhodes Food	1 October 2012	2 months	A restraint is in place which is linked to the director's association with RFG

Generally, each executive's restraint commences on:

- the date on which such executive or the trust through which such executive owns Ordinary Shares in RFG disposes of his or its entire shareholding in RFG; or
- the termination of such executive's employment with the Company for any reason, other than retrenchment.

While an executive is in the employment of RFG, and for a period of 24 months after the commencement date of the restraint, such executive will not, whether directly or indirectly:

- compete with RFG or be interested in any business which competes with RFG in any of the geographies in which RFG operates;
- solicit any business relating to such a field of activity from, or entice away from RFG, any customer or prospective customer or supplier or prospective supplier of RFG; and/or
- persuade, induce, encourage or procure any employee of RFG, or any person who was an employee of RFG at any time during the previous 12 months, to become employed by or interested in any competing business, or to terminate his employment with RFG.

51. MATERIAL CHANGES

The Directors report that there have been no material changes in the financial and trading position or the assets and liabilities of RFG or any company within RFG between 29 June 2014 (date of the reviewed financial statements) and the Last Practicable Date. Furthermore, there has been no change in the trading objectives of RFG and its Subsidiaries during the five years preceding the Last Practicable Date. There have been no material changes in the business of RFG during the past five years. The Company does not benefit from any significant government protection or investment encouragement law.

52. MATERIAL LOANS, LOAN CAPITAL AND INTER-COMPANY BALANCES

As at the Last Practicable Date, neither RFG nor any of its Subsidiaries had any material loans receivable from third parties.

No loans have been made or security furnished by RFG to or for the benefit of any Director or manager as at the Last Practicable Date, other than those disclosed in Annexure 13.

The Company has not created any debentures and there are no debentures in issue. There are no debentures created in terms of a trust deed furthermore no debentures are to be issued in terms of a trust deed. No debenture stock has been created by way of conversion or replacement of debentures previously issued.

There are no conversion or redemption rights relating to material loans and or debentures.

There are no material intra-group financial or other transactions save for intra-group loans as disclosed in Annexure 13. Full details of intra-group loans between RFG Group companies are presented in Annexure 13 and show intra-group balances before elimination on consolidation.

Details of RFG's material borrowings as at the Last Practicable Date are set out in Annexure 13 to this Pre-listing Statement.

53. PRINCIPAL IMMOVABLE PROPERTY OWNED OR LEASED

As at the Last Practicable Date RFG owned six immovable properties. Details of the principal immovable properties owned by RFG are set out in Annexure 12 to this Pre-listing Statement. None of RFG's Directors had any material interest in any of the immovable properties owned by RFG.

As at the Last Practicable Date RFG had 16 material leases in place over sixteen immovable properties. Details of such material leases are set out in Annexure 12 to this Pre-listing Statement. None of RFG's Directors had any material interest in such material leases over the applicable immovable properties.

54. MATERIAL ACQUISITIONS

The information regarding material acquisitions made or proposed by RFG within the last three years preceding the Last Practicable Date is set out in Annexure 14.

55. PROPERTY ACQUIRED OR TO BE ACQUIRED

There are no options to acquire immovable property and other properties in the nature of a fixed asset by RFG and any of its Subsidiaries.

The application for Listing does not coincide, directly or indirectly, with the acquisition by the Company, or any of its Subsidiaries, of securities in or of the business undertaking of any other company, in consequence of which that company or business undertaking will become a Subsidiaries of or part of the business of RFG.

56. PROPERTY DISPOSED OF OR TO BE DISPOSED OF

Details of material disposals of assets of RFG in the three years preceding the Last Practicable Date are set out in Annexure 14.

57. COMMISSIONS PAID OR PAYABLE IN RESPECT OF UNDERWRITING

No commissions, discounts, brokerages or other special terms have been granted by RFG in the three years preceding the Last Practicable Date in connection with the issue or sale of any shares, where this has not been disclosed in the audited annual financial statements of the Company.

58. INTERESTS OF DIRECTORS AND PROMOTERS

Save as set out in (i) paragraphs 44.5 and 44.10 of Section 5 above; (ii) paragraphs 1 and 2 of Annexure 14; and (iii) the related party disclosure in paragraph 62 below:

- neither RFG nor any of its Subsidiaries nor any other person has paid any amounts nor agreed to pay any amounts in the three years preceding the Last Practicable Date to any Directors or to a related person, or to any company of which a Director is also a director, or in which Directors are beneficially interested, directly or indirectly (the "associate company") or to any partnership, syndicate or other association of which the Directors are members (the "associate entity"), in cash or in securities or otherwise, either as an inducement to become or to qualify a person as a Director or for services rendered by Directors or by the associate company or associate entity in connection with the promotion or formation of the Company. For the purposes of this paragraph, Director includes a reference to the directors of the Subsidiaries;
- no Director or promoter of RFG has any material beneficial interest, either direct or indirect, in (i) the promotion of the Company; (ii) any property proposed to be acquired by RFG out of the proceeds of the Offer; or (iii) any property acquired or proposed to be acquired by RFG or any of its Subsidiaries in the three years immediately preceding the Last Practicable Date; and
- no Director or promoter of RFG has been a member of a partnership, syndicate or other association of persons that had such an interest nor has any cash or securities been paid or any other benefit given to any promoter in the aforementioned three-year period.

59. SHARES ISSUED OR TO BE ISSUED OTHERWISE THAN FOR CASH

Details relating to shares issued or agreed to be issued by the Company or by any of its Subsidiaries in the three years preceding the Last Practicable Date other than for cash are set out in paragraph 47.2 above and in Annexure 14 below.

60. AMOUNTS PAID OR PAYABLE TO PROMOTERS

The Company and the Selling Shareholders will pay to the Joint Bookrunners the commission set out in the Placement Agreement and reimburse certain related expenses incurred in this regard.

Save as set out in the preceding paragraph, no amount has been paid or proposed to be paid in the three years preceding the Last Practicable Date to any promoter, or to any partnership, syndicate or other association of which that promoter is or was a member, nor has any cash or security been paid nor proposed, nor any other benefit given nor proposed to any such promoter, partnership, syndicate or other association in the aforementioned three-year period.

61. LISTING ON THE JSE

The JSE has granted RFG a listing in respect of all of the Company's issued Ordinary Shares in the "Food Products" sector of the main board of the JSE under the abbreviated name "Rhodes", symbol "RFG" and ISIN: ZAE000191979.

As of the date of the Listing, RFG will be required to comply with the Listings Requirements.

62. RELATED PARTY TRANSACTIONS

In addition to the loans to Directors and employees of RFG detailed in Annexure 13, details of the related party transactions in RFG are set out below:

Loan owing to	Loan owing by	Amount (R'000)	Interest rate	Maturity
RFG	Rhodes Food	18 000	Interest free	Payable on demand, but not within next 12 months
Shareholder loans				
SA Fund	RFG	20 402	18%	Payable on demand, but not within next 12 months
SAIP I	RFG	3 043	18%	Payable on demand, but not within next 12 months
SAIP II	RFG	8 623	18%	Payable on demand, but not within next 12 months

63. LITIGATION

There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened) of which RFG is aware, which may or may have had, in the 12 months prior to the Last Practicable Date, a material effect on the financial position of RFG.

64. COMPETITION COMMISSION

RFG has been in discussions with the Competition Commission regarding settlement of a matter that dates back to 2006 and relates to formal communication with an export competitor. RFG had taken legal advice at the time of this communication to the effect that exports fall outside of the jurisdiction of the South African Competition Act No. 89 of 1998. Nevertheless, the communication in question ceased in 2006. RFG and the Competition Commission have entered into a settlement agreement on this matter which includes payment of an administrative penalty of R1.2 million by RFG and is subject to the Competition Tribunal confirming this is an order.

65. VENDORS

The only material assets purchased by RFG from vendors in the three years preceding the Last Practicable Date relate to the Group Restructuring and the Bull Brand Acquisition. Further details regarding these transactions are set out in Annexure 14.

66. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names are set out in paragraph 44.1 above of this Pre-listing Statement, have considered all statements of fact and opinion in this Pre-listing Statement in relation to RFG and its business and:

- accept, collectively and individually, responsibility for the accuracy of such statements; and
- certify that, to the best of their knowledge and belief, there are no omissions of facts or considerations which would make any such statement of fact or opinion contained in this Pre-listing Statement false or misleading and all reasonable enquiries to ascertain such facts have been made; and
- certify that this Pre-listing Statement contains all information required by the Listings Requirements.

67. ESTIMATED EXPENSES OF THE OFFER AND LISTING

As at the Last Practicable Date, the estimated expenses of the Listing and Offer (exclusive of VAT) are as follows:

Nature of expense	Payable to	Estimated amount (excluding VAT) (R'000)
Joint Bookrunner and Sponsor ⁽¹⁾	Rand Merchant Bank	12 650
Joint Bookrunner ⁽¹⁾	Morgan Stanley	7 650
Joint Bookrunner ⁽¹⁾	Renaissance Securities	15 300
Legal Counsel to the Company	Webber Wentzel	2 500
Legal Counsel to the Joint Bookrunners	Davis Polk	2 000
Independent Reporting Accountants and Auditors to the Company	Deloitte & Touche	500
Pre-listing Statement printing and distribution	Ince	300
JSE listing fee	JSE	400
JSE documentation fees	JSE	75
Securities Transfer Tax		1 700
Roadshow costs		1 000
Investor relations	Tier 1 Investor Relations	425
Contingency costs		3 900
Total		48 400

Note: 1. Based on an Offer Price at the mid-point of the Offer Price Range and excluding the discretionary commission of up to 0.5%. The Company will pay Securities Transfer Tax on all of the Sale Shares and Overallotment Shares sold. No preliminary expenses have been incurred in relation to the Listing, and the table above represents the total estimated cost of the Listing.

68. CONSENTS

The Independent Reporting Accountant whose reports are included as Annexure 2, Annexure 6 and Annexure 8 to this Pre-listing Statement has given and has not, prior to publication, withdrawn its written consent to the inclusion of its reports in the form and context in which they appear.

Each of the Company's advisers, whose names appear in the "Corporate Information and Advisers" section of this Pre-listing Statement, have consented in writing to act in the capacities stated and to their names appearing in the Pre-listing Statement, and have not withdrawn their consent prior to the publication of the Pre-listing Statement.

69. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company and at the offices of the Sponsor at the addresses given in the "Corporate Information and Advisers" section of this Pre-listing Statement, during normal office hours from the date of issue of this Pre-listing Statement for a period of not less than 14 calendar days after the Closing Date:

- the MOI and the memorandum of incorporation/memorandum and articles of association of each of the Company's major Subsidiaries;
- the Placement Agreement;
- the audited consolidated financial statements of the Company for the year ended 29 September 2013, and the reviewed consolidated financial statements of the Company for the years ended 30 September 2012 and 2 October 2011;
- the Reporting Accountants' report on the historical financial information of RFG for the years ended 29 September 2013 and 30 September 2012, as reproduced in Annexure 2;
- the required historical financial information of Old Rhodes Food Group, as reproduced in Annexure 3;
- the Reporting Accountants' report on the historical financial information of Old Rhodes Food Group Holdings for the years ended 30 September 2012 and 2 October 2011, as reproduced in Annexure 4;
- reviewed interim financial statements for the nine-month period ended as at 29 June 2014, as reproduced in Annexure 5;
- the Reporting Accountants' report on the consolidated interim financial information of RFG;
- reviewed interim financial statements for the nine-month period ended and as at 29 June 2014, as reproduced in Annexure 7;
- the Reporting Accountants' reports on the *pro forma* financial information of RFG, as reproduced in Annexure 8;
- summaries of the service contracts of the Executive Directors of RFG and Rhodes Food;
- the written consents of the advisers of the Company to being named as acting in the stated capacity in the section entitled "Corporate information and Advisers" and the use of their names in this Pre-listing Statement; and
- the written consents of the Independent Reporting Accountants to being named as acting in the stated capacity in the section entitled "Corporate information and Advisers", the use of their names in this Pre-listing Statement and the inclusion of their reports herein.

TAXATION

The following summary provides an overview of the tax consequences of the purchase, ownership and disposition of the Offer Shares. It is not a complete description of all the possible tax consequences of such purchase, ownership or disposition. This summary is based on the laws as in force and as applied in practice on the date of this Pre-listing Statement and is subject to changes to those laws and practices subsequent to the date of this Pre-listing Statement. In the case of persons who are non-residents of South Africa for income tax purposes, it should be read in conjunction with the provisions of any applicable double tax agreement between South Africa and their country of tax residence. Investors should consult their own advisers as to the tax consequences of the purchase, ownership and disposal of the Offer Shares in light of their particular circumstances, including, in particular, the effect of any state, regional, local or other tax laws.

70. SOUTH AFRICAN TAXATION

70.1 General

This summary of certain material South African income tax consequences only deals with initial purchasers of Offer Shares that are SA Holders and Non-SA Holders, as defined below, and that will hold the Offer Shares as capital assets. As used herein the term “SA Holder” means a “shareholder” who is: (i) a natural person ordinarily resident in South Africa; (ii) a natural person not ordinarily resident in South Africa but whose physical presence in South Africa exceeds certain prescribed thresholds or (iii) a person, other than a natural person, which is incorporated, established or formed in South Africa or which has its place of effective management in South Africa. The term does not include a non-natural person incorporated, established or formed in South Africa, if that person is deemed to be exclusively the resident of another country for purposes of the application of any agreement entered into between South Africa and that other country for the avoidance of double taxation. The term “Non-SA Holders” means a “shareholder” other than a “SA Holder”. In general, a “shareholder” means the registered shareholder in respect of a share or, where some person other than the registered shareholder is entitled to all or part of the benefit of the rights of participation in the profits, income or capital attaching to that share, that other person to the extent of that entitlement. Prospective purchasers with questions regarding their status as either South African residents or shareholders should consult their tax advisers.

The following paragraphs contain a general summary of South African tax implications. The tax analysis is therefore not comprehensive or determinative and should not be regarded as tax advice given by the Company or any of its advisers to the Offer.

70.2 Dividends

A “dividend” is defined as any amount transferred or applied by a company for the benefit of any shareholder by virtue of any share held by that shareholder in that company, whether by way of a distribution, or as consideration for the acquisition of any share in that company. The “dividend” definition contains four exclusions. Firstly, amounts resulting in a reduction of contributed tax capital (“**CTC**”) (as described below) will not constitute a dividend. Secondly, dividends will not include capitalisation awards. Thirdly, an open market purchase (i.e. general repurchase) by a listed company of its own shares on the exchange operated by the JSE will not constitute a dividend. Fourthly, dividends will not include redemptions of a participatory interest in a foreign collective investment scheme (specifically stated in the “foreign dividend” definition).

CTC, in its basic form, will comprise amounts received by or accrued to a company as consideration for the issue of its shares. This would therefore typically be share capital and share premium (excluding any portion thereof which comprises capitalised reserves).

In general, dividends paid by the Company to SA Holders will be exempt from South African income tax in their hands. The position of the non-SA Holders will depend on the tax legislation in which they are tax resident.

70.3 Dividend Tax

From 1 April 2012 the Secondary Tax on Companies (“**STC**”) regime was replaced with a new Dividends Tax (“**DWT**”) regime, which constitutes a withholding tax imposed on Dividends paid to shareholders.

DWT will be imposed in respect of any dividend paid by a company on or after 1 April 2012, and will be levied at a rate of 15%. Subject to certain administrative requirements, this rate may be reduced to as low as 5% under the provisions of certain double tax agreements. In addition, the DWT legislation includes a number of exemptions, including exemptions for onshore inter-company dividends, dividends declared to a company which is a South African resident (subject to certain administrative requirements) and dividends paid to certain exempt entities. Dividends paid to natural persons will be subject to the DWT.

70.4 Distributions of CTC

A distribution by a company of CTC does not constitute a dividend for DWT purposes. Instead, for Capital Gains Tax (“**CGT**”) purposes the distribution of CTC will be allocated against the full base cost of the share, i.e. the SA Holders will be subject to CGT on any capital gain realised as a result of a distribution of CTC which is in excess of the base cost of the shares (the base cost would include, *inter alia*, the original consideration for the shares).

70.5 Taxation of capital gains and losses

South African resident shareholders – individuals

A disposal of shares by an individual shareholder who is resident in South Africa for tax purposes and that holds the shares as capital assets may give rise to a gain (or loss) for the purposes of CGT. The capital gain (or loss) on disposal of the shares is equal to the difference between the disposal proceeds and the base cost. A shareholder’s base cost for the shares will generally be the consideration paid for those shares. The base cost for the listed shares may be increased by one-third of any interest incurred to finance the cost of acquiring the shares, and other direct costs incurred in acquiring the shares, to the extent that such amounts are not otherwise allowable for deduction in the determination of taxable income. A gain on a disposal of shares, together with other capital gains, less allowable capital losses in a year of assessment, is subject to tax at the individual’s marginal tax rate (maximum 40%) to the extent that it exceeds the annual exclusion (R30 000 for the years of assessment ended 28 February 2013). Only 33% of the net capital gain is included in taxable income, resulting in a maximum effective tax rate on capital gains of 13.33%, effective 1 March 2012. On the death of a taxpayer, there is a deemed disposal of the shares at market value, unless the shares are bequeathed to, or in favour of, a surviving spouse. Deemed disposals to a surviving spouse, who is a South African resident, are treated, in practical effect, as taking place at no gain or loss. The annual exclusion where death occurs during the year of assessment ending 28 February 2014 is R300 000. Where a taxpayer emigrates (i.e. gives up South African tax residence) there will also be a deemed disposal of the shares at market value and this may trigger CGT.

South African resident shareholders – corporates

A disposal of shares by a South African resident corporate shareholder, that holds the shares as capital assets may give rise to a capital gain (or loss) for the purposes of CGT. The capital gain (or loss) on disposal of the shares is equal to the difference between the disposal proceeds and the base cost. A shareholder’s base cost for the shares will generally be the consideration paid for the shares. The base cost for the shares may be increased by one third of any interest incurred to finance the cost of acquiring the shares, and other direct costs incurred in acquiring the shares, to the extent that such amounts are not otherwise allowable for deduction in the determination of taxable income. A capital gain on a disposal of shares by a corporate shareholder, together with other capital gains, less allowable losses in a year of assessment, is subject to tax at the normal tax rate for companies (currently 28%). Only 66.6% of the net capital gain is included in taxable income, resulting in a maximum effective tax rate on capital gains of 18.66%, effective 1 March 2012.

Non-South African resident shareholders – individuals and corporates

A disposal of shares by a non-South African resident would give rise to a gain (or loss) for the purposes of CGT to the extent that the gains are realised pursuant to the disposal of any interest in immovable property situated in South Africa. An interest in immovable property situated in South Africa includes shares if:

- 80% or more of the market value of the interest in immovable property, at the time of disposal, is attributed directly or indirectly to immovable property held otherwise than as trading stock; and
- the shareholder (alone or together with any connected person in relation to that shareholder), directly or indirectly holds at least 20% of the shares.

Currently not more than 80% of the market value of the shares is attributable to immovable property and consequently the shares will not fall within the ambit of the South African capital gains tax legislation. Even if this were the case, the provisions of an applicable double tax agreement between South Africa and their country of tax residence would need to be consulted in order to determine which country has taxing rights in respect of any gain realised.

70.6 Estate duty

Where a person who is ordinarily resident in South Africa holds shares at the date of his or her death, the market value of such shares will be included in the estate. Estate duty is levied at a flat rate of 20% on the dutiable amount of the deceased estate to the extent that it exceeds R3.5 million per estate. In determining the dutiable amount of an estate, deductions are, inter alia, allowed for the value of bequests and property left to a surviving spouse, and estate liabilities, including capital gains tax paid on the deemed disposal of the shares on date of death.

70.7 Securities Transfer Tax

Securities transfer tax (“**STT**”) of 0.25% of the applicable taxable amount is payable in respect of every “transfer” of securities issued by a company incorporated in South Africa. “Transfer” includes any cancellation or redemption of a security, but does not include the issue of a security or any event that does not result in a change in beneficial ownership of a security. A purchase of shares from or through the agency of a JSE registered broker is subject to STT of 0.25% of the purchase consideration. The STT is payable by the broker, which may recover it from the transferee. Where shares are not purchased from or through the agency of a broker, but the change in beneficial ownership is effected by a CSDP, STT of 0.25% of the greater of the declared purchase consideration or the JSE closing price of shares on the date of the transaction is payable by the CSDP, which may recover it from the transferee.

In any other case of a change in beneficial ownership of shares, STT of 0.25% of the greater of the declared purchase consideration or the JSE closing price of shares is payable by the transferee through the broker or CSDP, which holds the shares in custody. If the shares are not held in custody by a broker or CSDP, the STT is payable by the transferee through issuing company.

SOUTH AFRICAN EXCHANGE CONTROL

71. GENERAL

Currency and shares are not freely transferable from South Africa to any jurisdiction outside the geographical borders of South Africa or jurisdictions outside of the Common Monetary Area. These transfers must comply with the South African Exchange Control Regulations as described below. The South African Exchange Control Regulations also regulate the acquisition by former residents and non-residents of Offer Shares.

Applicants who are resident outside the Common Monetary Area should seek advice as to whether any governmental and/or other legal consent is required and/or whether any other formality must be observed to enable an application to be made in response to the Offer. The following summary is intended as a guide and is therefore not comprehensive. If investors are in any doubt regarding South African Exchange Control Regulations, they should consult their professional adviser.

72. EMIGRANTS FROM THE COMMON MONETARY AREA

A former resident of the Common Monetary Area who has emigrated from South Africa may use emigrant blocked funds to acquire Offer Shares in terms of this Pre-listing Statement.

All payments in respect of subscriptions for or purchases of Offer Shares by an emigrant using emigrant blocked funds must be made through the authorised dealer in foreign exchange controlling the blocked assets.

Shares issued in respect of Offer Shares acquired with emigrant blocked funds in terms of this Pre-listing Statement will be credited to their emigrant blocked share accounts at the CSDP controlling their blocked portfolios.

Shares issued in certificated form in respect of Offer Shares acquired with emigrant blocked Rand in terms of this Pre-listing Statement will be endorsed "Non-Resident" in accordance with the South African Exchange Control Regulations and will be placed under the control of an authorised dealer in foreign exchange through which the payment was made.

If applicable, refund monies payable in respect of unsuccessful applications or partly successful applications for Offer Shares, as the case may be, in terms of this Pre-listing Statement, emanating from emigrant blocked accounts, will be returned, in terms of the South African Exchange Control Regulations, to the authorised dealer administering such emigrant blocked Rand, for credit to such applicants' emigrant blocked accounts.

The CSDP or broker through which the Company's shareholders have dematerialised their shares is responsible for ensuring adherence to the South African Exchange Control Regulations.

73. APPLICANTS RESIDENT OUTSIDE THE COMMON MONETARY AREA

A person who is not resident of the Common Monetary Area, including an emigrant not using emigrant blocked Rand, should obtain advice as to whether any governmental and/or other legal consent is required and/or whether any other formality must be observed to enable an application to be made in response to the Offer to be made in terms of the Offer.

Any share certificates issued to non-residents of South Africa will be endorsed "Non-Resident" in accordance with the South African Exchange Control Regulations.

All dematerialised shares issued will be credited directly to the shareholder's non-resident share account held by his duly appointed CSDP. The CSDP or Broker through whom the Company's Shareholders have dematerialised their Ordinary Shares will ensure that they adhere to the South African Exchange Control Regulations.

If applicable, refund monies payable in respect of unsuccessful applications or partly successful applications for Offer Shares, as the case may be, in terms of this Pre-listing Statement, emanating from a person who is not a resident of the Common Monetary Area will be returned (subject to compliance with South African Exchange Control Regulations).

74. OFFER SHARES ACQUIRED BY NON-RESIDENTS

Persons resident outside the Common Monetary Area applying for Offer Shares pursuant to this Pre-listing Statement should note that, while there are no restrictions similar to those placed on emigrants using blocked funds, in regard to Offer Shares acquired by non-residents pursuant to this Pre-listing Statement, in the case of certificated shares, the share certificates will be endorsed with the words “Non-Resident” and, in the case of dematerialised shares, an appropriate electronic entry will be made in the relevant register reflecting a “Non-Resident” endorsement.

Signed at Groot Drakenstein on 15 September 2014 by/or on behalf of RFG in terms of a resolution of the Directors.

By order of the Board

Bruce Henderson
Chief Executive Officer

RHODES FOOD GROUP HOLDINGS LIMITED

Registered office:
Pniel Road
Groot Drakenstein
7680
Western Cape
South Africa
(Private Bag X3040, Paarl, 7620)

AUDITED HISTORICAL FINANCIAL INFORMATION OF RFG

The historical consolidated financial information of RFG for the years ended 29 September 2013 and 30 September 2012 are set out below.

The Directors of RFG are responsible for the preparation of the consolidated financial information contained in this Annexure 1.

The consolidated financial statements for the years ended 29 September 2013 and 30 September 2012, from which the information below was extracted, were audited by Deloitte & Touche in accordance with International Standards on Auditing, who issued an unqualified audit opinion on the financial statements.

Commentary

1. NATURE OF THE BUSINESS

The main business of RFG is the manufacturing and marketing of convenience foods. These include fresh and frozen ready-made meals, pastry based products, canned jams, canned fruit, canned vegetables, canned meat, purees and dairy products.

2. GENERAL REVIEW

2.1 The results of the activities and financial position of the company to which this commentary apply is set out in the attached financial statements included in Annexures 1.

2.2 Consistent revenue growth over the last three years has resulted in market share gains across all key product categories. Revenue increased by 19.4% from R1 557.6 million in 2012 (refer Annexure 3) to R1 859.1 million in 2013, driven by continued organic growth across both business segments, with the inclusion of revenue from the Bull Brand acquisition for two months representing growth of approximately 4.6% on the RFG Group's prior year revenue. The Rand depreciated by approximately 16.2% against RFG's basket of trading currencies in this period.

2.3 The gross profit margin has shown improvement over the year from 26.1% in 2012 (refer Annexure 3) to 28.8% in 2013. This margin expansion has been mainly in the canned fruit business due to better pricing and the benefit from the depreciation of the Rand against the trading basket of currencies.

2.4 In 2013 expenses increased by 24.4% as a result of transaction costs R23.9m relating to the RFG Group Restructuring. The increase on a normalised basis was 16.8% and partially relates to the Bull Brand acquisition.

2.5 The operating margin increased by 0.5% to 8.6% through further operating efficiencies across the RFG Group and continued weakening of the currency. This translated into a 26.4% increase in operating profit to R159.6 million (45.2% growth and R183.5 million after adjusting for Group Restructuring transaction costs) for the financial year.

2.6 Profit after tax declined by 40.5% from R64.2 million (refer Annexure 3) to R38.2 million in 2013. This was attributable to an increase of R54.7 million in net interest paid to R89.1 million from funding for the management buyout and once-off group restructure transaction costs of R23.9 million.

2.7 Cash generated from operations has increased from R131.5 million in 2012 (refer Annexure 3) to R202.2 million in 2013. Cash flows used in investing activities increased to R982.4 million in 2013 owing mainly to the R798.0 million management buyout and R128.1 million for the acquisition of the Bull Brand business. Cash flows from financing activities increased to R724.0 million owing mainly to the issue of ordinary shares (R142.5 million) and preference shares (R163.5 million), loans raised to finance the management buyout (R443.6 million) and other loans raised (R64.2 million). This was partially offset by loan repayments totalling R89.9 million.

2.8 As part of the capital management strategy, RFG invests in equipment, technology and infrastructure to maintain and expand the business, and to create efficiencies to improve the operating margin further. Capital expenditure also unlocks spare capacity in certain of the food production facilities. The major capital projects undertaken over the past three years included:

- Increasing capacity and upgrading pie production facility (R34.6 million)
- New equipment for ready-made meals production plant in Gauteng (R13.8 million)
- Relocation of jam and vegetable production facilities to other RFG Group facilities to optimise production capacity (R15.6 million).

RHODES FOOD GROUP HOLDINGS LIMITED

3. EVENTS SUBSEQUENT TO THE REPORTING DATE.

During August 2014, the entity was converted from a private company to a public company.

The Directors are not aware of any other matter or circumstance of a material nature arising since the end of the financial year, otherwise not dealt with in the financial statements, which significantly affect the financial position of the Company or the results of its operations.

4. SHARE CAPITAL

During 2013 year the Company issued a further 94 999 ordinary shares, 5 000 "A" and 5 000 "B" redeemable convertible preference shares (2012: 1 ordinary share) to fund the Company.

5. PROPERTY PLANT AND EQUIPMENT

There has been no major change in the nature or use of property, plant and equipment during any of the years presented. The accounting policy has remained unchanged.

6. SUBSIDIARIES

Refer to note 29 for a list of subsidiaries.

7. DIVIDENDS

No dividends were declared or paid during the current year (2012: Rnil).

8. DIRECTORS

The Directors in office during the year under review and at the date of this report are as follows:

GJH Willis (Chairman)	(Appointed 21 May 2012)
BAS Henderson	(Appointed 1 October 2012)
CC Schoombie	(Appointed 1 October 2012)
LB Robertson	(Appointed 1 October 2012)
CL Smart	(Appointed 1 October 2012)
JD Shahim	(Appointed 1 October 2012)
A Makenete	(Appointed 6 December 2012)

9. CORPORATE STRUCTURE

Rhodes Food Group Holdings Ltd was registered as company on 1 April 2012 and acquired 100% of the share capital of Rhodes Food Group (Pty) Ltd. On 1 October 2012 the Company acquired 100% of the share capital of Old Rhodes Food Group Holdings Ltd, which in turn holds 100% of the share capital of Old Rhodes Food Group (Pty) Ltd. On the same day Rhodes Food Group (Pty) Ltd purchased all the assets and liabilities of Old Rhodes Food Group (Pty) Ltd as a going concern.

10. FINANCIAL YEAR-END

The Company's financial year ends on 30 September. For Group reporting purposes, the Company reports to a date selected by its shareholders and management so as to accommodate certain operational needs and requirements. As a result the financial statements were prepared for the years ended 29 September 2013 and 30 September 2012, respectively.

11. SECRETARY

The secretary of the Company is Statucor (Pty) Ltd (represented by A Rich), whose business and postal addresses are:

12. BUSINESS ADDRESS:

The Boulevard Office Park
2nd Floor, Block D
Searle Street
Woodstock
7925

POSTAL ADDRESS:

PO Box 3883
Cape Town
8000

RHODES FOOD GROUP HOLDINGS LIMITED

13. AUDITORS

Deloitte & Touche were the auditors for the years under review.

14. PREPARER OF ANNUAL FINANCIAL STATEMENTS

These financial statements were prepared under the supervision of AS Botha, CA(SA).

STATEMENT OF FINANCIAL POSITION

29 September 2013

	Notes	2013 R	2012 R
Assets			
Non-current assets		706 395 454	–
Property, plant and equipment	4	488 789 433	–
Intangible assets	5	51 050 673	–
Goodwill	6	126 325 139	–
Biological assets	7	28 045 987	–
Deferred taxation asset	14	88 094	–
Loans receivable	8	9 624 998	–
Other financial instruments	9	2 471 130	–
Current assets		770 542 268	1
Inventory	10	457 663 240	–
Accounts receivable	11	301 497 032	–
Loans receivable	8	1 972 500	–
Bank balances and cash on hand	27.3	9 409 496	1
Total assets		1 476 937 722	1
Equity and liabilities			
Capital and reserves		193 232 186	1
Share capital	12	150 000 502	1
Accumulated profit		37 336 702	–
Equity attributable to owners of the Company		187 337 204	1
Non-controlling interest		5 894 982	–
Non-current liabilities		675 759 322	–
Preference shares	12	156 005 319	–
Preference shareholders for dividend accrual	12	30 517 279	–
Long-term loans	13	435 236 913	–
Deferred taxation liability	14	47 548 481	–
Employee benefit liability	15.2	6 451 330	–
Current liabilities		607 946 214	–
Accounts payable and provisions	15.1	362 172 131	–
Current portion of long-term liabilities	13	84 368 819	–
Taxation payable	27.2	25 803 335	–
Other loan	16	14 112 728	–
Bank overdraft	27.3	116 455 873	–
Foreign exchange contract liability	17	5 033 328	–
Total equity and liabilities		1 476 937 722	1
Net asset value per share (cents)		197 197	100
Tangible net asset value per share (cents)		10 486	100
Shares in issue at end of year		95 000	1

RHODES FOOD GROUP HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 29 September 2013

	Notes	2013 R	2012 R
Revenue	1.2	1 859 088 961	–
Cost of goods sold		(1 323 713 624)	–
Gross profit		535 375 337	–
Other income		16 195 627	–
Operating costs		(391 888 641)	–
Earnings before interest and taxation	18	159 682 323	–
Interest paid	20	(91 275 255)	–
Interest received		2 246 102	–
Earnings before taxation		70 653 170	–
Taxation	21	(32 466 662)	–
Earnings for the year from continuing operations		38 186 508	–
Loss for the year from discontinued operations		–	–
Earnings for the year		38 186 508	–
Other comprehensive income		–	–
Total comprehensive income for the year		38 186 508	–
Earnings attributable to:			
Owners of the Company		37 336 702	–
Non-controlling interest		849 806	–
		38 186 508	–
Earnings per share (cents)			
Basic		39 302	–
Diluted	32	37 337	–

STATEMENT OF CHANGES IN EQUITY

for the year ended 29 September 2013

	Share capital R	Accumulated profit R	Non- controlling interest R	Total R
Balance at 23 April 2012	–	–	–	–
Issue of Ordinary Share capital	1	–	–	1
Balance at 30 September 2012	1	–	–	1
Issue of Ordinary Share capital	142 500 000	–	–	142 500 000
Issue of redeemable convertible Preference Shares	7 500 501	–	–	7 500 501
Acquisition of subsidiaries	–	–	5 045 176	5 045 176
Total comprehensive income for the year	–	37 336 702	849 806	38 186 508
Balance at 30 September 2013	150 000 502	37 336 702	5 894 982	193 232 186

RHODES FOOD GROUP HOLDINGS LIMITED**STATEMENT OF CASH FLOWS**

for the year ended 29 September 2013

	Notes	2013 R	2012 R
Cash flows from operating activities			
Cash generated from operations	27.1	202 209 109	–
Net interest paid		(35 246 200)	–
Taxation paid	27.2	(15 612 692)	–
<i>Net cash inflow from operating activities</i>		151 350 217	–
Cash flows from investing activities			
Purchase of property, plant and equipment		(51 391 259)	–
Proceeds on disposal of property, plant and equipment		4 788 189	–
Acquisition of a business as a going concern less cash acquired	27.6	(798 035 953)	–
Acquisition of Bull Brand business less cash acquired	27.7	(128 086 507)	–
Loan receivable raised		(9 624 998)	–
<i>Net cash outflow from investing activities</i>		(982 350 528)	–
Cash flows from financing activities			
Issue of ordinary share capital		142 500 000	1
Issue of preference share capital		163 505 820	–
Loans raised		507 817 714	–
Loans repaid		(89 869 601)	–
<i>Net cash inflow from financing activities</i>		723 953 933	1
Net (decrease)/increase in cash and cash equivalents		(107 046 378)	1
Cash and cash equivalents at beginning of the year		1	–
Cash and cash equivalents at end of the year		27.3 (107 046 377)	1

RHODES FOOD GROUP HOLDINGS LIMITED

SEGMENTAL REPORT

for the year ended 29 September 2013

Products and services from which reportable segments derive their revenues

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided, and in respect of the 'regional' and 'international' operations, the information is further analysed based on the different classes of customers. The Directors of the Group have chosen to organise the Group around the difference in geographical areas.

Specifically, the Group's reportable segments under IFRS 8 are as follows:

- Regional
- International

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment.

	Segment revenue	
	2013 R	2012 R
Regional		
Fresh products sales	702 195 960	–
Long-life products sales	462 720 383	–
	1 164 916 343	–
International		
Long-life products sales	694 172 618	–
Total	1 859 088 961	–

	Segment profit	
	2013 R	2012 R
Regional	120 721 850	–
International	58 073 871	–
Total	178 795 721	–
Transaction costs incurred relating to management buyout	(23 859 327)	–
Other income	4 745 929	–
Interest received	2 246 102	–
Interest paid	(91 275 255)	–
Profit before taxation	70 653 170	–

Segment revenue reported above represents revenue generated from external customers. Intercompany sales amounted to R249 014 678 (2012: Rnil)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1. Segment profit represents the profit before tax earned by each segment without allocation of transaction costs incurred relating to management buyout, other income, investment income and finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Geographical information

The Group's non-current assets by location of operations (excluding goodwill, financial instruments and deferred tax assets) are detailed below.

	Non-current assets	
	2013 R	2012 R
Republic of South Africa	503 460 068	–
Kingdom of Swaziland	74 051 023	–
	577 511 091	–

Information regarding major customers

Two customers individually contributed 10% or more of the Group's revenues arising from both regional and international sources.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

29 September 2013

1. ACCOUNTING POLICIES

The annual financial statements and group annual financial statements are prepared in accordance with International Financial Reporting Standards and incorporate the following principal accounting policies which have been consistently applied in all material respects.

1.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interest in the net assets of consolidated subsidiaries is identified separately from the group's equity therein. Non-controlling interest consists of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination. Losses applicable to the non-controlling interest in excess of the non-controlling interest's interest in the subsidiary's equity are allocated against the interest of the group except to the extent that the non-controlling interest has a binding obligation and is able to make an additional investment to cover the losses.

1.2 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue comprises of the following:

Sale of goods

Revenue from sale of goods is recognised when substantially all the risks and rewards of ownership have been transferred to the buyer and the Company does not retain continuing managerial control of the goods to a degree usually associated with ownership, when the amount of revenue and costs incurred or to be incurred in respect of the sale transactions can be measured reliably, and when it is probable the economic benefits associated with the transaction will flow to the Company.

Interest

Interest revenue is recognised on a time proportion basis that takes into account the effective yield on the investment.

Dividends

Dividend revenue is recognised when the shareholder's right to receive payment is established.

1.3 Interest paid

Interest paid includes interest on the loan accounts, bankers' acceptances, Preference Share dividends on preference shares classified as liabilities, and bank accounts, which is expensed as incurred.

1.4 Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Rand, which is the functional currency of the Company, and presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items, are included in profit or loss for the year.

In order to hedge its exposure to certain foreign exchange risks, the group enters into forward exchange contracts and options.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) are expressed in Rand using exchange rates prevailing on the reporting date. Income and expense items (including comparatives) are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the group's foreign currency translation reserve. Such translation differences are recognised in profit or loss in the year in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

1.5 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted by the reporting date.

Deferred taxation is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interest in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be realised.

Deferred taxation is calculated at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled. Deferred taxation is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred taxation is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

1.6 Property, plant and equipment

Capital work in progress

The cost of property, plant and equipment is recognised as capital work in progress until the plant and equipment have been commissioned. Capital work in progress is not depreciated.

Other property, plant and equipment

Other property, plant and equipment are stated at cost less accumulated depreciation. The estimated useful lives, depreciation method and residual values of the assets are reviewed annually with the effect of any changes accounted for on a prospective basis. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets less its residual value as follows:

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

Buildings, improvements and leasehold improvements	Range from 5 – 50 years
Plant and machinery	Range from 2 – 40 years
Motor vehicles	Range from 4 – 15 years
Office equipment	Range from 3 – 14 years
Furniture and fittings	Range from 3 – 20 years
Land is not depreciated.	

1.7 Biological assets

Biological assets comprise livestock and growing crops which are measured at fair value less estimated point of sale costs.

The fair value of livestock is determined based on market prices of livestock of a similar age, breed and genetic merit.

The fair value of growing crops are determined based on market prices less delivery costs.

1.8 Intangible assets

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with finite useful lives, acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses and at cost less accumulated impairment losses in the case of such assets with indefinite useful lives. Amortisation is charged on a straight-line basis over the assets estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

1.9 Goodwill

Goodwill arising on the acquisition of a business represents the excess of the cost of acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Company's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit *pro rata* on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent year.

1.10 Impairment

At each reporting date, the Company reviews the carrying amount of tangible and intangible assets to determine whether there is an indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Impairment losses are recognised in the statement of comprehensive income in the year in which they arise.

1.11 Inventory

Inventory is stated at the lower of cost or net realisable value. Cost is determined on the following basis:

Raw materials are valued at cost on a first-in, first-out basis.

