Rhodes Food Group Holdings (the group) is committed to transparent, relevant and balanced reporting to shareholders. Our Integrated Report for the 2017 financial year aims to provide greater insight into how the group creates and sustains value for shareholders, while balancing its responsibilities towards other stakeholders.

While our report is aimed primarily at our shareholders and the broader investment community, we acknowledge that other stakeholder groups also influence our ability to create value, including our customers, employees, suppliers, financial institutions and industry regulators.

REPORTING COMPLIANCE
The group has applied the King Code of Corporate Principles 2009 (King III) and the mandatory principles of the King IV Report on Corporate Governance (King IV) in terms of the JSE Listings Requirements. The group will report in accordance with the remaining King IV principles for the 2018 financial year.

Our reporting process has been aligned with the guiding principles and content elements outlined in the Integrated Reporting Framework of the International Integrated Reporting Council.

REPORTING SCOPE AND BOUNDARY
The report covers material information relating to the strategy, material issues, risks, operational performance, financial results and governance for the 53-week period 26 September 2016 to 1 October 2017. Results are reported for the regional and international operating segments.

Summarised financial statements have been published in the Integrated Report, with the audited annual financial statements available on the website www.RFG.com.

The principle of materiality has been applied in determining the content and disclosure in the report. The directors have identified material issues which could affect the group’s ability to deliver its strategy and could have a material impact on the profitability of the group.

ASSURANCE
The content of the Integrated Report has been reviewed by the directors and management, and has not been externally assured. The annual financial statements have been assured by the group’s external auditor, Deloitte & Touche, who expressed an unqualified audit opinion. The non-financial and sustainability-related information disclosed in the report has been approved by the board’s social and ethics committee.

DIRECTORS’ APPROVAL
The directors have collectively reviewed the Integrated Report and confirm it addresses all material issues, the integrated performance and the outlook for the group. The audit and risk committee, which has oversight responsibility for integrated reporting, recommended the report for approval by the directors. The 2017 Integrated Report was unanimously approved by the board on 30 November 2017.

Dr Yvonne Muthien
Independent non-executive chairperson

Bruce Henderson
Chief executive officer
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GROUP PROFILE

REVIEW OF 2017

GROUP TURNOVER
UP 10.8%
TO R4.6 BILLION

REGIONAL TURNOVER
UP 21.4%

INTERNATIONAL TURNOVER
DOWN 18.1%

HEADLINE EARNINGS
19.1% LOWER
AT R237 MILLION

DILUTED HEPS*
27% DOWN
AT 93.4 CENTS

DIVIDEND OF
31.1 CPS

* Impacted by increase in weighted average number of shares
A LEADER IN CONVENIENCE MEAL SOLUTIONS

Rhodes Food Group (RFG) is an internationally recognised producer of fresh, frozen and long-life convenience meal solutions for customers and consumers throughout South Africa, sub-Saharan Africa and in major global markets.

Based in Groot Drakenstein in the Western Cape, South Africa, RFG has a well-capitalised production base comprising 15 manufacturing facilities across South Africa and Swaziland.

The product range includes fresh and frozen ready meals, pastry-based products, jams, canned fruits, canned and bottled salads and vegetables, canned meat, fruit purees and concentrates, juice and juice products, dairy products and dry packed foods. The group’s growing portfolio of market-leading brands is complemented by private label product ranges packed for major South African and international retailers.

A culture of continuous innovation across packaging, production processes and new product development ensures RFG sustains healthy organic growth and maintains long-term relationships with local and international customers.

More than a century after its founding the group listed on the JSE Limited in October 2014. In its first three years on the exchange RFG has concluded eight acquisitions to further strengthen its position as a leading, diversified food producer serving multiple markets across the world.

<table>
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<td><strong>Marketing position</strong></td>
<td><strong>Markets</strong></td>
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<td>Canned fruits and vegetables</td>
<td>Strong product portfolio</td>
<td>South Africa and 12 other sub-Saharan countries</td>
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<tr>
<td>Jams</td>
<td>Own brands including Rhodes, Bull Brand, Squish, Bisto, Hinds and Pakco</td>
<td>South Africa</td>
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<tr>
<td>Bottled salads</td>
<td>Private label ranges for all major domestic retailers</td>
<td>Major global markets</td>
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<td>Long life fruit juice</td>
<td></td>
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<td>Fruit purees</td>
<td></td>
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<td>Canned meat</td>
<td></td>
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<td>Dry packed foods</td>
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<tr>
<td>Fruit snacks in plastic cups</td>
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<td></td>
<td>Ready meals</td>
<td>Canned fruits</td>
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<td></td>
<td>Pies and pastry products</td>
<td>Fruit snacks in plastic cups</td>
</tr>
<tr>
<td></td>
<td>Bakery and snacking products</td>
<td>Long life fruit juices</td>
</tr>
<tr>
<td></td>
<td>Baby food</td>
<td>Industrial pulps and purees</td>
</tr>
<tr>
<td></td>
<td>Dairy products</td>
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</tr>
</tbody>
</table>

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<table>
<thead>
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<th>REGIONAL: FRESH FOODS</th>
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<td><strong>Marketing position and offering</strong></td>
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<tr>
<td>Strong product portfolio</td>
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<tr>
<td>Own brands including Rhodes, Bull Brand, Squish, Bisto, Hinds and Pakco</td>
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<tr>
<td>Private label ranges for all major domestic retailers</td>
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<td>Long-term partnership with Woolworths</td>
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<td>National pie supply agreement with Corner Bakery</td>
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<td>Extensive distribution of own brands Magpie and Ma Baker</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>INTERNATIONAL</th>
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</thead>
<tbody>
<tr>
<td><strong>Marketing position and offering</strong></td>
</tr>
<tr>
<td>Long-term supplier to global retail and premium branded customers</td>
</tr>
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GROUP PROFILE
CONTINUED

MARKET-LEADING BRANDS
The group’s brands occupy the number one or number two positions in most targeted product categories and have experienced strong market share growth in recent years.

The Rhodes brand is South Africa’s market leader in canned pineapple, canned tomatoes and tomato paste, supported by strong number two positions in canned fruit, jams, canned vegetables and fruit juice. Bull Brand is the iconic market leader in corned meat.

BRANDS ACQUIRED THROUGH RFG’S PURCHASE OF PAKCO IN 2017
PRODUCTS EXPORTED TO GLOBAL MARKETS*

- **Europe**: 27% of sales
- **Russia and Middle East**: 10% of sales
- **FAR EAST**: 28% of sales
- **Australasia**: 24% of sales
- **USA and Canada**: 11% of sales

**PRODUCTS SOLD IN AFRICA**
- Botswana
- Ghana
- Kenya
- Lesotho
- Malawi
- Mauritius
- Mozambique
- Namibia
- Swaziland
- Togo
- Zambia
- Zimbabwe

*Reflects percentage of international segment’s turnover generated in respective global markets. International accounts for 20% of group turnover.

**Sales in sub-Saharan Africa are included in the regional segment.”
RHODES FOOD GROUP IS FAVOURABLY POSITIONED FOR GROWTH IN ITS CORE MARKETS IN SOUTH AFRICA AND SUB-SAHARAN AFRICA THROUGH THE STRENGTH AND MARKET POSITION OF ITS DIVERSIFIED BRAND PORTFOLIO AND LONG-TERM CUSTOMER RELATIONSHIPS. THE FOLLOWING FACTORS MOTIVATE AN INVESTMENT CASE FOR THE GROUP WHICH SHOULD ENSURE SUSTAINABLE RETURNS TO SHAREHOLDERS.

1 ORGANIC AND ACQUISITIVE GROWTH SUPPORTED BY CAPITAL INVESTMENT

- 25.4% compound growth in revenue over past five years
- Acquisitions creating access to new product categories, markets and customers
- Integrated two largest acquisitions to date in 2017 financial year
- Over R1 billion invested in production capacity and efficiency in past five years
- Ability to access capital markets to fund growth

2 ATTRACTIVE CORE MARKETS WITH SUSTAINABLE GROWTH POTENTIAL

- Strong brands positioned for expansion and growth across South Africa and sub-Saharan Africa
- Long-term relationship with distributors in Africa
- International opportunity driven by strong global demand for South African canned fruits and fruit in cups

3 LONG-TERM RELATIONSHIPS WITH DOMESTIC AND INTERNATIONAL CUSTOMERS

- Relationships of more than two decades with major food retailers in South Africa, Europe, North America and Australia
- Long-term relationships supplying products to leading global brands

4 MARKET-LEADING BRANDS AND PACKAGING INNOVATION

- Commanding market share of core categories
- Own brands number one or strong number two in most targeted categories
- Brand portfolio expanded through acquisition
- Leadership in new packaging and product solutions

5 WORLD-CLASS PRODUCTION FACILITIES WITH CAPACITY FOR GROWTH

- Fifteen food production sites across South Africa and Swaziland
- Sites located close to end markets or sources of raw materials
- Spare capacity allows for increased production at limited cost
- Well-capitalised asset base a significant competitive advantage and barrier to entry

6 EXPERIENCED MANAGEMENT TEAM WITH PROVEN TRACK RECORD OF GROWTH

- Current management has led the business to its market leading position
- Eight-member executive team has an average 13 years company experience
- Proven ability to capitalise on market opportunities and optimise operating efficiency
- Management’s significant shareholding aligns their interests with those of shareholders
<table>
<thead>
<tr>
<th>Material issue</th>
<th>1 ECONOMIC AND TRADING ENVIRONMENT</th>
<th>2 ACQUISITIONS</th>
<th>3 FOREIGN EXCHANGE</th>
<th>4 WATER SUPPLY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Why material?</td>
<td>Deteriorating economic conditions and growing uncertainty are impacting consumer confidence and spending, which could adversely impact on revenue growth and profitability</td>
<td>Failure to integrate new businesses could limit financial benefits and synergies from acquisitions</td>
<td>RFG is exposed to the fluctuations of the Rand exchange rate against major currencies as 20% of revenue is generated from foreign sales</td>
<td>Water supplies from local authorities are constrained and the situation has been compounded by recent drought conditions, particularly in the Western Cape</td>
</tr>
</tbody>
</table>
| Risks          | • Current economic environment reducing disposable income of consumers  
• Raw material input costs are increasing | • Lack of internal capacity, systems and support services could result in the full benefits of integrations not being realised  
• Lack of access to capital could constrain acquisition opportunities | • Fluctuations in the currency could result in foreign exchange losses which impact adversely on margins and profitability of the international segment and ultimately the group | • Water supply not reliable and could impact production |
| Opportunities  | • Diversify customer base across all income segments  
– Exposure to higher income customers through Fresh Foods business  
– Exposure to lower income product categories can be a benefit when consumers trade down  
• Expand further into Africa  
• Tight control of costs  
• Improvements in various export markets | • Identify acquisition targets that have a natural fit with the group  
• Conduct extensive financial analysis and due diligence processes  
• Formalise integration planning  
• Spread responsibility for integration across the executive team  
• Access to debt funding and capital markets | • Natural internal hedge from direct import of packaging and raw materials, freight, agent commissions, and linking contracts with farmers for canning grade fruit to export prices realised in Rands  
• Continue to apply policy to hedge approximately 60% of projected foreign sales on a rolling 12-month basis through combination of natural internal hedge and foreign exchange contracts | • Evaluate alternative water sources  
• Install boreholes at production plants, where possible  
• Implement water saving initiatives  
• Pipeline installed to alternative water source at Swaziland facility  
• Recycle effluent water from plants |
5 CLIMATIC CONDITIONS

Climatic conditions impact fruit and vegetable crops which form a large proportion of the group’s raw material purchases for use in production for regional and international markets.

• Natural disasters, drought and crop failure could limit fruit and vegetable crops and impact on production quality and volumes, and ultimately revenue and profitability.

6 PRODUCT INTEGRITY

Product and packaging of the highest standards are essential for a food producer to ensure product safety and customer satisfaction.

• Product recall owing to poor quality standards
• Customer claims arising from product quality or packaging failure
• Increasing consumer activism
• Potential adverse financial and brand reputation impact

7 EXPOSURE TO GLOBAL CYCLICAL COMMODITY PRICING AND DEMAND

Currently industrial fruit products (pulps and juice concentrates) account for 20% to 25% of international sales.

• Slowing global demand and declining prices can have a material impact on the group’s profitability, as has been the case in the 2017 financial year.

• Increase internal usage of industrial products from current 20% to around 50% in the short term and 70% in the medium term, mainly in jam, fruit juice, tomato products and baby food.

• Increased internal usage will benefit the regional segment’s revenue and margin, while reducing international revenue.

• Production facilities spread across South Africa and close to growing areas for fruit and vegetable crops.
• Diverse supply base and use of multiple suppliers.
• Diversify product offering across several categories to reduce exposure to any specific crop.

• Maintain high standard quality assurance programmes at all production facilities.
• Source packaging materials from well-established reputable suppliers.
• Production facilities certified to local and international standards.
• Insurance cover for product recall liability.
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<tr>
<th>PRIMARY STAKEHOLDERS</th>
<th>KEY ISSUES AND CONCERNS IN 2017</th>
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| SHAREHOLDERS          | • Impact of strengthening Rand on profitability of international business  
                          • Impact of slowdown of industrial pulp and puree sales owing to lower global pricing and weaker demand on profitability of international business  
                          • Impact of economic climate on South African consumers  
                          • Drought conditions, particularly in the Western Cape, impacting raw material quality and costs  
                          • Integration of Pakco and Ma Baker acquisitions  
                          • Acquisition pipeline  
                          • Use of proceeds from capital raise undertaken in November 2016  
                          • Capital expenditure programme  
                          • Growth prospects |
| CUSTOMERS             | • Inflationary pressure on input costs and pressure on consumer spending  
                          • Crop concerns around drought and potential impact on supply  
                          • Pricing pressure in certain Asian markets  
                          • Liquidity in certain sub-Saharan markets |
| SUPPLIERS             | • Drought: quality and lower yields impacting availability of general agricultural produce  
                          • Drought impacting pricing of general agricultural produce  
                          • Rand volatility against major trading currencies  
                          • Increase in pricing of proteins, fruit, vegetables and dairy-based raw materials |
| EMPLOYEES             | • Integration of employees and employee representatives with new acquisitions  
                          • Need for employees to acquire new skills  
                          • Health and well-being of employees  
                          • Industrial relations and high wage increase expectations |
ADDRESSING ISSUES AND CONCERNS IN 2017

- Concerns proactively addressed in results announcements and presentations
- One-on-one meetings with shareholders
- Post-results roadshows
- Participation in broker-hosted investor conferences
- Investor site visit to fruit canning and farming operations in Swaziland
- Capital raising undertaken to fund capital expenditure and internal investment, and acquisition of Ma Baker
- Grew market share, particularly in sub-Saharan Africa markets

MEANS OF ENGAGEMENT

- Annual and interim results reporting, presentations and roadshows
- Meetings and calls with fund managers and analysts
- SENS announcements, including trading updates and trading statements
- Annual general meeting
- Investor relations portal on company website

- Active engagement with all participants in the value chain to contain costs
- Increased marketing activity to support sales momentum
- Broadening raw materials supply base to mitigate adverse impact of supply from drought stricken areas
- Renewed focus on differentiating on quality and service at competitive price points

- Regular meetings with suppliers and customers
- Participation and engagement at customer roadshows/trade shows
- Frequent in-country market visits to overseas and African distributors and customers

- Dual sourcing on key raw materials
- Agricultural growing programmes implemented
- Geographical diversity for the sourcing of agricultural commodities
- Medium-term contracts with local and overseas suppliers
- Agricultural deals structured to improve attractiveness as a customer
- Key supplier contingency plans established
- Natural hedge of imported costs through the group’s export exposure

- Regular supplier meetings
- Supplier site visits
- Scheduled quarterly, biannual and annual review meetings
- Agricultural information days with current and potential suppliers
- Supplier analysis and appraisal

- HR forums to allow employees and employee representatives to discuss industrial relations (IR) matters
- Induction programmes for new employees
- Learnerships, apprentice programmes, internship programmes and a bursary scheme have been put in place for employee skills development
- Communication with employees on various issues, including the values, business activities and company related social activities
- An employee assistance programme has been implemented

- Employment equity, training and development committee and union management consultative meetings
- Newsletters and Intranet
- Wellness days arranged by external service providers, including voluntary HIV/AIDS, tuberculosis and breast cancer testing
- Intensive IR management across all sites
**GROUP STRATEGY**

Rhodes Food Group aims to be the supplier of choice for fresh, frozen and long life meal solutions in its selected markets.

Delivery against the objectives for the Group’s five strategic pillars should ensure value creation for all stakeholders.

---

### 1 DIVERSIFIED FOOD GROUP

#### STRATEGIC OBJECTIVES
- Ensure diversity across products, customers, regions and revenue streams
- Operate primarily in the domestic market and high growth sub-Saharan countries
- Export long-life products to select international markets
- Identify additional markets, channels or products with high growth potential

#### ACHIEVED IN 2017
- Organic growth through market share gains
- Revenue diversified across regional long life (47%); regional fresh foods (33%); international (20%)
- Revenue diversified across retail, wholesale, convenience and out-of-home channels
- Increased presence in convenience and out-of-home channel
- Further diversification of markets, products and customers through recent acquisitions
- Sales in sub-Saharan Africa up 47%
- RFG now active in 12 African countries

#### PLANS FOR 2018
- Organic growth through market share gains and entry into new categories
- Continued expansion into sub-Saharan Africa
- Further product, customer and geographic diversification
- New product launches

### 2 VALUE ADD MEAL SOLUTIONS

#### STRATEGIC OBJECTIVES
- Convenience food in fresh, frozen and long-life formats
- Meal solutions across customer income groups
- Continuous innovation in product, processes and packaging
- Market leader in innovation

#### ACHIEVED IN 2017
- Entered dry packed foods category through Pakco acquisition
- Extended Rhodes fruit juice range
- Launched Rhodes Squish baby fruit juice
- Extended Rhodes Squish range
- Expanded canned fruit and vegetable ranges
- Introduced new fruit toppings
- Ongoing innovation across regional segment
- Extended pie, bakery and snacking ranges
- Entry into frozen cabinet with a premium snacking and meal range

#### PLANS FOR 2018
- Entry into new product categories under own brands through recent acquisitions
- Upgrading and redeveloping recipes and packaging of dry packed foods range
### MARKET-LEADING BRANDS

#### STRATEGIC OBJECTIVES
- Trusted own brands
- Maintain number one and two positions in target product categories
- Complement organic growth with value accretive acquisitions
- Accelerate growth in new segments or markets through acquisitions and product launches

#### ACHIEVED IN 2017
- Expanded brand portfolio to include Bisto, Hinds, Southern Coating, Pakco and Ma Baker through acquisition
- Increased market shares in core product categories
- Number two producer in recently entered categories of infant food meals and fruit juice

#### PLANS FOR 2018
- Increase brand shares
- Rationalise Pakco brand portfolio and introduce new packaging and product innovation

### PARTNERSHIPS WITH INDUSTRY LEADING CUSTOMERS

#### STRATEGIC OBJECTIVES
- Produce for select private label programmes
- Extend existing partnerships to customers in new categories and geographies
- Establish new long-term relationships with local and international customers

#### ACHIEVED IN 2017
- Customer base expanded through Pakco and Ma Baker acquisitions
- New private label ranges for major retailers
- Key export markets Far East (28% of export sales), Europe (27%) and Australasia (24%)

#### PLANS FOR 2018
- Continue to cultivate partnerships
- Explore new markets for existing product range

### WORLD-CLASS MANUFACTURING FACILITIES

#### STRATEGIC OBJECTIVES
- Continuous investment in state-of-the-art technology and production processes
- Facilities located close to end markets and sources of raw materials
- Production sites certified to international standards

#### ACHIEVED IN 2017
- R487 million invested in capacity expansion and enhancing production efficiency
- New production facilities acquired through Pakco (Durban) and Ma Baker (Pietermaritzburg) acquisitions
- Completed new flexible packaging/baby food facility at Groot Drakenstein
- Snacking (ex Alibaba Foods) being consolidated into Western Cape ready meals factory
- Food safety certifications including FFCS2200, IFS Food Standard, Global Standard for Food Safety

#### PLANS FOR 2018
- Capital expenditure of R350 million
- Plan to consolidate pulps and purees plant into Groot Drakenstein facility
DEAR SHAREHOLDERS

2017 has certainly been one of the most challenging years in recent times for our country and its people, and in many ways for our business too.

As a group we have encountered macro-economic headwinds on several fronts. Domestically the consumer environment has been impacted by deteriorating economic conditions, with low growth prospects and ongoing political instability creating widespread uncertainty. The consumer confidence index remains in negative territory and even below the levels recorded during the global financial crisis in 2008 and 2009, which is not encouraging for the outlook for consumer spending.