Finished goods and work in progress are valued at average actual cost of production.

Obsolete and slow moving inventories are identified and written down with regard to their estimated economic and realisable value.

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

1.12 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

1.13 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held on call with banks and bankers' acceptances, net of bank overdrafts, all of which are available for use by the company unless otherwise stated.

1.14 Retirement funding

The Company provide retirement benefits to employees through a defined contribution pension fund and a defined contribution provident fund. Contributions to these retirement funds are charged against income as incurred.

Employee termination benefits

The severance pay obligation arising in terms of the Swaziland Employment Act is calculated tri-annually by independent actuaries using the projected unit credit method. Under this method, the present value of severance benefits that have accrued in respect of past service is calculated, allowing for estimated future salary increases, future retrenchments, withdrawals and deaths.

1.15 Financial instruments

Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter year. Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as FVTPL.

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For all financial assets evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

Certain categories of financial assets, such as trade receivables, that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit term of 45 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets

The Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Company neither transfers nor retains substantially, all the risks and rewards of ownership and continue to control the transferred asset, the Company recognise its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Company continue to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter year.

Derecognition of financial liabilities

The Company derecognise financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

1.16 Leases

Assets held under finance leases are recognised as assets of the Company at their fair value at the inception of the lease or, if lower at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

2. ADOPTION OF NEW AND REVISED STANDARDS

2.1 Standards and Interpretations effective in the current year

Neither the Group nor Company adopted any Standards and Interpretations in the current period.

2.2 Early adoption of Standards and Interpretations

Neither the Group nor Company has early adopted any Standards and Interpretations.

2.3 Accounting Standards and Interpretations issued but not yet effective

The Company has not identified any Accounting or Interpretations issued, but not yet effective, that will have a material impact on the Company's financial statements in the future.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Company's accounting policies, which are described in note 1, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

3.1 Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the company to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate the present value. In management's assessment of impairment, the assumption was made that the company would continue to make profits for the foreseeable future. No impairment loss has been recognised in the current or prior year.

3.2 Valuation of biological assets

Livestock

The value of the livestock is calculated based on an independent valuation obtained from an industry specialist.

Growing crop

Growing crops are measured at their fair value less estimated point-of-sale costs to sell. The fair value of growing crops is determined based on current market prices using a discounted cash-flow model. Changes in fair value are recognised in profit or loss.

Point of sale costs include all costs that would be necessary to sell the assets, including all costs necessary to get the asset to its saleable state and to get it to the market.

3.3 Useful lives and residual values of property, plant and equipment

The useful lives and residual values placed on assets were estimated by using management's knowledge and experience of the industry. These are used to calculate the depreciation charge.

3.4 Impairment of property, plant and equipment

When any internal or external indicators of impairment are identified, management estimates the recoverable amount of the property, plant and equipment to establish whether any permanent impairment of the asset exists. The recoverable amount is estimated with reference to the lower of fair value less cost to sell and the value in use.

3.5 Recoverability of receivables

The recoverability of receivables is assessed by taking into consideration the financial position of the counter party and past payment history. When assessing the recoverability of receivables, management reviews prior history of losses and any information currently available.

3.6 Provision for inventory obsolescence

In determining the provision required for obsolete inventory, management considers the age of the specific inventory item and when it was last used in production. Any specific indicators that inventory is damaged or unsaleable are also taken into account.

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

3.7 Useful life of intangible asset

Trademarks and other intangibles that are acquired through acquisition are capitalised on the statement of financial position. These brands and other intangibles are valued on acquisition using a discounted cash flow methodology and assumptions and estimates regarding future revenue growth; prices; marketing costs; and economic factors. The assumptions reflect management's best estimates, but these estimates involve inherent uncertainties, which may not be controlled by management. The cost of brands and other intangibles with a finite life is amortised using a methodology that matches management's estimate of how the benefit of the assets will be extinguished.

Each year the remaining useful lives of the trademark and other intangibles are re-evaluated. If the estimate of the remaining useful life changes, the remaining carrying value is amortised prospectively over that revised remaining useful life. Indefinite useful lives are allocated to intangible assets if there is no foreseeable limit to the period over which the entity expects to consume the future economic benefits embodied in the intangible asset. In making this assessment management follows the guidance in IAS 38. Indefinite useful life assets are assessed annually for impairment.

The entity has classified its Rhodes and Bull Brand trademarks as having indefinite lives. Factors considered include, (i) the history of the trademarks; (ii) current market share; (iii) development strategy; and (iv) expected future benefits to be derived from the assets.

4. PROPERTY, PLANT AND EQUIPMENT

2013	Opening balance R	Acquisition of subsidiaries and businesses R	Additions R	Disposals R	Transfers R	Closing balance R
Cost						
Land	-	43 901 888	-	-	-	43 901 888
Buildings and improvements	-	202 219 535	1 878 715	(749 223)	12 004 634	215 353 661
Plant and machinery	-	198 464 225	12 138 334	(2 618 493)	28 613 129	236 597 195
Motor vehicles	-	4 050 246	1 636 715	(4 530)	1 236 948	6 919 379
Office equipment	-	4 631 632	1 187 619	(53 390)	5 003 152	10 769 013
Furniture and fittings	-	1 251 333	-	(10 626)	220 418	1 461 125
Capital work in progress	-	28 701 457	34 549 876	-	(47 078 281)	16 173 052
	-	483 220 316	51 391 259	(3 436 262)	-	531 175 313
		Opening balance R	Depreciation R	Disposal R	Transfers R	Closing balance R
Accumulated Depreciation						
Buildings and improvements		-	11 156 744	(332 981)	-	10 823 763
Plant and machinery			27 878 598	(637 890)	-	27 240 708
Motor vehicles			884 532	-	-	884 532
Office equipment			3 160 945	(5 339)	-	3 155 606
Furniture and fittings			283 816	(2 545)	-	281 271
		-	43 364 635	(978 755)	-	42 385 880
Net book value		-				488 789 433

There were no movements in property, plant and equipment during the 2012 financial period.

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

Rhodes Food Group (Pty) Ltd

A first covering mortgage bond for R900 000 000, registered in favour of Nedbank Limited, over:

- Erf 2, Aeroton, 149 Samuels Road, Johannesburg, Gauteng
- Portion 1 of Farm 1631, Paarl, Western Cape
- Portion 4 of Farm 1631, Paarl, Western Cape
- Portion 1 of Farm 1632, Paarl, Western Cape
- Portion 37 of Farm Straatkerk 190, Tulbagh, Western Cape
- Portion 40 of Farm Straatkerk 190, Tulbagh, Western Cape
- Remaining extent of Farm Bellevue 191, Tulbagh, Western Cape
- Portion 1 of Farm Bellevue 191, Tulbagh, Western Cape
- Remaining extent of portion 1 of Farm Groote Vallei 223, Tulbagh, Western Cape
- Remaining extent of portion 5 of Farm Groote Vallei 223, Tulbagh, Western Cape
- Portion 1 of the Farm 378, Tulbagh, Western Cape
- Remaining extent of the Farm 378, Tulbagh, Western Cape

A first covering mortgage bond of R20 000 000, registered in favour of Nedbank Limited, over Erf 2218, Erf 656 and Erf 1379 in Makhado, a township in the Dzanani district, Limpopo.

A general notarial mortgage bond, for R900 000 000, registered in favour of Nedbank Limited, over all moveable property, including intellectual property, plant and equipment, biological assets, inventory and receivables.

The net book value of all the property, plant and equipment, serving as security, is as follows:

	2013	2012
	R	R
Nedbank Limited	1 417 859 454	–

A register of particulars of the freehold land and buildings is maintained at the Company's registered office and is available for inspection.

Swaziland Fruit Cannery (Pty) Ltd

Included in property, plant and equipment are the following items which serve as security as indicated below (refer note 13):

In favour of Nedbank (Swaziland) Limited:

- A first and second mortgage bond for R15 million and R11 million over certain of the Company's land.
- A first mortgage bond of R1.5 million over portion 4 of farm 670 and portion 2 of farm 45.
- A deed of hypothecation for R25 million over stocks, accounts receivable, plant and equipment and moveable assets.
- A negative deed of pledge over moveable and immovable assets.

In favour of Standard Bank (Swaziland) Limited:

- A first mortgage bond of R16 million over portion A of farm number 286 under the deed of transfer number 108 of 1970;
- Cession of Multi Mark policy held at the Swaziland Royal Insurance Corporation (SRIC); and
- Lien over assets financed under the facilities to the value of the total liability the borrower has with the bank.

5. INTANGIBLE ASSETS

2013	Opening balance	Acquisition of subsidiaries and businesses	Closing balance
	R	R	R
Trademark			
Cost	–	50 950 673	50 950 673
Export quota	–	100 000	100 000
Net book value	–	51 050 673	51 050 673

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

There were no movements in intangible assets during the 2012 financial period.

Management assess the intangible assets (including goodwill) for impairment on an annual basis using cash flow projections based on financial strategic projections. These projections are based on past performance and expectations for market development. Key assumptions used by management during the current financial year are:

Growth in revenue	6.00%
Fair rate of return	20.58%
Additional margin on branded products	0.50% – 3.00%

6. GOODWILL

2013	Opening balance R	Additions R	Disposal R	Closing balance R
Cost	-	126 325 139	-	126 325 139

Goodwill represents the excess of the purchase price over the net asset value of businesses acquired. No impairment was recognised during the year (2012: Rnil). Refer note 5 for information on management assessment of impairment.

7. BIOLOGICAL ASSETS

	2013 R	2012 R
Livestock	7 644 350	-
Pineapple plantations	20 401 637	-
	28 045 987	-
Reconciliation of changes in carrying value of biological assets		
Carrying value at the beginning of the year	-	-
Acquisition of subsidiaries	24 168 219	-
Gain arising from change in fair value attributable to physical and price changes	3 877 768	-
Carrying value at the end of the year	28 045 987	-

Rhodes Food Group (Pty) Ltd: Livestock

Method of valuation

The value of the livestock is calculated based on an independent valuation obtained from an industry specialist.

Nature of activities

The Company produces dairy products.

Financial risk management strategies

Risk includes theft and diseases. Controls in place are property security, identification marks on all cattle, vaccinating and dipping of cattle.

Swaziland Fruit Canners (Pty) Ltd: Pineapple plantations

Method of valuation

Growing crops are valued at fair value less estimated point-of-sale costs at the point of harvest.

Nature of activities

The Company owns and manages 609 (2012: nil) hectares of pineapples. The Company manages a further 901 (2012: nil) hectares of pineapples on leasehold land. The Company is engaged in the planting, management and harvesting of pineapples, which are supplied to the Company's cannery operation which converts fruit to canned products and juice. A minor quantity of fruit is sold as fresh produce. Fields are managed on a sustainable basis, which comprise a 42-month crop rotation.

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

Financial risk management strategies

The company follows prudent industry accepted care practices with respect to the use of fertilisers, insecticides and herbicides to control growing diseases and insect infestation. The company does not insure growing crops in the fields.

8. LOANS RECEIVABLE

	2013 R	2012 R
Non-current assets		
Directors and Management loans	9 624 998	-
Current assets		
Directors and Management loans (accrued interest)	522 500	-
Constitution Road Wine Growers (Pty) Ltd	1 450 000	-
	1 972 500	-

The management loans bear interest at a variable rate, which is currently 6.5%. Rhodes Food Group (Pty) Ltd advanced loans to members of management to assist them in acquiring shares in Rhodes Food Group Holdings Ltd on 1 October 2012. The loans are secured by the underlying shares. Interest is repayable on an annual basis to the extent that incentives due to management exceed the interest payable; unpaid interest will be capitalised. The capital is repayable at the earlier of sale of shares, held directly or indirectly in Rhodes Food group Holdings Ltd, or termination of employment. The following directors and members of management received loans: C Schoombie, C Costaras, G Kotzé, R Phillips, J Mpele, H Hamman, A Botha, E Liebenberg, D Nelissen, I Spies, B Bosman, A Claasen, D Hill, G Langwenya, J Potgieter, A Moolman, J Bosman and C Koopman.

The loan to Constitution Road Wine Growers (Pty) Ltd is unsecured, bears no interest and is repayable from future fruit harvest revenue from the relevant orchards of the abovementioned entity. The first repayment is expected within the next financial year.

9. OTHER FINANCIAL INSTRUMENTS

	2013 R	2012 R
Financial instruments carried at fair value through profit or loss.		
Interest rate swap – not designated in hedge accounting relationship.		
Financial asset		
Non-current	2 471 130	-
Financial liability		
Current (included in accounts payable and provisions)	358 558	-

Interest rate swap agreements for a period ranging between 12 and 30 months have been concluded to convert floating rates (linked to prime and JIBAR) to fixed rates. The current notional value of the swaps, and the rates applicable, are as follows:

	Notional value	Fixed rate	Variable rate
Swap A	80 074 466	7.45%	Prime -1.75%
Swap B	11 615 011	8.07%	Prime -1.00%
Swap C	45 295 725	7.98%	Prime -1.00%
Swap D	33 750 000	9.01%	JIBAR+3.50%
Swap E	127 500 000	12.50%	JIBAR+6.75%

RHODES FOOD GROUP HOLDINGS LIMITED**NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)****10. INVENTORY**

	2013	2012
	R	R
Finished goods	349 734 654	–
Work in progress	5 691 970	–
Raw materials	102 236 616	–
	457 663 240	–

The value of the inventory disclosed at net realisable value is R23 349 760 (2012: Rnil) for the Group. A general notarial bond was registered over inventories of Rhodes Foods Group (Pty) Ltd, as disclosed in note 4.

11. ACCOUNTS RECEIVABLE

	2013	2012
	R	R
Trade receivables	286 546 445	–
<i>Less: Allowance for doubtful debts</i>	<i>(17 655)</i>	<i>–</i>
Net trade receivables	286 528 790	–
Sundry receivables	3 470 286	–
Prepayments	9 085 423	–
Deposits	208 394	–
Other receivables	2 204 139	–
	301 497 032	–

Swaziland Fruit Cannery (Pty) Ltd

Debtors are pledged in favour of Nedbank (Swaziland) Ltd.

Rhodes Food Group (Pty) Ltd

All current and future receivables are pledged in favour of Nedbank Ltd.

11.1 Trade receivables

The average credit period on sales of goods is 56 days (2012: nil) for the group. No interest is charged on the trade receivables for amounts outstanding longer than the credit period.

Of the trade receivables balance at the end of the year, the following amounts are due from the group's largest customers:

	2013	2012
	R	R
Customer A	51 487 239	–
Customer B	49 347 740	–
Customer C	40 414 131	–
Customer D	30 024 720	–
	171 273 830	–

Each, of the above customers, represents more than 10% of the total balance of group trade receivables.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Accordingly, the Directors believe that an allowance of R17 655 (2012: Rnil) for doubtful debt is required for the Group. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds. The group does not hold any collateral over these balances.

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

Movement in allowance for doubtful debts

	2013	2012
	R	R
Opening balance	–	–
Acquisition of subsidiary	–	–
Impairment losses reversed on trade receivables	–	–
Doubtful debt provided for	17 655	–
Closing balance	17 655	–
Ageing of impaired receivables		
Current	–	–
30 to 60 days	–	–
60 to 90 days	17 655	–
90 to 120 days	–	–
120 days and over	–	–
Closing balance	17 655	–

Included in the Group's trade receivable balance are debtors which are past due at the reporting date, but for which no provision has been made as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

	2013	2012
	R	R
Ageing of past due but not impaired		
60 – 90 days	11 569 837	–
90 – 120 days	1 681 286	–
More than 120 days	962 975	–
	14 214 098	–

12. SHARE CAPITAL

Authorised

1 000 000 Ordinary Shares
 1 000 000 "A" redeemable convertible Preference Shares
 1 000 000 "B" redeemable convertible Preference Shares

Issued

100 Ordinary Shares of 1 cent each	–	1
95 000 Ordinary Shares (2012: 1)	142 500 001	–
5 000 "A" redeemable convertible Preference Shares	7 500 000	–
5 000 "B" redeemable convertible Preference Shares	501	–
	150 000 502	1
10 000 "A" cumulative redeemable Preference Shares	156 005 319	–
Preference shareholders for dividend accrual	30 517 279	–
	186 522 598	–

The "A" class redeemable convertible Preference Shares in issue rank *pari passu* with the Ordinary Shares in regard to voting rights and distributions. The "B" class redeemable convertible shares do not have any voting rights or rights to distributions.

If certain predetermined targets are achieved the "B" redeemable convertible Preference Shares will convert to ordinary shares and an equivalent number of "A" redeemable convertible Preference Shares will be redeemed for a value of R1.00 per share. To the extent the targets are not achieved the "B" redeemable convertible Preference Shares will be redeemed at a value of R1.00 per share and an equivalent number of "A" redeemable convertible Preference Shares will convert to Ordinary Shares.

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

The "A" class cumulative redeemable Preference Shares in issue relate to Rhodes Food Group (Pty) Ltd. The preference shares have a coupon rate of 18%. The Preference Shares do not have a fixed redemption date and Rhodes Food Group (Pty) Ltd does not have any obligation, and no holder has any right to require the Company, to redeem or repurchase any A Preference Share prior to three years and one day after the date of issue. Rhodes Food Group (Pty) Ltd will be obliged immediately to redeem all A Preference Shares which remain in issue if the Company is placed into liquidation, business rescue or under judicial management. The redemption amount is equal to the capital value, R156 005 319, of the shares. The "A" class cumulative redeemable Preference Shares have been classified as liabilities, with their dividends being recognised as finance charges in the statement of comprehensive income.

The unissued shares are under the control of the Directors until the forthcoming annual general meeting.

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

13. LONG-TERM LOANS

2013

Counter party	Amount	Used for	Rate	Instalments	Frequency	Period	Final payment	Security
Nedbank Limited	191 310 275	Leverage buyout	3-month JIBAR plus 6.9%	None	Repayable in full in 2018	6 years	2018	Detailed in note 4
Nedbank Limited	106 094 518	Leverage buyout	Prime less 1.75%	1 304 677	Monthly	10 years	2022	Detailed in note 4
Nedbank Limited	15 243 377	Leverage buyout	Prime less 1%	362 110	Monthly	5 years	2017	Detailed in note 4
Nedbank Limited	59 037 147	Leverage buyout	Prime less 1%	1 792 059	Monthly	4 years	2016	Detailed in note 4
Nedbank Limited	45 000 000	Leverage buyout	3-month JIBAR plus 3.5%	Variable	B-annual	5 years	2017	Detailed in note 4
Nedbank Limited	12 432 730	Acquisition of assets	Prime less 1%	259 946	Monthly	5 years	2018	Detailed in note 4
Nedbank Limited	23 669 031	Acquisition of assets	Prime less 1%	282 572	Monthly	10 years	2023	Detailed in note 4
Nedbank Limited	9 875 455	Acquisition of assets	Prime less 1%	200 650	Monthly	5 years	2018	Detailed in note 4
FirstRand Bank Limited (Wesbank)	387 190	Acquisition of assets	Prime plus 1.6%	9 378	Monthly	5 years	2017	Detailed in note 4
FirstRand Bank Limited (Wesbank)	522 718	Acquisition of assets	Prime plus 1.6%	11 960	Monthly	5 years	2018	Detailed in note 4
FirstRand Bank Limited (Wesbank)	175 890	Acquisition of assets	Prime	3 721	Monthly	5 years	2018	Detailed in note 4
FirstRand Bank Limited (Wesbank)	936 216	Acquisition of assets	Prime	19 295	Monthly	5 years	2018	Detailed in note 4
SA Fund Rhodes Food Investment Partnership	17 850 245	Leverage buyout	18%	Repayable on demand, but not within next 12 months	None	Not specified	Not specified	Unsecured
South African Investment Partnership	2 662 588	Leverage buyout	18%	Repayable on demand, but not within next 12 months	None	Not specified	Not specified	Unsecured
South African Investment Partnership II	7 544 276	Leverage buyout	18%	Repayable on demand, but not within next 12 months	None	Not specified	Not specified	Unsecured
Nedbank (Swaziland) Limited	13 500 000	Acquisition of assets	Swaziland prime less 0.75%	Variable	Bi-annual	5 years	2017	Detailed in note 4

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

Counter party	Amount	Used for	Rate	Instalments	Frequency	Period	Final payment	Security
Nedbank (Swaziland) Limited	3 700 000	Acquisition of assets	Swaziland prime less 0.75%	64 525	Monthly	6 years	2019	Detailed in note 4
Nedbank (Swaziland) Limited	2 240 320	Acquisition of assets	Swaziland prime less 2%	62 429	Monthly	10 years	2017	Detailed in note 4
Nedbank (Swaziland) Limited	2 267 963	Acquisition of assets	Swaziland prime less 0.5%	68 077	Monthly	5 years	2017	Detailed in note 4
Standard Bank (Swaziland) Limited	4 395 871	Acquisition of assets	Swaziland prime	107 217	Monthly	5 years	2017	Detailed in note 4
Standard Bank (Swaziland) Limited	759 922	Acquisition of assets	Swaziland prime plus 1%	19 090	Monthly	5 years	2017	Detailed in note 4
Total	5 19 605 732							
<i>Less: Non-current portion</i>	<i>(84 368 819)</i>							
Long term loans	435 236 913							

Amounts payable within 12 months of year end will be funded from cash resources.

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

13.1 Finance leases

The Group leased certain of its manufacturing equipment under finance leases. For additional disclosure regarding the terms of the leases, refer to note 13.1.

The lease payments are as follows:

	Future minimum lease payments 2013 R	Interest 2013 R	Present value of minimum lease payments 2013 R
Less than one year	1 068 446	248 488	819 958
Between one and five years	2 462 617	249 962	2 212 655
More than five years	-	-	-
	3 531 063	498 450	3 032 613

14. DEFERRED TAXATION

The major components of the deferred tax balances, together with movements during the year are as follows:

2013 Tax effect of:	Opening balance R	Acquisition of subsidiaries R	income for the year R	Charge (credit) to closing balance R
Excess tax allowances over depreciation charges for property, plant and equipment	-	48 250 324	2 274 654	50 524 978
Excess tax allowances over amortisation of intangible assets	-	14 266 090	-	14 266 090
Estimated tax losses	-	(15 601 492)	2 674 426	(12 927 066)
Deferred capital gains tax on adoption of IFRS deemed cost of land and buildings	-	2 535 107	(2 332 202)	202 905
Provisions not allowable for tax purposes	-	(4 850 549)	(13 251 046)	(18 101 595)
Difference between tax and accounting treatment of				
- Biological assets	-	7 093 455	1 160 271	8 253 726
- Prepayments	-	1 287 962	(177 865)	1 110 097
- Inventory	-	2 735 106	2 288 845	5 023 951
- Foreign exchange contracts	-	(775 769)	(116 930)	(892 699)
	-	54 940 234	(7 479 847)	47 460 387
			2013 R	2012 R
Deferred taxation asset			(88 094)	-
Deferred taxation liability			47 548 481	-
Net deferred taxation liability			47 460 387	-

15. ACCOUNTS PAYABLE AND PROVISIONS

15.1 Accounts payable and provisions

Trade payables	191 175 270	-
Provision for employee benefits	72 721 582	-
VAT payable	8 645 962	-
Accruals	84 131 835	-
Other payables	5 138 924	-
Other financial liability (refer to note 10)	358 558	-
	362 172 131	-

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

The average credit period on purchases is 50 (2012: nil) days for the group. No interest is charged on the trade payables within the credit period granted. The Company have financial risk management policies in place to ensure that all payables are paid within a reasonable time of the credit time frame.

The provision for employee benefits comprises the following amounts:

	2013 R	2012 R
Provision for incentives	62 578 248	-
Provision for leave pay	10 143 334	-
	72 721 582	-

2013	Opening balance R	Acquisition of subsidiaries R	Raised R	Utilised R	Closing balance R
Provision for employee benefits	-	43 812 790	52 619 017	(23 710 225)	72 721 582

There were no employees in either the Group or the Company during the 2012 financial period, and hence there was no provision for employee benefits as at 30 September 2012.

15.2 Employee benefit liability

The Swaziland Employment Act requires all employees who leave service by way of retirement, retrenchment or redundancy, to be paid an allowance calculated on the number of years of service.

An actuarial valuation was performed by Alexander Forbes Financial Services Proprietary Limited in September 2013.

The amount recognised in the statement of financial position is determined as follows:

	2013 R	2012 R
Liability recorded in the statement of financial position as part of "employee benefit liability"	3 055 663	-
<i>Movement in liability</i>		
Balance at beginning of period	-	-
Acquisition of subsidiary	2 612 000	-
Raised during the period	1 034 000	-
Payments made during the period	(590 337)	-
Balance at end of year	3 055 663	-

The amounts recognised in profit and loss are as follows:

Current service costs	457 000	-
Interest cost	419 000	-
Expense	158 000	-
	1 034 000	-

The principal actuarial assumptions used were as follows:

	%	%
Discount rate	7.00	-
Inflation rate	5.00	-
Salary increase rate	6.00	-

Rhodes Food Group (Pty) Ltd is obliged to make contributions to the medical aid fund of Bull Brand retirees.

An actuarial valuation was performed by Cadiant Partners Consultants & Actuaries in July 2013.

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

The amount recognised in the statement of financial position is determined as follows:

	2013	2012
	R	R
Liability recorded in the statement of financial position as part of "employee benefit liability"	3 395 667	-
Movement in liability		
Balance at beginning of period	-	-
Acquisition of subsidiary	3 394 667	-
Raised during the period	1 000	-
Payments made during the period	-	-
Balance at end of year	3 395 667	-
The amounts recognised in profit and loss are as follows:		
Operating costs	1 000	-
The principal actuarial assumptions used were as follows:	%	%
Discount rate	7,0	-
Inflation rate	6,25	-
Medical inflation rate	7,25	-
Total employee benefit liability per statement of financial position:		
Rhodes Foods Swaziland (Pty) Ltd	3 055 663	-
Rhodes Food Group (Pty) Ltd	3 395 667	-
	6 451 330	-

16. OTHER LOAN

KAP Manufacturing (Pty) Ltd	14 112 728	-
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The loan from KAP Manufacturing (Pty) Ltd is unsecured, bears interest at the overnight call funding rate, published by The Standard Bank of South Africa, and is repayable on transfer of the land, buildings and trademark acquired from KAP Manufacturing (Pty) Ltd. Transfer is expected to take place within the next 12 months.

17. FOREIGN EXCHANGE CONTRACT ASSET LIABILITY

The Company entered into forward exchange contracts to buy and sell specified amounts of foreign currency in the future at a predetermined exchange rate. The contracts are entered into to manage the company and the Group's exposure to fluctuations in foreign currency exchange rates on specific transactions. The contracts are matched by anticipated future cash flows in foreign currencies. The company does not use forward exchange contracts for speculative purposes.

At the reporting date, the Company had the following forward exchange contracts (FEC's) relating to items not yet shown on the statement of financial position.

FEC's in respect of anticipated receipts from foreign customers

2013	Foreign amount	Rand value	Contract fair value	Contract loss
AUD	1 878 500	17 704 141	17 823 816	(119 675)
CAD	776 682	7 591 690	7 677 850	(86 160)
USD	7 070 000	70 740 792	71 906 391	(1 165 599)
GBP	2 393 453	36 677 564	39 593 843	(2 916 279)
EUR	1 687 000	22 557 211	23 302 826	(745 615)
		155 271 398	160 304 726	(5 033 328)

The Group did not have any forward exchange contracts in place during the 2012 financial year.

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

18. OPERATING PROFIT BEFORE INTEREST AND TAXATION

	2013	2012
	R	R
Earnings before interest and taxation		
Operating profit before interest and taxation is arrived at after taking the following items into account:		
Income		
Profit on disposal of property plant and equipment	2 330 682	-
Expenses		
Auditors' remuneration	2 199 623	-
Audit fee		
- current year: Deloitte & Touche	1 383 989	-
- current year: KPMG Swaziland	588 672	-
Other services		
- current year: Deloitte & Touche	226 962	-
Depreciation	43 364 635	-
Buildings and improvements	11 034 685	-
Plant and machinery	27 869 033	-
Motor vehicles	894 097	-
Office equipment	3 160 945	-
Furniture and fittings	283 816	-
Leasehold improvements	122 059	-
Directors' emoluments		
- Executive	9 932 815	-
- Non-executive	166 000	-
Management fee paid to SA Fund	450 000	-
Operating lease charges		
- paid	17 926 835	-
Total staff costs	325 035 290	-
- included in cost of sales	137 830 731	-
- included in operating expenses	187 204 559	-
Unrealised foreign exchange loss/(gain)	5 033 328	-
19. REMUNERATION PAID TO DIRECTORS		
Executive Directors	9 932 815	-
Non-executive Directors	166 000	-
	10 055 839	-

No remuneration was paid to Directors or prescribed officers during the 2012 financial year.

There are no service contracts with directors of the company with a notice period of more than one year or with a compensation on termination of greater than one year's salary.

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

Details of Directors' remuneration paid:

Name	Salary R	Bonus R	Contributions to pension fund R	Other benefits R	Directors' fees R	2013 R
Executive						
CC Schoombie	1 377 179	2 840 810	210 606	216 643	–	4 645 238
BAS Henderson	2 182 945	2 281 673	333 894	489 066	–	5 287 577
	3 560 124	5 122 483	544 500	705 709	–	9 932 815
Non-executive						
LA Makenete	–	–	–	–	166 000	166 000
CL Smart	–	–	–	–	–	–
GJ H Wills	–	–	–	–	–	–
LB Robertson	–	–	–	–	–	–
	–	–	–	–	166 000	166 000

20. **INTEREST PAID**

	2013 R	2012 R
Bank overdraft	14 330 607	–
Long-term loans	41 542 926	–
Other short-term loans	4 884 443	–
Preference Share interest accrual	30 517 279	–
	91 275 255	–

21. **TAXATION**

Taxation: South Africa

Current taxation

– current year

40 680 639

–

– prior year over provision

(734 130)

–

Deferred taxation

– current year

(12 288 545)

–

Taxation: Swaziland

Deferred taxation

– current year

4 808 698

–

32 466 662

–

Tax rate reconciliation

%

%

Standard rate

28.00

28.00

Non-deductible expenses

18.25

–

Exempt income

(0.90)

–

Capital gains tax

–

–

Prior year (over) underprovision

(1.04)

–

Difference in tax rate of subsidiary

–

–

Secondary taxation on companies

–

–

Other reconciling items

1.64

–

Effective tax rate

45.95

28.00

22. **COMMITMENTS FOR CAPITAL EXPENDITURE**

The following capital expenditure commitments have been made by the Company.

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

	2013	2012
	R	R
Approved but not yet contracted	11 244 647	–
Contracted for	4 891 992	–

Finance required to meet this expenditure will be funded from existing cash resources and relevant external financing.

23. CONTINGENT LIABILITIES

The company have entered into guarantees, the outcome of which has not been determined. These guarantees relate to the following:

	2013	2012
	R	R
Import and operational activities	2 375 800	–

Unlimited suretyship for Rhodes Food Group (Pty) Ltd banking facilities with Nedbank Ltd, issued by Swaziland Fruit Canners (Pty) Ltd.

Unlimited suretyship for Swaziland Fruit Canners (Pty) Ltd banking facility with Nedbank (Swaziland) Ltd issued by Rhodes Food Group (Pty) Ltd.

Nedbank (Swaziland) Ltd has issued guarantees amounting to R401 000 in favour of Swaziland Fruit Canners (Pty) Ltd's creditors.

24. OPERATING LEASE COMMITMENTS

2013	Plant and machinery R	Office equipment R	Motor vehicles R	Land R
Due within one year	11 918 564	281 724	454 472	1 529 642
Due within two to five years	14 989 350	182 087	368 878	2 471 033
Due after five years	–	–	–	–
Totals	26 907 914	463 811	823 350	4 000 675

There were no lease contracts in place during the 2012 financial period for either the Group or the Company; hence there were no operating lease commitments as at 30 September 2012

25. RETIREMENT BENEFITS

The policy of Rhodes Food Group (Pty) Ltd is to provide retirement benefits to its permanent employees through a defined contribution pension fund and defined contribution provident funds. The pension fund is administered by Alexander Forbes. The Sunpie Foods Provident Fund is administered by Liberty Life and the SACCAWU National Provident Fund is administered by Old Mutual. The Rhodes Food Group (Pty) Ltd provident fund is administered by NBC Consultants. The retirement benefit plans are governed by the Pension Funds Act 1956 (Act 24 of 1956). All of the funds are defined contribution plans; accordingly there is no requirement to have the funds actuarially valued.

The policy of Swaziland Fruit Canners Ltd is to provide retirement benefits to its permanent employees through a defined contribution provident fund. The SIBAYA Provident Fund is administered by Alexander Forbes.

The total value of the contributions paid by the Group to the pension fund during the year was R9 715 515 (2012: Rnil)

The total value of contributions paid by the Group to the provident funds during the year was R4 954 551 (2012: Rnil)

The group has 337 (2012: nil) employees who contribute to the pension fund, and 967 (2012: nil) employees who contribute to the provident funds.

26. FINANCIAL INSTRUMENTS

Financial instruments consist of loans, Preference Shares, trade and other receivables, bank balances and trade and other payables resulting from normal business activities.

26.1 Capital risk management

The capital structure of the Company consists of debt and equity, comprising ordinary share capital, preference shares, accumulated profit and long-term liabilities.

The Company manages its capital to ensure that it will be able to continue as a going concern. The Company's overall strategy has remained unchanged from the prior year.

26.2 Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

26.3 Financial risk management objective

The Company seek to minimise the effects of fair value interest rate risk and price risk through active management processes. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

26.4 Foreign currency risk

The Company has transactional currency exposure arising from the purchase and sale of goods that are denominated in foreign currencies. The currencies in which the Company primarily deals are US Dollars, Great British Pounds, Euros and Australian Dollars. The settlement of these transactions takes place within a normal business cycle. The risk of fluctuations in foreign currencies is hedged by way of taking out forward exchange contracts for the sales transactions in foreign currencies. The market value of cash flow hedges at year-end is disclosed in note 17. Purchase transactions that create foreign currency cash flows are not hedged. Details of uncovered foreign currency denominated amounts are included in note 30.

26.5 Credit risk management

Potential concentrations of credit risk consist principally of trade receivables, short-term cash investments, loans and, in the case of the Company, a loan receivable from its subsidiary.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and Company. The Company have adopted a policy of only dealing with creditworthy counterparties. All changes to credit limits are reviewed and authorised by management. Provisions for doubtful debts are provided for based on the customer's cash status, long-outstanding debts and customers in liquidation, and are assessed by the Directors on an on-going basis. Short-term cash investments are placed with banks with a high credit rating. Loans are monitored and provision is made, where necessary, for any irrecoverable amounts. At year end the Directors deemed there not to be any significant credit risk, not provided for.

26.6 Liquidity and interest risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company are able to actively source financing from its shareholders.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the reporting date. For floating rate assets and liabilities, the analysis is prepared assuming the amount of asset or liability outstanding at the reporting date was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the group's profit for the year ended 29 September 2013 would decrease or increase by R8 171 399 (2012: Rnil). This is mainly attributable to the group's exposure to interest rates on its variable rate borrowings.

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

Liquidity and interest risk tables

The Group's exposure to interest rate risk and the effective rates on the financial instruments at the reporting date are as follows:

2013	Interest rate %	Year 1 R	Years 1 – 5 R	Over 5 years R	Total R
Assets					
Accounts receivable	Interest free	292 411 609	–	–	292 411 609
Loan receivable	Interest free	1 972 500	–	–	1 972 500
Bank balances and cash on hand	Variable	9 409 496	–	–	9 409 496
Management loans	Variable	522 500	9 624 998	–	10 147 498
		304 316 105	9 624 998	–	313 941 103
Liabilities					
Accounts payable	Interest free	280 446 029	–	–	280 446 029
SA Fund Rhodes Food Investment Partnership South African	18%	–	17 850 245	–	17 850 245
Investment Partnership South African	18%	–	2 662 588	–	2 662 588
Investment Partnership II KAP International	18%	–	7 544 276	–	7 544 276
Holdings Ltd	Bank rate	14 112 728	–	–	14 112 728
Loans from financial institutions	Prime and JIBAR linked	84 368 819	120 719 189	286 460 615	491 548 623
Bank overdraft	Variable	116 455 873	–	–	116 455 873
Foreign exchange contract liability	Interest free	5 033 328	–	–	5 033 328
Preference shares	18%	–	156 005 319	–	156 005 319
Shareholders for dividend	18%	–	30 517 279	–	30 517 279
		500 416 777	335 298 896	286 460 615	1 122 176 288

There were no financial assets or liabilities as at 30 September 2012, hence there are no liquidity risk tables disclosed for 2012.

26.7 Fair value of financial instruments

The carrying amounts of the financial assets and liabilities reported in the statement of financial position approximate fair values at the year end, except where noted otherwise in the notes.

26.8 Biological asset financial risk management

Neither the Company nor the Group hedge their exposure to changes in fair value of biological assets.

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

27. STATEMENT OF CASH FLOWS

27.1 Cash generated from operations

	2013	2012
	R	R
Reconciliation of profit before taxation to cash generated from operations		
Profit before taxation	70 653 170	–
Adjusted for:		
Depreciation	43 364 635	–
Net interest paid	89 029 153	–
Profit on disposal of property, plant and equipment	(2 330 682)	–
Revaluation of biological assets	(3 877 768)	–
Employee benefit liability	444 663	–
Operating cash flows before working capital changes	197 283 171	–
Working capital changes	4 925 938	–
Increase in inventory	(63 841 717)	–
Increase in accounts receivable	(12 759 140)	–
Increase in accounts payable	79 758 648	–
Movement in foreign exchange contracts balances	1 768 147	–
Cash generated from operations	202 209 109	–

27.2 Taxation paid

Amount (receivable)/outstanding at beginning of the year	–	–
Acquisition of subsidiaries	684 539	–
Current taxation charged per the statement of comprehensive income	40 731 488	–
Amount outstanding at end of the year	(25 803 335)	–
	15 612 692	–

27.3 Cash and cash equivalents

Cash and cash equivalents comprise the following amounts recorded in the statement of financial position		
Bank balances and cash on hand	9 409 496	1
Bank overdraft	(116 455 873)	–
Cash and cash equivalents at end of the year	(107 046 377)	1

RHODES FOOD GROUP HOLDINGS LIMITED**NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)****27.4 Acquisition of subsidiary**

On 1 October 2012 Rhodes Food Group (Pty) Ltd acquired the shares in Old Rhodes Food Group (Pty) Ltd, including its investment in Swaziland Fruit Canners (Pty) Ltd.

	1 October 2012
	R
Assets and liabilities acquired including Swaziland Fruit Canners (Pty) Ltd assets and liabilities	
Property, plant and equipment	465 027 317
Deferred taxation asset	2 659 817
Intangible assets	30 950 673
Investments	100 000
Biological assets	24 168 219
Loan receivable	1 450 000
Inventory	325 390 611
Accounts receivable	235 981 954
Bank balance and cash on hand	23 651
Liabilities	(89 869 601)
Deferred taxation liability	(54 199 588)
Accounts payable and provisions	(256 768 250)
Taxation payable	(684 539)
Bank overdraft	(97 536 571)
Foreign exchange contract liability	(3 265 181)
Fair value of assets and liabilities acquired	583 428 512
Minority shareholders	(5 045 176)
Purchase price	(700 523 033)
Goodwill	(122 139 697)

27.5 Acquisition of division

On 1 August 2013 Rhodes Food Group (Pty) Ltd acquired the Bull Brand division from KAP Manufacturing (Pty) Ltd.

	1 August 2013
	R
Assets and liabilities acquired	
Property, plant and equipment	18 193 000
Intangible assets	20 000 000
Inventory	68 430 912
Accounts receivable	52 755 938
Bank balance and cash on hand	11 000
Deferred taxation liability	(4 185 442)
Retirement benefit obligations	(3 394 667)
Accounts payable and provisions	(27 898 676)
Fair value of assets and liabilities acquired	123 912 065
Purchase price	(128 097 507)
Goodwill	(4 185 442)

27.6 Acquisition of a business as a going concern**Consideration paid:**

Cash	700 523 033
------	-------------

Net cash outflow on acquisition of a business as a going concern

Consideration paid in cash	700 523 033
Net overdraft acquired	97 512 920

798 035 953

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

27.7 Acquisition of a business

Consideration paid:

Cash	128 097 507
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Net cash outflow on acquisition of a business

Consideration paid in cash	128 097 507
Net cash acquired	(11 000)

128 086 507

27.8 Acquisition of investments

Old Rhodes Food Group Holdings (Pty) Ltd

Cash	498 110 688
------	-------------

Old Rhodes Food Group (Pty) Ltd

Cash	132 000 001
------	-------------

630 110 689

28. RELATED PARTY TRANSACTIONS

The Company, in the ordinary course of business, enters into various transactions with related companies.