The drought in the Western Cape is showing no signs of abating and continues to pose a threat to crops which are essential to our fruit production.

Our international business has been further impacted by the appreciation of the Rand against major currencies over the past year. Declining global prices and demand for industrial pulp and puree products have also had a material impact on the group’s profitability.

Against the background of a weak consumer outlook in South Africa and indeed in the rest of Africa, the regional business delivered an outstanding performance with double digit organic growth. However, the pressures on the international business described above resulted in a sharp reduction in revenue and profitability, which contributed to the group’s headline earnings declining by 19.1% to R237 million.

In line with our dividend policy, shareholders will receive a cash dividend of 31.1 cents per share, 26% lower than last year’s dividend of 42.2 cents per share.

However, the challenges of the past year should not detract from RFG’s compelling investment case. The directors believe the group’s strategy is appropriate and its core markets offer significant potential for both organic and acquisitive growth. The strength and market leading positions of our brands, supported by a well-capitalised manufacturing base and long-term customer relationships, should enable the highly experienced management team to generate competitive and sustainable returns to shareholders.
RFG has a solid shareholder base which includes some of the foremost international and local fund managers. The offshore shareholding has increased from approximately 15% to 20% over the past year. Management own approximately 13% of the group and their interests are therefore closely aligned with those of our external shareholders.

Governance processes continue to be enhanced and the key issues addressed by the board in 2017 are disclosed in the corporate governance report on pages 30 to 33. The group has again voluntarily applied the King III governance code as well as the mandatory principles of the new King IV code. The group will report in accordance with the remaining King IV principles in the 2018 financial year.

Our remuneration reporting and disclosure has been aligned with King IV. The remuneration report, which appears on pages 34 to 40 of this integrated report, is now presented in two parts: the remuneration policy and an implementation report which details how the remuneration policy has been implemented in the 2017 financial year. These documents will be proposed separately to shareholders for non-binding advisory votes at the annual general meeting (AGM) in March 2018. At our AGM in February 2017 the group’s remuneration policy was approved by 89% of the votes cast.

Since RFG’s listing in 2014 management has been committed to regular and open dialogue with shareholders and this extends to engaging with our investors on remuneration issues to inform the voting process at the AGM.

Through the annual board evaluation process the directors identified the need to increase diversity and gender representation on the board as well as the need to adopt a formal succession plan for senior executive positions in the group.

In response to these concerns we have implemented a board nomination, composition and gender diversity policy. A succession planning policy has been adopted and the succession for key executive positions has been reviewed.

Shortly before the end of the financial year we welcomed Bongiwe Njobe as an independent non-executive director. Bongiwe has extensive experience in the public and private sectors in the fields of agricultural policy, sustainability management and FMCG, and is an accomplished director and trustee.

Bongiwe’s appointment has increased black representation of the non-executive component of our board to 57% with female representation at 29%. We were also pleased to make an internal appointment of Bernadette Lakey as the first black female executive director of RFG’s main operating company.

We value diversity and independent thinking in the boardroom as this encourages rigorous debate and ensures that the interests of all our stakeholders are considered.

Stakeholder engagement practices are directed by our social and ethics committee which plays a key role in monitoring the impact of social and environmental activities, including the group’s transformation strategy. RFG again achieved a level 4 BBBEE rating in the 2017 financial year on the Agri BBBEE sector scorecard. While the group is expected to achieve a level 8 rating on the implementation of the revised sector codes, a board endorsed strategy has been developed to ensure the group regains its level 4 status by 2020.

In closing I thank our CEO Bruce Henderson, CFO Tiaan Schoombie and the other members of the executive team for their capable and agile leadership of the business in particularly tough trading conditions. Management remains committed shareholders in RFG.

Many thanks to my fellow non-executive directors Mark Bower, Thabo Leeuw, Andrew Makenete, Chad Smart and Garth Willis who continue to provide strategic insight and guidance. It is a privilege to lead a board of this calibre.

Thank you to our shareholders for your continued confidence and we welcome those who invested in RFG for the first time this year.

May I wish all our stakeholders continued success into 2018.

Kind regards

Dr Yvonne Muthien
Independent non-executive chairperson
BOARD OF DIRECTORS

DR YVONNE MUTHIEN  
INDEPENDENT NON-EXECUTIVE CHAIRPERSON  
BA (Hons), MA (Northwestern), DPhil (Oxon)  
CHAIRPERSON OF THE NOMINATIONS COMMITTEE  
Appointed 2014  
Yvonne is an experienced former executive director and currently non-executive director. She is the chairperson of Bankerv, chairperson of the Sasol Inzalo Foundation and a director of Thebe Investment Corporation. Yvonne was previously chief executive officer of Netcare Limited and serves on the boards of Netcare Limited and Hollard Holdings where he is chairman of the audit committee and serves on the risk and actuarial committees. He is also a trustee of pension and provident funds.

BRUCE HENDERSON  
CHIEF EXECUTIVE OFFICER  
BA, LLB, MBA  
Appointed as a director in 2012  
Bruce has been with the group for over 20 years. He began his career with the group as general manager of the Swaziland operations. Bruce led the acquisition of Rhodes Fruit Farms and the resultant establishment of Rhodes Food Group in 1999 and has headed the business since then.

MARK BOWER  
INDEPENDENT NON-EXECUTIVE DIRECTOR  
BCom (cum laude), BCompt (Hons), CA(SA) (with honours)  
CHAIRPERSON OF THE AUDIT AND RISK COMMITTEE  
MEMBER OF THE REMUNERATION COMMITTEE  
MEMBER OF THE NOMINATIONS COMMITTEE  
Appointed 2014  
Mark is a former partner with Deloitte and is a highly experienced retail and financial executive who spent 24 years with Edcon Limited. During this time he served as deputy chief executive, chief financial officer and chief executive of group services. He is a non-executive director of Netcare Limited and serves on the company’s audit and risk committees. He was recently appointed to the boards of Hollard Insurance Company and Hollard Holdings where he is chairman of the audit committee and serves on the risk and actuarial committees. He is also a trustee of pension and provident funds.

THABO LEEUW  
INDEPENDENT NON-EXECUTIVE DIRECTOR  
BCom, BCompt (Hons), MAP  
CHAIRPERSON OF THE SOCIAL AND ETHICS COMMITTEE  
MEMBER OF THE AUDIT AND RISK COMMITTEE  
Appointed 2014  
Thabo is the chief executive officer of the Thesele Group, an investment holding company he co-founded in 2004. He is also an independent non-executive director of Hulamin, where he is chairman of the audit committee, and also serves on the investment committee of the Eskom Pension and Provident Fund. He represents Thesele Group on boards of portfolio companies Prudential Investment Managers South Africa, Elite Truck Hire and AEP Africa Energy. Thabo was global director at Cazenove and director at Cazenove SA where he spent nine years, initially as an investment analyst and later as a transactor in the corporate finance division.

ANDREW MAKENETE  
INDEPENDENT NON-EXECUTIVE DIRECTOR  
BSc, MSc (Agricultural Management)  
CHAIRPERSON OF THE REMUNERATION COMMITTEE  
MEMBER OF THE AUDIT AND RISK COMMITTEE  
MEMBER OF THE NOMINATIONS COMMITTEE  
Appointed 2012  
Andrew is vice-president agribusiness of the Musa Group, a private equity company. He serves as economic advisor to the African Farmers Association of South Africa and is a board member of the Agricultural Research Council and Crookes Brothers. He has served on the boards of the Landbank, New Farmers Development Company, the Agri BEE Charter Council, Winter Cereal Trust and Motorsport South Africa. Andrew was previously a general manager of agribusiness at Absa Bank and chief strategist at the Landbank.
BONGIWE NJOBE

INDEPENDENT NON-EXECUTIVE DIRECTOR
MSc Agric Eng
Appointed 2017
Bongiwe has extensive experience in agricultural policy practice, fast-moving consumer goods and sustainability management in both the public and private sectors. She is a director on the International Maize and Wheat Improvement Centre, the Vumelana Advisory Fund and Pan-African Capital Holdings. She serves on the board of Fortress Income Fund, the Regional Universities Forum for Capacity Building in Agriculture (RUFORUM), a trustee of the Kagiso Trust and the Kagiso-Shanduka Advisory board. She was recently appointed chairperson of the Global Forum for Agricultural Research.

TIAAN SCHOOMBIE

CHIEF FINANCIAL OFFICER
BCompt (Hons), CA(SA)
Appointed as a director in 2012
Tiaan has been the group’s chief financial officer for the last 17 years. Prior to joining the group, Tiaan spent nine years at Deemster Foods in financial management and ultimately as general manager of the operation.

CHAD SMART

NON-EXECUTIVE DIRECTOR
BCom (Hons), CA(SA), CFA
Appointed 2012
Chad co-founded the Capitalworks group in 2006. He has over 20 years’ experience in private equity investing. He serves on the boards of a number of portfolio companies of the Capitalworks group, including Much Asphalt and Rosond Holdings.

GARTH WILLIS

NON-EXECUTIVE DIRECTOR
BCom (Hons), CA(SA)
MEMBER OF THE REMUNERATION COMMITTEE
MEMBER OF THE SOCIAL AND ETHICS COMMITTEE
MEMBER OF THE NOMINATIONS COMMITTEE
Appointed 2012
Garth is a principal of Capitalworks’ private equity funds and has over 19 years’ experience in private equity investing and corporate finance. He has served on the boards of companies operating in a wide range of industries and contributed in the full spectrum of governance sub-committees. He has also served on the executive committee of the South African Venture Capital Association and was chairperson of the association’s black economic empowerment sub-committee.

INDEPENDENT NON-EXECUTIVE DIRECTOR
MSc Agric Eng
Appointed 2017
Bongiwe has extensive experience in agricultural policy practice, fast-moving consumer goods and sustainability management in both the public and private sectors. She is a director on the International Maize and Wheat Improvement Centre, the Vumelana Advisory Fund and Pan-African Capital Holdings. She serves on the board of Fortress Income Fund, the Regional Universities Forum for Capacity Building in Agriculture (RUFORUM), a trustee of the Kagiso Trust and the Kagiso-Shanduka Advisory board. She was recently appointed chairperson of the Global Forum for Agricultural Research.
EXECUTIVE MANAGEMENT

BRUCE HENDERSON (53)
CHIEF EXECUTIVE OFFICER
BA, LLB, MBA
Bruce has been with the group for over 20 years. He began his career with the group as general manager at the operations. Bruce led the acquisition of Rhodes Fruit Farms and the resultant establishment of Rhodes Food Group in 1999, and has headed the business since then.

TIAAN SCHOOMBIE (55)
CHIEF FINANCIAL OFFICER
BCompt (Hons), CA(SA)
Tiaan has been chief financial officer of the group for the last 17 years. Prior to joining the group, Tiaan spent nine years at Deemster Foods in financial management and ultimately as general manager of the operation.

CON COSTARAS (52)
MANAGING DIRECTOR:
FRESH FOODS
BSoc Sc (Hons – Bus Econ),
BCom (Hons)
Con joined the group in 2001 as the general manager of the Fresh Foods division. Prior to joining the group, Con was a senior manager at Halls and First Lifestyle, and commercial head for prepared foods at Woolworths.

PIETER HANEKOM (53)
MANAGING DIRECTOR:
LONG LIFE FOODS
BAcc, BCompt (Hons), CA(SA)
Pieter spent several years at Pioneer Foods where he held various senior management positions. He was the managing director of Ceres Fruit Juices and later the executive responsible for the Ceres Beverage Company. He joined the group in 2015.
MANAGING DIRECTOR: LONG LIFE FOODS
B Eng (Mech), M Eng (Ind), MBA

Gerhard has extensive engineering and production experience in the food industry. Prior to joining the group in 2002, Gerhard was manufacturing executive with Tiger Brands, operations manager at Sasol mining explosives and project manager at Sasol and Denel.

Corporate Affairs Director
BCom, PGDA, CA(SA)

Bernadette started her career with South African Breweries followed by several years in financial management in the dairy industry. She joined the group in 2012 as a divisional financial manager before moving to establish the corporate affairs function when the group listed in 2014.

Human Resources Director
BA (Law), MBL

Member of Social and Ethics Committee

Job has considerable human resources experience, having started his career in the legal profession and later moving into human resources and industrial relations. He worked in the mining and beverage industries and was the human resources manager at Swazican before moving to the group’s head office in 2006.

Commercial Director
MSc, MBA

Richard joined the group in 2003 to head up the Rhodes Foods International sales office. He was general manager of this division for six years before taking up a secondment to head the group’s canning operations in Swaziland. He moved back to the head office in 2010 to take up his current position.
INTRODUCTION

RFG continued to deliver on its strategy of leadership in convenience meal solutions as the group successfully integrated its two largest acquisitions, grew brand shares and expanded its capital investment programme.

The group’s financial performance can best be described as a tale of two segments where the continued strong growth of the regional business was negated by the disappointing international results.

TRADING PERFORMANCE

Group turnover increased by 10.8% to R4.6 billion. Continued good organic growth of 12.7%, together with the benefit of the Pakco and Ma Baker acquisitions, increased regional turnover by 21.4%. An encouraging feature of the regional performance was the 10.7% growth in sales volumes which confirms consumer demand for our products.

In the current challenging trading conditions the group has benefited from its diverse meal solution offering across the income spectrum, with the relative resilience of higher income consumers and down-trading by the middle to lower income groups.

Fresh Foods sales grew by 30.1% with continued excellent growth in the pie category across all sales channels and good growth in ready meals. Sales in Long Life Foods increased by 15.9%.

International turnover declined by 18.1% owing to the combined impact of the strengthening Rand, significantly reduced global demand for industrial pulp and puree products, and foreign pricing pressure. In addition, the drought in the Western Cape increased costs on canned fruit owing to the poorer quality fruit which resulted in lower yields and higher labour costs, with an impact of around 5% on the cost of goods sold.

GROWTH IN AFRICA

Sales in the rest of Africa, where RFG operates in 12 other sub-Saharan countries, increased by 47%, with robust demand for canned meat, fruit juices and our other canned foods across the region. Sales into Africa now account for 12% of the regional long life business.

The group’s footprint covers mainly southern and east African countries. While trading in these countries is inherently challenging, including logistical obstacles, low liquidity in several markets and poor economic conditions, the group is benefiting from its distribution model which is based on the use of in-country distributors and strong customer relationships, underpinned by rigorous credit granting processes and prudent expansion.

GROWING MARKET SHARE

Volume growth in regional Long Life contributed to market share gains in core product categories (market share is not measured in Fresh Foods). New product development and innovation across product ranges and packaging are key drivers of our market and brand share growth.

The Rhodes brand is the country’s market leader in canned pineapple and canned tomato, with the number two brand share position in canned fruit, jams, vegetables and fruit juice. Bull Brand is the market leader in corned meat.

RFG remains the country’s largest manufacturer of canned fruit, jams and corned meat, and second biggest producer of fruit juices, baby food and canned vegetables.

INDUSTRIAL PRODUCTS

Industrial products are a strategic underpin of our core fruit-based categories of jam, juices, tomato products and baby foods, and currently account for 5% to 7% of group sales. Approximately 20% of industrial products are used internally and the balance is exported or sold regionally.

As RFG aims to limit its exposure to global commodities and pricing, we plan to increase the internal usage of these products to around 50% by the end of the 2018 financial year and up to 70% in the following year, primarily in the fruit juice operation. Part of this process will be the installation of a clear base juice concentrate
plant at our Groot Drakenstein production hub. The increased internal usage of these products will reduce international revenue but grow regional revenue and margin.

INTEGRATION OF ACQUISITIONS

The integration of Pakco and Ma Baker was successfully completed and the businesses contributed combined turnover of R230 million and EBITDA of R20 million for the six months since being acquired.

Pakco has enabled RFG to enter the dry packed foods market with a portfolio of strong and established brands including the iconic Bisto brand, Hinds, Southern Coating, Pakco and Trotters. The integration process included extracting cost savings and synergy benefits, rationalising products and brands, management changes, and consolidating the sales and distribution platforms.

Manufacturing facilities will be upgraded in the new year which will include the installation of two new packaging lines. New branding, packaging and product offers will be launched in the second half of the year.

Ma Baker is the market leading pie brand in KwaZulu-Natal. The acquisition has strengthened our position in the growing pie and pastry market and also creates synergies with our existing pie, snacking and bakery businesses. The operations, product offering and distribution have been rationalised and the brand positioning of Ma Baker relative to our Magpie brand has also been clarified.

Plans for the new year include the upgrading of the production facilities in Pinetown with the installation of automated pie making equipment.

INVESTMENT FOR GROWTH

Over the past five years more than R1 billion has been invested internally to ensure the efficiency of the group’s production base.

Capital investment was accelerated to R487 million in 2017 (2016: R238 million) to take advantage of growth opportunities and was funded mainly through the equity capital raise undertaken in late 2016.

Projects completed during the year were the final phase of the three-year meat production plant upgrade, the building of a baby food and flexible packaging factory, and production capacity expansion at the fruit juice, fruit products, vegetable and pie facilities.

Capital investment of R350 million is planned for the new year. Major projects include the installation of a clear juice concentrate plant at the Groot Drakenstein production hub to further vertically integrate the fruit juice operation, capacity expansion at the pie and bakery facilities, a new baked bean production facility and the expansion of pineapple plantations in Swaziland.

Refer to the operations report on pages 24 and 29 for detail on the capital investment projects.

OUTLOOK

The focus in the regional segment will be on driving organic growth, maximising benefits from the recent acquisitions and big capital investment projects, growing brand shares and capitalising on the sales momentum in sub-Saharan Africa.

The regional margin is likely to remain under pressure in the short term due to the current constrained consumer environment but is expected to show sustained improvement in the medium term as the margins of the recently acquired businesses improve.

The performance of the international division is expected to improve and could potentially benefit from the depreciation of the Rand.

While the outlook for the international canned fruit market is positive the continued drought in the Western Cape is expected to adversely impact input costs.

Industrial grade fruit raw material prices are expected to decline which should assist the industrial fruit pulps and juice concentrate business.

Legislation on the taxation on sugar sweetened beverages, known as the health promotion levy, was recently passed by parliament and will be implemented in April 2018. As the majority of the RFG beverages are 100% fruit juices and are rightfully excluded from the levy, this new legislation will only impact the group’s nectar-based juices which will not have a material impact on revenue or profitability. We expect sales of 100% fruit juices to benefit as the cost of sugar sweetened beverages increase due to the newly imposed levy.

APPRECIATION

Thank you to our chairperson, Dr Yvonne Muthien, for her decisive leadership of the board and to our non-executive directors for their insight, guidance and support of management.

My colleagues on the RFG executive team continue to lead by example. Thank you for your outstanding contribution and it remains a pleasure to work with such an energetic and inspiring team.

Thank you to our management and staff at head office and at our production facilities across the country and in Swaziland for their dedication and commitment to ensuring that RFG remains a market leader.

Bruce Henderson
Chief executive officer
### CAPITAL INVESTMENT
(R’million)

<table>
<thead>
<tr>
<th>Year</th>
<th>Expansion capex</th>
<th>Maintenance capex</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>88</td>
<td>50</td>
</tr>
<tr>
<td>2015</td>
<td>117</td>
<td>59</td>
</tr>
<tr>
<td>2016</td>
<td>152</td>
<td>86</td>
</tr>
<tr>
<td>2017</td>
<td>396</td>
<td>91</td>
</tr>
<tr>
<td>2018 planned</td>
<td>487</td>
<td>350</td>
</tr>
</tbody>
</table>

### OVERVIEW

RFG continued to experience strong growth in South Africa and the rest of Africa in 2017 although the performance was offset by headwinds impacting the international segment which resulted in profitability declining for the reporting period.

The regional segment grew turnover by 21.4% with excellent volume increases driving organic growth of 12.7%. The new businesses of Pakco and Ma Baker contributed combined turnover of R230 million for the six months since acquisition. Sales into the rest of Africa increased by 47% and accounted for 6% of group turnover.

The regional business now accounts for 80% of group turnover (comprising regional long life 47% and fresh foods 33%) and international for the remaining 20%.

The international segment encountered several challenges, with the largest impact being the 10% strengthening of the Rand (compared to 17% depreciation in the prior year) against the group’s basket of trading currencies over the past year. The full impact of the currency appreciation on international profitability was limited in the first half by the group’s foreign exchange hedging policy (refer below). This could not continue in the second half and profitability deteriorated as a result of the stronger Rand.