- Peaty Mills Plc. is a related party as R Phillips, a director of a subsidiary of the Company, is also a director of Peaty Mills Plc.
- Rhodes Food Group (Pty) Ltd is a related party as it is a 100% held subsidiary of Rhodes Food Group Holdings Ltd.
- Swaziland Fruit Canners (Pty) Ltd is a related party as Rhodes Food Group (Pty) Ltd owns 93.7% of the shares in the entity.
- Rhodes Foods Swaziland (Pty) Ltd is a related party as Rhodes Food Group (Pty) Ltd owns 100% of the shares in the entity.
- SA Fund Rhodes Food Investment Partnership is a related party as it is a shareholder of the Company.
- South African Investment Partnership is a related party as it is a shareholder of Rhodes Food Group Holdings Ltd.
- South African Investment Partnership II is a related party as it is a shareholder of Rhodes Food Group Holdings Ltd.

During the year the Company entered into the following transactions with the related parties:

	2013	2012
	R	R
Income		
Peaty Mills Plc.		
Sales	139 777 602	-
Expenses		
SA Fund Rhodes Food Investment Partnership		
Interest	2 920 509	-
Management fee	450 000	-
South African Investment Partnership		
Interest	435 630	-
South African Investment Partnership II		
Interest	1 234 331	-

At year end the following amounts were receivable from related parties

Included in trade receivables

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

	2013 R	2012 R
Peaty Mills Plc.	28 956 759	–

At the year end the following amounts were due to related parties

Included in long-term loans:

SA Fund Rhodes Food Investment

Partnership	17 850 245	–
South African Investment Partnership	2 662 588	–
South African Investment Partnership II	7 544 276	–

The amounts will be settled in cash. No amounts have been provided during the year in respect of bad or doubtful debts owing by related parties.

Compensation of key management personnel

Short-term benefits	21 962 699	–
---------------------	------------	---

Some of the Directors have beneficial interest in family trusts. During the current year these family trusts, and one of the Directors, acquired shares in Rhodes Food Group Holdings Ltd. A total of 22 000 Ordinary Shares and 5 000 Preference Shares, for R33 000 000 and R500 respectively, were acquired directly and indirectly by the directors. The Directors obtained financial assistance of R5 999 998 in total, from Rhodes Food Group (Pty) Ltd, for these acquisitions. As at 29 September 2013, R402 923 of interest had accrued on these loans.

29. SUBSIDIARIES

	Issued share capital %	Percentage holding	Company's interest in shares 2013 R	Indebtedness 2013 R	Company's profit for the year 2013 R
Direct subsidiaries					
Old Rhodes Food Group Holdings (Pty) Ltd	100	100	–	–	–
Incorporated in South Africa. The company is dormant.					
Rhodes Food Group (Pty) Ltd	100 000	100	132 000 001	18 000 000	27 138 906
Incorporated in South Africa. Manufactures and markets convenience foods					
Indirect subsidiaries					
Magpie Foods (Pty) Ltd	120	100	120	–	–
Incorporated in South Africa. The company is dormant					
Tradecor SA (Pty) Ltd	100	100	100 000	–	–
Incorporated in South Africa. The company is dormant					
Indirect subsidiaries (continued)					
Swaziland Fruit Cannery (Pty) Ltd	9 628 597	93.7	55 226 488	–	13 649 108

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

	Issued share capital %	Percentage holding	Company's interest in shares 2013 R	Indebtedness 2013 R	Company's profit for the year 2013 R
Incorporated in Kingdom of Swaziland Manufacturers and markets processed fruit. Rhodes Food Swaziland (Pty) Ltd	1 000	100	25 000 100	–	(770 009)
Incorporated in Kingdom of Swaziland Manufacturers and markets processed fruit. Old Rhodes Food Group (Pty) Ltd	100	100	120	–	–
Incorporated in South Africa. The company is dormant					

Rhodes Food Group Holdings Ltd has guaranteed and pledged in favour of Nedbank Limited all of the shares held in Rhodes Food Group (Pty) Ltd.

30. FOREIGN CURRENCY EXPOSURE

The following unhedged and uncovered foreign currency denominated liabilities, included in accounts payable, were in existence at the end of the year.

Foreign currency	Foreign amount	Rate	Rand amount
2013			
USD	740 940	10.07	7 461 640
GBP	558	16.26	9 077
EUR	10 429	13.62	142 020
AUD	23 576	9.77	230 365
CAD	351 830	9.38	3 300 398
			11 143 500

The Company did not have any foreign currency denominated liabilities as at 30 September 2012.

The following unhedged and uncovered foreign currency denominated assets, included in accounts receivable, were in existence at the end of the year:

Foreign currency	Foreign amount	Rate	Rand amount
2013			
USD	6 684 937	10.07	67 320 657
GBP	939 628	16.26	15 275 817
EUR	2 134 331	13.62	29 064 042
CAD	438 197	9.77	4 281 621
AUD	1 557 254	9.38	14 608 059
			130 550 196

The Company did not have any foreign currency denominated assets as at 30 September 2012.

The following table details the Company's and Group's sensitivity to a 10% increase and decrease in the Rand against foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates. A negative number below indicates a decrease in profit where the Rand strengthens 10% against the relevant currencies.

	2013 R	2012 R
USD	5 985 902	–
GBP	1 526 674	–
EUR	2 892 202	–
CAD	405 126	–
AUD	1 130 766	–
	11 940 670	–

RHODES FOOD GROUP HOLDINGS LIMITED**NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)****31. FINANCIAL YEAR END**

The Company's financial year ends on 30 September. For Group reporting purposes, the Company reports to a date selected by its shareholders and management so as to accommodate certain operational needs and requirements. As a result the annual financial statements were prepared for the years ended 29 September 2013 and 30 September 2012, respectively.

32. EARNINGS PER SHARE

The following is a reconciliation of the profit figures used in the earnings per share calculations:

	2013	2012
	R	R
Basic earnings		
Profit attributable to owners of the Company	37 336 702	–
Headline earnings per share (cents)	37 535	–
Diluted headline earnings per share (cents)	35 659	–

	2013	
	Gross	Net
Headline earnings calculation		
Profit attributable to owners of the Company	–	37 336 702
Profit on disposal of property, plant and equipment	(2 330 682)	(1 678 091)
	(2 330 682)	35 658 611

	2012	
	Gross	Net
Headline earnings calculation		
Profit attributable to owners of the Company	–	–
Profit on disposal of property, plant and equipment	–	–
	–	–

Earnings per share

Weighted average number of shares on which earnings and headline earnings per share are based is 95 000 (2012:1).

Weighted average number of shares on which diluted earnings and diluted headline earnings per share is based is 100 000 (2012:1).

33. MANAGEMENT SHARE TRUST

In order to achieve an alignment of interests, the key management of Rhodes Food was required to participate in the economic benefit of the Group's investment in terms of the Management Trust.

Key managers of Rhodes Food hold units in the Management Trust, which units are acquired by utilising the loans advanced by Rhodes Food to the managers. All managers to whom loans were made pledged and ceded their rights and interests in the units in the Management Trust to Rhodes Food as security for the loans.

Details of the loans made to management are set out in note 8.

**INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE
CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF RHODES
FOOD GROUP HOLDINGS LIMITED, AUDITED FOR THE YEARS ENDED
29 SEPTEMBER 2013 AND 30 SEPTEMBER 2012**

The definitions and interpretation commencing on page 11 of this Pre-listing Statement shall not apply to this Annexure 2.

“The Directors
Rhodes Food Group Holdings Limited
Pniel Road
Groot Drakenstein
7680

Dear Sirs

Introduction

We have audited the historical financial information of Rhodes Food Group Holdings Limited (“the Company”) in respect of the years ended 29 September 2013 and 30 September 2012 set out in Annexure 1.

The historical financial information in respect of each annual period comprises the consolidated statement of financial position as at the year-end date, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the historical financial information

The Company's directors are responsible for the preparation and fair presentation of the historical financial information in accordance with the requirements of the JSE Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of historical financial information that is free from material misstatement, whether due to fraud or error.

The JSE Listings Requirements require the historical financial information in respect of each annual period to be prepared in accordance with the conceptual framework, the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and also, as a minimum, to be presented and contain the disclosures required by the JSE Listings Requirements.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the historical financial information based on our audit.

We conducted our audit of the historical financial information in accordance with International Standards on Auditing (ISAs). This standard requires that we comply with ethical requirements.

We plan and perform the audit to obtain reasonable assurance about whether the historical financial information is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the historical financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the historical financial information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the historical financial information.

We believe that the evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the historical financial information in respect of the years ended 29 September 2013 and 30 September 2012 is prepared, in all material respects, in accordance with the requirements of the JSE Listings Requirements and the International Financial Reporting Standards, as set out in notes to the historical financial information.

Other information in the Pre-listing statement

As required by paragraph 8.53 of the JSE Listings Requirements, we have read the Pre-listing statement in which the historical financial information is contained, for the purpose of identifying whether there are material inconsistencies between the Pre-listing statement and the historical financial information which has been subject to audit. The Pre-listing statement is the responsibility of the directors. Based on reading the Pre-listing statement we have not identified material inconsistencies between this report and the historical financial information which has been subject to audit. However, we have not audited the Pre-listing statement and accordingly do not express an opinion on it.

Consent

We consent to the inclusion of this report, which will form part of the Pre-listing statement to the shareholders of Rhodes Food Group Limited, to be issued on or about Monday, 15 September 2014, in the form and context in which it appears.

Deloitte & Touche

Registered Auditor

Per: MA van Wyk
Partner

8 September 2014

Deloitte & Touche
1st Floor, The Square
Cape Quarter Extension
27 Somerset Road
Green Point
8005
South Africa

National Executive: LL Bam Chief Executive AE Swiegers Chief Operating Officer GM Pinnock Audit DL Kennedy Risk Advisory NB Kader Tax & Legal Services TP Pillay Consulting K Black Clients & Industries JK Mazzocco Talent & Transformation MJ Jarvis Finance M Jordan Strategy

S Gwala Managed Services TJ Brown Chairman of the Board MJ Comber Deputy Chairman of the Board

Regional Leader: MN Alberts

A full list of partners and directors is available on request.”

REVIEWED HISTORICAL FINANCIAL INFORMATION OF OLD RHODES FOOD GROUP HOLDINGS PROPRIETARY LIMITED

The historical consolidated financial information of Old Rhodes Food Group Holdings Proprietary Limited for the years ended 30 September 2012 and 2 October 2011 is set out below.

The Directors of Old Rhodes Food Group Proprietary Limited are responsible for the preparation of the consolidated financial information contained in this Annexure 3.

The consolidated financial statements for the years ended 30 September 2012 and 2 October 2011, from which the information below was extracted, were reviewed by Deloitte & Touche in accordance with International Standard on Review Engagements, who issued an unqualified conclusion on the financial statements.

1. NATURE OF THE BUSINESS

The main business of the Company is the manufacturing and marketing of convenience foods. These include fresh and frozen ready-made meals, pastry based products, canned jams, canned fruit, canned vegetables, canned meat, purees and dairy products.

2. GENERAL REVIEW

- 2.1 The results of the activities and financial position of the Company to which this commentary apply are set out in the attached financial statements included in Annexures 3.
- 2.2 Consistent revenue growth over the past two years has resulted in market share gains across all key product categories. Revenue for the 2011 financial year increased by 37.5% to R1 386.3 million as the Group benefited from increased production as a result of the acquisition of the Del Monte plant in Tulbagh. It should be noted that this plant only generated incremental sales from March 2011 as the operations were acquired without any stock.
- 2.3 In 2012, the Group reported revenue growth of 12.4% to R1 557.6 million. The Regional Division generated low single digit growth while International revenue grew by almost 32.0%, largely due to volume growth arising from the inclusion of the revenue contribution from the Del Monte acquisition for the full financial year. The depreciating currency also played a role, with the Rand having depreciated by approximately 13.3% against the Group's basket of trading currencies relative to the prior period.
- 2.4 The gross profit margin has shown improvement over the past two years from 25.9% in 2011 to 26.1% in 2012. This margin expansion has been mainly in the canned fruit business due to better pricing and the benefit from the depreciation of the Rand against the trading basket of currencies.
- 2.5 Operating costs reflect an increase of 1.2% from 2011 to 2012.
- 2.6 The Group's operating margin almost doubled from 4.9% in 2011 to 8.1% in 2012 mainly through improved efficiency in the canned fruit operation and the impact of the weakening currency.
- 2.7 Profit after tax increased by 151.8% from 2011 to 2012.
- 2.8 Cash generated from operations has more than doubled from R5.1 million in 2011 to R131.5 million in 2012.
- 2.9 As part of the capital management strategy, RFG invests in equipment, technology and infrastructure to maintain and expand the business, and to create efficiencies to improve the operating margin further. Capital expenditure also unlocks spare capacity in certain of the food production facilities.

OLD RHODES FOOD GROUP HOLDINGS PROPRIETARY LIMITED

1. EVENTS SUBSEQUENT TO THE REPORTING DATE

Subsequent to year end on 1 October 2012, the shares of Old Rhodes Food Group Holdings Proprietary Limited were sold. Subsequent to this, all assets and liabilities of the entity's only subsidiary, Old Rhodes Food Group Proprietary Limited, were sold.

2. SHARE CAPITAL

During the 2012 year the Company did not issue any ordinary shares (2011: nil).

3. PROPERTY PLANT AND EQUIPMENT

There has been no major change in the nature or use of property, plant and equipment during any of the years presented. The accounting policy has remained unchanged.

4. SUBSIDIARIES

Refer to note 29 for a list of subsidiaries.

5. DIVIDENDS

Dividends to the amount of R12 432 467 (2011: Rnil) was declared in the current financial year.

6. DIRECTORS

The directors in office during the year under review and at the date of this report are as follows:

BAS Henderson
CC Schoombie
A Makenete
MC Ferreira
RR Addison
MSP Marutlulle

7. FINANCIAL YEAR END

The company's financial year ends on 30 September. For group reporting purposes, the company reports to a date selected by its shareholders and management so as to accommodate certain operational needs and requirements. As a result the financial statements were prepared for the years ended 30 September 2012 and 2 October 2011 respectively.

8. SECRETARY

The secretary of the Company is Statucor (Pty) Ltd (represented by A Rich), whose business and postal addresses are:

9. BUSINESS ADDRESS:

The Boulevard Office Park
2nd Floor, Block D
Searle Street
Woodstock
7925

POSTAL ADDRESS:

PO Box 3883
Cape Town
8000

10. AUDITORS

Deloitte & Touche were the auditors for the years under review.

11. PREPARER OF ANNUAL FINANCIAL STATEMENTS

These financial statements were prepared under the supervision of AS Botha, CA(SA).

OLD RHODES FOOD GROUP HOLDINGS PROPRIETARY LIMITED

STATEMENT OF FINANCIAL POSITION
30 September 2012

	Notes	2012 R	2011 R
Assets			
Non-current assets		466 693 224	455 543 472
Property, plant and equipment	4	424 394 499	414 932 463
Intangible assets	5	220 352	220 503
Goodwill	6	13 800 307	13 800 307
Investments	7	30	30
Biological assets	8	24 168 219	22 850 480
Deferred taxation asset	16	2 659 817	2 439 689
Loans receivable	9	1 450 000	1 300 000
Current assets		539 210 788	481 879 166
Inventory	10	324 566 082	243 818 770
Accounts receivable	11	214 621 055	235 404 700
Taxation receivable		–	2 652 544
Bank balances and cash on hand	27.3	23 651	3 152
Non-current assets held for sale		13	5 000 000
Total assets		1 005 904 012	942 422 638
Equity and liabilities			
Capital and reserves		342 572 234	290 786 916
Share capital	14	1	1
Accumulated profit		337 527 057	286 272 636
Equity attributable to owners of the Company		337 527 058	286 272 637
Non-controlling interest		5 045 176	4 514 279
Non-current liabilities		249 249 058	249 505 031
Long-term loans	15	212 480 748	214 547 501
Deferred taxation liability	16	34 156 310	31 895 424
Employee benefit liability	17.2	2 612 000	3 062 106
Current liabilities		414 082 720	402 130 691
Accounts payable and provisions	17.1	236 865 072	196 957 249
Current portion of long-term liabilities	15	53 488 286	50 261 930
Taxation payable		684 539	9 798
Bank overdraft	27.3	97 536 571	119 873 311
Foreign exchange contract liability	12	3 265 182	10 221 638
Short-term loans owed to group companies	28	22 243 070	24 806 765
Total equity and liabilities		1 005 904 012	942 422 638
Net asset value per share (cents)		33 752 705 800	28 627 263 700
Tangible net asset value per share (cents)		32 350 639 900	27 225 182 700
Shares in issue at end of year		1	1

OLD RHODES FOOD GROUP HOLDINGS PROPRIETARY LIMITED

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 September 2012

	Notes	2012 R	2011 R
Revenue	1.2	1 557 610 464	1 386 383 146
Cost of goods sold		(1 150 773 663)	(1 027 777 784)
Gross profit		406 836 801	358 605 362
Other income		34 338 784	21 089 770
Operating costs		(314 820 331)	(311 057 756)
Earnings before interest and taxation	18	126 355 254	68 637 376
Interest paid	19	(34 357 522)	(34 155 069)
Interest received		90 362	37 621
Earnings before taxation		92 088 044	34 519 928
Taxation	21	(27 870 259)	(7 201 403)
Earnings for the year from continuing operations		64 217 785	27 318 525
Loss for the year from discontinued operations		-	(1 848 658)
Earnings for the year		64 217 785	25 469 867
Other comprehensive income		-	-
Total comprehensive income for the year		64 217 785	25 469 867
Earnings attributable to:			
Owners of the Company		63 686 888	25 579 528
Non-controlling interest		530 897	(109 661)
		64 217 785	25 469 867
Earnings per share (cents)			
Basic		6 368 688 800	2 557 952 800
Diluted	32	6 368 688 800	2 557 952 800

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September 2012

	Share capital R	Accumulated profit R	Non- controlling interest R	Total R
Balance at 26 September 2010	1	260 627 642	4 623 940	265 251 583
Total comprehensive income for the year	-	25 644 994	(109 661)	25 535 333
Balance at 2 October 2011	1	286 272 636	4 514 279	290 786 916
Total comprehensive income for the year	-	63 686 888	530 897	64 217 785
Dividend declared and paid	-	(12 432 467)	-	(12 432 467)
Balance at 30 September 2012	1	337 537 057	5 045 176	342 572 234

OLD RHODES FOOD GROUP HOLDINGS PROPRIETARY LIMITED

STATEMENT OF CASH FLOWS

for the year ended 30 September 2012

	Notes	2012 R	2011 R
Cash flows from operating activities			
Cash generated from operations	27.1	131 469 592	5 097 335
Net interest paid		(34 267 210)	(33 915 832)
Taxation paid	27.2	(22 502 216)	(14 364 976)
Dividend paid		(12 432 467)	–
Net cash inflow (outflow) from operating activities		62 267 699	(43 183 473)
Cash flows from investing activities			
Purchase of property, plant and equipment		(53 954 087)	(112 673 871)
Proceeds on disposal of property, plant and equipment		11 797 478	1 867 051
Proceeds on disposal of assets held for sale		3 591 946	–
Acquisition of subsidiaries		–	(38 047 081)
Loan receivable raised		(150 000)	–
Net cash outflow from investing activities		(38 714 663)	(148 853 901)
Cash flows from financing activities			
Loans raised		44 743 124	82 363 522
Loans from group companies		(2 131 748)	47 501 743
Loans repaid		(43 807 173)	(47 585 832)
		–	
Net cash inflow (outflow) from financing activities		(1 195 797)	82 279 433
Net (decrease) increase in cash and cash equivalents		22 357 239	(109 757 941)
Cash and cash equivalents at beginning of the year		(119 870 159)	(10 112 218)
Cash and cash equivalents at end of the year	27.3	(97 512 920)	(119 870 159)

SEGMENTAL REPORT

for the year ended 30 September 2012

Products and services from which reportable segments derive their revenues

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided, and in respect of the 'regional' and 'international' operations, the information is further analysed based on the different classes of customers. The directors of the Group have chosen to organise the Group around the difference in geographical areas.

Specifically, the Group's reportable segments under IFRS 8 are as follows:

- Regional
- International

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment:

	Segment revenue	
	2012 R	2011 R
Regional products sales		
Fresh	637 111 499	610 098 974
Long-life products sales	341 579 421	337 609 550
	978 690 919	947 708 524
International		
Long-life products sales	578 919 546	438 674 623
Total	1 557 610 465	1 386 383 146

OLD RHODES FOOD GROUP HOLDINGS PROPRIETARY LIMITED

	Segment profit	
	2012	2011
	R	R
Regional	90 361 443	89 136 206
International	26 534 278	(28 483 953)
Total	116 895 721	60 652 254
Other income	9 459 483	7 985 122
Interest received	90 362	37 621
Interest paid	(34 357 522)	(34 155 069)
Profit before taxation	92 088 044	34 519 928

Segment revenue reported above represents revenue generated from external customers. Inter-company sales amounted to R176 105 299 (2011: R143 313 568)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1. Segment profit represents the profit before tax earned by each segment without allocation of transaction costs incurred relating to management buyout, other income, investment income and finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Geographical information

The Group's non-current assets by location of operations (excluding goodwill, financial instruments and deferred tax assets) are detailed below.

	2012	2011
	R	R
Republic of South Africa	392 354 463	380 967 733
Kingdom of Swaziland	57 878 637	58 335 743
	450 233 100	439 303 476

Information regarding major customers

Two customers individually contributed 10% or more of the Group's revenues arising from both regional and international sources.

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT

30 September 2012

1. ACCOUNTING POLICIES

The annual financial statements and group annual financial statements are prepared in accordance with International Financial Reporting Standards and incorporate the following principal accounting policies which have been consistently applied in all material respects.

1.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interest in the net assets of consolidated subsidiaries is identified separately from the group's equity therein. Non-controlling interest consists of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination. Losses applicable to the non-controlling interest in excess of the non-controlling interest's interest in the subsidiary's equity are allocated against the interest of the group except to the extent that the non-controlling interest has a binding obligation and is able to make an additional investment to cover the losses.

1.2 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue comprises of the following:

Sale of goods

Revenue from sale of goods is recognised when substantially all the risks and rewards of ownership have been transferred to the buyer and the Company does not retain continuing managerial control of the goods to a degree usually associated with ownership, when the amount of revenue and costs incurred or to be incurred in respect of the sale transactions can be measured reliably, and when it is probable the economic benefits associated with the transaction will flow to the Company.

Interest

Interest revenue is recognised on a time proportion basis that takes into account the effective yield on the investment.

Dividends

Dividend revenue is recognised when the shareholder's right to receive payment is established.

1.3 Interest paid

Interest paid includes interest on the loan accounts, bankers' acceptances, preference share dividends on preference shares classified as liabilities, and bank accounts, which is expensed as incurred.

1.4 Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Rand, which is the functional currency of the company, and presentation currency for the consolidated financial statements.

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items, are included in profit or loss for the year.

In order to hedge its exposure to certain foreign exchange risks, the group enters into forward exchange contracts and options.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) are expressed in Rand using exchange rates prevailing on the reporting date. Income and expense items (including comparatives) are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the group's foreign currency translation reserve. Such translation differences are recognised in profit or loss in the year in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

1.5 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted by the reporting date.

Deferred taxation is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interest in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be realised.

Deferred taxation is calculated at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled. Deferred taxation is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred taxation is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

1.6 Property, plant and equipment

Capital work in progress

The cost of property, plant and equipment is recognised as capital work in progress until the plant and equipment have been commissioned. Capital work in progress is not depreciated.

Other property, plant and equipment

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

Other property, plant and equipment are stated at cost less accumulated depreciation. The estimated useful lives, depreciation method and residual values of the assets are reviewed annually with the effect of any changes accounted for on a prospective basis. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets less its residual value as follows:

Buildings, improvements and leasehold improvements	Range from 5 – 50 years
Plant and machinery	Range from 2 – 40 years
Motor vehicles	Range from 4 – 15 years
Office equipment	Range from 3 – 14 years
Furniture and fittings	Range from 3 – 20 years

Land is not depreciated.

1.7 Biological assets

Biological assets comprise livestock and growing crops which are measured at fair value less estimated point of sale costs.

The fair value of livestock is determined based on market prices of livestock of a similar age, breed and genetic merit.

The fair value of growing crops are determined based on market prices less delivery costs.

1.8 Intangible assets

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with finite useful lives, acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses and at cost less accumulated impairment losses in the case of such assets with indefinite useful lives. Amortisation is charged on a straight-line basis over the assets estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

1.9 Goodwill

Goodwill arising on the acquisition of a business represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the company's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit *pro rata* on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent year.

1.10 Impairment

At each reporting date, the company reviews the carrying amount of tangible and intangible assets to determine whether there is an indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Impairment losses are recognised in the statement of comprehensive income in the year in which they arise.

1.11 Inventory

Inventory is stated at the lower of cost or net realisable value. Cost is determined on the following basis:

Raw materials are valued at cost on a first-in, first-out basis.

Finished goods and work in progress are valued at average actual cost of production.

Obsolete and slow moving inventories are identified and written down with regard to their estimated economic and realisable value.

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

1.12 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

1.13 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held on call with banks and bankers' acceptances, net of bank overdrafts, all of which are available for use by the Company unless otherwise stated.

1.14 Retirement funding

The company provide retirement benefits to employees through a defined contribution pension fund and a defined contribution provident fund. Contributions to these retirement funds are charged against income as incurred.

Employee termination benefits

The severance pay obligation arising in terms of the Swaziland Employment Act is calculated tri-annually by independent actuaries using the projected unit credit method. Under this method, the present value of severance benefits that have accrued in respect of past service is calculated, allowing for estimated future salary increases, future retrenchments, withdrawals and deaths.

1.15 Financial instruments

Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter year. Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as FVTPL.

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For all financial assets evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Certain categories of financial assets, such as trade receivables, that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit term of 45 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets

The company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the company neither transfer nor retain substantially all the risks and rewards of ownership and continue to control the transferred asset, the company recognise its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retain substantially all the risks and rewards of ownership of a transferred financial asset, the company continue to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter year.

Derecognition of financial liabilities

The company derecognise financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

1.16 Leases

Assets held under finance leases are recognised as assets of the company at their fair value at the inception of the lease or, if lower at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs.

Rentals payable under operating leases are charged to profit or loss on a straight line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

2. ADOPTION OF NEW AND REVISED STANDARDS

2.1 Standards and Interpretations effective in the current year

Neither the Group nor Company adopted any Standards and Interpretations in the current period.

2.2 Early adoption of Standards and Interpretations

Neither the Group nor Company has early adopted any Standards and Interpretations.

2.3 Accounting Standards and Interpretations issued but not yet effective

The Company has not identified any Accounting or Interpretations issued, but not yet effective, that will have a material impact on the company's financial statements in the future.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the company's accounting policies, which are described in note 1, management has made the following judgments that have the most significant effect on the amounts recognised in the financial statements.

3.1 Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the company to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate the present value. In management's assessment of impairment, the assumption was made that the Company would continue to make profits for the foreseeable future. No impairment loss has been recognised in the current or prior year.

3.2 Valuation of biological assets

Livestock

The value of the livestock is calculated based on an independent valuation obtained from an industry specialist.

Growing crop

Growing crops are measured at their fair value less estimated point-of-sale costs to sell. The fair value of growing crops is determined based on current market prices using a discounted cash-flow model. Changes in fair value are recognised in profit or loss.

Point of sale costs include all costs that would be necessary to sell the assets, including all costs necessary to get the asset to its saleable state and to get it to the market.

3.3 Useful lives and residual values of property, plant and equipment

The useful lives and residual values placed on assets were estimated by using management's knowledge and experience of the industry. These are used to calculate the depreciation charge.

3.4 Impairment of property, plant and equipment

When any internal or external indicators of impairment are identified, management estimates the recoverable amount of the property, plant and equipment to establish whether any permanent impairment of the asset exists. The recoverable amount is estimated with reference to the lower of fair value less cost to sell and the value in use.

3.5 Recoverability of receivables

The recoverability of receivables is assessed by taking into consideration the financial position of the counter party and past payment history. When assessing the recoverability of receivables, management reviews prior history of losses and any information currently available.

3.6 Provision for inventory obsolescence

In determining the provision required for obsolete inventory, management considers the age of the specific inventory item and when it was last used in production. Any specific indicators that inventory is damaged or unsaleable are also taken into account.

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

3.7 Useful life of intangible asset

Trademarks and other intangibles that are acquired through acquisition are capitalised on the statement of financial position. These brands and other intangibles are valued on acquisition using a discounted cash flow methodology and assumptions and estimates regarding future revenue growth; prices; marketing costs; and economic factors. The assumptions reflect management's best estimates, but these estimates involve inherent uncertainties, which may not be controlled by management. The cost of brands and other intangibles with a finite life is amortised using a methodology that matches management's estimate of how the benefit of the assets will be extinguished.

Each year the remaining useful lives of the trademark and other intangibles are re-evaluated. If the estimate of the remaining useful life changes, the remaining carrying value is amortised prospectively over that revised remaining useful life. Indefinite useful lives are allocated to intangible assets if there is no foreseeable limit to the period over which the entity expects to consume the future economic benefits embodied in the intangible asset. In making this assessment management follows the guidance in IAS 38. Indefinite useful life assets are assessed annually for impairment.

4. PROPERTY, PLANT AND EQUIPMENT

2012	Opening balance R	Additions R	Disposals R	Transfers R	Closing balance R
COST					
Land	38 038 606	-	-	-	38 038 606
Buildings and improvements	196 713 651	200 000	-	8 572 182	205 485 833
Plant and machinery – owned	265 747 301	2 052 126	(9 735 692)	46 745 457	304 809 192
Plant and machinery – leased	11 426 157	902 000	-	(10 873 799)	(1 454 358)
Motor vehicles – owned	3 547 657	30 000	(236 146)	538 506	3 880 017
Motor vehicles – leased	346 542	859 000	-	(319 422)	886 120
Office equipment	7 128 241	191 040	(38 243)	2 820 850	10 101 888
Furniture and fittings	2 400 159	-	(86 170)	305 8339	2 705 998
Capital work-in-progress	19 872 244	49 719 921	-	(47 789 613)	21 802 552
	545 220 558	53 954 087	(10 096 251)	-	589 164 564
	Opening balance R	Disposals R	Depreciation R	Transfers R	Closing balance R
ACCUMULATED DEPRECIATION					
Buildings and improvements	32 878 847	-	9 035 683	-	41 914 530
Plant and machinery – owned	90 879 911	(1 316 333)	24 287 353	-	113 850 931
Plant and machinery – leased	552 358	-	7 141	-	559 499
Motor vehicles – owned	1 070 510	(179 911)	462 138	-	1 352 737
Motor vehicles – leased	27 120	-	23 819	-	50 939
Office equipment	3 540 910	-	2 045 853	-	5 586 763
Furniture and fittings	1 338 439	(249 490)	365 717	-	1 454 666
	130 288 095	(1 745 734)	36 227 704	-	164 770 065
Net book value	414 932 463				424 394 499

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

2012 and 2011

Included in property, plant and equipment are the following items which serve as security as indicated below (refer note 15):

A first covering mortgage bond for R16 000 000, together with a further sum of R4 000 000 to cover contingent costs, has been registered in favour of Nedbank Limited over:

- Portion 4 of Farm 1631, Paarl, Western Cape, in extent 30,3951 hectares;
- Portion 1 of Farm 1632, Paarl, Western Cape, in extent 4 274 square metres;

A second covering mortgage bond for R3 600 000, together with a further sum of R900 000 to cover contingent costs, which has been registered in favour of Nedbank Limited over:

- Portion 4 of Farm 1631, Paarl, Western Cape, in extent 30,3951 hectares;
- Portion 1 of Farm 1632, Paarl, Western Cape, in extent 4 274 square meters;
- Portion 1 of Farm 1631, Paarl, Western Cape, in extent 102,4981 hectares;

A third covering mortgage bond for R20 000 000, which has been registered in favour of Nedbank Limited over:

- Portion 4 of Farm 1631, Paarl, Western Cape, in extent 30,3951 hectares;
- Portion 1 of Farm 1632, Paarl, Western Cape, in extent 4 274 square meters;
- Portion 1 of Farm 1631, Paarl, Western Cape, in extent 102,4981 hectares.

A fourth covering mortgage bond for R10 000 000, which has been registered in favour of Nedbank Limited over:

- Portion 4 of Farm 1631, Paarl, Western Cape, in extent 30,3951 hectares;
- Portion 1 of Farm 1632, Paarl, Western Cape, in extent 4 274 square metres;
- Portion 1 of Farm 1631, Paarl, Western Cape, in extent 102,4981 hectares.

A fifth covering mortgage bond for R12 000 000, which has been registered in favour of Nedbank Limited over:

- Portion 4 of Farm 1631, Paarl, Western Cape, in extent 30,3951 hectares;
- Portion 1 of Farm 1632, Paarl, Western Cape, in extent 4 274 square metres;
- Portion 1 of Farm 1631, Paarl, Western Cape, in extent 102,4981 hectares.

A first covering mortgage bond for R52 000 000, together with a further sum of R10 400 000 to cover contingent costs, has been registered over the remaining extent of Erf 2, Aeroton, Johannesburg, in favour of Nedbank Limited.

A first covering mortgage bond for R10 000 000 has been registered over Erf 2218, Erf 656 and Erf 1379 in Makhado, a township in the Dzanani district, in favour of The Standard Bank Limited.

A first covering mortgage bond for R50 000 000, which has been registered in favour of Absa Bank Limited over:

- Portion 37 and Portion 40 of farm Straatskerk 190 Tulbagh;
- Remaining extent of the farm Bellevue 191, Tulbagh;
- Portion 1 of the farm Bellevue 191, Tulbagh;
- Remaining extent of portion 1 of farm Groote Vallei 223 Tulbagh;
- Remaining extent of portion 5 of farm Groote Vallei 223 Tulbagh;
- Remaining extent of the farm 378 Tulbagh;
- Portion 1 of the farm 378 Tulbagh.

Covering notarial bonds for R150 000 000, together with a further sum of R7 500 000 to cover costs and contingent claims, have been registered over movable property, intellectual property and assets (excluding livestock), as well as inventory and receivables, in favour of Nedbank Limited (refer to notes 10 and 11).

A first covering notarial bond for R10 000 000 has been registered over the assets held at the Limpopo operations, in favour of Standard Bank Limited.

A first special notarial bond for R10 000 000 has been registered over the assets held at the Limpopo operations, in favour of Standard Bank Limited.

A first special notarial bond for R20 000 000 has been registered over the assets held at the Tulbagh operations, in favour of Absa Bank Limited.

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

The net book value of property, plant and equipment serving as security for the following entities:

	2012	2011
	R	R
Nedbank Limited	127 812 985	149 579 358
Standard Bank	19 296 709	21 695 232
ABSA	61 787 565	67 919 934
Wesbank	8 638 218	–

A register of particulars of the freehold land and buildings is maintained at the Company's registered office and is available for inspection.

Swaziland Fruit Cannery (Pty) Ltd

Included in property, plant and equipment are the following items which serve as security as indicated below (refer note 15):

In favour of Nedbank (Swaziland) Limited:

- a first and second mortgage bond for R15 million and R11 million over certain of the Company's land;
- a deed of hypothecation for R25 million over inventories, accounts receivable, plant and equipment and moveable assets excluding the plastic cup division;
- the bank has waived its rights in respect of export debtors;
- a negative deed of pledge over moveable and immovable assets, excluding export debtors which are ceded to Fernlea Marketing Limited; and
- lien over leased assets.

In favour of The Standard Bank (Swaziland) Limited:

- a first mortgage bond of R16 million over portion A of farm number 286 under the deed of transfer number 108 of 1970;
- cession of Multi Mark policy held at the Swaziland Royal Insurance Corporation (SRIC); and
- lien over leased assets.

5. INTANGIBLE ASSETS

	Opening balance	Current additions	Closing amortisation	balance
2012	R	R	R	R
Trademark				
Cost	1 001 505	–	–	1 001 505
Accumulated amortisation	(1 001 002)	–	(151)	(1 001 153)
Export quota	220 000	–	–	220 000
Net book value	220 503	–	(151)	220 352
2011				
Trademark				
Cost	1 001 505	–	–	1 001 505
Accumulated amortisation	(1 000 852)	–	(150)	(1 001 002)
Export quota	220 000	–	–	220 000
Net book value	220 653	–	(150)	220 503

6. GOODWILL

	Opening balance	Additions	Disposal	Closing balance
2012	R	R	R	R
Cost	13 800 307	–	–	13 800 307

Goodwill represents the excess of the purchase price over the net asset value of businesses acquired. There were no indicators of impairment during the year. No impairment was recognised during the year.

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

2011	Opening balance R	Additions R	Disposal R	Closing balance R
Cost	13 800 307	–	–	13 800 307

Goodwill represents the excess of the purchase price over the net asset value of businesses acquired. There were no indicators of impairment during the year. No impairment was recognised during the year.

7. INVESTMENTS

	2012 R	2011 R
Unlisted investments		
SA Fruit and Vegetable Canners Association (Pty) Ltd – shares	30	30
Total investments	30	30
Directors' valuation	30	30

8. BIOLOGICAL ASSETS

Livestock	7 485 250	7 773 450
Pineapple plantations	16 682 969	15 077 030
	24 168 219	22 850 480
Reconciliation of changes in carrying value of biological assets		
Carrying value at the beginning of the year	22 850 480	7 332 350
Acquisition of subsidiaries	–	25 711 029
Disposal of citrus division	–	(13 263 044)
Gain arising from change in fair value attributable to physical and price changes	1 317 739	3 070 145
Carrying value at the end of the year	24 168 219	22 850 480

Rhodes Food Group (Pty) Ltd: Livestock

Method of valuation

The value of the livestock is calculated based on an independent valuation obtained from an industry specialist.

Nature of activities

The company produces dairy products.

Financial risk management strategies

Risk includes theft and diseases. Controls in place are property security, identification marks on all cattle, vaccinating and dipping of cattle.

Swaziland Fruit Canners (Pty) Ltd: Pineapple plantations

Method of valuation

Growing crops are valued at fair value less estimated point-of-sale costs at the point of harvest.

Nature of activities

The Company owns and manages 598 (2011: 610) hectares of pineapples. The Company manages a further 901 (2011: 896) hectares of pineapples on leasehold land. The Company is engaged in the planting, management and harvesting of pineapples, which are supplied to the company's cannery operation which converts fruit to canned products and juice. A minor quantity of fruit is sold as fresh produce. Fields are managed on a sustainable basis, which comprise a 42-month crop rotation.

RHODES FOOD GROUP HOLDINGS LIMITED**NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)*****Financial risk management strategies***

The company follows prudent industry accepted care practices with respect to the use of fertilisers, insecticides and herbicides to control growing diseases and insect infestation. The company does not insure growing crops in the fields.

9. LOANS RECEIVABLE

	2012	2011
	R	R
Non-current assets		
Constitution Road Wine Growers (Pty) Ltd	1 450 000	1 300 000

The loan to Constitution Road Wine Growers (Pty) Ltd is unsecured, bears no interest and is repayable from future fruit harvest revenue from the relevant orchards of the abovementioned entity. The first repayment is expected within the next financial year.

10. INVENTORY

	2012	2011
	R	R
Finished goods	243 190 995	168 539 422
Work in progress	4 394 309	3 487 438
Raw materials	76 980 778	71 791 910
	324 566 082	243 818 770

The value of the inventory disclosed at net realisable value is R22 590 626 (2011: R43 037 815) for the Group. A general notarial bond was registered over inventories of Rhodes Foods Group (Pty) Ltd, as disclosed in note 4.