International was further impacted by significantly reduced global demand for industrial pulp and puree products, foreign pricing pressure and increasing drought-related costs on canned fruit production.

These factors contributed to group profit after tax declining by 20% to R234.8 million.

Despite the decline in the past year, operating profit has shown a 26.3% annual compound growth rate over the past five years.

Headline earnings were 19.1% lower at R237.0 million with diluted headline earnings per share (HEPS) decreasing by 27.0% to 93.4 cents. The weighted average number of shares in issue was increased by 24.7 million or 11.2% over the prior year, mainly due to the issue of shares for the capital raise (refer below) and the acquisition of Pakco effective March 2017.

The dividend was reduced by 11.1 cents to 31.1 cents per share, based on the group’s dividend cover policy of three times diluted HEPS.
FINANCIAL PERFORMANCE

Group turnover increased by 10.8% to R4.6 billion. Volume growth accounted for 4.4% of the turnover growth, price inflation and the changing sales mix 2.6% and acquisitions 6.4%, while foreign exchange had a negative 2.6% impact on total turnover.

Regional turnover growth of 21.4% was driven by fresh foods turnover increasing by 30.1% and Long Life Foods turnover by 15.9%. International turnover declined by 18.1% owing to the factors outlined above.

The group's gross profit margin was lower at 27.0% (2016: 29.3%) owing mainly to the currency impact and slower sales in the International division, although the margin in the regional segment strengthened for the year.

Operating costs, excluding the impact of the two acquisitions, grew by 10.5%. Expense growth reflects the higher depreciation charge from the increased level of capital expenditure in the past two years, with depreciation and amortisation increasing by 29.8% year on year. Total operating costs increased by 17.8%.

The group operating margin declined from 12.0% to 8.9%. The regional operating margin improved in the second half relative to the first half but was lower for the full year at 9.6% (2016: 10.3%) owing to the tough consumer environment, particularly in the lower income consumer market, and the short-term dilution from the recent acquisitions. The strengthening currency, lower pricing, reduced volumes and increased product costs contributed to the international margin declining to 6.3% (2016: 17.1%), with the canned fruit margin being maintained close to the group margin and industrial products reporting a loss for the year.

FOREIGN EXCHANGE HEDGING POLICY

RFG manages the impact of currency fluctuations on earnings by hedging approximately 60% of projected foreign sales on a rolling 12-month basis through the combination of a natural internal hedge and forward exchange contracts.

The internal hedge relates firstly, to the direct import of packaging and raw materials, and secondly, by linking pricing of fruit contracts with farmers to export prices realised in Rands. Shareholders should note that this currency-linked pricing mechanism currently only relates to canned fruit and not to the pricing of industrial pulp and puree products.

This hedging policy was again consistently applied over the past year and management remain committed to continuing to follow this hedging policy.

CASH AND CAPITAL MANAGEMENT

In November 2016 the group raised net equity capital of R648 million through the issue of 25 million ordinary shares in an accelerated bookbuild. The proceeds of the capital raise have been applied to funding the expanded capital expenditure programme as well as the acquisition of Ma Baker. The acquisition of Pakco was funded through the issue of 7.76 million ordinary shares.

The group generated strong cash flows of R347.1 million during the year which were R44.9 million higher than the previous year.

Net working capital, excluding the take-on balances of Ma Baker and Pakco, increased by R214.0 million owing primarily to the 14.8% increase in inventory arising from higher regional sales activity, increased prices and the slower than expected export sales. This translates into an increase in net working capital days from 126 in 2016 to 135 days in 2017. The higher inventory levels do not pose a stock risk for the group and we are confident of reducing stock levels over the 2018 financial year.

The group's net debt to equity ratio improved to 48.0% (2016: 81.9%) and net debt to EBITDA at year-end was 2.1 times (2016: 1.8 times), impacted by the weaker performance. While these ratios are at the higher end of our guided ranges, the directors are satisfied that the strong cash flows and access to funding will enable the group to meet its debt obligations.

The group's capital ratios have been depressed by the increased equity on the balance sheet through the issue of shares, and the lower profitability, with the return on capital reducing to 14.5% compared to 24.3% in 2016. Returns are expected to improve as we start to realise the benefits of the new capital projects.

Capital expenditure totalled R487 million in 2017 (2016: R238 million) and the group is planning R350 million in the 2018 financial year. Capital expenditure is expected to reduce from 2019 once all the major capital projects have been completed.

APPRECIATION

Thank you to our local and international shareholders for your continued investment in RFG and to the broader investment community for your interest and positive engagement. I also thank our funding institutions for their support over the past year. I would also like to thank the group finance team at head office and the finance staff at our operations across the country for their commitment and support over the past year.

Tiaan Schoombie
Chief financial officer
REGIONAL SEGMENT

The regional segment covers South Africa and 12 other countries in sub-Saharan Africa where RFG has sales operations. Sales in the regional segment are diversified across the full product range. The segment comprises the following:

**Long Life Foods** (canned fruits and vegetables, jams, bottled salads, canned meat, fruit juices, fruit purees, fruit snacks in plastic cups, and dry packed foods)

**Fresh Foods** (ready meals, pies, pastries, bakery, snacking products, baby food and dairy products)

**Performance**

<table>
<thead>
<tr>
<th>R'm</th>
<th>2017</th>
<th>2016</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>3,680</td>
<td>3,032</td>
<td>21.4</td>
</tr>
<tr>
<td>Long Life</td>
<td>2,151</td>
<td>1,857</td>
<td>15.9</td>
</tr>
<tr>
<td>Fresh</td>
<td>1,529</td>
<td>1,175</td>
<td>30.1</td>
</tr>
<tr>
<td>Operating profit</td>
<td>358</td>
<td>310</td>
<td>15.1</td>
</tr>
<tr>
<td>Operating profit margin (%)</td>
<td>9.7</td>
<td>10.2</td>
<td></td>
</tr>
</tbody>
</table>

*Infant foods reclassified from Long Life to Fresh Foods from October 2016.

- Components of turnover growth
  - Volume growth 10.7%
  - Price/mix 2.1%
  - Acquisitions 8.6%

INTERNATIONAL SEGMENT

The international segment comprises exports to international markets beyond Africa. Traditionally this has been a range of canned fruit and more recently, fruit snacks in plastic cups (80% of international sales in 2017). Since the acquisition of Boland Pulp in 2015, international sales have included bulk industrial pulps and purees (20% in 2017). RFG is a long-term supplier to global retailers and premium branded customers. The main export markets are the Far East (28% of international sales), Europe (27%), Australasia (24%) and North America (11%).

The breakdown of international revenue by currency in the 2017 financial year was as follows:

**INTERNATIONAL REVENUE BY CURRENCY** (% total sales)

<table>
<thead>
<tr>
<th>Currency</th>
<th>% Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>20</td>
</tr>
<tr>
<td>ZAR</td>
<td>13</td>
</tr>
<tr>
<td>AUD</td>
<td>12</td>
</tr>
<tr>
<td>CAD</td>
<td>50</td>
</tr>
<tr>
<td>GBP</td>
<td>4</td>
</tr>
<tr>
<td>EUR</td>
<td>1</td>
</tr>
</tbody>
</table>

**Performance**

<table>
<thead>
<tr>
<th>R'm</th>
<th>2017</th>
<th>2016</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>913</td>
<td>1,114</td>
<td>(18.1)</td>
</tr>
<tr>
<td>Operating profit</td>
<td>58</td>
<td>190</td>
<td>(69.5)</td>
</tr>
<tr>
<td>Operating profit margin (%)</td>
<td>6.3</td>
<td>17.1</td>
<td></td>
</tr>
</tbody>
</table>

- Components of turnover growth
  - Price/mix 3.2%
  - Volumes (11.6%)
  - Forex (9.7%)
PRODUCTION FACILITIES

RFG has a well-capitalised production base comprising 15 world-class facilities across South Africa and Swaziland. The facilities are strategically located close to end markets or sources of raw materials.

Two new production facilities were added during the year through the acquisitions of Pakco and Ma Baker, both in KwaZulu-Natal. The snacking manufacturing facility of Alibaba Foods in Cape Town, which was acquired in 2016, has been relocated and consolidated into the ready meals operation in Groot Drakenstein. Baby food manufacturing, which was previously a division of Boland Pulp, was relocated to a purpose-built facility on the Groot Drakenstein hub. The pulps and purees operation in Wellington (formerly Boland Pulp), will also be relocated to Groot Drakenstein in 2018. RFG also owns an Ayrshire dairy stud farm at Groot Drakenstein and pineapple plantations in Swaziland.

PRODUCTION IN SOUTH AFRICA AND SWAZILAND

- FRESH FOODS
- LONG LIFE FOODS
FRESH FOODS

1. **RFG READY MEALS WESTERN CAPE**
   - **Location**: Groot Drakenstein, Western Cape
   - **Product range**: Ready meals for Woolworths and various food service customers
   - **Capacity utilisation**: Medium
   - **2017/2018 capex**: Expansion of ready meals facility to accommodate the consolidation of snacking (formerly Alibaba Foods) into ready meals

2. **RFG DAIRY**
   - **Location**: Groot Drakenstein, Western Cape
   - **Product range**: Ayshire milk, cream and cheese mainly for Woolworths
   - **Capacity utilisation**: Medium
   - **2017/2018 capex**: RFG is the exclusive provider of Ayshire milk to Woolworths in the Western and Eastern Cape and produces approximately 30% – 40% of its raw milk requirement at its Ayshire stud farm at Groot Drakenstein.

3. **RFG FLEXIBLE PACKAGING (BABY FOOD)**
   - **Location**: Groot Drakenstein, Western Cape
   - **Product range**: Baby food in pouches; other foods in flexible packaging
   - **Brands**: Rhodes Squish (baby food); Rhodes (other food products)
   - **Capacity utilisation**: Low
   - **2017/2018 capex**: Flexible packaging (baby foods) factory completed in 2017

4. **RFG READY MEALS GAUTENG**
   - **Location**: Aeroton, Gauteng
   - **Product range**: Ready meals for Woolworths and other food service customers
   - **Capacity utilisation**: Medium
   - **Origin of facility**: Constructed in 2010

5. **RFG PIES AND PASTRIES GAUTENG**
   - **Location**: Aeroton, Gauteng
   - **Product range**: Pies and pastry products; exclusive pie provider to Woolworths and national pie supply agreement with Corner Bakery
   - **Brand**: Magpie
   - **Capacity utilisation**: High
   - **2017/2018 capex**: Capacity upgrade to be completed in 2018
   - **Origin of facility**: Acquisition of Sunpie in 2006

6. **RFG PIES AND PASTRIES KWAZULU-NATAL**
   - **Location**: Pinetown, KwaZulu-Natal
   - **Product range**: Pies and pastry products
   - **Brand**: Ma Baker
   - **Capacity utilisation**: Medium
   - **2017/2018 capex**: New automated pie-making line to be installed
   - **Origin of facility**: Acquisition of Ma Baker in 2017

7. **RFG BAKERY PRODUCTS**
   - **Location**: Johannesburg, Gauteng
   - **Product range**: Bakery products
   - **Brand**: Magpie
   - **Capacity utilisation**: Low
   - **2017/2018 capex**: New line for non-pie pastry products to be installed in 2018
   - **Origin of facility**: Acquisition of General Mills Foodservice SA business in 2015
**LONG LIFE FOODS**

8. **RFG FRUIT PRODUCTS WESTERN CAPE**
   - **Location**: Tulbagh, Western Cape
   - **Product range**: Canned deciduous fruit, fruit in plastic cups, industrial fruit pulps and purees; predominantly export
   - **Brand**: Rhodes
   - **Capacity utilisation**: High
   - **2017/2018 capex**: New plastic cup line commissioned in 2017
   - **Origin of facility**: Acquition of Del Monte Fruits SA business in 2010

9. **RFG FRUIT PRODUCTS SWAZILAND**
   - **Location**: Malkerns, Swaziland
   - **Product range**: Canned citrus and pineapple, fruit in plastic cups, jam and industrial fruit concentrate; approximately 50% export. Total pineapple requirement grown on own and leased farms.
   - **Brands**: Rhodes; Hazeldene; Trout Hall
   - **Capacity utilisation**: Medium
   - **2017/2018 capex**: Expansion of pineapple plantation with additional 1 000ha of leased land
   - **Origin of facility**: Established in 1954 and sold to Nestlé. The forerunner to the current Rhodes Food Group

10. **RFG JUICE PRODUCTS**
    - **Location**: Wellington, Western Cape
    - **Product range**: Fruit juice
    - **Brands**: Rhodes; Wilde; Zing
    - **Capacity utilisation**: High
    - **2017/2018 capex**: Two new juice lines installed in 2017
    - **Origin of facility**: Acquisition of Pacmar in 2015

11. **RFG PULPS AND PUREES**
    - **Location**: Wellington, Western Cape
    - **Product range**: Industrial fruit pulps and purees; approximately 50% export with plan to increase internal usage
    - **Capacity utilisation**: High
    - **2017/2018 capex**: Relocation of the pulps and puree facility to Groot Drakenstein. Installation of clear base juice concentrate plant
    - **Origin of facility**: Acquisition of Boland Pulp business in 2015

12. **RFG VEGETABLE PRODUCTS**
    - **Location**: Louis Trichardt, Limpopo
    - **Product range**: Canned vegetables
    - **Brands**: Rhodes
    - **Capacity utilisation**: High
    - **2017/2018 capex**: Ongoing capacity and efficiency upgrade
    - **Origin of facility**: Acquisition of Giants Canning business in 2007

13. **RFG SALADS AND PICKLES**
    - **Location**: Bethlehem, Free State
    - **Product range**: Bottled salads and pickles, canned vegetables
    - **Brands**: Rhodes
    - **Capacity utilisation**: High
    - **Origin of facility**: Acquisition of Deemster business in 2015

14. **RFG MEAT PRODUCTS**
    - **Location**: Krugersdorp, Gauteng
    - **Product range**: Canned meat and meals
    - **Brands**: Bull Brand; Gold Dish
    - **Capacity utilisation**: Low
    - **2017/2018 capex**: Three-year facility upgrade completed in 2017
    - **Origin of facility**: Acquisition of Bull Brand business in 2013

    A new baked bean production facility will be developed on the Gauteng production hub site, adjacent to the meat products facility, during the 2018 financial year.

15. **RFG DRY PACKED FOODS**
    - **Location**: Durban, KwaZulu-Natal
    - **Product range**: Dry packed spices, condiments, instant meals and desserts
    - **Brands**: Bisto, Pakco, Hinds, Southern Coating, Rhodes Trotters
    - **Capacity utilisation**: Medium
    - **2017/18 capex**: Overhaul of dry-packed facility and installation of two new packaging lines in 2018
    - **Origin of facility**: Acquisition of Pakco in March 2017
CAPITAL INVESTMENT PROJECTS

OVER R1 BILLION HAS BEEN INVESTED IN NEW AND UPGRADED FACILITIES, EXPANDING PRODUCTION AND WAREHOUSE CAPACITY AND EFFICIENCY OVER THE PAST FIVE YEARS.

Details of capital investment projects at the respective production facilities for the 2017 and 2018 financial years are included in the snapshot of each facility on pages 26 and 27.

RFG Fruit products
Western Cape
New fruit cup line commissioned in 2017

Groot Drakenstein production hub
New flexible packaging and baby food factory completed
RFG Meat products
Completed third-phase of extensive three-year facility upgrade in 2017

RFG Pies and pastries Gauteng
Capacity upgrade

Groot Drakenstein production hub
Installation of clear base juice concentrate plant

Long Life foods Gauteng production hub
New baked bean production facility to be developed in 2018
INTRODUCTION
Rhodes Food Group is committed to applying high standards of corporate governance by entrenching the values of responsibility, accountability, fairness and transparency in all its business activities.

The board is accountable to shareholders and is ultimately responsible for ensuring the group complies with legislation, regulation and corporate governance codes and policies. Management aims to create and maintain a culture of good governance across the business.

The group subscribes to the spirit of good corporate governance and has applied the King Code of Corporate Principles 2009 (King III) and the mandatory principles of the King IV Report on Corporate Governance (King IV) in terms of the JSE Listings Requirements for the reporting period. The group will report in accordance with the remaining King IV principles for the 2018 financial year. A schedule detailing the group’s application of the King III principles is available on the website at www.RFG.com.

BOARD OF DIRECTORS

Board charter
The board has a formal charter which details the scope of authority, responsibility and functioning of the board. In terms of the charter the directors retain overall responsibility and accountability for the following:

- Managing the group’s strategy, performance and sustainability.
- Promoting the interests of stakeholders through ethical leadership.
- Ensuring effective risk management and internal controls.
- Complying with legislation, regulation and governance codes.
- Nominating directors for appointment and evaluating board and director performance.
- Evaluating the performance of senior management and considering succession plans.
- Ensuring appropriate remuneration policies and practices.
- Shareholder communications and stakeholder engagement.

BOARD COMPOSITION
RFG has a unitary board structure with seven non-executive directors and two salaried executive directors. Biographical details on the directors appear on pages 16 and 17, including the tenure, experience and expertise of each director.

Shortly before the end of the reporting period, Bongiwe Njobe was appointed as an independent non-executive director.

Directors are appointed by the board in a formal and transparent manner.

The executive directors are subject to a notice period of three months.

INDEPENDENCE OF DIRECTORS
Five of the non-executive directors, including the chairperson, are classified as independent in terms of King III and the JSE Listings Requirements. Garth Willis and Chad Smart are not considered to be independent owing to their shareholding in Capitalworks, a significant investor in the group. However, these directors continue to exercise independent judgement at board level. The independence of non-executive directors is reviewed annually.

FUNCTIONING OF THE BOARD
The board meets six times each year. Additional meetings may be convened to discuss urgent or specific business.

The roles of the board chairperson, Dr Yvonne Muthien, and the chief executive officer (CEO), Bruce Henderson, are separate and clearly defined. This division of responsibilities ensures a balance of authority and power, with no individual having unrestricted decision-making powers.

The group has a formal induction programme for new directors. The chairperson of the board and each committee will meet with new directors and together with the company secretary identify assistance that may be required.

BOARD EVALUATION
The annual self-evaluation aimed at assessing and enhancing the effectiveness of the board highlighted two main issues. The directors identified firstly, the need to increase diversity and gender representation on the board and secondly, the need to adopt a formal succession management plan for senior executive positions in the group. Refer below on how these two issues were addressed by the board.

KEY ISSUES ADDRESSED IN 2017
In addition to meeting its required governance and oversight responsibilities during the year, the board addressed the following key issues:

- Approved the equity capital raise through the issue of 25 million new shares to generate funds for the group’s expanded capital investment programme and to create capacity for acquisitions.
• Approved the acquisition of Pakco Proprietary Limited for R197 million which was settled through the issue of 7.8 million new shares.
• Approved the acquisition of the Ma Baker group of companies for R193 million which was settled through own cash resources.
• Implemented a board nomination, composition and gender diversity policy, including a voluntary target to achieve at least 20% female representation.
• Appointed a new black female non-executive director which increased female representation on the board from 13% to 22%.
• Adopted a succession planning policy and developed a succession plan for senior executive positions.
• Endorsed the broad-based black economic empowerment (BBBEE) strategy which is aimed at ensuring the group achieves level 4 BBBEE status under the new codes by 2020.
• Adopted an auditor selection, appointment and rotation policy.
• Approved the annual strategic plan and budget, including the group’s expanded capital investment programme.

EXECUTIVE COMMITTEE
The board has delegated authority to the CEO and the executive committee for the implementation of the strategy and the ongoing management of the business. The eight-person executive committee comprises the CEO, chief financial officer (CFO), heads of the operating business units, human resources and corporate affairs. Biographical details on the executive committee appear on pages 18 and 19.

COMPANY SECRETARY
The company secretarial function is outsourced to Statucor Proprietary Limited represented by Alun Rich. The board is satisfied that Statucor is suitably qualified, competent and experienced to perform the role. 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 arm’s length relationship between the company secretary and the board.

Based on the annual evaluation of the company secretary, the board has determined that it is satisfied with Statucor’s current competence, qualifications and experience.

The company secretary provides guidance to directors on governance, compliance and their fiduciary duties. Directors have unrestricted access to the advice and services of the company secretary.

BOARD COMMITTEES
Specialised governance functions are delegated to four committees to assist the board in meeting its oversight responsibilities. The directors confirm that the committees have functioned in accordance with their terms of reference during the financial year. These terms of reference are reviewed annually.

The audit and risk committee is appointed by the board and approved by shareholders at the annual general meeting.