11. ACCOUNTS RECEIVABLE

	2012	2011
	R	R
Trade receivables	200 164 375	200 015 662
<i>Less: Allowance for doubtful debts</i>	<i>(159 365)</i>	<i>(342 655)</i>
Net trade receivables	200 005 010	199 673 007
Sundry receivables	7 981 702	4 282 972
Prepayments	6 486 343	5 300 721
Deposits	148 000	148 000
Other receivables	–	26 000 000
	214 621 055	235 404 700

Swaziland Fruit Cannery (Pty) Ltd

Debtors are pledged in favour of Nedbank (Swaziland) Ltd.

Rhodes Food Group (Pty) Ltd

All current and future receivables are pledged in favour of Nedbank Ltd.

11.1 Trade receivables

The average credit period on sales of goods is 48 days (2011: 53 days) for the Group. No interest is charged on the trade receivables for amounts outstanding longer than the credit period.

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

Of the trade receivables balance at the end of the year, the following amounts are due from the group's largest customers:

	2012	2011
	R	R
Customer B	31 771 325	38 903 148
Customer C	31 175 319	21 783 855
Customer D	32 745 253	21 319 702
	95 691 897	82 006 705

Each, of the above customers, represents more than 10% of the total balance of Group trade receivables.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Accordingly, the directors believe that an allowance of R159 365 (2011: R342 655) for doubtful debt is required for the Group. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds. The Group does not hold any collateral over these balances.

	2012	2011
	R	R
Movement in allowance for doubtful debts		
Opening balance	342 655	392 697
Acquisition of subsidiary	–	17 655
Impairment losses reversed on trade receivables	(183 290)	(67 697)
Closing balance	159 365	342 655
Ageing of impaired receivables		
Current	83 899	–
30 to 60 days	55 187	293 782
60 to 90 days	2 031	9 052
90 to 120 days	222	5 560
120 days and over	18 026	34 261
Closing balance	159 365	342 655

Included in the Group's trade receivable balance are debtors which are past due at the reporting date, but for which no provision has been made as there has not been a significant change in credit quality and the amounts are still considered recoverable. The group does not hold any collateral over these balances.

	2012	2011
	R	R
Ageing of past due but not impaired		
60 – 90 days	6 588 810	4 575 425
90 – 120 days	171 221	108 761
More than 120 days	1 049 899	118 710
	7 809 930	4 802 896

12. FOREIGN EXCHANGE CONTRACT LIABILITY

The Company entered into forward exchange contracts to buy and sell specified amounts of foreign currency in the future at a predetermined exchange rate. The contracts are entered into to manage the company and the Group's exposure to fluctuations in foreign currency exchange rates on specific transactions. The contracts are matched by anticipated future cash flows in foreign currencies. The Company does not use forward exchange contracts for speculative purposes.

At the reporting date, the Company had the following forward exchange contracts (FEC's) relating to items not yet shown on the statement of financial position.

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

2012	Foreign amount	Rand value	Contract fair value	Contract loss
AUD	3 949 500	33 318 941	34 142 888	(823 947)
CAD	1 062 833	8 623 781	9 000 869	(377 088)
USD	7 908 500	66 319 625	66 334 226	(14 601)
GBP	3 124 196	41 074 486	42 667 093	(1 592 607)
EUR	3 255 000	34 779 399	35 236 338	(456 939)
		184 116 232	187 381 414	(3 265 182)
2011				
AUD	2 897 500	22 300 880	22 579 297	(278 417)
CAD	1 671 520	12 819 687	12 965 964	(146 277)
USD	12 692 500	96 069 381	103 404 941	(7 335 560)
GBP	2 532 237	30 938 955	32 202 863	(1 263 908)
EUR	3 929 500	41 741 466	42 938 942	(1 197 476)
		203 870 369	214 092 007	(10 221 638)

13. ASSETS CLASSIFIED AS HELD FOR SALE – RESIDENTIAL PROPERTIES

	2012 R	2011 R
Residential properties	–	5 000 000

The Company acquired a group of assets which included residential properties. Management agreed to a co-ordinated plan to dispose of the residential properties immediately after acquiring the group of assets. The sale was completed during the current year.

14. SHARE CAPITAL

	2012 R	2011 R
Authorised		
1 000 000 Ordinary Shares	1 000	1 000
Issued		
100 Ordinary Shares of 1 cent each	1	1
	1	1

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

**15. LONG-TERM LOANS
2012 and 2011**

Counter party	2012	2011	Rate	Instalments	Frequency	Period	Final payment	Security
Fertrade Swaziland (Pty) Ltd	34 166 875	34 166 875	Interest free	30 November 2012: R11 826 540; 2013: R13 009 194; 2014: R9 331 141	Annual	3 years	2014	Investment in Swaziland Fruit Canners (Pty) Ltd
Bruce Henderson Trust (previously Matsapha Pineapple Growers (Pty) Ltd)	4 310 091	4 310 091	Interest free	30 November 2012: R1 134 060; 2013: R1 445 466; 2014: R1 550 565	Annual	3 years	2014	Investment in Swaziland Fruit Canners (Pty) Ltd
Nedbank Limited	3 593 334	6 681 011	Prime minus 2%	287 910	Monthly	12 months	2013	Detailed in note 4
Nedbank Limited	2 129 534	2 494 957	Prime minus 2%	44 032	Monthly	10 years	2017	Detailed in note 4
Nedbank Limited	-	165 218	Prime minus 2%	40 958	Monthly	5 years	2012	Detailed in note 4
Standard Bank Limited	5 579 770	9 723 029	Prime minus 0.86%	R388 444 (2011: R407 844)	Monthly	5 years	2016	Detailed in note 4
Nedbank Limited	10 957 965	13 050 870	Prime minus 2%	244 964	Monthly	10 years	2017	Detailed in note 4
Nedbank Limited	14 336 265	16 441 155	Prime minus 2%	265 703	Monthly	10 years	2018	Detailed in note 4
Nedbank Limited	22 430 314	24 993 702	Prime minus 2%	351 783	Monthly	10 years	2019	Detailed in note 4
Nedbank Limited	5 961 343	9 156 232	Prime minus 2%	311 183	Monthly	5 years	2014	Detailed in note 4
Nedbank Limited	9 201 606	12 190 108	Prime minus 2%	R297 676 (2011: R317 058)	Monthly	10 years	2017	Detailed in note 4
Nedbank Limited	7 994 118	10 193 038	Prime minus 1%	244 554	Monthly	5 years	2014	Detailed in note 4
Standard Bank Limited	9 999 984	11 333 328	Prime minus 0.5%	111 112	Monthly	10 years	2021	Detailed in note 4
Absa Limited	52 379 760	57 670 040	Prime minus 0.5%	832 424	Monthly	10 years	2021	Detailed in note 4
Nedbank Limited	6 891 425	9 577 529	Prime minus 1.25%	173 835	Monthly	5 years	2016	Detailed in note 4
Nedbank Limited	4 561 581	5 059 021	Prime minus 0.95%	73 885	Monthly	8 years	2019	Detailed in note 4
Absa Limited	3 533 237	4 975 502	Prime minus 0.5%	87 098	Monthly	5 years	2016	Detailed in note 4

RHODES FOOD GROUP HOLDINGS LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

Counter party	2012	2011	Rate	Instalments	Frequency	Period	Final payment	Security
Wesbank Limited	1 325 050	-	Prime	R30 286 (2011: R0)	Monthly	5 years	2017	Detailed in note 4
Nedbank Limited	1 453 420	-	Prime minus 1%	R33 717 (2011: R0)	Monthly	4 years	2016	Detailed in note 4
Nedbank Limited	5 733 428	-	Prime	R159 127 (2011: R0)	Monthly	3 years	2015	Detailed in note 4
Wesbank Limited	6 463 901	-	Prime plus 1.5%	Not specified	Not specified	12 months	2013	Detailed in note 4
Nedbank Limited	5 886 309	-	Prime	R109 953 (2011:R0)	Monthly	5 years	2017	Detailed in note 4
Nedbank (Swaziland) Limited – finance lease	-	999 615	Swaziland prime minus 2%	338 146	Monthly	92 months	2012	Unsecured
Nedbank (Swaziland) Limited	15 000 000	-	Swaziland prime plus 0.5%	Not specified	Bi-annual	5 years	2017	Detailed in note 4
Nedbank (Swaziland) Limited – finance lease	2 823 185	3 361 993	Swaziland prime minus 2%	R62 429 (2011: R64 010)	Monthly	10 years	2017	Detailed in note 4
Standard Bank (Swaziland) Limited	5 575 261	-	Swaziland prime plus 0.5%	R107 217 (2011: R0)	Monthly	5 years	2016	Detailed in note 4
Standard Bank (Swaziland) Limited – finance lease	-	6 278 173	Swaziland prime minus 1%	241 708	Monthly	5 years	2014	Detailed in note 4
Standard Bank (Swaziland) Limited – Finance lease	-	211 596	Swaziland prime	8 554	Monthly	5 years	2014	Detailed in note 4
Nedbank (Swaziland) Limited – finance lease	776 425	-	Swaziland prime minus 0.5%	R21 439 (2011: R0)	Monthly	5 years	2017	Detailed in note 4
Standard Bank (Swaziland) Limited – finance lease	904 853	-	Swaziland prime minus 1%	R19 090 (R0)	Monthly	5 years	2017	Detailed in note 4
Bruce Henderson Trust	2 200 000	2 221 247	Prime plus 2.75%	Not specified	Monthly	Not specified	Not specified	Detailed in note 4
Ivor Ferreira Trust	19 800 000	19 555 101	Prime plus 2.75%	Not specified	Monthly	Not specified	Not specified	Detailed in note 4
Total	265 969 034	264 809 431						
Less: non-current portion	(53 488 286)	(50 261 930)						
Long-term loans	212 480 748	214 547 501						

Amounts payable within 12 months of year end will be funded from cash resources.

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

15.1 Finance leases

The Group leased certain of its manufacturing equipment under finance leases. For additional disclosure regarding the terms of the leases, refer to note 15.1.

The lease payments are as follows:

	Future minimum lease payments 2012 R	Interest 2012 R	Present value of minimum lease payments 2012 R
Less than one year	5 741 865	2 025 946	3 715 919
Between one and five years	25 164 090	3 800 284	21 363 806
More than five years	–	–	–
	30 905 955	5 826 230	25 079 725
	2011	2011	2011
Less than one year	4 765 838	(713 403)	4 052 435
Between one and five years	7 277 701	(727 992)	6 549 709
More than five years	252 887	(3 654)	249 233
	12 296 426	(1 445 049)	10 851 377

16. DEFERRED TAXATION

The major components of the deferred tax balances, together with movements during the year are as follows:

2012 Tax effect of:	Opening balance R	Charge (credit) to income for the year R	Closing balance R
Excess tax allowances over depreciation charges for property, plant and equipment	36 268 732	701 043	36 969 775
Estimated tax losses	(16 555 457)	953 965	(15 601 492)
Deferred capital gains tax on adoption on IFRS deemed cost of land and buildings	2 535 107	–	2 535 107
Provisions not allowable for tax purposes	(3 293 812)	(238 818)	(3 532 630)
Difference between tax and accounting treatment of			
– Biological assets	7 323 032	(229 577)	7 093 455
– Prepayments	687 103	600 859	1 287 962
– Inventory	3 571 345	(51 260)	3 520 085
– Foreign exchange contracts	(1 080 315)	304 546	(775 769)
	29 455 735	2 040 758	31 496 493

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

The major components of the deferred tax balances, together with movements during the year are as follows:

2011 Tax effect of:	Opening balance R	Acquisition of subsidiary	Charge (credit) to income for the year R	Closing balance R
Excess tax allowances over depreciation charges for property, plant and equipment	27 278 260	8 481 977	508 495	36 268 732
Estimated tax losses	–	(17 496 808)	941 351	(16 555 457)
Deferred capital gains tax on adoption on IFRS deemed cost of land and buildings	2 535 107	–	–	2 535 107
Provisions not allowable for tax purposes	(1 425 116)	(832 351)	(1 036 345)	(3 293 812)
Difference between tax and accounting treatment of				
– Biological assets	1 887 516	8 414 386	(2 978 870)	7 323 032
– Prepayments	225 606	351 585	109 912	687 103
– Inventory	–	2 282 891	1 288 454	3 571 345
– Foreign exchange contracts	–	226 421	(1 306 736)	(1 080 315)
	30 501 373	1 428 101	(2 473 739)	29 455 735
			2012	2011
Deferred taxation asset			(2 659 817)	(2 439 689)
Deferred taxation liability			34 156 310	31 895 424
Net deferred taxation liability			31 496 493	29 455 735

17. ACCOUNTS PAYABLE AND PROVISIONS

17.1 Accounts payable and provisions

	2012 R	2011 R
Trade payables	143 210 457	103 608 848
Provision for employee benefits	42 126 877	17 768 368
VAT payable	273 004	4 538 525
Accruals	44 461 944	62 445 419
Other payables	6 792 790	8 596 089
	236 865 072	196 957 249

The average credit period on purchases is 42 days (2011: 36 days) days for the Group. No interest is charged on the trade payables within the credit period granted. The company have financial risk management policies in place to ensure that all payables are paid within a reasonable time of the credit time frame.

The provision for employee benefits comprises the following amounts:

	2012 R	2011 R
Provision for incentives	33 807 370	9 613 808
Provision for leave pay	8 319 507	6 411 329
Provision for severance package	–	1 743 231
	42 126 877	17 768 368

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

2012	Opening balance R	Raised R	Utilised R	Closing balance R
Provision for employee benefits	17 768 368	28 991 673	(4 633 164)	42 126 877

2011	Opening balance R	Acquisition of subsidiary R	Raised R	Utilised R	Closing balance R
Provision for employee benefits	15 346 088	1 743 231	16 529 917	(15 850 868)	17 768 368

17.2 Employee benefit liability

The Swaziland Employment Act requires all employees who leave service by way of retirement, retrenchment or redundancy, to be paid an allowance calculated on the number of years of service.

An actuarial valuation was performed by Alexander Forbes Financial Services Proprietary Limited in September 2012 and January 2010 respectively.

The amount recognised in the statement of financial position is determined as follows:

	2012 R	2011 R
Liability recorded in the statement of financial position as part of "employee benefit liability"	2 612 000	3 062 106
Movement in liability		
Balance at beginning of period	3 062 106	–
Acquisition of subsidiary	–	2 774 504
Raised during the period	1 620 894	836 000
Payments made during the period	(2 071 000)	(548 398)
Balance at end of year	2 612 000	3 062 106
The amounts recognised in profit and loss are as follows:		
Current service costs	336 000	328 000
Interest cost	459 000	408 000
Expense	825 894	100 000
	1 620 894	836 000
The principal actuarial assumptions used were as follows:	%	%
Discount rate	7.00	9.75
Inflation rate	5.00	5.75
Salary increase rate	6.00	6.75
Total employee benefit liability per statement of financial position:		
Rhodes Foods Swaziland (Pty) Ltd	2 612 000	3 062 106
	2 612 000	3 062 106

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

18. EARNINGS BEFORE INTEREST AND TAXATION

	2012	2011
	R	R
Operating profit before interest and taxation		
Operating profit before interest and taxation is arrived at after taking the following items into account:		
Income		
Profit on disposal of citrus operations	–	6 473 515
Profit on disposal of property plant and equipment	3 836 670	827 128
Realised foreign exchange gain (loss)	–	(1 286 152)
Expenses		
Auditors' remuneration	1 817 456	1 719 122
Audit fee		
– current year: Deloitte & Touche	788 962	737 347
– current year: KPMG Swaziland	518 115	470 172
– prior year: KPMG Swaziland	218 464	–
Other services		
– current year: Deloitte & Touche	269 876	463 303
– current year: KPMG Swaziland	22 039	48 372
Amortisation of trademarks	151	150
Depreciation	36 227 702	33 057 817
Buildings and improvements	8 960 683	8 445 967
Plant and machinery	24 285 856	22 575 006
Motor vehicles	487 452	660 450
Office equipment	2 045 853	1 061 996
Furniture and fittings	365 717	314 398
Leasehold improvements	75 000	–
Directors' emoluments		
– Executive	4 540 554	5 669 807
– Non-executive	437 866	442 701
Management fee paid to Ivor Ferreira Trust	3 290 543	2 869 584
Operating lease charges		
– paid	18 754 042	14 759 714
Total staff costs	286 623 771	217 369 585
– included in cost of sales	125 683 989	101 968 494
– included in operating expenses	160 939 782	115 401 091
Unrealised foreign exchange loss/(gain)	6 956 456	(392 191)

19. REMUNERATION PAID TO DIRECTORS

Executive directors	4 540 554	5 669 807
Non-executive directors	437 866	442 701
	4 978 420	6 112 508

In 2012 and 2011 the remuneration of the Non-executive Directors was paid by the Ivor Ferreira Trust.

There are no service contracts with directors of the Company with a notice period of more than one year or with a compensation on termination of greater than one year's salary.

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

Details of directors' remuneration paid

Remuneration paid to directors

Name	Salary R	Bonus R	Contributions to pension fund R	Other benefits R	Directors' fees R	2012 R
Executive						
CC Schoombie	1 268 851	4 365	198 209	192 551	-	1 663 976
BA S Henderson	2 095 021	8 546	333 894	439 117	-	2 876 578
	3 363 872	12 911	532 103	631 668	-	4 540 554
Non-executive						
LA Makenete	-	-	-	-	437 866	437 866
	-	-	-	-	437 866	437 866
2011						
Executive						
CC Schoombie	1 158 347	493 271	210 517	179 829	-	2 041 964
BA S Henderson	1 938 329	938 353	387 827	363 334	-	3 627 843
	3 096 676	1 431 624	598 344	543 163	-	5 669 807
Non-executive						
LA Makenete	-	-	-	-	442 701	442 701
	-	-	-	-	442 701	442 701

20. INTEREST PAID

	2012 R	2011 R
Bank overdraft	5 830 951	13 953 269
Long-term loans	25 067 020	16 993 101
Other short-term loans	3 459 601	3 208 699
	34 357 572	34 155 069

21. TAXATION

Taxation: South Africa		
Current taxation		
- current year	21 962 415	8 826 517
- prior year over provision	2 657 199	56 343
Deferred taxation		
- current year	4 749 976	1 394 051
- prior year underprovision	(2 479 203)	-
Taxation: Swaziland		
Deferred taxation		
- current year	(220 128)	(3 867 790)
Secondary taxation on companies	1 200 000	-
	27 870 259	6 409 121
Relating to:		
- Continued operations	-	7 201 403
- Discontinued operations	-	(792 282)
	-	6 409 121

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

Tax rate reconciliation	2012 %	2011 %
Standard rate	28.00	28.00
Non-deductible expenses	0.34	0.75
Exempt income	–	(6.69)
Capital gains tax	(2.25)	(1.58)
Prior year (over) underprovision	0.19	0.16
Difference in tax rate of subsidiary	0.13	(0.15)
Secondary taxation on companies	1.30	–
Other reconciling items	2.55	(0.39)
Effective tax rate	30.26	20.10

22. COMMITMENTS FOR CAPITAL EXPENDITURE

The following capital expenditure commitments have been made by the Company.

	2012 R	2011 R
Approved but not yet contracted	6 966 410	8 294 763
Contracted for	667 178	4 786 580

Finance required to meet this expenditure will be funded from existing cash resources and relevant external financing.

23. CONTINGENT LIABILITIES

The company have entered into guarantees, the outcome of which has not been determined. These guarantees relate to the following:

	2012 R	2011 R
Import and operational activities	2 375 800	2 618 870

Unlimited suretyship for Rhodes Food Group (Pty) Ltd banking facilities with Nedbank Ltd, issued by Swaziland Fruit Cannery (Pty) Ltd.

Unlimited suretyship for Swaziland Fruit Cannery (Pty) Ltd banking facility with Nedbank (Swaziland) Ltd issued by Rhodes Food Group (Pty) Ltd.

Nedbank (Swaziland) Ltd has issued guarantees amounting to R401 000 in favour of Swaziland Fruit Cannery (Pty) Ltd's creditors.

24. OPERATING LEASE COMMITMENTS

2012	Plant and machinery R	Office equipment R	Motor vehicles R	Land R
Due within one year	12 361 042	566 810	404 588	1 297 505
Due within two to five years	18 396 514	439 753	1 236 658	2 146 293
Due after five years	–	–	67 025	
Totals	30 757 556	1 006 563	1 641 246	3 510 823
2011				
Due within one year	2 309 615	1 866 801	343 180	1 344 011
Due within two to five years	3 957 467	3 451 934	333 766	2 241 457
Totals	6 267 082	5 318 735	676 946	3 585 468

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

25. RETIREMENT BENEFITS

The policy of Rhodes Food Group (Pty) Ltd is to provide retirement benefits to its permanent employees through a defined contribution pension fund and defined contribution provident funds. The pension fund is administered by Alexander Forbes. The Sunpie Foods Provident Fund is administered by Liberty Life and the SACCAWU National Provident Fund is administered by Old Mutual. The Rhodes Food Group (Pty) Ltd provident fund is administered by NBC Consultants. The retirement benefit plans are governed by the Pension Funds Act 1956 (Act 24 of 1956). All of the funds are defined contribution plans; accordingly there is no requirement to have the funds actuarially valued.

The policy of Swaziland Fruit Cannery (Pty) Ltd is to provide retirement benefits to its permanent employees through a defined contribution provident fund. The SIBAYA Provident Fund is administered by Alexander Forbes.

2012

The total value of the contributions paid by the group to the pension fund during the year was R11 965 807.

The total value of contributions paid by the Group to the provident funds during the year was R2 449 699.

The group has 507 employees who contribute to the pension fund, and 511 employees who contribute to the provident funds.

2011

The total value of the contributions paid by the Group to the pension fund during the year was R11 207 633.

The total value of contributions paid by the Group to the provident funds during the year was R2 492 372.

The group has 560 employees who contribute to the pension fund, and 589 employees who contribute to the provident funds.

26. FINANCIAL INSTRUMENTS

Financial instruments consist of loans, preference shares, trade and other receivables, bank balances and trade and other payables resulting from normal business activities.

26.1 Capital risk management

The capital structure of the Company consists of debt and equity, comprising ordinary share capital, preference shares, accumulated profit and long-term liabilities.

The Company manages its capital to ensure that it will be able to continue as a going concern. The company's overall strategy has remained unchanged from the prior year.

26.2 Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

26.3 Financial risk management objective

The Company seek to minimise the effects of fair value interest rate risk and price risk through active management processes. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

26.4 Foreign currency risk

The Company has transactional currency exposure arising from the purchase and sale of goods that are denominated in foreign currencies. The currencies in which the company primarily deals are US Dollars, Great British Pounds, Euros and Australian Dollars. The settlement of these transactions takes place within a normal business cycle. The risk of fluctuations in foreign currencies is hedged by way of taking out forward exchange contracts for the sales transactions in foreign currencies. The market value of cash flow hedges at year-end is disclosed in note 18. Purchase transactions that create foreign currency cash flows are not hedged. Details of uncovered foreign currency denominated amounts are included in note 30.

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

26.5 Credit risk management

Potential concentrations of credit risk consist principally of trade receivables, short-term cash investments, loans and, in the case of the Company, a loan receivable from its subsidiary.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and Company. The Company have adopted a policy of only dealing with creditworthy counterparties. All changes to credit limits are reviewed and authorised by management. Provisions for doubtful debts are provided for based on the customer's cash status, long-outstanding debts and customers in liquidation, and are assessed by the Directors on an on-going basis. Short-term cash investments are placed with banks with a high credit rating. Loans are monitored and provision is made, where necessary, for any irrecoverable amounts. At year-end the Directors deemed there not to be any significant credit risk, not provided for.

26.6 Liquidity and interest risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding and liquidity management requirements. The Company are able to actively source financing from its shareholders.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the reporting date. For floating rate assets and liabilities, the analysis is prepared assuming the amount of asset or liability outstanding at the reporting date was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's profit for the year ended 30 September 2012 would decrease or increase by R3 250 000 (2011: R3 464 263). This is mainly attributable to the group's exposure to interest rates on its variable rate borrowings.

Liquidity and interest risk tables

	Interest rate %	Year 1 R	Years 1 – 5 R	Over 5 years R	Total R
2012					
Assets					
Accounts receivable	Interest free	208 134 712	–	–	208 134 712
Loan receivable	Interest free	1 450 000	–	–	1 450 000
Bank balances and cash on hand	Prime	23 651	–	–	23 651
		209 608 363	–	–	209 608 363
2012					
Liabilities					
Accounts payable	Interest free	239 204 068	–	–	239 204 068
Loans from financial institutions	Prime minus 2% to prime plus 10.5%	205 492 068	–	–	205 492 068
Bank overdraft	Prime	97 536 571	–	–	97 536 571
Foreign exchange contract liability	Interest free	3 265 182	–	–	3 265 182
Amounts owing to related parties	Interest free	60 720 036	–	–	60 720 036
Amounts owing to related parties	Prime plus 2.75%	22 000 000	–	–	22 000 000
		628 217 925	–	–	628 217 925

RHODES FOOD GROUP HOLDINGS LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

	Interest rate %	Year 1 R	Years 1 – 5 R	Over 5 years R	Total R
2011					
Assets					
Accounts receivable	Interest free	230 103 979	–	–	230 103 979
Long-term loan receivable	Interest free	–	1 300 000	–	1 300 000
Bank balances and cash on hand	Prime	3 152	–	–	3 152
		230 107 131	1 300 000	–	231 407 131
2011					
Liabilities					
Accounts payable	Interest free	175 064 328	–	–	175 064 328
Loans from financial institutions	Prime minus 0.2% to prime plus 2%	36 793 575	121 256 340	46 506 202	204 556 117
Bank overdraft	Prime	119 873 311	–	–	119 873 311
Foreign exchange contract liability	Interest free	10 221 638	–	–	10 221 638
Amounts owing to related parties	Interest free	38 066 825	25 216 906	–	63 283 731
Amounts owing to related parties	Prime plus 2.75%	208 295	21 568 053	–	21 776 348
		380 227 972	168 041 299	46 506 202	594 775 473

26.7 Fair value of financial instruments

The carrying amounts of the financial assets and liabilities reported in the statement of financial position approximate fair values at the year end, except where noted otherwise in the notes.

26.8 Biological asset financial risk management

Neither the Company nor the Group hedge their exposure to changes in fair value of biological assets.

27. STATEMENT OF CASH FLOWS
27.1 Cash generated from operations

	2012 R	2011 R
Reconciliation of profit before taxation to cash generated from operations		
Profit before taxation	92 088 044	32 057 390
Adjusted for:		
Amortisation of trademarks	151	150
Depreciation	36 227 704	33 057 817
Net interest paid	34 267 210	33 915 832
Profit on disposal of citrus operations	–	(6 473 515)
Profit on disposal of property, plant and equipment	(3 533 131)	(827 128)
Loss on disposal of assets held for sale	1 408 054	–
Revaluation of biological assets	(1 317 739)	(3 070 145)
Employee benefit liability	(735 496)	(1 455 630)

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

	2012	2011
	R	R
Operating cash flows before working capital changes	158 404 798	87 204 771
Working capital changes	(26 935 206)	(82 107 436)
(Increase)/Decrease in inventory	(80 747 312)	(40 452 873)
(Increase)/Decrease in accounts receivable	21 000 631	(48 101 538)
Increase in accounts payable	39 767 932	(4 275 940)
Movement in foreign exchange contracts balances	(6 956 456)	10 722 915
Cash generated from operations	131 469 592	5 097 335

27.2 Taxation paid

Amount (receivable)/outstanding at beginning of the year	(2 642 746)	2 791 900
Current taxation charged per the statement of comprehensive income	25 829 501	8 930 330
Amount (outstanding)/receivable at end of the year	(684 539)	2 642 746
	22 502 216	14 364 976

27.3 Cash and cash equivalents

Cash and cash equivalents comprise the following amounts recorded in the statement of financial position

Bank balances and cash on hand	23 651	3 152
Bank overdraft	(97 536 571)	(119 873 311)
Cash and cash equivalents at end of the year	(97 512 920)	(119 870 159)

28. RELATED PARTY TRANSACTIONS

The Company, in the ordinary course of business, enter into various transactions with related companies.

The Ivor Ferreira Trust (IFT) is a related party as it is the holding company of Rhodes Food Group Holdings Ltd, which owns 100% of Rhodes Food Group (Pty) Ltd (RFG). Both entities are incorporated in South Africa.

IFT is also the holding company of Fertrade Swaziland (Pty) Ltd (FSC) which owns 100% of Fernlea Marketing Ltd (FMC). During the prior year, RFG purchased 81.6% and 10.0% of the equity shares in Swaziland Fruit Cannery (Pty) Ltd from FSC and Matsapha Pineapple Growers (Pty) Ltd (MPG) respectively. The acquisition was financed through loans from these companies. SFC, FSC and MPG are incorporated in Swaziland and FMC in the Isle of Man.

Peaty Mills Plc. is a related party as Richard Phillips is a Director of a subsidiary of the Group.

Magpie Foods (Pty) Ltd and Tradecor SA (Pty) Ltd are 100% owned subsidiaries of RFG and are incorporated in South Africa. Both companies are dormant in the current year.

During the year the Company entered into the following transactions with the related parties:

	2012	2011
	R	R
Income		
Peaty Mills Plc.		
Sales	146 508 059	125 525 061
Expenses		
Ivor Ferreira Trust		
Interest	564 353	480 097
Management fee	3 290 543	2 869 584
Peaty Mills Plc.		
Commissions paid	5 599 301	-

At year end the following amounts were receivable from related parties

Included in trade receivables

RHODES FOOD GROUP HOLDINGS LIMITED**NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)**

Peaty Mills Plc. 32 745 253 21 319 702

At the year end the following amounts were due to related parties

	2012	2011
	R	R
Included in long-term loans:		
Matsapha Pineapple Growers (Pty) Ltd	4 310 091	4 310 091
Fertrade Swaziland (Pty) Ltd	34 166 875	34 166 875
Included in short-term loans owed to group companies	22 243 070	24 806 765
Fernlea Marketing Ltd	22 243 070	19 559 457
Ivor Ferreira Trust	-	5 247 308
The amounts will be settled in cash. No amounts have been provided during the year in respect of bad or doubtful debts owing by related parties.		
Compensation of key management personnel		
Short-term benefits	4 978 420	6 112 508

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

29. **SUBSIDIARIES**

	Issued share capital	Percentage holding %	Company's interest in shares		Indebtedness		Company's profit/(loss) for the year 2011 R
			2012 R	2011 R	2012 R	2011 R	
Direct subsidiary							
Old Rhodes Food Group (Pty) Ltd	100	100	22 000 100	22 000 100	-	58 710 490	26 840 826
Incorporated in South Africa							
Manufacture and markets convenience foods							
Indirect subsidiary							
Magpie Foods (Pty) Ltd	120	100	120	120	-	-	-
Incorporated in South Africa.							
The company is dormant.							
Tradecor SA (Pty) Ltd	100	100	220 000	220 000	-	-	-
Incorporated in South Africa.							
The company is dormant.							
Swaziland Fruit Cannery (Pty) Ltd	7 147 000	91,6	50 422 966	50 422 966	17 067 318	6 320 198	(1 305 493)
Incorporated in the Kingdom of Swaziland.							
Manufacturers and markets processed fruit.							

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)

30. FOREIGN CURRENCY EXPOSURE

The following unhedged and uncovered foreign currency denominated liabilities, included in accounts payable, were in existence at the end of the year.

Foreign currency	Foreign amount	Rate	Rand amount
2012			
USD	1 528 320	8.31	12 700 339
GBP	262 607	13.42	3 524 186
EUR	384 489	10.68	4 106 343
AUD	271 736	8.63	2 345 082
CAD	1 242	8.44	10 482
			22 686 432
2011			
USD	2 277 261	8.05	18 331 950
EUR	87 633	10.77	943 802
AUD	453 245	7.77	3 521 712
GBP	961	12.54	12 053
			22 809 517

The following unhedged and uncovered foreign currency denominated assets, included in accounts receivable, were in existence at the end of the year:

Foreign currency	Foreign amount	Rate	Rand amount
2012			
USD	4 306 844	8.31	35 789 874
GBP	1 084 222	13.42	14 550 259
EUR	1 561 711	10.68	16 679 073
CAD	419 704	8.44	3 542 302
AUD	1 741 737	8.63	15 031 190
			85 592 698
2011			
USD	8 661 836	7.96	68 915 298
GBP	856 233	12.38	10 599 309
EUR	868 002	10.78	9 359 148
CAD	362 935	7.00	2 541 561
AUD	1 280 041	7.72	9 884 478
			101 299 794

The following table details the Company's and Group's sensitivity to a 10% increase and decrease in the Rand against foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates. A negative number below indicates a decrease in profit where the Rand strengthens 10% against the relevant currencies.

	2012	2011
	R	R
USD	(2 308 954)	(5 058 335)
GBP	(1 102 607)	(1 058 726)
EUR	(1 257 273)	(841 535)
CAD	(353 182)	(254 156)
AUD	(1 268 611)	(636 277)
	(6 290 627)	(7 849 029)

31. FINANCIAL YEAR-END

The Company's financial year ends on 30 September. For group reporting purposes, the Company reports to a date selected by its shareholders and management so as to accommodate certain operational needs and requirements. As a result the annual financial statements were prepared for the years ended 30 September 2012 and 2 October 2011, respectively.

RHODES FOOD GROUP HOLDINGS LIMITED**NOTES TO THE ANNUAL FINANCIAL STATEMENT (CONTINUED)****32. EARNINGS PER SHARE**

The following is a reconciliation of the profit figures used in the earnings per share calculations:

	2012	2011
	R	R
Basic earnings		
Profit attributable to owners of the Company	63 686 888	25 579 528
Headline earnings per share (cents)	6 215 683 256	2 032 306 504
Diluted headline earnings per share (cents)	6 215 683 256	2 032 306 504

	2012	
	Gross	Net
Headline earnings calculation		
Profit attributable to owners of the Company	–	63 686 888
Profit on disposal of property, plant and equipment	(2 125 077)	(1 530 055)
	(2 125 077)	62 156 833

	2011	
	Gross	Net
Headline earnings calculation		
Profit attributable to owners of the Company	–	25 279 528
Profit on disposal of property, plant and equipment	(7 300 643)	(5 256 463)
	(7 300 643)	20 323 065

Earnings per share

Weighted average number of shares on which earnings and headline earnings per share are based is 1 (2011:1).

Weighted average number of shares on which diluted earnings and diluted headline earnings per share is based is 1 (2011:1).

**INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE
CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF OLD RHODES
FOOD GROUP HOLDINGS PROPRIETARY LIMITED, REVIEWED FOR THE
YEARS ENDED 30 SEPTEMBER 2012 AND 2 OCTOBER 2011**

The definitions and interpretation commencing on page 11 of this Pre-listing Statement shall not apply to this Annexure 4.

“The Directors
Rhodes Food Group Holdings Limited
Pniel Road
Groot Drakenstein
7680

Dear Sirs

Introduction

We have reviewed the historical financial information of Old Rhodes Food Group Holdings Proprietary Limited (“the Company”) in respect of the years ended 30 September 2012 and 2 October 2011 set out in Annexure 3.

The historical financial information in respect of each annual period comprises the consolidated statement of financial position as at the year-end date, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the historical financial information

The Company's Directors are responsible for the preparation and fair presentation of the historical financial information in accordance with the requirements of the JSE Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of historical financial information that is free from material misstatement, whether due to fraud or error.

The JSE Listings Requirements require the historical financial information in respect of each annual period to be prepared in accordance with the conceptual framework, the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and also, as a minimum, to be presented and contain the disclosures required by the JSE Listings Requirements.

Reporting Accountants' responsibility

Our responsibility is to express a conclusion on the historical financial information based on our review.

We conducted our review of the historical financial information in accordance with International Standard on Review Engagements (ISRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. This standard requires that we comply with ethical requirements.

ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the historical financial information is not prepared in all material respects in accordance with the applicable financial reporting framework. A review of financial statements in accordance with this standard consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the ISAs and consequently does not enable the auditor to obtain assurance that the auditor would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We believe that the evidence we have obtained in our review is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our review of the historical financial information of the Company in respect of the years ended 30 September 2012 and 2 October 2011, nothing has come to our attention that causes us to believe that the historical financial information of Old Rhodes Food Group Holdings Proprietary Limited for the years ended 30 September 2012 and 2 October 2011 are not prepared, in all material respects, in accordance with the requirements of the JSE Listings Requirements and the International Financial Reporting Standards, as set out in notes to the historical financial information.

Other information in the Pre-listing statement

As required by paragraph 8.53 of the JSE Listings Requirements, we have read the Pre-listing statement in which the historical financial information is contained, for the purpose of identifying whether there are material inconsistencies between the Pre-listing statement and the historical financial information which has been subject to review. The Pre-listing statement is the responsibility of the directors. Based on reading the Pre-listing statement we have not identified material inconsistencies between this report and the historical financial information which has been subject to review. However, we have not reviewed the Pre-listing statement and accordingly do not express a conclusion on it.

Consent

We consent to the inclusion of this report, which will form part of the Pre-listing statement to the shareholders of Rhodes Food Group Limited, to be issued on or about Monday, 15 September 2014, in the form and context in which it appears.

Deloitte & Touche *Registered Auditor*

Per: M A van Wyk
Partner

8 September 2014

Deloitte & Touche
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South Africa

National Executive: LL Bam Chief Executive AE Swiegers Chief Operating Officer GM Pinnock Audit DL Kennedy Risk Advisory NB Kader Tax & Legal Services TP Pillay Consulting K Black Clients & Industries JK Mazzocco Talent & Transformation MJ Jarvis Finance M Jordan Strategy

S Gwala Managed Services TJ Brown Chairman of the Board MJ Comber Deputy Chairman of the Board

Regional Leader: MN Alberts

A full list of partners and directors is available on request.”

REVIEWED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED AND AS AT 29 JUNE 2014

The interim condensed consolidated financial information of Rhodes Food Group Holdings Limited for the periods ended 29 June 2014, and 30 June 2013 are set out below.

The Directors of Rhodes Food Group Holdings Limited are responsible for the preparation of the consolidated financial information contained in this interim condensed consolidated financial statements.

The financial statements were prepared under the supervision of Christiaan Schoombie, (CA)SA.

Commentary

Group overview

The Group results for the nine months ended 29 June 2014 (“the period”) include the Bull Brand results for the first time following the acquisition of this business from KAP Manufacturing (Pty) Ltd with effect from 1 August 2013. The impact of this acquisition on the financial performance reflects the benefits of the Group’s strategy of acquiring businesses and reputable brands that are aligned to its core food categories.

Revenue for the period increased by R454.2 million or 34.5% to R1,769.7 million. The growth was driven by the inclusion of Bull Brand and continued steady organic growth. On a segmental basis, regional revenue rose by 41.0% and international revenue by 23.0%.

Owing to the impact of the Bull Brand acquisition, gross profit grew at a slower rate than revenue, increasing by 27.4% to R469.1million, with the gross profit margin declining to 26.5% from 28.0% in the prior period. The gross profit margin on a normalised basis increased by 0.5% to 28.5% for the period.

Operating expenses increased by 12.6%. Operating expenses on a normalised basis, excluding the impact of the Bull Brand acquisition and R24.1 million transactional costs relating to the management buyout in the prior period, increased by 11.6%.

Earnings before interest and taxation (EBIT) improved by R66.3 million (70.8%) to R160.1 million over the prior period. Normalised EBIT reflect an increase of R42.4 million (36.0%). The EBIT margin improved to 9.0% from 7.1% in the prior period. Earnings for the prior period included the once-off transactional costs of R24.1 million referred to above.

EBIT for the regional segment increased by R12.2 million (13.6%) to R102.1 million. The R34.0 million (146.6%) increase in earnings to R57.2 million in the international division includes the impact of the weakening currency over the period.

Earnings after tax improved by R44.7 million (472.7%) over the period and headline earnings by R53.1 million (559.7%).

The increase of R53.0 million in non-current assets over the prior period was mainly due to the impact of the Bull Brand acquisition. Net working capital increased by R168 million owing mainly to the Bull Brand business as well as a seasonal increase in inventory in the international business and accounts receivable.

Cash generated from operations of R38.0 m is R12.2 m lower than the prior period. The R75.1 million increase in cash profits was offset by the R87.4 million increase in net working capital over the period. Income tax payments increased by R34.3 million, contributing to a net cash outflow from operations of R383.7 million compared to a net inflow of R13.0 million in the prior period. The cash flow statement reflects loans raised in the prior period to partially fund the management buyout and the Bull Brand transaction while other loans were raised to fund capital expenditure. In addition, ordinary and preference shares were issued in the prior period to fund the balance of the management buyout. In the current period loans were raised to fund capital expenditure R48.9 million.