Audit and risk committee
Role and responsibilities
• Ensure the group has adequate and appropriate financial and operating controls
• Ensure the group has an effective policy and plan for risk management
• Maintain oversight for financial results and integrated reporting
• Ensure satisfactory standards of governance, reporting and compliance

Composition
Chairperson: Mark Bower
The committee comprises three independent non-executive directors.

Remuneration committee
Role and responsibilities
• Ensure the group has a remuneration policy which is aligned with the strategic objectives and goals
• Determine remuneration of executive directors
• Propose fees for non-executive directors for shareholder approval

Composition
Chairperson: Andrew Makenete
The committee comprises two independent non-executive directors and a non-executive director.

Refer to the audit and risk committee report in the annual financial statements.

Refer to the remuneration report on pages 34 to 40.
Social and ethics committee
Role and responsibilities
- Monitor the group’s activities relating to social and economic development, stakeholder and consumer relationships, and labour issues
- Monitor adherence to corporate citizenship principles and ethical behaviour
- Ensure the group’s interactions with stakeholders are guided by legislation and regulation

Composition
Chairperson: Thabo Leeuw
The committee comprises an independent non-executive director, a non-executive director and the head of human resources.

Refer to the social and ethics committee report on pages 42 to 44.

Nominations committee
Role and responsibilities
- Assist the board in identifying, nominating and appointing suitable candidates as directors
- Develop and regularly review succession plans for the board, CEO and senior executives
- Ensure the board has an appropriate balance of skills, knowledge, expertise and diversity

Composition
Remuneration committee together with the board chairperson Dr Yvonne Muthien.

BOARD AND COMMITTEE MEETING ATTENDANCE

<table>
<thead>
<tr>
<th>Director</th>
<th>Status</th>
<th>Number of meetings</th>
<th>Audit and risk committee</th>
<th>Remuneration committee</th>
<th>Social and ethics Committee**</th>
<th>Nominations Committee*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr Yvonne Muthien</td>
<td>Independent</td>
<td>6</td>
<td>4</td>
<td>2</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Mark Bower</td>
<td>Independent</td>
<td>6</td>
<td>+4</td>
<td>2</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Bruce Henderson ***</td>
<td>Executive</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thabo Leeuw</td>
<td>Independent</td>
<td>6</td>
<td>4</td>
<td>+3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Andrew Makenete</td>
<td>Independent</td>
<td>6</td>
<td>3</td>
<td>+1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Tiaan Schoombee ***</td>
<td>Executive</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chad Smart</td>
<td>Non-executive</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Garth Willis</td>
<td>Non-executive</td>
<td>6</td>
<td></td>
<td>2</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Attendance (%) 2017</td>
<td></td>
<td></td>
<td>98</td>
<td>92</td>
<td>83</td>
<td>100</td>
</tr>
<tr>
<td>Attendance (%) 2016</td>
<td></td>
<td></td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

* Chairperson.
** Job Mpele, human resources director, attended three meetings as an executive member of the social and ethics committee.
*** Bruce Henderson, CEO, and Tiaan Schoombee, CFO, attend all meetings by invitation.
Bongiwe Njobe was appointed on 28 September 2017 and therefore did not attend any meetings during the reporting period.
COMPLIANCE
Details on the internal audit function, systems of internal control, the external audit function and risk management are outlined in the audit and risk committee report in the annual financial statements.

LEGALISTIVE AND REGULATORY COMPLIANCE
Legislative and regulatory compliance is monitored by the company secretary working together with the head of human resources. An analysis of current and pending legislation and regulation relevant to the group is presented at board meetings.

Following an external assessment, the group’s human resources policies and procedures were updated in line with the recommendations and the HR divisional structure was revised to accommodate specialist functions.

An external consultancy has been engaged to evaluate the group’s employment equity and transformation initiatives to ensure the group achieves legal compliance and is aligned to best practice.

INVESTOR RELATIONS
An investor relations policy aims to ensure compliance with all legislation, regulation and voluntary codes in relation to disclosure, communication and dissemination of information, while also protecting management and limiting reputational risk for the group.

Management is committed to engaging with local and international analysts and fund managers to enable informed decisions to be made about investing in RFG. The CEO and CFO are the designated investor spokespersons and all investor meetings are attended by at least two people. An investor relations consultant has been retained by RFG since the listing to advise management on its investor relations strategy and activities.

The group aims to ensure proactive and timely communication with the investment community, while protecting the rights of all shareholders by providing equal access to information, with simultaneous release of information and no selective disclosure of information.

ETHICS
The group subscribes to the highest standards of business practice. The group has implemented documented policies which set stringent standards relating to the acceptance of gifts from suppliers and other third parties, confidentiality of information, protection of information, trademarks and intellectual property, declarations of potential conflicts of interest, as well as policies relating to discrimination and sexual harassment.

GOVERNANCE IN 2018
In the new financial year the board and management will focus on the transition from King III to King IV, and aligning the group’s policies and reporting with the new governance code.

The business continuity plan will be formalised to ensure that critical operations continue to be available in a compromised environment. While disaster recovery and emergency action plans exist at individual operations, the focus will be on developing a group continuity plan that minimises the disruptive effects of a disaster or major event.

A formal risk management programme will be implemented while a data protection policy will be adopted. The group aims to commence a data protection project to ensure readiness for and compliance with the European General Data Protection Regulation (GDPR) as well as the Protection of Personal Information Act (POPI).

Other governance priorities include the development of policies on race diversity, procurement and environmental management.

RFG will pursue the national priority of transformation and empowerment with a renewed focus on transformation within the workplace as well as the empowerment of stakeholders through enterprise and supplier development projects.
INTRODUCTION
Rhodes Food Group aims to create a performance-based culture by adopting remuneration policies and practices which reward executives and employees by aligning performance with the creation of sustainable returns to shareholders while meeting the needs of other stakeholders.

Remuneration reporting and disclosure aligns with King III and the mandatory principles of King IV, and the remuneration report is now presented in two parts:

- Part 1 of the report outlines the group’s remuneration policy which will again be proposed to shareholders for a non-binding advisory vote at the annual general meeting (AGM) in March 2018. At the AGM in February 2017 the policy was approved by 88.7% of the votes cast.
- Part 2 of the report details how the remuneration policy has been implemented in the 2017 financial year and this implementation report will be proposed separately to shareholders for a non-binding advisory vote at the AGM.

Since RFG’s listing on the JSE in 2014 shareholders have been encouraged to engage with management on remuneration issues to inform the voting process at the AGM. In line with King IV, the group will be required to engage directly with shareholders should the remuneration policy or the implementation report be voted against by 25% or more of the votes exercised. Through this engagement process management will endeavour to determine the reasons for the dissenting votes and address legitimate objections, and take reasonable measures to address shareholder concerns. The process to address these concerns will be disclosed in the following years’ remuneration report.

The remuneration committee (the committee) is responsible for overseeing the group’s remuneration policy and pay practices. The committee ensures the remuneration policy is aligned with the group’s strategic objectives and goals, determines the remuneration of executive directors and proposes fees for non-executive directors for shareholder approval.

An independent remuneration consultant advises the committee on the group’s remuneration structure and the appropriateness of incentive schemes. The committee is satisfied that the consultant provides independent and objective advice.

As a responsible corporate citizen the group is aware of the societal issues relating to minimum wages and the wage gap, and is committed to adopting fair and responsible remuneration practices.

PART 1: REMUNERATION POLICY
The remuneration policy is based on the following principles:

- Attract and retain employees with skills to effectively manage the operations and growth of the business.
- Motivate employees to perform in the best interests of the business.
- Ensure fairness, equity and consistency of reward across the group.
- Recognise superior performance.
- Align remuneration strategies with best market practice.
- Comply with all relevant labour legislation.

Employees are therefore rewarded based on the following considerations:

- Internal equity.
- External equity in relation to the job market.
- Levels of responsibility.
- Scarcity of skills.
- Work performance.
- Levels of experience.

Remuneration practices are free of unfair distinction. However, fair distinction, based on performance, experience and skills, is applied.

Remuneration is determined and adjusted based on factors including job level, job function, individual and business performance, skills and experience, internal parity and external market practices and affordability.

As a guideline, the group aims to pay employees who perform effectively at the 50th percentile of the market. Premiums are paid for scarce skills and to ensure employee retention.

REMNUNERATION STRUCTURE
Remuneration consists of a mix of guaranteed remuneration and variable performance-related pay which is at risk. Guaranteed remuneration constitutes the employee’s total cost to company package, including a cash salary, travel allowance, and employer and employee contributions to benefit schemes such as medical aid and retirement funds.

The group continues to move towards a more integrated approach to reward strategy, encompassing a balanced design
in which all components are aligned to the strategic direction and business-specific value drivers of the group, and integrated into other management processes.

The group is therefore committed to maintaining pay levels on a total cost to employer basis that reflect an individual’s worth to the group, a performance management system that serves both to differentiate individual and/or team performance and incentives that recognise and reward, where appropriate, both operational performance and strategic performance in a challenging business environment.

Short-term incentives are designed to motivate and reward the achievement of short-term objectives for executive directors, senior executives and senior managers, while long-term incentives are designed to incentivise the generation of long-term shareholder value.

Executive directors do not have fixed-term contracts and are employed on a similar basis to all other employees. Executive directors are subject to a three-month notice period and there is no provision for settlement payments on termination.

An annual merit-based salary increase on the guaranteed portion of remuneration is awarded effective 1 October each year.

Reward strategy – pay mix

The group follows a pay mix policy that supports the philosophy that the performance-based pay of senior executives should form a greater portion of their expected total compensation than guaranteed pay. In addition, within the performance-based pay of the most senior executives, the orientation should be towards rewarding long-term sustainable performance (through long-term and or share-based incentives) more than operational performance (through annual cash incentives).

The mix of guaranteed and variable pay is therefore designed to meet the group’s operational needs and strategic objectives, based on targets that are demanding, measurable and relevant. The pay mix proportionality, defined as the balance between guaranteed pay (GP), annual cash incentives (ACI) and the long-term incentive elements of share appreciation rights (SARs) and performance shares (PS), of the executive directors and of the other members of the executive committee is as follows:

- Guaranteed pay
- Annual cash incentives
- Share appreciation rights
- Performance shares

The pay mix for executive directors and senior executives is as follows:

- **CEO**: 53% Guaranteed pay, 10% Annual cash incentives, 16% Share appreciation rights, 21% Performance shares
- **CFO**: 56% Guaranteed pay, 9% Annual cash incentives, 17% Share appreciation rights, 18% Performance shares
- **Senior executives**: 58% Guaranteed pay, 8% Annual cash incentives, 17% Share appreciation rights, 17% Performance shares
The on-target reward from annual cash incentives and the target reward from long-term (share-based) incentives will vary in practice from the norms depicted, as the result of individual and group performance and the impact of external factors.

The maximum pay mix proportionality of the executive directors and of the other executives is as follows:

### Incentive schemes
Short- and long-term incentives are an integral part of the group’s remuneration structure. The incentive schemes are self-funding and payouts are based on the attainment of agreed targets.

#### Short-term incentive scheme
Executive directors and senior managers participate in an annual cash-based short-term incentive scheme. The scheme rewards the achievement of a combination of financial and non-financial targets, including earnings before interest and tax (EBIT), economic value added, working capital management and broad-based black economic empowerment.

A bonus of 30% of the cost-to-company package is paid on the achievement of an on-target performance for executive directors.

Incentives are only paid when the threshold of 90% of targeted performance is achieved. This increases on a straight-line basis as the performance level increases, with 100% of the incentive paid if 100% of the targets are met. Performance exceeding the targeted performance results in the payment of a higher incentive amount. The incentive is doubled on achieving 125% of target or when a return on net assets (RONA) of 25% is achieved, whichever is the higher.

All targets and incentive payments to executives are approved by the remuneration committee.

#### Long-term incentives

**2015 Share Plan**

The share-based long-term incentive plan (the plan) aligns with global best remuneration practice, and emerging South African practice, and is based on aligning executive and shareholder interests, retaining key talent and incentivising long-term, sustained performance.

Participants in the plan are offered annually a weighted combination from the following elements, according to their role and status within the group:

- Allocations of equity-settled share appreciation rights (performance vesting).
- Conditional awards of performance shares (performance vesting).
- Grants of restricted shares (performance incentive-based).

The weighted implementation of these long-term incentive elements is aimed at ensuring that the company offers competitive incentives and that executives share a significant level of personal risk with shareholders.

The maximum number of shares that may be issued to participants in settlement in the plan is restricted to 2,210,000 shares (currently 0.87% of the issued share capital).
Shares issued to individual participants will not exceed 552,500 shares (currently 0.22% of the issued share capital).

The plan rules provide that share obligations may be settled by the issue of shares by the company, as an alternative to the purchase of shares in the market on behalf of participants, or settlement by way of cash.

**Share appreciation rights**
Annual allocations of share appreciation rights (SAR) are made to participants. The vesting of the SAR is dependent on the group achieving a compound annual growth in diluted headline earnings per share equal to or greater than CPI plus GDP growth plus a premium over the vesting period.

Subject to the performance criteria, SAR vest in equal amounts on the third, fourth and fifth anniversary of their allocations.

The value accruing to participants on settlement is the appreciation in the share price above the strike price at which the SAR were allocated.

**Performance shares**
Performance shares closely align the interests of shareholders and plan participants by rewarding superior performance. Annual conditional awards of performance shares are made, predominantly to executives who can influence and impact long-term strategic performance.

The shares vest on the third anniversary of their award provided that, and to the extent that, the company has achieved targeted performance criteria over the period.

The number of shares that vest depend on the performance relative to prescribed targets. Performance is measured in terms of a weighted combination of the target RONA and comparative total shareholder return.

**RONA targets**

<table>
<thead>
<tr>
<th>Performance target over three-year period</th>
<th>Level of vesting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum threshold RONA or below</td>
<td>Zero</td>
</tr>
<tr>
<td>Targeted RONA</td>
<td>Targeted number of shares</td>
</tr>
<tr>
<td>Maximum RONA</td>
<td>Three times targeted number of shares</td>
</tr>
</tbody>
</table>

RONA performances between these levels will result in pro-rated vesting. Specific targets are not provided in the above table as the directors consider the disclosure of such targets to be price-sensitive information.

**Total shareholder return (TSR)**
TSR is to be determined relative to a comparator group of companies which are likely to be impacted by the same external influences as Rhodes Food Group, and which might be considered as a portfolio of potential investments for those shareholders of the group. The Food Producers’ Index has been identified as the comparator group.

**Performance target relative to the comparator group over three-year period**

<table>
<thead>
<tr>
<th>Level of vesting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower quartile All awards will be forfeited</td>
</tr>
<tr>
<td>Median or weighted index Targeted number of shares</td>
</tr>
<tr>
<td>Upper quartile Three times targeted number of shares</td>
</tr>
</tbody>
</table>

Performances between these points will result in pro-rated vesting, and performance shares that do not vest are forfeited.

The full value of the share accrues to the participant on vesting as there is no strike price as in the case of SAR.

**Restricted shares**
Annual allocations of restricted shares are made to senior managers who, based on their operational performance warrant a bonus matching grant of restricted shares. The value of the restricted shares is to be a matching of a portion of the annual cash incentive bonus calculated for the senior manager. Restricted shares are not granted to members of the executive committee.

Matching ratios are based on the on-target bonus percentage for the job grade and achieving the required balance within the offers of performance shares and restricted shares. However, these ratios will be applied to the actual incentive bonus calculation, thereby differentiating grants to participants based on performance.

Restricted shares will vest after three years.

**General provisions**
Share appreciation rights, performance shares and restricted shares, notwithstanding the performance criteria that govern vesting or grant, will in addition be subject to “malus” and “clawback” provisions that penalise participants for unacceptable performance in terms of issues and conditions affecting the environment, health and safety, and governance.

Settlement is to be made in the main through the purchase of shares in the market on behalf of participants, or alternatively by the payment of a cash bonus of equivalent value.
** Legacy scheme  
**Long-term incentive plan**

Owing to the introduction of the 2015 Share Plan the group has been phasing out its cash-settled long-term incentive plan (LTIP) and no further awards have been made under this LTIP since 2015. At the time of the introduction of the 2015 Share Plan the seven participants in the LTIP reached agreement with the company on fixed payments to be made over the remaining four years of the scheme. The final payment will be made in 2019.

**Non-executive directors’ fees**

Non-executive directors receive fees for board and committee meeting attendance. None of the non-executive directors have service contracts with the group and no consultancy fees were paid to directors during the year. In line with best governance practice, non-executive directors do not participate in incentive schemes.

**PART 2: IMPLEMENTATION REPORT**

The committee confirms that the remuneration policy has been consistently applied in the 2017 financial year.

**Annual salary increase**

The average salary increase effective from 1 October 2017 is 5.0% (2016: 12.5%). The CEO, CFO and other members of the executive committee received the same percentage increase.

**Short-term incentive scheme**

The group reported a decline of 18.3% in EBIT and RONA of 12.0%. A total of R0.9 million (2016: R9.1 million) will be paid in December 2017 in terms of the scheme rules. Only one member of the executive committee qualified for a bonus payment under the scheme.

**Long-term incentive schemes**

**2015 Share Plan**: The first payment under this scheme will be made on the third anniversary of the introduction of the scheme in the 2019 financial year.

**Long-term incentive plan (LTIP)**: In terms of the agreement reached with the participants of this legacy scheme (refer to Legacy scheme above) a fixed amount of R14.4 million (2016: R26.4 million) will be paid to the seven participants in December 2017.

**DIRECTORS’ REMUNERATION**

**Executive directors**

The prescribed officers of Rhodes Food Group Holdings in terms of the Companies Act are both executive directors and their remuneration is fully disclosed in this implementation report.

<table>
<thead>
<tr>
<th>Year</th>
<th>Director</th>
<th>Salary (R’000)</th>
<th>Short-term Incentive* (R’000)</th>
<th>Long-term Incentive (R’000)</th>
<th>Travel allowance (R’000)</th>
<th>Pension fund (R’000)</th>
<th>Other benefits (R’000)</th>
<th>Total (R’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>Bruce Henderson</td>
<td>3 643</td>
<td>2 039</td>
<td>7 169</td>
<td>331</td>
<td>557</td>
<td>305</td>
<td>14 044</td>
</tr>
<tr>
<td></td>
<td>Tiaan Schoombie</td>
<td>2 440</td>
<td>1 300</td>
<td>4 236</td>
<td>161</td>
<td>373</td>
<td>104</td>
<td>8 614</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>6 083</strong></td>
<td><strong>3 339</strong></td>
<td><strong>11 405</strong></td>
<td><strong>492</strong></td>
<td><strong>930</strong></td>
<td><strong>409</strong></td>
<td><strong>22 658</strong></td>
</tr>
<tr>
<td>2016</td>
<td>Bruce Henderson</td>
<td>3 221</td>
<td>1 638</td>
<td>7 900</td>
<td>331</td>
<td>493</td>
<td>279</td>
<td>13 862</td>
</tr>
<tr>
<td></td>
<td>Tiaan Schoombie</td>
<td>2 163</td>
<td>1 076</td>
<td>4 618</td>
<td>161</td>
<td>331</td>
<td>98</td>
<td>8 447</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>5 384</strong></td>
<td><strong>2 714</strong></td>
<td><strong>12 518</strong></td>
<td><strong>492</strong></td>
<td><strong>824</strong></td>
<td><strong>377</strong></td>
<td><strong>22 309</strong></td>
</tr>
</tbody>
</table>

*Relates to the performance for the preceding financial year.
Non-executive directors

Directors (R’000)

<table>
<thead>
<tr>
<th>Directors</th>
<th>2017 Directors’ fees</th>
<th>2016 Directors’ fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr Yvonne Muthien</td>
<td>642</td>
<td>600</td>
</tr>
<tr>
<td>Mark Bower</td>
<td>499</td>
<td>466</td>
</tr>
<tr>
<td>Thabo Leeuw</td>
<td>478</td>
<td>447</td>
</tr>
<tr>
<td>Andrew Makenete</td>
<td>481</td>
<td>449</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2 100</strong></td>
<td><strong>1 962</strong></td>
</tr>
</tbody>
</table>

A management fee of R676 000 (2016: R639 500) was paid to Capitalworks in lieu of directors’ fees for Chad Smart and Garth Willis who represent the interests of Capitalworks on the board.

Total directors’ remuneration

<table>
<thead>
<tr>
<th>R’000</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive directors</td>
<td>22 658</td>
<td>22 309</td>
</tr>
<tr>
<td>Non-executive directors</td>
<td>2 100</td>
<td>1 962</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>24 758</strong></td>
<td><strong>24 271</strong></td>
</tr>
</tbody>
</table>

Non-executive directors’ fees

The total proposed fees for the 2018 financial year represent an increase of 6.0% over the fees for the prior year. The fees are subject to approval by shareholders at the AGM in March 2018.

<table>
<thead>
<tr>
<th>Position</th>
<th>Proposed fee for the year ending 30 September 2018</th>
<th>Fee paid for the year ended 1 October 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Board</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chairperson</td>
<td>680 550</td>
<td>642 000</td>
</tr>
<tr>
<td>Member</td>
<td>303 450</td>
<td>286 250</td>
</tr>
<tr>
<td><strong>Audit and risk committee</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chairperson</td>
<td>164 300</td>
<td>155 000</td>
</tr>
<tr>
<td>Member</td>
<td>97 100</td>
<td>91 600</td>
</tr>
<tr>
<td><strong>Remuneration committee</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chairperson</td>
<td>109 200</td>
<td>103 000</td>
</tr>
<tr>
<td>Member</td>
<td>60 700</td>
<td>57 250</td>
</tr>
<tr>
<td><strong>Social and ethics committee</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chairperson</td>
<td>106 450</td>
<td>100 400</td>
</tr>
<tr>
<td>Member</td>
<td>57 900</td>
<td>54 600</td>
</tr>
</tbody>
</table>

DIRECTORS’ SHAREHOLDING

Executive directors

<table>
<thead>
<tr>
<th></th>
<th>Bruce Henderson</th>
<th>Tiaan Schoombie</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary shares held</td>
<td>16 200 000</td>
<td>16 200 000</td>
</tr>
<tr>
<td>Value of ordinary shares (R’000)</td>
<td>296 460</td>
<td>448 740</td>
</tr>
<tr>
<td>Number of “B” redeemable convertible preference shares</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Value of “B” redeemable convertible preference shares</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary shares held</td>
<td>16 200 000</td>
<td>16 200 000</td>
<td>3 001 050</td>
<td>3 001 050</td>
</tr>
<tr>
<td>Value of ordinary shares (R’000)</td>
<td>296 460</td>
<td>448 740</td>
<td>54 919</td>
<td>83 129</td>
</tr>
<tr>
<td>Number of “B” redeemable convertible preference shares</td>
<td>–</td>
<td>–</td>
<td>1 999 800</td>
<td>1 999 800</td>
</tr>
<tr>
<td>Value of “B” redeemable convertible preference shares</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

Non-executive directors

<table>
<thead>
<tr>
<th>Director</th>
<th>2017</th>
<th>2016</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Direct</td>
<td>Beneficial</td>
<td>Total</td>
<td>Direct</td>
</tr>
<tr>
<td>Yvonne Muthien</td>
<td>36 916</td>
<td>–</td>
<td>36 916</td>
<td>29 166</td>
</tr>
<tr>
<td>Mark Bower</td>
<td>86 666</td>
<td>–</td>
<td>86 666</td>
<td>86 666</td>
</tr>
<tr>
<td>Thabo Leeuw</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Andrew Makenete</td>
<td>5 080</td>
<td>–</td>
<td>5 080</td>
<td>8 333</td>
</tr>
<tr>
<td>Chad Smart</td>
<td>– 1 831 233</td>
<td>1 831 233</td>
<td>1 831 233</td>
<td>– 1 831 233</td>
</tr>
<tr>
<td>Garth Willis</td>
<td>– 251 002</td>
<td>251 002</td>
<td>251 002</td>
<td>– 251 002</td>
</tr>
</tbody>
</table>

In addition, Chad Smart holds 186 401 (2016: 186 401) indirect “A” redeemable convertible preference shares and Garth Willis 25 549 (2016: 25 549) indirect “A” redeemable convertible preference shares.
Rhodes Food Group 2015 Share Plan

Executive directors
Details of allocations of share appreciation rights to executive directors under this plan at 1 October 2017 are set out below:

<table>
<thead>
<tr>
<th></th>
<th>Bruce Henderson</th>
<th>Tiaan Schoombie</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share appreciation rights allocated December 2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allocation price</td>
<td>–</td>
<td>24.12</td>
</tr>
<tr>
<td>Number allocated</td>
<td>–</td>
<td>57 317</td>
</tr>
<tr>
<td>Total holding at 25 September 2016</td>
<td><strong>57 317</strong></td>
<td><strong>57 317</strong></td>
</tr>
<tr>
<td>Share appreciation rights allocated December 2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number allocated</td>
<td>54 751</td>
<td>–</td>
</tr>
<tr>
<td>Total holding at 1 October 2017</td>
<td><strong>112 068</strong></td>
<td>–</td>
</tr>
</tbody>
</table>

All options are subject to performance targets. There are no share appreciation rights vested at 1 October 2017.
The share appreciation rights vest in equal amounts on the third, fourth and fifth anniversary of their allocations and are exercisable for a period of two years after vesting.

Details of conditional awards of performance shares to executive directors under this plan at 1 October 2017 are set out below:

<table>
<thead>
<tr>
<th></th>
<th>Bruce Henderson</th>
<th>Tiaan Schoombie</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance shares awarded December 2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 Day VWAP share price on award date</td>
<td>–</td>
<td>24.12</td>
</tr>
<tr>
<td>Number awarded</td>
<td>–</td>
<td>55 468</td>
</tr>
<tr>
<td>Total holding at 25 September 2016</td>
<td><strong>55 468</strong></td>
<td><strong>55 468</strong></td>
</tr>
<tr>
<td>Performance shares awarded December 2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 Day VWAP share price on award date</td>
<td>26.58</td>
<td>–</td>
</tr>
<tr>
<td>Number awarded</td>
<td>52 985</td>
<td>–</td>
</tr>
<tr>
<td>Total holding at 1 October 2017</td>
<td><strong>108 453</strong></td>
<td>–</td>
</tr>
</tbody>
</table>

All options are subject to performance targets. There are no performance shares vested at 1 October 2017.
The performance shares vest on the third anniversary of their awards and are exercisable for a period of two years after vesting.
Rhodes Food Group is committed to ensuring that the rights of employees, customers, suppliers and other stakeholders are respected and upheld. The group’s code of conduct and other ethics policies govern the conduct of all employees, and ensure alignment with the Organisation for Economic Cooperation and Development’s recommendations regarding corruption and the 10 principles set out in the United Nations Global Compact.

The social and ethics committee (the committee) is governed by a formal charter. The committee acts in terms of the delegated authority of the board and assists the board in monitoring the group’s activities in terms of legislation, regulation and codes of best practices relating to ethics, stakeholder engagement (including employees, customers, communities and the environment) and, strategic empowerment and transformation.

This report is presented to shareholders in accordance with the requirements of the Companies Act.

### ROLE OF THE COMMITTEE

The responsibilities of the committee are as follows:

- Monitor the group’s activities relating to social and economic development, good corporate citizenship, the environment, health and public safety.
- Draw matters relating to these activities to the attention of the board, as appropriate.
- Monitor functions required in terms of the Companies Act and its regulations.
- Report annually to shareholders on matters within the committee’s mandate.

### COMMITTEE COMPOSITION

Members of the committee are appointed by the board.

The committee comprised the following members for the reporting period and to the date of this report:

- Thabo Leeuw (chairperson) Independent non-executive director
- Garth Willis Non-executive director
- Job Mpele Human resources executive

Biographical details of the committee members appear on pages 16, 17 and 19 and fees paid to the non-executive members of the committee are disclosed on page 39.

The CEO, CFO and the chairperson of the board are invited to meetings.

### ACTIVITIES OF THE COMMITTEE

The committee met three times during the year and performed the following activities:

- Monitored the development and application of policies, guidelines and practices in line with the group’s social and ethics policies, King IV and the JSE Listings Requirements.
- Monitored progress against the group’s BBBEE targets, the employment equity plans for the South African businesses, and considered the group’s empowerment and transformation activities.
- Reviewed ethics related issues including tip-offs by whistle-blowers received during the year and how these had been dealt with.
- Evaluated the group’s corporate social investment (CSI) programme, focusing primarily on the following:
  - The group’s bursary scheme.
  - Investment in employee learning and development.
  - Enterprise development projects include the development and establishment of two black-owned businesses which manufacture and distribute a range of the group’s products.
  - Supplier development programmes including funding the development of the Constitution Road Wine Growers farm, which is majority owned by black women farm workers.
  - Achievement of the commitment to donate 1% of net profit after tax to CSI.
- Monitored resources allocated to comply with social and ethics policies, codes of best practice and regulatory requirements.
- Reviewed aspects of sustainability and corporate citizenship to ensure that progress is appropriately reported.
- Recommended such policies and measures aimed at enhancing the group’s overall social and ethics objectives.
EMPOWERMENT AND TRANSFORMATION

The group subscribes to the philosophies and principles of the national broad-based black economic empowerment (BBBEE) strategy and is committed to the spirit and principles of the BBBEE Act.

Through its activities the group aims to add value through the transformation of the business and society at large, based on the belief that development, transformation, empowerment and economic growth are complementary processes.

The transformation strategy is focused on three key stakeholder groups:

- **Employees**: focus on employment equity-based placement practices, skills training and employee development.
- **Business partners**: developing meaningful and enduring business partnerships that will provide value creating opportunities.
- **The community**: contributing to the development and upliftment of the communities in which the group operates.

The group again achieved a level 4 BBBEE rating in the 2017 financial year with 67.26 points under the Agri BBBEE sector codes. The ratings were independently verified by Mazars, a SA National Accreditation System (SANAS) approved verification agent.

<table>
<thead>
<tr>
<th>BBBEE element</th>
<th>Maximum score</th>
<th>Current</th>
<th>Previous</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership</td>
<td>20</td>
<td>12.33</td>
<td>13.16</td>
</tr>
<tr>
<td>Management control</td>
<td>10</td>
<td>5.96</td>
<td>5.58</td>
</tr>
<tr>
<td>Employment equity</td>
<td>10</td>
<td>2.88</td>
<td>3.44</td>
</tr>
<tr>
<td>Skills development</td>
<td>20</td>
<td>11.93</td>
<td>15.24</td>
</tr>
<tr>
<td>Preferential procurement</td>
<td>20</td>
<td>13.15</td>
<td>13.72</td>
</tr>
<tr>
<td>Enterprise development</td>
<td>10</td>
<td>10.00</td>
<td>10.00</td>
</tr>
<tr>
<td>Socio-economic development</td>
<td>10</td>
<td>11.00</td>
<td>11.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>67.25</strong></td>
<td><strong>72.14</strong></td>
</tr>
</tbody>
</table>

BBBEE level 4

The current BBBEE score is measured on the 2016 financial year (previous: measured on the 2015 financial year).

While the date for the introduction of the revised Agri sector codes is uncertain, its implementation will result in the company’s BBBEE score dropping to a level 8. However, the board has approved a strategy aimed at ensuring the group regains its level 4 status under the revised Agri sector codes by 2020.

OWNERSHIP

The ownership element of the BBBEE scorecard reflects the level of black ownership across the group’s diversified shareholder base. This score has reduced slightly from the previous rating owing to the increased level of international shareholding in RFG.

MANAGEMENT CONTROL

Black non-executive directors accounted for 37.5% of the board members with three black non-executive directors, including a black female chairperson, for most of the year.

An additional black female non-executive director was appointed shortly before year end in September 2017, increasing the level of representation to 44.4% which will reflect in the next BBBEE assessment. The board has adopted a diversity policy aimed at improving this element of the scorecard, which has included the appointment of a black woman as an executive director of the group’s main operating company.
EMPLOYMENT EQUITY
Black employees account for 14.3% of top management, 42.9% of senior management, 36.9% of middle management and 80.4% of junior management which provides the group with a strong pool of future management talent. Disabled employees comprise 1.4% of the group’s workforce.

SKILLS DEVELOPMENT
The group invested 1.4% of total payroll on the training and development of black employees against a target of 2%.

Black people on learnerships comprise 2.5% of the workforce (target 5%), with the number of women participating in learnerships being 1.2% of total employees (target 2.5%).

PREFERENTIAL PROCUREMENT
The group’s total measured procurement spend with BBBEE suppliers was 68.2%.
BBBEE suppliers (large enterprises): spent 64.2% against a target of 70%.
BBBEE suppliers (qualifying small enterprises): spent 5.5% against a target of 15%.
BBBEE suppliers (exempted micro enterprises): spent 5.4% against a target of 5%.

ENTERPRISE DEVELOPMENT
The group invested an amount equivalent to 4.7% of profit after tax on enterprise development initiatives against a target of 3%.

SOCIO-ECONOMIC DEVELOPMENT
Active support of social upliftment programmes contributed to the group achieving the maximum score for socio-economic development. RFG will continue to use its core competence of food manufacturing and distribution as the cornerstone of its socio-economic programmes. This includes providing support to school feeding schemes around the country, food distribution programmes such as Meals on Wheels and support to relief programmes such as Gift of the Givers. The group has also provided support to the Woolworths Trust.

SUSTAINABILITY PROJECT
A sustainability project commenced during the year to monitor and improve the management of water, energy, solid and liquid waste and greenhouse gas emissions at the group’s 15 production facilities.

The initial phase of the project included the following:
• Baseline setting for all manufacturing sites.
• Industry benchmarking.
• Design of a reporting system.

Training has been completed and the project implemented for the new financial year, and the results for the first year of the project will be included in the 2018 integrated report.

COMMITTEE FUNCTIONING
The members of the committee believe the group is substantively addressing the issues required to be monitored in terms of the Companies Act. Suitable policies and programmes are in place to maintain high standards of good citizenship among internal and external stakeholders, including fair labour practices and sound consumer relations.

Thabo Leeuw
Chairperson
Social and ethics committee
30 November 2017
The summarised consolidated financial information of Rhodes Food Group Holdings Limited for the year ended 1 October 2017, and 25 September 2016 are set out below.

The directors of Rhodes Food Group Holdings Limited are responsible for the preparation of the summarised consolidated financial information contained in these audited summarised consolidated financial statements.

The financial statements were prepared under the supervision of CC Schoombie, (CA)SA, chief financial officer and can be obtained as set out in note 14 of these financial statements.

Yvonne Muthien
Chairperson

Bruce Henderson
Chief executive officer
### SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION at 1 October 2017

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R'000</td>
<td>R'000</td>
<td>R'000</td>
</tr>
</tbody>
</table>

#### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>2 145 186</td>
<td>1 364 722</td>
<td>1 153 769</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>207 282</td>
<td>81 587</td>
<td>79 908</td>
</tr>
<tr>
<td>Goodwill</td>
<td>1 460 493</td>
<td>986 826</td>
<td>793 565</td>
</tr>
<tr>
<td>Deferred taxation asset</td>
<td>457 183</td>
<td>287 607</td>
<td>271 775</td>
</tr>
<tr>
<td>Biological assets</td>
<td>9 294</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Loan receivable</td>
<td>10 664</td>
<td>8 702</td>
<td>8 521</td>
</tr>
<tr>
<td></td>
<td>9 294</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>10 664</td>
<td>8 702</td>
<td>8 521</td>
</tr>
<tr>
<td></td>
<td>270</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Current assets</td>
<td>1 964 903</td>
<td>1 744 857</td>
<td>1 324 194</td>
</tr>
<tr>
<td>Inventory</td>
<td>1 144 080</td>
<td>947 488</td>
<td>694 604</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>767 679</td>
<td>749 378</td>
<td>604 078</td>
</tr>
<tr>
<td>Biological assets</td>
<td>10 553</td>
<td>16 037</td>
<td>14 127</td>
</tr>
<tr>
<td>Loans receivable</td>
<td>6 170</td>
<td>3 000</td>
<td>2 758</td>
</tr>
<tr>
<td>Foreign exchange contract asset</td>
<td>–</td>
<td>21 925</td>
<td>–</td>
</tr>
<tr>
<td>Taxation receivable</td>
<td>32 193</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Bank balances and cash on hand</td>
<td>4 228</td>
<td>7 029</td>
<td>8 627</td>
</tr>
<tr>
<td></td>
<td>4 228</td>
<td>7 029</td>
<td>8 627</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 744 857</td>
<td>1 324 194</td>
</tr>
<tr>
<td></td>
<td>1 964 903</td>
<td>1 744 857</td>
<td>1 324 194</td>
</tr>
<tr>
<td>Total assets</td>
<td>4 110 089</td>
<td>3 109 579</td>
<td>2 477 963</td>
</tr>
</tbody>
</table>

#### EQUITY AND LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital and reserves</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>2 235 865</td>
<td>1 256 898</td>
<td>1 018 157</td>
</tr>
<tr>
<td>Equity-settled employee benefits</td>
<td>1 565 509</td>
<td>720 205</td>
<td>720 205</td>
</tr>
<tr>
<td>Accumulated profit</td>
<td>8 779</td>
<td>2 773</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>652 326</td>
<td>524 948</td>
<td>291 582</td>
</tr>
<tr>
<td>Equity attributable to owners of the company</td>
<td>2 226 614</td>
<td>1 247 926</td>
<td>1 011 787</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>9 251</td>
<td>8 972</td>
<td>6 370</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>877 883</td>
<td>786 544</td>
<td>692 533</td>
</tr>
<tr>
<td>Long-term loans</td>
<td>700 407</td>
<td>687 231</td>
<td>621 773</td>
</tr>
<tr>
<td>Deferred taxation liability</td>
<td>161 711</td>
<td>85 085</td>
<td>60 993</td>
</tr>
<tr>
<td>Employee benefit liability</td>
<td>15 765</td>
<td>14 228</td>
<td>9 767</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>996 341</td>
<td>1 066 137</td>
<td>767 273</td>
</tr>
<tr>
<td>Accounts payable and accruals</td>
<td>534 590</td>
<td>531 596</td>
<td>430 352</td>
</tr>
<tr>
<td>Employee benefits accrual</td>
<td>75 324</td>
<td>126 008</td>
<td>114 927</td>
</tr>
<tr>
<td>Current portion of long-term loans</td>
<td>218 831</td>
<td>152 963</td>
<td>109 775</td>
</tr>
<tr>
<td>Taxation payable</td>
<td>2 732</td>
<td>58 918</td>
<td>29 820</td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>158 077</td>
<td>196 652</td>
<td>72 448</td>
</tr>
<tr>
<td>Foreign exchange contract liability</td>
<td>6 787</td>
<td>–</td>
<td>9 951</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total equity and liabilities</td>
<td>4 110 089</td>
<td>3 109 579</td>
<td>2 477 963</td>
</tr>
</tbody>
</table>

*Refer to note 8.
### SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the year ended 1 October 2017

#### Restated* Audited

<table>
<thead>
<tr>
<th></th>
<th>2017 R'000</th>
<th>2016 R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>(3 355 146)</td>
<td>(2 932 530)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>(85 844)</td>
<td>(752 265)</td>
</tr>
<tr>
<td>Other income</td>
<td>54 480</td>
<td>37 221</td>
</tr>
<tr>
<td>Operating costs</td>
<td>(885 844)</td>
<td>(752 265)</td>
</tr>
<tr>
<td><strong>Profit before interest and taxation</strong></td>
<td>(84 836)</td>
<td>(89 066)</td>
</tr>
<tr>
<td>Interest paid</td>
<td>386</td>
<td>13</td>
</tr>
<tr>
<td><strong>Profit before taxation</strong></td>
<td>(87 566)</td>
<td>(115 924)</td>
</tr>
<tr>
<td>Taxation</td>
<td>322 357</td>
<td>409 275</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td>234 791</td>
<td>293 351</td>
</tr>
<tr>
<td>Profit attributable to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owners of the company</td>
<td>234 512</td>
<td>290 749</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>279</td>
<td>2 602</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items that will not be reclassified subsequently to profit or loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remeasurement of employee benefit liability</td>
<td>2</td>
<td>(857)</td>
</tr>
<tr>
<td>Deferred taxation effect</td>
<td>(1)</td>
<td>235</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the year</strong></td>
<td>234 792</td>
<td>292 729</td>
</tr>
<tr>
<td><strong>Total comprehensive income attributable to:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owners of the company</td>
<td>234 513</td>
<td>290 127</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>279</td>
<td>2 602</td>
</tr>
<tr>
<td><strong>Earnings per share (cents)</strong></td>
<td>95.9</td>
<td>132.1</td>
</tr>
<tr>
<td>Diluted earnings per share (cents)</td>
<td>92.4</td>
<td>127.0</td>
</tr>
</tbody>
</table>