Outlook

The Group’s diversified product offering and client base, together with the strength of its brands, are expected to ensure continued organic revenue growth. The continued integration of the Bull Brand business is expected to continue contributing to revenue growth. Inflationary pressures will impact the cost base and management has implemented measures to minimise the effect on the Group’s margins and profitability.

RHODES FOOD GROUP HOLDINGS LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

29 June 2014

	Notes	29 June 2014 R	Reviewed 30 June 2013 R
ASSETS			
Non-current assets		718 369 067	665 382 291
Property, plant and equipment	6	502 864 616	472 808 962
Intangible assets		51 050 673	31 050 673
Goodwill		126 325 139	122 139 697
Investments		30	30
Biological assets		27 883 337	24 334 544
Deferred taxation asset		–	2 812 032
Loans receivable	8	9 449 998	9 624 998
Other financial instruments at fair value	9.1	795 274	2 611 355
Current assets		996 766 268	699 046 972
Inventory	7	625 651 077	464 870 202
Accounts receivable		365 114 230	230 447 074
Loans receivable	8	1 797 720	1 838 826
Bank balances and cash on hand		2 535 630	1 890 870
Foreign exchange contract asset at fair value	9.2	1 667 611	–
Total assets		1 715 135 335	1 364 429 263
EQUITY AND LIABILITIES			
Capital and reserves		247 351 793	164 494 869
Share capital	10	150 000 502	150 000 502
Accumulated profit		90 485 983	9 467 144
Equity attributable to owners of the Company		240 486 485	159 467 646
Non-controlling interest		6 865 308	5 027 223
Non-current liabilities		718 650 625	673 013 973
Preference shares	10	156 005 319	156 005 319
Preference shareholders for dividend accrual	10	57 184 847	22 304 442
Long-term loans	11	444 896 415	440 949 236
Deferred taxation liability		51 605 329	50 957 814
Employee benefit liability		8 958 715	2 797 162
Current liabilities		749 132 917	526 920 421
Accounts payable and provisions		444 689 079	317 345 032
Current portion of long-term loans	11	61 305 122	41 577 615
Taxation payable		2 923 400	8 515 520
Other loan		15 172 353	–
Bank overdraft		225 042 963	153 090 807
Foreign exchange contract liability at fair value	9.2	–	6 391 447
Total equity and liabilities		1 715 135 335	1 364 429 263
Net assets value per ordinary share (cents)		253 144	167 861
Tangible net asset value per ordinary share (cents)		66 432	6 608

RHODES FOOD GROUP HOLDINGS LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
for the nine months ended 29 June 2014

	Notes	Nine-month period ended	
		29 June 2014 R	30 June 2013 R
Revenue		1 769 773 512	1 315 560 129
Cost of goods sold		(1 300 654 608)	(947 175 400)
Gross profit		469 118 904	368 384 729
Other income		9 129 986	7 837 710
Operating costs		(318 169 377)	(282 459 490)
Earnings before interest and taxation		160 079 513	93 762 949
Interest paid		(75 338 753)	(66 736 251)
Interest received		413 387	2 395 580
Earnings before taxation		85 154 147	29 422 278
Taxation		(31 034 540)	(19 973 087)
Earnings for the period		54 119 607	9 449 191
Other comprehensive income		–	–
Total comprehensive income for the period		54 119 607	9 449 191
Earnings attributable to:			
Owners of the Company		53 149 281	9 467 144
Non-controlling interest		970 326	(17 953)
		54 119 607	9 449 191
Earnings per share (cents)		55 947	9 965
Headline earnings per share (cents)	13	55 947	8 481
Diluted earnings per share (cents)		53 149	9 467
Diluted headline earnings per share (cents)		53 149	8 057
Dividends per share (cents)		–	–

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
for the nine months ended 29 June 2014

Share capital	Accumulated	Non-controlling	Total	
	profit	interest	R	R
	R	R		
Balance at 30 September 2012	1	–	–	1
Issued of ordinary share capital	142 500 000	–	–	142 500 000
Issue of redeemable convertible preference shares	7 500 501	–	–	7 500 501
Acquisition of subsidiaries	–	–	5 045 176	5 045 176
Total comprehensive income for the period	–	9 467 144	(17 953)	9 449 191
Balance at 30 June 2013	150 000 502	9 467 144	5 027 223	164 494 869
Balance at 29 September 2013	150 000 502	37 336 702	5 894 982	193 232 186
Total comprehensive income for the period	–	53 149 281	970 326	54 119 607
Balance at 29 June 2014	150 000 502	90 485 983	6 865 308	247 351 793

RHODES FOOD GROUP HOLDINGS LIMITED**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
for the nine months ended 29 June 2014**

	Nine-month period ended	
	29 June 2014 R	30 June 2013 R
Cash flows from operating activities		
Cash operating profit	197 597 440	122 456 049
Working capital changes	(159 598 971)	(72 178 675)
Cash generated from operations	37 998 469	50 277 374
Net interest paid	(26 880 501)	(21 776 021)
Taxation paid	(49 769 692)	(15 536 126)
<i>Net cash (outflow)/inflow from operating activities</i>	(38 651 724)	12 965 227
Cash flows from investing activities		
Purchase of property, plant and equipment	(48 922 945)	(39 517 923)
Proceeds on disposal of property, plant and equipment	–	3 062 016
Acquisition of a business as a going concern less cash acquired	–	(798 035 953)
Loan receivable repaid	229 218	–
Loan receivable raised	–	(9 624 998)
<i>Net cash outflow from investing activities</i>	(48 693 727)	(844 116 858)
Cash flows from financing activities		
Issues of ordinary share capital	–	142 500 000
Issue of preference share capital	–	163 505 821
Loans raised	40 316 862	507 817 714
Loans repaid	(68 432 367)	(133 871 842)
<i>Net cash (outflow)/inflow from financing activities</i>	(28 115 505)	679 951 693
Net decrease in cash and cash equivalents	(115 460 956)	(151 199 938)
Cash and cash equivalents at beginning of the period	(107 046 377)	1
Cash and cash equivalents at end of the period	(222 507 333)	(151 199 937)

**CONDENSED CONSOLIDATED INTERIM SEGMENTAL REPORT
for the nine months ended 29 June 2014****Products and services from which reportable segments derive their revenues**

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided, and in respect of the 'regional' and 'international' operations, the information is further analysed based on the different classes of customers. The directors of the Group have chosen to organise the Group around the difference in geographical areas.

Specifically, the Group's reportable segments under IFRS 8 are as follows:

- Regional
- International

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment.

RHODES FOOD GROUP HOLDINGS LIMITED

	Nine-month period ended	
	29 June 2014 R	30 June 2013 R
Segment revenue		
Regional		
Fresh products sales	568 056 480	519 340 593
Long-life products sales	620 621 680	323 835 315
	1 188 678 160	843 175 908
International		
Long-life products sales	581 095 352	472 384 221
Total	1 769 773 512	1 315 560 129
Segment earnings		
Regional	102 124 404	89 866 141
International	57 155 109	23 213 482
Total	159 279 513	113 079 623
Transaction costs incurred relating to management buyout	–	(24 062 602)
Other income	800 000	4 745 928
Investment income	413 387	2 395 580
Finance costs	(75 338 753)	(66 736 251)
Earnings before taxation	85 154 147	29 422 278

Segment revenue reported above represents revenue generated from external customers, excluding interdivisional sales of R224 501 160 (nine months ended 30 June 2013: R138 002 959).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1. Segment profit represents the profit before tax earned by each segment without allocation of transaction costs incurred relating to management buyout, other income, investment income and finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Geographical information

The Group's non-current assets by location of operations (excluding goodwill, financial instruments and deferred tax assets) are detailed below.

	Non-current assets	
	2014 R	2013 R
Republic of South Africa	516 375 110	472 432 296
Kingdom of Swaziland	74 873 544	65 386 911
	591 248 654	537 819 207

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

Rhodes Food Group Proprietary Limited is a company domiciled in the Republic of South Africa. These condensed consolidated interim financial statements ('interim financial statements') as at and for the nine months ended 29 June 2014 comprise the Company and its subsidiaries (together referred to as the 'Group'). The main business of the Group is the manufacturing and marketing of convenience foods. These include fresh and frozen ready-made meals, pastry based products, canned jams, canned fruit, canned vegetables, canned meat, purees and dairy products. There were no major changes in the nature of the business for the Group in the nine month period ended June 2014 and 2013.

The reviewed financial results are prepared in accordance with the framework concepts, the measurement and recognition requirements of IFRS and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee or its successor and the requirements of the Companies Act of South Africa and the JSE Listings Requirements.

The reviewed financial results contain, as a minimum, the information required by IAS 34: Interim Financial Reporting, and the accounting policies adopted and methods of computation are in accordance with International Financial Reporting Standards ('IFRS').

These interim financial statements do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 29 September 2013.

2. ACCOUNTING POLICIES

The accounting policies and methods of computation applied in the presentation of the financial results are consistent with those applied for the year ended 29 September 2013, except for the following new or revised standards, amendments thereto and interpretations as issued by the International Accounting Standards Board, which are effective for the current reporting period that were adopted:

- IAS 1 (amendment) Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income
- IFRS 10 Consolidated Financial Statements
- IFRS 13 Fair Value Measurement
- IAS 34 Interim Financial Reporting

The adoption of these new and revised accounting standards did not have a material impact on the results and as such there is no change to comparative information resulting from the adoption of these standards.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 29 September 2013.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the group to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate the present value. In management's assessment of impairment, the assumption was made that the Group would continue to make profits for the foreseeable future. No impairment loss has been recognised in the current or prior period.

Valuation of biological assets

Livestock

The value of the livestock is calculated based on an independent valuation obtained from an industry specialist.

Growing crop

Growing crops are measured at their fair value less estimated point-of-sale costs to sell. The fair value of growing crops is determined based on current market prices using a discounted cash-flow model. Changes in fair value are recognised in profit or loss.

Point of sale costs include all costs that would be necessary to sell the assets, including all costs necessary to get the asset to its saleable state and to get it to the market.

Useful lives and residual values of property, plant and equipment

The useful lives and residual values placed on assets were estimated by using management's knowledge and experience of the industry. These are used to calculate the depreciation charge.

Impairment of property, plant and equipment

When any internal or external indicators of impairment are identified, management estimates the recoverable amount of the property, plant and equipment to establish whether any permanent impairment of the asset exists. The recoverable amount is estimated with reference to the lower of fair value less cost to sell and the value in use.

Recoverability of receivables

The recoverability of receivables is assessed by taking into consideration the financial position of the counter party and past payment history. When assessing the recoverability of receivables, management reviews prior history of losses and any information currently available.

Provision for inventory obsolescence

In determining the provision required for obsolete inventory, management considers the age of the specific inventory item and when it was last used in production. Any specific indicators that inventory is damaged or unsaleable are also taken into account.

Useful life of intangible asset

Trademarks and other intangibles that are acquired through acquisition are capitalised on the statement of financial position. These brands and other intangibles are valued on acquisition using a discounted cash flow methodology and assumptions and estimates regarding future revenue growth; prices; marketing costs; and economic factors. The assumptions reflect management's best estimates, but these estimates involve inherent uncertainties, which may not be controlled by management. The cost of brands and other intangibles with a finite life is amortised using a methodology that matches management's estimate of how the benefit of the assets will be extinguished.

Each year the remaining useful lives of the trademark and other intangibles are re-evaluated. If the estimate of the remaining useful life changes, the remaining carrying value is amortised prospectively over that revised remaining useful life. Indefinite useful lives are allocated to intangible assets if there is no foreseeable limit to the period over which the entity expects to consume the future economic benefits embodied in the intangible asset. In making this assessment management follows the guidance in IAS 38. Indefinite useful life assets are assessed annually for impairment.

The entity has classified its Rhodes and Bull Brand trademarks as having indefinite lives. Factors considered include, (i) the history of the trademarks; (ii) current market share; (iii) development strategy; and (iv) expected future benefits to be derived from the assets.

Financial instruments

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Interest rate swaps

These instruments are classified as level 2 instruments in accordance with IFRS13 and is valued using the effective interest rate method. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter year. Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as FVTPL.

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

4. SEASONALITY OF OPERATIONS

The Group's performance is subject to seasonal trends based on the seasonality of fruit crops which are processed annually from November to March and June to August. The Group attempts to minimise the seasonal impact by managing working capital on an annual basis.

5. EVENTS SUBSEQUENT TO REPORTING DATE

Post 29 June 2014, the 95 000 ordinary shares in issue as at 29 June 2013 were subdivided into 171 000 000 ordinary shares.

The Directors are not aware of any other matter or circumstance of a material nature arising since the end of the financial year, otherwise not dealt with in the financial statements, which significantly affect the financial position of the Group or the results of its operations.

6. PROPERTY, PLANT AND EQUIPMENT

During the nine-month period ended 29 June 2014, the Group acquired assets with a cost of R48 922 945 (nine months ended 30 June 2013: R39 517 924).

Assets with a carrying amount of Rnil were disposed of during the nine-month period ended 29 June 2014 (nine months ended 30 June 2013: R1 103 322). This disposal resulted in a gain of Rnil (2013: R1 958 694), which was recognised as part of 'other income' in the condensed consolidated interim statement of profit and loss and other comprehensive income.

During the nine-month period ended 29 June 2014, the Group entered into an agreement of R49 933 724 (nine months ended 30 June 2013: R2 209 339) for future capital commitments.

There has been no major change in the nature of property, plant and equipment or the policy regarding the use thereof.

Securities:

Rhodes Food Group (Pty) Ltd

A first covering mortgage bond for R900 000 000, registered in favour of Nedbank Limited, over:

- Erf 2, Aeroton, 149 Samuels Road, Johannesburg, Gauteng
- Portion 1 of Farm 1631, Paarl, Western Cape
- Portion 4 of Farm 1631, Paarl, Western Cape
- Portion 1 of Farm 1632, Paarl, Western Cape
- Portion 37 of Farm Straatkerk 190, Tulbagh, Western Cape
- Portion 40 of Farm Straatkerk 190, Tulbagh, Western Cape
- Remaining extent of Farm Bellevue 191, Tulbagh, Western Cape
- Portion 1 of Farm Bellevue 191, Tulbagh, Western Cape
- Remaining extent of portion 1 of Farm Groote Vallei 223, Tulbagh, Western Cape
- Remaining extent of portion 5 of Farm Groote Vallei 223, Tulbagh, Western Cape
- Portion 1 of the Farm 378, Tulbagh, Western Cape
- Remaining extent of the Farm 378, Tulbagh, Western Cape

A first covering mortgage bond of R20 000 000, registered in favour of Nedbank Limited, over Erf 2218, Erf 656 and Erf 1379 in Makhado, a township in the Dzanani district, Limpopo.

A general notarial mortgage bond, for R900 000 000, registered in favour of Nedbank Limited, over all moveable property, including intellectual property, plant and equipment, biological assets, inventory and receivables.

A register of particulars of the freehold land and buildings is maintained at the Company's registered office and is available for inspection.

Swaziland Fruit Cannery (Pty) Ltd

Included in property, plant and equipment are the following items which serve as security as indicated below (refer note 11):

In favour of Nedbank (Swaziland) Limited:

- A first and second mortgage bond for R15 million and R11 million over certain of the Company's land.
- A first mortgage bond of R1.5 million over portion 4 of farm 670 and portion 2 of farm 45.

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

- A deed of hypothecation for R35 million over stocks, accounts receivable, plant and equipment and moveable assets.
- A negative deed of pledge over moveable and immovable assets.

In favour of the Standard Bank (Swaziland) Limited:

- A first mortgage bond of R16 million over portion A of farm number 286 under the deed of transfer number 108 of 1970;

7. INVENTORY

A provision of R10 764 471 for the nine months ended 29 June 2014 (nine months ended 30 June 2013: R7 761 770) was raised in order to disclose inventory at the lower of cost or net realisable value.

8. LOANS RECEIVABLE

	2014	2013
	R	R
Non-current assets		
Management loans	9 449 998	9 624 998
Current assets		
Management loans (accrued interest)	401 938	388 826
Constitution Road Wine Growers (Pty) Ltd	1 395 782	1 450 000
	1 797 720	1 838 826

Rhodes Food Group (Pty) Ltd advanced loans to members of management on 1 October 2012 to assist them in acquiring shares in Rhodes Food Group Holdings Ltd. The management loans are secured by the underlying shares and bear interest at a variable rate, which is currently 6.5%. Interest is repayable on an annual basis to the extent that incentives due to management do not exceed the interest payable; unpaid interest will be capitalized. The capital is repayable at the earlier of sale of shares, held directly or indirectly in Rhodes Food Group Holdings Ltd, or termination of employment. No interest payments are in arrears at the reporting date. No changes were made to the loans or the terms thereof during the period under review.

The management loans were granted to the following members of management: C Schoombie, C Costaras, R Phillips, G Kotzé, J Mpele, H Hamman, A Botha, E Liebenberg, D Nelissen, I Spies, B Bosman, A Claassen, D Hill, G Langwenya, J Potgieter, A Moolman, J Bosman and C Koopman.

The loan to Constitution Road Wine Growers (Pty) Ltd is unsecured, bears no interest and is repayable from future fruit harvest revenue from the relevant orchards of the abovementioned entity. The first repayment was received in the period under review.

9. FINANCIAL INSTRUMENTS HELD THROUGH PROFIT OR LOSS

9.1 Other financial instruments

Interest rate swap – not designated in hedge accounting relationship.

	2014	2013
	R	R
Financial asset		
Non-current	795 274	2 611 355
Current (included in accounts receivable)	1 489 393	–
Financial liability		
Current (included in accounts payable and provisions)	–	(673 698)

Interest rate swap agreements for a period ranging between 12 and 30 months have been concluded to convert floating rates (linked to prime and JIBAR) to fixed rates. The current notional value of the swaps, and the rates applicable, are as follows:

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Nine months ended June 2014	Notional value	Fixed rate	Variable rate
Swap A	75 203 352	7.45%	Prime -1.75%
Swap B	9 777 313	8.07%	Prime -1.00%
Swap C	35 500 188	7.98%	Prime -1.00%
Swap D	30 037 500	9.01%	JIBAR+3.50%
Swap E	127 500 000	12.50%	JIBAR+6.75%
Nine months ended June 2013			
Swap A	81 629 950	7.45%	Prime -1.75%
Swap B	12 202 764	8.07%	Prime -1.00%
Swap C	48 431 975	7.98%	Prime -1.00%
Swap D	33 750 000	9.01%	JIBAR+3.50%
Swap E	127 500 000	12.50%	JIBAR+6.75%

9.2 Foreign exchange contracts

The Group enters into forward exchange contracts to buy and sell specified amounts of foreign currency in the future at a predetermined exchange rate. The contracts are entered into to manage the Group's exposure to fluctuations in foreign currency exchange rates on specific transactions. The contracts are matched by anticipated future cash flows in foreign currencies. The Group does not use forward exchange contracts for speculative purposes.

At the reporting date, the Group had the following forward exchange contracts (FEC's) relating to items not yet shown on the statement of financial position.

Nine-month ended 29 June 2014	Foreign amount	Rand value	Contract fair value	Contract gain (loss)
FEC's in respect of anticipated receipts from customers				
AUD	1 100 000	10 882 917	11 085 323	(202 407)
CAD	783 322	7 728 463	7 858 867	(130 404)
USD	5 300 000	58 730 600	56 729 945	2 000 655
GBP	611 083	7 829 518	8 029 849	(200 331)
EUR	800 000	11 928 035	11 727 937	200 098
		97 099 533	95 431 922	1 667 611
Nine-month ended 29 June 2013				
FEC's in respect of anticipated receipts from customers				
AUD	1 030 000	9 586 470	9 445 862	140 608
CAD	842 574	7 964 905	8 083 681	(118 776)
USD	7 567 842	67 936 270	72 935 023	(4 998 753)
GBP	451 124	6 510 231	6 920 552	(410 321)
EUR	1 465 000	18 187 473	19 191 679	(1 004 206)
		110 185 349	116 576 796	(6 391 447)

Financial instruments at fair value through profit and loss

	Level	Valuation technique
Interest rate swap	Level 2	Valuation by issuer of instrument
Foreign exchange contracts	Level 2	Mark to market rates by issuer of instrument

RHODES FOOD GROUP HOLDINGS LIMITED**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)****10. SHARE CAPITAL**

There were no changes in the authorised or issued ordinary and preference share capital during the nine months ended 29 June 2014.

	Nine-month period ended	
	29 June	30 June
	2014	2013
	R	R
Authorised		
1 000 000 ordinary shares		
1 000 000 "A" redeemable convertible preference shares		
1 000 000 "B" redeemable convertible preference shares		
Issued		
95 000 ordinary shares	142 500 001	142 500 001
5 000 "A" redeemable convertible preference shares	7 500 000	7 500 000
5 000 "B" redeemable convertible preference shares	501	501
	150 000 502	150 000 502
10 000 "A" cumulative redeemable preference shares	156 005 319	156 005 319
Preference shareholders for dividend accrual	57 184 847	22 304 442
	213 190 166	178 309 761

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

11. LONG-TERM LOANS

Counterparty	2014	2013	Used for	Rate	Instalments	Frequency	Period	Final payment	Security
Nedbank Limited	168 817 554	185 552 061	Management buyout	3-month JIBAR plus 6.9%	None	Repayable in full in 2018	6 years	2018	Detailed in note 6
Nedbank Limited	99 644 362	108 220 328	Management buyout	Prime less 1.75%	2014: R1 330 432 (2013: R1 304 677)	Monthly	10 years	2022	Detailed in note 6
Nedbank Limited	12 787 530	16 031 663	Management buyout	Prime less 1%	2014: R365 324 (2013: R362 110)	Monthly	5 years	2017	Detailed in note 6
Nedbank Limited	45 929 187	63 244 513	Management buyout	Prime less 1%	2014: R1 803 847 (2013: R1 792 059)	Monthly	4 years	2016	Detailed in note 6
Nedbank Limited	40 050 000	45 000 000	Management buyout	3-month JIBAR plus 3.5%	Variable	Bi-annual	5 years	2017	Detailed in note 6
Nedbank Limited	10 756 791	13 000 000	Acquisition of assets	Prime less 1%	2014: R262 623 (2013: R259 946)	Monthly	5 years	2018	Detailed in note 6
Nedbank Limited	22 463 513	-	Acquisition of assets	Prime less 1%	R 288 551	Monthly	10 years	2023	Detailed in note 6
Nedbank Limited	8 598 021	-	Acquisition of assets	Prime less 1%	R202 814	Monthly	5 years	2018	Detailed in note 6
Nedbank Limited	33 400 000	-	Acquisition of assets	Prime less 1%	R679 296	Monthly	5 years	2019	Detailed in note 6
FirstRand Bank Limited (Wesbank)	333 611	405 165	Acquisition of assets	Prime plus 1.6%	2014: R9 462 (2013: R9 378)	Monthly	5 years	2017	Detailed in note 6
FirstRand Bank Limited (Wesbank)	458 660	544 909	Acquisition of assets	Prime plus 1.6%	2014: R12 075 (2013: R11 960)	Monthly	5 years	2018	Detailed in note 6

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Counterparty	2014	2013	Used for	Rate	Instalments	Frequency	Period	Final payment	Security
FirstRand Bank Limited (Wesbank)	154 787	180 781	Acquisition of assets	Prime	2014: R3 760 (2013 R3 721)	Monthly	5 years	2018	Detailed in note 6
FirstRand Bank Limited (Wesbank)	843 273	-	Acquisition of assets	Prime	R19 504	Monthly	5 years	2018	Detailed in note 6
FirstRand Bank Limited (Wesbank)	2 553 817	-	Acquisition of assets	Prime	R87 020	Monthly	3 years	2017	Detailed in note 6
FirstRand Bank Limited (Wesbank)	631 177	-	Acquisition of assets	Prime	R13 948	Monthly	5 years	2019	Detailed in note 6
FirstRand Bank Limited (Wesbank)	699 000	-	Acquisition of assets	Prime	R22 618	Monthly	3 years	2017	Detailed in note 6
FirstRand Bank Limited (Wesbank)	1 140 497	-	Acquisition of assets	Prime	R36 403	Monthly	3 years	2017	Detailed in note 6
Capitalworks Rhodes Food Investment Partnership	20 402 337	16 868 512	Management buyout	18%	Repayable on demand, but not within next 12 months	None	Not specified	Not specified	Unsecured
South African Investment Partnership	3 043 264	2 545 351	Management buyout	18%	Repayable on demand, but not within next 12 months	None	Not specified	Not specified	Unsecured
South African Investment Partnership II	8 622 898	7 212 092	Management buyout	18%	Repayable on demand, but not within next 12 months	None	Not specified	Not specified	Unsecured
Nedbank (Swaziland) Limited	12 375 000	13 500 000	Acquisition of assets	Swaziland prime less 0.75%	Variable	Bi-annual	5 years	2017	Detailed in note 6
Nedbank (Swaziland) Limited	3 373 036	-	Acquisition of assets	Swaziland prime less 0.75%	R64 525	Monthly	6 years	2019	Detailed in note 6
Nedbank (Swaziland) Limited	1 777 462	2 389 284	Acquisition of assets	Swaziland prime less 2%	R62 429	Monthly	10 years	2017	Detailed in note 6

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Counterparty	2014	2013	Used for	Rate	Instalments	Frequency	Period	Final payment	Security
Nedbank (Swaziland) Limited	1 780 589	2 423 570	Acquisition of assets	Swaziland prime less 0.5%	R68 077	Monthly	5 years	2017	Detailed in note 6
Nedbank (Swaziland) Limited	972 280	-	Acquisition of assets	Swaziland prime less 2.5%	R27 184	Monthly	4 years	2017	Detailed in note 6
Nedbank (Swaziland) Limited	563 888	-	Acquisition of assets	Swaziland prime less 2.5%	R13 780	Monthly	4 years	2018	Detailed in note 6
Standard Bank (Swaziland) Limited	3 430 918	4 610 305	Acquisition of assets	Swaziland prime	R107 217	Monthly	5 years	2017	Detailed in note 6
Standard Bank (Swaziland) Limited	598 064	798 317	Acquisition of assets	Swaziland prime plus 1%	R19 090	Monthly	5 years	2017	Detailed in note 6
Total	506 201 537	482 526 851							
<i>Less: Non-current portion</i>	<i>(61 305 122)</i>	<i>(41 577 615)</i>							
Long term loans	444 896 415	440 949 236							

Amounts payable within 12 months from period end will be funded from cash resources.

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

12. CONTINGENT LIABILITIES

The Group has entered into guarantees, the outcome of which has not been determined. These guarantees relate to the following:

	2014	2013
	R	R
Import and operations activities	7 434 287	2 375 800

Unlimited surety ship for Rhodes Food Group (Pty) Ltd banking facilities with Nedbank Ltd, issued by Swaziland Fruit Cannery (Pty) Ltd.

R75 million surety ship for Swaziland Fruit Cannery (Pty) Ltd banking facility with Nedbank (Swaziland) Ltd issued by Rhodes Food Group (Pty) Ltd.

Unlimited surety ship including cession of loan funds for Swaziland Fruit Cannery (Pty) Ltd banking facility with Nedbank (Swaziland) Ltd issued by Rhodes Foods Swaziland (Pty) Ltd.

Cession and pledge of Rhodes Food Group (Pty) Ltd shares in Swaziland Fruit Cannery (Pty) Ltd and Rhodes Foods Swaziland (Pty) Ltd in favour of Nedbank Ltd.

13. EARNINGS PER SHARE

13.1 Headline earnings per share

Reconciliation between earnings attributable to owners of the parent and headline earnings:

	2014	2013
	R	R
Earnings attributable to owners of the parent	53 149 281	9 467 144
Adjustments to earnings attributable to owners of the parent	–	(1 410 260)
Net profit on disposal of property, plant and equipment	–	(1 958 694)
Tax effects on adjustments	–	548 434
Headline earnings	53 149 281	8 056 884

13.2 Average shares in issue

Earnings per share	95 000	95 000
Headline earnings per share	95 000	95 000
Diluted earnings per share	100 000	100 000

14. REMUNERATION PAID TO DIRECTORS

	Nine-month period ended		Nine-month period ended	
	29 June	30 June	29 June	30 June
	2014	2013	2014	2013
	R	R	R	R
Executive Directors	CC Schoombie		BAS Henderson	
	<i>Group Finance Director</i>		<i>Group Managing Director</i>	
Fees for services as Director				
Management, consulting or other fees				
Basic salary	1 157 963	1 032 884	1 779 100	1 637 743
Bonus/performance related payments	2 735 410	2 840 810	4 746 858	2 281 673
Expense allowance	120 960	120 960	248 525	248 525
Any other material benefits	49 729	48 624	82 332	55 174
Contributions under medical scheme	–	–	74 868	68 187
Contributions under pension scheme	177 092	157 955	272 131	250 502
	4 241 154	4 201 233	7 203 814	4 541 804

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

	Nine-month period ended		Nine-month period ended	
	29 June 2014 R	30 June 2013 R	29 June 2014 R	30 June 2013 R
Shareholders trust				
	Jacian Trust		Bruce Henderson Trust	
Number of ordinary shares held	2 223	2 223	12 000	12 000
Value of ordinary shares held	3 334 500	3 334 500	18 000 000	18 000 000
Number of "B" cumulative redeemable preference shares	1 111	1 111	-	-
Value of "B" cumulative redeemable preference shares	111	111	-	-

Some of the Directors have beneficial interest in family trusts. These family trusts acquired shares in Rhodes Food Group Holdings Ltd. A total of 14 223 ordinary shares and 1 111 preference shares, for R21 334 500 and R111 respectively, were acquired indirectly by the directors as described above. CC Schoombie obtained financial assistance of R1 245 008 in total, from Rhodes Food Group (Pty) Ltd, for these acquisitions. As at 29 June 2014 R59 157 (30 June 2013: R58 382) of interest had accrued on these loans.

	Nine-month period ended	
	29 June 2014 R	30 June 2013 R
Non-executive Directors		
	Andrew Makenete <i>Independent Non-Executive</i>	
Fees for service as director	132 069	124 710

15. RELATED PARTY TRANSACTIONS

The Group, in the ordinary course of business, enter into various transactions with related companies.

Nine-month period ended June 2014 and 2013

- Peaty Mills Plc. is a related party as R.Phillips, a director of a subsidiary of the Group, is also a director of Peaty Mills Plc.
- Rhodes Food Group (Pty) Ltd is a related party as it is a 100% held subsidiary of Rhodes Food Group Holdings Ltd.
- Swaziland Fruit Cannery (Pty) Ltd is a related party as Rhodes Food Group (Pty) Ltd owns 93.7% of the shares in the entity.
- Rhodes Foods Swaziland (Pty) Ltd is a related party as Rhodes Food Group (Pty) Ltd owns 100% of the shares in the entity.
- Capitalworks Rhodes Food Investment Partnership is a related party as it is a shareholder of the company.
- South African Investment Partnership is a related party as it is a shareholder of Rhodes Food Group Holdings Ltd.
- South African Investment Partnership II is a related party as it is a shareholder of Rhodes Food Group Holdings Ltd.

During the period the group entered into the following transactions with the related parties:

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

	Nine-month period ended	
	29 June	30 June
	2014	2013
	R	R
Income		
Peaty Mills PLC		
Sales	150 103 608	87 904 371
Expenses		
Capitalworks Rhodes Food Investment Partnership		
Interest	3 338 061	2 134 539
Management fee	337 500	337 500
South African Investment Partnership		
Interest	497 914	318 393
South African Investment Partnership II		
Interest	1 410 807	902 147
At period end the following amounts were receivable from related parties		
Included in trade receivables		
Peaty Mills PLC	32 918 418	21 369 372
At the period end the following amounts were due to related parties included in long-term loans		
Capitalworks Rhodes Food Investment Partnership	20 402 337	16 868 512
South African Investment Partnership	3 043 264	2 545 351
South African Investment Partnership II	8 622 898	7 212 092
The amounts will be settled in cash. No amounts have been provided during the period in respect of bad or doubtful debts owing by related parties.		
Compensation of key management personnel		
Short-term benefits	25 147 847	20 573 064

16. SUBSIDIARIES

16.1 Directly held subsidiaries

Old Rhodes Food Group Holdings (Pty) Ltd

Incorporated in South Africa (dormant company).

Issued share capital	100	100
Percentage holding	100%	100%

R

R

Company's interest in shares	100	100
Company's profit for the period	-	-

Rhodes Food Group (Pty) Ltd

Issued share capital	100 000	100 000
Percentage holding	100%	100%

R

R

Company's interest in shares	132 000 001	132 000 001
Indebtedness	18 000 000	18 000 000
Company's profit for the period	43 271 770	12 668 716

RHODES FOOD GROUP HOLDINGS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

16.2 **Indirectly held subsidiaries**

	2014	2013
	R	R
Tradecor SA (Pty) Ltd		
Incorporated in South Africa (dormant company).		
Issued share capital	100	100
Percentage holding	100%	100%
	R	R
Company's interest in shares	100	100
Company's profit for the period	-	-
Magpie Foods (Pty) Ltd		
Incorporated in South Africa (dormant company).		
Issued share capital	120	120
Percentage holding	100%	100%
	R	R
Company's interest in shares	120	120
Company's profit for the period	-	-
Old Rhodes Food Group (Pty) Ltd		
Incorporated in South Africa (dormant company).		
Issued share capital	120	120
Percentage holding	100%	100%
	R	R
Company's interest in shares	120	120
Company's profit (loss) for the period	-	164 352 689
Swaziland Fruit Cannery (Pty) Ltd		
Incorporated in the Kingdom of Swaziland (manufactures and markets processed foods).		
Issued share capital	9 628 597	9 628 597
Percentage holding	93.7%	93.7%
	R	R
Company's interest in shares	55 226 488	55 226 488
Company's profit/(loss) for the period	9 104 692	(176 488)
Rhodes Foods Swaziland (Pty) Ltd		
Incorporated in the Kingdom of Swaziland (manufactures and markets processed foods)		
Issued share capital	1 000	1 000
Percentage holding	100%	100%
	R	R
Company's interest in shares	25 000 100	25 000 100
Company's profit/(loss) for the period	2 776 830	(799 875)

The percentage shares held for each subsidiary is equal to the voting right percentage in the entity. There are no rights held by any person enabling such person to vary the voting rights held in any subsidiary.

17. **NINE-MONTH PERIOD END**

The Group's nine-month period end is deemed to be on 30 June. For Group reporting purposes, the Group reports to a date selected by its shareholders and management so as to accommodate certain operational needs and requirements. As a result the condensed consolidated interim financial statements were prepared for the nine-month period ended 29 June 2014 (2013: 30 June).

**INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE
CONSOLIDATED INTERIM FINANCIAL INFORMATION OF RHODES FOOD
GROUP HOLDINGS LIMITED, REVIEWED FOR THE PERIODS ENDED
29 JUNE 2014 AND 30 JUNE 2013**

The definitions and interpretation commencing on page 11 of this Pre-listing Statement shall not apply to this Annexure 6.

“The Directors
Rhodes Food Group Holdings Limited
Pniel Road
Groot Drakenstein
7680

Dear Sirs

Introduction

We have reviewed the interim financial information in respect of the nine months ended 29 June 2014 and 30 June 2013 set out in Annexure 5.

The interim financial information comprises the condensed consolidated statement of financial position as at the interim date and the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and selected explanatory notes for the nine months then ended.

Directors' responsibility for the interim financial information

The Company's Directors are responsible for the preparation and fair presentation of the interim financial information in accordance with the requirements of the JSE Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of interim financial information that is free from material misstatement, whether due to fraud or error.

The JSE Listings Requirements require the interim financial information to be prepared in accordance with International Financial Reporting Standard (IAS 34) Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to contain the disclosures required by the JSE Listings Requirements.

Reporting accountants' responsibility

Our responsibility is to express a conclusion on the historical financial information based on our review.

We conducted our review of the interim financial information in accordance with International Standard on Review Engagements (ISRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. This standard requires that we comply with ethical requirements.

ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial information is not prepared in all material respects in accordance with the applicable financial reporting framework. A review of interim financial statements in accordance with this standard consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the ISAs and consequently does not enable the auditor to obtain assurance that the auditor would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We believe that the evidence we have obtained in our review is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our review of the interim financial information in respect of the nine months ended 29 June 2014 and 30 June 2013, nothing has come to our attention that causes us to believe that the interim financial information for the nine months ended 29 June 2014 and 30 June 2013 are not prepared, in all material respects, in accordance with the requirements of the JSE Listings Requirements and the International Financial Reporting Standards, as set out in notes to the interim financial information.

Other information in the Pre-listing statement

As required by paragraph 8.53 of the JSE Listings Requirements, we have read the Pre-listing statement in which the interim financial information is contained, for the purpose of identifying whether there are material inconsistencies between the Pre-listing statement and the interim financial information which has been subject to review. The Pre-listing statement is the responsibility of the directors. Based on reading the Pre-listing statement we have not identified material inconsistencies between this report and the interim financial information which has been subject to review. However, we have not reviewed the Pre-listing statement and accordingly do not express a conclusion on it.

Consent

We consent to the inclusion of this report, which will form part of the Pre-listing statement to the shareholders of Rhodes Food Group Limited, to be issued on or about Monday, 15 September 2014, in the form and context in which it appears.

Deloitte & Touche

Registered Auditor

Per: M A van Wyk
Partner

8 September 2014

Deloitte & Touche
1st Floor, The Square
Cape Quarter Extension
27 Somerset Road
Green Point
8005
South Africa

National Executive: LL Bam Chief Executive AE Swiegers Chief Operating Officer GM Pinnock Audit DL Kennedy Risk Advisory NB Kader Tax & Legal Services TP Pillay Consulting K Black Clients & Industries JK Mazzocco Talent & Transformation MJ Jarvis Finance M Jordan Strategy

S Gwala Managed Services TJ Brown Chairman of the Board MJ Comber Deputy Chairman of the Board

Regional Leader: MN Alberts

A full list of partners and directors is available on request.”

PRO FORMA STATEMENT OF THE FINANCIAL POSITION AND STATEMENT OF COMPREHENSIVE INCOME

The *pro forma* consolidated statement of comprehensive income and the *pro forma* consolidated statement of financial position have been prepared to show the financial effects of the Listing Restructure and the Offer. The *pro forma* financial effects are calculated for the nine months ended 29 June 2014 for the purposes of the consolidated statement of comprehensive income and as at 29 June 2014 for the purposes of the consolidated statement of financial position. These *pro forma* financial effects are prepared for illustrative purposes only, to provide information about how the transaction might have affected the financial information presented by RFG and, because of their *pro forma* nature, may not give a fair reflection on RFG's financial position, changes in equity, results of operations or cash flows after the transaction.

The directors of Rhodes Food Group Holdings are responsible for the preparation of the *pro forma* financial information. The *pro forma* financial information has been prepared using accounting policies that are consistent with IFRS and with the basis on which the historical financial information has been prepared in terms of the accounting policies adopted by Rhodes Food Group Holdings as at 29 June 2014. The *pro forma* financial information has been prepared in accordance with the JSE Listings Requirements and the revised Guide on *Pro Forma* Financial Information issued by SAICA.

The independent reporting accountants' assurance report on the abovementioned *pro forma* financial effects is included as Annexure 8 to this Pre-listing Statement.

Pro forma Consolidated Statement of Financial Position

	Actual⁽¹⁾ Rand	Adjustment for the Listing Restructure⁽²⁾⁽³⁾ Rand	Pro forma after the Listing Restructure Rand	Adjustment for the Offer⁽³⁾⁽⁴⁾ Rand	Pro forma after the Listing Restructure and Offer Rand
ASSETS					
Non-current assets	718 369 067	-	718 369 067	-	718 369 067
Property, plant and equipment	502 864 616	-	502 864 616	-	502 864 616
Intangible assets	51 050 673	-	51 050 673	-	51 050 673
Goodwill	126 325 139	-	126 325 139	-	126 325 139
Investments	30	-	30	-	30
Biological assets	27 883 337	-	27 883 337	-	27 883 337
Loans receivable	9 449 998	-	9 449 998	-	9 449 998
Other financial instruments	795 274	-	795 274	-	795 274
Current assets	996 766 268	-	996 766 268	-	996 766 268
Inventory	625 651 077	-	625 651 077	-	625 651 077
Accounts receivable	365 114 230	-	365 114 230	-	365 114 230
Loans receivable	1 797 720	-	1 797 720	-	1 797 720
Bank balances and cash on hand	2 535 630	-	2 535 630	-	2 535 630
Foreign exchange contract asset	1 667 611	-	1 667 611	-	1 667 611
Total assets	1 715 135 335	-	1 715 135 335	-	1 715 135 335

RHODES FOOD GROUP HOLDINGS LIMITED

	Actual⁽¹⁾	Adjustment for the Listing Restructure⁽²⁾⁽³⁾	Pro forma after the Listing Restructure Rand	Adjustment for the Offer⁽³⁾⁽⁴⁾	Pro forma after the Listing Restructure and Offer Rand
EQUITY AND LIABILITIES					
Capital and reserves	247 351 793	–	247 351 793	551 600 000	798 951 793
Share capital	150 000 502	–	150 000 502	571 400 000 ⁽⁴⁾	721 400 502
Accumulated profit	90 485 983	–	90 485 983	(19 800 000) ⁽⁵⁾	70 685 983
Equity attributable to owners of the company	240 486 485	–	240 486 485	551 600 000	792 086 485
Non-controlling interest	6 865 308	–	6 865 308	–	6 865 308
Non-current liabilities	718 650 625	–	718 650 625	(414 076 219)	304 574 406
Preference shares	156 005 319	–	156 005 319	(156 005 319) ⁽⁶⁾	–
Preference shareholders for dividend accrual	57 184 847	–	57 184 847	(57 184 847) ⁽⁶⁾	–
Long-term loans	444 896 415	–	444 896 415	(200 886 053) ⁽⁷⁾	244 010 362
Deferred taxation liability	51 605 329	–	51 605 329	–	51 605 329
Employee benefit liability	8 958 715	–	8 958 715	–	8 958 715
Current liabilities	749 132 917	–	749 132 917	(137 523 781)	611 609 136
Account payable and provisions	444 689 079	–	444 689 079	–	444 689 079
Current portion of long-term loans	61 305 122	–	61 305 122	–	61 305 122
Taxation payable	2 923 400	–	2 923 400	–	2 923 400
Other loan	15 172 353	–	15 172 353	–	15 172 353
Bank overdraft	225 042 963	–	225 042 963	(137 523 781) ⁽⁷⁾	87 519 182
Total equity and liabilities	1 715 135 335	–	1 715 135 335	–	1 715 135 335

	Actual⁽¹⁾	Adjustment for the Listing Restructure⁽²⁾⁽³⁾	Pro forma after the Listing Restructure	Adjustment for the Offer⁽³⁾⁽⁴⁾	Pro forma after the Listing Restructure and Offer
NAV per ordinary share (cents)	253 144	(253 003)	141	217	358
Diluted NAV per ordinary share (cents)	240 486	(240 352)	134	210	344
TNAV per ordinary share (cents)	66 432	(66 395)	37	241	278
Diluted TNAV per ordinary share (cents)	63 111	(63 076)	35	232	267
Number of shares in issue at end of period	95 000	170 905 000	171 000 000	50 000 000	221 000 000
Diluted number of shares	100 000	179 900 000	180 000 000	50 000 000	230 000 000

Notes:

1. Based on the reviewed results for the nine months ended 29 June 2014.
2. Post 29 June 2014, but before the date of the Offer, the 95 000 Ordinary Shares were subdivided into 171 000 000 Ordinary Shares. This adjustment will not have a continuing effect.
3. It is assumed that the Listing Restructure and Offer were implemented on 29 June 2014.
4. The Offer is assumed to raise R600 million through the issue of 50 000 000 Ordinary Shares at R12.00 per share (assuming an Offer Price at the mid-point of the Offer Price Range), net of R28.6 million of the once-off transaction costs deemed to be incurred.
5. Adjustment relates to the estimated R19.8 million once-off transaction fees to be incurred and expensed through the income statement in relation to the listing of shares.
6. A portion of the proceeds from the Offer will be used to repay subordinated funding from the shareholders comprising the Funding Preference Shares and shareholder loans. This adjustment will not have a continuing effect.
7. The balance of the proceeds from the Offer will be used to repay a portion of long-term bank loans and a portion of the bank overdraft. This adjustment will not have a continuing effect.
8. No other material matter or circumstance since the end of the financial period arose that would have a significant effect on the financial position of the Group or the results of the operations

RHODES FOOD GROUP HOLDINGS LIMITED
Pro Forma Consolidated Statement of Comprehensive Income

	Actual⁽¹⁾ Rand	Adjustment for the Listing Restructure⁽²⁾⁽³⁾ Rand	Pro forma after the Listing Restructure Rand	Adjustment for the Offer⁽³⁾⁽⁴⁾ Rand	Pro forma after the Listing Restructure and Offer Rand
Revenue	1 769 773 512	–	1 769 773 512	–	1 769 773 512
Cost of goods sold	(1 300 654 608)	–	(1 300 654 608)	–	(1 300 654 608)
Gross profit	469 118 904	–	469 118 904	–	469 118 904
Other income	9 129 986	–	9 129 986	–	9 129 986
Operating costs	(318 169 377)	–	(318 169 377)	(19 800 000) ⁽⁵⁾	(337 969 377)
Earnings before interest and tax	160 079 513	–	160 079 513	(19 800 000)	140 279 513
Interest paid	(75 338 753)	–	(75 338 753)	55 459 725 ⁽⁶⁾	(19 879 028)
Interest received	413 387	–	413 387	–	413 387
Earnings before taxation	85 154 147	–	85 154 147	35 659 725	120 813 872
Taxation	(31 034 540)	–	(31 034 540)	(8 061 804) ⁽⁷⁾	(39 096 344)
Earnings for the year	54 119 607	–	54 119 607	27 597 921	81 717 528
Other comprehensive income	–	–	–	–	–
Total comprehensive income for the period	54 119 607	–	54 119 607	27 597 921	81 717 528
Earnings attributable to:					
Owners of the company	53 149 281	–	53 149 281	27 597 921	80 747 202
Non-controlling interest	970 326	–	970 326	–	970 326
	54 119 607	–	54 119 607	27 597 921	81 717 528
Earnings per share (cents)	55 947	(55 916)	31	6	37
Headline earnings per share (cents)	55 947	(53 916)	31	6	37
Diluted earnings per share (cents)	53 149	(53 119)	30	5	35
Diluted headline earnings per share (cents)	53 149	(53 119)	30	5	35
Dividends per share (cents)	–	–	–	–	–
Weighted average number of shares in issue	95 000	170 905 000	171 000 000	50 000 000	221 000 000
Weighted average diluted number of shares in issue	100 000	179 900 000	180 000 000	50 000 000	230 000 000

Notes:

- Based on the reviewed results for the nine months ended 29 June 2014.
- Post 29 June 2014, but before the date of the Offer, the 95 000 Ordinary Shares were subdivided into 171 000 000 Ordinary Shares. This adjustment will not have a continuing effect.
- It is assumed that the Listing Restructure and Offer were implemented on 30 September 2013.

RHODES FOOD GROUP HOLDINGS LIMITED

4. The Offer is assumed to raise R600 million through the issue of 50 000 000 Ordinary Shares at R12.00 per share (assuming an Offer Price at the mid-point of the Offer Price Range). This adjustment will not have a continuing effect.
5. Adjustment relates to the estimated R19.8 million once-off transaction fees to be incurred and expensed through the income statement in relation to the listing of shares. This adjustment will not have a continuing effect.
6. The proceeds from the Offer will be used to repay subordinated funding from shareholders (comprising the Funding Preference Shares and shareholder loans), a portion of long-term bank debt and a portion of the bank overdraft. This adjustment illustrates the effect on the interest expense saving from the repayment of the debt as mentioned above for the nine month period ended 29 June 2014, which adjustment is of a continuing nature.
7. Represents the tax effect of the interest saving noted under (6) above, this adjustment is of a continuing nature. The accrued dividends on the preference shares is treated as finance costs for accounting purposes, but is not deductible from a tax perspective.

1. EARNINGS PER SHARE

1.1 Earnings per share

Reconciliation between earnings attributable to the owners of the parent pre and post the transaction:

Earnings attributable to owners of the parent	53 149 281
Adjustments to earnings attributable to owners of the parent	27 597 921
Estimated transaction fees to incurred relating to the transaction	(19 800 000)
Interest expense on loans deemed to be repaid from proceeds of transaction	55 459 725
Tax effect on adjustments	(8 061 804)
<hr/> Earnings	<hr/> 80 747 202

1.2 Headline earnings per share

Reconciliation between earnings attributable to the owners of the parent and headline earnings:

Earnings attributable to owners of the parent	80 747 202
<hr/> Headline earnings	<hr/> 80 747 202

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT
ON THE *PRO FORMA* FINANCIAL INFORMATION OF RFG GIVING
EFFECT TO THE OFFER**

The definitions and interpretation found on page 11 of this Pre-listing Statement shall not apply to this Annexure 8.

“The Directors
Rhodes Food Group Holdings Limited
Pniel Road
Groot Drakenstein
7680

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION INCLUDED IN A PRE-LISTING STATEMENT

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Rhodes Food Group Holdings Limited by the directors. The *pro forma* financial information, as set out in Annexure 7 of the Pre-listing statement (“the Pre-listing Statement”), to be dated on or about Monday, 15 September 2014, consists of the consolidated statement of financial position, consolidated statement of comprehensive income and related notes. The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited (“JSE”) Listings Requirements.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the transaction, described in section 2 of the Pre-listing Statement, on the company’s financial position as at 29 June 2014, and the company’s financial performance for the period then ended, as if the corporate action or event had taken place at 30 September 2013, being the commencement date of the financial period for the purposes of the statement of comprehensive income and at 29 June 2014, being the last day of the financial period for the purposes of the statement of financial position. As part of this process, information about the company’s financial position and financial performance has been extracted by the directors from the company’s financial statements for the period ended 29 June 2014, on which an auditor’s report was issued on Monday, 8 September 2014.

Directors’ responsibility for the *pro forma* financial information

The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in Annexure 7 of the Pre-listing Statement.

Reporting accountants’ responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the Directors on the basis specified in the JSE Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus which is applicable to an engagement of this nature. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

As the purpose of *pro forma* financial information included in a prospectus is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the transaction had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the transaction at 29 June 2014 would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in Annexure 7 of the Pre-listing Statement.

Deloitte & Touche
Registered Auditor

Per: M A van Wyk
Partner

8 September 2014

Deloitte & Touche
1st Floor, The Square
Cape Quarter Extension
27 Somerset Road
Green Point
8005
South Africa

National Executive: LL Bam Chief Executive AE Swiegers Chief Operating Officer GM Pinnock Audit DL Kennedy Risk Advisory NB Kader Tax & Legal Services TP Pillay Consulting K Black Clients & Industries JK Mazzocco Talent & Transformation MJ Jarvis Finance M Jordan Strategy

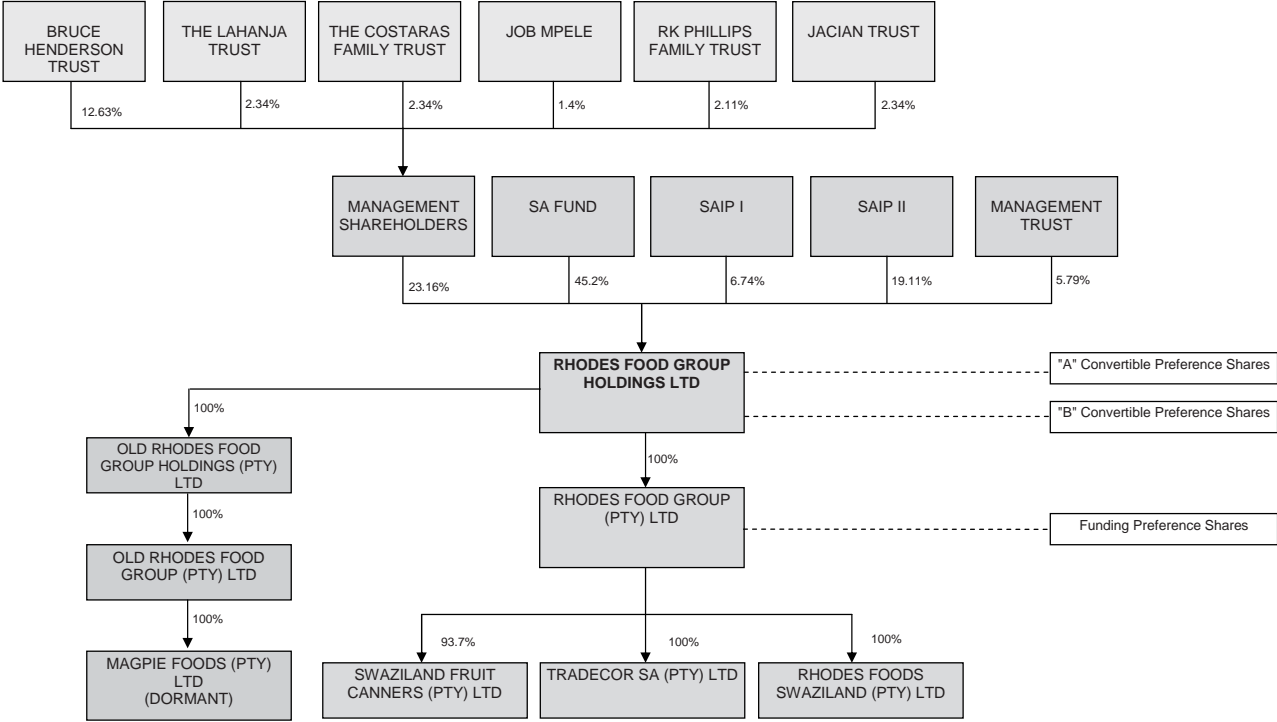
S Gwala Managed Services TJ Brown Chairman of the Board MJ Comber Deputy Chairman of the Board

Regional Leader: MN Alberts

A full list of partners and directors is available on request.”

GROUP STRUCTURE

The diagram below reflects the structure of the RFG as at the Last Practicable Date:



DETAILS OF SUBSIDIARIES AND THEIR DIRECTORS

Name and registration number of Subsidiary	Date and place of incorporation (South Africa unless stated otherwise)	Issued ordinary share capital	Percentage held, directly or indirectly	Effective date of becoming a subsidiary	Principal business	Directors
Old Rhodes Food Group Holdings Proprietary Limited (1999/020998/07) (Old RFG)	24 November 1998	100	100	1 October 2012	Financial intermediation insurance, real estate and business services	Bruce Alan Scott Henderson Christiaan Cornelius Schoombie Garth John Henry Willis
Old Rhodes Food Group Proprietary Limited (1999/020998/07) (Old Rhodes Food)	21 September 1999	100	100	1 October 2012 (shares in Old Rhodes Food have been held by Old RFG since 7 October 1999)	Food processing (Old Rhodes Food is dormant and in the process of being deregistered)	Bruce Alan Scott Henderson Christiaan Cornelius Schoombie Gerhardus Cornelis Kotzé Constantine Costaras
Magpie Foods Proprietary Limited (2004/009279/07)	6 April 2004	120	100	1 October 2012 (shares in Magpie Foods Proprietary Limited have been held by Old Rhodes Food since 22 April 2004)	Manufacturing and marketing of baking products (Magpie Foods Proprietary Limited is dormant, and is in the process of deregistration)	Constantine Costaras Bruce Alan Scott Henderson Christiaan Cornelius Schoombie
Rhodes Food Group Proprietary Limited (2012/074402/07)	23 April 2012	100 000	100	1 October 2012	Manufacturing and marketing of diversified meal solutions	Bruce Alan Scott Henderson Christiaan Cornelius Schoombie Constantine Costaras Gerhardus Cornelis Kotzé Job Bonginkosi Mpele Richard Phillips

Name and registration number of Subsidiary	Date and place of incorporation (South Africa unless stated otherwise)	Issued ordinary share capital	Percentage held, directly or indirectly	Effective date of becoming a subsidiary	Principal business	Directors
Tradecor SA Proprietary Limited (2005/000665/07)	10 January 2005	100	100	1 October 2012	Brokerage and export of food and allied products and general trading in all aspects (The company is dormant)	Barry Noel Leslie Bruce Alan Scott Henderson Christiaan Cornelis Schoombie
Swaziland Fruit Canners Proprietary Limited (132/1969)	11 September 2009 (Kingdom of Swaziland)	9 628 597	93.77	1 October 2012	To acquire by purchase, exchange or otherwise, land anywhere in Swaziland for the purposes of establishing, maintaining and growing crops and fruit of all kinds and to acquire, establish, maintain and expand premises, machinery and equipment for processing, canning, bottling and the treatment of fruit, vegetables or crops and to dispose of such vegetables, fruit or crops before or after processing in such a manner as may be most advantageous to it, and to all other lawful acts within and outside Swaziland in furtherance of these purposes	Nicholas Peaty Christiaan Cornelius Schoombie Bruce Alan Scott Henderson Gerhardus Cornelis Kotzé Delsey J Ndlangamandla
Rhodes Foods Swaziland Proprietary Limited (1254/2012)	3 October 2012 Kingdom of Swaziland	1 000	100	24 January 2013	Jam manufacturing for Southern African market	Johannes Nicolaas Potgieter Bruce Alan Scott Henderson Christiaan Cornelius Schoombie

SUMMARIES OF EXTRACTS FROM THE RFG MOI AND THE MEMORANDA OF INCORPORATION OF RFG'S SUBSIDIARIES

1. RFG

1.1 Powers and capacity of RFG

RFG has all the legal powers and capacity of an individual, in terms of section 19(1) (b) of the Companies Act except to the extent that: (i) a juristic person is incapable of exercising any such power, or having any such capacity; or (ii) the MOI provides otherwise.

1.2 Amendments to the MOI

Without limiting or detracting from any other provision in the Companies Act providing for the amendment of the MOI: (i) the board of RFG must, while the shares of RFG remain admitted to the list maintained by the JSE, and prior to submitting any amendments for approval by the shareholders of RFG, submit any proposed amendments to the MOI to the JSE for approval in accordance with the Listings Requirements; (ii) any provision of the MOI may be amended by a special resolution of shareholders of RFG in terms of section 16(1)(c) of the Companies Act. If any proposed amendment to the MOI relates to the variation of any preferences, rights, limitations and/or other terms attaching to any class of securities other than the ordinary shares of RFG, such amendment must be approved by a special resolution of the holders of securities in that class at a separate meeting of such holders of securities. In such instances, no resolution of the ordinary shareholders of RFG shall be proposed at a meeting or passed unless a special resolution of the holders of the securities in such class have passed a special resolution approving the relevant amendment to the MOI. It shall not be competent for the preferences, rights, limitations or other terms of any class of securities to be varied, nor shall it be competent for any resolution to be proposed to shareholders of RFG, for rights to include such variation in response to any ascertainable external fact or facts as provided for in section 37(6) and (7) of the Companies Act.

1.3 The making of rules

Save in respect of the board charters, provided that the board charters and any amendments in respect thereof shall not conflict in any way with the Listings Requirements, the board of RFG may not make, amend or repeal any rules for RFG as contemplated in section 15(3) to (5) of the Companies Act.

1.4 Authorised securities and allotment and issue

The classes of shares of RFG, and the number of shares of each class that RFG is authorised to issue is as follows:

- 1 800 000 000 no par value ordinary shares;
- 9 000 000 no par value A preference shares; and
- 9 000 000 no par value B preference shares.

1.5 Rights attaching to securities

The following rights attach to the shares of RFG:

- **Ordinary shares**
 - right to be entered in the securities register of RFG;
 - right to attend and speak at meetings of shareholders;
 - right to exercise one vote on matters to be decided by shareholders;
 - right to receive a portion of a distribution amount, if and when declared;
 - irrevocable right to vote on any proposal to amend the preferences, rights, limitations and other terms of the ordinary shares; and
 - right to receive a portion of the net assets of RFG upon its liquidation, calculated by multiplying the net assets in question by a fraction determined by dividing the number one by the total number of ordinary shares and A preference shares issued as at the applicable time of the distribution of such net assets.

- **A Preference Shares**

- each A preference share shall, until converted or redeemed in accordance with its terms, rank *pari passu* with ordinary shares with regard to distributions;
- each A preference share shall, until converted or redeemed in accordance with its terms, rank *pari passu* with an ordinary share with regard to voting rights and the holder shall be entitled to receive all notices of general meetings, to attend all such general meetings, speak at all such general meetings and vote at all such general meetings, provided that in terms of the Listings Requirements, for so long as the A preference shares remain unlisted, the votes of the holders of A preference shares will not be taken into account in determining either a quorum or for approval of any resolution considered at any such general meeting required in terms of the Listings Requirements; and
- on redemption each A preference share, shall be redeemed for an amount equal to R0.8333; and
- right to receive a portion of the net assets of RFG upon its liquidation, calculated by multiplying the net assets in question by a fraction determined by dividing the number one by the total number of ordinary shares and A preference shares issued as at the applicable time of the distribution of such net assets.

- **B Preference Shares**

- the B preference shares shall not, until they are converted, confer on the holder any right to distributions;
- the B preference shares only entitle the holder to vote where there is a proposed amendment to the terms of the B preference shares, however, the holder of B preference shares shall be entitled to receive notice of general meetings and to attend same, provided that in terms of the Listings Requirements, for so long as the B preference shares remain unlisted, the votes of the holders of B preference shares will not be taken into account in determining either a quorum or for approval of any resolution considered at any such general meeting required in terms of the Listings Requirements; and
- each B preference shares shall, on winding up, liquidation, or any other return of capital by RFG, confer on the holder thereof the right to receive in full out of the assets of RFG, in priority to and before any provision for, or payment of any distribution on any other class of share in the capital of RFG, pro rata with the other holders of B preference shares, an amount equal to R1.00 multiplied by 5/90 000.

1.6 Authority to issue securities

Subject to any relevant provisions of the MOI, the Listings Requirements and the Companies Act and without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares in the issued share capital of RFG, the board, with the prior approval of an ordinary resolution, or if so required by the Companies Act, with the prior approval of a special resolution, adopted at a general meeting, may issue any shares in the authorised capital or any debt instrument or grant options to subscribe for unissued securities, with such preferred, deferred, or other special rights or such restrictions, whether in regard to distribution, voting, return of capital or otherwise, as the resolution adopted at the general meeting may from time to time determine. Preference shares may be issued and existing shares may be converted into preference shares on the basis that they are, or at the option of the Company are liable, to be redeemed on such terms and in such manner as shall be prescribed in this MOI or the resolution adopted at the general meeting authorising or effecting such issue or conversion.

The board of RFG may resolve to issue shares to such person or persons, and on such terms and conditions, and with such rights and privileges, at any time, as the directors may in their sole discretion determine, but only within the classes and to the extent that those shares have been authorised by or in terms of the MOI.

RFG's board may issue authorised shares only:

- for adequate consideration to RFG as determined by the board (subject to and in terms of section 40 of the Companies Act); or
- in terms of conversion rights associated with previously issued shares; or
- as capitalisation shares as contemplated in section 47 of the Companies Act.

1.7 **Shareholders' meetings**

All shareholders' meetings that are called for in terms of the Listings Requirements must be convened by the board of RFG (and such shareholders' meeting shall be held in person) for purposes of the shareholders considering and, if deemed fit, approving the shareholders' resolutions required to be passed in terms of the Listings Requirements (and such shareholders' resolutions may not be submitted to shareholders as a round-robin resolution in terms of section 60 of the Companies Act).

Every resolution of shareholders is either: (i) an ordinary resolution (i.e. a resolution with the support more than 50% of the voting rights exercised on that resolution); or (ii) a special resolution required in terms of the MOI and/or section 65(9) of the Companies Act and/or the Listings Requirements (i.e. a resolution with the support of at least 75% of the votes cast by all equity securities holders present in person, or represented by proxy, at the general meeting/annual general meeting convened to approve such resolution).

Voting

At a meeting of shareholders, voting may either be by show of hands or by polling, provided that if the notice convening a shareholders' meeting requires a particular motion to be voted on by polling, it shall not be competent for voting on such motion to be conducted by show of hands.

Quorum

A shareholders' meeting may not begin until sufficient shareholders are present or represented at the meeting to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the meeting. A matter to be decided at the meeting may not begin to be considered unless sufficient shareholders are present or represented at the meeting to exercise, in aggregate at least 25% of all the voting rights that are entitled to be exercised on that matter at the time the matter is called on the agenda.

1.8 **Election of directors and alternate directors and vacancies**

In addition to the minimum number of directors, if any, that RFG must have to satisfy any requirements in terms of the Companies Act, to appoint an audit committee and social and ethics committee, the board of RFG shall comprise not less than four directors of which two must be executive directors.

The ordinary shareholders shall be entitled at a general meeting to elect all of the directors (and their alternates) for the time being and from time to time, by a separate ordinary resolution with respect to each such director and each alternate, provided that if the ordinary shareholders do not elect an alternate with respect to any director, the board of RFG shall be entitled to appoint such alternate(s) provided further that such alternate is not a person previously proposed to the ordinary shareholders as an alternate or as a director but who was not elected by the ordinary shareholders when put to the vote.

The directors of RFG shall have power to: (i) appoint any person as a director to fill a casual vacancy (being a vacancy on the board of RFG which does not amount to the number of directors being less than the minimum number of directors prescribed in terms of the MOI); or (ii) appoint a person as an addition to the board of RFG (as contemplated in section 66(4)(a)(i) of the Companies Act, provided that such appointment must be confirmed by the shareholders at the next annual general meeting. Any person appointed to fill a casual vacancy shall retain office only until the next following annual general meeting and shall then retire and be eligible for re-election at that annual general meeting.

If the number of directors falls below the minimum provided above, the remaining directors must as soon as possible and in any event not later than three months from the date that the number of directors falls below the minimum fill the vacancies or call a general meeting for the purpose of filling the vacancies. The failure by RFG to have the minimum number of directors during the three month period does not limit or negate the authority of the board of RFG or invalidate anything done by the board or RFG. After the expiry of the three month period the remaining directors shall only be permitted to act for the purpose of filling vacancies or calling general meetings of shareholders.

1.9 **Directors' terms of office**

Life directorships and directorships for an indefinite period shall not be permitted.

The directors may appoint a person or persons to be the managing director, CEO or joint managing directors/CEOs of the Company and any acting managing director or CEO. The directors may also determine the period of office of such appointee and may, subject to any contract between him or them and the Company, from time to time terminate his or their appointment and appoint another or others in his or their place or places.

A managing director, CEO or the holder of any other executive office in the Company may be appointed by contract for a period as determined by the board, or any other authorised committee of the board, provided that the managing director's or CEO's contract may be terminated upon reasonable notice. Subject to the terms of his contract such person shall be subject to the same provisions as to removal as the other directors, and if he ceases to hold the office of director (which shall include that such director retires by rotation and is not re-elected at any annual general meeting) from any cause he shall ipso facto cease to be managing director or CEO. The managing director or CEO shall be eligible for re-appointment at the expiry of any period of appointment.

1.10 **Directors' rotation/retirement**

At each annual general meeting one-third of the directors (not being alternate directors), or if their number is not a multiple of three then the number nearest to but not less than one-third, shall retire from office.

The directors so to retire at each annual general meeting shall firstly be those retiring who have been appointed to fill a vacancy on the board or appointed as an addition to the board as contemplated in section 66(4)(a)(i) of the Companies Act, and thereafter the board shall determine which directors shall retire at each annual general meeting.

1.11 **Remuneration of directors and alternate directors and members of board committees**

RFG shall not be obliged or entitled or required to pay any remuneration to a director for their services as directors (which shall exclude salaries of executive directors) except such remuneration as has been approved by and in terms of a special resolution of the ordinary shareholders adopted within the period of 2 (two) years immediately before the date of any proposed payment of any such remuneration, in compliance with section 66(9) of the Companies Act.

1.12 **General powers and duties of directors**

The business and affairs of RFG shall be managed by or under the direction of the RFG' board, which has the authority to exercise all the powers and perform any of the functions of RFG, except to the extent that the Companies Act or the MOI provides otherwise.

The RFG' board may, from time to time, at their discretion, raise or borrow or secure the payment of any sum or sums of money for the purposes of RFG.

1.13 **Personal financial interests of directors**

Subject to compliance by a director, with respect to any relevant personal financial interest, with the provisions of section 75(5) and (6) of the Companies Act, that director shall not be liable (in the absence of any agreement to the contrary) to account to RFG for any profit or other benefit arising out of or in connection with any decision, transaction or agreement in which that director or a person related or inter-related to that director has a personal financial interest.

1.14 **Distributions**

RFG and/or the directors of RFG, as the case may be, shall not declare or make a distribution except a distribution in compliance with section 46 of the Companies Act, and the Listings Requirements, as applicable, and in accordance with the rights of shareholders to or in respect of distributions as set out in the MOI.

In respect of distributions to securities holders holding securities listed on the securities exchange operated by the JSE, payments to such securities holders must be provided for in accordance with the Listings Requirements to the extent applicable and must not provide that capital shall be repaid on the basis that it may be called up again.

The board of RFG, or (on the recommendation of the board) the ordinary shareholders by ordinary resolution, may at any time authorise and/or declare a distribution (which for the avoidance of doubt shall include a dividend), subject to compliance with section 46 of the Companies Act, to be paid to the shareholders of any class in proportion to the number of shares held by them in that class.

Distributions shall be declared payable or distributable to shareholders registered as such on the record date with respect to such payment or distribution.

Distributions payable in monetary form, shall be declared in the currency of the Republic of South Africa. The board of RFG may, in its discretion and on such terms and conditions as it may determine, authorise the payment of any distribution to a non-resident shareholder in any foreign currency requested by the non-resident shareholder, at the cost, expense and risk of the non-resident shareholder in question.

Any distribution declared may be paid and satisfied either wholly or in part by the distribution of specific assets, and in particular of paid-up shares or securities of any other company, or in cash or in one or more of such ways (which shall include granting ordinary shareholders a right of election between receiving any distribution in cash or in the form of the distribution of specific assets), subject to the provisions of the Companies Act, as the board of RFG or the ordinary shareholders may at the time of authorising the distribution determine and direct.

In the case where several persons are registered as the joint holders of any shares, any one of such persons may give to RFG effective receipts for all or any distributions and payments on account of distributions in respect of such shares. Every payment of a distribution made by electronic funds transfer shall be made at the risk of the shareholders.

Distributions unclaimed for a period of not less than three years from the date on which such distributions became payable by RFG may be declared forfeit by RFG for the benefit of RFG.

Reserve fund

The board of RFG may, before authorising any dividends set aside out of the amount available for dividends such sum as it thinks proper as a reserve fund or as an addition thereto. The board of RFG may divide the reserve fund into such special funds as it thinks fit, with full power to employ the assets constituting such fund or funds in the business of RFG, or may invest the assets upon such investments (other than shares of RFG) as they may select, without being liable for any depreciation of or loss in consequence of such investments whether the same be usual or authorised investments for trust funds or not.

The reserve fund shall, at the discretion of the board of RFG, be available for the equalisation of dividends or for making provision for exceptional losses, expenses or contingencies, or for the extension or development of the RFG's business, or for writing down the value of any of the assets of RFG, or for repairing, improving and maintaining any buildings, plant, machinery or works connected with the business of RFG, or to cover the loss in wear and tear or other depreciation in value of any property of RFG, or for any other purpose to which the profits of RFG may be properly applied, and the board of RFG may at any time divide among the shareholders by way of bonus, or special dividends and/or distributions, any part of the reserve funds which it, in its discretion, may determine not to be required for such purposes.

2. RHODES FOOD

2.1 Powers and capacity of the Company

Rhodes Food has all the legal powers and capacity of an individual, in terms of and subject to section 19(1)(b) of the Companies Act.

2.2 Amendments to the MOI

Without limiting or detracting from any other provision in the Companies Act providing for the amendment of this MOI, any provision of this MOI may be amended by a special resolution in terms of section 16(1)(c) of the Companies Act, provided that in the circumstances contemplated in article 3 of the MOI (*Conflicts with the Companies Act*), Rhodes Foods' board or any one or more directors or any one or more shareholders may propose the special resolution(s) required to appropriately amend the offending provision(s) of the MOI, as contemplated in article 3 of the MOI (*Conflicts with the Companies Act*), in terms of section 16(2) read with section 16(1)(c)(ii) of the Companies Act.

2.3 **The making of rules**

Rhodes Food's board may not, except with the prior approval of a special resolution, make, amend or repeal any rules for Rhodes Food, as contemplated in section 15(3) to (5) of the Companies Act. Any rules made, amended or repealed by the board in terms of section 15(3) must be filed with CIPC by the Board within five business days after they have been approved by a special resolution. The board shall be responsible for preparing, or causing to be prepared and submitting to shareholders for approval in terms of article 8.2 of the MOI, such rules as are required by this MOI to be prepared.

2.4 **Authorised securities and allotment and issue**

The classes of shares of Rhodes Food, and the number of shares of each class that Rhodes Food is authorised to issue is as follows:

- 1 000 000 no par value ordinary shares; and
- 1 000 000 no par value A preference shares.

2.5 **Rights attaching to securities**

Ordinary Shares

- the right for the owner thereof to be entered in the securities register Rhodes Food;
- the right to attend and speak at any meeting of shareholders;
- the right to exercise one vote on any matter to be decided upon by the shareholders;
- the right to receive a portion of any distribution, if and when declared;
- irrevocable right to vote on any proposal to amend the preferences, rights, limitations and other terms associated with the ordinary share; and
- the right to receive a portion of the net assets of the Company upon its liquidation.

A Preference Shares

Each A preference share confers on its holders the right to receive out of the profits of Rhodes Food that are available for distribution on a dividend date, in priority to and before any provision for, declaration or payment of any dividend or capital or other distribution on any other class of share in the capital of Rhodes Food a cumulative, preferential cash dividend ("A" Preference Dividend") in an amount calculated in respect of the period from the previous dividend date (or the issue date, if there has been no previous dividend date) until the dividend date in question in accordance with the following formula:

$$A = R \times C,$$

where:

A = the "A" preference Dividend per A preference share;

R = 18% nominal annual, compounded monthly in arrear;

C = the issue price per A preference share, plus an amount equal to all "A" Preference Dividends which have accrued in accordance with Rhodes Food's MOI, but which remain unpaid on that A preference share at that time.

No distributions will be made in respect of the ordinary shares until all the A preference shares have been redeemed.

Each A preference share shall, on a winding-up, liquidation or any other return of capital by Rhodes Food, confer on the holder thereof the right to receive in full out of the assets of Rhodes Food, in priority to and before any provision for, or payment of, any distribution on any other class of share in the capital of Rhodes Food pro rata with the holders of all other A preference shares, an amount equal to R15 601.

The A preference shares shall only entitle their holder to vote where there is a proposed amendment to the terms of the A preference shares or as specified in the Companies Act but their holder shall be entitled to receive all notices of general meetings and to attend all such general meetings.

2.6 **Authority to issue securities**

The Rhodes Food board, after first having ascertained and verified the number of authorised but unissued shares, and subject to first obtaining the requisite prior shareholder approval by special resolution in terms of section 41 of the Companies Act, if applicable may resolve to issue shares (including options for shares in Rhodes Food as contemplated by section 42 of the Companies Act) at any time but only within the classes, and to the extent, that the shares have been authorised by or in terms of this MOI.

RFG's board may issue authorised shares only:

- for adequate consideration to Rhodes Food as determined by the Rhodes Food board (subject to and in terms of section 40 of the Companies Act); or
- in terms of conversion rights associated with previously issued shares; or
- as capitalisation shares as contemplated in section 47 of the Companies Act.

2.7 Shareholders meetings

For an ordinary resolution to be approved, such resolution must be supported by more than 50% of the aggregate ordinary voting rights.

For a special resolution to be approved such resolution must be supported by at least 75% of the aggregate ordinary voting rights.

Quorum

A shareholders' meeting may not begin until sufficient registered shareholders are present or represented at the meeting to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the meeting.

A matter to be decided at the meeting may not begin to be considered unless sufficient registered shareholders are present or represented at the meeting to exercise, in aggregate at least 25% of all the voting rights that are entitled to be exercised on that matter at the time the matter is called on the agenda. Should Rhodes Food have more than two registered shareholders then a shareholders' meeting may not begin, or a matter begin to be debated, unless at least three registered shareholders are present or represented at the meeting and the requirements above are satisfied.

2.8 Composition of Board

In addition to the minimum number of directors, if any, that the Company must have to satisfy any requirements in terms of the Companies, to appoint an audit committee and social and ethics committee, the board shall comprise not less than 4 Directors. The directors shall be appointed by the board of RFG.

2.9 Remuneration of directors and alternate directors and members of board committees

Not specified.

2.10 General powers and duties of directors

The business and affairs of Rhodes Food shall be managed by or under the direction of the Rhodes Food's board, which has the authority to exercise all the powers and perform any of the functions of Rhodes Food, except to the extent that the Companies Act or this MOI provides otherwise.

2.11 Personal financial interests of directors

Not specified.

2.12 Distributions

RFG shall not declare or make a distribution except a distribution in compliance with section 46 of the Companies Act and in accordance with the rights of registered shareholders to or in respect of distributions set out in schedule one of the Rhodes Food's MOI.

No dividends or other distributions shall be made in respect of any ordinary shares until such time as all issued A preference shares, have been redeemed and any claims against Rhodes Food in respect of loans advanced by a shareholder or an RFG Ordinary Shareholder to Rhodes Food have been repaid in full in accordance with their terms.

Reserve fund

The board may, before authorising any dividends set aside out of the amount available for dividends such sum as it thinks proper as a reserve fund or as an addition thereto. The board may divide the reserve fund into such special funds as it thinks fit, with full power to employ the assets constituting such fund or funds in the business of Rhodes Food, or may invest the assets upon such investments (other than shares of Rhodes Food) as they may select, without being liable for any depreciation of or loss in consequence of such investments whether the same be usual or authorised investments for trust funds or not.

The reserve fund shall, at the discretion of the board, be available for the equalisation of dividends or for making provision for exceptional losses, expenses or contingencies, or for the extension or development of Rhodes Food's business, or for writing down the value of any of the assets of Rhodes Food, or for repairing, improving and maintaining any buildings, plant, machinery or works connected with the business of Rhodes Food, or to cover the loss in wear and tear or other depreciation in value of any property of Rhodes Food, or for any other purpose to which the profits of Rhodes Food may be properly applied, and the Board may at any time divide among the shareholders by way of bonus, or special dividends and/or distributions, any part of the reserve funds which it, in its discretion, may determine not to be required for such purposes.

3. **SWAZICAN**

3.1 **Interpretation**

“**Swaziland Companies Act**” refers to the Swaziland Companies Proclamation (Chapter 187 of the Laws of Swaziland).

“**MOA**” means memorandum and articles of association.

3.2 **Powers and capacity of the Company**

Not specified, however, in terms of the Swaziland Companies Act, a company's (including Swazican) capacity is not limited by its MOA.

3.3 **Amendments to the memorandum and articles of association**

The MOA may be amended by a special resolution adopted by the shareholders of Swazican.

3.4 **The making of rules**

There are no equivalent provisions in terms of the Swaziland Companies Act.

3.5 **Authorised securities and allotment and issue**

Subject to the provisions of the MOA, shares may be issued with preferred, deferred and other special rights or such restrictions, with regard to dividend, voting, return of capital or otherwise as Swazican from time to time may determine by special resolution. Any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that are, or at the option of Swazican, are liable to be redeemed on such terms and in such manner as Swazican, before the issue of the shares may, by special resolution, determine.

Every person whose name is entered as a shareholder in the register of shareholders shall, without payment, be entitled to receive within two months after allotment or lodgement of transfer, a certificate specifying the share or shares held by him and the amount paid up thereon. If a share certificate is defaced, lost or destroyed, it may be renewed on payment of such fee, if any, not exceeding 25 cents, and on such terms, if any, as to evidence and indemnity, as the directors think fit.

Each shareholder shall be entitled to one certificate for all the shares registered in its name, or to several certificates, for a part of such shares. Every share certificate shall specify the number of shares in respect of which it is issued and the amount paid up thereon. Every original shareholder shall be entitled to one share certificate *gratis*, but for every subsequent certificate the directors may make such charge as from time to time they think fit.