*Refer to note 8.*
<table>
<thead>
<tr>
<th>Note</th>
<th>Equity-settled share employee benefits R'000</th>
<th>Accumulated profit R'000</th>
<th>Non-controlling interest R'000</th>
<th>Total R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 27 September 2015</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total comprehensive income for the year (restated)*</td>
<td>–</td>
<td>–</td>
<td>290 127</td>
<td>2 602</td>
</tr>
<tr>
<td>Recognition of share-based payments</td>
<td>–</td>
<td>2 773</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Treasury shares dividend received</td>
<td>–</td>
<td>–</td>
<td>279</td>
<td>–</td>
</tr>
<tr>
<td>Dividend paid</td>
<td>–</td>
<td>–</td>
<td>(57 040)</td>
<td>–</td>
</tr>
<tr>
<td><strong>Balance at 25 September 2016 (restated)</strong>*</td>
<td>720 205</td>
<td>2 773</td>
<td>524 948</td>
<td>8 972</td>
</tr>
<tr>
<td>Issue of ordinary share capital</td>
<td>4</td>
<td>845 304</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>–</td>
<td>–</td>
<td>234 513</td>
<td>279</td>
</tr>
<tr>
<td>Recognition of share-based payments</td>
<td>–</td>
<td>6 006</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Treasury shares dividend received</td>
<td>–</td>
<td>–</td>
<td>475</td>
<td>–</td>
</tr>
<tr>
<td>Dividend paid</td>
<td>–</td>
<td>–</td>
<td>(107 610)</td>
<td>–</td>
</tr>
<tr>
<td><strong>Balance at 1 October</strong></td>
<td>1 565 509</td>
<td>8 779</td>
<td>652 326</td>
<td>9 251</td>
</tr>
</tbody>
</table>

*Refer to note B.
## SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 1 October 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>Audited 2017 R’000</th>
<th>Restated* Audited 2016 R’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash receipts from customers</td>
<td>5 263 596</td>
<td>4 849 840</td>
</tr>
<tr>
<td>Cash paid to suppliers and employees</td>
<td>(4 916 482)</td>
<td>(4 547 577)</td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>347 114</td>
<td>302 263</td>
</tr>
<tr>
<td>Net interest paid</td>
<td>(86 150)</td>
<td>(88 613)</td>
</tr>
<tr>
<td>Taxation paid</td>
<td>(139 023)</td>
<td>(63 899)</td>
</tr>
<tr>
<td><strong>Net cash inflow from operating activities</strong></td>
<td>121 941</td>
<td>149 751</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(486 946)</td>
<td>(238 051)</td>
</tr>
<tr>
<td>Proceeds on disposal of property, plant and equipment</td>
<td>1 478</td>
<td>6 703</td>
</tr>
<tr>
<td>Acquisition of subsidiary and businesses less net cash acquired</td>
<td>(207 297)</td>
<td>(123 110)</td>
</tr>
<tr>
<td>Loans receivable advanced</td>
<td>(3 732)</td>
<td>(300)</td>
</tr>
<tr>
<td>Loans receivable repaid</td>
<td>1 471</td>
<td>58</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(107 610)</td>
<td>(57 040)</td>
</tr>
<tr>
<td>Treasury shares dividend received</td>
<td>475</td>
<td>279</td>
</tr>
<tr>
<td><strong>Net cash outflow from investing activities</strong></td>
<td>(802 161)</td>
<td>(411 461)</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issue of ordinary share capital</td>
<td>648 304</td>
<td>–</td>
</tr>
<tr>
<td>Loans raised</td>
<td>621 000</td>
<td>219 570</td>
</tr>
<tr>
<td>Loans repaid</td>
<td>(556 742)</td>
<td>(110 924)</td>
</tr>
<tr>
<td>Government grant received</td>
<td>3 432</td>
<td>27 262</td>
</tr>
<tr>
<td><strong>Net cash inflow from financing activities</strong></td>
<td>715 994</td>
<td>135 908</td>
</tr>
<tr>
<td><strong>Net increase/(decrease) in cash and cash equivalents</strong></td>
<td>35 774</td>
<td>(125 802)</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of the year</td>
<td>(189 623)</td>
<td>(63 821)</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of the year</strong></td>
<td>(153 849)</td>
<td>(189 623)</td>
</tr>
</tbody>
</table>

*Refer to note 8.
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 executive management of the group have chosen to organise the group around the difference in geographical areas and operate the business on that basis.

Specifically, the group’s reportable segments under IFRS 8: Operating segments are as follows:
- Regional
- International

SEGMENT REVENUES AND RESULTS

The following is an analysis of the group’s revenue and results by reportable segment.

<table>
<thead>
<tr>
<th>Segment revenue</th>
<th>Audited 2017 R'000</th>
<th>Restated* Audited 2016 R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Regional</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fresh products sales</td>
<td>1 529 291</td>
<td>1 175 282</td>
</tr>
<tr>
<td>Long life products sales</td>
<td>2 151 307</td>
<td>1 856 695</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3 680 598</td>
<td>3 031 977</td>
</tr>
<tr>
<td><strong>International</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long life products sales</td>
<td>912 719</td>
<td>1 113 925</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4 593 317</td>
<td>4 145 902</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Segment profit</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional</td>
<td>358 254</td>
<td>311 440</td>
</tr>
<tr>
<td>International</td>
<td>57 553</td>
<td>190 090</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>415 807</td>
<td>501 530</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Audited</th>
<th>Restated*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impairment loss</td>
<td>(3 321)</td>
<td>–</td>
</tr>
<tr>
<td>Acquisition costs</td>
<td>(5 679)</td>
<td>(3 202)</td>
</tr>
<tr>
<td>Interest received</td>
<td>386</td>
<td>13</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(84 836)</td>
<td>(89 066)</td>
</tr>
<tr>
<td><strong>Profit before taxation</strong></td>
<td>322 357</td>
<td>409 275</td>
</tr>
</tbody>
</table>

Segment revenue reported above represents revenue generated from external customers. Intercompany sales amounted to R541.821 million (2016: R561.168 million).

Included in the regional and international operating profit is depreciation of R92.435 million (2016: R64.137 million) and R18.113 million (2016: R22.729 million) respectively and amortisation of R5.791 million (2016: R2.688 million) and R0.748 million (2016: R0.633 million) respectively.

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 impairment losses, acquisition costs, interest received and interest paid. 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 and deferred taxation asset) and revenue are detailed below. The chief operating decision-maker does not evaluate any other of the group’s assets or liabilities on a segmental basis for decision-making purposes.

<table>
<thead>
<tr>
<th></th>
<th>Non-current assets</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Audited 2017 R’000</td>
<td>Restated* Audited 2016 R’000</td>
</tr>
<tr>
<td>Republic of South Africa</td>
<td>1 558 125</td>
<td>973 684</td>
</tr>
<tr>
<td>Kingdom of Swaziland</td>
<td>129 878</td>
<td>103 431</td>
</tr>
<tr>
<td></td>
<td>1 688 003</td>
<td>1 077 115</td>
</tr>
</tbody>
</table>

INFORMATION REGARDING MAJOR CUSTOMERS

Two customers (2016: two) individually contributed 10% or more of the group’s revenues arising from both regional and international sources.

*Refer to note 8.
1. BASIS OF PREPARATION

Rhodes Food Group Holdings Limited is a company domiciled in the Republic of South Africa. These audited summarised consolidated financial statements ("preliminary financial statements") as at and for the financial year ended 1 October 2017 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 meal solutions. These include fresh and frozen ready meals, pastry-based products, canned jams, canned fruits, canned and bottled salads and vegetables, canned meat, fruit purees and concentrates, juice and juice products, dairy products and dry packed foods. There were no major changes in the nature of the business for the group during the periods ended September 2017 and 2016.

The preliminary financial statements are an extract from the audited consolidated financial statements for the year ended 1 October 2017, and have been prepared in accordance with the framework concepts, the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncement as issued by the Financial Reporting Standards Council, and the requirements of the Companies Act of South Africa and the JSE Limited Listings Requirements. The preliminary financial statements contain, as a minimum, the information required by IAS 34: Interim Financial Reporting.

The accounting policies and methods of computation applied in the presentation of the preliminary financial statements are consistent with those applied in the audited consolidated annual financial statements for the year ended 25 September 2016, except for the mandatory amendments to IAS 41: Agriculture. Therefore the prior years financial results have been restated for the effect of this amendment.

These preliminary financial statements were prepared under the supervision of CC Schoombie, CA(SA), Chief Financial Officer.

2. PROPERTY, PLANT AND EQUIPMENT

During the year ended the following transactions accounted for the movement in the property, plant and equipment balance:

<table>
<thead>
<tr>
<th></th>
<th>Opening balance</th>
<th>Acquisition of subsidiaries</th>
<th>Additions</th>
<th>Government grant received</th>
<th>Disposals</th>
<th>Impairment</th>
<th>Closing balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>COST</td>
<td>R'000</td>
<td>R'000</td>
<td>R'000</td>
<td>R'000</td>
<td>R'000</td>
<td>R'000</td>
<td>R'000</td>
</tr>
<tr>
<td>2017</td>
<td>1 197 797</td>
<td>105 644</td>
<td>486 946</td>
<td>(3 432)</td>
<td>(17 788)</td>
<td>(3 872)</td>
<td>1 765 295</td>
</tr>
<tr>
<td>2016 – Restated</td>
<td>938 330</td>
<td>79 253</td>
<td>238 051</td>
<td>(27 262)</td>
<td>(29 446)</td>
<td>(1 129)</td>
<td>1 197 797</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Opening balance</th>
<th>Depreciation</th>
<th>Disposals</th>
<th>Impairment</th>
<th>Closing balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACCUMULATED DEPRECIATION</td>
<td>R'000</td>
<td>R'000</td>
<td>R'000</td>
<td>R'000</td>
<td>R'000</td>
</tr>
<tr>
<td>2017</td>
<td>210 971</td>
<td>110 548</td>
<td>(16 166)</td>
<td>(551)</td>
<td>304 802</td>
</tr>
<tr>
<td>2016 – Restated</td>
<td>144 765</td>
<td>86 866</td>
<td>(19 785)</td>
<td>(875)</td>
<td>210 971</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Opening balance</th>
<th>Closing balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>NET ASSET VALUE</td>
<td>R'000</td>
<td>R'000</td>
</tr>
<tr>
<td>2017</td>
<td>986 826</td>
<td>1 460 493</td>
</tr>
<tr>
<td>2016 – Restated</td>
<td>793 565</td>
<td>986 826</td>
</tr>
</tbody>
</table>

The disposal and impairment of property, plant and equipment resulted in a loss of R0.144 million (2016: R2.958 million) and R3.321 million (2016: R0.254 million) respectively which were recognised as part of 'operating costs' in the consolidated statement of profit or loss and other comprehensive income.

During the year, the group contracted R264.664 million (2016: R170.626 million) for future capital commitments.

There has been no major change in the nature of property, plant and equipment, the policy regarding the use thereof, or the encumbrances over the property, plant and equipment.
3. INVENTORY

The value of the inventory disclosed at net realisable value is R74.879 million (2016: R20.145 million).

4. SHARE CAPITAL

On 29 November 2016 the company raised net capital of R648.304 million through the private placement of 25 million ordinary shares. A further 7.762 million shares were issued on 22 March 2017 in order to settle the full purchase price of R197.000 million for the acquisition of Pakco Proprietary Limited.

5. HEADLINE EARNINGS PER SHARE

<table>
<thead>
<tr>
<th></th>
<th>2017 R’000</th>
<th>Restated 2016 R’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>5.1 HEADLINE EARNINGS PER SHARE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reconciliation between profit attributable to owners of the parent and headline earnings:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit attributable to owners of the parent</td>
<td>234 512</td>
<td>290 749</td>
</tr>
<tr>
<td>Adjustments to profit attributable to owners of the parent</td>
<td>2 495</td>
<td>2 313</td>
</tr>
<tr>
<td>Loss on disposal of property, plant and equipment</td>
<td>144</td>
<td>2 958</td>
</tr>
<tr>
<td>Impairment of property, plant and equipment</td>
<td>3 321</td>
<td>254</td>
</tr>
<tr>
<td>Taxation effect</td>
<td>(970)</td>
<td>(899)</td>
</tr>
<tr>
<td>Headline earnings</td>
<td>237 007</td>
<td>293 062</td>
</tr>
<tr>
<td>Headline earnings per share (cents)</td>
<td>96.9</td>
<td>133.3</td>
</tr>
</tbody>
</table>

5.2 DILUTED HEADLINE EARNINGS PER SHARE

<table>
<thead>
<tr>
<th></th>
<th>2017 R’000</th>
<th>Restated 2016 R’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headline earnings</td>
<td>237 007</td>
<td>293 062</td>
</tr>
<tr>
<td>Diluted headline earnings per share (cents)</td>
<td>93.4</td>
<td>128.0</td>
</tr>
</tbody>
</table>

5.3 WEIGHTED AVERAGE NUMBER OF SHARES IN ISSUE

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>Restated 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted average number of shares in issue</td>
<td>221 000 000</td>
<td>221 000 000</td>
</tr>
<tr>
<td>Ordinary shares issued</td>
<td>24 657 869</td>
<td>1 (125 000)</td>
</tr>
<tr>
<td>Treasury shares</td>
<td>(1 125 000)</td>
<td></td>
</tr>
<tr>
<td>Weighted average number of shares in issue</td>
<td>244 532 869</td>
<td>219 875 000</td>
</tr>
<tr>
<td>Effect of convertible preference shares</td>
<td>9 000 000</td>
<td>9 000 000</td>
</tr>
<tr>
<td>Effect of share offers</td>
<td>189 081</td>
<td>92 414</td>
</tr>
<tr>
<td>Weighted average number of dilutive shares in issue</td>
<td>253 721 950</td>
<td>228 967 414</td>
</tr>
</tbody>
</table>
6. **CONTINGENT LIABILITIES**

The group has entered into guarantees in favour of South African Revenue Services, for import and export activities as well as various municipalities for operational activities. The guarantees from import and operational activities outstanding at year-end amounted to R6.560 million (2016: R5.872 million). There were no other changes in the contingent liabilities during the current financial year.

7. **ACQUISITION OF SUBSIDIARIES**

**Pakco Proprietary Limited**

On 22 March 2017 the group acquired 100% of the issued share capital and all voting rights of Pakco (Pty) Ltd (“Pakco”) through the issue of 7.762 million shares calculated on a weighted average share price. The group obtained control based on the voting rights acquired. Pakco manufactures and markets dry packed, bottled and canned foods under its own brands and private label. The board is of the opinion that the acquisition presents an attractive investment opportunity which is aligned with the group’s strategy to grow through value accretive acquisitions.

The goodwill recognised anticipates the expected future revenues to be derived from expanding the group’s existing operations, product categories and trademarks, thereby strengthening the group’s product basket to customers.

Included in the profit before tax for the year is a profit of R17.255 million attributable to the Pakco operations. In order to provide a better measure of performance for future comparison, the profit adjusted for related party transactions is R6.423 million.\# Revenue for the year includes R97.069 million in respect of the acquisition. At the reporting date the group is unable to quantify the revenue and profit or loss as if the business was acquired at the beginning of the financial year as we are unable to quantify the impact of the synergies that would have resulted from the beginning of the period.

<table>
<thead>
<tr>
<th>2017</th>
<th>R’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets and liabilities acquired</td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>28 502</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>70 266</td>
</tr>
<tr>
<td>Inventory</td>
<td>38 169</td>
</tr>
<tr>
<td>Accounts receivable*</td>
<td>33 852</td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>(18 277)</td>
</tr>
<tr>
<td>Deferred taxation liability</td>
<td>(4 533)</td>
</tr>
<tr>
<td>Accounts payable and accruals</td>
<td>(42 449)</td>
</tr>
<tr>
<td>Employee benefit accrual</td>
<td>(5 024)</td>
</tr>
<tr>
<td>Fair value of assets acquired</td>
<td>100 506</td>
</tr>
<tr>
<td>Purchase price – settled through issue of ordinary shares</td>
<td>197 000</td>
</tr>
<tr>
<td>Goodwill</td>
<td>96 494</td>
</tr>
</tbody>
</table>

\# The pro forma financial information has been prepared for illustrative purposes only to provide information on the impact of the related party transactions on the profit for the period of the Pakco operations to the consolidated profit for the year. Because of its nature, the pro forma financial information may not be a fair reflection of the group’s results of operation, financial position, changes in equity or cash flows. There are no events subsequent to the reporting date which require adjustment to the pro forma information. The directors are responsible for compiling the pro forma financial information in accordance with the JSE Limited Listings Requirements and in compliance with the SAICA Guide on Pro Forma Financial Information.

The underlying information used in the preparation of the pro forma financial information has been prepared using the accounting policies in place for the year ended 1 October 2017.

The pro forma information should be read in conjunction with the unqualified Deloitte & Touche independent reporting accountants’ report thereon, which is available for inspection at the company’s registered offices (Pniel Road, Groot Drakenstein, 7680), at no charge, during normal business hours.

* The accounts receivable acquired (which principally comprised trade receivables) with a fair value of R33.852 million included gross contractual amounts of R36.057 million. The best estimate at acquisition date of the contractual cash flows not expected to be collected is R2.205 million.
7. **ACQUISITION OF SUBSIDIARIES** continued

**Ma Baker Group of companies**

On 31 March 2017 the group acquired 100% of the issued share capital and all voting rights of Ma Baker Xpress (Pty) Ltd, Ma Baker Foods (Pty) Ltd, Ma Baker Properties (Pinetown) (Pty) Ltd, Ma Baker Properties (Pietermaritzburg) (Pty) Ltd and Ma Baker Pies (Pty) Ltd (collectively the “Ma Baker Group of Companies”). The group obtained control based on the voting rights acquired. The Ma Baker Group of Companies operates manufacturing plants in Pinetown and Pietermaritzburg where it manufactures, markets and distribute pie and pastry-based products under the Ma Baker brand. The board is of the opinion that the acquisition presents an attractive investment opportunity which is aligned with the group's strategy to grow through value accretive acquisitions.

The goodwill recognised anticipates the expected future revenues to be derived from expanding the group's existing pies and pastries operations and thereby strengthening the group's position in those categories, particularly in the convenience channel.

Included in the profit before tax for the year is a profit of R8.954 million attributable to the Ma Baker operations. Revenue for the year includes R132.670 million in respect of the acquisition. At the reporting date the group is unable to quantify the revenue and profit or loss as if the business was acquired at the beginning of the financial year as we are unable to quantify the impact of the synergies that would have resulted from the beginning of the period.

<table>
<thead>
<tr>
<th>Assets and liabilities acquired</th>
<th>2017 R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>77 142</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>61 968</td>
</tr>
<tr>
<td>Inventory</td>
<td>18 588</td>
</tr>
<tr>
<td>Accounts receivable*</td>
<td>19 647</td>
</tr>
<tr>
<td>Loans receivable</td>
<td>1 179</td>
</tr>
<tr>
<td>Bank balances and cash on hand</td>
<td>3 615</td>
</tr>
<tr>
<td>Deferred taxation liability</td>
<td>(23 744)</td>
</tr>
<tr>
<td>Accounts payable and accruals</td>
<td>(19 396)</td>
</tr>
<tr>
<td>Employee benefit accrual</td>
<td>(2 528)</td>
</tr>
<tr>
<td>Current portion of long-term loans</td>
<td>(14 786)</td>
</tr>
<tr>
<td>Taxation payable</td>
<td>(2 132)</td>
</tr>
<tr>
<td>Fair value of assets acquired</td>
<td>119 553</td>
</tr>
<tr>
<td>Purchase price – settled in cash</td>
<td>192 635</td>
</tr>
<tr>
<td>Goodwill</td>
<td>73 082</td>
</tr>
</tbody>
</table>

* The accounts receivable acquired (which principally comprised trade receivables) with a fair value of R19.647 million included gross contractual amounts of R22.485 million. The best estimate at acquisition date of the contractual cash flows not expected to be collected is R2.838 million.
8. CHANGE IN ACCOUNTING POLICY

The group has applied the mandatory amendments to IAS 41: Agriculture (effective for annual periods beginning on or after 1 January 2016) in the current financial year. Previously bearer plants were recognised as biological assets where they were measured at fair value. Due to the amendments per IAS 41: Agriculture bearer plants were retrospectively reclassified to Property, Plant and Equipment under IAS 16 Property, plant and equipment under the cost model.

<table>
<thead>
<tr>
<th></th>
<th>Previously reported R'000</th>
<th>Change in accounting policy R'000</th>
<th>Restated R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year ended 27 September 2015</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statement of financial position</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td>816 213</td>
<td>(14 127)</td>
<td>802 086</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>785 462</td>
<td>8 103</td>
<td>793 565</td>
</tr>
<tr>
<td>Biological assets</td>
<td>30 751</td>
<td>(22 230)</td>
<td>8 521</td>
</tr>
<tr>
<td>Current assets</td>
<td>–</td>
<td>14 127</td>
<td>14 127</td>
</tr>
<tr>
<td>Biological assets</td>
<td>–</td>
<td>14 127</td>
<td>14 127</td>
</tr>
<tr>
<td>Year ended 25 September 2016</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statement of financial position</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td>1 006 715</td>
<td>(11 187)</td>
<td>995 528</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>974 642</td>
<td>12 184</td>
<td>986 826</td>
</tr>
<tr>
<td>Biological assets</td>
<td>32 073</td>
<td>(23 371)</td>
<td>8 702</td>
</tr>
<tr>
<td>Current assets</td>
<td>–</td>
<td>16 037</td>
<td>16 037</td>
</tr>
<tr>
<td>Biological assets</td>
<td>–</td>
<td>16 037</td>
<td>16 037</td>
</tr>
<tr>
<td>Capital and reserves</td>
<td>530 404</td>
<td>3 516</td>
<td>533 920</td>
</tr>
<tr>
<td>Accumulated profit attributable to owners of the company</td>
<td>521 597</td>
<td>3 351</td>
<td>524 948</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>8 807</td>
<td>165</td>
<td>9 972</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>83 751</td>
<td>1 334</td>
<td>85 085</td>
</tr>
<tr>
<td>Deferred taxation liability</td>
<td>83 751</td>
<td>1 334</td>
<td>85 085</td>
</tr>
<tr>
<td>Statement of profit or loss and other comprehensive income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other income</td>
<td>36 451</td>
<td>770</td>
<td>37 221</td>
</tr>
<tr>
<td>Operating cost</td>
<td>(756 345)</td>
<td>4 080</td>
<td>(752 265)</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>404 425</td>
<td>4 850</td>
<td>409 275</td>
</tr>
<tr>
<td>Taxation</td>
<td>(114 590)</td>
<td>(1 334)</td>
<td>(115 924)</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>289 835</td>
<td>3 516</td>
<td>293 351</td>
</tr>
<tr>
<td>Profit after taxation attributable to owners of the company</td>
<td>287 398</td>
<td>3 351</td>
<td>290 749</td>
</tr>
<tr>
<td>Profit after taxation attributable to non-controlling interest</td>
<td>2 437</td>
<td>165</td>
<td>2 602</td>
</tr>
<tr>
<td>Earnings per share (cents)</td>
<td>130.6</td>
<td>1.5</td>
<td>132.1</td>
</tr>
<tr>
<td>Diluted earnings per share (cents)</td>
<td>125.5</td>
<td>1.5</td>
<td>127.0</td>
</tr>
<tr>
<td>Headline earnings per share (cents)</td>
<td>131.8</td>
<td>1.5</td>
<td>133.3</td>
</tr>
<tr>
<td>Diluted headline earnings per share (cents)</td>
<td>126.5</td>
<td>1.5</td>
<td>128.0</td>
</tr>
<tr>
<td>Statement of cash flows</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash inflow from operating activities</td>
<td>140 253</td>
<td>9 498</td>
<td>149 751</td>
</tr>
<tr>
<td>Cash flows form investing activities</td>
<td>(228 553)</td>
<td>(9 498)</td>
<td>(238 051)</td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(228 553)</td>
<td>(9 498)</td>
<td>(238 051)</td>
</tr>
</tbody>
</table>

9. RELATED PARTY TRANSACTIONS

The group generated sales from Peaty Mills Plc for R182.483 million (2016: R269.020 million). Included in trade receivables are amounts due from Peaty Mills Plc for R43.143 million (2016: R53.638 million). There were no other significant related party transactions during the year under review.
10. **DIVIDENDS**  
On 16 January 2017, a dividend of 42.2 cents (2016: 24.7 cents) per share was paid amounting to a total dividend of R107.6 million (2016: R57.0 million).

11. **EVENTS SUBSEQUENT TO REPORTING DATE**  
The group entered into a sale of shares agreement to dispose of 50.83% of the shares in Ma Baker Xpress Proprietary Limited for a consideration of R6.1 million. The board of directors is of the opinion that the buyer of the shares is more experienced in the retail business market, seeing as this does not form part of the group's core business.

The board of directors has declared a gross cash dividend of 31.1 cents (2016: 42.2 cents) per share on 17 November 2017 in respect of the year ended 1 October 2017.

The board of directors is 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 affects the financial position of the group or the results of its operations.

12. **FINANCIAL YEAR-END**  
The group’s financial year ends in September which reflects 52 weeks of trading, and as a result the reporting date may differ year on year. The 2017 financial year, however, includes a 53rd week of trading. References to “financial year” are to the 53/52 weeks ended on or about 30 September. As a result the financial statements were prepared for the year ended 1 October 2017 (2016: 25 September).

13. **APPROVAL OF PRELIMINARY SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
The preliminary summarised consolidated annual financial statements were approved by the board of directors on 17 November 2017.

14. **AUDIT OPINION**  
These audited preliminary summarised consolidated financial statements have been derived from the consolidated financial statements and are consistent, in all material respects, with the consolidated financial statements.

The auditor's report does not necessarily report on all of the information contained in these financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor’s engagement they should obtain a copy of the auditor’s report together with the accompanying financial information from the issuer’s registered office.

**INDEPENDENT AUDITORS’ REPORT ON THE SUMMARISED FINANCIAL STATEMENTS**  
To the shareholders of Rhodes Food Group Holdings Limited

**Opinion**  
The summarised consolidated financial statements of Rhodes Food Group Holdings Limited, which comprise the summarised consolidated statement of financial position as at 1 October 2017, the summarised consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Rhodes Food Group Holdings Limited for the year ended 1 October 2017.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of Rhodes Food Group Holdings Limited, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, set out in note 1 to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.
14. **Audit Opinion**  

**Summarised consolidated financial statements**  
The summarised consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements and the auditor’s report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of Rhodes Food Group Holdings Limited and the auditor’s report thereon.

**The audited consolidated financial statements and our report thereon**  
We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 21 November 2017. That report also includes the communication of key audit matters as reported in the auditor’s report of the audited financial statements.

**Directors’ responsibility for the summarised consolidated financial statements**  
The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, set out in note 1 to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements, and for such internal control as the directors determine is necessary to enable the preparation of the summarised consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and 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 the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34, Interim Financial Reporting.

**Auditor’s responsibility**  
Our responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the consolidated audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

**Deloitte & Touche**  
Registered Auditor

Per: PJ Schneider  
Partner  
1st Floor The Square, Cape Quarter, 27 Somerset Road, Green Point, 8005, Western Cape, Docex 5 Claremont  
21 November 2017

National Executive: *LL Bam Chief Executive Officer *TMM Jordan Deputy Chief Executive Officer *MJ Jarvis Chief Operating Officer  
*AF Mackie Audit & Assurance *N Sing Risk Advisory *NB Kader Tax TP Pillay Consulting S Gwala BPS *K Black Clients and Industries *.JK Mazzocco Talent and Transformation MG Dicks Risk Independence & Legal *TJ Brown Chairman of the board  
Regional leader: MN Alberts  
*Partner and Registered Auditors  
A full list of partners and directors is available on request  

**B-BBEE rating:** Level 1 contribution in terms of the DTI Generic Scorecard as per the amended Codes of Good Practice  
Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited
## ANALYSIS OF SHAREHOLDERS

at 1 October 2017

### Public and non-public shareholding

<table>
<thead>
<tr>
<th>Shareholders spread</th>
<th>Number of holders</th>
<th>Percentage of holders</th>
<th>Number of shares</th>
<th>Percentage of shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public shareholders</td>
<td>5 244</td>
<td>99.8</td>
<td>144 881 464</td>
<td>57.1</td>
</tr>
<tr>
<td>Non-public shareholders</td>
<td>9</td>
<td>0.2</td>
<td>108 880 554</td>
<td>42.9</td>
</tr>
<tr>
<td>Directors of company</td>
<td>5</td>
<td>0.1</td>
<td>19 329 712</td>
<td>7.6</td>
</tr>
</tbody>
</table>
| Strategic holdings:  
  - Capitalworks Private Equity GP Proprietary Limited¹ ² | 1 | – | 56 257 176 | 22.2 |
  - South African Investment GP Trust³ | 2 | – | 32 168 666 | 12.7 |
| Treasury shares | 1 | – | 1 125 000 | 0.4 |
| **Total** | **5 253** | **100.0** | **253 762 018** | **100.0** |

### Non-public shareholding

<table>
<thead>
<tr>
<th>“A” redeemable convertible preference shares</th>
<th>Number of shares</th>
<th>Percentage of total shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capitalworks Private Equity GP Proprietary Limited²</td>
<td>5 725 800</td>
<td>63.6</td>
</tr>
<tr>
<td>South African Investment GP Trust³</td>
<td>3 274 200</td>
<td>36.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9 000 000</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

¹ Includes indirect holdings by non-executive directors Chad Smart and Garth Willis of 1 831 233 and 251 002 shares respectively.

² Capitalworks Private Equity GP Proprietary Limited, in its capacity as general partner of Capitalworks Rhodes Food Investment Partnership.

³ South African Investment GP Trust, in its capacity as general partner of South African Investment Partnership and South African Investment Partnership II.

### Major beneficial shareholders holding 3% or more ordinary shares

<table>
<thead>
<tr>
<th>Major beneficial shareholders holding 3% or more ordinary shares</th>
<th>2017 Number of shares</th>
<th>2017 Percentage of shares</th>
<th>2016 Percentage of shares</th>
</tr>
</thead>
</table>
| Non-public shareholders:  
  - Capitalworks Private Equity GP Proprietary Limited¹ ² | 56 257 176 | 22.2 | 25.5 |
  - South African Investment GP Trust³ | 23 776 726 | 9.4 | 10.8 |
  - Bruce Henderson Trust | 16 200 000 | 6.4 | 7.3 |
  - South African Investment GP Trust³ | 8 391 940 | 3.3 | 3.8 |
| Public shareholders:  
  - Government Employees Pension Fund | 31 711 657 | 12.5 | 16.4 |
  - Old Mutual | 19 684 948 | 7.8 | 6.3 |
  - Land Bank | 7 762 018 | 3.1 | – |

¹ Capitalworks Private Equity GP Proprietary Limited, in its capacity as general partner of Capitalworks Rhodes Food Investment Partnership.

² South African Investment GP Trust, in its capacity as general partner of South African Investment Partnership and South African Investment Partnership II.

³ South African Investment GP Trust, in its capacity as general partner of South African Investment Partnership II.

### Major fund managers managing 2% or more ordinary shares

<table>
<thead>
<tr>
<th>Major fund managers managing 2% or more ordinary shares</th>
<th>2017 Percentage of shares</th>
<th>2016 Percentage of shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Old Mutual Investment Group (South Africa)</td>
<td>8.7</td>
<td>7.0</td>
</tr>
<tr>
<td>Public Investment Corporation</td>
<td>7.2</td>
<td>9.6</td>
</tr>
<tr>
<td>Sentio Capital</td>
<td>5.8</td>
<td>3.7</td>
</tr>
<tr>
<td>Mazi Capital</td>
<td>4.0</td>
<td>8.9</td>
</tr>
<tr>
<td>Van Eck Global</td>
<td>2.7</td>
<td>1.1</td>
</tr>
<tr>
<td>Mondrian Investment Partners</td>
<td>2.1</td>
<td>2.0</td>
</tr>
<tr>
<td>Major fund manager no longer managing over 2%</td>
<td>2.1</td>
<td></td>
</tr>
<tr>
<td>Sanlam Investment Management</td>
<td>1.5</td>
<td>2.1</td>
</tr>
</tbody>
</table>
NOTICE OF ANNUAL GENERAL MEETING

RHODES FOOD GROUP HOLDINGS LIMITED
Incorporated in the Republic of South Africa
(Registration number 2012/074392/06)
Share code: RFG ISIN: ZAE000191979
(“Rhodes Food Group” or “the company” or “the group”)

If you are in any doubt as to what action you should take in respect of the following resolutions, please consult your Central Securities Depository Participant (“CSDP”), broker, banker, attorney, accountant or other professional adviser immediately.

Notice is hereby given that the fifth Annual General Meeting (“Annual General Meeting”) of shareholders of Rhodes Food Group will be held at 09:00 on Thursday, 1 March 2018 in the boardroom of the offices of Rhodes Food Group, Pniel Road, Groot Drakenstein, Western Cape, for the purpose of considering, and, if deemed fit, passing, with or without modification, the resolutions set out hereafter.

The board of directors of the company (“the board”) has determined that, in terms of section 62(3)(a), as read with section 59 of the Companies Act, 2008 (Act 71 of 2008), as amended (“Companies Act”), the record date for shareholders to be recorded on the securities register of the company in order to receive Notice of the Annual General Meeting is Friday, 1 December 2017. Further the record date determined by the board for the purposes of determining which shareholders of the company are entitled to participate in and vote at the Annual General Meeting is Friday, 23 February 2018. Accordingly, the last day to trade Rhodes Food Group shares in order to be recorded in the Register to be entitled to vote will be Tuesday, 20 February 2018.

The purpose of the Annual General Meeting is to transact the business set out in the agenda below.

AGENDA
• Presentation of the audited annual financial statements of the company, including the reports of the directors and the audit and risk committee for the year ended 1 October 2017. The Integrated Annual Report, of which this Notice of Annual General Meeting forms part, contains the summarised group financial statements. The annual financial statements, including the unmodified audit opinion, are available on the company’s website at www.RFG.com, or may be requested and obtained in person, at no charge, at the registered office of the company during office hours.

• To consider and, if deemed fit, approve, with or without modification, the following special and ordinary resolutions:

NOTE
The percentage of voting rights that will be required for the adoption of each ordinary resolution is the support of more than 50% of the voting rights exercised on each such resolution. In the case of resolution number 9 the JSE Listings Requirements prescribe a 75% majority vote.

1.1 ORDINARY RESOLUTION NUMBER 1 – ELECTION OF BONGIWE NJOBE AS A DIRECTOR
To elect, Bongiwe Njobe who was appointed by the board in terms of Clause 25.3.2 of the company’s memorandum of incorporation on 28 September 2017 and who will cease to hold office at the end of the Annual General Meeting unless elected at this Annual General Meeting.

Note: The curriculum vitae of Bongiwe Njobe is provided on page 17 of the Integrated Annual Report.

1.2 ORDINARY RESOLUTION NUMBER 2 – RE-ELECTION OF MARK BOWER AS A DIRECTOR
To re-elect, Mark Bower who, in terms of Article 25.6 of the company’s memorandum of incorporation, retires by rotation at this Annual General Meeting but, being eligible to do so, offers himself for re-election.

Note: The curriculum vitae of Mark Bower is provided on page 16 of the Integrated Annual Report.

1.3 ORDINARY RESOLUTION NUMBER 3 – RE-ELECTION OF THABO LEEUW AS A DIRECTOR
To re-elect, Thabo Leeuw who, in terms of Article 25.6 of the company’s memorandum of incorporation, retires by rotation at this Annual General Meeting but, being eligible to do so, offers himself for re-election.

Note: The curriculum vitae of Thabo Leeuw is provided on page 16 of the Integrated Annual Report.
1.4 **ORDINARY RESOLUTION NUMBER 4 – APPOINTMENT OF MARK BOWER TO THE AUDIT AND RISK COMMITTEE**

Subject to the passing of Ordinary Resolution number 2 and pursuant to the requirements of section 94(2) of the Companies Act, but subject to the passing of ordinary resolution number 2 above, to appoint Mark Bower as a member of the audit and risk committee.

Note: The *curriculum vitae* of Mark Bower is provided on page 16 of the Integrated Annual Report.

1.5 **ORDINARY RESOLUTION NUMBER 5 – APPOINTMENT OF THABO LEEUW TO THE AUDIT AND RISK COMMITTEE**

Subject to the passing of Ordinary Resolution number 3 and pursuant to the requirements of section 94(2) of the Companies Act, but subject to the passing of ordinary resolution number 3 above, to appoint Thabo Leeuw as a member of the audit and risk committee.

Note: The *curriculum vitae* of Thabo Leeuw is provided on page 16 of the Integrated Annual Report.

1.6 **ORDINARY RESOLUTION NUMBER 6 – APPOINTMENT OF ANDREW MAKENETE TO THE AUDIT AND RISK COMMITTEE**

Pursuant to the requirements of section 94(2) of the Companies Act, to appoint Andrew Makenete as a member of the audit and risk committee.

Note: The *curriculum vitae* of Andrew Makenete is provided on page 16 of the Integrated Annual Report.

1.7 **ORDINARY RESOLUTION NUMBER 7 – RE-APPOINTMENT OF THE INDEPENDENT REGISTERED AUDITOR**

To confirm the re-appointment of Deloitte & Touche as independent auditors of the company for the ensuing financial year on the recommendation of the audit and risk committee.

1.8 **ORDINARY RESOLUTION NUMBER 8 – CONTROL OF AUTHORISED BUT UNISSUED ORDINARY SHARES**

Resolved that the authorised but unissued ordinary shares in the capital of the company be and are hereby placed under the control and authority of the board and that the board be and is hereby authorised and empowered to allot/issue and otherwise dispose of all or any of such ordinary shares, or to issue any options in respect of all or any of such ordinary shares, to such person/s on such terms and conditions and at such times as the directors may from time to time and in their discretion deem fit, subject to the provisions of sections 38 and 41 of the Companies Act, the Memorandum of Incorporation of the company and the JSE Limited Listings Requirements, as amended from time to time, such authority to remain in force until the next annual general meeting.

1.9 **ORDINARY RESOLUTION NUMBER 9 – AUTHORITY TO ISSUE ORDINARY SHARES**

Resolved that, subject to the passing of Ordinary Resolution number 8, the board from time to time be and is hereby authorised, by way of a general authority, to issue the authorised but unissued ordinary shares in the capital of the company, or to allot, issue and grant options to subscribe for, the authorised but unissued ordinary shares in the capital of the company, for cash, as and when they in their sole discretion deem fit, subject to the provisions of the Companies Act, the Memorandum of Incorporation of the company and its subsidiaries and the JSE Limited Listings Requirements as amended from time to time.

The JSE Limited Listings Requirements currently provide, *inter alia*, that:

- this general authority will be valid until the earlier of the company’s next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given;
- the securities which are the subject of the general issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue may only be made to “public shareholders” as defined in the JSE Limited Listings Requirements and not to related parties;
1.9 **ORDINARY RESOLUTION NUMBER 9 – AUTHORITY TO ISSUE ORDINARY SHARES** continued

- the securities which are the subject of a general issue for cash may not exceed 5% (five percent) of the number of ordinary shares in the capital of the company, excluding treasury shares, as at the date of this notice of Annual General Meeting, being 12 688 100 ordinary shares of no par value. The calculation of the company’s listed equity securities must be a factual assessment of the company’s listed equity securities as at the date of this Notice of Annual General Meeting, excluding treasury shares. Any ordinary shares issued under this authorisation during the period of 15 (fifteen) months from the date of this authorisation will be deducted from the aforementioned 12 688 100 ordinary shares. In the event of a sub-division or a consolidation during the period contemplated above the authority will be adjusted to represent the same allocation ratio;
- any such general issues are subject to any exchange control regulations and approval at that point in time;
- in determining the price at which securities may be issued in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price of such securities measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed in writing between the issuer and the party/ies subscribing for the securities;
- an announcement in accordance with paragraph 11.22 of the JSE Limited Listings Requirements will be published when the company has issued securities representing, on a cumulative basis within the earlier of the company’s next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given, 5% (five percent) or more of the number of securities in issue prior to the issue; and
- whenever the company wishes to use repurchased shares, held as treasury shares by a subsidiary of the company, such use must comply with the JSE Limited Listings Requirements as if such use was a fresh issue of ordinary shares.

1.10 **ORDINARY RESOLUTION NUMBER 10 – SIGNATURE OF DOCUMENTS**

Resolved that each director of the company be and is hereby individually authorised to sign all such documents and do all such things as may be necessary for or incidental to the implementation of those resolutions to be proposed at the Annual General Meeting convened to consider the resolutions which are passed, in the case of ordinary resolutions, or are passed and registered by the Companies and Intellectual Property Commission, in the case of Special Resolutions and if applicable.

1.11 **NON-BINDING ADVISORY RESOLUTION NUMBER 1 – APPROVAL OF THE REMUNERATION POLICY**

Resolved by way of a non-binding advisory vote, that the remuneration policy of the company as set out in the 2017 Integrated Report be approved.

Note: In terms of King IV and the Listings Requirements, an advisory vote should be obtained from shareholders on the company’s remuneration policy. The vote allows shareholders to express their views on the remuneration policy adopted, but will not be binding on the company. The remuneration policy is included in the remuneration report on pages 34 to 40 of the Integrated Annual Report.