3.6 **Authority to issue securities**

The shares shall be under the control of Swazican's directors, who may allot or otherwise dispose of the shares to such persons on which terms and conditions, and at such time as the directors shall think fit. Share certificates shall be issued under the authority of the directors in such manner and form as the directors shall from time to time prescribe and each share shall be distinguished by its appropriate number.

3.7 **Shareholders meetings**

In relation to shareholders resolutions the MOA requires that:

an annual general meeting and a meeting called to the passing of a special resolution shall be called by 14 days; notice in writing at the least, however the accidental omission to give notice of a meeting to, or the non-receipt of an notice by any person entitled to receive notice, shall not invalidate the proceedings at the meeting;

- all business shall be deemed special that is transacted at an annual and at an extraordinary general meeting (it should be noted that all general meetings other than annual general meetings shall be called extraordinary general meetings), with the exception of declaring a dividend, the consideration of accounts, balance sheets and the reports of the directors and auditors, and the election of directors and other officers in the place of those retiring by rotation, and the appointment of and the fixing of the remuneration for auditors;
- two shareholders personally present (or by proxy) who, together hold not less than 50% of the issued shares of Swazican, shall be a quorum;
- at any general meeting, unless a poll is demanded by a number of shareholders representing at least 10% of the total voting rights of all shareholders having the right to vote at a meeting or by at least three shareholders present in person or by proxy or as provided in section 67(4) of the Swaziland Companies Act, a declaration by the chairman that a resolution has been carried, and an entry to that effect into the book of proceedings of Swazican, shall be sufficient evidence of the fact, without proof of the number or proportion of the votes recorded in favour or against such resolution; and
- a resolution in writing signed by all shareholders for the time being entitled to receive notice of and attend and vote at general meeting, shall be as valid and effective as if the same has been passed at a general meeting of Swazican duly convened and held.

If at any time the share capital is divided into different classes of shares, the rights attaching to any class (unless otherwise provided by terms of issue of the shares of that class) may, whether or not Swazican is being wound up, be varied with the consent in writing of the holders of 75% of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class.

3.8 First directors, election of directors and alternate directors and vacancies

The MOA states that the first directors of Swazican shall be nominated by the shareholders. On 11 September 1969 the first directors of Swazican were specified as John Priestley Outhwaite and John Francis Donlan.

There shall be at least three and no more than eight directors of Swazican (as may be increased or decreased by Swazican from time to time at a general meeting) with regard to broad resolutions:

- a director may at any time summon a meeting of directors;
- the quorum for a director's meeting shall be two-thirds of directors but not more than five; and
- a resolution in writing signed by every member of the board of directors shall have the same effect and validity as a resolution of the board duly passed at a meeting of the board properly convened and constituted.

Each director shall have the power to nominate any person to act as alternate director in his/her place during his/her absence or inability to act as such director and may at any time remove any alternate director, as appointed, from office.

The office of a director shall be vacated if the director:

- is convicted of theft, fraud, forgery or uttering a forged document or perjury (whether in Swaziland or elsewhere); or
- becomes insolvent; or
- is found mentally incapacitated or becomes unsound of mind; or
- resigns his/her office by notice in writing to Swazican; or
- is removed by ordinary resolution at a general meeting of the Swazican's shareholders; or
- is removed, by notice in writing, to Swazican by the shareholder which appointed him/her.

3.9 Remuneration of directors and alternate directors and shareholders of board committees

The remuneration of the directors shall from time to time be determined by Swazican in general meeting. If any director is called upon to perform extra services or to make any special exertions in going or residing abroad, or otherwise, for any purpose of Swazican, Swazican may remunerate that director either in addition to, or in substitution for his share in the remuneration determined in a general meeting.

3.10 General powers and duties of directors

Swazican's directors may, in their discretion, from time to time, raise or borrow from the shareholders or other persons any sum of money for the purposes of Swazican in any amount as they see fit. The directors may raise or secure the repayment of such moneys in such manner and upon such

terms and conditions in all respects as they think fit, and in particular by the execution of mortgage bonds and the issue of debentures or debenture stock of Swazican charged upon all or any part of rights of the company, both future and present.

3.11 **Personal financial interests of directors**

No person shall be required to hold any share to qualify him/her for the office of a director.

No director shall be disqualified by his office from contracting with Swazican, either as vendor, purchaser or otherwise, or from being interested in any contract or arrangement entered into by or on behalf of Swazican. Nor shall any such contract made by a director with Swazican nor any such contract or arrangement entered into by or on behalf of Swazican in which any director shall be in any way interested, be avoided.

3.12 **Distributions**

Swazican may declare dividends in a general meeting.

The directors may from time to time pay shareholders such interim dividends or bonuses as appear to the directors to be justified by the profits of the company. No dividend shall be paid otherwise than out of profits. Subject to the rights of persons (if any) entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid on the shares, but if and so long as nothing is paid upon the shares in the company, dividends may be declared and paid according to the amounts of the shares.

Directors may deduct from the dividends or bonus payable to any shareholder all such claims or such sums of money which may be due from time to time to Swazican on account of calls or otherwise. No dividend shall bear interest against Swazican and years from its declaration may, provided notice of the declaration has been given by advertisement to the person entitled thereto, be forfeited by resolution of the directors of Swazican for the benefit of the company.

A dividend may be paid partly or wholly by the distribution of specific assets, and in particular of paid up shares, debentures or debenture stock of any other company or in any one or more of such ways. Every dividend or bonus may be paid by cheque, warrant, coupon or otherwise as the directors from time to time determine, and if paid otherwise by coupon, either be sent by post to the last registered address of the shareholder entitled thereto.

Capital reserves

With regard to capital reserves, notwithstanding the provisions of the regulations to the contrary, the amount standing from time to time to the credit of Swazican's capital reserves and resulting from the sale or realisation of any of the company's investments shall not be employed otherwise than in the acquisition of other investments or in writing down the book value if any of the company's investments or for any other similar purpose which shall not permit such capital reserves from being distributed in dividends.

4. **RHODES FOODS SWAZILAND**

4.1 **Interpretation**

“**Swaziland Companies Act**” refers to the Swaziland Companies Act No. 8 of 2009.

Table “A” of the First Schedule of the Swaziland Companies Act applies to Rhodes Foods Swaziland.

“**MOA**” means memorandum and articles of association.

4.2 **Powers and capacity of the Company**

Not specified, however, in terms of the Swaziland Companies Act, a company's (including Rhodes Foods Swaziland) capacity is not limited by its MOA.

4.3 **Amendments to the memorandum and articles of association**

The MOA may be amended by a special resolution adopted by the shareholders of Rhodes Food Swaziland.

4.4 **The making of rules**

There are no equivalent provisions in terms of the Swaziland Companies Act.

4.5 **Authorised securities and allotment and issue**

The share capital of Rhodes Foods Swaziland is SZL1 000 divided into 1 000 shares of SZL1 each.

Without prejudice to any special rights previously conferred on the holders of existing shares in Rhodes Foods Swaziland, any share in Rhodes Foods Swaziland may be issued with such preferred, deferred, or other special rights, or such restriction, whether in regard to dividend, voting, return of capital or otherwise, as Rhodes Foods Swaziland may from time to time by special resolution determine.

Share certificates

Every person whose name is entered as a shareholder in the securities register shall, without payment, be entitled to a certificate specifying the share or shares held by him/her and the amount paid up thereon. Share certificates shall be issued under the authority of the directors, or the foreign committee when authorised thereto by resolution of the directors, in such manner and form as the directors shall from time to time prescribe.

4.6 **Authority to issue securities**

The shares are under the control of the directors, who may allot or otherwise dispose of the same to such persons on such terms and conditions, and at such time as the directors see fit.

4.7 **Shareholders' meetings**

Rhodes Foods Swaziland shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year, and shall specify the meetings as such in all the notices calling it, and not more than 15 months shall elapse between the date of one annual general meeting of Rhodes Foods Swaziland and that of the next. The above-mentioned other general meetings shall be called extraordinary.

The directors may, whenever they think fit, convene an extraordinary general meeting and extraordinary general meeting shall also be convened on such requisition or, in default, may be convened by such requisitions. If at any time there shall not be within Swaziland sufficient directors capable of acting to form a quorum, any director or any two members of Rhodes Foods Swaziland may convene an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be convened by the directors.

All business shall be deemed special that is transacted at an ordinary meeting, with the exception of sanctioning a dividend, the consideration of the accounts, balance sheets, and the ordinary report of the directors and auditors, the election of directors and other officers in the place of those retiring by rotation, and the fixing of the remuneration of the auditors.

Quorum

No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business; save as otherwise provided in the MOI, that members personally present or represented by proxy who together holds not less than 50% of the issued shares of Rhodes Foods Swaziland, shall be a quorum.

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place, or at which the poll is demanded, shall not be entitled to a second or casting vote.

4.8 **First directors, election of directors and alternate directors and vacancies**

The first directors of Rhodes Foods Swaziland were Johannes Nicolaas Potgieter and Noel Duma Zwane.

There shall be not less than two nor more than 10 directors and Rhodes Foods Swaziland may from time to time in general meetings increase or reduce the number of directors and may by ordinary resolution remove any director from his/her appointment. Any vacancy or vacancies howsoever created or any additional directors may be filled or added as the case may be, by the appointment of another director or other directors by the shareholders of Rhodes Foods Swaziland in a general meeting.

Each director shall have the power to nominate one of the shareholders possessing the necessary qualifications of a director, to act as alternate director in his/her place during his/her absence or inability to act as such director, and provided that the appointment of an alternate director shall be approved of by Rhodes Foods Swaziland's board and on such appointment being made, the alternate director shall, in all respects, be subject to the terms, qualifications, and conditions existing with reference to the other directors of the company.

4.9 **Remuneration of directors and alternate directors and shareholders of board committees**

The remuneration of the directors shall from time to time be determined by Rhodes Foods Swaziland in general meetings.

If any director be called upon to perform extra services or to make any special exertions in going or residing abroad, or otherwise, for any of the purposes of the company, Rhodes Foods Swaziland may remunerate that director either by a fixed sum or by a percentage of profits or otherwise as may be determined, and such remuneration may be either in addition to, or in substitution for, his or their share in the remuneration determined under the last preceding regulation.

4.10 **General powers and duties of directors**

The business of Rhodes Foods Swaziland shall be managed by the directors who may pay all expenses incurred in getting up and registering the company, and may exercise all such powers of Rhodes Foods Swaziland as are not by the Swaziland Companies Act, or any amendment thereof for the time being in force, or by the MOI, required to be exercised by Rhodes Foods Swaziland in general meeting, subject nevertheless to any regulation of these regulations, to the provisions of the said laws, and to such regulations being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by Rhodes Foods Swaziland in general meeting. However, no regulation made by Rhodes Foods Swaziland in general meeting shall invalidate any prior act of the directors which would have been valid if such regulation had not been made.

The directors may raise or secure the repayment of such moneys in such manner and upon such terms and conditions in all respects as they think fit and in particular by the execution of mortgage bonds, the issue of debentures, or debenture stock of Rhodes Foods Swaziland, charges upon all or any part of the property and rights of Rhodes Foods Swaziland, both present and future, including its uncalled capital.

The directors have the power to, *inter alia*, borrow, loan or secure the repayment of money to be utilised by Rhodes Foods Swaziland on such terms and in such manner as they may think fit.

4.11 **Personal financial interests of directors**

No person shall be required to hold any share to qualify him for the office of a director.

The directors may, in their discretion, from time to time, raise or borrow from the members or other persons any sum or sums of money to be utilised by Rhodes Foods Swaziland. The directors may raise or secure the repayment of such moneys in such manner and upon such terms and conditions in all respects as they think fit and in particular by the execution of mortgage bonds, the issue of debentures, or debenture stock of Rhodes Foods Swaziland charges upon all or any part of the property and rights of the company, both present and future, including its uncalled capital.

4.12 **Distributions**

Rhodes Foods Swaziland may, in general meetings, declare dividends.

The directors may from time to time pay to the members such interim dividends as appear to the directors to be justified by the profits of Rhodes Foods Swaziland. No dividends can be paid otherwise than out of profits.

The directors may declare dividends.

Capital reserves

Notwithstanding the provisions of any regulation to the contrary, the amount standing from time to time to the credit of Rhodes Foods Swaziland's capital reserves and resulting from the sale or realisation of any of its investments may not be employed otherwise than in acquisition of other investments or in writing down the book value of any of its investments or for any other similar purpose which shall not permit of such capital reserves being distributed in dividends.

DETAILS OF IMMOVABLE PROPERTY OWNED OR LEASED BY THE GROUP

1. Group Company which holds the Asset	Rhodes Food
Nature of Interest	Ownership
Situation and Area of the Property	Tulbagh properties (deed of transfer no. T 7806/2013): <ol style="list-style-type: none"> 1. Remainder of Portion 1 of the Farm Groote Vallei No. 223, in the Witzenberg Municipality, Division Tulbagh, Western Cape Province; 2. Remainder of Portion 5 of the Farm Groote Vallei No. 223, in the Witzenberg Municipality, Division Tulbagh, Western Cape Province; 3. Remainder of the Farm Bellevue No. 191, in the Witzenberg Municipality, Division Tulbagh, Western Cape Province; 4. Portion 1 of the Farm Bellevue No. 191, in the Witzenberg Municipality, Division Tulbagh, Western Cape Province; 5. Portion 40 of the Farm Straatskerk No. 190, in the Witzenberg Municipality, Division Tulbagh, Western Cape Province; 6. Portion 37 of the Farm Straatskerk No. 190, in the Witzenberg Municipality, Division Tulbagh, Western Cape Province; 7. Remainder of the Farm No. 378, in the Witzenberg Municipality, Division Tulbagh, Western Cape Province; and 8. Portion 1 of the Farm No. 378, in the Witzenberg Municipality, Division Tulbagh, Western Cape Province.
Rental Payable	N/A
Tenure of the Property	N/A
2. Group Company which holds the Asset	Rhodes Food
Nature of Interest	Ownership
Situation and Area of the Property	Pniel properties (deed of transfer no. T 7807/2013): <ol style="list-style-type: none"> 1. Portion 1 of the Farm No. 1631, situate in the Stellenbosch Municipality, Division of Paarl, Province of the Western Cape, in extent: 102,4981 hectares; 2. Portion 4 of the Farm No. 1631, situate in the Stellenbosch Municipality, Division of Paarl, Province of the Western Cape, in extent: 30,3951 hectares; and 3. Portion 1 of the Farm No. 1632, situate in the Stellenbosch Municipality, Division of Paarl, Province of the Western Cape, in extent: 4 274 m².
Rental Payable	N/A
Tenure of the Property	N/A
3. Group Company which holds the Asset	Rhodes Food
Nature of Interest	Ownership
Situation and Area of the Property	Aeroton property (deed of transfer no. T 6514/2013): <ol style="list-style-type: none"> 1. Remaining Extent of Erf 2 Aeroton Township, Registration Division I.Q., Province of Gauteng.
Rental Payable	N/A
Tenure of the Property	N/A

4. Group Company which holds the Asset	Rhodes Food
Nature of Interest	Ownership (registration pending)
Situation and Area of the Property	Krugersdorp property (certificate of consolidated title no. T 23656/2014): 1. Portion 149 and Portion 158 of the Farm Luipaardsvlei No. 246, Registration Division IQ, Province of Gauteng that has been consolidated and is now known as Portion 226 of the Farm Luipaardsvlei No. 246, Registration Division IQ, Province of Gauteng.
Rental Payable	N/A
Tenure of the Property	N/A
5. Group Company which holds the Asset	Rhodes Food
Nature of Interest	Ownership
Situation and Area of the Property	Limpopo properties (deeds of grant TG No. 18180/2010 and TG No. 4432/2013): 1. Erf 2218 Makhado-A Township, Registration Division M.T., Limpopo Province; 2. Erf 1379 Makhado-A Township, Registration Division M.T., Limpopo Province; and 3. Erf 656 Makhado-A Township, Registration Division M.T., Limpopo Province.
Rental Payable	N/A
Tenure of the Property	N/A
6. Group Company which holds the Asset	Swazican
Nature of Interest	Ownership
Situation and Area of the Property	District of Manzini property: 1. Portion 2 of Farm 670 (deed of transfer No. 7/1970) 2. Portion 1 of Farm 914 situate (deed of transfer No. 593/1988) 3. Farm 695 (deed of transfer No. 108/1970) 4. Portion 2 of Farm 728 (deed of transfer No. 7/1970) 5. Portion 4 of Farm 728 (deed of transfer No. 322/1977) 6. Portion 7 of Farm 728 (deed of transfer No. 284/1974) 7. Portion 4 of Farm 670 (deed of transfer No. 245/2012) 8. Portion 2 of Farm 45 (deed of transfer No. 245/2012) 9. Portion 4 of Farm 892 (certificate of registration No. 150/2013) Portion 14 (pending registration)
Rental Payable	N/A
Tenure of the Property	N/A
7. Group Company which holds the Asset	Swazican
Nature of Interest	Lease
Situation and Area of the Property	8.0 hectares of Plot 7 of Farm No. 1150 situated in the Manzini District, Swaziland.
Rental Payable	SZL1 426 per hectare per annum (escalation of 10% compounded annually).
Tenure of the Property	From 1 July 2010 until 30 June 2015, with the option to renew for a further period of 4 years and 11 months.

8. Group Company which holds the Asset	Swazican
Nature of Interest	Lease
Situation and Area of the Property	7.35 hectares of Plot 12 of Farm No. 1150 situated in the Manzini District, Swaziland.
Rental Payable	SZL1 296 per hectare per annum (escalation of 10% compounded annually).
Tenure of the Property	In respect of a 5.75 hectares portion of the plot, the lease commenced on 1 July 2009, and in respect of a 1.6 hectares portion of the plot, the lease commenced on 1 July 2010. Lease period expires on 30 June 2014 (in respect of the 5.75 hectares portion of the plot) and 30 June 2015 (in respect of the 1.6 hectares portion of the plot), with option to renew for a further four years and 11 months.
9. Group Company which holds the Asset	Swazican
Nature of Interest	Lease
Situation and Area of the Property	7.78 hectares of Plot 13 of farm No. 1150 situated in the Manzini District. Swaziland
Rental Payable	SZL1 071.79 per hectare per annum (escalation of 10% compounded annually).
Tenure of the Property	From 1 July 2007 until 30 June 2012, with the option to renew for a further period of five years.
10. Group Company which holds the Asset	Swazican
Nature of Interest	Lease
Situation and Area of the Property	8.8 hectares of Plot 14 of Farm No. 1150 situated in the Manzini District, Swaziland.
Rental Payable	SZL1 071 per hectare per annum (escalation of 10% compounded annually).
Tenure of the Property	From 1 July 2007 until 30 June 2012, with the option to renew for a further period of five years.
11. Group Company which holds the Asset	Swazican
Nature of Interest	Lease
Situation and Area of the Property	8.0 hectares of Plot 15 of Farm No. 1150 situated in the Manzini District, Swaziland.
Rental Payable	SZL1 071 per hectare per annum (escalation of 10% compounded annually).
Tenure of the Property	From on 1 July 2007 until 30 June 2012, with the option to renew for a further period of five years.
12. Group Company which holds the Asset	Swazican
Nature of Interest	Lease
Situation and Area of the Property	8.6 hectares of Plot 16 of Farm No. 1150 situated in the Manzini District, Swaziland
Rental Payable	SZL1 296 per hectare per annum (escalation of 10% compounded annually)
Tenure of the Property	From on 1 July 2009 until 30 June 2014, with the option to renew the lease for a further four years and 11 months.

13. Group Company which holds the Asset	Swazican
Nature of Interest	Lease
Situation and Area of the Property	8.72 hectares of Plot 24 of Farm No. 1150 situated in the Manzini District, Swaziland.
Rental Payable	SZL974.36 per hectare per annum (escalation of 10% compounded annually).
Tenure of the Property	From on 1 July 2006 until 30 June 2011, with the option to renew the lease for a further five years (i.e. until 30 June 2016).
14. Group Company which holds the Asset	Swazican
Nature of Interest	Lease
Situation and Area of the Property	14 hectares of the consolidated Portion 1203 in the Manzini District, Swaziland.
Rental Payable	SZL1 350 per hectare per annum (escalation of 10% compounded annually).
Tenure of the Property	From on 1 December 2009 until 30 November 2014.
15. Group Company which holds the Asset	Swazican
Nature of Interest	Lease
Situation and Area of the Property	116.2 hectares of the Remaining extent Portion 12 of Farm No. 1185 in the Manzini District, Swaziland.
Rental Payable	SZL1 000 per hectare per annum (escalation annually at the year on year Swaziland inflation rate).
Tenure of the Property	From on 1 December 2007 until 30 November 2012, with the option to renew for a further four years and 11 months.
16. Group Company which holds the Asset	Swazican
Nature of Interest	Lease
Situation and Area of the Property	36.04 hectares of Portion 3 of Farm No. 1185 situated in the Manzini District, Swaziland.
Rental Payable	SZL928.56 per hectare per annum (escalation of 10% compounded annually).
Tenure of the Property	From on 1 December 2008 until 30 November 2013, with the option to renew for a further four years and 11 months.
17. Group Company which holds the Asset	Swazican
Nature of Interest	Lease
Situation and Area of the Property	Unknown as it is described in schedule 1 which is not attached to the agreement – 11 hectares.
Rental Payable	SZL2 700 per hectare per annum (escalation of at the rate determined by the annual cost of living figure published by the Central Bank of Swaziland, but subject to a maximum of 15% per annum).
Tenure of the Property	From on 1 January 2010 until 31 December 2014, with the option to renew for a further five years.
18. Group Company which holds the Asset	Swazican
Nature of Interest	Lease
Situation and Area of the Property	– 15 hectares.
Rental Payable	SZL1 760 per hectare per annum payable monthly in advance (escalation of at the rate determined by the annual cost of living figure published by the Central Bank of Swaziland, but subject to a maximum of 15% per annum).
Tenure of the Property	From on 1 November 2009 until 30 October 2014, with the option to renew for a further five years.

19. Group Company which holds the Asset	Swazican
Nature of Interest	Lease
Situation and Area of the Property	- 100 hectares.
Rental Payable	SZL2 990 per hectare per annum payable monthly in advance (escalation of at the rate determined by the annual cost of living figure published by the Central Bank of Swaziland, but subject to a maximum of 15% per annum).
Tenure of the Property	From 1 November 2011 until 31 October 2016, with the option to renew for a further four years and 11 months.
20. Group Company which holds the Asset	Swazican
Nature of Interest	Lease
Situation and Area of the Property	54 hectares of Farm No. 65 situated in the Manzini District.
Rental Payable	SZL2 174 for the first year (escalation of 12% compounded annually).
Tenure of the Property	From 1 March 2011 until 28 February 2016, with the option to renew for a further five years.
21. Group Company which holds the Asset	Swazican
Nature of Interest	Lease
Situation and Area of the Property	Area 1 comprising 119 hectares of dry land. Area 2 comprising 100 hectares of irrigated land.
Rental Payable	Area 1: SZL1 261 per hectare per annum (escalation of 6% compounded annually). Area 2: SZL2 500 per hectare per annum (escalation of 6% compounded annually).
Tenure of the Property	From 1 November 2008 until 30 October 2013, with the option to renew for a further five years.
22. Group Company which holds the Asset	Swazican
Nature of Interest	Lease
Situation and Area of the Property	8 hectares of Plot 6 of Farm No. 1150 situated in the Manzini District, Swaziland.
Rental Payable	SZL1 426 per hectare per annum (escalation of 10% compounded annually).
Tenure of the Property	From 1 October 2010 until 31 September 2015, with the option to renew for a further five years.

THIRD-PARTY, INTRA-GROUP, DIRECTOR AND EMPLOYEE LOANS AND BORROWINGS

5. THIRD PARTY LOANS AND BORROWINGS AS AT 29 JUNE 2014

Loan owing to	Loan owing by	Amount (R'000)	Interest rate	Maturity	Security	Terms and conditions of payment/ renewal	Conversion/ Redemption rights	Finance for debts repayable within 12 months	Details of how loans arose including whether they arose from the purchase of assets by RFG or any of its Subsidiaries
FirstRand Bank Limited (Wesbank)	Rhodes Food	333	Prime plus 1.6%	2017	Lien of assets	Monthly	N/A	Cash resources	Acquisition of assets
FirstRand Bank Limited (Wesbank)	Rhodes Food	458	Prime plus 1.6%	2018	Lien of assets	Monthly	N/A	Cash resources	Acquisition of assets
FirstRand Bank Limited (Wesbank)	Rhodes Food	154	Prime	2018	Lien of assets	Monthly	N/A	Cash resources	Acquisition of assets
FirstRand Bank Limited (Wesbank)	Rhodes Food	843	Prime	2018	Lien of assets	Monthly	N/A	Cash resources	Acquisition of assets
FirstRand Bank Limited (Wesbank)	Rhodes Food	2 553	Prime	2017	Lien of assets	Monthly	N/A	Cash resources	Acquisition of assets
FirstRand Bank Limited (Wesbank)	Rhodes Food	631	Prime	2019	Lien of assets	Monthly	N/A	Cash resources	Acquisition of assets
FirstRand Bank Limited (Wesbank)	Rhodes Food	699	Prime	2017	Lien of assets	Monthly	N/A	Cash resources	Acquisition of assets
FirstRand Bank Limited (Wesbank)	Rhodes Food	1 140	Prime	2017	Lien of assets	Monthly	N/A	Cash resources	Acquisition of assets

Loan owing to	Loan owing by	Amount (R'000)	Interest rate	Maturity	Security	Terms and conditions of payment/renewal	Conversion/Redemption rights	Finance for debts repayable within 12 months	Details of how loans arose including whether they arose from the purchase of assets by RFG or any of its Subsidiaries
KAP Manufacturing Proprietary Limited	Rhodes Food	15 172	Overnight call funding rate published by the Standard Bank of South Africa	Upon registration of the immovable property sold in terms of the acquisition of the Bullbrand business (as detailed below in paragraph 2 of Annexure 2 of Annexure 14) is transferred into the name of Rhodes Food	Unsecured	Upon registration of the immovable property sold in terms of the acquisition of the Bullbrand business (as detailed below in paragraph 2 of Annexure 14) is transferred into the name of Rhodes Food	N/A	Cash resources	Acquisition of the Bullbrand business
Nedbank	Rhodes Food	168 817	3-month JIBAR plus 6.9%	2018	Lien of assets	Repayable in full in 2018	N/A	Cash resources	Management Buyout
Nedbank	Rhodes Food	99 644	Prime less 1.75%	2022	Lien of assets	Monthly	N/A	Cash resources	Management Buyout
Nedbank	Rhodes Food	12 787	Prime less 1%	2017	Lien of assets	Monthly	N/A	Cash resources	Management Buyout
Nedbank	Rhodes Food	45 929	Prime less 1%	2016	Lien of assets	Monthly	N/A	Cash resources	Management Buyout
Nedbank	Rhodes Food	40 050	3-month JIBAR plus 3.5%	2017	Lien of assets	Bi-annual	N/A	Cash resources	Management Buyout

Loan owing to	Loan owing by	Amount (R'000)	Interest rate	Maturity	Security	Terms and conditions of payment/ renewal	Conversion/ Redemption rights	Finance for debts repayable within 12 months	Details of how loans arose including whether they arose from the purchase of assets by RFG or any of its Subsidiaries
Nedbank	Rhodes Food	10 756	Prime less 1%	2018	Lien of assets	Monthly	N/A	Cash resources	Acquisition of assets
Nedbank	Rhodes Food	22 463	Prime less 1%	2023	Lien of assets	Monthly	N/A	Cash resources	Acquisition of assets
Nedbank	Rhodes Food	8 598	Prime less 1%	2018	Lien of assets	Monthly	N/A	Cash resources	Acquisition of assets
Nedbank	Rhodes Food	33 400	Prime less 1%	2019	Lien of assets	Monthly	N/A	Cash resources	Acquisition of assets
Nedbank (Swaziland) Limited	Swazican	12 375	Swaziland prime less 0.75%	2017	A first and second mortgage bond for R15 million and R11 million over certain of the Company's land	Bi-annual	N/A	Cash resources	Acquisition of assets
Nedbank (Swaziland) Limited	Swazican	3 373	Swaziland prime less 0.75%	2019	A first and second mortgage bond for R15 million and R11 million over certain of the Company's land	Monthly	N/A	Cash resources	Acquisition of assets

Loan owing to	Loan owing by	Amount (R'000)	Interest rate	Maturity	Security	Terms and conditions of payment/ renewal	Conversion/ Redemption rights	Finance for debts repayable within 12 months	Details of how loans arose including whether they arose from the purchase of assets by RFG or any of its Subsidiaries
Nedbank (Swaziland) Limited	Swazican	1 777	Swaziland prime less 2%	2017	A first and second mortgage bond for R15 million and R11 million over certain of the Company's land	Monthly	N/A	Cash resources	Acquisition of assets
Nedbank (Swaziland) Limited	Swazican	1 780	Swaziland prime less 0.5%	2017	A first and second mortgage bond for R15 million and R11 million over certain of the Company's land	Monthly	N/A	Cash resources	Acquisition of assets
Nedbank (Swaziland) Limited	Swazican	972	Swaziland prime less 2.5%	2017	A first and second mortgage bond for R15 million and R11 million over certain of the Company's land	Monthly	N/A	Cash resources	Acquisition of assets

Loan owing to	Loan owing by	Amount (R'000)	Interest rate	Maturity	Security	Terms and conditions of payment/ renewal	Conversion/ Redemption rights	Finance for debts repayable within 12 months	Details of how loans arose including whether they arose from the purchase of assets by RFG or any of its Subsidiaries
Nedbank (Swaziland) Limited	Swazican	563	Swaziland prime less 2.5%	2018	A first and second mortgage bond for R15 million and R11 million over certain of the Company's land	Monthly	N/A	Cash resources	Acquisition of assets
Standard Bank (Swaziland) Limited	Swazican	3 430	Swaziland prime	2017	A first mortgage bond of R16 million over portion A of farm number 286 under the deed of transfer number 108 of 1970;	Monthly	N/A	Cash resources	Acquisition of assets

Loan owing to	Loan owing by	Amount (R'000)	Interest rate	Maturity	Security	Terms and conditions of payment/ renewal	Conversion/ Redemption rights	Finance for debts repayable within 12 months	Details of how loans arose including whether they arose from the purchase of assets by RFG or any of its Subsidiaries
Standard Bank (Swaziland) Limited	Swazican	598	Swaziland prime plus 1%	2017	A first mortgage bond of R16 million over portion A of farm number 286 under the deed of transfer number 108 of 1970;	Monthly	N/A	Cash resources	Acquisition of assets

Intra-group loans as at 29 June 2014

Loan owing to	Loan owing by	Amount (R'000)	Interest rate	Maturity
RFG	Rhodes Food	18 000	Interest free	Payable on demand, but not in the next 12 months

Shareholders' loans as at 29 June 2014

Loan owing to	Loan owing by	Amount (R'000)	Interest rate	Maturity
SA Fund	RFG	20 402	18%	Payable on demand, but not in the next 12 months
SAIP I	RFG	3 043	18%	Payable on demand, but not in the next 12 months
SAIP II	RFG	8 623	18%	Payable on demand, but not in the next 12 months

Cumulative redeemable preference shares as at 29 June 2014

Owing to	Owing by	Amount (R'000)	Interest rate	Maturity
Capitalworks	Rhodes Food	156 005	18%	No fixed maturity

Loans to directors and management of RFG

The loans set out in this section have been made to directors or managers (or their associates) of RFG. The applicable directors or managers of RFG are responsible for repayment of the loans. All of the loans below arose as a result of the acquisition of shares pursuant to RFG Restructuring.

No. Loan details

1.	Director	Gerhard Cornelis Kotzé (Director of a subsidiary)
	Loan debtor	Gerhard Cornelis Kotzé
	Date on which loan was made	1 October 2012
	Loan amount	R1 166 666 advanced by Rhodes Food
	Interest rate	Floating rate plus margin
	Repayment terms	Repayment is linked to employment with RFG, and bonuses or incentives paid by RFG.
	Interest or capital in arrears	The loan agreement provides for a mechanism in terms of which there will be no arrear amounts and all outstanding amounts will be included in the total loan amount.
	Period of the loan	Until the capital loan amount together with any unpaid interest is settled in full.
	Nature of security	The loan is secured in terms of a suretyship, cession and pledge agreement concluded between the director, the Lahanja Trust, RFG and Rhodes Food, in terms of which the Lahanja Trust has ceded and pledged to Rhodes Food their rights, title and interests to their shares held in Rhodes Food and RFG.
	Current fair value of security and the basis on which the security is valued	Fair value of shares ceded and pledged
	Reasons for no security being held for the loan	N/A

No. Loan details

2.	Director	Christiaan Cornelius Schoombie (Director of RFG)
	Loan debtor	Christiaan Cornelius Schoombie
	Date on which loan was made	1 October 2012
	Loan amount	R1 166 666 advanced by Rhodes Food
	Interest rate	Floating rate plus margin
	Repayment terms	Repayment is linked to employment with RFG, and bonuses or incentives paid by RFG.
	Interest or capital in arrears	The loan agreement provides for a mechanism in terms of which there will be no arrear amounts and all outstanding amounts will be included in the total loan amount.
	Period of the loan	Until the capital loan amount together with any unpaid interest is settled in full.
	Nature of security	The loan is secured in terms of a suretyship, cession and pledge agreement concluded between the director, the Jacian Trust, RFG and Rhodes Food, in terms of which the Jacian Trust has ceded and pledged to Rhodes Food their rights, title and interests to their shares held in Rhodes Food and RFG.
	Current fair value of security and the basis on which the security is valued	Fair value of shares ceded and pledged
	Reasons for no security being held for the loan	N/A
3.	Director	Constantine Costaras (Director of a subsidiary)
	Loan debtor	Constantine Costaras
	Date on which loan was made	1 October 2012
	Loan amount	R1 166 666 advanced by Rhodes Food
	Interest rate	Floating rate plus margin
	Repayment terms	Repayment is linked to employment with RFG, and bonuses or incentives paid by RFG.
	Interest or capital in arrears	The loan agreement provides for a mechanism in terms of which there will be no arrear amounts and all outstanding amounts will be included in the total loan amount.
	Period of the loan	Until the capital loan amount together with any unpaid interest is settled in full.
	Nature of security	The loan is secured in terms of a suretyship, cession and pledge agreement concluded between the director, the Constantine Costaras Family Trust, RFG and Rhodes Food, in terms of which the Constantine Costaras Family Trust has ceded and pledged to Rhodes Food their rights, title and interests to their shares held in Rhodes Food and RFG.
	Current fair value of security and the basis on which the security is valued	Fair value of shares ceded and pledged
	Reasons for no security being held for the loan	N/A

No. Loan details

4.	Director	Richard Phillips (Director of a subsidiary)
	Loan debtor	Richard Phillips
	Date on which loan was made	1 October 2012
	Loan amount	R1 500 000 advanced by Rhodes Food
	Interest rate	Floating rate plus margin
	Repayment terms	Repayment is linked to employment with RFG, and bonuses or incentives paid by RFG.
	Interest or capital in arrears	The loan agreement provides for a mechanism in terms of which there will be no arrear amounts and all outstanding amounts will be included in the total loan amount.
	Period of the loan	Until the capital loan amount together with any unpaid interest is settled in full.
	Nature of security	The loan is secured in terms of a suretyship, cession and pledge agreement concluded between the director, the RK Phillips Family Trust, RFG and Rhodes Food, in terms of which the RK Phillips Family Trust has ceded and pledged to Rhodes Food their rights, title and interests to their shares held in Rhodes Food and RFG.
	Current fair value of security and the basis on which the security is valued	Fair value of shares ceded and pledged
	Reasons for no security being held for the loan	N/A
5.	Director	Job Mpele (Director of a subsidiary)
	Loan debtor	Job Mpele
	Date on which loan was made	1 October 2012
	Loan amount	R1 000 000 advanced by Rhodes Food
	Interest rate	Floating rate plus margin
	Repayment terms	Repayment is linked to employment with RFG, and bonuses or incentives paid by RFG.
	Interest or capital in arrears	The loan agreement provides for a mechanism in terms of which there will be no arrear amounts and all outstanding amounts will be included in the total loan amount.
	Period of the loan	Until the capital loan amount together with any unpaid interest is settled in full.
	Nature of security	The loan is secured in terms of a suretyship, cession and pledge agreement concluded between the director, RFG and Rhodes Food, in terms of which the director has ceded and pledged to Rhodes Food their rights, title and interests to their shares held in Rhodes Food and RFG.
	Current fair value of security and the basis on which the security is valued	Fair value of shares ceded and pledged
	Reasons for no security being held for the loan	N/A

No. Loan details

6.	Manager	Hardus Hamman (Manager of a subsidiary)
	Loan debtor	Hardus Hamman
	Date on which loan was made	1 October 2012
	Loan amount	R150 000
	Interest rate	Floating rate plus margin
	Repayment terms	Repayment is linked to employment with RFG, and bonuses or incentives paid by RFG.
	Interest or capital in arrears	The loan agreement provides for a mechanism in terms of which there will be no arrear amounts and all outstanding amounts will be included in the total loan amount.
	Period of the loan	Until the capital loan amount together with any unpaid interest is settled in full.
	Nature of security	The loan is secured in terms of a cession and pledge by the manager to Rhodes Food of all the rights to and interests in the units allocated to the manager in terms of the Management Trust.
	Current fair value of security and the basis on which the security is valued	Fair value of units ceded and pledged
	Reasons for no security being held for the loan	N/A
7.	Manager	Adriana Botha (Manager of a subsidiary)
	Loan debtor	Adriana Botha
	Date on which loan was made	1 October 2012
	Loan amount	R150 000
	Interest rate	Floating rate plus margin
	Repayment terms	Repayment is linked to employment with RFG, and bonuses or incentives paid by RFG.
	Interest or capital in arrears	The loan agreement provides for a mechanism in terms of which there will be no arrear amounts and all outstanding amounts will be included in the total loan amount.
	Period of the loan	Until the capital loan amount together with any unpaid interest is settled in full.
	Nature of security	The loan is secured in terms of a cession and pledge by the manager to Rhodes Food of all the rights to and interests in the units allocated to the manager in terms of the Management Trust.
	Current fair value of security and the basis on which the security is valued	Fair value of units ceded and pledged
	Reasons for no security being held for the loan	N/A

No. Loan details

8.	Manager	Elrina Liebenberg (Manager of a subsidiary)
	Loan debtor	Elrina Liebenberg
	Date on which loan was made	1 October 2012
	Loan amount	R75 000
	Interest rate	Floating rate plus margin
	Repayment terms	Repayment is linked to employment with RFG, and bonuses or incentives paid by RFG.
	Interest or capital in arrears	The loan agreement provides for a mechanism in terms of which there will be no arrear amounts and all outstanding amounts will be included in the total loan amount.
	Period of the loan	Until the capital loan amount together with any unpaid interest is settled in full.
	Nature of security	The loan is secured in terms of a cession and pledge by the manager to Rhodes Food of all the rights to and interests in the units allocated to the manager in terms of the Management Trust.
	Current fair value of security and the basis on which the security is valued	Fair value of units ceded and pledged
	Reasons for no security being held for the loan	N/A
9.	Manager	Dominique Nelissen (Manager of a subsidiary)
	Loan debtor	Dominique Nelissen
	Date on which loan was made	1 October 2012
	Loan amount	R150 000
	Interest rate	Floating rate plus margin
	Repayment terms	Repayment is linked to employment with RFG, and bonuses or incentives paid by RFG.
	Interest or capital in arrears	The loan agreement provides for a mechanism in terms of which there will be no arrear amounts and all outstanding amounts will be included in the total loan amount.
	Period of the loan	Until the capital loan amount together with any unpaid interest is settled in full.
	Nature of security	The loan is secured in terms of a cession and pledge by the manager to Rhodes Food of all the rights to and interests in the units allocated to the manager in terms of the Management Trust.
	Current fair value of security and the basis on which the security is valued	Fair value of units ceded and pledged
	Reasons for no security being held for the loan	N/A

No. Loan details

10. Manager	Ilse Spies (Manager of a subsidiary)
Loan debtor	Ilse Spies
Date on which loan was made	1 October 2012
Loan amount	R225 000
Interest rate	Floating rate plus margin
Repayment terms	Repayment is linked to employment with RFG, and bonuses or incentives paid by RFG.
Interest or capital in arrears	The loan agreement provides for a mechanism in terms of which there will be no arrear amounts and all outstanding amounts will be included in the total loan amount.
Period of the loan	Until the capital loan amount together with any unpaid interest is settled in full.
Nature of security	The loan is secured in terms of a cession and pledge by the manager to Rhodes Food of all the rights to and interests in the units allocated to the manager in terms of the Management Trust.
Current fair value of security and the basis on which the security is valued	Fair value of units ceded and pledged
Reasons for no security being held for the loan	N/A

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11. Manager	Pieter Brink Bosman (Manager of a subsidiary)
Loan debtor	Pieter Brink Bosman
Date on which loan was made	1 October 2012
Loan amount	R150 000
Interest rate	Floating rate plus margin
Repayment terms	Repayment is linked to employment with RFG, and bonuses or incentives paid by RFG.
Interest or capital in arrears	The loan agreement provides for a mechanism in terms of which there will be no arrear amounts and all outstanding amounts will be included in the total loan amount.
Period of the loan	Until the capital loan amount together with any unpaid interest is settled in full.
Nature of security	The loan is secured in terms of a cession and pledge by the manager to Rhodes Food of all the rights to and interests in the units allocated to the manager in terms of the Management Trust.
Current fair value of security and the basis on which the security is valued	Fair value of units ceded and pledged
Reasons for no security being held for the loan	N/A

No. Loan details

12. Manager	Cornel Koopman (Manager of a subsidiary)
Loan debtor	Cornel Koopman
Date on which loan was made	13 December 2012
Loan amount	R150 000
Interest rate	Floating rate plus margin
Repayment terms	Repayment is linked to employment with RFG, and bonuses or incentives paid by RFG.
Interest or capital in arrears	The loan agreement provides for a mechanism in terms of which there will be no arrear amounts and all outstanding amounts will be included in the total loan amount.
Period of the loan	Until the capital loan amount together with any unpaid interest is settled in full.
Nature of security	The loan is secured in terms of a cession and pledge by the manager to Rhodes Food of all the rights to and interests in the units allocated to the manager in terms of the Management Trust.
Current fair value of security and the basis on which the security is valued	Fair value of units ceded and pledged
13. Reasons for no security being held for the loan	N/A
Loan debtor	Anna Claasen
Date on which loan was made	1 October 2012
Loan amount	R150 000
Interest rate	Floating rate plus margin
Repayment terms	Repayment is linked to employment with RFG, and bonuses or incentives paid by RFG.
Interest or capital in arrears	The loan agreement provides for a mechanism in terms of which there will be no arrear amounts and all outstanding amounts will be included in the total loan amount.
Period of the loan	Until the capital loan amount together with any unpaid interest is settled in full.
Nature of security	The loan is secured in terms of a cession and pledge by the manager to Rhodes Food of all the rights to and interests in the units allocated to the manager in terms of the Management Trust.
Current fair value of security and the basis on which the security is valued	Fair value of units ceded and pledged
Reasons for no security being held for the loan	N/A

No. Loan details

14.	Manager	Deane Hill (Manager of a subsidiary)
	Loan debtor	Deane Hill
	Date on which loan was made	1 October 2012
	Loan amount	R75 000
	Interest rate	Floating rate plus margin
	Repayment terms	Repayment is linked to employment with RFG, and bonuses or incentives paid by RFG.
	Interest or capital in arrears	The loan agreement provides for a mechanism in terms of which there will be no arrear amounts and all outstanding amounts will be included in the total loan amount.
	Period of the loan	Until the capital loan amount together with any unpaid interest is settled in full.
	Nature of security	The loan is secured in terms of a cession and pledge by the manager to Rhodes Food of all the rights to and interests in the units allocated to the manager in terms of the Management Trust.
	Current fair value of security and the basis on which the security is valued	Fair value of units ceded and pledged
	Reasons for no security being held for the loan	N/A
15.	Manager	Genesi Langwenya (Manger of a subsidiary)
	Loan debtor	Genesi Langwenya
	Date on which loan was made	1 October 2012
	Loan amount	R150 000
	Interest rate	Floating rate plus margin
	Repayment terms	Repayment is linked to employment with RFG, and bonuses or incentives paid by RFG.
	Interest or capital in arrears	The loan agreement provides for a mechanism in terms of which there will be no arrear amounts and all outstanding amounts will be included in the total loan amount.
	Period of the loan	Until the capital loan amount together with any unpaid interest is settled in full.
	Nature of security	The loan is secured in terms of a cession and pledge by the manager to Rhodes Food of all the rights to and interests in the units allocated to the manager in terms of the Management Trust.
	Current fair value of security and the basis on which the security is valued	Fair value of units ceded and pledged
	Reasons for no security being held for the loan	N/A

No. Loan details

16.	Manager	Johan Bosman (Manager of a subsidiary)
	Loan debtor	Johan Bosman
	Date on which loan was made	28 January 2013 and 28 March 2013
	Loan amount	R150 000
	Interest rate	Floating rate plus margin
	Repayment terms	Repayment is linked to employment with RFG, and bonuses or incentives paid by RFG.
	Interest or capital in arrears	The loan agreement provides for a mechanism in terms of which there will be no arrear amounts and all outstanding amounts will be included in the total loan amount.
	Period of the loan	Until the capital loan amount together with any unpaid interest is settled in full.
	Nature of security	The loan is secured in terms of a cession and pledge by the manager to Rhodes Food of all the rights to and interests in the units allocated to the manager in terms of the Management Trust.
	Current fair value of security and the basis on which the security is valued	Fair value of units ceded and pledged
	Reasons for no security being held for the loan	N/A
17.	Manager	Johan Potgieter (Manager of a subsidiary)
	Loan debtor	Johan Potgieter
	Date on which loan was made	1 October 2012
	Loan amount	R75 000
	Interest rate	Floating rate plus margin
	Repayment terms	Repayment is linked to employment with RFG, and bonuses or incentives paid by RFG.
	Interest or capital in arrears	The loan agreement provides for a mechanism in terms of which there will be no arrear amounts and all outstanding amounts will be included in the total loan amount.
	Period of the loan	Until the capital loan amount together with any unpaid interest is settled in full.
	Nature of security	The loan is secured in terms of a cession and pledge by the manager to Rhodes Food of all the rights to and interests in the units allocated to the manager in terms of the Management Trust.
	Current fair value of security and the basis on which the security is valued	Fair value of units ceded and pledged
	Reasons for no security being held for the loan	N/A

No. Loan details

18. Manager	Anneli Moolman (Manager of a subsidiary)
Loan debtor	Anneli Moolman
Date on which loan was made	1 October 2012
Loan amount	R225 000
Interest rate	Floating rate plus margin
Repayment terms	Repayment is linked to employment with RFG, and bonuses or incentives paid by RFG.
Interest or capital in arrears	The loan agreement provides for a mechanism in terms of which there will be no arrear amounts and all outstanding amounts will be included in the total loan amount.
Period of the loan	Until the capital loan amount together with any unpaid interest is settled in full.
Nature of security	The loan is secured in terms of a cession and pledge by the manager to Rhodes Food of all the rights to and interests in the units allocated to the manager in terms of the Management Trust.
Current fair value of security and the basis on which the security is valued	Fair value of units ceded and pledged
Reasons for no security being held for the loan	N/A
19. Manager	Anthony Burns (Manager of a subsidiary)
Loan debtor	Anthony Burns
Date on which loan was made	10 December 2013
Loan amount	R75 000
Interest rate	Floating rate plus margin
Repayment terms	Repayment is linked to employment with RFG, and bonuses or incentives paid by RFG.
Interest or capital in arrears	The loan agreement provides for a mechanism in terms of which there will be no arrear amounts and all outstanding amounts will be included in the total loan amount.
Period of the loan	Until the capital loan amount together with any unpaid interest is settled in full.
Nature of security	The loan is secured in terms of a cession and pledge by the manager to Rhodes Food of all the rights to and interests in the units allocated to the manager in terms of the Management Trust.
Current fair value of security and the basis on which the security is valued	Fair value of units ceded and pledged
Reasons for no security being held for the loan	N/A

MATERIAL ACQUISITIONS AND DISPOSALS

This section outlines material acquisitions and disposals of RFG and its Subsidiaries.

1. GROUP RESTRUCTURING

The Group Restructuring involved an internal reorganisation and debt restructuring in terms of section 45 of the Income Tax Act which was implemented on or about 1 October 2012 as part of a series of inter-related transactions in terms of which, amongst other things (i) all of the shares and claims in Old RFG were acquired by RFG; and (ii) the business conducted by Old Rhodes Food was acquired by Rhodes Food as a going concern. The salient details of these transactions are set out below:

All relevant particulars regarding director's interest in transactions that were affected by the Company are detailed below.

1.1 Sale of shares and claims in Old RFG to RFG

A share purchase agreement was entered into between (amongst others) the Ivor Ferreira Trust (Master's reference number IT2933/1987), of which Ivor Ferreira is the beneficiary ("**Vendor Trust**"), the BH Trust, Old Rhodes Food, Old RFG, RFG, Rhodes Food and the SA Fund on or about 25 June 2012 (the "**GR SPA**"), the salient details of which are set out below:

1.2 Sale and purchase of the GR Sale Shares and GR Sale Claims

The Vendor Trust and the BH Trust disposed of their respective 90% and 10% shareholdings in Old RFG, together representing the entire issued share capital of Old RFG (collectively the "**GR Sale Shares**"), and all of their claims against Old RFG (collectively the "**GR Sale Claims**"), to RFG (then a newly formed company), effective 1 October 2012 (the "**GR Effective Date**"), for an aggregate purchase price for the GR Sale Shares and the GR Sale Claims (collectively the "**GR Purchase Price**") in an amount calculated in accordance with the following formula:

P = R559 496 466 – A, where:

P = the GR Purchase Price; and

A = 50% of the insurance costs in respect of a written non-recourse warranty and indemnity policy taken out by RFG and Rhodes Food in terms of which Ironshore Inc. indemnified RFG and its subsidiaries against any loss suffered by any of them as a result of any warranty claim they may have pursuant to the warranties provided by the Vendor Trust and BH Trust, as sellers of the GR Sale Shares and GR Sale Claims, in Old Rhodes Food, subject to a maximum amount of R1 500 000.

The GR purchase Price was left outstanding on an interest free loan account created in the names of the Vendor Trust and BH Trust in the books of accounts of RFG on the GR Effective Date, and was subsequently discharged on the GR Effective Date.

1.3 Sale of the business conducted by Old Rhodes Food to Rhodes Food as a going concern

A sale of business agreement was entered into between Old Rhodes Food and Rhodes Food on or about 1 October 2012 (the "**GR SOB Agreement**") in terms of which the business conducted by Old Rhodes Food, the former operating company for RFG (the "**GR Business**"), was acquired by Rhodes Food as a going concern in terms of section 45 of the Income Tax Act, the salient details of which are set out below:

1.4 **Effective date of the acquisition of the GR Business**

The acquisition of the GR Business became effective on the GR Effective Date immediately after the transfer of the GR Sale Shares and GR Sale Claims became effective on the GR Effective Date.

1.5 **Discharge of the GR SOB Purchase Price for the GR Business**

The purchase price paid by Rhodes Food to Old Rhodes Food for the GR Business was an aggregate amount of R1 079 402 940 (including an amount of R122 139 197 in respect of goodwill).

As Old Rhodes Food and Rhodes Food were deemed to be one and the same person in terms of section 8(25) of the Value-added Tax Act No. 89 of 1991, the GR SOB Purchase Price was zero rated and VAT was levied at 0% on the GR SOB Purchase Price in respect of the sale of the GR Business.

The GR SOB Purchase Price was discharged as follows in accordance with the terms of the GR SOB Agreement:

- first, Rhodes Food assumed the GR Sale Liabilities with a face value equivalent to the market value of R35 300 000 in respect of the acquisition of the shares in Tradecor SA (Proprietary) Limited and Swazican (as detailed in this Annexure 14);
- then, Rhodes Food assumed further GR Sale Liabilities with a face value of R236 005 605, equivalent to the aggregate face value of the debtors and cash of the GR Business to discharge such portion of the GR SOB Purchase Price. The face value of the GR Sale Liabilities referred to above in this Annexure 14 was insufficient to discharge the portion of the GR SOB Purchase Price allocated to cash and debtors of the GR Business in full and a portion of the GR Purchase Price equal to such shortfall was left outstanding on interest-free loan account repayable within 30 business days from the GR Effective Date, such loan constituting the “**GR Business Sale Claim 1**”); and
- finally, the remaining balance of the GR SOB Purchase Price was left outstanding on interest-free loan account repayable within 30 business days from the GR Effective Date, such loan constituting the “**GR Business Sale Claim 2**”.

Rhodes Food utilised its cash on hand, cash drawn down from the bank account facility acquired from Old Rhodes Food and banking facilities provided by Nedbank (as more full set out below in paragraph 1.6 of this Annexure 14) to settle the GR Business Sale Claims 1 and 2.

1.6 **Funding of the acquisition of the GR Purchase Price and GR SOB Purchase Price**

The GR Purchase Price (as contemplated in the GR SPA) and GR SOB Purchase Price (as contemplated GR SOB Agreement) were funded by, amongst other things, banking facilities provided by Nedbank to Rhodes Food in the aggregate amount of R215 000 000 (the “**GR Banking Facilities**”).

1.7 **Further salient terms of the Group Restructuring**

In terms of the GR SPA, each of the Vendor Trust and the BH Trust jointly in their respective shareholding proportions:

- gave RFG and Rhodes Food normal warranties for transactions of this nature, including, among other things, the following matters: registration, solvency and capacity, capital structure, financial position, assets and liabilities of RFG, contracts, related party agreements, restraint of trade and anti-competitive conduct, intellectual property rights, laws, regulations, consents, licences and premises, insurance, labour laws and disputes, employment, leave, remuneration and pension, litigation, books of account and minutes, tax, environmental health and safety and general disclosure; and
- indemnified and held RFG and Rhodes Food harmless against any loss, damages, claims, actions, liabilities, costs or expenses of any nature which are suffered or sustained by RFG and/or Rhodes Food pursuant to a breach of any of such warranties given to RFG and/or Rhodes Food under the GR SPA.

The GR Business was sold by Old Rhodes Food on a *voetstoots* basis to Rhodes Food and no warranties were provided in this regard from Old Rhodes Food to Rhodes Food. This was due to the sale being an intra-group transaction and that comprehensive warranties were provided for in the GR SPA in respect of, amongst other things, the assets of the GR Business.

In respect of accrued taxation liabilities relating to the sale of the:

- GR Sale Shares and GR Sale Claims, the Vendor Trust and BH Trust warranted to RFG and Rhodes Food in terms of the GR SPA that any such accrued taxation liabilities in respect of Old RFG would be paid prior to the signature date of the GR SPA (25 June 2012) or, in respect of any such liability arising after such signature date, adequate provision or reserves for the payment of that tax will have been made; and
- GR Business, such liabilities were transferred to Rhodes Food in terms of the GR SOB Agreement.

Amongst other security provided to Nedbank in respect of the provision of the GR Banking Facilities to Rhodes Food, a guarantee and pledge in favour of Nedbank was provided by (i) all of RFG's then current shareholders of all of the shares in and claims they held against RFG and Rhodes Food; and (ii) RFG of all of its shares in and claims held against Rhodes Food.

In respect of the acquisition by (i) RFG of the GR Sale Shares in terms of the GR SPA; and (ii) Rhodes Food of the shares in Tradecor SA (Proprietary) Limited and Swazican in terms of the GR SOB Agreement, please see above a reconciliation reflecting the difference between the amounts paid for such shares and the proportionate value of the net assets of the applicable company attributable to such shares acquired.

In terms of the GR SPA, each of the Vendor Trust, Ivor Ferreira and Michael Ferreira undertook, in favour of RFG and the then current shareholders of RFG, that until 1 October 2015, they shall not, whether directly or indirectly:

- make or acquire any direct or indirect investment in any entity which is a direct competitor of the businesses conducted by RFG as at the GR Effective Date, including an entity over whose investment decisions it exercises positive or negative control;
- entice any employee of RFG, or any former employee of any of the businesses of RFG at any time during the 36 months prior to the GR Effective Date, to terminate his employment with RFG; and/or
- disclose to any person any of the know-how, trade secrets or other confidential information relating to the businesses of RFG.

Bruce Henderson, Christiaan Schoombie, Garth Willis, Chad Smart, Gerhardus Kotzé, Constantine Costaras and Richard Phillips had indirect beneficial interests in the Group Restructuring by virtue of their interests in RFG as detailed above in paragraph 44.5. Job Mpele had a direct beneficial interest in the Group Restructuring by virtue of his interest in RFG as detailed above in paragraph 44.5.

1.8 Details of the vendors in respect of the Group Restructuring

The following table sets out further salient details in respect of (i) the Vendor Trust and BH Trust, as vendors of the GR Sale Shares and GR Sale Claims; and (ii) Old Rhodes Food, as vendor of the GR Business.

1. Full name	Ivor Ferreira Trust
2. Master's reference number	IT2933/1987
3. Address	Suite 201, Ferfam House, 9 Stanley Grace Crescent, Umhlanga Rocks, 4319.
1. Full name	Bruce Henderson Trust
2. Master's reference number	IT421/02
3. Address	Pniel Road, Groot Drakenstein, 7680.
1. Full name	Rhodes Food Group (Proprietary) Limited (Old Rhodes Food)
2. Registration number	1999/020998/07
3. Address	Pniel Road, Groot Drakenstein, 7680.

2. Bull Brand Acquisition

Rhodes Food acquired the Bull Brand business (the "**BB Business**") as a going concern from KAP in terms of a sale of business agreement entered into between KAP (as the seller) and Rhodes Food (as the purchaser) on 30 May 2013 (the "**BB Agreement**"). The salient terms of the Bull Brand Acquisition, as provided for in the BB Agreement, are as follows:

2.1 Effective date of the acquisition of the BB Business

The effective date of the acquisition of the BB Business was August 2013 (the "**BB Effective Date**"), save that the immovable property situate at 3 Condale Road, Krugersdorp, 1739, comprising of Portion 149 of the Farm Luipaardsvlei 246 measuring 2.8444 hectares and Portion 158 of the Farm Luipaardsvlei 246 measuring 5.7825 hectares (including all buildings and improvements thereon) (the "**BB Property**"), was transferred to Rhodes Food on 22 July 2014.

2.2 **Purchase price for the BB Business and the discharge thereof**

The purchase price paid by Rhodes Food to KAP for the BB Business was an aggregate amount of R128 097 507, (including an amount of R4 185 442 in respect of goodwill and a deduction of R4 185 442 in respect of a deferred taxation liability) the (“**BB Purchase Price**”).

As the acquisition was for a going concern, the sale of the BB Business in terms of the BB Agreement was zero rated and VAT on the BB Purchase Price was levied at 0%.

The discharge of the BB Purchase Price, by way of electronic funds transfer from Rhodes Food to KAP (excluding the portion of the purchase price attributable to the BB Property) was made on the BB Effective Date. The purchase price for the BB Property (amounting to R13 945 000) was paid on the date that the BB Property was registered in the name of Rhodes Food. i.e. 22 July 2014.

2.3 **Financing of the Bull Brand Acquisition**

The Bull Brand Acquisition was financed by Rhodes Food using banking facilities of RFG.

2.4 **Further salient terms of the Bull Brand Acquisition**

Normal warranties for transactions of this nature were provided by KAP to the Company including, amongst other things warranties regarding ownership of the assets, unencumbered title, interests and unencumbered access to assets, as well as collectability of debtors.

In particular, the BB Agreement incorporates a guarantee by KAP in respect of the payment of the face value of the book debts/accounts receivable of the BB Business, less the provision for bad debts, in the form of a warranty as to payment by the applicable debtors, failing which, KAP undertook to make payment of any shortfall;

Certain liabilities, including any tax liability of any nature whatsoever arising prior to the BB Effective Date, were excluded from the sale of the BB Business and were not delegated and assumed by the Company. To the extent that any such liability arises, KAP is obliged to discharge such liability and indemnifies Rhodes Food accordingly in this regard.

All of the BB Sale Assets have been successfully transferred into the name of Rhodes Food.

There are no restrictions precluding KAP from carrying on business in competition with Rhodes Food, including any restraint of trade, or any of its Subsidiaries or which impose any other restriction on KAP nor are there any cash or other payments regarding restraints of trade.

Bruce Henderson, Christiaan Schoombie, Garth Willis, Chad Smart, Gerhardus Kotzé, Constantine Costaras and Richard Phillips had indirect beneficial interests in the acquisition of the BB Business in terms of the BB Agreement by virtue of their interests in RFG as detailed above in paragraph 43.5. Job Mpele had a direct beneficial interest in the acquisition of the BB Business in terms of the BB Agreement by virtue of his interest in RFG as detailed above in paragraph 44.5.

2.5 **Details of KAP, as vendor**

The following table sets out further salient details in respect of KAP, as vendor of the BB Business:

- | | |
|------------------------|--|
| 1. Full name | KAP Manufacturing (Proprietary) Limited |
| 2. Registration number | 1957/001891/07 |
| 3. Address | Block D, de Wagenweg Office Park, Stellantia Road, Stellenbosch, 7599. |

There have been no disposals of material property in the past 3 years.

OTHER DIRECTORSHIPS

This section sets out the details of the companies and partnerships of which the Directors of RFG and the directors of its major Subsidiaries (Rhodes Food and Swazican) have been directors or partners at any time in the previous five years preceding the Last Practicable Date:

Full name: **Yvonne Muthien**
Nationality: South African
Identity number: 5609250157081
Address: Pniel Road, Groot Drankenstein
Postal address: PO Box 1, Sanlamhof, Bellville, Western Cape, 7532
Business address: Pniel Road, Groot Drankenstein
South African resident: Yes

Name of company	Designation
Terracotta Mining And Resources Proprietary Limited	Director
Rhodes Food Group Holdings Limited	Director
Kwelokhozi Wilderness	Director

Yvonne was formerly a director at the following companies: Aurecon South Africa Proprietary Limited, Aurecon Engineering International Proprietary Limited, The Petroleum Oil And Gas Corporation Of South Africa, Sanlam Limited, Sanlam Life Insurance Limited, Sanlam Investment Management Proprietary Limited, Santam Limited, Sanlam Investment Holdings Proprietary Limited, Sentech, South African Broadcasting Corporation, Tsarona Investments Proprietary Limited, Tsarona Consulting Proprietary Limited and Transnet.

Full name: **Mark Richard Bower**
Nationality: South African
Identity number: 5503195093081
Address: Pniel Road, Groot Drankenstein
Postal address: PO Box 1576, Cramerview, Johannesburg, 2060
Business address: Pniel Road, Groot Drankenstein
South African resident: Yes

Name of company	Designation
Rhodes Food Group Holdings Limited	Director

Mark was formerly a director Edcon Holdings Limited and all its subsidiary companies

Full name: **Thabo Patrick Leeuw**
Nationality: South African
Identity number: 6302259720860
Address: 28 Fricker Road, Illovo, 2196
Postal address: PO Box 3627, Cramerview, 2060
Business address: Thesele Group, 28 Fricker Road, Illovo, Johannesburg
South African resident: Yes

Name of company	Designation
Business Venture Investments No 991 Proprietary Limited	Director
Hulamin Limited	Director
ICAS Employee And Organisation Enhancement Services Southern Africa Proprietary Limited	Director
Prudential Portfolio Managers (South Africa) Proprietary Limited	Director
Rhodes Food Group Holdings Limited	Director

Thesele Asset Management Proprietary Limited	Director
Thesele Asset Management No 2 (RF) Proprietary Limited	Director
Thesele Capital Proprietary Limited	Director
Thesele Group Proprietary Limited	Director
Thesele Industrial Investments Proprietary Limited	Director
Thesele Properties (RF) Proprietary Limited	Director
Vodacom Insurance Company (RF) Limited	Director
Vodacom Life Assurance Company (RF) Limited	Director
Business Venture Investments No 3002 (RF) Proprietary Limited	Director

Thabo was formerly a director at Sentech SOC Limited

Full name:	Lehlohonolo Andrew Makenete
Nationality:	South African
Identity number:	6701046176084
Address:	83 Bayhill Avenue, Eagle Canyon, 3 Blueberry Road Honeydew, Gauteng
Postal address:	PO Box 4145, Honeydew, 2040
Business address:	83 Bayhill Avenue, Eagle Canyon, 3 Blueberry Road Honeydew, Gauteng
South African resident:	Yes

Name of company	Designation
Tsimpilo Trading 122 Proprietary Limited	Director
MPU Biodiesel Proprietary Limited	Director
Afri Inspec Agricultural Services Proprietary Limited	Director
Mystic Blue Trading 118 Proprietary Limited	Director
Galah Trading CC	Member
Landpro Broking Consortium Proprietary Limited	Director
8 Makau Drive Jhb CC	Member
Agrifuture Investment Holdings Proprietary Limited	Incorporator
Agrifuture Investment Holdings Proprietary Limited	Director
Boitlamo Capital Proprietary Limited	Director
Boitlamo Investments Proprietary Limited	Director
Cradle Supply Chain Proprietary Limited	Director
Ensox Proprietary Limited	Director
Ensox Proprietary Limited	Incorporator
Kirinox (NPC)	Director
Lizobuya Farming Enterprises Proprietary Limited	Director
Mafatshe Investments Proprietary Limited	Director
Mafari Finance Randfontein Proprietary Limited	Director
Manama Hole Investments CC	Member
Manama-Hole Holdings Proprietary Limited	Incorporator
Manama-Hole Holdings Proprietary Limited	Director
Mara Trading Business Enterprise Proprietary Limited	Director
Midnight Moon Trading 141 Proprietary Limited	Director
Phatsima Afrika Ventures Proprietary Limited	Director

Rhodes Food Group Holdings Limited	Director
Setlamo Se Secha Capital Proprietary Limited	Director
Setlamo Se Secha Capital Proprietary Limited	Incorporator
Thebe Ke Nete Management and Consulting CC	Member
Tourdev Consulting Proprietary Limited	Director
Tse Tala Temo Proprietary Limited	Director
Umgomo Technologies Proprietary Limited	Director
Southern African Bio-Fuels Association (NPC)	Director

Andrew was formerly a director at the following companies: ECI Business Linkages Centre (NPC), Nerpo Financial Services Proprietary Limited Decillion Agri Services Proprietary Limited , Agri Sizwe Proprietary Limited, Access Feedlots Proprietary Limited, Access Renewable Energy Proprietary Limited, African Access Agricultural Holdings Proprietary Limited, Aquaharvest Limited Proprietary Limited, Baasa Holdings Limited Proprietary Limited, Boitlamo Capital Proprietary Limited, Business Venture Investments No 94 Proprietary Limited, Farmpro Farm Management Proprietary Limited, Letlotlo Business Services CC, Palesa Tse Mabala-Bala Proprietary Limited, Rhodes Food Group Holdings Proprietary Limited (Old RFG) and Sandbox Software Engineering Proprietary Limited.

Full name:	Bruce Alan Scott Henderson
Nationality:	South African
Identity number:	640301 5252 083
Address:	3 Stella Road, Somerset West, Western Cape, 7130 Private Bag X3040, Groot Drakenstein, Groot Drakenstein Western Cape, 7620
Postal address:	Western Cape, 7620
Business address:	Pniel Road, Groot Drakenstein, 7680
South African resident:	Yes

Name of company	Designation
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Rhodes Food Group Holdings Limited	Director
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Full name:	Christiaan (Tiaan) Cornelius Schoombie
Nationality:	South African
Identity number:	620307 5039 085
Address:	3 De Poort, Schanpenberg Estate, Somerset West Western Cape, 7130
Postal address:	Private Bag X3040, Paarl, Paarl, Western Cape, 7620
Business address:	Pniel Road, Groot Drakenstein, 7680
South African resident:	Yes

Name of company	Designation
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Rhodes Food Group Holdings Limited	Director
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Tiaan was formerly a member of the following closed corporation Group 4 Hardware C. Tiaan was formerly the company secretary of the following company: Rhodes Food Group Proprietary Limited (Old Rhodes Food).

Full name:	Chad Leonard Smart
Nationality:	South African
Identity number:	7210255080085
Address:	25 Farringdon Street, London, EC4A 4AB, United Kingdom
Postal address:	25 Farringdon Street, London, EC4A 4AB, United Kingdom
Business address:	25 Farringdon Street, London, EC4A 4AB, United Kingdom
South African resident:	No

Name of company	Designation
Capitalworks Equity Partners Proprietary Limited	Director
Capitalworks Investment Management Proprietary Limited	Director
Capitalworks Investment Partners Proprietary Limited	Director
Capitalworks Real Estate Partners Proprietary Limited	Director
Capitalworks Restructuring Partners Proprietary Limited	Director
Lexshell 834 Investments Proprietary Limited (member of the Scientific Group group of companies)	Director
Much Asphalt Proprietary Limited	Director
Reclamation Holdings Proprietary Limited	Director
Rhodes Food Group Holdings Limited	Director
Rosond Holdings Proprietary Limited	Director
South African Enterprise Development Proprietary Limited	Director
Venturecapitalworks Proprietary Limited	Director

Chad was formerly a director at the following companies: Capita Holdings Limited, DGB Proprietary Limited, Duro Pressings Proprietary Limited, Pharon 121 CC and Pronto Holdings Proprietary Limited.

Full name:	Garth John Henry Willis
Nationality:	South African
Identity number:	7206255058089
Address:	24 Central Building, 3rd Floor, corner Gwen Lane and Fredman Drive, Sandton, South Africa
Postal address:	PO Box 653088, Benmore, Johannesburg, 2010
Business address:	24 Central Building, 3rd Floor, corner Gwen Lane and Fredman Drive, Sandton, 2196, South Africa
South African resident:	Yes

Name of company	Designation
Richtrau No 389 Proprietary Limited	Director
Rhodes Food Group Holdings Limited	Director
Capitalworks Equity Partners Proprietary Limited	Director
Capitalworks Private Equity SP GP Proprietary Limited	Director
Infrastructure Specialist Group Proprietary Limited	Director
Much Asphalt Proprietary Limited	Director
Rosond Holdings Proprietary Limited	Director
Unit 17 Tonquani CC	Director

Garth was formerly a director at the following companies: Hoekplaats Dolomite Proprietary Limited, Majestic Silver Trading 362 Proprietary Limited, Pronto Building Materials Proprietary Limited, Pronto Holdings Proprietary Limited, Rhodes Food Group Proprietary Limited, Richtrau No 393 Proprietary Limited, Rodio (South Africa) Proprietary Limited, Rosond Exploration Proprietary Limited and Ulula Ash Proprietary Limited.

Full name: **Gerhard Cornelis Kotzé**
 Nationality: South African
 Identity number: 6304165050089
 Address: 81 Lovell Avenue, Stellenbosch, Western Cape, 7680
 Postal address: Private Bag X3040, Paarl, Paarl, Western Cape, 7620
 Business address: Pniel Road, Groot Drakenstein, 7680
 South African resident: Yes

Name of company	Designation
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Rhodes Food Group Proprietary Limited	Director
Old Rhodes Food Group Proprietary Limited (Old Rhodes Food)	Director
Clockwork Trading 1061 CC	Member
Cottatrade 32 Proprietary Limited	Director
SA Fruit And Vegetable Canners' Export Council (NPC)	Director
South African Fruit And Vegetable Canners' Association (NPC)	Director
Wavelengths 1224 CC	Member
Swaziland Fruit Canners Proprietary Limited (Swazican)	Director

Gerhard was formerly a director at Mabalingwe Country Club 79 Proprietary Limited and Nikado 140 Proprietary Limited.

Full name: **Constantine Costaras**
 Nationality: South Africa
 Identity number: 6508285170086
 Address: Little Acorn, R45 – Franschoek Road, Simondium Western Cape, 7670
 Postal address: Private Bag X3040, Paarl, Paarl, Western Cape, 7620
 Business address: Pniel Road, Groot Drakenstein, 7680
 South African resident: Yes

Name of company	Designation
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Afriexchange CC	Member
Magpie Foods Proprietary Limited	Director
Rhodes Food Group Proprietary Limited (Old Rhodes Food)	Director
Rhodes Food Group Proprietary Limited	Director

Full name: **Job Bonginkosi Mpele**
 Nationality: South African
 Identity number: 6908105843088
 Address: 17 Roella Crescent, Welgedacht Estate, Bellville, Western Cape, 7530
 Postal address: Private Bag X3040, Paarl, Paarl, Western Cape, 7620
 Business address: Pniel Road, Groot Drakenstein, 7680
 South African resident: Yes

Name of company	Designation
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Rhodes Food Group Proprietary Limited	Director
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Full name: **Delsey J Ndlangamandla**
 Nationality: Swaziland
 Identity number: 19561229100045
 Address: PO Box 654, Nhlangano, Swaziland
 Postal address: PO Box 654, Nhlangano, Swaziland
 Business address: Houses of Parliament, PO Box 37, Lobamba, Swaziland
 South African resident: No

Name of company	Designation
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Swaziland Fruit Cannery Proprietary Limited (Swazican)	Director
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Full name: **Nicholas Peaty**
 Nationality: English
 Passport number: 651179848
 Address: 15 Overton Shaw, East Grinstead, West Sussex, RH19 2HN
 Business address: Peaty Mills PLC, Bridge House, Endeavour Park, Addington West Malling, Kent, ME19 5SH
 South African resident: No

Name of company	Designation
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Peaty Mills plc.	Director
SUMS Films and Media Ltd.	Director
Swaziland Fruit Cannery Proprietary Limited (Swazican)	Director

Full name: **Richard Phillips**
 Nationality: South African
 Identity number: 6901205227088
 Address: La Petit Provence, 14 Merlot Drive, Franschhoek Western Cape, 7690
 Postal address: Private Bag X3040, Paarl, Paarl, Western Cape, 7620
 Business address: Pniel Road, Groot Drakenstein, 7680
 South African resident: Yes

Name of company	Designation
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Rhodes Food Group Proprietary Limited	Director
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ISSUE OF SHARES

This section sets out the details of all allotments, issues and offers of shares by RFG and its Subsidiaries that have taken place in the three years preceding the Last Practicable Date.

Number of securities allotted in pursuance of any issues or offers	Price and terms of issue or offer	By whom offers were made	Issued proportionately to all securities holders? If not, explain the basis of the issue and allotment	Date of issue or offer	Value of the asset acquired or to be proceeds of the issue or offer	Details of any premium/discount on the issue/offer and details of any differentials between premiums/discounts	Details of share repurchases
RFG							
1 Ordinary Share	No consideration	RFG	As part of the Group Restructuring, 1 Ordinary Share was issued and allotted to the SA Fund.	21 May 2012	N/A	N/A	N/A
94 999 Ordinary Shares	R142 500 000	RFG	As part of the Group Restructuring, Ordinary Shares were issued and allotted in the following manner: 67 499 Ordinary Shares were issued to Capitalworks as follows: 1. the SA Fund – 42 943 Ordinary Shares; 2. SAIP I – 6 406 Ordinary Shares; 3. SAIP II – 18 150 Ordinary Shares.	28 September 2012	R700 523 033	N/A	N/A

Number of securities allotted in pursuance of any issues or offers	Price and terms of issue or offer	By whom offers were made	Issued proportionately to all securities holders? If not, explain the basis of the issue and allotment	Date of issue or offer	Value of the asset acquired or to be acquired from the proceeds of the issue or offer	Details of any premium/discount on the issue/offer and details of any differentials between premiums/discounts	Details of share repurchases
5 500 Ordinary Shares were issued and allotted to the Management Trust.			12 000 Ordinary Shares were issued and allotted to the BH Trust. 10 000 Ordinary Shares were issued and allotted to the members of the executive management of RFG at the time:				
5 000 A Convertible Preference Shares	R7 500 000	RFG	<ol style="list-style-type: none"> the Jacian Trust (2 223 Ordinary Shares); the Costaras Family Trust (2 222 Ordinary Shares); the Lahanja Trust (2 222 Ordinary Shares); the RK Phillips Family Trust (2 000 Ordinary Shares); and Job Mpele (1 333 Ordinary Shares). 	28 September 2012	N/A	N/A	N/A
5 000 B Convertible Preference Shares	R500	RFG	As part of the Group Restructuring, 5 000 A Convertible Preference Shares were issued and allotted to Capitalworks.	28 September 2012	N/A	N/A	N/A

Number of securities allotted in pursuance of any issues or offers	Price and terms of issue or offer	By whom offers were made	Issued proportionately to all securities holders? If not, explain the basis of the issue and allotment	Date of issue or offer	Value of the asset acquired or to be proceeds of the issue or offer	Details of any premium/discount on the issue/offer and details of any differentials between premiums/discounts	Details of share repurchases
Rhodes Food							
1 ordinary no par value share	R100	Rhodes Food	As part of the Group Restructuring, 1 ordinary no par value share was issued and allotted to RFG.	1 October 2012	Used as a donation to form the Management Trust.	N/A	N/A
99 999 ordinary no par value shares	R132 000 000	Rhodes Food	As part of the Group Restructuring, 99 999 ordinary no par value shares were issued and allotted to RFG.	1 October 2012	Used to settle third party debt used to fund the Group Restructure, and to make a distribution to RFG.	N/A	N/A
10 000 A Preference Shares	R156 005 319	Rhodes Food	As part of the Group Restructuring, 10 000 A Preference Shares were issued and allotted to Capitalworks.	1 October 2012	Rhodes Food used the subscription proceeds to: 1. advance loan funding in the amount of R1 650 000 to certain members of management to subscribe for shares in RFG; 2. made its agreed upon unit financial contributions totalling R3 100 000 to the Management Trust;	N/A	N/A

Number of securities allotted in pursuance of any issues or offers	Price and terms of issue or offer	By whom offers were made	Issued proportionately to all securities holders? If not, explain the basis of the issue and allotment	Date of issue or offer	Value of the asset acquired or to be acquired from the proceeds of the issue or offer	Details of any premium/discount on the issue/offer and details of any differentials between premiums/discounts	Details of share repurchases
<p>3. advance as a loan R9 000 000 to certain executives to subscribe for shares in RFG; and</p> <p>4. advanced loan funding in the amount of R1 667 000 to certain executives as a bridge loan to subscribe for shares in RFG.</p>							
Rhodes Foods							
Swaziland							
50 nominal ordinary shares (valued at SZL1 each)	SZL50	Rhodes Food Swaziland	50 nominal ordinary shares (valued at SZL1 each) were issued and allotted to Swazican.	3 October 2012	N/A	N/A	N/A
900 nominal ordinary shares (valued at SZL 1	SZL900	Rhodes Food Swaziland	As part of the Group Restructure, 900 nominal ordinary shares (valued at SZL1 each) were issued and allotted to Rhodes Food.	26 September 2013	SZL25 000 000	N/A	N/A
Swazican							
2 481 597 nominal ordinary shares (valued at SZL 1 each)	SZL2 481 597	Swazican	2 481 597 nominal ordinary shares (valued at SZL1 each) were issued and allotted to Rhodes Food.	24 September 2013	SZL20 026 488	N/A	N/A

Notes:

1. Rhodes Food's "B" and "C" preference shares have not been issued.

SELLING SHAREHOLDERS

Name of Selling Shareholder	Number of Sale Shares sold in the Offer	Number of Overallotment shares ⁽⁷⁾
BH Trust ⁽¹⁾	5 400 000	
Jacian Trust ⁽²⁾	1 000 350	
Lahanja Trust ⁽³⁾	999 900	
Costaras Family Trust ⁽⁴⁾	999 900	
RK Phillips Family Trust ⁽⁵⁾	900 000	
Job Mpele Management Trust ⁽⁶⁾	599 850 2 475 000	
SA Fund	19 324 800	5 900 824
SAIP I	2 882 700	880 232
SAIP II	8 167 500	2 493 944
Total	42 750 000	9 275 000

Notes:

⁽¹⁾ Bruce Henderson is a beneficiary

⁽²⁾ Tiaan Schoombie is a beneficiary

⁽³⁾ Gerhardus Kotze is a beneficiary

⁽⁴⁾ Constantine Costaras is a beneficiary

⁽⁵⁾ Richard Phillips is a beneficiary

⁽⁶⁾ H Hamman, A Botha, E Liebenberg, D Nelissen, I Spies, B Bosman, C Koopman, A Claasen, D Hill, G Langwenya, J Bosman, J Potgieter, A Moolman, A Burns and the Company are the beneficiaries

⁽⁷⁾ Assuming an Offer Price at the mid-point of the Offer Price Range