1.12 **NON-BINDING ADVISORY RESOLUTION NUMBER 2 – APPROVAL OF THE IMPLEMENTATION REPORT**

Resolved by way of a non-binding advisory vote, that the implementation report of the remuneration policy as set out in the 2017 Integrated Report be approved.

Note: In terms of King IV and the Listings Requirements, an advisory vote should be obtained from shareholders on the implementation report of the company’s remuneration policy. The vote allows shareholders to express their views on the extent of implementation of the company’s remuneration policy, but will not be binding on the company. The implementation report is included in the remuneration report on pages 34 to 40 of the Integrated Annual Report.
2. **SPECIAL RESOLUTIONS**

To consider and if deemed fit, to pass, with or without modification, the following Special Resolutions. The percentage of voting rights that will be required for the adoption of each Special Resolution is the support of at least 75% of the voting rights exercised on the resolution.

2.1 **SPECIAL RESOLUTION NUMBER 1 – NON-EXECUTIVE DIRECTORS' FEES**

Resolved as a Special Resolution that, unless otherwise determined by the company in general meeting, the following annual fees payable by the company to its non-executive directors for their services as directors, with effect from 1 October 2017, are approved:

<table>
<thead>
<tr>
<th>Position</th>
<th>Fee for the year ended 1 October 2017 R</th>
<th>Proposed fee for the year ending 30 September 2018 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chairperson</td>
<td>642 000</td>
<td>680 550</td>
</tr>
<tr>
<td>Member</td>
<td>286 250</td>
<td>303 450</td>
</tr>
<tr>
<td>Audit and risk committee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chairperson</td>
<td>155 000</td>
<td>164 300</td>
</tr>
<tr>
<td>Member</td>
<td>91 600</td>
<td>97 100</td>
</tr>
<tr>
<td>Social and ethics committee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chairperson</td>
<td>100 400</td>
<td>106 450</td>
</tr>
<tr>
<td>Member</td>
<td>54 600</td>
<td>57 900</td>
</tr>
<tr>
<td>Remuneration committee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chairperson</td>
<td>103 000</td>
<td>109 200</td>
</tr>
<tr>
<td>Member</td>
<td>57 250</td>
<td>60 700</td>
</tr>
</tbody>
</table>

Explanatory note

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

2.2 **SPECIAL RESOLUTION NUMBER 2 – GENERAL AUTHORITY TO PURCHASE SHARES**

Resolved, as a general approval by Special Resolution, that the company and/or any of its subsidiaries from time to time be and they are hereby authorised to repurchase ordinary shares of the company in terms of, and subject to, the Companies Act, the Memorandum of Incorporation of the company and its subsidiaries and the JSE Limited Listings Requirements of JSE Limited, as amended from time to time.

The JSE Limited Listings Requirements currently provide, *inter alia*, that:

- the repurchase of the ordinary shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited);
- this general authority shall only be valid until the earlier of the company’s next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date of passing of this Special Resolution;
- in determining the price at which the company’s ordinary shares are repurchased in terms of this general authority, the maximum premium at which such ordinary shares may be repurchased will be 10% (ten percent) of the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the 5 (five) business days immediately preceding the date on which the transaction is effected;
- at any point in time, the company may only appoint one agent to effect any repurchase/s on its behalf;
2.2 SPECIAL RESOLUTION NUMBER 2 – GENERAL AUTHORITY TO PURCHASE SHARES

- the repurchases of ordinary shares in the aggregate in any one financial year may not exceed 10% (ten percent) of the company’s issued ordinary share capital at the beginning of the financial year;
- any such general repurchase will be subject to the applicable provisions of the Companies Act (including sections 114 and 115 to the extent that section 48(8) is applicable in relation to that particular repurchase);
- the company may only effect the repurchase once a resolution has been passed by the board confirming that the board has authorised the repurchase, that the company has passed the solvency and liquidity test (“test”) and that since the test was done there have been no material changes to the financial position of the group;
- the company or its subsidiaries may not repurchase ordinary shares during a prohibited period as defined in paragraph 3.67 of the JSE Limited Listings Requirements unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and has been submitted to the JSE in writing. The company must instruct an independent third party, which makes its investment decisions in relation to the company’s securities independently of, and uninfluenced by, the company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;
- any such general repurchases are subject to any exchange control regulations and approval at that point in time;
- the number of shares purchased and held by a subsidiary or subsidiaries of the company shall not exceed 10% in aggregate of the number of issued shares in the company at the relevant times;
- an announcement in accordance with paragraph 11.27 of the JSE Limited Listings Requirements will be published once the company has cumulatively repurchased 3% (three percent) of the number of the ordinary shares in issue at the time this general authority is granted (“initial number”), and for each 3% (three percent) in aggregate of the initial number repurchased thereafter.

Explanatory note
Special resolution number 2 is to grant a general authority for the company and the company’s subsidiaries to repurchase the company’s issued ordinary shares. There is no requirement in the Companies Act for shareholder approval unless the acquisition by the company of any particular class of securities exceeds 5% of the issued shares of that class, either alone or together with other transactions in an integrated series of transactions, per section 48(8), 115 and 116 of the Companies Act, 2008.

It is the intention of the board to use such authority should prevailing circumstances (including tax dispensations and market conditions) in their opinion warrant it.

2.2.1 Other disclosure in terms of paragraph 11.26 of the JSE Limited Listings Requirements
The JSE Limited Listings Requirements require the following additional disclosures in respect of Special Resolution number 2, which are contained in the Integrated Annual Report to which this Notice is attached:
- Share capital of the company – page 54; and
- Major shareholders of the company – page 60.

2.2.2 Material change
There have been no material changes in the financial or trading position of the company and its subsidiaries between the company’s financial year-end and the date of this Notice.

2.2.3 Directors’ responsibility statement
The directors, whose names are given on pages 16 and 17 of the Integrated Annual Report to which this Notice is attached, collectively and individually accept full responsibility for the accuracy of the information pertaining to Special Resolution number 2 and certify that to the best of their knowledge and belief there are no facts in relation to Special Resolution number 2 that have been omitted which would make any statement in relation to Special Resolution number 2 false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that Special Resolution number 2 together with this Notice contains all information required by the JSE Limited Listings Requirements in relation to Special Resolution number 2.
2.2.4 Adequacy of working capital
At the time that the contemplated repurchase is to take place, the board will ensure that, after considering the effect of the maximum repurchase and for a period of 12 months thereafter:

- the company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business;
- the consolidated assets of the company and its subsidiaries, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the consolidated liabilities of the company and its subsidiaries;
- the issued share capital and reserves of the company and its subsidiaries will be adequate for the purpose of the ordinary business of the company and its subsidiaries; and
- the working capital available to the company and its subsidiaries will be sufficient for the group’s requirements.

2.3 SPECIAL RESOLUTION NUMBER 3 – LOANS OR OTHER FINANCIAL ASSISTANCE TO RELATED COMPANIES
Resolved that, as a Special Resolution, in terms of section 45 of the Companies Act the shareholders hereby approve of the company providing, at any time and from time to time during the period of two years commencing on the date of this Special Resolution number 3, any direct or indirect financial assistance (which includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) as contemplated in section 45 of the Companies Act to a related or inter-related company or corporation provided that:

- the board from time to time, determines:
  (i) the specific recipient or general category of potential recipients of such financial assistance;
  (ii) the form, nature and extent of such financial assistance;
  (iii) the terms and conditions under which such financial assistance is provided, and
- the board may not authorise the company to provide any financial assistance pursuant to this Special Resolution number 3 unless the board meets all those requirements of section 45 of the Companies Act which it is required to meet in order to authorise the company to provide such financial assistance.

Explanatory note
The reason and effect of Special Resolution number 3 is to grant the board the authority to authorise the company to provide financial assistance as contemplated in section 45 of the Companies Act to a related or inter-related company or corporation.

The resolution is intended mainly to enable the company to provide inter-company loans and guarantees within the group but will also permit the board to authorise financial assistance to related parties.

3. OTHER BUSINESS
To transact such other business as may be transacted at the annual general meeting of the shareholders.

ATTENDANCE AND VOTING BY SHAREHOLDERS OR PROXIES
Shareholders who have not dematerialised their shares or who have dematerialised their shares with “own name” registration are entitled to attend and vote at the Annual General Meeting and are entitled to appoint a proxy or proxies (for which purpose a form of proxy is attached hereto) to attend, speak and vote in their stead. The person so appointed as proxy need not be a shareholder of the company. Forms of proxy should, for administrative purposes only, be forwarded to be received (but not required) by the transfer secretaries of the company, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biemann Avenue, Rosebank, 2196, South Africa, or posted to the transfer secretaries at PO Box 61051, Marshalltown, 2107, South Africa, by 09:00 on Tuesday, 27 February 2018 (or 48 (forty-eight) business hours before any adjournment of the Annual General Meeting which date, if necessary, will be notified on SENS) or alternatively handed to the chairperson of the Annual General Meeting prior to such proxy exercising a shareholder’s right at the Annual General Meeting. Forms of proxy must only be completed by shareholders who have not dematerialised their shares or who have dematerialised their shares with “own name” registration.

On a show of hands, every person present and entitled to exercise voting rights shall be entitled to one vote, irrespective of the number of votes that person would otherwise be entitled to exercise. On a poll, every holder of ordinary shares shall be entitled to one vote per ordinary share held.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with “own name” registration, should contact their Central Securities Depository Participant (“CSDP”) or broker in the manner and time stipulated in their agreement:

- to furnish them with their voting instructions; or
- in the event that they wish to attend the meeting, to obtain the necessary authority to do so.
ELECTRONIC PARTICIPATION
Shareholders or their proxies may participate in the meeting by way of a teleconference call and, if they wish to do so:

- must contact the company secretary: alun@statucor.co.za or +27 21 460 6477;
- will be required to provide reasonably satisfactory identification; and
- will be billed separately by their own telephone service providers for their telephone call to participate in the meeting.

Please note that shareholders or their proxies will not be entitled to exercise voting rights at the meeting by way of teleconference call; a shareholder or proxy has to be physically present at the meeting in order to vote.

VOTING EXCLUSIONS
Equity securities held by a share trust or scheme, and unlisted securities, if applicable, will not have their votes taken into account at the Annual General Meeting for the purposes of resolutions proposed in terms of the JSE Limited Listings Requirements.

Shares held as treasury shares in terms of the Companies Act may not vote on any resolutions.

PROOF OF IDENTIFICATION REQUIRED
In terms of the Companies Act, any shareholder or proxy who intends to attend or participate at the Annual General Meeting must be able to present reasonably satisfactory identification at the meeting for such shareholder or proxy to attend and participate at the Annual General Meeting. A green bar-coded identification document or card issued by the South African Department of Home Affairs, a driver’s licence or a valid passport will be accepted at the Annual General Meeting as sufficient identification.

By order of the board

Alun Rich
On behalf of Statucor Proprietary Limited
Company secretary
30 November 2017
For use only by ordinary shareholders who:

- hold ordinary shares in certificated form (“certificated ordinary shareholders”); or
- have dematerialised their ordinary shares (“dematerialised ordinary shareholders”) and are registered with “own name” registration, at the fifth Annual General Meeting of shareholders of Rhodes Food Group to be held at 09:00 on Thursday, 1 March 2018 in the boardroom of the office of Rhodes Food Group, Pniel Road, Groot Drakenstein, Western Cape, and any adjournment thereof.

Dematerialised ordinary shareholders holding ordinary shares other than with “own name” registration who wish to attend the Annual General Meeting must inform their Central Securities Depository Participant (“CSDP”) or broker of their intention to attend the Annual General Meeting in person or by proxy and vote. If they do not wish to attend the Annual General Meeting in person or by proxy, they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

These ordinary shareholders must not use this form of proxy.

Name of beneficial shareholder
Name of registered shareholder
Address
Telephone work (     ) Telephone home (     ) Cell:

being the holder/custodian of ordinary shares in the company, hereby appoint (see note):
1. or failing him/her,
2. or failing him/her,
3. the Chairperson of the meeting, as my/our proxy to attend and act for me/us on my/our behalf at the Annual General Meeting of the company convened for purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat (“resolutions”) and at each postponement or adjournment thereof and to vote for and/or against such resolutions, and/or abstain from voting, in respect of the ordinary shares in the issued share capital of the company registered in my/our name/s in accordance with the following instructions:

<table>
<thead>
<tr>
<th>Ordinary resolutions</th>
<th>Agenda item</th>
<th>Number of votes (one vote per ordinary share)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary resolution 1</td>
<td>Election of director – Ms B Njobe</td>
<td>For Against Abstain</td>
</tr>
<tr>
<td>Ordinary resolution 2</td>
<td>Re-election of director – Mr M Bower</td>
<td></td>
</tr>
<tr>
<td>Ordinary resolution 3</td>
<td>Re-election of director – Mr T Leeuw</td>
<td></td>
</tr>
<tr>
<td>Ordinary resolution 4</td>
<td>Appointment of Mr M Bower to the audit and risk committee</td>
<td></td>
</tr>
<tr>
<td>Ordinary resolution 5</td>
<td>Appointment of Mr T Leeuw to the audit and risk committee</td>
<td></td>
</tr>
<tr>
<td>Ordinary resolution 6</td>
<td>Appointment of Mr A Makenete to the audit and risk committee</td>
<td></td>
</tr>
<tr>
<td>Ordinary resolution 7</td>
<td>Reappointment of the independent registered auditor</td>
<td></td>
</tr>
<tr>
<td>Ordinary resolution 8</td>
<td>Control of authorised but unissued ordinary shares</td>
<td></td>
</tr>
<tr>
<td>Ordinary resolution 9</td>
<td>Authority to issue ordinary shares</td>
<td></td>
</tr>
<tr>
<td>Ordinary resolution 10</td>
<td>Signature of documents</td>
<td></td>
</tr>
</tbody>
</table>

| Non-binding advisory resolution 1 | Agenda item                                                                 | For Against Abstain |
| Non-binding advisory resolution 2 | Approval of the remuneration policy                                        |                       |
| Non-binding advisory resolution 3 | Approval of the implementation report                                      |                       |

| Special resolutions | Agenda item                                                                 | For Against Abstain |
| Special resolution 1 | Approval of the non-executive directors’ fees                              |                       |
| Special resolution 2 | General authority to repurchase shares                                      |                       |
| Special resolution 3 | Loans or other financial assistance to related companies                   |                       |

Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.

A member entitled to attend and vote at the Annual General Meeting may appoint one or more proxies to attend and act in his stead. A proxy so appointed need not be a member of the company.

Signed at on 2017/2018

Signature

Assisted by (if applicable)
NOTES TO THE FORM OF PROXY

1. Summary of Rights contained in section 58 of the Companies Act, 2008 (Act 71 of 2008), as amended (“Companies Act”)

In terms of section 58 of the Companies Act:

- a shareholder may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders’ meeting on behalf of such shareholder;
- a proxy may delegate his or her authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy;
- irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder’s rights as a shareholder;
- irrespective of the form of instrument used to appoint any proxy, an appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
- if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of another person, or (ii) delivering a copy of the revocation instrument to the proxy and to the company; and
- a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company’s memorandum of incorporation, or the instrument appointing the proxy, provides otherwise (see note 7).

2. The form of proxy must only be completed by shareholders who hold shares in certificated form or who are recorded on the sub-register in electronic form in “own name”.

3. Shareholders who have dematerialised their shares through a CSDP or broker without “own name” registration and wish to attend the Annual General Meeting must instruct their CSDP or broker to provide them with the relevant Letter of Representation to attend the Annual General Meeting in person or by proxy. If they do not wish to attend in person or by proxy, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. Should the CSDP or broker not have provided the company with the details of the beneficial shareholding at the specific request by the company, such shares may be disallowed to vote at the Annual General Meeting.

4. A shareholder entitled to attend and vote at the Annual General Meeting may insert the name of a proxy or the names of two alternate proxies (none of whom need be a shareholder of the company) of the shareholder’s choice in the space provided, with or without deleting “the Chairperson of the meeting”. The person whose name stands first on this form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those proxy(ies) whose names follow. Should this space be left blank, the proxy will be exercised by the Chairperson of the meeting.

5. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder’s instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an “X” has been inserted in one of the blocks to a particular resolution, it will indicate the voting of the all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting as his/her/its deed in respect of all the shareholder’s votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholders or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.

6. A vote given in terms of an instrument of proxy shall be valid in relation to the Annual General Meeting notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the transfer secretaries not less than 48 (forty-eight) hours before the commencement of the Annual General Meeting.

7. If a shareholder does not indicate on this form that his/her/its proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the Annual General Meeting be proposed, such proxy shall be entitled to vote as he/she thinks fit.

8. The Chairperson of the Annual General Meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.

9. A shareholder’s authorisation to the proxy, including the Chairperson of the Annual General Meeting, to vote on such shareholder’s behalf, shall be deemed to include the authority to vote on procedural matters at the Annual General Meeting.

10. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.

11. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company’s transfer secretaries or waived by the Chairperson of the Annual General Meeting.

12. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries of the company.

13. Where there are joint holders of ordinary shares:

- any one holder may sign the form of proxy; or
- the vote(s) of the senior ordinary shareholders (for that purpose seniority will be determined by the order in which the names of ordinary shareholders appear in the company’s register of ordinary shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).

14. Forms of proxy should be lodged with or mailed to Computershare Investor Services Proprietary Limited:

Hand deliveries to: Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
2196

Postal deliveries to: Computershare Investor Services Proprietary Limited
PO Box 61051
Marshalltown
2107

to be received preferably no later than 09:00 on Tuesday, 27 February 2018 (or 48 (forty-eight) hours before any adjournment of the Annual General Meeting which date, if necessary, will be notified on SEI.NS).

15. A deletion of any printed matter and the completion of any blank space need not be signed or initialed. Any alteration or correction must be signed and not merely initialed.

The completion of a form of proxy does not preclude any shareholder from attending the Annual General Meeting.

General

Set out below is additional information regarding quorum requirements and voting rights of shareholders.

Quorum requirements

In terms of the company’s memorandum of incorporation:

“The quorum for a shareholders’ meeting to begin for a matter to be considered, shall be at least 3 (three) shareholders entitled to attend and vote present in person.

In addition:

- a shareholders’ meeting may not begin until sufficient persons are present at the meeting to exercise, in aggregate, at least 25% (twenty-five percent) of the voting rights that are entitled to be exercised in respect of all at least one matter to be decided at the meeting; and

- a matter to be decided at a shareholders’ meeting may not begin to be considered unless sufficient persons are present at the meeting to exercise in aggregate, at least 25% (twenty-five percent) of all of the voting rights that are entitled to be exercised in respect of that matter at the time the matter is called on the agenda.”

Votes of shareholders

In terms of the company’s memorandum of incorporation every shareholder present at the meeting who is entitled to vote shall be entitled to 1 (one) vote on a show of hands or a poll, irrespective of the number of voting rights that person would otherwise be entitled to exercise. Should the vote be conducted by poll, such shareholder present at the meeting in person or by proxy shall be entitled to vote in accordance with the voting rights associated with the securities held by that shareholder.

INTEGRATED REPORT 2017
SHAREHOLDERS’ DIARY

Annual General Meeting 1 March 2018

Results reporting
Interim results to March 2018 on or about 22 May 2018
Annual results to September 2018 on or about 20 November 2018

Ordinary share dividend
2017 dividend
Last day to trade with dividend included 9 January 2018
Date of dividend payment 15 January 2018

2018 dividend
Last day to trade with dividend included 8 January 2019
Date of dividend payment 14 January 2019

Publication of 2018 Integrated Report on or about 7 December 2018
RHODES FOOD GROUP HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
Registration number 2012/074392/06
JSE share code: RFG
ISIN: ZAE000191979

Registered address
Pniel Road, Groot Drakenstein, 7680
Private Bag X3040, Paarl, 7620

Telephone
+27 (0) 21 870 4000

Directors
Dr YG Muthien* (Chairperson)
MR Bower*
BAS Henderson (Chief executive officer)
TP Leeuw*
LA Makenete*
B Njobe* (appointed on 28 September 2017)
CC Schoombie (Chief financial officer)
CL Smart**
GJH Willis**

* Independent non-executive
** Non-executive

Company secretary
Statucor Proprietary Limited

Transfer secretaries
Computershare Investor Services Proprietary Limited

Sponsor
Rand Merchant Bank, a division of FirstRand Bank Limited

Auditors
Deloitte & Touche

Investor relations consultants
Tier 1 Investor Relations
Graeme Lillie
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